

**INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors of  
3i Infotech Holdings Private Limited**

**REPORT ON THE FINANCIAL STATEMENTS:**

We have audited the accompanying financial statements of **3i Infotech Holdings Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's



judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016 and its loss and cash flows for the year ended on that date.

### EMPHASIS OF MATTER

Without qualifying, we draw attention to the following:

- a) Going Concern and Impairment analysis:
  - (i) In view of expected continued support of the Holding Company, 3i Infotech Limited, which is dependent upon the support of its lenders and also meeting its financial obligations based on the projected operational performance in terms of the Debt Restructuring Scheme (DRS) approved in April, 2016, the financials statements of the Company, has been prepared on going concern basis. (Refer Note no. 2.14 of the financial statements)
  - (ii) The Parent Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – 'Impairment of Assets' and Accounting Standard (AS) - 13 Accounting for Investments, specified under Section 133 of the Act, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis, with the assistance of an independent expert valuer and accordingly, provision for diminution in value of long term investments (subsidiaries) of USD 22,693,267 (Previous year USD 51,175,436) has been made. Besides, the Company has provided for NIL (Previous year USD 41,929,335) on account of divestment of stake in a step down subsidiaries during the year.



**OTHER MATTERS**

- (a) In our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position (Refer note no. 2.13 of the financial statements ) and
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (b) The audit report has been prepared for the purpose of enabling Ultimate Parent Company's financial reporting requirement under the Act. We disclaim any responsibility for reliance on this report by any person other than the Board of Directors of 3i Infotech Limited (Ultimate Parent Company) or for purposes other than that which it is meant for.

Place: Mumbai  
Date: August 10<sup>th</sup>, 2016

For LODHA & COMPANY  
Chartered Accountants  
Firm Registration No. 301051E

*R.P. Baradiya*

R.P Baradiya  
Partner  
Membership No. 44101





**3i Infotech Holdings Private Limited**

(Incorporated in Mauritius)

**Balance Sheet as at March 31, 2016****In USD**

Particulars	Note	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	308,345,375	307,494,775
Reserves and surplus	2.2	(140,625,185)	(116,736,780)
<b>Non-current liabilities</b>			
Other Long term liabilities	2.3	36,579,733	36,213,660
<b>Current liabilities</b>			
Other current liabilities	2.4	4,685	1,777
		<u>204,304,608</u>	<u>226,973,432</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Non current investments	2.5	190,459,572	213,152,839
Long-term loans and advances	2.6	12,333,713	11,994,359
<b>Current assets</b>			
Cash and cash equivalents	2.7	10,060	23,713
Other current assets	2.8	1,501,263	1,802,521
		<u>204,304,608</u>	<u>226,973,432</u>

Significant accounting policies and accompanying notes  
on financial statements

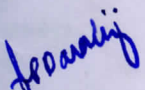
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As per our attached report of even date


For Lodha & Co.

Chartered Accountants

For and on behalf of the Board

  
R.P. Baradiya  
Partner

  
Ashish Kakkar  
Director

  
Padmanabhan Iyer  
Director

Date : August 10, 2016  
Place: Mumbai





**3i Infotech Holdings Private Limited**  
 (Incorporated in Mauritius)  
**Statement of Profit & Loss for the Year ended March 31, 2016**

		In USD	
Particulars	Note	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
Other income	2.9	251,630	12,136,664
Total Revenue		251,630	12,136,664
<b>Expenses</b>			
Finance costs (net)	2.10	2,868	4,297
Other expenses	2.11	7,183	35,165
Total Expenses		10,051	39,462
<b>Profit/(Loss) before exceptional and prior period items</b>		241,579	12,097,202
<b>Exceptional items</b>	2.12	(22,693,267)	(83,683,523)
<b>Profit/(Loss) for the year</b>		(22,451,688)	(71,586,321)
<b>Earnings per equity share of face value of USD 0.04 each</b>			
<b>Before Exceptional Items :</b>			
Basic Earning Per share		0.00	0.00
Diluted Earning per share		0.00	0.00
<b>After Exceptional Items :</b>			
Basic Earning Per share		0.00	(0.01)
Diluted Earning per share		0.00	(0.01)

Significant accounting policies and accompanying notes on financial statements
 1 & 2

As per our attached report of even date  
 For Lodha & Co.  
 Chartered Accountants

