

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
3i Infotech (Middle East) FZ LLC**

REPORT ON THE FINANCIAL STATEMENTS:

We have audited the accompanying financial statements of **3i Infotech (Middle East) FZ LLC** ("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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTER:

Without qualifying, we draw attention to the following:

Going Concern:

The Company's net-worth is fully eroded and has given guarantees, secured by way of charge on the movable assets and receivables, to the Lenders of the Ultimate Parent Company(UPC).

The financial statements of the Company has however, been prepared on a going concern basis, in view of expected continued support of the lenders to the UPC and also it meeting it's financial obligation as per the projected operational performance in terms of the Debt Restructuring Scheme (DRS) approved in April, 2016 and it's continued management and financial support to the Company.

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. 22(b) 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.

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

R.P. Baradiya

R.P Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date: August 10, 2016



3i INFOTECH (MIDDLE EAST) FZ LLC
(Incorporated in United Arab Emirates)

Balance sheet as at March 31, 2016

AED

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	46,174,000	46,174,000
(b) Reserves and surplus	3	(87,858,768)	(100,854,148)
Share application money pending allotment		4,048,000	4,048,000
Non-current liabilities			
(a) Long-term borrowings	4	40,513,427	19,137,700
Current liabilities			
(a) Short-term borrowing	5	-	21,975,729
(b) Trade payables	6	613,629,386	588,641,933
(c) Other current liabilities	7	21,559,130	27,965,052
(d) Short-term provisions	8	3,782,542	2,000,877
Total		641,847,717	609,089,144
II. ASSETS			
Non-current assets			
(a) Fixed assets	9		
Tangible assets		178,038	571,731
Capital work-in-progress		-	9,000
Non-current investments	10	5,806	5,806
Current assets			
(a) Trade receivables	11	11,497,004	7,296,604
(b) Cash and bank balances	12	2,587,607	220,027
(c) Short-term loans and advances	13	620,611,469	592,382,417
(d) Other current assets	14	6,967,793	8,603,559
Total		641,847,717	609,089,144

Significant accounting policies and accompanying notes
to financial statements

1-30

As per our attached report of even date

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

R. P. Badariya

R. P. Badariya
Partner
Membership No. 44101

Padmanabhan Iyer
Director
DIN - 05282942

Ashish Kakkar
Director
DIN - 06370551

Date : August 10, 2016
Place: Mumbai



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

AED

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME			
Revenue from operations	15	93,614,190	77,128,266
Other income	16	228,535	-
Total Revenue		93,842,725	77,128,266
EXPENSES			
Cost of revenue	17	40,500,711	34,964,686
Employee benefits expenses	18	21,926,069	21,867,086
Finance costs	19	2,677,800	3,594,546
Depreciation & Amortisation Expenses	8	420,021	7,267,016
Other expenses	20	13,755,772	16,790,892
Total Expenses		79,280,373	84,484,226
Profit/(Loss) before exceptional items		14,562,352	(7,355,960)
Exceptional items	21	1,566,972	3,816,364
Profit /(Loss) after exceptional items for the period/year		12,995,380	(11,172,324)

Earnings per share

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

Before exceptional items :

Basic & Diluted (AED) 315.38 (159.31)

After exceptional items :

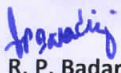
Basic & Diluted (AED) 281.44 (241.96)

Significant accounting policies and accompanying notes to financial statements

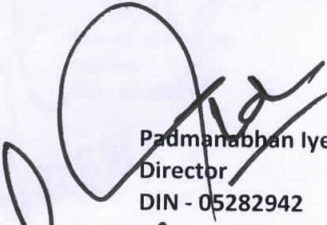
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As per our attached report of even date

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


R. P. Badariya
Partner
Membership No. 44101

For and on behalf of the Board


Padmanabhan Iyer
Director
DIN - 05282942


Ashish Kakkar
Director
DIN - 06370551

Date : August 10, 2016
Place: Mumbai



3i INFOTECH (MIDDLE EAST) FZ LLC
(Incorporated in United Arab Emirates)

