

**Discovery Solutions LLC**  
**Consolidated Balance Sheet as at March 31, 2015**

(Amount in Rs.)

Particulars	Note no.	As at March 31, 2015
<b>A EQUITY AND LIABILITIES</b>		
1 Shareholders' funds		
Share capital	3.1.1	168,388,568
Reserves and surplus	3.1.2	18,566,445
		<b>186,955,013</b>
2 Current liabilities		
Trade payables	3.2.1	61,415,455
Other current liabilities	3.2.2	20,799,103
Short-term provisions	3.2.3	16,556,904
		98,771,462
	<b>TOTAL</b>	<b>285,726,475</b>
<b>B ASSETS</b>		
1 Non-current assets		
Fixed assets	3.3.1	
Tangible assets		6,624,034
		<b>6,624,034</b>
Long-term advances	3.3.2	1,168,082
		7,792,116
2 Current assets		
Trade receivables	3.4.1	186,683,057
Cash and cash equivalents	3.4.2	87,149,562
Short-term loans and advances	3.4.3	3,455,903
Other current assets	3.4.4	645,837
		277,934,359
	<b>TOTAL</b>	<b>285,726,475</b>
<p>In terms of our report attached.  For Deloitte Haskins &amp; Sells  Chartered Accountants</p>		
<p>For Discovery Solutions LLC  By its sole member Mindtree Limited</p>		
<p>V. Balaji  Partner</p>		
<p>Authorised Signatory</p>		
<p>Place : Bangalore</p>		
<p>Date : April 16, 2015</p>		

**Discoverture Solutions LLC**  
**Statement of Profit and Loss for period February 1, 2015 to March 31, 2015**  
*(Amount in Rs.)*

Particulars	Note no.	For the period February 1, 2015 to March 31, 2015
<b>1</b> Revenue from operations		166,377,919
<b>2</b> Other income	3.5	3,759,998
<b>3 Total revenue (1+2)</b>		<b>170,137,917</b>
<b>4 Expenses</b>		
Employee benefits expense	3.6	91,994,355
Depreciation and amortisation expense	3.3.1	509,189
Other expenses	3.7	48,060,003
<b>Total expenses</b>		<b>140,563,547</b>
<b>5 Profit / (Loss) before tax (3 ± 4)</b>		<b>29,574,370</b>
<b>6 Tax expense / (benefit):</b>		
Current tax expense		11,007,925
Net tax expense / (benefit)		<b>11,007,925</b>
<b>7 Profit / (Loss) from operations (5 ± 6)</b>		<b>18,566,445</b>

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

For Discoverture Solutions LLC  
By its sole member Mindtree Limited

V. Balaji  
Partner

Authorised Signatory

Place : Bangalore  
Date : April 16, 2015

Place : Bangalore  
Date : April 16, 2015

**Discovery Solutions LLC**  
**Cash Flow Statement for the period February 1, 2015 to March 31, 2015**

Particulars	For the period February 1, 2015 to March 31, 2015
<b>A. Cash flow from operating activities</b>	
Profit / (Loss) before extraordinary items and tax	29,574,370
Adjustments for:	
Depreciation and amortisation expense	509,189
Operating profit / (loss) before working capital changes	30,083,559
Changes in working capital:	
Adjustments for (increase) / decrease in operating assets:	
Trade receivables	38,730,491
Short-term loans and advances	(138,543)
Other current assets	(2,319,594)
Adjustments for increase / (decrease) in operating liabilities:	
Trade payables	14,143,242
Other current liabilities	(65,888,404)
Short-term provisions	2,091,342
Cash generated from operations	16,702,095
Net income tax (paid) / refunds	(5,477,818)
Net cash flow from / (used in) operating activities (A)	11,224,277
<b>B. Cash flow from investing activities</b>	
Capital expenditure on fixed assets	(45,455)
<b>Net cash flow from / (used in) investing activities (B)</b>	(45,455)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B)</b>	11,178,822
Cash and cash equivalents at the beginning of the year	76,029,583
Effect of exchange differences on translation of foreign currency balances	(58,842)
<b>Cash and cash equivalents at the end of the year</b>	87,149,562
In terms of our report attached. For Deloitte Haskins & Sells Chartered Accountants	For Discovery Solutions LLC By its sole member Mindtree Limited
V. Balaji Partner	Authorised Signatory
Place : Bangalore Date : April 16, 2015	Place : Bangalore Date : April 16, 2015

