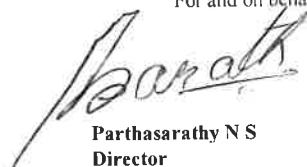



Magnet 360, LLC
Consolidated balance sheet

	Note	Amount in Rs	
		As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	41,572,054	37,150,482
Goodwill	4	452,896,218	451,087,694
Other intangible assets	4	-	486,098
Financial assets	5		
Loans	5.1	5,115,436	4,787,556
Other non-current assets	6	397,821	-
		499,981,529	493,511,830
Current assets			
Financial assets	7		
Trade receivables	7.1	294,852,803	282,300,140
Cash and cash equivalents	7.2	33,282,376	29,421,415
Other financial assets	7.3	46,641,319	38,337,862
Other current assets	8	24,849,566	42,430,002
		399,626,064	392,489,419
TOTAL ASSETS		899,607,593	886,001,249
EQUITY AND LIABILITIES			
Equity			
Members' equity	8	584,535,780	474,271,243
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	9	-	34,741,076
Other non-current liabilities	10	5,638,070	-
		5,638,070	34,741,076
Current liabilities			
Financial liabilities	11		
Borrowings	11.1	-	35,667,500
Trade payables		56,848,854	136,359,598
Other financial liabilities	11.2	143,314,886	125,176,218
Other current liabilities	12	82,260,297	60,071,766
Provisions	13	27,009,706	19,713,848
		309,433,743	376,988,930
		315,071,813	411,730,006
TOTAL EQUITY AND LIABILITIES		899,607,593	886,001,249

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors of
Magnet 360, LLC


Parthasarathy N S
Director


Matthew P. Meents
Director


Place: Bengaluru
Date: April 18, 2018

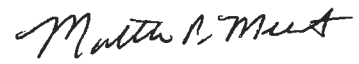
Magnet 360, LLC**Consolidated statement of profit and loss**

		Amount in Rs	
		For the year ended	
Note	March 31, 2018	March 31, 2017	
Revenue from operations	1,808,824,704	2,052,389,749	
Other income	1,181,185	69,029	14
Total income	1,810,005,889	2,052,458,778	
Expenses			
Employee benefits expense	1,690,880,007	1,681,088,432	15
Finance costs	1,214,952	11,181	16
Depreciation and amortization expense	29,294,082	20,646,486	17
Other expenses	475,700,962	511,511,263	18
Total expenses	2,197,090,003	2,213,257,362	
Profit before tax	(387,084,114)	(160,798,584)	
Tax expense:			
Current tax	-	-	
Deferred tax	-	-	
Profit for the year	(387,084,114)	(160,798,584)	
Other comprehensive income			19
(i) Items that will be reclassified to profit or loss	964,151	(7,084,989)	
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	
Total other comprehensive income	964,151	(7,084,989)	
Total comprehensive income for the year	(386,119,963)	(167,883,573)	

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors of
Magnet 360, LLC


Parthasarathy N S
Director


Matthew P. Meents
Director

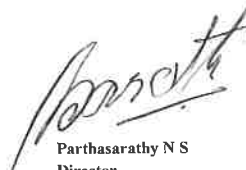

Place: Bengaluru
Date : April 18, 2018

Magnet 360, LLC
Consolidated statement of cash flow

	Rs in million, except per share data	
	For the year ended March 31	
	2018	2017
Cash flow from operating activities		
Profit for the year	(387,084,114)	(160,798,584)
<i>Adjustments for :</i>		
Depreciation and amortization expense	29,294,082	20,646,486
Expense on employee stock based compensation	1,898	-
Allowance for doubtful debt	(1,049,283)	4,471,275
Finance costs	1,214,952	11,181
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(132,905)	637,426
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(11,989,719)	33,656,367
Other assets	8,822,087	(5,650,071)
Trade payables	(79,416,975)	15,099,627
Other liabilities and Provisions	18,971,418	98,506,236
Net cash provided by operating activities before taxes	(421,368,559)	6,579,943
Income taxes paid	(397,821)	-
Net cash (used in)/ provided by operating activities	(421,766,380)	6,579,943
Cash flow from investing activities		
Purchase of property, plant and equipment	(33,952,715)	(16,302,371)
Proceeds from sale of property, plant and equipment	-	266,940
Net cash (used in)/ provided by investing activities	(33,952,715)	(16,035,431)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	496,384,500	-
Finance costs paid	(1,214,952)	(11,181)
Repayment of short-term borrowings	(35,667,500)	-
Proceeds from short-term borrowings	-	20,760,125
Net cash (used in)/ provided by financing activities	459,502,048	20,748,944
Effect of exchange differences on translation of foreign currency cash and cash equivalents	78,008	(1,016,818)
Net decrease in cash and cash equivalents	3,860,961	10,276,638
Cash and cash equivalents at the beginning of the year	29,421,415	19,144,777
Cash and cash equivalents at the end of the year (Refer note 7.2)	33,282,376	29,421,415

