NIIT Technologies Philippines, Inc.

(A wholly-owned subsidiary of NIIT Technologies Limited)

Financial Statements
As at and for the years ended March 31, 2015 and 2014

Independent Auditor's Report

To the Board of Directors and Shareholder of
NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)
5th floor, North Tower
Rockwell Business Center
Ortigas Ave., Pasig City

Report on Financial Statements

We have audited the accompanying financial statements of NIIT Technologies Philippines, Inc. (A wholly-owned subsidiary of NIIT Technologies Limited) which comprise the statements of financial position as at March 31, 2015 and 2014, and the statements of total comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 audits. We conducted our audits in accordance with Philippine Standards on Auditing. 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 disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NIIT Technologies Philippines, Inc. as at March 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Report on Bureau of Internal Revenue Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 19 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 6, 2015, Makati City
SEC A.N. (individual) as general auditors 1176-AR-1, Category A; effective until January 13, 2018
SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015
TIN 221-755-698
BIR A.N. 08-000745-77-2015, issued on January 20, 2015; effective until January 19, 2018
BOA/PRC Reg. No. 0142, effective until December 31, 2016

Makati City
May __,2015

Statements required by Section 8 - A, Revenue Regulations No. V - 1

To the Board of Directors and Shareholder of
NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)
5th floor, North Tower
Rockwell Business Center
Ortigas Ave., Pasig City

None of the partners of the firm has any financial interest in NIIT Technologies Philippines, Inc. or any family relationships with its president, manager, or shareholder.

The supplementary information on taxes and licenses is presented in Note 19 to the financial statements.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 6, 2015, Makati City
SEC A.N. (individual) as general auditors 1176-AR-1, Category A; effective until January 13, 2018
SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015
TIN 221-755-698
BIR A.N. 08-000745-77-2015, issued on January 20, 2015; effective until January 19, 2018
BOA/PRC Reg. No. 0142, effective until December 31, 2016

Makati City
May __,2015

Statements Required by Rule 68, Part 1, Section 3B(v)
Securities Regulation Code (SRC),
As Amended on October 20, 2011

To the Board of Directors and Shareholder of
NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)
5th floor, North Tower
Rockwell Business Center
Ortigas Ave., Pasig City

We have audited the financial statements of NIIT Technologies Philippines, Inc. (the "Company") as at and for the year ended March 31, 2015, on which we have rendered the attached report dated May __,2015.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at March 31, 2015, the said Company has one (1) shareholder owning one hundred (100) or more shares each.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 6, 2015, Makati City
SEC A.N. (individual) as general auditors 1176-AR-1, Category A; effective until January 13, 2018
SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015
TIN 221-755-698
BIR A.N. 08-000745-77-2015, issued on January 20, 2015; effective until January 19, 2018
BOA/PRC Reg. No. 0142, effective until December 31, 2016

Makati City
May __, 2015

Statements Required by Rule 68, Part 1, Section 4,
Securities Regulation Code (SRC),
As Amended on October 20, 2011

To the Board of Directors and Shareholder of
NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)
5th floor, North Tower
Rockwell Business Center
Ortigas Ave., Pasig City

We have audited the financial statements of NIIT Technologies Philippines, Inc. (the "Company") as at and for the years ended March 31, 2015, on which we have rendered the attached report dated May __, 2015. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration effective as at March 31, 2015, as additional components required by Part I, Section 4 of Rule 68 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 4 of Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 6, 2015, Makati City
SEC A.N. (individual) as general auditors 1176-AR-1, Category A; effective until January 13, 2018
SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015
TIN 221-755-698
BIR A.N. 08-000745-77-2015, issued on January 20, 2015; effective until January 19, 2018
BOA/PRC Reg. No. 0142, effective until December 31, 2016

Makati City
May __, 2015

NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)

Statements of Financial Position
March 31, 2015 and 2014
(With comparative figures as at April 1, 2013)
(All amounts in Philippine Peso)

Particulars	Notes	March 31st 2015 PHP	March 31st 2015 INR	March 31st 2014 PHP	March 31st 2014 INR
Current Assets					
Cash	4	5,967,765	8,334,581	11,021,638	14,783,323
Due from related parties	18	6,786,952	9,478,657	2,898,070	3,887,181
Prepaid expenses and other current assets	5	3,931,265	5,490,405	2,971,562	3,985,756
Total current assets		16,685,982	23,303,642	16,891,270	22,656,260
Non - Current Assets					
Property and equipment, net	6	6,490,706	9,064,920	8,927,326	11,974,222
Deferred tax assets, net	7	1,563,801	2,184,004	1,386,952	1,860,319
Other non-current assets	8	14,653,026	20,464,416	11,462,138	15,374,166
Total non-current assets		22,707,533	31,713,341	21,776,416	29,208,707
TOTAL		**39,393,515**	**55,016,983**	**38,667,686**	**51,864,967**
Current Liabilities					
Accounts payable and other liabilities	9	15,821,250	22,095,958	20,254,459	27,176,306
Income tax payable		1,409,242	1,968,147	24,719	33,156
Total current liabilities		17,230,492	24,064,105	20,279,178	27,200,461
Non - Current Liabilities					
Retirement benefit obligation	12	4,376,096	6,111,656	5,918,329	7,938,255
Total liabilities		21,606,588	30,175,761	26,197,507	35,138,716
Equity					

Share capital	10	1,000,000	1,396,600	1,000,000	1,341,300
Retained Earnings					
Inappropriate		6,316,748	8,821,970	5,587,285	7,494,225
Appropriated		10,470,179	14,622,652	5,882,894	7,890,726
Total equity		17,786,927	24,841,222	12,470,179	16,726,251
TOTAL		**39,393,515**	**55,016,983**	**38,667,686**	**51,864,967**

(The notes on pages 1 to 22 are integral part of these financial statements.)

NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)

Statements of Total Comprehensive Income
For the years ended March 31, 2015 and 2014
(All amounts in Philippine Peso)

	Notes	2015		2014	
		PHP	INR	PHP	INR
SERVICE REVENUE	18	114,400,207	157,872,286	168,191,701	195,707,863
COST OF SERVICES	13	(89,944,041)	(124,122,777)	(129,526,888)	(150,717,487)
GROSS PROFIT		24,456,166	33,749,509	38,664,813	44,990,376
OPERATING EXPENSES	14	(14,266,997)	(19,688,456)	(29,899,631)	(34,791,211)
OPERATING PROFIT		10,189,169	14,061,053	8,765,182	10,199,166
OTHER EXPENSES, net	15	(2,409,336)	(3,324,884)	(935,472)	(1,088,515)
PROFIT BEFORE INCOME TAX		7,779,833	10,736,170	7,829,710	9,110,651
INCOME TAX EXPENSE	17	(2,463,085)	(3,399,057)	(3,242,425)	(3,772,886)
NET INCOME FOR THE YEAR		5,316,748	7,337,112	4,587,285	5,337,765
OTHER COMPREHENSIVE INCOME		-		-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,316,748	7,337,112	4,587,285	5,337,765

(The notes on pages 1 to 22are integral part of these financial statements.)

NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)

Statements of Changes in Equity
For the years ended March 31, 2015 and 2014
(All amounts in Philippine Peso)

RETAINED EARNINGS:

	Inappropriate		Appropriated		Total	
	PHP	**INR**	**PHP**	**INR**	**PHP**	**INR**
Balance, April 1, 2013	**6,882,894**	**9,150,808**	**-**	**-**	**6,882,894**	**9,150,808**
Comprehensive income						
Net income for the year	4,587,285	5,337,765	-	-	4,587,285	5,337,765
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	4,587,285	5,337,765	-	-	4,587,285	5,337,765
Appropriation for future expansion	(5,882,894)	(6,845,335)	5,882,894	6,845,335	-	-
Currency Transaction Reserve		(149,012)		1,045,390		896,379
Balance, March 31, 2014	**5,587,285**	**7,494,225**	**5,882,894**	**7,890,726**	**11,470,179**	**15,384,951**
Comprehensive income						
Net income for the year	5,316,748	7,337,112	-	-	5,316,748	7,337,112
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	5,316,748	7,337,112	-	-	5,316,748	7,337,112
Appropriation for future expansion	(4,587,285)	(6,330,453)	4,587,285	6,330,453	-	-
Currency Transaction Reserve		321,086		401,473		722,558
Balance, March 31, 2015	**6,316,748**	**8,821,970**	**10,470,179**	**14,622,652**	**16,786,927**	**23,444,622**

	Share Capital(Note 10)		Retained Earning(Total)		Total	
	PHP	INR	PHP	INR	PHP	INR
Balance, April 1, 2013	**1,000,000**	**1329500**	**6,882,894**	**9,150,808**	**7,882,894**	**10,480,308**
Comprehensive income						
Net income for the year	-		4,587,285	5,337,765	4,587,285	5,337,765
Other comprehensive income	-		-	-	-	-
Total comprehensive income for the year	-		4,587,285	5,337,765	4,587,285	5,337,765
Appropriation for future expansion	-		-	-	-	
Currency Transaction Reserve		11,800		896,379		908,179
Balance, March 31, 2014	**1,000,000**	**1341300**	**11,470,179**	**15,384,951**	**12,470,179**	**16,726,251**
Comprehensive income						
Net income for the year	-		5,316,748	7,337,112	5,316,748	7,337,112
Other comprehensive income	-		-	-	-	-
Total comprehensive income for the year	-		5,316,748	7,337,112	5,316,748	7,337,112
Appropriation for future expansion	-		-		-	
Currency Transaction Reserve		55,300		722,558		777,859
Balance, March 31, 2015	**1,000,000**	**1396600**	**16,786,927**	**23,444,622**	**17,786,927**	**24,841,222**

(The notes on pages 1 to 22are integral part of these financial statements.)

FINAL DRAFT of financial statements and accompanying notes were reviewed and approved for finalization by:

AUTHORIZED OFFICIAL DATE

NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)

Statements of Cash Flows
For the years ended March 31, 2015 and 2014
(All amounts in Philippine Peso)

