

NIIT TECHNOLOGIES B.V.
AMSTERDAM

Annual Report 2018/2019

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

Date: 17-05-2019
Belonging to letter nr: RA10615
d d. 17-05-2019

Initials *AV*

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INTRODUCTION

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Date, 17-05-2019
Belonging to letter nr RA10615
d d. 17-05-2019

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To the shareholders and management of
NIIT Technologies B V
Zuidplein 36
1077 XV AMSTERDAM

Reference

10432 00

Date

May 17, 2019

1 GENERAL

1.1 Founding and activities

The company with limited liability NIIT Technologies B V has been formed on November 28, 1995 by NIIT Technologies Limited, established in England. The company's operations include IT-services.

1.2 Management

The Management Board include the following members:

- mr. Arunbir Singh Soin (non-resident in the Netherlands),
- mr Neeraj Kumar Mathur (non-resident in the Netherlands)

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2 RESULTS

2.1 Development of income and expenses

The result after taxation for 2018/2019 amounts to € 115,529 compared to € 82,640 for 2017/2018. The results for both years can be summarized as follows:

	2018/2019		2017/2018	
	x € 1,000	%	x € 1,000	%
Net turnover	2,185	100.0	1,002	100.0
Other operating income	86	3.9	82	8.2
Cost of sales	868	39.7	437	43.6
Gross margin on turnover	1,403	64.2	647	64.6
Operating expenses				
Employee benefits	1,165	53.3	454	45.3
Other operating expenses	92	4.2	99	10.0
	1,257	57.5	553	55.3
Operating result	146	6.7	94	9.3
Financial income and expenses	-1	-0.1	-	-
Result before tax	145	6.6	94	9.3
Tax on result from operating activities	-29	-1.3	-11	-1.1
Result after tax	116	5.3	83	8.2

2.2 Net turnover and gross margin

The net turnover increased by 118.0% to € 2,185,029.

The gross margin increased by 116.9% to € 1,403,291.

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3 FINANCIAL POSITION

The balance sheet can be summarized as follows:

	<u>3/31/2019</u>	<u>3/31/2018</u>
	€	€
Long term funds available		
Equity	1,146,077	1,030,548
Long term investments		
Tangible fixed assets	2,386	-
Working capital	<u>1,143,691</u>	<u>1,030,548</u>

This amount is applied as follows

Receivables	484,493	251,139
Cash and cash equivalents	<u>1,030,673</u>	<u>1,049,437</u>
	1,515,166	1,300,576
Debit Short-term debt	<u>371,475</u>	<u>270,028</u>
Working capital	<u>1,143,691</u>	<u>1,030,548</u>

4 TAX POSITION

4.1 Taxable amount 2018/2019

	<u>2018/2019</u>
	€
Result before taxes	144,531
<i>Tax differences</i>	
Non-deductible expenses	<u>1,186</u>
Taxable amount 2018/2019	<u><u>145,717</u></u>

Corporate income tax calculation

The corporate income tax due amounts to:

	<u>2018/2019</u>
	€
19.9% of € 145,715	<u><u>29,002</u></u>

The corporation tax to be received on the balance sheet date amounts to € 13,498 The analysis of this amount is as follows

	<u>2018/2019</u>	
	€	€
Balance as per April 1, 2018	-8,580	
Corporate income tax 2018/2019	<u>29,002</u>	
		20,422
Received on assessment 2017/2018	8,580	
Paid on provisional assessment 2018/2019	<u>-42,500</u>	
		<u>-33,920</u>
Balance as per March 31, 2019		<u><u>-13,498</u></u>

4.2 Corporate income tax

The balance to be claimed as corporate income tax on March 31, 2019 is € 13,498

	Credit/debit on 4/1/2018	Corporate income tax for financial year	Paid/Received in financial year	Credit/debit on 3/31/2019
	€	€	€	€
2017/2018	8,580	-	-8,580	-
2018/2019	-	<u>-29,002</u>	<u>42,500</u>	<u>13,498</u>
	<u>8,580</u>	<u>-29,002</u>	<u>33,920</u>	<u>13,498</u>

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4.3 Assessments

Final corporation tax assessments have been levied to the company until the fiscal year 2017/2018

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FINANCIAL REPORT

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1 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 2018/2019 has been prepared

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FINANCIAL STATEMENTS

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1 BALANCE SHEET AS AT MARCH 31, 2019
(after appropriation of results)

	March 31, 2019		March 31, 2018	
	€	€	€	€
ASSETS				
Fixed assets				
Tangible fixed assets (1)				
Other tangible fixed assets		2,386		-
Current assets				
Receivables (2)				
Trade receivables	343,161		122,529	
Group and associated companies	85,857		78,960	
Corporation tax	13,498		8,580	
Other receivables and accrued income	41,977		41,070	
		484,493		251,139
Cash and cash equivalents (3)		1,030,673		1,049,437
 TOTAL OF ASSETS		1,517,552		1,300,576

