



Independent Auditor's Report on Financial Information

Prepared for Consolidation Purposes

From: KEZUKA ACCOUNTING, Chiba, *Japan*
Date: April 11, 2014
Subject: Component Audit of Infotech Enterprises Japan K.K. for the Year Ended March 31, 2014
To: Deloitte Haskins & Sells, Hyderabad, *India*

In accordance with the instructions in your letter dated March 27, 2014, we have audited, for purposes of your audit of the consolidated financial statements of Infotech Enterprises Limited, the accompanying reporting package prepared under Indian GAAP of Infotech Enterprises Japan K.K. as of and for the year ended March 31, 2014.

Management's Responsibility for Financial Information

Management is responsible for the preparation and presentation of this financial information in accordance with the recognition and measurement criteria of the applicable financial reporting framework in *India* and the disclosure and presentation requirements of the Group as contained in the reporting package. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with the recognition and measurement criteria of the applicable financial reporting framework in *India* and the disclosure and presentation requirements of the Group as contained in the reporting package; and making accounting estimates that are reasonable in the circumstances. This special purpose financial information has been prepared solely to enable Infotech Enterprises Limited to prepare its consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. *As requested, our audit procedures also included the additional procedures identified in your instructions.* International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information 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, if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

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 special purpose financial information for *Infotech Enterprises Japan K.K.* as of *March 31, 2014* and for the year then ended has been prepared, in all material respects, in accordance with the recognition and measurement criteria of generally accepted principles in India [Indian GAAP] and the additional requirements outlined by you in your referral instructions that you have informed us will ensure compliance with the applicable financial reporting framework in *India* and the disclosure and presentation requirements of the Group as contained in the reporting package.

Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to *Deloitte Haskins & Sells, Hyderabad* to enable it to prepare the consolidated financial statements of the group for the year ended *March 31, 2014*. The financial information may, therefore, not be suitable for another purpose.

April 11, 2014

April 11, 2014

Dumiharu Kezuka

KEZUKA ACCOUNTING, Japan

Infotech Enterprises Japan KK
Balance Sheet as at March 31, 2014

(Amount in JPY)

	Note	As at March 31, 2014		As at March 31, 2013	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	3	9,000,000		9,000,000	
Reserves and surplus	4	(197,696,682)	(188,696,682)	(158,809,835)	(149,809,835)
Non-current liabilities					
Long-term liabilities	5	-	-	-	-
Long-term provisions	6	-	-	-	-
Current liabilities					
Short-term borrowings	7	157,870,213		150,380,813	
Trade payables	8	201,568,707		61,152,302	
Other current liabilities	9	-		-	
Short-term provisions	10	11,933,371	371,372,291	7,791,163	219,324,278
TOTAL			182,675,609		69,514,443
ASSETS					
Non-current assets					
Goodwill					
Fixed assets					
Tangible assets	11A	2,775,551		-	
Intangible assets	11B	-		-	
Intangible assets under development					
Capital work-in-progress	11C		2,775,551		-
Non-current investments	12		-		-
Deferred tax assets (net)					
Long-term loans and advances	13		-		-
Other non-current assets	14		3,540,000		310,000
Current assets					
Current investments	15		-		-
Trade receivables	16	80,313,258		29,071,311	
Cash and cash equivalents	17	93,407,785		31,828,912	
Short-term loans and advances	18	2,639,015		8,304,220	
Other current assets	19		176,360,058		69,204,443
TOTAL			182,675,609		69,514,443

Initialed for identification purpose only

KA

Infotech Enterprises Japan KK
Statement of Profit and Loss for year ended March 31, 2014

(Amount in JPY)

	Note	For ten months ended March 31, 2014	For the year ended March 31, 2013
INCOME			
Revenue from operations			
Sale of services		235,303,655	133,413,678
Other operating revenue			-
Other income (net)	20	(2,342,028)	(1,483,098)
TOTAL REVENUE		232,961,627	131,930,580
EXPENSES			
Employee benefits expenses	21	82,690,403	67,584,131
Operating, administration and other expenses	22	188,247,171	108,709,353
Finance costs	23	167,895	-
Depreciation and amortisation expense	11D	673,005	-
TOTAL EXPENSES		271,778,474	176,293,484
Profit before exceptional items and tax		(38,816,847)	(44,362,904)
Exceptional items		-	-
Profit after exceptional items and before tax		(38,816,847)	(44,362,904)
Tax expense:			
(a) Current tax		70,000	70,209
(b) Earlier years tax			
(c) MAT credit			
(d) Deferred tax			
Profit after tax		(38,886,847)	(44,433,113)
Earnings per share			
(Equity shares, par value of xx each)			
- Basic		(43,207.61)	(49,370.13)
- Diluted		#DIV/0!	#DIV/0!
Weighted average number of equity shares			
- Basic		900	900
- Diluted		-	-

