

3i INFOTECH (AFRICA) LIMITED
(Incorporated in Kenya)

Balance sheet as at March 31, 2016

KES

| Particulars | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|-------------------------------------|----------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| (a) Share capital | 2 | 100,000 | 100,000 |
| (b) Reserves and surplus | 3 | (304,493,394) | (279,920,019) |
| Other long-term liabilities | 4 | 300,096,381 | 285,840,743 |
| Current liabilities | | | |
| (a) Trade payables | 5 | 8,810,627 | 11,265,412 |
| (b) Other current liabilities | 6 | 23,453,863 | 25,444,834 |
| (c) Short-term provisions | 7 | 17,742,340 | 17,769,169 |
| Total | | 45,709,817 | 60,500,139 |
| II. ASSETS | | | |
| Non-current assets | | | |
| (a) Fixed assets | 8 | - | 3,568,251 |
| Tangible assets | | | |
| Long-term loans and advances | 11 | 326,954 | 5,611,855 |
| Current assets | | | |
| (a) Trade receivables | 9 | 5,218,859 | 4,777,459 |
| (b) Cash and bank balances | 10 | 10,457,708 | 3,797,057 |
| (c) Short-term loans and advances | 12 | 29,343,492 | 28,898,062 |
| (d) Other current assets | 13 | 362,804 | 13,847,455 |
| Total | | 45,709,817 | 60,500,139 |

Significant accounting policies and accompanying notes
to financial statements

1 - 23

As per our attached report of even date

For Lodha & Co.
Chartered Accountants
Firm Regn No. 301051E

For and on behalf of the Board

Sd/-
R. P. Badariya
Partner
Membership No. 44101

Sd/-
Padmanabhan Iyer
Director
DIN - 05282942

Sd/-
Ashish Kakkar
Director
DIN - 06370551

Date: August 10, 2016
Place: Mumbai

Statement of Profit and Loss for the year ended March 31, 2016

KES

| Particulars | Note no. | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|----------|-----------------------------------|-----------------------------------|
| INCOME | | | |
| Revenue from operations | 14 | 23,858,136 | 54,791,582 |
| Other income | 15 | - | 3,246,457 |
| Total Revenue | | 23,858,136 | 58,038,039 |
| EXPENSES | | | |
| Cost of revenue | 16 | (4,254,419) | 34,261,490 |
| Employee benefits expense | 17 | 14,419,965 | 22,201,241 |
| Finance cost | 19 | 103,554 | 126,822 |
| Depreciation | 8 | 3,568,250 | 864,478 |
| Other expenses | 18 | 28,097,671 | 10,527,353 |
| Total Expenses | | 41,935,021 | 67,981,384 |
| Profit/(Loss) before tax and exceptional items | | (18,076,885) | (9,943,345) |
| Exceptional items | 19 | 1,089,636 | - |
| Profit before tax | | (19,166,521) | (9,943,345) |
| Tax expense | | 5,406,854 | 17,000,000 |
| Profit/(loss) after tax for the period/year | | (24,573,375) | (26,943,345) |

Earnings per share

(Equity shares, par value KES 1,000 each)

Before exceptional items :

Basic & Diluted (KES) (234,837.39) (269,433.45)

After exceptional items :

Basic & Diluted (KES) (245,733.75) (269,433.45)

Significant accounting policies and accompanying notes to financial statements

1 - 23

As per our attached report of even date

For Lodha & Co.
Chartered Accountants
Firm Regn No. 301051E

For and on behalf of the Board

Sd/-
R. P. Badariya
Partner
Membership No. 44101
Date:

Sd/-
Padmanabhan Iyer
Director
DIN - 05282942

Date: August 10, 2016
Place: Mumbai

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Ashish Kakkar
Director
DIN - 06370551

3i INFOTECH (AFRICA) LIMITED
(Incorporated in Kenya)