Particulars	Notes	2015		2014	
		PHP	INR	PHP	INR
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		7,779,833	10,736,170	7,829,710	9,110,651
Adjustments for:					
Depreciation and amortization	6	4,454,502	6,147,213	6,584,521	7,661,749
Provision for impairment of input value-added tax	8	431,063	594,867	2,899,492	3,373,849
Retirement benefit expense	12	1,253,377	1,729,660	701,133	815,838
Unrealized foreign exchange loss (gain)		1,594,945	2,201,024	(717,790)	(835,220)
Interest income		(914)	(1,261)	(1,672)	(1,946)
Operating income before working capital changes		15,512,806	21,407,672	17,295,394	20,124,920
Changes in working capital					
Increases in:					
Accounts receivable		(5,115,818)	(7,059,829)	(2,900,263)	(3,374,746)
Prepaid expenses and other current assets		(4,425,225)	(6,106,811)	(3,731,361)	(4,341,812)
Rental deposit		(156,429)	(215,872)	(290,879)	(338,467)
(Decrease) increase in accounts payable and other liabilities		(4,400,648)	(6,072,894)	3,680,090	4,282,153
Cash generated from operations		1,414,686	1,952,267	14,052,981	16,352,049
Income taxes paid		(1,255,411)	(1,732,467)	(6,706,791)	(7,804,022)
Interest received		914	1,261	1,672	1,946
Retirement benefits paid		(2,795,610)	(3,857,942)		-
Net cash (used in) from operating activities		(2,635,421)	(3,636,881)	7,347,862	8,549,972
CASH FLOW FROM INVESTING ACTIVITY					
Acquisition of property and equipment	6	(2,017,882)	(2,784,677)	(9,603,816)	(11,175,000)
NET DECREASE IN CASH		(4,653,303)	(6,421,558)	(2,255,954)	(2,625,028)
CASH					
April 1		11,021,638	1,478,3323	12,359,342	16,431,745
EFFECTS OF EXCHANGE RATE CHANGES ON CASH		(400,570)	(552,787)	918,250	1,068,476
Currency Transaction Reserve			525,602		(91,870)
March 31		5,967,765	8,334,581	11,021,638	14,783,323

(The notes on pages 1 to 22are integral part of these financial statements.)

FINAL DRAFT of financial statements and accompanying notes were reviewed and approved for finalization by:

____________________ ________________
AUTHORIZED OFFICIAL DATE

NIIT Technologies Philippines, Inc.
(A wholly-owned subsidiary of NIIT Technologies Limited)

Notes to Financial Statements
As at and for the years ended March 31, 2015 and 2014
(In the notes, all amounts are shown in Philippine Peso unless otherwise indicated)

Note 1 - General information

NIIT Technologies Philippines, Inc. (the "Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 4, 2006 as a 100% foreign-owned corporation in accordance with the Corporation Code and Foreign Investments Act of 1991 (Republic Act No. 7042, as amended). It is presently engaged in providing information technology (IT) management services and other related services to a related parties (Note18).

Prior to September 5, 2012, the Company is a wholly-owned subsidiary of EB2 International Ltd. (EB2). On September 5, 2012, NIIT Technologies Ltd. ("NIIT" or "Parent Company") became the new parent company after its acquisition of all the shares of stock of the Company from EB2. The parent company is a foreign entity incorporated and domiciled in India. It is engaged in the business of providing IT development and IT related services from its offshore development factories or centers in India.

On January 23, 2013, the SEC approved the change in the registered address of the Company from 1605 OMM-CITRA Building, San Miguel Ave., Pasig City to 5th floor, North Tower, Rockwell Business Center, Ortigas Ave., Pasig City, the company's principal place of business. The registered office of the parent company, which is also its principal place of business, is located at B-234, Okhala Industrial Area, New Delhi, India.

After NIIT's acquisition of the Company, the latter applied for a change in corporate name with the SEC from Sabre International Philippines Management, Inc. to NIIT Technologies Philippines, Inc. which was approved on January 26, 2013.

As at March 31, 2015, the Company has seventy-seven (77) employees (2014 - 95 employees).

These financial statements have been approved or authorized for issuance by the Company's Board of Directors on June 1, 2015.

Note 2 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs) issued by the Financial Reporting Standards Council.

The financial statements have been prepared under the historical cost convention.

For Philippine financial reporting purposes, PFRS for SMEs shall cover corporations that:

(a) Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million based on the entity's audited financial statements last year;

(b) Are not required to file financial statements under Part II of the Securities Regulation Code (SRC) Rule 68 (unlisted and non-public entities);

(c) Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market; and

(d) Are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies.

The preparation of financial statements in conformity with PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Cash

Cash includes deposits held at call with banks which earn interest at the prevailing bank deposit rates. They are carried in the statement of financial position at face amount or at nominal amount.

2.3 Financial instruments

2.3.1 Classification

The Company classifies its financial assets in the following categories: (i) loans and receivables; (ii) held-to-maturity; (iii) at fair value through profit or loss; and (iv) available-for-sale financial assets. The Company classifies its financial liabilities in the following categories: (i) at amortized cost; and (ii) At fair value through profit or loss. The classification depends on the purpose for which the financial assets and liabilities were acquired or incurred. Management determines the classification of its financial assets and liabilities at initial recognition. The Company's financial assets are classified under loans and receivables category. The Company also does not have financial liabilities at fair value through profit or loss.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the reporting period which are classified as non-current assets.

The Company's loans and receivables consist of cash in bank, receivables, due from related parties and refundable security deposit.

(b) Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss are classified as financial liabilities measured at amortized cost. They are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Company's financial liabilities at amortized cost consist of accounts payable and other liabilities (excluding output value-added-tax and withholding taxes).

2.3.2 Initial recognition and subsequent measurement

(a) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on trade date (the date on which the Company commits to purchase or sell the asset). Financial assets and liabilities are initially recognized at fair value plus transaction costs, except for financial assets and liabilities carried at fair value through profit or loss.

(b) Subsequent measurement

After initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The amortization is included in profit or loss in the statements of total comprehensive income. The losses arising from impairment of such loans and receivables are recognized in Provision for impairment in the statements of total comprehensive income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

2.3.3 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial assets or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of impairment include:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the counterparty will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) Adverse changes in the payment status of borrowers in the portfolio; and
  (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether an objective evidence of impairment exists individually for Financial assets that are individually significant, and collectively for financial assets that are not Individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses those for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of loss is recognized in profit or loss. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of allowance.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into as to the recoverability of receivables at the end of the reporting period.