Initialed for identification purpose only

Infotech Enterprises Japan KK
Notes forming part of the financial statements

Note	As at March 31, 2014		As at March 31, 2013	
	Number of shares	Amount in JPY	Number of shares	Amount in JPY
3 Share capital Authorised capital Equity Shares of 10,000 each with voting rights	3,600		3,600	
		-		-
Issued, subscribed and fully paid-up capital Equity shares of 10,000 each with voting rights	900	9,000,000	900	9,000,000
		9,000,000		9,000,000

Notes:

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	March 31, 2014		March 31, 2013	
	Number of shares	Amount in JPY	Number of shares	Amount in JPY
Equity shares with voting rights				
Opening balance	900	9,000,000	900	9,000,000
Additions				
Deletions				
Any other				
Closing balance	900	9,000,000	900	9,000,000

Initialed for identification purpose only

terprises Japan KK
ing part of the financial statements

	As at March 31, 2014		As at March 31, 2013	
	in JPY		in JPY	
erves and surplus				
curities premium account				
Balance at the beginning of the year				
Add: Premium on shares issued during the year		-		-
Balance at the end of the year				
eneral reserve				
Balance at the beginning of the year				
Adjustments		-		-
Balance at the end of the year				
ontingency reserve				
Balance at the beginning of the year				
Additions/(deletions) during the year			-	
Balance at the end of the year				
urplus in the Statement of Profit and Loss				
Balance at the beginning of the year	(158,809,835)		(114,376,722)	
Add: Profit for the year	(38,886,847)		(44,433,113)	
Amount available for appropriation				
Less: Any Adjustments (Mention line item wise adjustments)				
Balance at the end of the year		(197,696,682)		(158,809,835)
urrency translation reserve				
Balance at the beginning of the year				
Additions / (deletions) during the year				
Balance at the end of the year		-		-
Total		(197,696,682)		(158,809,835)

aled for identification purpose only

Infotech Enterprises Japan KK
Notes forming part of the financial statements

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
5	Long-term liabilities				
	Others		-		
	Advance from Customers				
	Total		-		-

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
6	Long-term provisions				
	Provision for employee benefits				
	Provision for gratuity (net)		-		-
	Provision for compensated absences				
	Provision others				
	Provision for estimated losses on derivative contracts				
	Total		-		-

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
7	Short term borrowings				
	Other than acceptances		157,870,213		150,380,813
	Total		157,870,213		150,380,813

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
8	Trade payables				
	Other than acceptances		201,568,707		61,152,302
	Total		201,568,707		61,152,302

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
9	Other current liabilities				
	Unearned revenue				
	Unpaid dividends				
	Forward contract payables(net)				
	Other payables				
	- Statutory remittances and others (net)		-		
	- Advance from customers				
	- Payables on purchase of fixed assets				
	- Deferred premium/discount on forward contracts				
	Total		-		-

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
10	Short-term provisions				
	Provision for employee benefits				
	Provision for gratuity (net)	6,134,512	6,134,512	1,349,622	1,349,622
	Provision for compensated absences				
	Superannuation				
	Provision - others:				
	Provision for estimated losses on derivative contracts				
	Provision for warranty				
	Provision for proposed equity dividend				
	Provision for tax on proposed equity dividend				
	Provision for taxation (net of advances)		5,798,859		6,441,541
	Total		11,933,371		7,791,163

Initialed for identification purpose only

Notes forming part of the financial statements

11. Fixed Assets

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK		
	As at April 1, 2013	Acquisitions through Business Combinations	Additions during the year	Deductions during the year	As at March 31, 2014	As at April 1, 2013	Acquisitions through Business	For the period	Deletions	As at March 31, 2014	As at March 31, 2013
A											
a											
- Freehold											
- Leasehold											
b											
Building											
c			1,196,746		1,196,746			154,318		1,042,428	
Leasehold Improvements											
d											
Computers											
e											
Plant and Equipment											
f			2,251,810		2,251,810			518,687		1,733,123	
Office Equipment											
g											
Furniture and Fixtures (Including Interior Work)											
h											
Electrical Installations											
i											
Vehicles											
Total			3,448,556		3,448,556			673,005		673,005	2,775,551
Previous year											
B											
Intangible Assets											
a											
Computer Software											
b											
Other Intangible Assets											
Total											
Previous year											

	As at March 31, 2014	As at March 31, 2013
C		
Capital work-in-progress:		
- Construction related contracts		
- Other fixed assets		
Total		

	For 12 months ended March 31, 2014	For the year ended March 31, 2013
D		
Depreciation and amortisation expenses:		
- Depreciation and amortisation on tangible assets	673,005	
- Amortisation on intangible assets	673,005	
Total	1,346,010	

