Magnet 360, LLC
Consolidated balance sheet

	Note	As at March 31, 2017	Amount in Rs As at March 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	3	37,150,482	39,436,733
Goodwill		451,087,694	460,860,681
Other intangible assets	4	486,098	3,315,572
		488,724,274	**503,612,986**
Current assets			
Financial assets	5		
Trade receivables	5.1	282,300,140	321,061,764
Cash and cash equivalents	5.2	29,421,415	19,144,777
Other financial assets	6	38,337,862	35,519,437
Other current assets	7	47,217,558	45,489,153
		397,276,975	**421,215,131**
TOTAL ASSETS		**886,001,249**	**924,828,117**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	968,861,718	968,861,718
Other equity	9	(494,590,475)	(326,706,902)
		474,271,243	**642,154,816**
Liabilities			
Current liabilities			
Financial liabilities	10		
Borrowings	10.1	35,667,500	14,907,375
Trade payables		136,359,598	121,938,048
Other financial liabilities	10.2	179,631,142	60,978,136
Other current liabilities	11	60,071,766	84,849,742
		411,730,006	**282,673,301**
TOTAL EQUITY AND LIABILITIES		**886,001,249**	**924,828,117**

See accompanying notes to the consolidated financial statements

For Magnet 360, LLC

Parthasarathy N S
Director

Matthew P. Meents
Director

Place: Bengaluru
Date : April 20, 2017

Magnet 360, LLC
Consolidated statement of profit and loss

			Amount in Rs
		For the year / period ended	
	Note	**March 31, 2017**	**March 31, 2016**
Revenue from operations		2,052,389,749	428,005,830
Other income	13	69,029	8,233
Total income		**2,052,458,778**	**428,014,063**
Expenses			
Employee benefits expense	14	1,681,088,432	343,053,994
Finance costs	15	11,181	7,442
Depreciation and amortization expense	16	20,646,486	5,072,996
Other expenses	17	511,511,263	95,747,891
Total expenses		**2,213,257,362**	**443,882,323**
Profit before tax		**(160,798,584)**	**(15,868,260)**
Tax expense:			
Current tax		-	139,695
Profit for the period		**(160,798,584)**	**(16,007,955)**
Other comprehensive income	18		
(i) Items that will be reclassified to profit or loss		(7,084,989)	1,219,717
(ii) Income tax relating to items that will be reclassified to profit or loss		**-**	**-**
Total other comprehensive income		**(7,084,989)**	**1,219,717**
Total comprehensive income for the period		**(167,883,573)**	**(14,788,238)**

See accompanying notes to the consolidated financial statements

For Magnet 360, LLC

Parthasarathy N S
Director

Matthew P. Meents
Director

Place: Bengaluru
Date : April 20, 2017

Magnet 360, LLC
Consolidated statement of cash flow

	Rs in million, except per share data For the year / period ended March 31 2017	2016
Cash flow from operating activities		
Profit for the period	(160,798,584)	(16,007,955)
Adjustments for :		
Depreciation and amortization expense	20,646,486	5,072,996
Allowance for doubtful debt	4,471,275	712,688
Finance costs	11,181	7,442
Net (gain) / loss on disposal of property, plant and equipment	-	27,068
Effect of exchange differences on translation of foreign currency cash and cash equivalents	637,426	(602,081)
Changes in operating assets and liabilities		
Trade receivables	33,656,367	(17,216,406)
Other assets	(5,650,071)	3,237,547
Trade payables	15,099,627	(372,054,336)
Other liabilities and Provisions	98,506,236	152,597,813
Net cash provided by operating activities before taxes	**6,579,943**	**(244,225,224)**
Income taxes paid	-	-
Net cash (used in)/ provided by operating activities	**6,579,943**	**(244,225,224)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(16,302,371)	(920,264)
Proceeds from sale of property, plant and equipment	266,940	54,329
Investment in Subsidiaries		
Payment towards acquisition of businesses	-	238,697,644
Net cash (used in)/ provided by investing activities	**(16,035,431)**	**237,831,709**
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	-	-
Finance costs paid	(11,181)	(7,442)
Repayment of short-term borrowings	-	-
Proceeds from short-term borrowings	20,760,125	14,907,375
Net cash (used in)/ provided by financing activities	**20,748,944**	**14,899,933**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(1,016,818)	602,081
Net decrease in cash and cash equivalents	**10,276,638**	**9,108,499**
Cash and cash equivalents at the beginning of the period	19,144,777	10,036,278
Cash and cash equivalents at the end of the period (Refer note 5.2)	**29,421,415**	**19,144,777**