See accompanying notes to the consolidated financials statements

For and on behalf of the Board of Directors of
Magnet 360, LLC

Parthasarathy N S
Director
Matthew P. Meents
Director

Place: Bengaluru
Date : April 18, 2018

Magnet 360, LLC

Consolidated statement of changes in equity for the year ended March 31, 2018

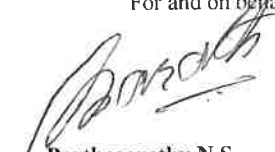
	Amount
(a) Equity share capital	
Balance as at April 1, 2017	968,861,718
Add: Shares issued	-
Balance as at March 31, 2018	<u>968,861,718</u>
Balance as at April 1, 2017	968,861,718
Add: Shares issued	496,384,500
Balance as at March 31, 2018	<u>1,465,246,218</u>


(b) Other equity (Refer Note 8)

Particulars	Items of Other Comprehensive Income		Total other equity
	Retained earnings	Foreign currency translation reserve (FCTR)	
Balance as at April 1, 2016	(327,926,619)	1,219,717	(326,706,902)
Profit for the year	(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)
Balance as at April 1, 2017	(488,725,203)	(5,865,272)	(494,590,475)
Loss for the year	(387,084,114)	-	(387,084,114)
Other comprehensive income (net of taxes)	-	964,151	964,151
Balance as at March 31, 2018	(875,809,317)	(4,901,121)	(880,710,438)

See accompanying notes to the consolidated financial statements

For and on behalf of the Board of Directors of
Magnet 360, LLC


Parthasarathy N S
Director


Matthew P. Meents
Director

Place: Bengaluru
Date : April 18, 2018

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(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 Salesforce.com technology. The Company had three fully owned subsidiaries, Reside LLC, M360 Investments, LLC and Numerical Truth, LLC (The Company and its subsidiaries together called "the Group").

During the year ended March 31, 2018, all the three subsidiaries of Magnet 360, LLC comprising Reside, LLC, M360 Investments, LLC and Numerical Truth, LLC have been wound up and the assets and liabilities of the aforesaid subsidiaries have been transferred to Magnet 360, LLC against the cancellation and extinguishment of Magnet 360, LLC's investment in those subsidiaries.

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 2018 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.

(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.

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

(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.

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

(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.

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

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.

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

2.3 New standards and interpretations not yet adopted

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Group is evaluating the effect of this on the financial statements.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard is effective for annual periods beginning on or after 1 April 2018. The Group is currently evaluating the requirements of Ind AS 115, 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, 2018
(Amount in Rupees)

3 Property, plant and equipment

Particulars	Leasehold improvements	Office equipment	Computers	Furniture and fixtures	Total
Gross carrying value					
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
At April 1, 2017	25,413,789	6,472,176	51,523,642	20,860,715	104,270,322
Additions	17,070,723	3,865,563	5,579,793	6,621,045	33,137,124
Translation adjustment	312,065	76,919	262,375	163,558	814,917
Disposals / adjustments	-	-	-	-	-
At March 31, 2018	42,796,577	10,414,658	57,365,810	27,645,318	138,222,363
Accumulated depreciation					
At April 1, 2016	14,353,076	2,098,828	26,241,868	8,367,506	51,061,278
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
At April 1, 2017	18,474,155	3,089,672	34,512,684	11,043,329	67,119,840
Depreciation expense	6,751,050	2,430,054	12,360,526	7,268,738	28,810,368
Translation adjustment	173,393	51,094	330,077	165,537	720,101
Disposals / adjustments	-	-	-	-	-
At March 31, 2018	25,398,598	5,570,820	47,203,287	18,477,604	96,650,309
Net carrying value as at March 31, 2018	17,397,979	4,843,838	10,162,523	9,167,714	41,572,054
Net carrying value as at March 31, 2017	6,939,634	3,382,504	17,010,958	9,817,386	37,150,482

Magnet 360, LLC
 Significant accounting policies and notes to the accounts
 For the year ended March 31, 2018
 (Amount in Rupees)

