

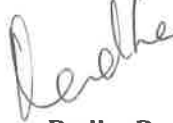
Magnet 360, LLC
Consolidated balance sheet

	Note	As at March 31, 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3.1.1	968,861,718
Reserves and surplus	3.1.2	<u>(326,706,902)</u>
		642,154,816
Current liabilities		
Short-term borrowings	3.2.1	14,907,375
Trade payables		
Payable to micro and small enterprises (Refer note 3.10)		-
Others		24,371,697
Other current liabilities	3.2.2	<u>243,394,229</u>
		282,673,301
		924,828,117
ASSETS		
Non-current assets		
Goodwill on consolidation		460,860,681
Fixed assets		
Tangible assets	3.3.1	39,436,733
Intangible assets	3.3.1	3,315,572
Capital work-in-progress		-
		<u>503,612,986</u>
Current assets		
Trade receivables	3.4.1	321,061,764
Cash and bank balances	3.4.2	19,144,777
Short-term loans and advances	3.4.3	45,489,153
Other current assets	3.4.4	<u>35,519,437</u>
		421,215,131
		924,828,117
Significant accounting policies and notes to the accounts	2 & 3	-

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


Parthasarathy N S
 Director

For Magnet 360, LLC


Radha R
 Director

Place: Bengaluru
 Date : April 18, 2016

Magnet 360, LLC
Consolidated statement of profit and loss

Particulars	Note	For the period 'January 19, 2015 to March 31, 2016
Revenue from operations		428,005,830
Other income	3.5	8,233
Total revenues		428,014,063
Expense:		
Employee benefits expense	3.6	343,053,994
Finance costs	3.6	7,442
Depreciation and amortisation expense	3.3.1	5,072,996
Other expenses	3.6	95,747,891
Total expenses		443,882,323
Profit before tax		(15,868,260)
Tax expense:		
Current tax		139,695
Deferred tax		-
Profit for the period		(16,007,955)

Significant accounting policies and notes to the accounts 2 & 3

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


Parthasarathy N S
Director

For Magnet 360, LLC


Radha R
Director

Place: Bengaluru
Date : April 18, 2016

Magnet 360, LLC
Consolidated cash flow statement

**For the period 'January 19, 2015 to
31-Mar-16**

Cash flow from operating activities	
Profit before tax	(16,007,955)
Adjustments for :	
Depreciation and amortisation expense	5,209,742
Finance costs	7,442
Loss on sale of fixed assets	27,068
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(602,081)
Operating profit before working capital changes	(11,365,784)
Changes in trade receivables	(16,503,717)
Changes in loans and advances and other assets	3,237,547
Changes in liabilities and provisions	(219,456,523)
Net cash provided by operating activities before taxes	(244,088,478)
Income taxes paid	-
Net cash provided by operating activities	(244,088,478)
Cash flow from investing activities	
Purchase of fixed assets	(1,057,010)
Proceeds from sale of fixed assets	54,329
Investment in subsidiaries	238,697,644
Net cash used in investing activities	237,694,963
Cash flow from financing activities	
Finance costs	(7,442)
Proceeds from short-term loans	14,907,375
Net cash used in financing activities	14,899,933
Effect of exchange differences on translation of foreign currency cash and cash equivalents	602,081
Net (decrease)/ increase in cash and cash equivalents	9,108,499
Opening cash balance in Magnet 360 L.L.C	10,036,278
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year (Refer note 3.4.2)	19,144,777

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



Parthasarathy N S
Director

For Magnet 360, LLC



Radha R
Director

Place: Bengaluru
Date : April 18, 2016

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the three months period ended March 31, 2016

1. Background

Magnet 360 (the "Company"), an Minnesota based Company, was founded in 2008. Mindtree Limited acquired the 100% holding of this entity from the promoters of the Company. The Company offers marketing and technology services consultancy focused on delivering marketing solutions based on Salesforce.com technology. The Company has three fully owned subsidiaries, Reside LLC, M360 Investments, LLC and Numerical Truth, LLC (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 January 19, 2016 (nearest practicable date to the date of acquisition) to March 31, 2016.

2.2 Principles of consolidation

The financial statements of Magnet 360 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 the generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, assets and liabilities and disclosures relating to contingent liabilities 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.

2.4 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. Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.
- 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 Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

<u>Assets classification</u>	<u>Useful life</u>
Computer systems	3 years
Computer software	3 years
Furniture and fixtures	7 years
Office equipment	5 years

The Group believes that the useful lives as given above best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary.

- 2.4.6 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.

2.5 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 that are highly liquid and are readily convertible to known amount of cash.

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.

2.8 Employee benefits

2.8.1 Contributions payable to the Provident and other plans, which are a defined contribution scheme, are charged to the statement of profit and loss in the period in which the employee renders services.