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	March 31, 2019		March 31, 2018	
	€	€	€	€
EQUITY AND LIABILITIES				
Shareholder's equity	(4)			
Issued share capital	18,151		18,151	
General reserve	1,127,926		1,012,397	
		1,146,077		1,030,548
Current liabilities	(5)			
Trade creditors	11,383		6,646	
Liabilities to group and associated companies	197,138		189,490	
Other taxes and social insurance payable	78,535		35,651	
Sundry payables, accruals and deferred income	84,419		38,241	
		371,475		270,028
 TOTAL OF EQUITY AND LIABILITIES		1,517,552		1,300,576

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2 PROFIT & LOSS ACCOUNT 2018/2019

		2018/2019		2017/2018	
		€	€	€	€
Net turnover	(6,7)	2,185,029		1,002,161	
Other operating income	(8)	85,857		81,828	
Total operating income			2,270,886		1,083,989
Cost of sales		867,595		436,960	
Gross margin on turnover			1,403,291		647,029
Operating expenses					
Wages and salaries	(9)	864,035		375,242	
Social security charges	(10)	97,505		46,223	
Management services	(11)	123,932		5,346	
Other personnel costs	(12)	79,626		26,833	
Depreciation	(13)	133		358	
Accommodation expenses	(14)	16,392		32,075	
Office expenses	(15)	4,501		3,040	
Selling expenses	(16)	1,108		22,926	
General expenses	(17)	70,398		40,972	
			1,257,630		553,015
Operating result			145,661		94,014
Financial income and expenses	(18)		-1,130		-360
Result before tax			144,531		93,654
Tax on result from operating activities	(19)		-29,002		-11,014
Result after tax			115,529		82,640

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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.

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.

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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

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.

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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.

Determination of the result

The result is determined based upon the difference between the net turnover and the costs and other expenses taking into account the aforementioned valuation principles.

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 income and expenses

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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4 NOTES TO THE BALANCE SHEET AS OF MARCH 31, 2019

ASSETS

FIXED ASSETS

1. Tangible fixed assets

	Other tangible fixed assets
	€
<i>Carrying amount as of April 1, 2018</i>	
Purchase price	4,938
Cumulative depreciation and impairment	-4,938
	-
	-
<i>Movement</i>	
Investments	2,519
Depreciation	-133
	2,386
	2,386
<i>Carrying amount as of March 31, 2019</i>	
Purchase price	7,457
Cumulative depreciation and impairment	-5,071
Carrying amount as of March 31, 2019	2,386
<i>Depreciation rates</i>	
	%
Other tangible fixed assets	33

CURRENT ASSETS

2. Receivables

	3/31/2019	3/31/2018
	€	€
Trade receivables		
Trade debtors	343,161	122,529
Trade receivables include an amount of € 0 (2016/2017 € 0) not due within one year. A provision for doubtful debtors is not necessary		
Group and associated companies		
NIIT Technologies Limited India, Belgium Branche	85,857	78,960
Corporation tax		
Corporate income tax 2018/2019	13,498	-
Corporate income tax 2017/2018	-	8,580
	13,498	8,580
Other receivables and accrued income		
Prepaid expenses	6,482	9,735
Unbilled revenue	30,152	28,997
Advances employees	5,343	2,338
	41,977	41,070

The prepaid expenses include a security deposit for an amount of € 5,409 with a duration of more than one year

3. Cash and cash equivalents

Rabobank, EUR	22,041	120,815
Rabobank, Call Account EUR	1,008,632	928,622
	1,030,673	1,049,437

Cash and cash equivalents only include amounts that are freely and immediately accessible to the Company

EQUITY AND LIABILITIES

4. Shareholder's equity

	3/31/2019	3/31/2018
	€	€
Issued share capital		
Authorised and paid up 400 ordinary shares ad valorem € 45.38 each	18,151	18,151

The statutory share capital amounts to € 90,756 00

The shares of NIIT Technologies B V have been issued to NIIT Technologies Limited, established in England

	2018/2019	2017/2018
	€	€
General reserve		
Balance as per April 1, 2018	1,012,397	929,757
Appropriation of the net result	115,529	82,640
Balance as per March 31, 2019	1,127,926	1,012,397