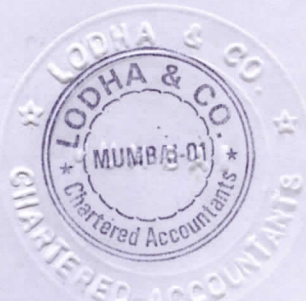
For and on behalf of the Board

R.P.Baradiya  
 Partner

Ashish Kakkar  
 Director

Padmanabhan Iyer  
 Director

Date : August 10, 2016  
 Place: Mumbai



**3i Infotech Holdings Private Limited**  
(Incorporated in Mauritius)  
**Cash Flow Statement for the year ended March 31, 2016**

Particulars	In USD	
	For the Year ended March 31, 2016	For the Year ended March 31, 2015
<b>Cash Flow from Operating Activities :</b>		
Profit/(Loss) before taxation & exceptional items	241,579	12,097,202
Adjustments for:		
Foreign Exchange (gain)/loss (net)	(220,044)	(4,226,351)
Interest expense written back		(7,910,313)
Loss/(Gain) on sale of investments	(22,693,267)	-
<b>Operating Profit before Working Capital Changes</b>	<b>(22,671,732)</b>	<b>(39,462)</b>
Adjustments for:		
Trade and Other Receivables	(100,072)	203,449
Trade Payables and Other current Liabilities	64,884	(13,316,325)
<b>Cash generated from Operations before prior period items</b>	<b>(35,188)</b>	<b>(13,112,876)</b>
<b>Net cash from Operating Activities before extraordinary item</b>	<b>(22,706,920)</b>	<b>(13,152,338)</b>
Exceptional Items :		
Provision for Diminution in value in Investments	22,693,267	-
<b>Net cash from Operating Activities -A</b>	<b>(13,653)</b>	<b>(13,152,338)</b>
<b>B Cash Flow from Investing Activities :</b>		
Proceeds from Sale of Investments in Subsidiaries	-	14,733,727
<b>Net cash from Investing Activities - B</b>	<b>-</b>	<b>14,733,727</b>
<b>C Cash Flow used in Financing Activities - C</b>		
Interest Paid of earlier years	-	(1,574,621)
<b>Net cash from Financing Activities - C</b>	<b>-</b>	<b>(1,574,621)</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(13,653)</b>	<b>6,768</b>
<b>Cash and Cash Equivalents as at beginning</b>	<b>23,713</b>	<b>16,945</b>
<b>Cash and Cash Equivalents as at end</b>	<b>10,060</b>	<b>23,713</b>

**Notes :**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements".
- Previous year's figures have been represented/rearranged to confirm current years presentation.

As per our attached report of even date  
For Lodha & Co.  
Chartered Accountants

For and on behalf of the Board

R.P.Baradiya  
Partner

Ashish Kakkar  
Director

Padmanabhan Iyer  
Director

Date : August 10, 2016  
Place: Mumbai





**3i INFOTECH HOLDINGS PRIVATE LIMITED**  
(Incorporated in Mauritius)

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31ST, 2016**

**1. Significant Accounting Policies**

**1.1 Basis of Accounting**

The financial statements are 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 notified by the Companies Act, 2013 and the provisions of the Companies Act, 2013. Accounting policies have been consistently applied.

**1.2 Currency**

The functional currency of the company, as well as of a major portion of its subsidiaries, is US dollar. Hence, the Company has used the United States Dollar (USD) 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 on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements, is made relying on these estimates. Any revision to these accounting estimates is recognized prospectively.

**1.4 Investments**

Investments are classified into long-term investments and current investments. Long-term 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 and fair value and provision is made to recognize any decline in the carrying value.

**1.5 Translation of Foreign Currency Items**

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets, current liabilities and borrowings denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. Overseas investments are recorded at the exchange rate in force on the date of allotment/ acquisition. The resultant gain/loss is recognized in the Statement of Profit & 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 year or reported in previous financial statements, are accounted as below:

- I. 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
- II. In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortised over the balance period of such long term asset/liability

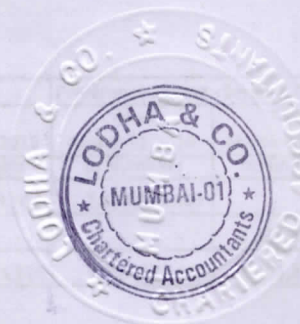


## 1.6 Impairment of Assets

In accordance with AS 28 on 'Impairment of Assets' notified by the Companies, Act 2013, 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 realizable whenever the carrying amount of such assets exceeds its recoverable amount. Impairment loss is recognized in the Statement of Profit & Loss. 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.