4 Goodwill and other intangible assets

Particulars	Goodwill	Computer software
Gross carrying value		
At April 1, 2016	460,860,681	9,060,623
Additions		-
Translation adjustment	(9,772,987)	(192,139)
Disposals / adjustments		-
At March 31, 2017	451,087,694	8,868,484
At April 1, 2017	451,087,694	8,868,484
Additions		-
Translation adjustment	1,808,524	35,557
Disposals / adjustments		-
At March 31, 2018	452,896,218	8,904,041
Accumulated depreciation		
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
At April 1, 2017	-	8,382,386
Amortisation expense	-	483,714
Translation adjustment	-	37,941
Disposals / adjustments	-	-
At March 31, 2018	-	8,904,041
Net carrying value as at March 31, 2018	452,896,218	-
Net carrying value as at March 31, 2017	451,087,694	486,098

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

Non-current assets

5 Financial assets

5.1 Loans

Particulars	As at March 31, 2018	As at March 31, 2017
<i>(Unsecured, considered good)</i>		
Security deposits	5,115,436	4,787,556
Total	5,115,436	4,787,556

6 Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Advance income-tax	397,821	-
Total	397,821	-

Current assets

7 Financial assets

7.1 Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
<i>(Unsecured)</i>		
Considered good	294,852,803	282,300,140
Considered doubtful	4,134,680	5,183,963
Less: Allowance for doubtful debts	(4,134,680)	(5,183,963)
Total	294,852,803	282,300,140

Movement in the expected credit loss allowance

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Balance at the beginning of the year	5,183,963	712,688
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(1,049,283)	4,471,275
Provision at the end of the year	4,134,680	5,183,963

7.2 Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks in current accounts and deposit accounts	33,282,376	29,421,415
Total	33,282,376	29,421,415

7.3 Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017
Advances to employees	13,977,520	-
Unbilled revenue	32,663,799	38,337,862
Total	46,641,319	38,337,862

8 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Advance to suppliers	3,664	-
Prepaid expenses	21,980,398	42,430,002
Others	2,865,504	-
Total	24,849,566	42,430,002

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

8 Members' equity

a) Particulars	As at March 31, 2018	As at March 31, 2017
Issued, subscribed and paid-up capital	1,465,246,218	968,861,718
Total	1,465,246,218	968,861,718
b) Other equity		
	As at March 31, 2018	As at March 31, 2017
a) Retained earnings	(875,809,317)	(488,725,203)
b) Foreign currency translation	(4,901,121)	(5,865,272)
Total	(880,710,438)	(494,590,475)
Total members' equity	584,535,780	474,271,243

Non- current liabilities

Financial liabilities

9 Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Employee benefits payable	-	34,741,076
Total	-	34,741,076

10 Other non-current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Other liabilities	5,638,070	-
Total	5,638,070	-

Current liabilities

11 Financial liabilities

11.1 Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
<i>(secured)</i>		
Line of credit	-	35,667,500
Total	-	35,667,500

11.2 Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Employee benefits payable	143,314,886	125,176,218
Total	143,314,886	125,176,218

12 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Unearned income	63,980,002	59,989,429
Statutory dues (including provident fund and tax deducted at source)	7,048,147	82,337
Advance from customers	9,311,186	-
Others	1,920,962	-
Total	82,260,297	60,071,766

13 Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for compensated absences	27,009,706	19,713,848
Total	27,009,706	19,713,848

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

14	Other income Particulars	For the year / period ended	
		March 31, 2018	March 31, 2017
	Foreign exchange gain/ (loss)	1,166,126	-
	Others	15,059	69,029
	Total	1,181,185	69,029
15	Employee benefits expense Particulars	For the year / period ended	
		March 31, 2018	March 31, 2017
	Salaries and wages	1,644,552,003	1,650,873,287
	Contribution to provident and other funds	41,185,965	22,729,888
	Expense on employee stock based compensation (Refer note 9)	1,898	-
	Staff welfare expenses	5,140,141	7,485,257
	Total	1,690,880,007	1,681,088,432
16	Finance costs Particulars	For the year / period ended	
		March 31, 2018	March 31, 2017
	Interest expense on financial instruments designated at - Amortised cost	1,214,952	11,181
	Total	1,214,952	11,181
17	Depreciation and amortization expense Particulars	For the year / period ended	
		March 31, 2018	March 31, 2017
	Depreciation of property, plant and equipment (note 3)	28,810,368	17,790,039
	Amortization of other intangible assets (note 4)	483,714	2,856,447
	Total	29,294,082	20,646,486
18	Other expenses Particulars	For the year / period ended	
		March 31, 2018	March 31, 2017
	Travel expenses	63,646,164	71,956,566
	Communication expenses	11,145,375	10,001,126
	Sub-contractor charges	124,327,030	151,828,379
	Computer consumables	279,035	-
	Legal and professional charges	5,446,405	23,514,147
	Lease rentals	59,881,005	116,864,605
	Repairs and maintenance - Buildings	1,353,789	443,231
	Insurance	2,382,544	5,591,329
	Rates and taxes	890,966	1,571,621
	Other expenses	206,348,649	129,740,259
	Total	475,700,962	511,511,263

