**Relational Solutions, Inc**
**Balance Sheet**

(Amount in Rs)

| | Note | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Financial assets | 3 | | |
| Trade receivables | 3.1 | 22,768,934 | 25,904,902 |
| Cash and cash equivalents | 3.2 | 20,418,007 | 15,831,051 |
| Other financial assets | 3.3 | - | 309,477 |
| Other current assets | 4 | 3,731,927 | 1,600,585 |
| | | **46,918,868** | **43,646,015** |
| **TOTAL ASSETS** | | **46,918,868** | **43,646,015** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 5 | 31,823 | 31,823 |
| Other equity | 6 | (12,921,804) | 6,834,734 |
| | | **(12,889,981)** | **6,866,557** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Financial liabilities | 7 | | |
| Trade payables | | 25,996,287 | 2,139,980 |
| Other financial liabilities | 7.1 | 12,849,818 | 13,916,509 |
| Other current liabilities | 8 | 19,934,055 | 18,063,228 |
| Provisions | 9 | 1,028,689 | 2,659,741 |
| | | **59,808,849** | **36,779,458** |
| **TOTAL EQUITY AND LIABILITIES** | | **46,918,868** | **43,646,015** |

See accompanying notes to the financial statements

**For Relational Solutions Inc.**

**Anand Sampath Kumar**
**Director**

**Jagannathan Chakravarthi**
**Director**

Place: Bengaluru
Date : April 20, 2017

**Relational Solutions, Inc**
**Statement of profit and loss**

| | Note | For the year ended March 31, 2017 | (Amount in Rs) For the period from July 1, 2015 to March 31, 2016 |
|---|---|---|---|
| Revenue from operations | | 160,239,295 | 115,055,139 |
| Other income | 10 | 195,098 | 144,987 |
| **Total income** | | **160,434,393** | **115,200,126** |
| | | | |
| **Expenses** | | | |
| Employee benefits expense | 11 | 98,940,250 | 80,485,579 |
| Finance costs | 12 | - | 156,529 |
| Other expenses | 13 | 81,250,681 | 27,387,165 |
| **Total expenses** | | **180,190,931** | **108,029,273** |
| | | | |
| (Loss) Profit before tax | | **(19,756,538)** | **7,170,853** |
| | | | |
| Tax expense: | | - | - |
| **(Loss) Profit for the year / period** | | **(19,756,538)** | **7,170,853** |
| | | | |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year / period** | | **(19,756,538)** | **7,170,853** |
| | | | |
| Earnings per equity share | 14 | | |
| Basic | | (24,316) | 8,826 |
| Diluted | | (24,316) | 8,826 |
| Weighted average number of equity shares used in computing earnings per share | | | |
| Basic | | 812.5 | 812.5 |
| Diluted | | 812.5 | 812.5 |

See accompanying notes to the financial statements

**For Relational Solutions Inc.**

**Anand Sampath Kumar**
**Director**

**Jagannathan Chakravarthi**
**Director**

Place: Bengaluru
Date : April 20, 2017

**Relational Solutions, Inc**
**Statement of cash flow**

| | For the year ended March 31, 2017 | For the period from July 1, 2015 to March 31, 2016 |
|---|---|---|
| | | (Amount in Rs) |
| **Cash flow from operating activities** | | |
| Profit for the year / period | (19,756,538) | 7,170,853 |
| *Adjustments for :* | | |
| Finance costs | - | 156,529 |
| Interest income on financial assets at amortised cost | - | (1,912) |
| *Changes in operating assets and liabilities* | | |
| Trade receivables | 3,135,968 | 8,547,159 |
| Other assets | (1,821,865) | (372,493) |
| Other liabilities and Provisions | 23,029,391 | (22,894,418) |
| **Net cash provided by operating activities before taxes** | **4,586,956** | **(7,394,282)** |
| Income taxes paid | - | - |
| ***Net cash (used in)/ provided by operating activities*** | **4,586,956** | **(7,394,282)** |
| **Cash flow from investing activities** | | |
| Interest income on financial assets at amortised cost | - | 1,912 |
| ***Net cash (used in)/ provided by investing activities*** | **-** | **1,912** |
| **Cash flow from financing activities** | | |
| Finance costs paid | - | (156,529) |
| ***Net cash (used in)/ provided by financing activities*** | **-** | **(156,529)** |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | - | - |
| **Net decrease in cash and cash equivalents** | 4,586,956 | (7,548,899) |
| Cash and cash equivalents at the beginning of the year / period | 15,831,051 | 23,379,950 |
| **Cash and cash equivalents at the end of the year / period (Refer note 3.2)** | **20,418,007** | **15,831,051** |