## 1.7 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.





**3i Infotech Holdings Private Limited**  
(Incorporated in Mauritius)  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31,2016**

**Share Capital**

Particulars	As at March 31,2016		As at March 31,2015	
	Number	In USD	Number	In USD
<b>Issued, Subscribed &amp; Paid up :</b>				
<b>Equity Shares</b>				
Equity Shares of MUR 1 each fully paid-up	6,258,371,598	218,553,775	6,258,371,598	218,553,775
<b>Preference Shares</b>				
Zero Coupon Redeemable Convertible Preference Shares of MUR 1 each*				
Series A - Redeemable Convertible Preference Shares of MUR 1 each	891,631,605	22,624,600	891,631,605	21,774,000
Series C - Redeemable Convertible Preference Shares of MUR 1 each	1,780,361,142	66,367,000	1,780,361,142	66,367,000
Series D - Redeemable Convertible Preference Shares of MUR 1 each	21,878,720	800,000	21,878,720	800,000
<b>Total</b>	<b>8,952,243,065</b>	<b>308,345,375</b>	<b>8,952,243,065</b>	<b>307,494,775</b>

\*shares are yet to be issued

**Rights of Equity Shareholders**

The Company has only one class of Equity Shares having par value of MUR 1 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, after distribution of all preferential amounts including in respect of Preference shares issued. The holder of equity shares will be entitled to receive any of the remaining assets of the Company after distribution to all preferential amounts.

**Rights of Preference Shareholders**

The Company has three series of Redeemable Convertible Preference Shares having no par value – Series A, C and D. The preference shareholder shall have the right to apply for conversion of the preference shares into 1 ordinary share for consideration of 1 MUR each for every 1 preference share held by it, irrespective of the Series. The preference shareholder is entitled to receive premium on redemption of preference shares, as applicable to the respective series of preference shares, in case the shareholder does not exercise the right of conversion.

Reconciliation of numbers of equity shares/Preference Shares	Equity Shares		Preference Shares - Series A,C and D	
	As at March 31,2016	As at March 31,2015	As at March 31,2016	As at March 31,2015
Particulars	In Numbers	In Numbers	In Numbers	In Numbers
Shares outstanding at the beginning of the period / year	6,258,371,598	6,258,371,598	2,693,871,467	-
Add : Shares allotted during the year	-	-	-	2,693,871,467
Shares outstanding at the end of the period / year	6,258,371,598	6,258,371,598	2,693,871,467	2,693,871,467

**Details of members holding equity shares more than 5%**

Name of Shareholder	As at March 31,2016		As at March 31,2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
3i Infotech Limited	6,258,371,598	100%	6,258,371,598	100.00%

The Company has not issued any class of shares as fully paid up shares pursuant to contract(s) without payment being received in cash and bonus shares during the period of 5 years immediately preceding the Balance Sheet date

The Company has not bought back any class of shares during the period of 5 years immediately preceding the Balance Sheet date

**Details of members holding Series A, Series C and Series D Preference shares more than 5%**

Name of Shareholder	As at March 31,2016		As at March 31,2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
3i Infotech Limited	2,693,871,467	100%	2,693,871,467	100.00%



2.2 Reserves and Surplus

	In USD	
	As at March 31, 2016	As at March 31, 2015
<b>a. Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(118,187,784)	(46,601,463)
Add/ (Less): Net Loss for the year	(22,451,688)	(71,586,321)
	(140,639,472)	(118,187,784)
<b>b. Foreign Currency Monetary Item Translation Difference Account</b>		
Opening Balance	1,451,004	-
Add: Gain/(Loss) recognised during the year (Refer note 2.2.1 below)	(1,436,717)	3,378,000
Less: Amortised during the year.	-	1,926,996
	14,287	1,451,004
<b>Total</b>	<b>(140,625,185)</b>	<b>(116,736,780)</b>

2.2.1 During the year, in compliance with Accounting Standard (AS) 11 – The Effects of Changes in Foreign exchange

Rates, exchange loss of USD 14,36,717 (for the year ended March 31, 2015 gain of USD 3,378,000) arising on conversion of loan into Preference Share Capital, being long term monetary liability have been transferred to FCMITDA.