Cash flow statement for the year ended March 31, 2016

AED

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash Flow from Operating activities		
Profit/(Loss) before Exceptional items	14,562,352	(7,355,960)
Adjustments for:		
Depreciation	420,021	7,267,016
Provision for doubtful debts/unbilled revenue reversal	2,202,650	7,179,486
Foreign exchange (gain)/loss	327,704	236,895
Profit on sale/discarding of fixed assets (net)	(7,933)	-
Interest expense	2,342,676	3,594,546
Operating Profit/(Loss) before Working Capital Changes	19,847,471	10,921,983
Adjustments for:		
Decrease/(Increase) in Trade and other receivables	(33,956,025)	(16,947,808)
Increase/(Decrease) in Trade payables and other liabilities	18,796,224	2,530,032
Cash generated from Operations	4,687,675	(3,495,792)
Net cash from/(used in) Operating Activities -(A)	4,687,675	(3,495,792)
Cash Flow from Investing activities		
Sale/Purchase of fixed assets	(9,395)	4,867,399
Net cash from/(used in) Investing Activities -(B)	(9,395)	4,867,399
Cash Flow from Financing activities		
Proceeds from borrowings/(repayment) of borrowings	(600,001)	644,846
Interest paid	(2,342,676)	(3,594,546)
Net cash from/(used in) Financing Activities - (C)	(2,942,678)	(2,949,700)
Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)	1,735,602	(1,578,093)
Cash and cash equivalents at beginning of the year	220,027	1,798,120
Cash and Cash Equivalents at end of the year	1,955,629	220,027

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

Signature
R. P. Badariya
Partner
Membership No. 44101

For and on behalf of the Board

Signature
Padmanabhan Iyer
Director
DIN - 05282942

Signature
Ashish Kakkar
Director
DIN - 06370551

Date : August 10, 2016
Place: Mumbai



2

(a) Share capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of AED 1,000 each	46,174	46,174,000	46,174	46,174,000
Issued, subscribed & paid up				
Equity shares of AED 1,000 each fully paid up	46,174	46,174,000	46,174	46,174,000

(b) Rights of equity shareholders

The Company has issued one class of equity shares having a face value of AED 1000 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	46,174	46,174,000	46,174	46,174,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	46,174	46,174,000	46,174	46,174,000

(d) Details of member 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 Holdings Private Limited, Mauritius	46,174	100%	46,174	100%

3. Reserves and Surplus

Particulars	As at March 31, 2016	As at March 31, 2015
Surplus/(Deficit) in Statement of Profit & Loss		
Opening balance	(100,854,148)	(89,600,148)
Add/(Less) : Depreciation Reserve	-	(81,676)
Add/(Less) : Profit/ (loss) for the year	12,995,380	(11,172,324)
TOTAL	(87,858,768)	(100,854,148)

4. Long-term borrowings

Particulars	As at March 31, 2016	As at March 31, 2015
Secured Loans		
Secured loan from bank	11,675,321	14,439,357
Unsecured Loans		
Loan from related parties [Refer Note 28]	28,838,106	4,698,343
TOTAL	40,513,427	19,137,700



5. Short-term borrowings

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured		
Acceptance of bill [Refer Note 28]	-	21,975,729
TOTAL	-	21,975,729

Additional notes

a. Interest and repayment schedule for borrowings -

Type	Interest range %	As at March 31, 2016	Repayment Schedule
			> 1 yrs
Term loan	3.5-10	11,675,321	11,675,321
	Total	11,675,321	11,675,321

Type	Interest range %	As at March 31, 2015	Repayment Schedule
			0-1 yrs
Term loan	3.50	14,439,357	14,439,357
Vehicle Loan	4.15	46,786	46,786
	Total	14,486,143	14,486,143

b. Security on term loan

- Term Loans from bank are secured by way of assignment of customer contracts & corporate guarantee by the ultimate holding company.