See accompanying notes to the financials statements

**For Relational Solutions Inc.**

**Anand Sampath Kumar**
**Director**

**Jagannathan Chakravarthi**
**Director**

Place: Bengaluru
Date: April 20, 2017

**Relational Solutions, Inc**
**Statement of changes in equity for the year ended March 31, 2017**

| **(a) Equity share capital** | **(Amount in Rs)** |
|---|---|
| **Balance as at April 1, 2015** | **31,823** |
| Add: Shares issued on exercise of stock options and restricted shares | - |
| **Balance as at March 31, 2016** | **31,823** |
| **Balance as at April 1, 2016** | **31,823** |
| Add: Shares issued | - |
| **Balance as at March 31, 2017** | **31,823** |

**(b) Other equity**

| **Particulars** | **Reserves and Surplus** | **Total other equity** |
|---|---|---|
| | **Retained earnings** | |
| | | |
| **Balance as at April 1, 2015** | (336,119) | (336,119) |
| Profit for the year | 7,170,853 | 7,170,853 |
| **Balance as at March 31, 2016** | **6,834,734** | **6,834,734** |
| **Balance as at April 1, 2016** | **6,834,734** | **6,834,734** |
| Loss for the period | (19,756,538) | (19,756,538) |
| **Balance as at March 31, 2017** | **(12,921,804)** | **(12,921,804)** |

See accompanying notes to the financial statements

**For Relational Solutions Inc.**

**Anand Sampath Kumar**
**Director**

**Jagannathan Chakravarthi**
**Director**

Place: Bengaluru
Date : April 20, 2017

**Relational Solutions Inc.**
**Significant accounting policies and notes to the accounts**
**For the year ended March 31, 2017**

**1. Company overview**
Relational Solutions Inc. is a company domiciled in Ohio, USA. The registered office of the Company is situated in Great Northern Corp Center III, 25050 Country Club Blvd, Suite 105 North Olmsted, Ohio. The company is primarily engaged in the business of providing services like data warehousing, business intelligence and data integration.

**2. Significant accounting policies**

**2.1 Basis of preparation and presentation**

**(a) Statement of compliance**

These financial statements have been prepared solely for the purpose of consolidation with Mindtree Limited in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

For the year ended March 31, 2016, the Company had earlier prepared and presented its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Indian GAAP).

**(b) Basis of measurement**

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments); and
ii. Defined benefit and other long-term employee benefits.

**(c) Use of estimates and judgement**
The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) *Revenue recognition:* The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

ii) *Income taxes:* The current income tax charge is determined in accordance with the relevant tax regulations applicable to the company.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

**2.2 Summary of significant accounting policies**

(i) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The functional currency of the Company is US Dollar ("US $"). The financial statements are presented in Indian Rupee.

(ii) Foreign currency transactions and balances
Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

(iii) Financial instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortised cost and non derivative financial liabilities at amortised cost.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

a) *Non-derivative financial assets*

(i) *Financial assets at amortised cost*

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding book overdrafts that are repayable on demand, and are considered part of the Company’s cash management system.

b) *Non-derivative financial liabilities*

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

(iv) Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

(v) Impairment

*a) Financial assets*

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive(i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. The amount is reflected under the head other income / expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in the statement of profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of profit or loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

(vi) Employee benefits

The Company contributes to a defined contribution plan. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The company's contribution to 401 (k) profit sharing expense plan is considered as defined contribution plan and are charged as an expense as they fall due with the amount of contribution required to be made.