2.3.4 Derecognition

A financial asset is derecognized when the right to receive cash flows from the investments has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.

A financial liability (or a part of a financial liability) is removed from the statements of financial position when, and only when, it is extinguished, i.e., when the obligation is discharged or cancelled or has expired.

2.3.5 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.4 Due from related parties

Due from related parties are recognized initially at transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment, if any. A provision for impairment of due from related parties is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of allowance. Due from related parties are derecognized when the right to receive cash flows from the financial assets has expired or the Company has transferred substantially all risks and rewards of ownership.

2.5 Prepaid expenses and other current assets

Prepaid expenses are recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Prepaid expenses are measured at cost and are amortized and derecognized in the statement of financial position, upon delivery of goods or the rendering of services.

Other non-financial asset is recognized as asset to the extent that it is probable that the benefit will flow to the Company and the asset has cost or value that can be measured reliably.

Prepaid expenses and other current assets are included in current assets, except when the related goods or services are expected to be received and rendered beyond twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

2.6 Refundable security deposit

Refundable security deposit is recognized initially at transaction price. It is subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the lease. Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of allowance. It is derecognized when the right to receive cash flows from the financial asset has expired or the Company has transferred substantially all risks and rewards of ownership. Refundable security is included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

2.7 Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation, amortization and provision for impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprise its purchase price and any directly attributable costs of bringing the asset to its working condition and location of its intended use.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to their estimated useful lives, as follows:

	Number of years
Office equipment	3 years
Furniture and fixtures	3 years
Leasehold improvement	3 years or lease term, whichever is shorter

Major renovations are depreciated over the remaining useful life of the related asset.

The asset's residual values and useful lives are reviewed at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated depreciation are removed from the accounts. Any gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss.

2.8 Impairment of non-financial assets

Assets that have definite useful lives are subject to depreciation or amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Accounts payable and other current liabilities

Accounts payable and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally or contractually enforceable claim against the Company is established. These are recognized initially at transaction price and subsequently measured at amortized cost.

Accounts payable and other current liabilities are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Accounts payable and other current liabilities are derecognized when they have been paid or otherwise extinguished.

2.10 Employee benefits

(a) Retirement benefit obligation

The Company provides for retirement benefits to its employees in accordance with the requirements of Republic Act 7641 (The Retirement Law) which is similar to a defined benefit plan. A defined benefit pension plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of credited service, and compensation.

Retirement cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Retirement cost includes current service cost, interest cost, actuarial gains and losses, past service cost and the effect of any curtailment or settlement.

The liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Philippine Peso, and that have terms to maturity approximating to the terms of the related retirement benefit obligation.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(b) Short-term benefits

The Company recognizes liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absence, and other non-monetary benefits.

2.11 Share capital

Common shares are classified as equity.

2.12 Revenue and expense recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

(a) Service revenue

Revenue from IT and support services is recognized by reference to costs incurred. The Company recognizes revenue in the period of the performance of the related services using the cost-plus method based on the costs incurred by the Company as stipulated in the service level agreement entered into with related parties.

(b) Interest income

Interest income on bank deposits, which is presented net of tax paid or withheld, is recognized in profit or loss when earned using the effective interest method.

Cost and expense are recognized in the year in which they are incurred.

2.13 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and a valuation allowance is set up against deferred income tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on future taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax charge or credit included in income tax expense is recognized for the changes during the year in deferred income tax assets and liabilities.

2.14 Leases - Company as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Company under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.15 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in Philippine Peso, which is the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Pesousing the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Philippine Peso are recognized in profit or loss.

2.16 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.17 Subsequent events (or Events after reporting date)

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

2.18 Reclassification

Certain amounts in 2014 and 2013 financial statements and related notes disclosures have been reclassified to conform to the current period presentation. This refers to reclassification from current to non-current classification of input VAT, as at March 31, 2014, which amounts to P 8,333,896 and INR 11,178,255/- (2013 – P 6,486,257 and INR 8623479/-) that are expected to be recovered beyond twelve (12) months from reporting date, in the statement of financial position.

The above reclassification, which resulted to a more appropriate presentation, did not affect the previously reported retained earnings in the statement of financial position nor did it impact previously reported net income.

<u>Note 3 - Critical accounting estimates, assumptions and judgments</u>

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Critical accounting estimates and assumptions

(a) Estimated useful lives of property and equipment (Note 6)

The Company's management determines the estimated useful lives for its property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

If the actual useful lives of the property and equipment were higher/lower by 10% from management's estimates, the net carrying amount of property and equipment would be an estimated P286,000 lower/ higher (2014 - P210,620 lower/higher).

(b) Principal assumptions and estimation of retirement benefit obligation (Note 12)

The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefit include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

3.2 Critical accounting judgments

(a) Reliability of input valued-added tax ("VAT") (Note 8)

Provision for non-recoverability of input VAT is based on the Company's assessment of the probability of claims being granted by tax authorities. The assessment requires judgment and management assessment as to the probability of claims for tax refund being granted by tax authorities and in consideration of actual and historical claims that may be disallowed.

Net input VAT as at March 31, 2015 amounts to P11, 368,355 and INR 15,877,045/- (2014 - P8, 333,896 and INR 11,178,255/-). Input VAT amounting to P4, 121,675 and INR 5,756,331/- (2014-P3, 690,612 and INR 4,950,218/-) has been provided with allowance for non-recoverability.