**Discoverture Solutions LLC**  
**Significant Accounting policies**

**1. Background**

Discoverture Solutions LLC (the "Company"), an Arizona based limited liability corporation, was incorporated on October 3, 2002. Mindtree Limited acquired the 100% holding of this entity from the promoters of the Company. The Company provides information technology solution, in the fields of insurance and healthcare. It has offices in United States of America, United Kingdom and Canada. The Company has two fully owned subsidiaries, Discoverture Solutions Europe Limited (situated in London, United Kingdom) and Discoverture ULC Canada (situated in Ontario, Canada) (The Company and its subsidiaries together called "the Group").

**2. Significant Accounting Policies**

**2.1 Basis of preparation of consolidated financial statements**

These consolidated 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 period February 1, 2015 (nearest practicable date to the date of acquisition) to March 31, 2015.

**2.2 Principles of Consolidation**

The financial statements of Discoverture Solutions LLC and its wholly owned and controlled subsidiary has been combined on a line-by-line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/ transactions and the resultant unrealized gain/loss from the date the parent company acquired control of those subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

**2.3 Use of Estimates**

The preparation of consolidated 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 consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

**2.4 Fixed assets and depreciation**

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

2.4.2 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.

2.4.3 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.

2.4.4 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

2.4.5 The Company and its subsidiaries in the UK and Canada depreciate their property on straight-line method. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, the management has estimated the useful life as under:

Machinery and equipment - 20 years

Computers and software - 3 to 6 years

Furniture - 7 to 15 years

Other depreciable assets - 15 years

Leasehold improvements are amortized over the lease period.

Fixed assets individually costing Less than \$500 or less are fully depreciated in the year of purchase / installation. Depreciation on additions and disposals during the year is provided on a pro-rata basis.

**2.5 Investments**

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

2.5.2 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.

2.5.3 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.

**2.6 Cash and cash equivalents**

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

**2.7 Consolidated cash flow statement**

Cash flows are reported using the indirect method, whereby consolidated net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

**Discoverture Solutions LLC**  
**Significant Accounting policies**

**2.8 Employee benefits**

Compensated Absences: The employees of the Group are entitled to compensated absences based on the un-availed leave balance and the last drawn salary of the respective employees.

401(k) Plan – The Company has established a 401(k) plan for its employees in the USA. The plan operates as a defined contribution plan and the Company contributes the specified percentages as stated in the plan as part of the employee's payroll.

**2.9 Revenue recognition**

The Group derives its revenues primarily from software 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.

**2.10 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.

**2.11 Taxation**

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

**2.12 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.

**2.13 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.

**Discoverture Solutions LLC**  
**Notes forming part of the financial statements**

**Note 3.1.1 Share capital**

Particulars	As at March 31, 2015
Members Equity	168,388,568
<b>Total</b>	<b>168,388,568</b>

i) Details of members capital account

Particulars	As at March 31, 2015
	Member Capital share
Mindtree Limited	168,388,568
	168,388,568

**Note 3.1.2 Reserves and surplus**

*(Amount in Rs.)*

Particulars	As at March 31, 2015
Surplus (Balance in the Statement of Profit and Loss)	
Opening balance	-
Add: Amount transferred from the Statement of Profit and Loss	18,566,445
	<b>18,566,445</b>
<b>Total</b>	<b>18,566,445</b>

**Discoverture Solutions LLC**  
**Notes forming part of the financial statements**

**Note 3.2.1 Trade payables**

*(Amount in Rs.)*

<b>Particulars</b>	<b>As at March 31, 2015</b>
Trade Payable	61,415,455
<b>Total</b>	<b>61,415,455</b>

**Note 3.2.2 Other current liabilities**

*(Amount in Rs.)*

<b>Particulars</b>	<b>As at March 31, 2015</b>
Deferred Rent	2,275,339
Accrued Expenses - employee related liabilities	14,995,641
Accrued Expenses - Other current liabilities	3,528,123
<b>Total</b>	<b>20,799,103</b>

**Note 3.2.3 Short-term provisions**

*(Amount in Rs.)*

<b>Particulars</b>	<b>As at March 31, 2015</b>
Provision for employee benefits - compensated absences	4,854,684
Provision for Taxes	11,702,220
<b>Total</b>	<b>16,556,904</b>

Discoverture Solutions LLC  
Notes forming part of the financial statements

Note 3.3.1 - Fixed assets

(amount in Rs.)