(vii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

(viii) Revenue

The Company derives its revenues primarily from sale of software licenses, software development and related services and annual maintenance services. Revenue from software development on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts is recognised using the proportionate completion method, which is determined by relating the actual project cost of work performed to date to the estimated total project cost for each contract. Unbilled revenue represents cost and earnings in excess of billings while unearned revenue represents the billing in excess of cost and earnings. Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Maintenance revenue is recognised ratably over the period of the maintenance contract.

(ix) Finance income and expense

Finance income consists of interest income. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest rate method.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis.

(x) Income tax

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

(xi) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

**New standards and interpretations not yet adopted**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, ‘Statement of cash flows’. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, ‘Statement of cash flows’. The amendments are applicable to the group from April 1, 2017.

**Amendment to Ind AS 7:**
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

**Current assets**

**3 Financial assets**

**3.1 Trade receivables**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| *(Unsecured )* | | |
| Considered good | 22,768,934 | 25,904,902 |
| **Total** | **22,768,934** | **25,904,902** |

**3.2 Cash and cash equivalents**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Cash on hand | 307,799 | 135,579 |
| Balances with banks in current accounts and deposit accounts | 20,110,208 | 15,695,472 |
| **Cash and cash equivalents** | **20,418,007** | **15,831,051** |

**3.3 Other financial assets**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Other receivables | - | 309,477 |
| | **-** | **309,477** |

**4 Other current assets**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Prepaid expenses | 2,367,577 | 1,600,585 |
| Others | 1,364,350 | - |
| **Total** | **3,731,927** | **1,600,585** |

**Relational Solutions, Inc**
**Significant accounting policies and notes to the accounts**
**For the year ended March 31, 2017**

**5 Equity share capital**

**a)**

| **Particulars** | **As at March 31, 2017** | **As at March 31, 2016** |
|---|---|---|
| Authorized | | |
| 1,000 equity shares | | |
| Issued, subscribed and paid-up capital | | |
| 812.5 equity shares fully paid | 31,823 | 31,823 |
| **Total** | **31,823** | **31,823** |

**b)** Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year are as given below:

| **Particulars** | **As at March 31, 2017** | | **As at March 31, 2016** | |
|---|---|---|---|---|
| | **Number of shares** | **Rs** | **Number of shares** | **Rs** |
| Number of shares outstanding at the beginning of the year | 812.50 | 31,823 | 812.50 | 31,823 |
| Add: Shares issued on exercise of stock options and restricted shares | - | - | - | - |
| Number of shares outstanding at the end of the year | 812.50 | 31,823 | 812.50 | 31,823 |

**6**

| **Other equity** | **As at March 31, 2017** | **As at March 31, 2016** |
|---|---|---|
| Retained earnings | (12,921,804) | 6,834,734 |
| **Total** | **(12,921,804)** | **6,834,734** |

**Current liabilities**
**7 Financial liabilities**

**7.1 Other financial liabilities**

| **Particulars** | **As at March 31, 2017** | **As at March 31, 2016** |
|---|---|---|
| Employee benefits payable | 12,849,818 | 13,916,509 |
| **Total** | **12,849,818** | **13,916,509** |

**8 Other current liabilities**

| **Particulars** | **As at March 31, 2017** | **As at March 31, 2016** |
|---|---|---|
| Unearned income | 19,814,458 | 18,063,228 |
| Statutory dues | 119,597 | - |
| **Total** | **19,934,055** | **18,063,228** |

**9 Provisions**

| **Particulars** | **As at March 31, 2017** | **As at March 31, 2016** |
|---|---|---|
| Provision for compensated absences | 1,028,689 | 2,659,741 |
| **Total** | **1,028,689** | **2,659,741** |

**Relational Solutions, Inc**
**Significant accounting policies and notes to the accounts**
**For the year ended March 31, 2017**