Cash flow statement for the year ended March 31, 2016

KES

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| A. Cash Flow from Operating Activities : | | |
| Profit/(Loss) before exceptional items and tax | (18,076,885) | (9,943,345) |
| Adjustments for: | | |
| Depreciation | 3,568,250 | 864,478 |
| Provision for doubtful debts | 9,887,050 | (1,085,564) |
| Foreign exchange (gain)/ loss | 7,667,500 | - |
| Operating Profit / (Loss) before Working Capital Changes | 3,045,915 | (10,164,431) |
| Adjustments for: | | |
| Decrease/(Increase) in Trade and other receivables | (6,168,319) | (1,226,970) |
| Increase/(Decrease) in Trade payables and other liabilities | 15,189,908 | 22,886,337 |
| Cash generated from Operations | 12,067,506 | 11,494,936 |
| Income taxes paid | (5,406,854) | (17,000,000) |
| Net cash from/(used in) Operating Activities -(A) | 6,660,652 | (5,505,064) |
| B. Cash Flow from Investing Activities | | |
| Net cash from/(used in) Investing Activities -(B) | - | - |
| C. Cash Flow from Financing Activities | | |
| Net cash from/(used in) Financing Activities - (C) | - | - |
| Net Increase / (Decrease) in cash and cash equivalents (A+B+C) | 6,660,652 | (5,505,064) |
| Cash and cash equivalents at beginning of the year/period | 3,797,057 | 9,302,121 |
| Cash and cash equivalents at end of the year /period | 10,457,708 | 3,797,057 |

Notes :

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on "Cash Flow Statements" as prescribed in Section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- 2) Previous years figures have been regrouped / rearranged wherever necessary to confirm to the current years presentation.

As per our attached report of even date
For Lodha & Co.
Chartered Accountants
Firm Regn No. 301051E

Sd/-
R. P. Badariya
Partner
Membership No. 44101

Date: August 10, 2016
Place: Mumbai

For and on behalf of the Board

Sd/-
Padmanabhan Iyer
Director
DIN - 05282942

Sd/-
Ashish Kakkar
Director
DIN - 06370551

3i INFOTECH (AFRICA) LIMITED
(Incorporated in Kenya)
Notes forming part of the financial statements

2. Share capital

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|--|-------------------------|---------|-------------------------|---------|
| | Number | Amount | Number | Amount |
| Authorised capital Equity shares of KES 1,000 each | 100 | 100,000 | 100 | 100,000 |
| Issued, subscribed & paid up Equity shares of KES 1,000 each fully paid up | 100 | 100,000 | 100 | 100,000 |

b) Rights of equity shareholders

The Company has issued one class of equity shares having a face value of KES 1,000 per share. Each shareholder has right to vote in respect of such share, on every resolution placed before the Company and his voting right on a poll shall be in proportion to his share of the paid-up equity capital of the Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after payments to secured and unsecured creditors, in proportion to their shareholding.

c) Reconciliation of numbers of equity shares

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---|-------------------------|---------|-------------------------|---------|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 100 | 100,000 | 100 | 100,000 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 100 | 100,000 | 100 | 100,000 |

d) Details of members holding more than 5% equity shares in the company

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|--------------------------------|-------------------------|--------------|-------------------------|--------------|
| | No. of shares held | % of Holding | No. of shares held | % of Holding |
| 3i Infotech Middle East FZ LLC | 99 | 99% | 99 | 99% |

3. Reserves and Surplus

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Surplus/(Deficit) in Statement of Profit and loss | | |
| Opening balance | (279,920,019) | (252,910,751) |
| Add/(Less) : Depreciation Reserve | - | (65,923) |
| Add/(Less) : Profit/(loss) for the year / period | (24,573,375) | (26,943,345) |
| CLOSING BALANCE | (304,493,394) | (279,920,019) |

4. Other long-term liabilities

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--------------------------|-------------------------|-------------------------|
| Due to related parties | | |
| Ultimate Holding Company | 299,867,440 | 285,840,743 |
| Holding Company | 228,941 | - |
| TOTAL | 300,096,381 | 285,840,743 |

5. Trade Payables

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--------------------|---------------------------------|---------------------------------|
| Others-Payable | 8,810,627 | 11,265,412 |
| Date: | 8,810,627 | 11,265,412 |

6. Other current liabilities

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------------|---------------------------------|---------------------------------|
| Other liabilities | 20,510 | 20,510 |
| Statutory Dues Payable | 9,481,950 | 9,313,468 |
| Income received in advance | 13,951,403 | - |
| Advance received from customers | - | 16,110,856 |
| TOTAL | 23,453,863 | 25,444,834 |