2.3.1 During the previous year, pursuant to Board resolutions dated February 10, 2015 and May 28, 2015, Company has re-converted the unsecured loan from Holding Company, viz. 3i Infotech Limited of USD 92,319,000 into Series A, C and D Zero Coupon Redeemable Preference Shares redeemable at a premium after a period of six from July 1, 2012. Also no premium is due and payable on said conversion beyond period July 1, 2012. Consequently, Interest accrued on unsecured loan from July 1, 2012 till March 31, 2014 of USD 8,081,074 has been written back and included in Other Income.

2.3 Other long term liabilities

	In USD	
	As at March 31, 2016	As at March 31, 2015
Premium Payable on Preference shares to Holding Company (Refer note 2.3.1 above)	36,579,733	36,213,660
<b>Total</b>	<b>36,579,733</b>	<b>36,213,660</b>

2.4 Other Current Liabilities

	In USD	
	As at March 31, 2016	As at March 31, 2015
Other Payable	4,685	1,777
<b>Total</b>	<b>4,685</b>	<b>1,777</b>





## 2.5 Non Current Investments

In USD

	As at March 31,2016	As at March 31,2015
<b>Long Term, Trade,Unquoted and Fully Paid-up (at cost) In Wholly owned Subsidiary Companies:</b>		
280,556 shares of USD 1 each of 3i Infotech Financial Software Inc *** (As at Mar 31,2016 -280,556 shares , As at March 31, 2015 -280,556 shares)	10,100,000	10,100,000
Series A - 30,297,500 Optionally Convertible Preferred Stock of 3i Infotech Financial Software Inc. of USD 1 each (As at March 31,2015 - 30,297,500 shares , As at March 31,2016 - 30,297,500 shares )	30,297,575	30,297,575
<b>3i Infotech Inc.</b>		
Class A Shares: 100,138,408 Shares of USD 0.30 each*** (As at March 31,2016 - 100,138,408 shares , As at March 31,2015 - 100,138,408 shares )	142,171,198	142,171,198
Class B Shares:1,000,000 Shares of USD 0.01 each *** (As at March 31,2016 - 1,00,000, shares , As at March 31,2015 - 1,00,000 shares)	10,000	10,000
Series B - Optionally Convertible Preferred Stock: 23,129,051 shares of USD 1 each **** (As at March 31,2016 -23,129,051 shares , As at March 31,2015 -23,129,051 shares )	24,280,959	24,280,959
Series C - Optionally Convertible Preferred Stock: 36,069,425 shares of USD 1 each **** (As at March 31,2016 -36,069,425 shares , As at March 31,2016 -36,069,425 shares )	36,069,425	36,069,425
Advance Share Application Money pending allotment	7,700,000	7,700,000
	250,629,157	250,629,157
Less : Provision for Diminution in value of Investments (Refer note no. 2.12)	73,868,703	51,175,436
	176,760,454	199,453,721
1710 Class A Shares of 1 Euro each of Black Barret Holdings Limited , Cyprus ** (As at March 31,2016 - 1710 shares , As at March 31,2015 - 1710 shares )	39,023,055	39,023,055
138 Class B shares of 1 Euro each of Black barret Holdings Limited (As at March 31,2016 - 138 shares , As at March 31,2015 - 138 shares )	2,906,280	2,906,280
	41,929,335	41,929,335
Less : Provision for loss on divestment of step down subsidiaries (Refer note no. 2.12)	41,929,335	41,929,335
	-	-
46174 shares of AED 1000 each of 3i Infotech (Middle East) FZ LLC *** (As at March 31,2016- 46174 shares , As at March 31,2015- 46174 shares )	12,599,118	12,599,118
Add : Advance Share Application Money pending allotment	1,100,000	1,100,000
	13,699,118	13,699,118
<b>Total</b>	<b>190,459,572</b>	<b>213,152,839</b>
Aggregate amount of <b>Quoted</b> investments	-	-
Aggregate amount of <b>Unquoted</b> investments	306,257,610	306,257,610
Aggregate provision for <b>diminution</b> in value of investments	115,798,038	93,104,771

\*\* of these 517 shares have been pledged against dues of USD 4.04 million, being balance consideration payable to DanGold Investment Corporation

\*\*\* have been pledged as per the Master Restructuring Agreement entered by the Holding Company