## 10 Other income

| Particulars | For the year ended March 31, 2017 | For the period from July 1, 2015 to March 31, 2016 |
|---|---|---|
| Interest income on financial asset at amortised cost | - | 1,912 |
| Foreign exchange gain | 195,098 | 143,075 |
| **Total** | **195,098** | **144,987** |

## 11 Employee benefits expense

| Particulars | For the year ended March 31, 2017 | For the period from July 1, 2015 to March 31, 2016 |
|---|---|---|
| Salaries and wages | 91,352,113 | 74,932,488 |
| Contribution to provident and other funds | 6,223,802 | 4,028,375 |
| Staff welfare expenses | 1,364,335 | 1,524,716 |
| **Total** | **98,940,250** | **80,485,579** |

## 12 Finance costs

| Particulars | For the year ended March 31, 2017 | For the period from July 1, 2015 to March 31, 2016 |
|---|---|---|
| Interest expense on financial instruments designated at | | |
| - Amortised cost | - | 156,529 |
| **Total** | **-** | **156,529** |

## 13 Other expenses

| Particulars | For the year ended March 31, 2017 | For the period from July 1, 2015 to March 31, 2016 |
|---|---|---|
| Travel expenses | 21,967,851 | 8,245,969 |
| Communication expenses | 5,831,183 | 4,974,374 |
| Sub-contractor charges | 38,676,778 | 2,210,880 |
| Legal and professional charges | 3,338,959 | 5,563,066 |
| Lease rentals | 7,514,988 | 3,600,070 |
| Repairs and maintenance | | |
| - Buildings | 2,032,866 | 11,356 |
| Rates and taxes | - | 7,914 |
| Other expenses | 1,888,056 | 2,773,536 |
| **Total** | **81,250,681** | **27,387,165** |

## 14 Earnings per share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

| Particulars | For the year ended | | | |
|---|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| | Basic EPS | Diluted EPS | Basic EPS | Diluted EPS |
| Weighted average number of equity shares outstanding during the year | 812.50 | 812.50 | 812.50 | 812.50 |
| Weighted average number of equity shares resulting from assumed issue of shares | - | - | - | - |
| Weighted average number of equity shares for calculation of earnings per share | 812.50 | 812.50 | 812.50 | 812.50 |

## 15 Operating lease

The Company leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the ended March 31, 2017 amounted to Rs 7,514,988 (for the year ended March 31, 2016 amounted to Rs 3,600,070).

## 16 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2017, March 31, 2016 are as follows:

**As at March 31, 2017**

| **Particulars** | **Carrying value** | | **Fair value** | |
|---|---|---|---|---|
| **Financial assets** | **March 31, 2017** | **March 31, 2016** | **March 31, 2017** | **March 31, 2016** |
| **Amortised cost** | | | | |
| Trade receivable | 22,768,934 | 25,904,902 | 22,768,934 | 25,904,902 |
| Cash and cash equivalents | 20,418,007 | 15,831,051 | 20,418,007 | 15,831,051 |
| Other assets | - | 309,477 | - | 309,477 |
| **Total assets** | **43,186,941** | **42,045,430** | **43,186,941** | **42,045,430** |
| **Financial liabilities** | | | | |
| **Amortised cost** | | | | |
| Trade payables | 25,996,287 | 2,139,980 | 25,996,287 | 2,139,980 |
| Other liabilities | 12,849,818 | 13,916,509 | 12,849,818 | 13,916,509 |
| **Total liabilities** | **38,846,105** | **16,056,489** | **38,846,105** | **16,056,489** |

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

## 17 Financial risk management

The Company activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

*Trade and other receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

| Particulars | For the year / period ended | |
|---|---|---|
| | March 31, 2017 | July 1, 2015 to March 31, 2016 |
| Revenue from top customer | 55,608,358 | 28,146,098 |
| Revenue from top 5 customers | 128,529,373 | 77,568,928 |