See accompanying notes to the consolidated interim financials statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

For and on behalf of the Board of Directors of **Mindtree Limited**

For Magnet 360, LLC

Parthasarathy N S
Director

Matthew P. Meents
Director

Place: Bengaluru
Date : April 20, 2017

Magnet 360, LLC
Consolidated statement of changes in equity for the year ended March 31, 2017

(a) Equity share capital	**Amount**
Balance as at April 1, 2015	**968,861,718**
Add: Shares issued	-
Balance as at March 31, 2016	**968,861,718**
Balance as at April 1, 2016	**968,861,718**
Add: Shares issued	-
Balance as at March 31, 2017	**968,861,718**

(b) Other equity (Refer Note 8)

Particulars		**Items of Other Comprehensive Income**	
	Retained earnings	**Foreign currency translation reserve (FCTR)**	**Total other equity**
Balance as at April 1, 2015	(311,918,664)	**-**	(311,918,664)
Profit for the year	(16,007,955)	-	(16,007,955)
Other comprehensive income (net of taxes)	-	1,219,717	1,219,717
Balance as at March 31, 2016	**(327,926,619)**	**1,219,717**	**(326,706,902)**
Balance as at April 1, 2016	**(327,926,619)**	**1,219,717**	**(326,706,902)**
Loss for the period	(160,798,584)	-	(160,798,584)
Other comprehensive income (net of taxes)	-	(7,084,989)	(7,084,989)
Balance as at March 31, 2017	**(488,725,203)**	**(5,865,272)**	**(494,590,475)**

See accompanying notes to the consolidated financial statements

For Magnet 360, LLC

Parthasarathy N S
Director

Matthew P. Meents
Director

Place: Bengaluru
Date : April 20, 2017

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

1. Company overview

Magnet 360 (the "Company"), a 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 Saleforce.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 and presentation

(a) Statement of compliance

These consolidated financial statements for the year ended 31 March 2017 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. The comparitive period's numbers have been restated to conform to the current year's presentation.
For the period from January 19, 2016 to 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 consolidated 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);
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:* Revenue is earned by the Group 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.

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period.

‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as ‘Advance from customers’.

ii) *Income taxes:* The Group’s major tax jurisdiction is US, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

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 Group 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.

2.2 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. Subsidiaries are consolidated from the date control commences until the date control ceases.
The financial statements of subsidiaries are consolidated on a line-by-line basis and intra-group balances and transactions including un-realized gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

2.3 Summary of significant accounting policies

(i) Functional and presentation currency
Items included in the consolidated financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the “functional currency”). The functional currency of the Group is US Dollar (USD). The Indian Rupee (INR) equivalent items in the consolidated statement of profit and loss are translated at the rates prevailing on the dates of the respective transactions and the assets and liabilities are translated at the exchange rates prevailing as at balance sheet date. The resultant exchange gain or loss is taken to foreign currency translation reserve.

(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 consolidated statement of profit and loss and reported within foreign exchange gains/ (losses) on net basis.

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. Loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Group 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 Group’s cash management system.

b) *Non-derivative financial liabilities*

(i) Financial liabilities at amortised cost

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

(iv) Property, plant and equipment

a) *Recognition and measurement:* Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

b) Depreciation: The Group depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Category	**Useful life**
Computer systems	3 years
Furniture and fixtures	7 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the consolidated statement of profit and loss.

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advance and capital work- in-progress respectively.

(v) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangibles are as follows:

Category	**Useful life**
Computer software	2 to 3 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.

