

**NIIT TECHNOLOGIES B.V.
AMSTERDAM**

Annual Report 2017/2018
June 8, 2018

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date **08 JUN 2018**

Belonging to letter nr. **RA0223** date **08/06/2018**
Initials **AT**

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date **08 JUN 2018**

Belonging to letter nr BA0273 date 08/06/2018
initials AY

INTRODUCTION

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date **08 JUN 2018**

Belonging to letter nr. **RA9273** date **08/06/2018**
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Smit en de Wolf belastingadviseurs bv

2 RESULTS

2.1 Development of income and expenses

The result after taxation for 2017/2018 amounts to € 83,000 compared to € 59,000 for 2016/2017. The result for both years can be summarized as follows:

	2017/2018		2016/2017	
	x € 1,000	%	x € 1,000	%
Net turnover	1,002	100.0	1,092	100.0
Other operating income	82	8.2	-	-
Total operating income	1,084	108.2	1,092	100.0
Cost of sales	437	43.6	349	31.9
Gross margin on turnover	647	64.6	743	68.1
Operating expenses				
Employee benefits	454	45.3	522	47.8
Depreciation	-	-	2	0.2
Other operating expenses	99	10.0	138	12.7
	553	55.3	662	60.7
Operating result	94	9.3	81	7.4
Financial income and expenses	-	-	3	0.3
Result before tax	94	9.3	84	7.7
Tax on result from operating activities	-11	-1.1	-25	-2.3
Result after tax	83	8.2	59	5.4

2.2 Net turnover and gross margin

The net turnover decreased by 8.2% to € 1,002,161.
The gross margin decreased by 13.0% to € 647,029.

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Belonging to letter nr **PAGE 23** date **08/06/2018**
initials **AR**



3 FINANCIAL POSITION

The following compilation, based on the data from the balance sheet, can be used to analyse the financial position:

	3/31/2018		3/31/2017	
	x € 1,000	%	x € 1,000	%
ASSETS				
Fixed assets				
Financial fixed assets	6	0.4	5	0.5
Current assets				
Receivables	246	18.9	119	11.3
Cash and cash equivalents	1,049	80.7	933	88.2
	<u>1,295</u>	<u>99.6</u>	<u>1,052</u>	<u>99.5</u>
	<u>1,301</u>	<u>100.0</u>	<u>1,057</u>	<u>100.0</u>
EQUITY AND LIABILITIES				
Equity				
	1,031	79.2	948	89.7
Current liabilities				
Trade creditors	7	0.5	9	0.8
Liabilities to group and associated companies	189	14.6	28	2.7
Taxes and social securities	36	2.7	24	2.3
Other liabilities and accrued expenses	38	3.0	48	4.5
	<u>270</u>	<u>20.8</u>	<u>109</u>	<u>10.3</u>
	<u>1,301</u>	<u>100.0</u>	<u>1,057</u>	<u>100.0</u>

The balance sheet can be summarized as follows:

	3/31/2018		3/31/2017	
	x € 1,000	x € 1,000	x € 1,000	x € 1,000
Long term funds available				
Equity		1,031		948
Long term investments				
Financial fixed assets		6		6
Working capital		<u>1,025</u>		<u>942</u>

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	3/31/2018		3/31/2017	
	x € 1,000	x € 1,000	x € 1,000	x € 1,000
This amount is applied as follows:				
Receivables		246		119
Cash and cash equivalents		1,049		932
			1,295	1,051
Debit: Short-term debt			270	109
Working capital		1,025		942

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4 TAX POSITION

4.1 Taxable amount 2017/2018/2016/2017

	<u>2017/2018</u>	<u>2017/2018</u>
	EUR	INR
Result before taxes	93,654	7,518,543
Tax differences		
Non -deductable expenses	449	36,046
Taxable amaount 2017/2018	<u>94103</u>	<u>7554589</u>

Corporate Income tax calculation

The corporate income tax due amount to :

	<u>2017/2018</u>	<u>2017/2018</u>
	EUR	INR
20.0% of Eur 94,100	<u>18820</u>	<u>1,510,870</u>

The corporation tax to be received on the balance sheet date amount to Eur 8,580. The analysis of this amount is as follows:

	<u>2017/2018</u>	<u>2017/2018</u>
	EUR	INR
Balance as per April 1,2017	(10,605)	(735,817)
Corporate income tax 2017/2018	18,820	1,414,906
Currency Translation Reserve		(61,477)
	8,215	617,612
Received on assessment 2016/2017	18,411	1,277,429
Adjustment calculated corporate income tax 2016/2017	(7,806)	(541,612)
Paid on provisional assessment 2017/2018	(27,400)	(2,199,672)
Currency Translation Reserve		(502,060)
	(16,795)	(1,348,303)
Balance as per March 31,2018	<u>(8,580)</u>	<u>(688,802)</u>

4.2 Assessment corporation tax assessment have been levied to the company untill the fiscal year 2016/2017.

FINANCIAL REPORT

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data **08 JUN 2018**

Belonging to letter nr. R40223 date 08/06/2018
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REPORT OF THE MANAGING DIRECTORS

In accordance with article 2:396 part 7 of the Dutch Civil Code no report of the Managing Directors for 2017/2018 has been prepared.