(b) Determination of functional currency

The Company considers the primary economic and regulatory environment in which it operates that influences labor cost and sales price covering service agreement with related parties. In determining its functional currency, the Company considers the currency that mainly influences labor and other costs of providing services which drives the sales price or mark up to be charged to related parties. The Company's expenses are incurred and paid in Philippine Peso. Labor-related expenses, which are the Company's main cost driver, are calculated and paid in accordance with the provisions of the Philippine Labor Code.

Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to the primary indicators before considering the additional indicators, which are designed to provide only additional supporting evidence to determine an entity's functional currency.

Based on its assessment, Company management has ascertained that Philippine Peso is the appropriate functional and presentation currency.

(c) Impairment of property and equipment (Note 6)

The Company reviews the carrying values of property and equipment for impairment in value. This includes considering certain indications of impairment such as significant decline in the asset's market value, obsolescence or physical damage of an asset, significant underperformance relative to the expected historical or projected future operating results and significant negative industry or economic trends. If such indications are present are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of the asset's net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its estimated useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make judgment, estimates and assumptions that may affect property and equipment.

Based on its assessment, Company management believes that property and equipment are not impaired as at March 31, 2015 and 2014.

Note 4 - Cash

Cash represents current and savings deposits in bank amounting to P5, 967,765 and INR 8,334,581/- as at March 31, 2015(2014 - P11, 021,638 and INR 14,783,323/-) which earn interest at prevailing rates. Interest income earned on bank deposits amounts to P914 and INR 1,261/- (2014 - P1, 672 and INR 1,946/-) (Note 15).

Note 5 - Prepaid expenses and other current assets

The details of the account at March 31 consist of:

	2015		2014 (as restated)	
	PHP	INR	PHP	INR
Prepaid expenses	2,503,486	3,496,369	2,332,826	3,129,020
Advances to employees	1,427,779	1,994,036	638,736	856,737
TOTAL	**3,931,265**	**5,490,405**	**2,971,562**	**3,985,756**

Note 6 - Property and equipment, net

The details of the account at March 31 consist of:

	Office Equipment		Furniture and Fixture		Leasehold Improvements		Total	
	PHP	INR	PHP	INR	PHP	INR	PHP	INR
Cost								
At March 31, 2013	13,384,267	17,794,383	8,442,978	11224939	21,277,631	28288610	43,104,876	57,307,933
Additions	9,334,945	10,862,142	17,800	20S,712	251,071	292146	9,603,816	11,175,000
Disposals	-				-		-	
Currency Transaction Reserve		1,816,754		102,790		295,691		2,215,236
At March 31, 2014	22,719,212	30,473,279	8,460,778	11,348,442	21,528,702	28876448	52,708,692	70,698,169
Additions	1,927,182	2,659,511	90,700	125,166	-	-	2,017,882	2,784,677
Disposals								
Currency Transaction Reserve		1,288,364		469,387		1,190,537		2,948,288
At March 31, 2015	24,646,394	34,421,154	8,551,478	11942994	21,528,702	30,066,985	54,726,574	76,431,133
Accumulated depreciation								
At March 31, 2013	9,800,052	13,029,169	7,804,803	10,376,486	19,591,990	26,047,551	37,196,845	49,453,205
Depreciation	4,259,541	4,956,402	638,192	742,600	1,686,788	1,962,747	6,584,521	7,661,749
Currency Transaction Reserve		872,561		205,503		530,928		1,608,992
At March 31, 2014	14,059,593	18,858,132	8,442,995	11,324,589	21,278,778	28,541,225	43,781,366	58,723,946
Depreciation	4,358,986	6,015,401	11,823	16,316	83,693	115,496	4,454,502	6,147,213
Currency Transaction Reserve		849,855		467,094		1,178,106		2,495,054
At March 31, 2015	18,418,579	25,723,387	8,454,818	11,807,999	21,362,471	29,834,827	48,235,868	67,366,213
Net book value								
At March 31, 2014	8,659,619	11,615,147	17,783	23,852	249,924	335,223	8,927,326	11,974,222
At March 31, 2015	6,227,815	8,697,766	96,660	134,995	166,231	232,158	6,490,706	9,064,920

Total depreciation and amortization presented in the statement of comprehensive income is allocated as follows:

	Notes	2015		2014	
		PHP	INR	PHP	INR
Cost of services	13	4,385,001	6,051,301	6,232,250	7,251,846
Operating expenses	14	69,501	95,911	352,271	409,903
		4,454,502	6,147,213	6,584,521	7,661,749

Note 7 - Deferred income tax assets, net

The details of the account at March 31 consist of:

	Note	2015		2014	
		PHP	INR	PHP	INR
Deferred income tax asset					
Retirement benefit obligation		1,312,829	1,833,497	1,775,499	2,381,476
Unrealized foreign exchange loss		478,484	668,251	-	
Deferred income tax liabilities					
PAS 17 prepaid rent adjustment		(227,512)	(317,743)	(173,210)	(232,327)
Unrealized foreign exchange gain		-		(215,337)	(288,831)
		1,563,801	**2,184,004**	**1,386,952**	**1,860,319**

The net movements in deferred income tax for the years ended March 31 are as follows:

	Note	2015		2014	
		PHP	INR	PHP	INR
Beginning of the year		1,386,952	1,860,319	1,627,128	2,163,267
Credited (charged) to profit or loss	17	176,849	244,052	(240,176)	(279,469)
Currency Transaction Reserve			79,634		23,479
End of the year		**1,563,801**	**2,184,004**	**1,386,952**	**1,860,319**