(vi) Leases

Leases under which the Group 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 consolidated statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

(vii) 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 Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Group 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 Group 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 Group 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 consolidated statement of profit and loss under other income / other expenses. 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 Group does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

The Group 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 Group 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 consolidated statement of profit and loss and reflected in an allowance account. When the Group 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 consolidated statement of profit and 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").

(viii) Employee benefits

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

(ix) Provisions

Provisions are recognized when the Group 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 Group 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.

(x) Revenue

Revenue is earned by the Group 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.

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.

(xi) Warranty provisions

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.

(xii) Finance Expense

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the consolidated statement of profit and loss using the effective interest method.
Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

(xiii) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

a) Current income tax
Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

b) Deferred income tax
Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

3 Property, plant and equipment

Particulars	Leasehold improvements	Office equipment	Computers	Furniture and fixtures	Total
Gross carrying value					
At January 19, 2016	**25,669,617**	**4,840,062**	**38,074,292**	**20,978,983**	**89,562,954**
Additions	55,083	-	694,213	180,846	930,142
Translation adjustment	38,803	7,317	39,442	27,630	113,192
Disposals / adjustments	-	-	(108,277)	-	(108,277)
At March 31, 2016	**25,763,503**	**4,847,379**	**38,699,670**	**21,187,459**	**90,498,011**
At April 1, 2016	**25,763,503**	**4,847,379**	**38,699,670**	**21,187,459**	**90,498,011**
Additions	-	1,684,469	14,183,775	434,127	16,302,371
Translation adjustment	(349,714)	(59,672)	(1,359,803)	(453,713)	(2,222,902)
Disposals / adjustments	-	-	-	(307,158)	(307,158)
At March 31, 2017	**25,413,789**	**6,472,176**	**51,523,642**	**20,860,715**	**104,270,322**
Accumulated depreciation					
At January 19, 2016	**13,113,678**	**1,852,809**	**24,153,777**	**7,617,115**	**46,737,379**
Depreciation expense	1,240,555	247,679	2,115,136	752,282	4,355,652
Translation adjustment	(1,157)	(1,660)	(164)	(1,891)	(4,872)
Disposals / adjustments	-	-	(26,881)	-	(26,881)
At March 31, 2016	**14,353,076**	**2,098,828**	**26,241,868**	**8,367,506**	**51,061,278**
At April 1, 2016	**14,353,076**	**2,098,828**	**26,241,868**	**8,367,506**	**51,061,278**
Acquisitions through business combinations	-	-	-	-	-
Depreciation expense	4,581,322	1,072,238	9,142,249	2,994,230	17,790,039
Translation adjustment	(460,243)	(81,394)	(871,433)	(278,186)	(1,691,256)
Disposals / adjustments	-	-	-	(40,221)	(40,221)
At March 31, 2017	**18,474,155**	**3,089,672**	**34,512,684**	**11,043,329**	**67,119,840**
Net carrying value as at March 31, 2017	**6,939,634**	**3,382,504**	**17,010,958**	**9,817,386**	**37,150,482**
Net carrying value as at March 31, 2016	**11,410,427**	**2,748,551**	**12,457,802**	**12,819,953**	**39,436,733**

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

4 Other intangible assets

Particulars	Computer software
Gross carrying value	
At January 19, 2016	**9,046,947**
Additions	-
Translation adjustment	13,676
Disposals / adjustments	-
At March 31, 2016	**9,060,623**
At April 1, 2016	**9,060,623**
Additions	-
Translation adjustment	(192,139)
Disposals / adjustments	-
At March 31, 2017	**8,868,484**
Accumulated depreciation	
At January 19, 2016	**5,032,712**
Amortisation expense	717,347
Translation adjustment	(5,008)
Disposals / adjustments	-
At March 31, 2016	**5,745,051**
At April 1, 2016	**5,745,051**
Amortisation expense	2,856,447
Translation adjustment	(219,112)
Disposals / adjustments	-
At March 31, 2017	**8,382,386**
Net carrying value as at March 31, 2017	**486,098**
Net carrying value as at March 31, 2016	**3,315,572**