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FINANCIAL STATEMENTS

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date **08 JUN 2018**

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BALANCE SHEET AS AT MARCH 31, 2018

(after appropriation of the profit)

PARTICULARS	NOTES	31-Mar-18		31-Mar-17	
		EUR	INR	EUR	INR
ASSETS					
Fixed assets					
Tangible fixed assets					
Other tangible fixed assets	(1)				
Financial fixed assets					
Investments in group companies	(2)			358	24,839
Other receivables		5,270	423,076	5,270	365,654
Current assets					
Receivables, prepayments and accrued income	(3)				
Trade receivables					
Group and associated companies		122,529	9,836,628	104,344	7,239,804
Corporation tax		78,960	6,338,909	-	-
Other receivables and accrued income		8,580	688,802	10,605	735,817
		35,800	2,874,024	3,976	275,871
Cash and cash equivalents	(4)				
		245,869	19,738,363	118,925	8,251,492
		1,049,437	84,248,802	932,813	64,722,297
		1,300,576	104,410,241	1,057,366	73,364,283

PARTICULARS	NOTES	31-Mar-18		31-Mar-17	
		EUR	INR	EUR	INR
EQUITY AND LIABILITIES Shareholder's equity					
Issued share capital	(5)	18,151	1,457,162	18,151	1,259,389
General reserve		1,012,397	81,275,231	929,757	64,510,260
		1,030,548	82,732,393	947,908	65,769,649
Current liabilities	(6)				
Trade creditors		6,646	533,541	8,540	592,539
Liabilities to group and associated companies		189,490	15,212,257	28,482	1,976,195
Other taxes and social insurance payable		35,651	2,862,062	24,343	1,689,015
Sundry payables, accruals and deferred income		38,241	3,069,987	48,093	3,336,885
		270,028	21,677,848	109,458	7,594,634
		1,300,576	104,410,241	1,057,366	73,364,283

2 PROFIT AND LOSS ACCOUNT 31-03-2018

PARTICULARS	NOTES		31-Mar-18		31-Mar-17	
			EUR	INR	EUR	INR
	(7)	(8)				
Net turnover Cost of sales			1,002,161	75,343,466	1,092,177	80,627,428
Other operating income			81,828	6,151,911	-	-
Total Operating Income			1,083,989	81,495,377	1,092,177	80,627,428
Cost of Sales			436,960	32,851,090	348,719	25,743,369
Gross margin on turnover			647,029	48,644,287	743,458	54,884,058
Expenses			647,029	48,644,287	743,458	54,884,058
Wages and salaries	(9)		375,242	28,211,069	443,339	32,728,471
Social security charges	(10)		46,223	3,475,091	54,484	4,022,155
Management services	(11)		5,346	401,918	3,970	293,076
Other personnel costs	(12)		26,833	2,017,332	19,854	1,465,675
Depreciation	(13)		358	26,915	1,940	143,216
Accommodation expenses	(14)		32,075	2,411,431	30,952	2,284,959
Office expenses	(15)		3,040	228,550	2,580	190,463
Selling expenses	(16)		22,926	1,723,600	12,769	942,642
General expenses	(17)		40,972	3,080,316	92,271	6,811,692
Operating result			553,015	41,576,221	662,159	48,882,349
Interest and similar income			94,014	7,068,067	81,299	6,001,710
Financial income and expenses	(18)		(360)	(27,065)	3,127	230,844
Result before Tax			93,654	7,041,001	84,426	6,232,553
Result before Tax			93,654	7,041,001	84,426	6,232,553
Tax on result from operating activities	(19)		(11,014)	(828,044)	(24,995)	(1,845,198)
Result Investments In Group Companies			82,640	6,212,958	59,431	4,387,355
Result after tax			82,640	6,212,958	59,431	4,387,355

3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

The financial statements have been prepared in accordance with the Dutch Civil Code, Book 2 Part 9. The annual accounts are stated in euro.

The accounting policies applied for measuring assets and liabilities and the determination of results are based on the historical cost convention, unless otherwise stated in the further principles.