6. Trade Payables

Particulars	As at March 31, 2016	As at March 31, 2015
Due to		
Related Parties	606,627,332	583,665,145
Others Payables	7,002,054	4,976,788
TOTAL	613,629,386	588,641,933

7. Other current liabilities

Particulars	As at March 31, 2016	As at March 31, 2015
Current maturities of long-term loans		
Vehicle loan	-	46,786
Advance received from customers [including Unearned Revenue]	21,559,130	27,918,266
TOTAL	21,559,130	27,965,052

8. Short-term provisions

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits	3,782,542	2,000,877
TOTAL	3,782,542	2,000,877



3I INFOTECH (MIDDLE EAST) FZ LLC
(Incorporated in United Arab Emirates)
NOTES FORMING PART OF FINANCIAL STATEMENTS

9. Fixed assets

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/IMPAIRMENT			NET BLOCK	
	As at April 1, 2015	Additions during the year	Deductions during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deductions/Adjustments during the year	Upto March 31, 2016	As at March 31, 2016
Tangible assets									
Leasehold improvements	431,363	9,000	-	440,363	219,580	212,679	-	432,259	8,104
Furniture & fixtures	102,561	1,466	-	104,027	33,593	45,591	-	79,184	24,843
Motor vehicles	207,364	-	159,800	47,564	88,137	24,268	64,841	47,564	(0)
Office equipment	57,098	69,700	37,489	89,309	40,161	9,760	37,489	12,432	76,877
Computers	668,531	49,152	413,838	303,845	513,715	127,724	405,807	235,632	68,213
Total Tangible assets	1,466,917	129,318	611,127	985,108	895,186	420,021	508,137	807,070	178,038
Intangible assets									
Intellectual Property Rights ('IPR')	27,600,000	-	-	27,600,000	27,600,000	-	-	27,600,000	-
Total Intangible assets	27,600,000	-	-	27,600,000	27,600,000	-	-	27,600,000	-
Total assets	29,066,917	129,318	611,127	28,585,108	28,495,186	420,021	508,137	28,407,070	178,038

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION			NET BLOCK	
	As at April 1, 2014	Additions during the year	Deductions during the year	As at March 31, 2015	As at April 1, 2014	For the year	Deductions/Adjustments during the year	Upto March 31, 2015	As at March 31, 2015
Tangible assets									
Leasehold improvements	431,363	-	-	431,363	176,444	43,136	-	219,580	211,783
Freehold Buildings	23,995,117	-	23,995,117	-	12,010,037	7,011,697	19,021,734	-	-
Furniture & fixtures	74,761	27,800	-	102,561	24,581	9,012	-	33,593	68,968
Motor vehicles	207,364	-	-	207,364	62,216	25,921	-	88,137	119,227
Office equipment	37,489	19,609	-	57,098	9,315	30,846	-	40,161	16,937
Computers	618,956	49,575	-	668,531	285,635	146,404	81,676	513,715	154,816
Total Tangible assets	25,365,050	96,984	23,995,117	1,466,917	12,568,228	7,267,016	19,103,410	895,186	571,731
Intangible assets									
Intellectual Property Rights ('IPR')	27,600,000	-	-	27,600,000	27,600,000	-	-	27,600,000	-
Software Products-meant for sale	-	-	-	-	-	-	-	-	-
Total Intangible assets	27,600,000	-	-	27,600,000	27,600,000	-	-	27,600,000	-
Total assets	52,965,050	96,984	23,995,117	29,066,917	40,168,228	7,267,016	19,103,410	28,495,186	571,731
Capital work-in-progress	-	9,000	-	9,000	-	-	-	-	9,000



3i INFOTECH (MIDDLE EAST) FZ LLC

(incorporated in United Arab Emirates)

NOTES FORMING PART OF FINANCIAL STATEMENTS**10. Non-current investments**

Particulars	As at March 31, 2016	As at March 31, 2015
Long-Term Non-Trade Investments (unquoted at cost) - 100% Wholly Owned Subsidiaries		
a) Fully Paid-up		
100 Shares of KES 1,000 each fully paid up of 3i Infotech (Africa) Limited	5,806	5,806
b) Partly Paid-up		
7,125,000 Ordinary Shares of NGN 10 each of Process Central Limited partly paid up NGN 6 per share	1,048,800	1,048,800
Less : Provision for diminution of value of investment	(1,048,800)	(1,048,800)
Total Trade Investments (A)	5,806	5,806
(ii) Non-Trade Investments		
37,500 Equity Shares of Egyptian Pound 100 each of Nile Information Technology and Dissemination Company	2,857,300	2,857,300
Less : Provision for Diminution of value of investment	(2,857,300)	(2,857,300)
Total Non-Trade Investments (B)	-	-
Total investments (net) (A+B)	5,806	5,806
(a) Aggregate amount of unquoted investments	5,806	5,806
(b) Aggregate provision for diminution in value of investments	3,906,100	3,906,100