The table below presents the period in which the deferred income tax assets and liabilities are expected to be recovered and settled, respectively:

	2015		2014	
	PHP	INR	PHP	INR
Deferred income tax asset				
Amount expected to be recovered within 12 months	478,484	668,251	-	
Amount expected to be recovered after 12 months	1,312,829	1,833,497	1,775,499	2,381,476
Deferred income tax liabilities				
Amount expected to be recovered within 12 months	(227,512)	(317,743)	(215,337)	(288,831)
Amount expected to be recovered after 12 months	-		(173,210)	(232,327)
	1,563,801	**2,184,004**	**1,386,952**	**1,860,319**

Note 8 - Other non-current assets

The details of the account at March 31consist of:

		2015		2014 (as restated)	
	Note	PHP	INR	PHP	INR
Input VAT		15,490,030	21,633,376	12,024,508	16,128,473
Allowance for non-recoverability of input VAT		(4,121,675)	(5,756,331)	(3,690,612)	(4,950,218)
		11,368,355	15,877,045	8,333,896	11,178,255
Refundable security deposit	11	3,284,671	4,587,372	3,128,242	4,195,911
		14,653,026	**20,464,416**	**11,462,138**	**15,374,166**

Movement analysis of allowance for non-recoverability of input VAT are as follows:

	2015		2014	
	PHP	INR	PHP	INR
January 1	3,690,612	4,950,218	791,120	1,051,794
Provision for non-recoverability	431,063	594,867	2,899,492	3,373,849
		211,246		524,575
December 31	**4,121,675**	**5,756,331**	**3,690,612**	**4,950,218**

Note 9 - Accounts payable and other current liabilities

The account as at March 31 consists of:

	2015		2014	
	PHP	INR	PHP	INR
Accrued expenses	10,172,336	14,037,824	10,832,743	12,604,980
Trade payables	4,624,144	6,381,319	5,917,720	6,885,860
Withholding taxes payable	726,108	1,002,029	1,522,590	1,771,686
Payable to government agencies	220,300	304,014	263,718	306,862
Payable to staff	78,362	108,140	1,717,688	1,998,702
	15,821,250	**21,833,325**	**20,254,459**	**23,568,088**

Accrued expenses consist primarily of accrual of professional fees, employee bonuses, documentary stamp tax and other consultancy fees.

Note 10-Share capital

The details of the account at March 31, 2015 and 2014 consist of:

	Number of shares	Amount	
		PHP	INR
Authorized shares			
(at P100 par value per share)	30,000	3,000,000	4,189,800
Issued and outstanding	10,000	1,000,000	1,396,600

As at March 31, 2015 and 2014, the company has only one stockholder owning 100 or more shares of the Company's outstanding capital stock.

The Board of Directors approved the appropriation of retained earnings amounting to P4, 587,285 and INR 6,330,453/- (2014 - P5, 882,894 and INR 6,845,335/-) on May 2, 2014 and May 8, 2013, respectively. The appropriations are made in relation to the ongoing expansion of the Company's business operations which require substantial investment in capital expenditures.

Note 11 - Leases

The Company entered into an operating lease agreement covering its office space. The term of the lease is for a period of five (5) years commencing on May 15, 2010 until May 15, 2015. The stipulated monthly rent is P450 per square meter subject to a 5% annual escalation rate starting on the 2nd year of the lease period. On February 27, 2015, the lease agreement has been renewed for a period of three (3) years ending May 14, 2018 with new monthly rental rate of P600 per square meter.

The lease agreement provides for payment of security deposit which is refundable to the Company at the end of the lease term amounting to P3, 284,671 and INR 4,587,372/- (2014 - P3, 128,242 and INR 4,195,911/-).

The total future minimum lease payments under the non-cancellable portion of operating leases for each of the following periods are as follows:

	2015		2014	
	PHP	INR	PHP	INR
Not later than one year	9,745,458	13,610,507	16,681,964	22,375,518
Later than one year but not later than five years	19,697,205	27,509,117	2,027,134	2,718,995
	29,442,663	41,119,623	18,709,098	25,094,513

Rent expense charged to profit or loss follows:

	Notes	2015		2014	
		PHP	INR	PHP	INR
Cost of services	13	14,824,082	20,457,233	13,848,512	16,114,129
Operating expenses	14	695,131	959,281	782,774	910,836
		15,519,213	21,416,514	14,631,286	17,024,964

Note 12- Retirement benefit plan

The Company has not yet established a formal retirement plan covering all regular full-time employees. However, the Company obtained an actuarial valuation of its retirement benefit obligation to determine and recognize its estimated retirement liability in compliance with the requirement of RA 7641. The law provides that an employee upon serving five years in the Company shall be entitled to a retirement pay equivalent to at least one-half (1/2) month salary for every year of service.