Magnet 360, LLC
 Significant accounting policies and notes to the accounts
 For the year ended March 31, 2018
 (Amount in Rupees)

19 Other Comprehensive Income (OCI)

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

During the year ended March 31, 2018				
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	-	964,151	-	964,151
Total	-	964,151	-	964,151
During the year ended March 31, 2017				
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	-	(7,084,989)	-	(7,084,989)
Total	-	(7,084,989)	-	(7,084,989)

20 Operating lease

The Group has various operating leases, mainly for office buildings including land. Lease rental expense under such cancellable and non-cancellable operating leases during the year ended March 31, 2018 amounted to Rs 59,881,055 (for the year ended March 31, 2017 amounted to Rs 116,864,605.)

Particulars	As at	
	March 31, 2018	March 31, 2017
Payable – Not later than one year	33,445,830	29,589,079
Payable – Later than one year and not later than five years	42,935,060	69,795,524
Payable – Later than five years	-	977,416

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

21 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2018 and March 31, 2017 is as follows:

Particulars	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets				
Amortised cost				
Loans	5,115,436	4,787,556	5,115,436	4,787,556
Trade receivable	294,852,803	282,300,140	294,852,803	282,300,140
Cash and cash equivalents	33,282,376	29,421,415	33,282,376	29,421,415
Other financial assets	46,641,319	38,337,862	46,641,319	38,337,862
Total assets	379,891,934	354,846,973	379,891,934	354,846,973
Financial liabilities				
Amortised cost				
Loans and borrowings	-	35,667,500	-	35,667,500
Trade payables	56,848,854	136,359,598	56,848,854	136,359,598
Other financial liabilities	143,314,886	159,917,294	143,314,886	159,917,294
Total liabilities	200,163,740	331,944,392	200,163,740	331,944,392

The management assessed that fair value of cash and cash equivalents, loans, trade receivables, other financial assets, trade payables, loans and borrowings and other financial 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, 2018 was assessed to be insignificant.

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

22 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 ended	
	March 31, 2018	March 31, 2017
Revenue from top customer	239,219,981	137,091,226
Revenue from top 5 customers	570,496,249	621,702,634

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	As at
	March 31, 2018	March 31, 2017
Cash and cash equivalents	33,282,376	29,421,415
Total	33,282,376	29,421,415

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018, March 31, 2017

Particulars	As at March 31, 2018		
	Less than 1 year	1-2 years	2 years and above
Borrowings	-	-	-
Trade payables	56,848,854	-	-
Other financial liabilities	143,314,886	-	-

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	125,176,218	34,741,076	-

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.

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

23 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	As at
	March 31, 2018	March 31, 2017
Total equity attributable to the equity share holders of the Group	584,535,780	474,271,243
As percentage of total capital	100%	93%
Current loans and borrowings	-	35,667,500
Total loans and borrowings	-	35,667,500
As a percentage of total capital	0%	7%
Total capital (loans and borrowings and equity)	584,535,780	509,938,743

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

Significant accounting policies and notes to the accounts

For the year ended March 31, 2018

(Amount in Rupees)

24 Related party transaction

Name of related party	Nature of relationship
Mindtree Limited	Holding Company
Reside, LLC*	Subsidiary
M360 Investments, LLC*	Subsidiary
Numerical Truth, LLC*	Subsidiary
Mindtree Software (Shanghai) Co., Ltd.	Fellow subsidiary
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

* Dissolved with effect from February 22, 2018.

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	For the year ended	
		March 31, 2018	March 31, 2017
Mindtree Limited	Software services rendered	389,672,882	70,166,518
	Software services received	60,395,192	30,231,362

Balances payable to related parties are as follows:

Name of related party	Nature of balances	For the year ended	
		March 31, 2018	March 31, 2017
Mindtree Limited	Trade payables	22,604,576	-

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at	As at
		March 31, 2018	March 31, 2017
Mindtree Limited	Trade receivable	8,401,059	36,767,423

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

Magnet 360, LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
(Amount in Rupees)

25 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


Revenues	For the year ended	
	March 31, 2018	March 31, 2017
America	1,808,312,244	2,052,389,749
Europe	512,460	-
Total	1,808,824,704	2,052,389,749

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 and on behalf of the Board of Directors of
Magnet 360, LLC


Parthasarathy N S
Director


Matthew P. Meents
Director

Place: Bengaluru
Date : April 18, 2018