3i INFOTECH (MIDDLE EAST) FZ LLC
(Incorporated in United Arab Emirates)
NOTES FORMING PART OF FINANCIAL STATEMENTS

11. Trade receivables

AED

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	1,803,549	330,939
Others	9,693,455	6,965,665
	11,497,004	7,296,604
Unsecured, considered doubtful	11,947,160	12,398,509
- Less: Provision for doubtful debts	(11,947,160)	(12,398,509)
TOTAL	11,497,004	7,296,604

12. 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	1,899,968	220,027
Cash on hand	55,661	-
Other bank balances		
- Margin deposit	631,978	-
Total	2,587,607	220,027

13. Short-term loans and advances

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured		
Security deposits	138,922	20,114
Advances recoverable from related parties	620,453,778	591,855,861
Advances recoverable in cash or in kind or for value to be received	18,769	506,442
Total	620,611,469	592,382,417

14. Other current assets

Particulars	As at March 31, 2016	As at March 31, 2015
Unbilled revenue	5,701,779	7,499,035
Prepaid expenses	1,266,014	1,104,524
Total	6,967,793	8,603,559



3i INFOTECH (MIDDLE EAST) FZ LLC
(Incorporated in United Arab Emirates)
NOTES FORMING PART OF FINANCIAL STATEMENTS

15. Revenue from Operations

AED

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
IT solutions	93,614,190	77,128,266
Total	93,614,190	77,128,266

16. Other income

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
Profit on sale/discarding of fixed assets (net)	7,933	-
Other Non Operating Income	220,602	-
Total	228,535	-

17. Cost of Revenue

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
Cost of outsourced services/boughtout items	40,500,711	34,964,686
Total	40,500,711	34,964,686

18. Employee benefit expenses

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
Salaries and wages	21,829,028	20,277,700
Contribution to Provident Fund, etc.	50,835	11,253
Staff welfare expenses	46,206	1,578,133
Total	21,926,069	21,867,086

19. Finance costs

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
Interest Expense	2,342,676	2,772,343
Other Borrowing costs	335,124	822,203
Total	2,677,800	3,594,546



20. Other expenses

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
Rent	1,771,516	1,173,305
Travelling and conveyance	4,366,256	4,194,826
Electricity charges	29,828	32,330
Rates and taxes	738,550	161,271
Communication expenses	958,306	1,833,308
Printing and stationery	60,490	44,236
Legal and professional charges	515,968	1,227,946
Selling and distribution expenses	383,261	108,916
Insurance	620,833	102,623
Repairs & Maintenance	144,810	253,910
Recruitment and Training Expenses	35,400	73,636
Provision for doubtful debts	2,202,650	7,179,486
Foreign exchange loss (net)	327,704	236,895
Advances/ bad debts written off	1,057,965	-
Miscellaneous expenses	542,235	168,204
Total	13,755,772	16,790,892

21. Exceptional items

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
Debt Restructuring Expenses	1,789,143	-
Old Irrecoverable Balances Written Off/(Write Back)	(222,171)	3,816,364
Total	1,566,972	3,816,364



3i INFOTECH MIDDLE EAST FZ LLC LIMITED
(Incorporated in United Arab Emirates)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE PERIOD 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 United Arab Emirates Dirham (AED) 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 per a predetermined policy laid down for different software products across all geographies or an amount as considered appropriate in terms of the contract, whichever.
- 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

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 capitalized 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.

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'.

b. 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. Software Products (Meant for sale) are amortized over a period of 10 years.

Depreciation on other fixed assets is provided applying straight line method over the estimated useful life based on the internal technical assessment.