The retained part of the result for 2018/2019 amounts to € 115,529

5. Current liabilities

	3/31/2019	3/31/2018
	€	€
Liabilities to group and associated companies		
NIIT Technologies Limited, India	82,654	179,983
NIIT Technologies Limited, UK	111,909	9,507
NIIT Technologies Inc., USA	450	-
NIIT Technologies Inc USA Branch	2,125	-
	197,138	189,490

Other taxes and social insurance payable

Value added tax payable	57,481	19,809
Wage tax payable	21,054	15,842
	78,535	35,651

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	<u>3/31/2019</u>	<u>3/31/2018</u>
	€	€
Sundry payables, accruals and deferred income		
Vacation accruals	15,930	1,835
Other outstanding expenses	68,489	36,406
	<u>84,419</u>	<u>38,241</u>

5 NOTES TO THE PROFIT & LOSS ACCOUNT 2018/2019

6. Net turnover

The net sales have increased in 2018/2019 compared to 2017/2018 by 118.0% (2017/2018: decrease of 8.2%)

	2018/2019	2017/2018
	€	€
7. Net turnover		
Net turnover	2,185,029	1,002,161
8. Other operating income		
Other operating income	85,857	81,828
Employee benefits		
9. Wages and salaries		
Gross wages and salaries	864,035	375,242
<p>During 2018/2019, the average number of staff employed in the Company, converted into full-time equivalents, amounted to 11 people (2017/2018: 5 people)</p>		
10. Social security charges		
Employees' insurances	61,683	28,987
Premiums medical insurance	35,822	17,236
	97,505	46,223
11. Management services		
Management services	123,932	5,346
12. Other personnel costs		
Travel expenses	42,795	19,092
Seminar and conference expenses	-	1,793
Relocation expenses	1,009	1,025
Recruitment	22,838	-
Staff welfare	775	1,500
Work permit fee	12,209	3,423
	79,626	26,833
13. Depreciation		
Tangible fixed assets	133	358
Other operating expenses		
14. Accommodation expenses		
Office and building rent	16,392	32,075

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	2018/2019	2017/2018
	€	€
15. Office expenses		
Telephone charges	2,455	2,161
Other office expenses	2,046	879
	<u>4,501</u>	<u>3,040</u>
16. Selling expenses		
Promotion and advertising	-756	21,754
Business promotion	1,864	1,172
	<u>1,108</u>	<u>22,926</u>
17. General expenses		
Audit fees	25,000	19,000
Professional services	45,723	21,158
Insurance	-293	745
Other general expenses	-32	69
	<u>70,398</u>	<u>40,972</u>
18. Financial income and expenses		
Interest and similar income	525	493
Interest and similar expenses	-1,655	-853
	<u>-1,130</u>	<u>-360</u>
<i>Interest and similar income</i>		
Interest income - deposit and others	525	473
Exchange difference	-	20
	<u>525</u>	<u>493</u>
<i>Interest and similar expenses</i>		
Bank and other financial charges	-790	-853
Exchange difference	-865	-
	<u>-1,655</u>	<u>-853</u>
19. Tax on result from operating activities		
Corporation tax	-29,002	-18,820
Corporation tax prior periods	-	7,806
	<u>-29,002</u>	<u>-11,014</u>

6 OTHER DISCLOSURE

Post balance sheet events

Upon drawing this annual statement, no events have been reported bearing significance impelling statement in this section

Appropriation of the result for the 2017/2018 financial year

The annual account for 2017/2018 was adopted by the General Meeting held on June 12, 2018. The General Meeting has determined the appropriation of the result as it was proposed.

Appropriation of the profit for 2018/2019

The board of directors proposes to add the profit for 2018/2019 of € 115,529 to the other reserves. This proposal has been processed in the annual account in advance of the adoption by the General Meeting.

Signing of the financial statements

AMSTERDAM, May 17, 2019

Mr. Arunbir Singh Soin, director

Mr. Neeraj Mathur, director

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Independent auditor's report

RA10615

To: the shareholders of NIIT Technologies B.V.

A. Report on the audit of the financial statements 2018/2019 included in the annual report

Our opinion

We have audited the financial statements 2018/2019 of NIIT Technologies B.V., based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of NIIT Technologies B.V. as at March 31, 2019 and of its result for 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, 2019;
2. the profit and loss account for the financial year from April 1, 2018 until March 31, 2019;
3. the notes comprising of a summary of the 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 Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe 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

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ the other information in the chapters "Introduction" and "Financial Report".

Based on the following procedures performed, we conclude that the other information:

- ▶ is consistent with the financial statements and does not contain material misstatements;
- ▶ contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by 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 fraud or error.

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 engagement 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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error 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 judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 entity'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 entity'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 a company to cease 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, May 17, 2019

For and on behalf of BDO Audit & Assurance B.V., Initial for identification purposes:



drs. A. Thomson RA