Activities

The activities of NIIT Technologies B.V. primarily consist of IT services.

Registered address

The registered and actual address of NIIT Technologies B.V. is Zuidplein 36, 1077 XV Amsterdam and is registered at the chamber of commerce under number 27154561.

Group structure

The company is a member of a group, led by NIIT Technologies Limited with Registered Office in New Delhi, India. The financial figures of the company are included in the consolidated financial statements of the head of the group.

Going concern

The financial statements have been prepared on the basis that the company is a going concern.

Estimates

When preparing the financial statements, the directors are required by generally accepted accounting principles to use various estimates and assumptions in determining amounts in the financial statements. Actual results may differ from the estimates made. The estimates and underlying assumptions are continuously (re-)assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

Financial instruments

Financial instruments refer to both primary financial instruments, such as trade and other receivables and trade payables and other amounts payable. For the policies applied to primary financial instruments, reference is made to the note for each balance sheet item. The company does not use derivative financial instruments (derivatives) and/or does not hold a trading portfolio.

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Principles of currency conversion

Assets and liabilities in foreign currencies are converted into euro's at the exchange rate as per balance sheet date, except for forward rate transactions. In such cases, valuation is at the corresponding future exchange rate.

Transactions denominated in foreign currency during the financial year are translated into euro's at the exchange rate prevailing on the first working day of the month. Exchange differences arising are recorded in the profit and loss account.

ACCOUNTING PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation and any recognised impairment in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Tangible fixed assets are depreciated when they are put into use. The cost consists of the price of acquisition or manufacture, plus other costs that are necessary to get the assets to the location and condition for their intended use. Expenditure is only capitalised when it extends the useful life of the asset.

Depreciation rates

Asset	%
Other tangible fixed assets	33

Financial fixed assets

Other receivables included in other financial fixed assets are recorded initially at fair value and subsequently at amortised cost less any recognised impairment in value.

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Impairment of fixed assets

Fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other assets of the unit pro rata to their book values.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Receivables and deferred assets

Upon initial recognition the receivables are included at fair value and then valued at amortised cost, which equals the face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents

The cash funds are valued at their nominal value. Unless otherwise stated, cash and cash equivalents are freely available to the company.

Current liabilities

Current liabilities are recorded initially at face value and subsequently measured at amortised cost. This is equal to the nominal value. Current liabilities are liabilities due within one year after the balance sheet date.

ACCOUNTING PRINCIPLES OF RESULT DETERMINATION

General

The result for the year is the difference between net turnover and all related costs. The costs are determined using the stated accounting policies.

Profits are recognised in the year when the corresponding turnover is recognised. Losses are recognised in the year in which they are first foreseen.

Other gains and losses are recognised in the financial year to which they relate.

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08 JUN 2018

Net turnover

Net turnover represents amounts invoiced for services rendered during the financial year, net of discounts and value added taxes.

Revenues from services rendered are recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

Cost of sales

The cost of sales are identified as the costs which can be directly related to the service rendered.

Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet.

Depreciation

The depreciations on tangible fixed assets are calculated at fixed rates on the purchase price, on the basis of the expected economic life taking into account any residual value. Book profit and losses on sale of tangible fixed assets are included in the depreciation on tangible fixed assets.

Financial result

Financial income and expenses comprise interest earned from and/or charged by third parties and group companies. Interest income is recognized in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognized in the period to which these belong.

Taxes

Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

Any deferred tax assets and liabilities are measured at nominal value.

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date **08 JUN 2018**

Belonging to letter nr DA9223 date 08/06/2018
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Signature

Amsterdam, 8 June 2018
NIIT Technologies B.V.



Mr. Arunbir Singh Soin
Director



Mr. Neeraj Mathur
Director

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date **08 JUN 2018**

Belonging to letter nr. RAC923 date 08 JUN 2018
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Independent auditor's report

Ref.: RA9223

To: the shareholders of NIIT Technologies B.V.

A. Report on the audit of the financial statements 2017/2018

Our opinion

We have audited the financial statements 2017/2018 of NIIT Technologies B.V., based in Amsterdam.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of NIIT Technologies B.V. as at March 31, 2018 and of its result of the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at March 31, 2018;
2. the profit and loss account for the financial year from April 1, 2017 until March 31, 2018;
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of NIIT Technologies B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- ▶ the information in the chapters "Introduction" and "Financial report" on pages 2 through 8.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- ▶ is consistent with the financial statements and contains no material deficiencies;
- ▶ includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- ▶ identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 8 June 2018

For and on behalf of BDO Audit & Assurance B.V.,

For identification purposes: 



drs. A. Thomson RA