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 and fair value and provision is made to recognize any decline in the carrying value. Cost of overseas investment comprises the United Arab Emirates Dirham value of the consideration paid for the investment.

1.8 Accounting for Taxes on Income

Since there are no taxes on income in the United Arab Emirates, no provision for taxation has been made.

1.9 Translation of Foreign currency items

Transactions in foreign currency are recorded in United Arab Emirates Dirham (AED) 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 recognised whenever the carrying amount of such assets exceeds its recoverable amount. Impairment loss is recognized in the Profit & Loss account. 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.

1.16 Exceptional Items

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.



Notes to Financial Statements

22. a) Contingent liabilities

AED		
Particulars	As at Mar 31, 2016	As at March 31, 2015
Contingent Liabilities not provided for in respect of		
Outstanding Guarantees	2,709,113	1,952,469

- 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.

23.

(a) Commitments:

The company does not have outstanding commitments as on the date of the Balance Sheet

AED		
Particulars	As at Mar 31, 2016	As at March 31, 2015
Equity share capital payment to Process Central Limited ('PCL')	687,135	687,135

(b) Leases

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

AED		
	As at Mar 31, 2016	As at March 31, 2015
- within one year	91,669	33,216
- later than one year and not later than five years	-	-
- later than five years	-	-

24. Share Application money pending allotment

The shareholders of the company have authorized the Board of Directors to issue 4,408 equity shares at a price of AED 1,000/- per share to 3i Infotech Holdings Pvt. Ltd. (Parent). The said equity shares will be allotted, subject to the necessary approvals of the regulator.



25. Interests in the Joint Venture Process Central Limited ('PCL')

In February 2010, 3i Infotech (Middle East) FZ LLC, Soft Solutions Ltd, Skye Bank PLC and Unity Bank PLC entered into a joint venture contract for the establishment of Joint Venture Company in Lagos, Nigeria.

In pursuance to this, a joint venture company, PCL was set up in Nigeria in May 2010, wherein the Company's interest in the equity was 47.50% and other partners having a share of 17.5% each. The company had an option to raise its stake to 51% from 47.50% within a period of 3 years. In July 2010, the Company had invested USD 285,000 representing partly paid-up amount of 60% of its share of interest in equity of the joint venture. The balance amount payable of USD 190,000 has been disclosed under the commitment note 2.2 (a).

The aggregate amounts of the assets, liabilities, income and expenses related to the company's share are as under:

	AED	
	As at March 31, 2016	As at March 31, 2015
Assets		
Liabilities	285,424	285,424
Income	233,860	233,860
Expenses	-	-
Contingent liabilities	-	-
Capital commitments	-	-



26. Earnings per share ('EPS')

The earnings per share have been computed in accordance with the 'AS 20 – Earnings per share. The detailed calculations of EPS are given below.

			AED
		For the year ended March 31, 2016	For the year ended March 31, 2015
Profit/(Loss) attributable to equity shareholders before exceptional items (AED)	A	14,562,352	(73,55,960)
Less: Exceptional Items		1,566,972	38,16,364
Profit/(Loss) attributable to equity shareholders after exceptional items (AED)		12,995,379	(1,11,72,324)
Weighted average number of equity shares outstanding during the year (nos.)	B	46,174	46,174
Diluted weighted average number of equity Shares outstanding during the year (nos.)	C	46,174	46,174
Nominal value of Equity Shares (AED)		1,000	1,000
Before Exceptional Items			
Basic & Diluted Earnings Per Share (AED)	A/B	315.38	(159.31)
After Exceptional Items			
Basic & Diluted Earnings Per Share (AED)	A/C	281.44	(241.96)



27. Related party transactions

The related parties of the company include the entities given below.