7. Short-term provisions

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------------|---------------------------------|---------------------------------|
| Provision for employee benefits | 742,340 | 769,169 |
| Provision for Income Tax | 17,000,000 | 17,000,000 |
| TOTAL | 17,742,340 | 17,769,169 |

3i INFOTECH (AFRICA) LIMITED

(Incorporated in Kenya)

NOTES FORMING PART OF FINANCIAL STATEMENTS

8. Fixed assets

KES

| Particulars | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK |
|----------------------|-----------------------|-----------------------------|----------------------------|----------------------|---------------------|------------------|----------------------------|----------------------|----------------------|
| | As at April 1, 2015 | Additions during the period | Deductions during the year | As at March 31, 2016 | As at April 1, 2015 | For the year | Adjustment during the year | As at March 31, 2016 | As at March 31, 2016 |
| Furniture & fixtures | 2,790,598 | - | - | 2,790,598 | 830,140 | 1,960,458 | - | 2,790,598 | (0) |
| Motor vehicles | 2,500,000 | - | - | 2,500,000 | 1,290,999 | 1,209,001 | - | 2,500,000 | - |
| Office equipment | 526,457 | - | - | 526,457 | 198,064 | 328,393 | - | 526,457 | 0 |
| Computers | 712,515 | - | - | 712,515 | 642,117 | 70,398 | - | 712,515 | (0) |
| TOTAL | 6,529,570 | - | - | 6,529,570 | 2,961,320 | 3,568,250 | - | 6,529,570 | 0 |

| Particulars | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK |
|----------------------|-----------------------|-----------------------------|--|----------------------|---------------------|----------------|----------------------------|----------------------|----------------------|
| | As at April 1, 2014 | Additions during the period | Deductions / Adjustments during the year | As at March 31, 2015 | As at April 1, 2014 | For the year | Adjustment during the year | As at March 31, 2015 | As at March 31, 2015 |
| Furniture & fixtures | 2,790,598 | - | - | 2,790,598 | 551,080 | 279,060 | - | 830,140 | 1,960,458 |
| Motor vehicles | 2,500,000 | - | - | 2,500,000 | 978,499 | 312,500 | - | 1,290,999 | 1,209,001 |
| Office equipment | 526,457 | - | - | 526,457 | 72,481 | 97,868 | 27,715 | 198,064 | 328,394 |
| Computers | 712,515 | - | - | 712,515 | 428,858 | 175,051 | 38,208 | 642,117 | 70,398 |
| TOTAL | 6,529,570 | - | - | 6,529,570 | 2,030,918 | 864,479 | 65,923 | 2,961,320 | 3,568,251 |

3i INFOTECH (AFRICA) LIMITED
(Incorporated in Kenya)

9. Trade receivables

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|
| Unsecured, considered good | | |
| Debts outstanding for a period exceeding 6 months from the due date of payment | - | - |
| Others | 5,218,859 | 4,777,459 |
| Others | 5,218,859 | 4,777,459 |
| Unsecured, considered doubtful | | |
| Doubtful debts exceeding six months | 12,131,107 | 12,103,991 |
| Less: Provision for doubtful debts | (12,131,107) | (12,103,991) |
| TOTAL | 5,218,859 | 4,777,459 |

10. Cash and bank balances

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Cash and cash equivalents | | |
| Balances with banks in current accounts | 10,404,410 | 3,759,308 |
| Cash on hand | 53,298 | 37,749 |
| Total | 10,457,708 | 3,797,057 |

11. Long-term loans and advances

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------|-------------------------|-------------------------|
| Security deposits - Flats | 326,954 | 205,000 |
| Withholding tax | - | 5,406,855 |
| Total | 326,954 | 5,611,855 |

12. Short-term loans and advances

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Unsecured, considered good | | |
| Security deposits | - | 326,954 |
| Due from Holding Company | 28,429,430 | 26,752,464 |
| Advances recoverable in cash or in kind or for value to be received | 914,062 | 1,818,644 |
| Total | 29,343,492 | 28,898,062 |

13. Other current assets

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|-------------------|-------------------------|-------------------------|
| Unbilled revenue* | 142,745 | 13,056,348 |
| Prepaid expenses | 220,059 | 791,107 |
| Total | 362,804 | 13,847,455 |