Particulars	Rate	Gross Block - As at March 31, 2015				Accumulated depreciation - As at March 31, 2015				Net Block value - As at March 31, 2015
		Opening - Feb 1, 2015	Additions	Deletions	Closing - Mar 31, 2015	Opening - Feb 1, 2015	Additions	Deletions	Closing - Mar 31, 2015	
<b>A. Tangible assets</b>										
Computer Equipment	40	9,623,714	45,455		9,669,169	5,713,066	232,604		5,945,670	3,723,499
Leasehold Improvements		373,099			373,099	208,925	8,619		217,544	155,555
Office Equipments	18.10	3,273,732			3,273,732	2,515,561	80,160		2,595,721	678,011
Furniture & Fixtures	20	4,086,858			4,086,858	2,488,617	94,545		2,583,162	1,503,696
		<b>17,357,403</b>	<b>45,455</b>	<b>-</b>	<b>17,402,858</b>	<b>10,926,169</b>	<b>415,928</b>	<b>-</b>	<b>11,342,097</b>	<b>6,060,761</b>
<b>A. Intangible assets</b>										
Computers Software		14,033,445			14,033,445	13,376,911	93,261		13,470,172	563,273
		<b>14,033,445</b>	<b>-</b>	<b>-</b>	<b>14,033,445</b>	<b>13,376,911</b>	<b>93,261</b>	<b>-</b>	<b>13,470,172</b>	<b>563,273</b>
<b>Total</b>		<b>31,390,848</b>	<b>45,455</b>	<b>-</b>	<b>31,436,303</b>	<b>24,303,080</b>	<b>509,189</b>	<b>-</b>	<b>24,812,269</b>	<b>6,624,034</b>

**Discoverture Solutions LLC**  
**Notes forming part of the financial statements**

**Note 3.3.2 Long-term advances**

*(Amount in Rs.)*

<b>Particulars</b>	<b>As at March 31, 2015</b>
Security deposit	1,168,082
<b>Total</b>	<b>1,168,082</b>

**Note 3.4.1 - Trade receivables**

*(Amount in Rs.)*

<b>Particulars</b>	<b>As at March 31, 2015</b>
(unsecured)	
Debts overdue for period exceeding six months	
-considered good	-
-considered doubtful	2,285,229
Other debts	
-considered good	186,683,057
-considered doubtful	-
Less: Provision for bad and doubtful debts	(2,285,229)
<b>Total</b>	<b>186,683,057</b>

**Note 3.4.2 - Cash and cash equivalents***(Amount in Rs.)*

<b>Particulars</b>	<b>As at March 31, 2015</b>
Cash on hand	-
Balances with banks in current and deposit accounts	87,149,562
<b>Total</b>	<b>87,149,562</b>

**Note 3.4.3 Short-term loans and advances***(Amount in Rs.)*

<b>Particulars</b>	<b>As at March 31, 2015</b>
Loans and advances to employees	150,029
Prepaid expenses	3,305,874
<b>Total</b>	<b>3,455,903</b>

**Note 3.4.4 Other Current assets***(Amount in Rs.)*

<b>Particulars</b>	<b>As at March 31, 2015</b>
Other current assets	20,837
Unbilled revenue	625,000
<b>Total</b>	<b>645,837</b>

**Discoverture Solutions LLC**  
**Notes forming part of the financial statements**

**Note 3.5 - Other income**

*(Amount in Rs.)*

Particulars	For the period February 1, 2015 to March 31, 2015
Other non-operating income	2,783,312
Net loss / (gain) on exchange fluctuation - net	976,686
<b>Total</b>	<b>3,759,998</b>