\*\*\*\* Convertible/redeemable on or before July, 2017

## 2.6 Long term loans and advances

In USD

	As at March 31,2016	As at March 31,2015
Receivables from subsidiaries	11,503,461	10,244,565
Loans to 3i Group companies	830,252	1,749,794
<b>Total</b>	<b>12,333,713</b>	<b>11,994,359</b>

## 2.7 Cash and Cash Equivalents

In USD

	As at March 31,2016	As at March 31,2015
Balances with a bank in current account	10,060	23,713
<b>Total</b>	<b>10,060</b>	<b>23,713</b>

## 2.8 Other current assets

In USD

	As at March 31,2016	As at March 31,2015
Receivable on sale of Investment in Professional Access Limited	1,499,106	1,802,521
Prepaid Expenses	2,156	-
<b>Total</b>	<b>1,501,263</b>	<b>1,802,521</b>





**3i Infotech Holdings Private Limited**

(Incorporated in Mauritius)

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2016****2.9 Other Income****In USD**

	<b>For the Year ended March 31, 2016</b>	<b>For the Year ended March 31, 2015</b>
Interest Income Write Back	-	7,910,313
Interest income	31,586	-
Foreign Exchange Gain / (Loss)	220,044	4,226,351
<b>Total</b>	<b>251,630</b>	<b>12,136,664</b>

**2.10 Finance costs****In USD**

	<b>For the Year ended March 31, 2016</b>	<b>For the Year ended March 31, 2015</b>
Bank Charges	2,868	4,297
<b>Total</b>	<b>2,868</b>	<b>4,297</b>

**2.11 Other expenses****In USD**

	<b>For the Year ended March 31, 2016</b>	<b>For the Year ended March 31, 2015</b>
Legal and Professional charges	7,183	35,105
Miscellaneous expenses	-	60
<b>Total</b>	<b>7,183</b>	<b>35,165</b>

**2.12 Exceptional items****In USD**

	<b>For the Year ended March 31, 2016</b>	<b>For the Year ended March 31, 2015</b>
Provision for Diminution in value in Investments	22,693,267	93,104,771
Gain on sale of Investments ( Refer Note No. 2.16 )	-	(9,421,248)
<b>Total</b>	<b>22,693,267</b>	<b>83,683,523</b>





**2.13 There are no contingent liabilities and pending litigation before any court as at March 31<sup>st</sup> 2016.**

**2.14 Going Concern and impairment**

The financial statements of the Company has been prepared on a going concern basis which is dependent on the expected continued support of the lenders to ultimate parent Company and also meeting the financial obligations based on the projected operational performance in terms of the Debt Restructuring Scheme approved in April, 2016 by the Ultimate Parent Company.

The Parent Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – 'Impairment of Assets' and Accounting Standard (AS) - 13 Accounting for Investments, specified under Section 133 of the Act, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis, with the assistance of an independent expert valuer and accordingly provision for diminution in value of long term investments (subsidiaries) of USD 22,693,267 (Previous year USD 51,175,436) has been made. Besides, the Company has provided for Nil (Previous year USD 41,929,335) on account of divestment of stake in a step down subsidiary during the year. Based on independent valuer's valuation we observe that no Impairment is required for investment in 3i Infotech (Middle East) FZ LLC

**2.15 Earnings per Share:**

The numerators and denominators used to calculate Basic and Diluted Earnings per Share:

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Profit/(Loss) attributable to Equity Shareholders before exceptional and prior period items(USD)	2,41,579	1,20,97,202
Exceptional Items (Profit)	2,26,93,267	8,36,83,523
Profit/(Loss) attributable to Equity Shareholders after exceptional and prior period items (USD)	(2,24,51,688)	(7,15,86,321)
Weighted average number of Equity Shares outstanding during	6,25,83,71,598	6,25,83,71,598
Add : Effect of dilutive issues of preference shares		
Diluted weighted average number of Equity Shares outstanding	6,25,83,71,598	6,25,83,71,598
Nominal value of Equity Shares (in USD)	0.04	0.04
<b>Before Exceptional and Prior period :</b>		
Basic Earnings Per Share (in USD)	0.00	0.00
Diluted Earnings Per Share (in USD)	0.00	0.00
<b>After Exceptional and prior period :</b>		
Basic Earnings Per Share (in USD)	(0.00)	(0.01)
Diluted Earnings Per Share(in USD)	(0.00)	(0.01)

**2.16** During the previous year, the Company has sold investment in a wholly owned subsidiary -Professional Access Limited, US for a consideration of USD 16,536,248 and resultant gain of USD 94,21,248 has been disclosed as "Gain on Sale of Long Term Investments" under Exceptional Items.