* net of reversals

3i INFOTECH (AFRICA) LIMITED
(Incorporated in Kenya)

14. Revenue from Operations

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--------------|---|---|
| IT solutions | 23,858,136 | 54,791,582 |
| Total | 23,858,136 | 54,791,582 |

15. Other Income

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|-----------------------------|---|---|
| Foreign exchange gain (net) | - | 827,123 |
| Miscellaneous income | - | 2,419,334 |
| Total | - | 3,246,457 |

16. Cost of Revenue

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Cost of outsourced services/boughtout items | (4,254,419) | 34,261,490 |
| Total | (4,254,419) | 34,261,490 |

17. Employee benefit expenses

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|------------------------|---|---|
| Salaries and wages | 14,309,626 | 22,197,076 |
| Staff welfare expenses | 110,339 | 4,165 |
| Total | 14,419,965 | 22,201,241 |

18. Other expenses

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|-----------------------------------|---|---|
| Rent | 3,159,041 | 2,224,159 |
| Travelling and conveyance | 2,707,918 | 6,963,980 |
| Electricity charges | 76,789 | 126,516 |
| Insurance | 396,516 | 224,847 |
| Rates and taxes | 1,084,221 | 60,002 |
| Communication Expenses | 190,439 | 535,427 |
| Printing and stationery | 36,706 | 146,984 |
| Legal and professional charges | 2,388,470 | 425,741 |
| Selling and distribution expenses | - | 499,936 |
| Provision for doubtful debts | 9,887,050 | (1,085,564) |
| Foreign exchange loss (net) | 7,667,500 | - |
| Repairs and maintenance | 90,683 | 357,274 |
| Miscellaneous expenses | 412,338 | 48,051 |
| Total | 28,097,671 | 10,527,353 |

19. Finance Cost

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|----------------------------------|---|---|
| Bank and other financial charges | 103,554 | 126,822 |
| Total | 103,554 | 126,822 |

19. Exceptional items

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|---|---|
| Old Irrecoverable Balances Written Off | 1,089,636 | - |
| Total | 1,089,636 | - |

3i INFOTECH (AFRICA) LIMITED

(Incorporated in Kenya)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Significant Accounting Policies and Notes to Financial Statements

1. Significant Accounting Policies

1.1 Method of Accounting

The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting and in accordance with the generally accepted accounting practices in India (GAAP). GAAP comprises mandatory accounting standards prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

1.2 Currency

The Company has used the Kenyan Shillings (KES) as its reporting currency.

1.3 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements are made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

1.4 Revenue Recognition

a) Revenue from IT solutions:

Revenue from IT solutions comprises of revenue from sale of software products, providing IT services and sale of hardware/ third party software.

- i) Revenue from sale of software products is recognized on delivery or installation, as applicable, as per a pre-determined policy laid down for different software products across all geographies or an amount as considered appropriate in terms of the contract, whichever is lower.
- ii) Revenue from IT services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant contracts. Revenue on time and material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized on the percentage of completion method. Provision for estimated losses, if any, on such uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.
- iii) Revenue from sale of hardware / other Materials and sale of Third Party Software License / Term License incidental to the aforesaid services is recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to revenue.
- iv) Maintenance revenue in respect of products is deferred and recognized proportionately over the period of the underlying maintenance agreement.

b) Revenue from Transaction Services:

Revenue from transaction services and other service contracts is recognized based on transactions processed or manpower deployed.

1.5 Unbilled and Unearned Revenue

Revenue recognized over and above the billings on a customer is classified as “unbilled revenue” and advance billing to customer is classified as “Unearned revenue” and included under ‘Other current liabilities’.

1.6 a. Fixed Assets

Fixed assets comprise tangible and intangible assets.

Tangible assets

Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing an asset to its working condition for the intended use.

Advances given towards acquisition of fixed assets are disclosed under ‘Capital advances’ under ‘Long-term Loans and Advances’ and the cost of assets not ready for use as at the balance sheet date are disclosed as ‘Capital Work in progress’.