**Note 3.6 - Employee benefits expense**

*(Amount in Rs.)*

Particulars	For the period February 1, 2015 to March 31, 2015
Salaries and wages	90,259,621
Contributions to other funds	1,734,734
<b>Total</b>	<b>91,994,355</b>

**Note 3.7 Other expenses**

*(Amount in Rs.)*

Particulars	For the period February 1, 2015 to March 31, 2015
Sub-contractor charges	31,767,360
Travel expenses	4,144,254
Rent	2,586,636
Training expenses	1,956,121
Repairs and Maintenance - others	59,376
Legal & professional	3,598,977
Computer consumables	493,702
Communication expenses	588,901
Insurance	116,784
Rates and Taxes	1,104,394
Other expenses	1,245,605
Provision for Bad & Doubtful debts	397,893
<b>Total</b>	<b>48,060,003</b>

**Discoverture Solutions LLC**  
**Notes forming part of the financial statements**

**3.8 Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2015 is Rs. Nil

**3.9 Expenditure in Foreign Currency**

<b>Particulars</b>	<b>For the period February 1, 2015 to March 31, 2015</b>
Branch/Subsidiary expenses	147,811,474

**3.10 Earnings in Foreign Currency**

<b>Particulars</b>	<b>For the period February 1, 2015 to March 31, 2015</b>
Income from Software Development	166,377,919

**3.11 Segment Reporting**

The Company is engaged in providing services in BFSI 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 February 1, 2015 to March 31, 2015</b>
America	154,886,733
Rest of world	11,491,187

**Discoverture Solutions LLC**  
**Notes forming part of the financial statements**

**3.12 Related party transactions**

a) Names of related parties and description of relationship

<b>Name of related parties</b>	<b>Description of relationship</b>
Mindtree Limited	Holding Company
Discoverture Solutions Europe Limited	Subsidiary
Discoverture Solutions ULC	Subsidiary

**Transactions during the year**

<b>Name of Party</b>	<b>Nature of Services</b>	<b>For the period February 1, 2015 to March 31, 2015</b>
Mindtree Limited	Rendering of Services	21,607,483
Discoverture Solutions Europe Limited	Rendering of Services	4,011,416
Discoverture Solutions ULC	Rendering of Services Services received	2,898,298 1,778,986

**Closing balance**

<b>Name of Party</b>	<b>Nature of transaction</b>	<b>As at March 31, 2015</b>
Mindtree Limited	Balance Payable	21,834,563
Discoverture Solutions Europe Limited	Balance Payable	3,838,178
Discoverture Solutions ULC	Balance Payable (net)	10,170,598

1) The above information has been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

2) No amount is/has been written off or written back during the year in respect of debts due from/to related parties.

3) Previous year amount are given in bracket.

**Discoverture Solutions LLC**  
**Notes forming part of the financial statements**

**3.13 Leases**

The Company is obligated under non-cancellable operating lease for office space.  
Total rental expense and future lease payments under non-cancellable operating lease for office space is as follows:

<b>Particulars</b>	<b>As at March 31, 2015</b>
Payable -- Not later than one year	13,126,667
Payable -- Later than one year and not later than five years	2,200,208
Payable -- Later than five years	Nil

**3.14 Details unhedged foreign currency exposures**

<b>Particulars</b>	<b>As at March 31, 2015</b>
<b>Trade receivable</b>	
Amount in INR	177,013,425
Amount in USD	2,832,687
Amount in INR	9,669,632
Amount in CAD	197,219
<b>Trade Payable</b>	
Amount in INR	75,115,728
Amount in USD	1,201,852
Amount in INR	12,687
Amount in CAD	259
Amount in INR	(135,044)
Amount in GBP	(1,460)
<b>Balance with bank account</b>	
Amount in INR	78,297,574
Amount in USD	1,252,761
Amount in INR	4,328,382
Amount in CAD	88,280
Amount in INR	4,476,695
Amount in GBP	48,412

For Deloitte Haskins & Sells  
Chartered Accountants

For Discoverture Solutions LLC  
By its sole member Mindtree Limited

V. Balaji  
Partner

Authorised Signatory

Place : Bangalore  
Date : April 16, 2015

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