Three customers accounted for more than 10% of the revenue for the year ended March 31, 2017, however three of the customers accounted for more than 10% of the receivables for the year ended March 31, 2017. Four customers accounted for more than 10% of the revenue for the year ended March 31, 2016, One of the customers accounted for more than 10% of the receivables for the year ended March 31, 2016.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Company is given below:

| Particulars | As at March 31,2017 | As at March 31, 2016 |
|---|---|---|
| Cash and cash equivalents | 20,418,007 | 15,831,051 |
| **Total** | **20,418,007** | **15,831,051** |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017 and March 31, 2016

| Particulars | As at March 31, 2017 | | |
|---|---|---|---|
| | Less than 1 year | 1-2 years | 2 years and above |
| Trade payables | 25,996,287 | - | - |
| Other financial liabilities | 12,849,818 | - | - |

| Particulars | As at March 31, 2016 | | |
|---|---|---|---|
| | Less than 1 year | 1-2 years | 2 years and above |
| Trade payables | 2,139,980 | - | - |
| Other financial liabilities | 13,916,509 | - | - |

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and investments. The Company's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

## 18 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

| **Particulars** | **As at March 31,2017** | **As at March 31, 2016** |
|---|---|---|
| Total equity attributable to the equity share holders of the Company | (12,889,981) | 6,866,557 |
| As percentage of total capital | 100% | 100% |
| **Total capital (loans and borrowings and equity)** | **(12,889,981)** | **6,866,557** |

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has always been a net cash Company with cash and bank balances along with current financial assets which is predominantly investment in liquid and short term mutual funds being far in excess of debt.

**19 Related party transaction**

| Name of related party | Nature of relationship |
|---|---|
| Mindtree Limited | Holding Company |
| Magnet 360, LLC | Fellow subsidiary with effect from January 19, 2015 |
| Reside, LLC | Fellow subsidiary with effect from January 19, 2015 |
| M360 Investments, LLC | Fellow subsidiary with effect from January 19, 2015 |
| Numerical Truth, LLC | Fellow subsidiary with effect from January 19, 2015 |
| Bluefin Solutions Limited | Fellow subsidiary with effect from July 16, 2015 |
| Bluefin Solutions Inc. | Fellow subsidiary with effect from July 16, 2015 |
| Bluefin Solutions Sdn Bhd | Fellow subsidiary with effect from July 16, 2015 |
| Blouvin (Pty) Limited | Fellow subsidiary with effect from July 16, 2015 |
| Bluefin Solutions Pte Ltd | Fellow subsidiary with effect from July 16, 2015 |
| Discoverture Solutions L.L.C. | Fellow subsidiary with effect from February 13, 2015 |
| Discoverture SolutionsU.L.C.* | Fellow subsidiary with effect from February 13, 2015 |
| Discoverture Solutions EuropeLimited** | Fellow subsidiary with effect from February 13, 2015 |
| Mindtree Software (Shanghai) Co., Ltd. | Fellow subsidiary |

*Dissolved with effect from November 19, 2015.
**Dissolved with effect from July 5, 2016.

**Transactions with the above related parties during the year were:**

| Name of related party | Nature of transaction | For the year / period ended | |
|---|---|---|---|
| | | March 31, 2017 | March 31, 2016 |
| Mindtree Limited | Software services received | 35,624,041 | - |
| | Software license fees received | - | 2,860,533 |

**Balances payable to related parties are as follows:**

| Name of related party | | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|---|
| Mindtree Limited | Trade payables | 25,784,151 | - |

The amount outstanding are unsecured and will be settled in cash. No guarantee has been given or received.

**20 Segment information**

The Company is engaged in providing services in RCM Vertical and is considered to constitute a single segment in the context of operating segment reporting as prescribed by Accounting Standard 108 - “Operating Segment Reporting”.

Geographical information on revenue and industry revenue information is collated based on individual customer invoices or in relation to which the revenue is otherwise recognized.

| **Particulars** | **For the year / period ended** | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| America | 124,615,254 | 112,194,607 |
| Rest of the world | 35,624,041 | 2,860,532 |

See accompanying notes to the financial statements

**For Relational Solutions Inc.**

**Anand Sampath Kumar**
**Director**

**Jagannathan Chakravarthi**
**Director**

Place: Bengaluru
Date : April 20, 2017