The retirement benefit obligation recognized in the statements of financial position as at March 31 is determined as follows:

	2015		2014	
	PHP	INR	PHP	INR
Present value of the obligation	4,376,096	6,111,656	5,918,329	7,938,255
Fair value of plan assets	-		-	
Deficit	**4,376,096**	**6,111,656**	**5,918,329**	**7,938,255**

Changes in the present value of the defined benefit obligation follows:

	2015		2014	
	PHP	INR	PHP	INR
At April 1	5,918,329	7,938,255	5,217,196	6,936,262
Current service cost	1,338,230	1,846,757	1,230,151	1,431,404
Interest cost	374,038	516,172	203,992	237,365
Remeasurement gain	(458,891)	(633,270)	(733,010)	(852,930)
Benefits paid	(2,795,610)	(3,857,942)		
		301,683		186,154
At March 31	**4,376,096**	**6,111,656**	**5,918,329**	**7,938,255**

Retirement benefit expense recognized in the statement of total comprehensive income for the years ended March 31follows:

	2015		2014	
	PHP	INR	PHP	INR
Current service cost	1,338,230	1,846,757	1,230,151	1,431,404
Interest cost	374,038	516,172	203,992	237,365
Net Remeasurement gain recognized during the year	(458,891)	(633,270)	(733,010)	(852,930)
	1,253,377	**1,729,660**	**701,133**	**815,838**

The assumptions used to determine retirement benefits for the years ended March 31are as follow:

	2015	2014
Discount rate	5.90%	6.32%
Salary increase rate	4.00%	4.00%

Note 13 - Cost of services

The account for the years ended March 31 consists of:

	Notes	2015		2014	
		PHP	INR	PHP	INR
Salaries and employee benefits	16	51,789,470	71,469,469	85,201,426	99,140,379
Rentals	11	14,824,082	20,457,233	13,848,512	16,114,129
Utilities		10,853,747	14,978,171	9,834,635	11,443,581
Transportation and travel		6,288,935	8,678,730	3,980,527	4,631,741
Depreciation and amortization	6	4,385,001	6,051,301	6,232,250	7,251,846
Outside services		810,796	1,118,898	6,276,721	7,303,593
Others		992,010	1,368,974	4,152,817	4,832,218
		89,944,041	**124,122,777**	**129,526,888**	**150,717,487**

Others include management services, insurance expenses, supplies and training costs.

Note 14- Operating expenses

The account for the years ended March 31 consists of:

	Notes	2015		2014	
		PHP	INR	PHP	INR
Salaries and employee benefits	16	9,526,170	13,146,115	17,993,252	20,936,948
Taxes and licenses		1,389,463	1,917,459	1,807,787	2,103,540
Outside services		1,164,311	1,606,749	2,436,708	2,835,353
Rentals	11	695,131	959,281	782,774	910,836
Utilities		685,496	945,985	600,009	698,170
Impairment losses	8	431,063	594,867	2,899,492	3,373,849
Transportation and travel		152,671	210,686	710,543	826,789
Depreciation and amortization	6	69,501	95,911	352,271	409,903
Others		153,191	211,404	2,316,795	2,695,823
		14,266,997	**19,688,456**	**29,899,631**	**34,791,210**

Note 15 - Other expenses, net

The account for the years ended March 31 consists of:

	2015		2014	
	PHP	INR	PHP	INR
Foreign exchange loss, net	2,254,180	3,110,768	763,775	888,729
Bank charges	156,070	215,377	229,315	266,831
Interest income	(914)	(1,261)	(1,672)	(1,946)
Others	-		(55,946)	(65,099)
	2,409,336	**3,324,884**	**935,472**	**1,088,515**

Note 16-Salaries and employee benefits

The account for the years ended March 31 consists of:

	Salaries and wages		Other employee benefits		Total	
	PHP	INR	PHP	INR	PHP	INR
2015						
Cost of services	41,119,283	56,744,611	10,670,187	14,724,858	51,789,470	71,469,469
Operating expenses	7,507,133	10,359,844	2,019,037	2,786,271	9,526,170	13,146,115
	48,626,416	**67,104,454**	**12,689,224**	**17,511,129**	**61,315,640**	**84,615,583**
2014						
Cost of services	72,117,192	83,915,565	13,084,234	15,224,815	85,201,426	99,140,379
Operating expenses	15,296,899	17,799,472	2,696,353	3,137,476	17,993,252	20,936,948
	87,414,091	**101,715,036**	**15,780,587**	**18,362,291**	**103,194,678**	**120,077,327**

Note 17-Income tax expense

The components of income tax expense as shown in the statement of total comprehensive income for the years ended March 31 follow:

	2015		2014	
	PHP	INR	PHP	INR
Current	2,639,934	3,643,109	3,002,249	3,493,417
Deferred	(176,849)	(244,052)	240,176	279,469
	2,463,085	**3,399,057**	**3,242,425**	**3,772,886**

The reconciliation of income tax expense computed at the regular income tax rate of 30% and the actual income tax expense as shown in the statement of total comprehensive income for the years ended March 31 are as follows:

	2015			2014		
	Amount		Rate	Amount		Rate
	PHP	INR	(%)	PHP	INR	(%)
Income before income tax	7,779,833	10,736,170		7,829,710	9,110,650	
Statutory income tax	2,333,950	3,220,851	30.00	2,348,913	2,733,195	30.00
Add (deduct):						
Income subject to final tax, net	(274)	(378)	-	(502)	(584)	-
Non-deductible expenses	129,409	178,584	1.66	894,014	1,040,275	11.41
Non-taxable income		-	-		-	-
Actual income tax expense	**2,463,085**	**3,399,057**	**31.66**	**3,242,425**	**3,772,886**	**41.41**

Note 18 - Related party transactions

The Company, in the regular conduct of its business, has entered into transactions with related parties under common control and the Parent Company.