Intangible assets

a) “Software Products (Meant for sale)” are products licensed to customers. Costs that are directly associated with such products whether acquired or developed or upgraded in partnership with others, and have probable economic benefit exceeding one year are recognized as Software Products (Meant for sale). Costs related to further development of existing “software products meant for sale” are capitalised only if the costs results in a software products whose life and value in use is in excess of its originally assessed standard of performance, can be measured reliably, technological feasibility has been established future economic benefits of each of such products is probable and the company intends to complete development and to use the software.

b) Software Products-Others: Purchased software meant for in house consumption and significant upgrades thereof and have probable economic benefit exceeding one year are capitalized at the acquisition price.

c) Business and Commercial Rights are capitalized at the acquisition price.

a. Method of Depreciation / amortization

Leasehold land, leasehold building and improvements thereon are amortized over the period of lease or its life whichever is lower.

Business and Commercial Rights are amortized over their estimated useful life or ten years, whichever is lower.. Intellectual Property Rights are amortized at lower of the period the benefits arising out of these are expected to accrue and five years.

Depreciation on tangible assets is provided using the straight-line method at the rates and in the manner as prescribed in Schedule II to the Companies Act, 2013.

The Management estimates the useful lives for the other fixed assets as follows

| | |
|------------------------|----------|
| Leasehold Improvements | 10 years |
| Computers | 3 years |
| Office Equipments | 5 years |
| Furniture and Fixtures | 10 years |
| Vehicles | 8 years |

1.7 Investments

Trade investments are the investments made to enhance the Company's business interest. Investments are either classified as current or non-current based on the management's intention at the time of purchase. Non-current investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at the lower of the cost or fair value and provision is made to recognize any decline in the carrying value.

1.8 Accounting for taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the tax rate prevalent at the balance sheet date, as per local laws of Kenya.

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

1.9 Translation of Foreign Currency Items

Transactions in foreign currency are recorded in Kenyan Shillings (KES) at the rate of exchange in force on the date of the transactions. Exchange differences in respect of all current monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains / losses arising there from are recognized in the Statement of Profit and Loss.

Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are accounted as below:

- In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and
- In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortized over the balance period of such long term asset/liability.

1.10 Accounting of Employee Benefits

Employee benefits towards defined contributions plans of the state are recognized as an expense in the statement of profit and loss, as incurred. Leave encashment and gratuity provisions are made as per the policies laid down and any accruals for these benefits are charged to the profit and loss account.

1.11 Provisions , contingent liabilities and contingent assets

- i. Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources.
- ii. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.
- iii. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.12 Borrowing costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset upto the date of completion. Other borrowing costs are charged to the statement of profit and loss.

1.13 Impairment of assets

In accordance with AS 28 on 'Impairment of Assets', where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the statement of Profit & Loss whenever the carrying amount of such assets exceeds its recoverable amount. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to extent of the carrying value of the asset that would have been determined (net of amortization/depreciation) had no impairment loss been recognized.

1.14 Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leased assets are depreciated on a straight-line basis over the useful life of the asset or the useful life as per Schedule II to of the Companies Act, 2013, whichever is lower.

Leases, where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

1.15 Earnings per share

In determining the earnings per share, the Company considers the net profit/loss after tax and the post tax effect of any exceptional items and discontinuing operations on earnings per share is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares considered for computing diluted earnings per share is the aggregate of weighted average number of shares used for deriving the basic earnings per share and the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

2. Notes to Financial Statements

19. a) Contingent liabilities:

| KES | | |
|---|----------------------------|----------------------------|
| Particulars | As at March 30, 2016 | As at March 30, 2015 |
| Contingent Liabilities not provided for in respect of | | |
| Outstanding Guarantees | - | - |
| Claims against the company not acknowledged as debt (relates to a customer dispute) | 48,981,670 | 48,981,670 |

- b) The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial statements.

20.

(a) Commitments

The Company does not have any outstanding capital commitments as on the date of the Balance Sheet.

(b) Leases

The future operating lease rental payments in relation to the office building that the company is Committed to make are as under:

| KES | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2016 | As at March 31, 2015 |
| - within one year | 227,290 | 2,578,717 |
| - later than one year and not later than five years | - | 214,893 |
| - later than five years | - | - |

21. Earnings per share

The earnings per share have been computed in accordance with the 'AS 20 – Earnings per share'.