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

5 Financial assets

5.1 Trade receivables

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
(Unsecured)		
Considered good	282,300,140	321,061,764
Considered doubtful	5,183,963	712,688
Less: Allowance for doubtful debts	(5,183,963)	(712,688)
Total	**282,300,140**	**321,061,764**

Movement in the expected credit loss allowance

Particulars	**For the year ended**	
	March 31, 2017	**March 31, 2016**
Balance at the beginning of the year	712,688	-
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	4,471,275	712,688
Provision at the end of the year	**5,183,963**	**712,688**

5.2 Cash and cash equivalents

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Balances with banks in current accounts and deposit accounts	29,421,415	19,144,777
Total	**29,421,415**	**19,144,777**

6 Other financial assets

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Unbilled revenue	38,337,862	35,519,437
Total	**38,337,862**	**35,519,437**

7 Other current assets

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Prepaid expenses	47,217,558	45,489,153
Total	**47,217,558**	**45,489,153**

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8 Equity share capital

a)

Particulars	As at March 31, 2017	As at March 31, 2016
Issued, subscribed and paid-up capital	968,861,718	968,861,718
Total	**968,861,718**	**968,861,718**

9	Other equity	As at March 31, 2017	As at March 31, 2016
a)	**Retained earnings**	(488,725,203)	(327,926,619)
b)	**Foreign currency translation reserve**	(5,865,272)	1,219,717
	Total	**(494,590,475)**	**(326,706,902)**

Current liabilities

10 Financial liabilities

10.1 Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016
(secured)		
Line of credit	35,667,500	14,907,375
Total	**35,667,500**	**14,907,375**

10.2 Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Employee benefits payable	179,631,142	60,978,136
Total	**179,631,142**	**60,978,136**

11 Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Unearned income	59,989,429	84,728,063
Statutory dues (including provident fund and tax deducted at source)	82,337	121,679
Total	**60,071,766**	**84,849,742**

Magnet 360, LLC
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13 Other income

Particulars	For the year / period ended March 31, 2017	For the year / period ended March 31, 2016
Others	69,029	8,233
Total	**69,029**	**8,233**

14 Employee benefits expense

Particulars	For the year / period ended March 31, 2017	For the year / period ended March 31, 2016
Salaries and wages	1,650,873,287	336,135,739
Contribution to provident and other funds	22,729,888	5,347,066
Staff welfare expenses	7,485,257	1,571,189
Total	**1,681,088,432**	**343,053,994**

15 Finance costs

Particulars	For the year / period ended March 31, 2017	For the year / period ended March 31, 2016
Interest expense on financial instruments designated at		
- Amortised cost	11,181	7,442
Total	**11,181**	**7,442**

16 Depreciation and amortization expense

Particulars	For the year / period ended March 31, 2017	For the year / period ended March 31, 2016
Depreciation of property, plant and equipment (note 3)	17,790,039	4,355,652
Amortization of other intangible assets (note 4)	2,856,447	717,347
Total	**20,646,486**	**5,072,999**

17 Other expenses

Particulars	For the year / period ended March 31, 2017	For the year / period ended March 31, 2016
Travel expenses	71,956,566	13,634,280
Communication expenses	10,001,126	2,039,469
Sub-contractor charges	151,828,379	54,655
Legal and professional charges	23,514,147	5,005,624
Lease rentals	116,864,605	26,736,948
Repairs and maintenance - Buildings	443,231	90,034
Insurance	5,591,329	1,563,727
Rates and taxes	1,571,621	-
Loss on sale of land	-	27,068
Other expenses	129,740,259	46,596,086
Total	**511,511,263**	**95,747,891**

(Amount in Rupees)

18 Other Comprehensive Income (OCI)

Components of changes to OCI by each type of reserve in equity is shown below-

During the year March 31, 2017

Particulars	Equity instruments through Other Comprehensive	FCTR	Other items of Comprehensive Income	Total
Items that will be reclassified to profit or loss				
Foreign exchange translation differences	-	(7,084,989)	-	(7,084,989)
Total	**-**	**(7,084,989)**	**-**	**(7,084,989)**

During the period ended March 31, 2016

Particulars	Equity instruments through Other Comprehensive Income	FCTR	Other items of Comprehensive Income	Total
Items that will be reclassified to profit or loss				
Foreign exchange translation differences	-	1,219,717	-	1,219,717
Total	**-**	**1,219,717**	**-**	**1,219,717**

19 Operating lease

The Group has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during the year ended March 31, 2017 amounted to Rs 116,864,605 (for the year ended March 31, 2016 amounted to Rs 26,736,948.)

