


**Relations Solutions Inc.**  
**Balance sheet**

	Note	(Amount in Rs.) As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	3.1.1	31,823
Reserves and surplus	3.1.2	<u>6,834,734</u>
		<b>6,866,557</b>
<b>Current liabilities</b>		
Trade payables		
Payable to micro and small enterprises (Refer note 3.9)		-
Others		2,139,980
Other current liabilities	3.2.1	31,979,737
Short-term provisions	3.2.2	<u>2,659,741</u>
		<b>36,779,458</b>
		<b>43,646,015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Trade receivables	3.3.1	25,904,902
Cash and bank balances	3.3.2	15,831,051
Short-term loans and advances	3.3.3	1,287,687
Other current assets	3.3.4	<u>622,375</u>
		<b>43,646,015</b>
		<b>43,646,015</b>
Significant accounting policies and notes to the accounts	2 & 3	

The notes referred to above form an integral part of the financial statements

  
**Anand Sampath Kumar**  
Director

**For Relations Solutions Inc.**  
  
**Jagannathan Chakravarthi**  
Director


Place: Bengaluru  
Date : April 18, 2016


**Relations Solutions Inc.**  
**Statement of profit and loss**

<b>Particulars</b>	<b>Note</b>	<b>(Amount in Rs.) For the period July 1, 2015 to March 31, 2016</b>
Revenue from operations		115,055,139
Other income	3.4	144,987
<b>Total revenues</b>		<b>115,200,126</b>
<b>Expense:</b>		
Employee benefits expense	3.5	80,485,579
Finance costs	3.7	156,529
Other expenses	3.5	27,387,165
<b>Total expenses</b>		<b>108,029,273</b>
<b>Profit for the period</b>		<b>7,170,853</b>
<b>Earnings per equity share</b>	3.8	
Basic		8,801.95
Diluted		8,801.95
Weighted average number of equity shares used in computing earnings per share		
Basic		812.50
Diluted		812.50

Significant accounting policies and notes to the accounts 2 & 3

The notes referred to above form an integral part of the financial statements

  
**Anand Sampath Kumar**  
Director

**For Relational Solutions Inc.**  
  
**Jagannathan Chakravarthi**  
Director

Place: Bengaluru  
Date : April 18, 2016

**Relational Solutions Inc.**  
**Cash flow statement**

**Rs in million**  
**For the period 'July 1, 2015 to**  
**March 31, 2016**

<b>Cash flow from operating activities</b>	
Profit before tax	7,151,581
Adjustments for :	
Interest expense	156,529
Interest / dividend income	(1,912)
Operating profit before working capital changes	7,306,198
Changes in trade receivables	8,566,431
Changes in loans and advances and other assets	(372,493)
Changes in liabilities and provisions	(22,894,417)
Net cash provided by operating activities before taxes	(7,394,281)
<b>Net cash provided by operating activities</b>	<b>(7,394,281)</b>
<b>Cash flow from investing activities</b>	
Interest/ dividend received from investments	1,912
<b>Net cash used in investing activities</b>	<b>1,912</b>
<b>Cash flow from financing activities</b>	
Interest paid on loans	(156,529)
<b>Net cash used in financing activities</b>	<b>(156,529)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7,548,899)</b>
Opening cash balance in Relational Solutions Inc.	23,379,950
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>15,831,051</b>

The notes referred to above form an integral part of the financial statements

**For Relational Solutions Inc.**

  
**Anand Sampath Kumar**  
Director

  
**Jagannathan Chakravarthi**  
Director

Place: Bengaluru  
Date : April 18, 2016

**Relations Solutions Inc.**  
**Significant accounting policies and notes to the accounts**  
**For the nine months period ended March 31, 2016**

**1. Background**

Relational Solutions Inc. is a company domiciled in Ohio, USA. The registered office of the Company is situated in Great Northern Corp Centre 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 of financial statements**

The financial statements are prepared solely for the purpose of consolidation with Mindtree Limited and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis and for the year ended March 31, 2016.