The detailed calculations of EPS are given below.

| Particulars | | For the Year ended March 31, 2016 | For the Year ended March 31, 2015 |
|--|---|---|---|
| Profit/(Loss) attributable to Equity Shareholders before Exceptional items (KES) | A | (23,483,738) | (26,943,345) |
| Less: Exceptional Items (KES) | | 1,089,636 | - |
| Profit/(Loss) attributable to Equity Shareholders after Exceptional Item (KES) | | (24,573,375) | (26,943,345) |
| Weighted average number of Equity Shares outstanding during the year/period (Nos.) | B | 100 | 100 |
| Diluted weighted average number of Equity Shares outstanding during the year/period (Nos.) | C | 100 | 100 |
| Nominal value of Equity Shares (KES) | | 1,000 | 1,000 |
| Before Exceptional Items | | | |

| Particulars | | For the Year ended March 31, 2016 | For the Year ended March 31, 2015 |
|--|------|---|---|
| Basic and Diluted Earnings Per Share (KES) | A /B | (234,837.38) | (269,433.45) |
| After Exceptional Items | | | |
| Basic and Diluted Earnings Per Share (KES) | A /C | (245,733.75) | (269,433.45) |

22. Related Party transactions

The related parties of the company include the entities given below and Key Management Personnel of the company.

- a. 3i Infotech (Middle East) FZ LLC – Holding Company
- b. 3i Infotech Limited – Ultimate Holding Company

The fellow subsidiaries of the company are given below which includes entities with whom the company had transactions during the year.

c. Fellow Subsidiaries – The details are given below

| No. | Name of the fellow subsidiary |
|-----|--|
| 1 | 3i Infotech Inc. |
| 2 | 3i Infotech Asia Pacific Pte Limited |
| 3 | 3i Infotech SDN BHD |
| 4 | 3i Infotech UK Limited |
| 5 | 3i Infotech (Thailand) Limited |
| 6 | 3i Infotech (Western Europe) Holdings Limited |
| 7 | 3i Infotech (Western Europe) Group Limited |
| 8 | Rhyme Systems Limited |
| 9 | 3i Infotech Holdings Private Limited |
| 10 | 3i Infotech Saudi Arabia LLC |
| 11 | 3i Infotech Financial Software Inc. |
| 12 | Black Barret Holdings Limited |
| 13 | 3i Infotech Framework Limited (Up to February 8,2016) |
| 14 | Elegon Infotech Limited |
| 15 | 3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD) |
| 16 | 3i Infotech Trusteeship Services Limited (Up to October 15,2015) |
| 17 | Professional Access Software Development Private Limited |
| 18 | 3i Infotech BPO Limited |
| 19 | Locuz Inc |
| 20 | Locuz Enterprise Solutions Limited |
| 21 | 3i Infotech Consultancy Services Limited |
| 22 | 3i Infotech (South Africa)(Pty) Limited |
| 23 | IFRS Cloud Solutions Limited |

The related party transactions for the year ended March 31, 2016 are given below.

KES

| Nature of transactions | For the Year ended March 31, 2016 | For the Year ended March 31, 2015 |
|---|-----------------------------------|-----------------------------------|
| 3i Infotech Ltd | | |
| Expenses | - | 947,525 |
| 3i Infotech (Middle East) FZ LLC | | |
| Expenses | 228,941 | - |
| Advance given | - | 4,383,500 |
| Advance taken | 2,289,789 | 19,403,125 |

Balances outstanding with related parties are given below.

KES

| | As at Mar 31, 2016 | As at Mar 31, 2015 |
|---------------------------------------|-----------------------|-----------------------|
| 3i Infotech Ltd | | |
| Long-term liabilities payable | 299,867,440 | 285,840,743 |
| 3i Infotech Middle East FZ LLC | | |
| Receivable | 28,200,489 | 26,752,464 |

Notes:

1. Related party as identified by the management and relied upon by the auditor.
2. No balances in respect of the related parties have been provided for/written back/written off except as stated above

23. Figures for the previous year have been re-grouped / re-arranged, wherever considered necessary to confirm to current year's presentation.

Signatures to Notes to Financial Statements 1 - 23

For and on behalf of the Board

**Sd/-
Padmanabhan Iyer
Director
DIN - 05282942**

**Sd/-
Ashish Kakkar
Director
DIN - 06370551**

Date: August 10, 2016

Place: Mumbai