Parties where control exists:

- a. 3i Infotech Holdings Private Limited – Parent Company
- b. 3i Infotech Limited – Ultimate Holding Company
- c. 3i Infotech (Africa) Limited – Subsidiary Company

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

d. Fellow Subsidiaries – The details are given below:

No.	Name of 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 Financial Software Inc.
11	Black Barret Holdings Limited
12	3i Infotech Framework Limited (upto Febuary 8, 2016)
13	Elegon Infotech Limited
14	3i Infotech Services SDN BHD
15	Locuz Inc
16	3i Infotech Trusteeship Services Limited (upto October 15, 2015)
17	Professional Access Software Development Private Limited
18	3i Infotech BPO Limited
19	Locuz Enterprise Solutions Limited
20	3i Infotech Consultancy Services Limited
21	3i Infotech (South Africa) (PTY) Limited
22	3i Infotech Saudi Arabia LLC
23	IFRS Cloud Solutions Limited

e. Process Central Limited- Joint Venture



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

AED

Nature of transactions	AED	
	For the year ended March 31,2016	For the year ended March 31,2015
3i Infotech Ltd.		
Expenses	35,041,414	24,915,336
Loan Assigned (Refer note 28)	22,694,955	-
Advances taken	-	10,819,607
Advances given	40,811,048	23,137,617
3i Infotech (Africa) Ltd		
Advance given	95,589	717,028
3i Infotech Saudi Arabia LLC		
Advance taken	1,792,841	2,671,240
Advance given	1,354,407	1,190,374
3i Infotech Holdings Private Ltd		
Loan taken	1,119,183	-
Interest Expenses	19,526	-
Reimbursement of Expenses	1,343	-
Advance	-	68,523
3i Infotech Consultancy Services Ltd		
Expenses	437,339	34,432
3i Infotech SDN BHD		
Interest	323,916	230,272
Reimbursement of Expenses	892	-
3i Infotech BPO Limited		
Expenses	222,767	-
Advance taken	-	44,896
Elegon Infotech Ltd		
Payables re-assigned	-	294,400
Payables written back	(294,400)	-
3i Infotech (South Africa) (Pty) Limited		
Receivables	-	71,501
Black Barret Holdings Limited Cyprus		
Advance Given	29,100	35,075



Balances outstanding with related parties are given below.

AED

Particulars	As at	As at
	31-Mar-16	31-Mar-15
3i Infotech Ltd		
Advance recoverable (net)	588,954,751	583,185,117
Loan payable	(22,694,955)	-
3i Infotech (Africa) Ltd		
Payable (net)	(995,477)	(10,91,458)
3i Infotech Saudi Arabia LLC		
Payable (net)	(31,241,394)	(3,08,03,320)
3i Infotech Holdings Private Ltd		
Payable (net)	(35,712,158)	(35,713,501)
Loan payable	(1,120,526)	-
3i Infotech Inc.		
Payable	(505,165,698)	(505,165,698)
Elegon Infotech Ltd		
Payable	-	(294,400)
3i Infotech SDN BHD		
Loan Payable	(5,022,625)	(4,698,343)
Advance	892	-
3i Infotech Asia Pacific Pte Ltd		
Payable (net)	(101,955)	(110,400)
3i Infotech South Africa Pty Ltd		
Advance Received	110,844	110,844
3i Infotech Consultancy Services Ltd		
Payable	(2,091,334)	(16,81,081)
3i Infotech BPO Limited		
Payable	(83,150)	(3,67,304)
Black Barret Holdings Limited		
Advance	151,126	1,21,918

Notes:

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



28. During the year, with an objective to serve interest of the lenders in the long term and offer the possibility of value enhancement and simultaneously support the growth, the Ultimate Holding Company submitted a Debt Restructuring Scheme ('DRS') to its lenders (including the lenders of subsidiary companies). Subsequent to year end, the DRS has been approved by the CDR Empowered Group. As per the terms of DRS :

- i. Lenders' exposure in the Company of AED 22,694,955 as at March 31, 2016 is to be recognized in the Holding Company; to be considered for conversion into equity/preference shares.
- ii. In line with DRS scheme, the company has transferred the Loan from Exim bank with accumulated interest on it aggregating to AED 22,694,955 as on March 31, 2016 to the ultimate holding Company and the same is now shown as loan to related parties.

29. Going Concern:

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.

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

Signatures to Notes to financial statements 1 -30

For and on behalf of the Board


Ashish Kukkar
Director
DIN - 06370551


Padmanabhan Iyer
Director
DIN - 05282942

Date: August 10, 2016
Place: Mumbai