**2.2 Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of Income and expense of the period, assets and liabilities and disclosures relating to contingent liability as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

**2.3 Fixed assets and depreciation**

2.3.1. Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation etc.) or construction less accumulated depreciation.

2.3.2 Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are recorded at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Group.

2.3.3 Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset 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 in the statement of profit and loss on a straight-line basis over the lease term.

2.3.4 Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in- progress

2.3.5 The cost of leasehold land is amortised over the period of the lease. Leasehold improvements and assets acquired on finance lease are amortised over the lease term or useful life, whichever is lower.

**2.4 Investments**

2.4.1 Non-current investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.

2.4.2 Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is carried out separately in respect of each investment.

2.4.3 Profit or loss on sale of investments is determined as the difference between the sale price and carrying value of investment, determined individually for each investment.

**2.5 Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprises cash in hand and balance in bank in current accounts and deposit accounts

**2.6 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 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.



## **Relations Solutions Inc.**

### **Significant accounting policies and notes to the accounts**

#### **2.7 Revenue recognition**

2.7.1 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.

2.7.2 Provision for discounts is recognised on an accrual basis in accordance with contractual terms of agreements with customers. Revenues are stated net of volume discount.

2.7.3 Dividend income is recognised when the right to receive payment is established.

2.7.4 Interest income is recognised using the time proportion method, based on the transactional interest rates.

#### **2.8 Foreign Currency Translation**

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognised in the statement of profit and loss for the period.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the statement of profit and loss are translated at the rates prevailing on the dates of the respective transactions. The differences arising out of the translation are recognised in the statement of profit and loss.

#### **2.9 Taxation**

The current income tax charge is determined in accordance with the relevant tax regulations applicable to respective entities within the Group.

#### **2.10 Provision and contingent liabilities**

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

#### **2.11 Earnings per share**

In determining earnings per share, the Group considers the net profit after tax and includes the post-tax effect of any extra-ordinary item. The number of equity shares used in computing basic earnings per share is the weighted average number of equity shares outstanding during the period. The number of equity shares used in computing diluted earnings per share comprises weighted average number of equity shares considered for deriving basic earnings per share and also weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### **2.12 Impairment of assets**

The Group assesses at each balance sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised. In respect of goodwill, impairment loss will be reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.



**Relations Solutions Inc.**  
**Significant accounting policies and notes to the accounts**  
**For the nine months period ended March 31, 2016**

**3 Notes to the accounts**

**3.1 Shareholders' funds**

**3.1.1 Share capital**

a)

Particulars	As at March 31, 2016
<b>Authorised</b> 1,000 equity shares	
<b>Issued, subscribed and paid-up capital</b> 812.5 equity shares fully paid	31,823

**3.1.2 Reserves and surplus**

Particulars	As at March 31, 2016
<i>Surplus (Balance in the statement of profit and loss)</i>	
Opening balance	-
Add: Amount transferred from statement of profit and loss*	6,834,734
<b>Total</b>	<b>6,834,734</b>

\* Includes loss amounting to Rs. 316,847 on account of acquisition of the Company by Mindtree Limited.

**3.2 Current liabilities**

**3.2.1 Other current liabilities**

Particulars	As at March 31, 2016
Unearned income	18,063,228
Employee related liabilities	13,916,509
<b>Total</b>	<b>31,979,737</b>

**3.2.2 Short-term provisions**

Particulars	As at March 31, 2016
Provision for employee benefits	
- Compensated absences	2,659,741
<b>Total</b>	<b>2,659,741</b>

**3.3 Current assets**

**3.3.1 Trade receivables**

<b>Particulars</b>	<b>As at March 31, 2016</b>
<i>(Unsecured)</i>	
Receivables overdue for a period exceeding six months	
Other receivables	25,904,902
Less: Provision for doubtful debts	-
<b>Total</b>	<b>25,904,902</b>

**3.3.2 Cash and bank balances**

<b>Particulars</b>	<b>As at March 31, 2016</b>
Balances with banks in current and deposit accounts	15,695,472
Cash on hand	135,579
<b>Total</b>	<b>15,831,051</b>