2.9 Revenue recognition

2.9.1 Revenue is earned by the Company through the delivery of technical consulting services to its clients. Revenue from technical consulting services on time-and-material basis is recognised as the related services are rendered. Revenue from media services is recognized upon delivery to the client.

2.9.2 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.

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

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

2.10 Foreign exchange transactions

2.10.1 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 consolidated statement of profit and loss for the period.

2.10.2 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 consolidated 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.

2.10.3 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 consolidated 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 consolidated statement of profit and loss.

2.10.4 In respect of non-integral operations, assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the consolidated statement of profit and loss are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to foreign currency translation reserve.

2.11 Warranties

Warranty costs (i.e. post contract support services) are estimated by the management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the period of recognition of revenue.

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 Taxation

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Group. Deferred tax charge or credit are recognised for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognised in the period in which the timing difference originate. For this purpose the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain to be realised.

The entities within the Group offset, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

2.14 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 consolidated 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.

2.15 Goodwill

Goodwill arising on consolidation/ acquisition of assets is not amortised. It is tested for impairment on a periodic basis and written off to the extent of impairment, if any.

Magnet 360, LLC
 Significant accounting policies and notes to the accounts
 For the three months period ended March 31, 2016

3.3 Non-current assets

3.3.1 Fixed assets

Assets	Gross block				Accumulated depreciation				Net book value		
	As at January 19, 2016	Additions during the year	Translation adjustment	Deletions during the year	As at March 31, 2016	As at January 19, 2016	For the year	Translation adjustment	Deletions during the year	As at March 31, 2016	As at March 31, 2016
Tangible assets											
Leasehold improvements	25,669,617	55,083	38,803	-	25,763,503	13,113,678	1,240,555	(1,157)	-	14,353,076	11,410,427
Computer systems	38,074,292	694,213	39,442	108,277	38,699,670	24,153,777	2,115,136	(164)	26,881	26,241,868	12,457,802
Furniture and fixtures	20,978,983	180,846	27,630	-	21,187,459	7,617,115	752,279	(1,891)	-	8,367,503	12,819,956
Office equipment	4,840,062	-	7,317	-	4,847,379	1,852,809	247,679	(1,661)	-	2,098,827	2,748,552
Total (A)	89,562,953	930,141	113,193	108,277	90,498,011	46,737,379	4,355,649	(4,872)	26,881	51,061,275	39,436,736
Intangible assets											
Computer Software	9,046,947	-	13,676	-	9,060,623	5,032,712	717,347	(5,005)	-	5,745,054	3,315,569
Total (B)	9,046,947	-	13,676	-	9,060,623	5,032,712	717,347	(5,005)	-	5,745,054	3,315,569
Total (A+B)	98,609,900	930,141	126,869	108,277	99,558,634	51,770,091	5,072,996	(9,878)	26,881	56,806,328	42,752,305

Magnet 360, LLC**Significant accounting policies and notes to the accounts****For the three months period ended March 31, 2016****3.7 Segment Reporting**

The Company is engaged in providing the marketing and technology services 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. The Company provides services in following geography only.

Particulars	For the period January 19, 2016 to March 31, 2016
America	428,005,830

3.8 Related party transactions

Name of related party	Nature of relationship
Mindtree Limited	Holding Company
Mindtree Software (Shanghai) Co., Ltd.	Fellow subsidiary
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
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
Relational Solutions, Inc	Fellow subsidiary with effect from July 16, 2015

*Dissolved with effect from November 19, 2015.

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

Key Managerial Personnel:

Name	Designation
Matt Meents	CEO
Doug Andersen	Chief operating officer
Gabby Matzdorff	Chief Financial Officer
Bill Galfano	Vice President of Sales - North America
Tina Sherman	Vice President and Chief Growth Officer
Josh Youman	Vice President of talent

Magnet 360, LLC**Significant accounting policies and notes to the accounts****For the three months period ended March 31, 2016****3.9 Lease transactions**

Lease rental expense under non-cancellable operating lease during the three month period ended March 31, 2016 amounted to Rs 26,736,948. Future minimum lease payments under non-cancellable operating lease are as below:

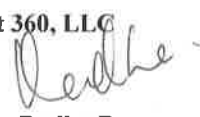
Particulars	As at March 31, 2016
Payable -- Not later than one year	43,751,679
Payable -- Later than one year and not later than five years	58,951,898
Payable -- later than five years	-

3.10 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.

Particulars	For the period January 19, 2016 to March 31, 2016
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 three month 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


Parthasarathy N S
Director

For Magnet 360, LLC

Radha R
Director

Place: Bengaluru
Date : April 18, 2016