Particulars	As at March 31, 2017	March 31, 2016
Payable – Not later than one year	29,589,079	43,751,679
Payable – Later than one year and not later than five years	69,795,524	58,951,898
Payable – Later than five years	977,416	-

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20 Financial instruments

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

Particulars	**Carrying value**		**Fair value**	
Financial assets	**March 31,2017**	**March 31,2016**	**March 31,2017**	**March 31,2016**
Amortised cost				
Trade receivable	282,300,140	321,061,764	282,300,140	321,061,764
Cash and cash equivalents	29,421,415	19,144,777	29,421,415	19,144,777
Other financial assets	38,337,862	35,519,437	38,337,862	35,519,437
Total assets	**350,059,417**	**375,725,978**	**350,059,417**	**375,725,978**
Financial liabilities				
Amortised cost				
Loans and borrowings	35,667,500	14,907,375	35,667,500	14,907,375
Trade payables	136,359,598	121,938,048	136,359,598	121,938,048
Other financial liabilities	179,631,142	60,978,136	179,631,142	60,978,136
Total liabilities	**351,658,240**	**197,823,559**	**351,658,240**	**197,823,559**

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.

ii) The fair value of other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

iii) Fair values of the Group’s interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The own non- performance risk as at March 31, 2017 was assessed to be insignificant.

(Amount in Rupees)

21 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group'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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's 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 Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Group'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	March 31, 2016
Revenue from top customer	137,091,226	37,650,748
Revenue from top 5 customers	621,702,634	120,715,900

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group 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 Group has unutilized credit limits with banks.

The Group'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 Group is given below:

Particulars	As at March 31,2017	As at March 31, 2016
Cash and cash equivalents	29,421,415	19,144,777
Total	**29,421,415**	**19,144,777**

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

Particulars	As at March 31, 2017		
	Less than 1 year	1-2 years	2 years and above
Borrowings	35,667,500	-	-
Trade payables	136,359,598	-	-
Other financial liabilities	179,631,142	-	-

Particulars	As at March 31, 2016		
	Less than 1 year	1-2 years	2 years and above
Borrowings	14,907,375	-	-
Trade payables	121,938,048	-	-
Other financial liabilities	60,978,136	-	-

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and investments. The Group's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

(Amount in Rupees)

22 Capital management

The Group'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 Group monitors the return on capital as well as the level of dividends on its equity shares. The Group'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 Group	474,271,243	642,154,816
As percentage of total capital	93%	98%
Current loans and borrowings	35,667,500	14,907,375
Total loans and borrowings	35,667,500	14,907,375
As a percentage of total capital	7%	2%
Total capital (loans and borrowings and equity)	**509,938,743**	**657,062,191**

The Group is predominantly equity financed which is evident from the capital structure table. Further, the Group has always been a net cash Group 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.

Magnet 360, LLC
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23 Related party transaction

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.
**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 rendered	70,166,518	-
	Software services received	30,231,362	-

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at March 31, 2017	As at March 31, 2016
Mindtree Limited	Trade receivable	36,767,423	-

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

(Amount in Rupees)

24 Segment information

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 Ind AS 108 - "Operating segment".

Geographical information

	For the year / period ended	
Revenues	**March 31, 2017**	**March 31, 2016**
America	2,052,389,749	428,005,830
Total	**2,052,389,749**	**428,005,830**

Note:

Management believes that it is currently not practicable to provide disclosure of assets by geographical location, as meaningful segregation of the available information is onerous.

For Magnet 360, LLC

Parthasarathy N S
Director

Matthew P. Meents
Director

Place: Bengaluru
Date : April 20, 2017