**3.3.3 Short-term loans and advances**

<b>Particulars</b>	<b>As at March 31, 2016</b>
<i>(Unsecured, considered good)</i>	
Advances recoverable in cash or in kind or for value to be received	1,287,687
<b>Total</b>	<b>1,287,687</b>

**3.3.4 Other current assets**

<b>Particulars</b>	<b>As at March 31, 2016</b>
Other current assets	622,375
<b>Total</b>	<b>622,375</b>



**Relations Solutions Inc.**  
**Significant accounting policies and notes to the accounts**  
**For the nine months period ended March 31, 2016**

**3.4 Other income**

Particulars	For the period 'July 1, 2015 to March 31, 2016
Interest income	1,912
Foreign exchange gain	143,075
<b>Total</b>	<b>144,987</b>

**3.5 Expenses**

Employee benefits expense	For the period 'July 1, 2015 to March 31, 2016
Salaries and wages	69,128,873
Contribution to provident and other funds	9,831,990
Staff welfare expenses	1,524,716
<b>Total</b>	<b>80,485,579</b>

Finance costs	For the period 'July 1, 2015 to 2015
Interest expense	156,529
<b>Total</b>	<b>156,529</b>

**Depreciation and amortisation expenses** -

Other expenses	For the period 'July 1, 2015 to March 31, 2016
Travel expenses	8,245,969
Communication expenses	4,974,374
Sub-contractor charges	2,210,880
Legal and Professional charges	5,563,066
Rent	3,573,300
Other expenses	2,819,576
<b>Total</b>	<b>27,387,165</b>





**Relations Solutions Inc.**  
**Significant accounting policies and notes to the accounts**  
**For the nine months period ended March 31, 2016**

**3.6 Segment Reporting**

The Company is engaged in providing services in RCM Vertical and is considered to constitute a single segment in the context of primary segment reporting as prescribed by Accounting Standard 17 - "Segment Reporting".

The secondary segment is identified to geographical locations. Details of secondary segment by geographical locations are given below:

<b>Particulars</b>	<b>For the period 'July 1, 2015 to March 31, 2016</b>
America	112,194,607
Rest of the world	2,860,533

**3.7 Related party transactions**

<b>Name of related party</b>	<b>Nature of relationship</b>
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 Solutions U.L.C.*	Fellow subsidiary with effect from February 13, 2015
Discoverture Solutions Europe Limited**	Fellow subsidiary with effect from February 13, 2015
Mindtree Software (Shanghai) Co., Ltd.	Fellow subsidiary

\*Dissolved with effect from November 19, 2015.

\*\*Application for dissolution filed on March 24, 2016.

*Transactions with the above related parties during the none months period were:*

<b>Name of related party</b>	<b>Nature of transaction</b>	<b>For the period 'July 1, 2015 to March 31, 2016</b>
Mindtree Limited	Software license fees received	2,860,533

**3.8 Earnings per share**

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

<b>Particulars</b>	<b>For the period 'July 1, 2015 to March 31, 2016</b>	
	<b>Basic EPS</b>	<b>Diluted EPS</b>
Weighted average number of equity shares outstanding during the period	812.50	812.50
Weighted average number of equity shares resulting from assumed exercise of employee	-	-
Weighted average number of equity shares for calculation of earnings per share	812.50	812.50

**Relations Solutions Inc.**


**Significant accounting policies and notes to the accounts**

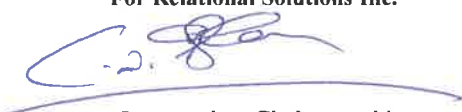
**For the nine months period ended March 31, 2016**

**3.9 Dues to micro, small and medium enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

<b>Particulars</b>	<b>For the period July 1, 2015 to March 31, 2016</b>
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting period;	Nil
The amount of interest paid by the buyer under the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period;	Nil
The amount of interest due and payable for the period (where the principal has been paid but interest under the Act not paid);	Nil
The amount of interest accrued and remaining unpaid at the end of accounting period; and	Nil
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil

  
**Anand Sampath Kumar**  
Director

**For Relational Solutions Inc.**  
  
**Jagannathan Chakravarthi**  
Director

Place: Bengaluru  
Date : April 18, 2016