	Transactions *(Charges to P&L)*		Outstanding balances *[Due from (due to) related parties]*		Outstanding Bal. *Terms & Conditions*
March 31, 2015	**PHP**	**INR**	**PHP**	**INR**	
Service fees					
Entities under common control					
NIIT Technologies Inc., USA	81,978,137	113,129,829	2,026,151	2,829,722	- Unguaranteed and unsecured
NIIT Technologies Ltd. UK	17,375,424	23,978,085	3,142,376	4,388,642	- Non-interest bearing
NIIT Media Technologies Ltd.	15,046,646	20,764,372	1,574,225	2,198,563	- Collectible in cash at gross amount with standard term of 30 days
NIIT Technologies Ltd.	-		44,200	61,730	- See Note 18.1
	114,400,207	**157,872,286**	**6,786,952**	**9,478,657**	
Intercompany charges					
NIIT Technologies Limited	-		(329,473)	(460,142)	- Unguaranteed and unsecured
NIIT Smart Serve Limited	-		(297,854)	(415,983)	- Non-interest bearing
					- Payable in cash at gross amount with standard term of 30 days
					- See Note 18.2
	114,400,207	**157,872,286**	**(627,327)**	**(876,125)**	
Key management compensation					
Salaries and wages and other benefits	4,215,132	5,816,882			- Payable in accordance with the terms of the Retirement Plan (Note 12)
Retirement benefits	64,217	88,619	224,209	313,130	

	Transactions *(Charges to P&L)*		Outstanding balances *[Due from (due to) related parties]*		Outstanding Bal. *Terms & Conditions*
SERVICE FEES					
Entities under common control					- Unguaranteed and unsecured
NIIT Technologies Inc., USA	147,054,380	202,935,044	-	-	- Non-interest bearing
NIIT Technologies Ltd. UK	11,488,786	15,854,525	1,910,742	2,668,542	- Collectible in cash at gross amount with standard term of 30 days
NIIT Media Technologies Ltd.	9,648,535	13,314,978	987,328	1,378,902	- See Note 18.1
	168,191,701	**232,104,547**	**898,070**	**4,047,444**	
Advances from related party					
NIIT Technologies Inc., USA	-	-	(2,428,203)	(3391228)	- Unguaranteed and unsecured
					- Non-interest bearing
					- Collectible in cash at gross amount with standard term of 30 days
					- See Note 18.3
Key management compensation					
Salaries and wages and other benefits	4,026,975	5,557,226	-	-	- Payable in accordance with the terms of the Retirement Plan (Note 12)
Retirement benefits	81,062	111,866	81,062	113,211	

18.1 Service fees

The Company entered into service agreement with related parties whereby the Company has agreed to provide IT and support services. Under these agreements, costs incurred by the Company in relation to the services provided will be billed at a mark-up.

There were no provisions recognized against receivables from related parties.

18.2 Intercompany charges

Intercompany charges pertain to insurance cost, communication expense and payroll cost allocated to the Company. These are lodged in trade payables under accounts payable and other current liabilities.

18.3 Advances from a related party

Advances from a related party pertain to advance payments from NIIT Technologies, Inc. USA for unbilled service fees. These are lodged in trade payables under accounts payable and other current liabilities.

Note 19 - Supplementary information required by Bureau of Internal Revenue (BIR)

Below is the additional information required by Revenue Regulations No. 15-2010. The information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(i) Output value-added tax (VAT)

Output VAT declared for the year ended March 31, 2015 and the revenues upon which the same was based consist of:

	Gross amount of revenues		Output VAT
	PHP	INR	
Sale of services			
Zero-rated	114,400,207	157,872,286	-
	114,400,207	**157,872,286**	**-**

The Company's service fees are subject to zero-rate VAT as these pertain to the Company's service fees collected from Parent Company under the service agreement which is considered export sale of services pursuant to Sec. 4.106-5 of Revenue Regulations No. 14-2005 (also known as the Consolidated Value-Added Tax Regulation of 2005).

(ii) Input VAT

Movements in input VAT for the year ended March 31, 2015 are as follows:

	Amount	
	PHP	**INR**
Beginning balance	12,024,508	16,128,473
Add: Current year's domestic purchases/payments for:		
Capital goods	242,146	334,161
Goods other than capital goods	54,326	74,970
Services lodged under cost of services	3,169,050	4,373,289
	15,490,030	**21,633,376**

Excess input value added tax is included in prepayments and other current assets in the statement of financial position.

(iii) All other local and national taxes

All other local and national taxes paid as at and for the year ended March 31, 2015 consists of:

	Amount	
	PHP	**INR**
Municipal taxes	1,377,763	1,901,313
Community tax	10,500	14,490
Barangay clearance	700	966
Annual registration fee	500	690
	1,389,463	**1,917,459**

All other local and national taxes are lodged in taxes and licenses in the statement of total comprehensive income.

(iv) Withholding taxes

Withholding taxes accrued and/or withheld and paid as at and for the year ended March 31, 2015 consists of:

	Paid		Accrued		Total	
	PHP	**INR**	**PHP**	**INR**	**PHP**	**INR**
Withholding tax on compensation	12,085,932	16,678,586	698,750	964,275	12,784,682	17,642,861
Expanded withholding tax	1,024,365	1,413,624	27,358	37,754	1,051,723	1,451,378
	13,110,297	**18,092,210**	**726,108**	**1,002,029**	**13,836,405**	**19,094,239**

Accrued withholding and other taxes are included in accounts payable and other current liabilities in the statement of financial position.

(v) Tax assessments

Taxable years 2014, 2013 and 2012 are open tax years as at March 31, 2015. The Company has not received any Final Assessment Notices (FAN) on the open tax years.

(vi) Tax cases

The Company has no pending tax cases in courts or bodies outside the BIR.