**2.17 Related Party disclosure in terms of AS -18:****1. The parties where control exists –**

- a. Holding Company : 3i Infotech Limited
- b. Subsidiaries

No.	Name of Subsidiary
1	3i Infotech Inc.,USA
2	3i Infotech (Middle East) FZ LLC,UAE
3	Black Barret Holdings Limited, Cyprus
4	3i Infotech (South Africa) Proprietary Limited, South Africa
5	3i Infotech Financial Software Inc., USA

**C. Fellow Subsidiaries-**

No.	Name of Subsidiary
1	3i Infotech Saudi Arabia LLC, UAE
2	3i Infotech UK Limited, UK
3	3i Infotech (Western Europe) Holdings Limited, UK
4	3i Infotech (Western Europe) Group Limited, UK
5	3i Infotech (Western Europe) Limited Upto December 23, 2014
6	3i Infotech (Flagship-UK) Limited Upto December 23, 2014
7	Rhyme Systems Limited, UK
8	3i Infotech- Frameworks Limited, UK
9	3i Infotech BPO Limited, India
10	Locuz Enterprise Solutions Limited, India
11	3i Infotech Consultancy Services Limited, India
12	3i Infotech Asia Pacific Pte Ltd., Singapore
13	3i Infotech SDN BHD, Malaysia
14	3i Infotech (Thailand) Ltd., Thailand
15	3i Infotech Services SDN BHD (Formerly known as Datacons Asia Pacific SDN BHD), Malaysia
16	3i Infotech Trusteeship Services Ltd., India
17	Elegon Infotech Ltd., China
18	3i Infotech (Africa) Limited, Kenya
19	IFRS Cloud Solutions Limited (Formerly known as 3i Infotech Outsourcing Services Ltd), India
20	Locuz Inc USA





**d. Step down subsidiary- Professional Access Software Development Private Limited**

The Company has entered in the following transactions with the related parties:

In USD

Particulars	For the year ended March 31,2016	For the year ended March 31,2015
<b>3i Infotech Limited</b>		
Conversion of Unsecured loan into Redeemable Convertible Preference Shares	-	88,941,000
Interest expense written back	-	7,910,312
Advances given	-	1,749,794
<b>3i Infotech (Middle East) FZ LLC</b>		
Advances repaid	-	18,589
<b>Black - Barret Holdings Limited , Cyprus</b>		
Advances given	-	7,226
<b>3i Infotech Inc</b>		
Advances repaid	-	9,978,649
Advances given	-	498,666

Following balances were outstanding with related parties:

In USD

Particulars	Outstanding Balance as at March 31,2016	Outstanding Balance as at March 31,2015
<b>3i Infotech Limited :</b>		
Premium payable	36,579,733	36,213,660
Receivable	1,749,794	1,749,794
<b>3i Infotech Inc. :</b>		
Share Application Money	7,700,000	7,700,000
Receivable	526,060	498,666
<b>Professional Access Ltd</b>		
Receivable on sale of Investment in Professional Access Limited	1,802,520	1,802,520
<b>3i Infotech (Middle East) FZ LLC :</b>		
Receivables	10,008,881	9,704,755
Share Application Money	1,100,000	1,100,000
<b>Black - Barret Holdings Limited , Cyprus :</b>		
Receivable	48,978	41145

**Notes:**

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



**2.18 Foreign exchange currency exposures not covered by derivative instruments:**


Particulars	Currency type	As at		As at	
		March 31, 2016		March 31, 2015	
		Amount (Foreign currency)	Amount (in USD)	Amount (Foreign currency)	Amount (in USD)
Long term loans and Advances	AED	36,732,595	10,008,881	35,713,497	9,704,755
Share Application Money	AED	4,048,000	1,100,000	4,048,000	1,100,000
Premium payable on Preference share	Euro	7,925,400	8,792,756	7,925,400	8,599,138

**2.19** In the opinion of the management, all the assets have value on realization in the ordinary course of business at least equal to the amount at they are stated. Hence no further provisions are required. The accounts of certain Payables, Loans and Advances are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

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

**Signatures to Notes "1" to "2"**  
**For and on behalf of the Board**

  
Ashish Kakkar  
Director

  
Padmanabhan Iyer  
Director

**Date: August 10, 2016**  
**Place: Mumbai**