Initialed for identification purpose only

Infotech Enterprises Japan KK
Notes forming part of the financial statements

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
12	Non-Current Investments - TRADE Unquoted Investments a) Investment in wholly owned subsidiaries Infotech Enterprises xxxx shares with par value		-		-
	b) Other entity Name of the Company				
	Total		-		-

Note :

Particulars	As at March 31, 2014		As at March 31, 2013	
	in JPY		in JPY	
Aggregate cost of unquoted investments		-		-

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
13	Long Term Loans and Advances (Unsecured) a) Capital advances, considered good				
	b) Security deposits Considered good Considered doubtful				
	Less: Provision for doubtful deposits	-	-	-	-
	c) Loans and advances to related parties, considered good				
	d) Loans and advances to employees, considered good				
	e) Prepaid expenses, considered good				
	f) Advance income taxes (net of provisions)				
	g) MAT credit entitlement, considered good				
	h) Forward contract receivables (net)				
	i) Balances with government authorities				
	Total		-		-

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
14	Other non-current assets (Unsecured) Long-term trade receivables, considered good		3,540,000		310,000
	Total		3,540,000		310,000

Note		As at March 31, 2014		As at March 31, 2013	
		in JPY		in JPY	
15	Current Investments Quoted non trade Investments (at lower of cost and realisable value) Investment in Company				-
	Total		-		-

Note:

Particulars	As at March 31, 2014		As at March 31, 2013	
	in JPY		in JPY	
Aggregate cost of quoted investments		-		-
Aggregate market value of quoted investments		-		-

Initialed for identification purpose only

Infotech Enterprises Japan KK
Notes forming part of the financial statements

Note	As at March 31, 2014		As at March 31, 2013	
	in JPY		in JPY	
16	Trade receivables (Unsecured)			
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment:			
	Considered good	80,313,258	29,071,311	
	Considered doubtful			
	Less: Provision for doubtful trade receivables	80,313,258	29,071,311	29,071,311
	Other receivables, considered good			
	Total	80,313,258	29,071,311	29,071,311

Note	As at March 31, 2014		As at March 31, 2013	
	in JPY		in JPY	
17	Cash and cash equivalents			
	Cash on hand			
	Balances with banks	93,407,785	31,828,912	
	In current accounts			
	In EEFC Accounts			
	In deposit accounts (Refer Note i below)			
	In deposits held as margin money/security for bank guarantees			
In earmarked accounts				
Unpaid dividend account				
Remittance in transit				
		93,407,785	-	31,828,912
	Total	93,407,785	-	31,828,912

Note:

- (i) Balances with banks include deposits amounting to xxxx (31.03.2012 - xxxx) and margin monies amounting to xxxx (31.03.2012 - xxxx) which have an original maturity of more than 12 months.
Balances with banks include deposits amounting to xxxx (31.03.2012 - xxxx) and margin monies amounting to xxxx (31.03.2012 - xxxx) which have a maturity of more than 12 months from the Balance Sheet Date

Note	As at March 31, 2014		As at March 31, 2013	
	in JPY		in JPY	
18	Short-term loans and advances (Unsecured)			
	Loans and advances to related parties, considered good		1,366,563	6,829,460
	Loans and advances to employees, considered good		106,530	915,530
	Prepaid expenses, considered good		1,165,922	559,230
	Forward contract receivables (net)			
	Other loans and advances			
	Considered good			
	Considered doubtful			
	Less: Provision for other doubtful loans and advances	-	-	-
	Total	2,639,015	-	8,304,220

Note	As at March 31, 2014		As at March 31, 2013	
	in JPY		in JPY	
19	Other-current assets			
	Unbilled revenue (net)			
	Interest accrued on deposits			

Initialed for identification purpose only

Infotech Enterprises Japan KK
Notes forming part of the financial statements

Note		For nine months ended	For the year ended
		March 31, 2014	March 31, 2013
		in JPY	in JPY
20	Other income (net)		
	Interest on deposits		
	Dividend income	44,281	1,049
	- from current investments		
	- from associate		
	Net gain/(loss) on foreign currency transactions and translation (net)	(2,968,846)	(1,486,123)
	Net gain/(loss) on sale of Investment :		
	Current		
	Non-Current		
	Provision no longer required written back		
	Profit on Sale of Long Term Investments		
	Profit/(Loss) On Sale of Investments		
	Other non-operating income (Refer Note (i) below)		
	Miscellaneous Income	582,537	1,976
	Total	(2,342,028)	(1,483,098)
21	Employee benefits expenses		
	Salaries and bonus		
	Contribution to provident and other funds	69,682,408	57,662,829
	Social security and other benefits for overseas employees		
	Gratuity		
	Staff welfare expenses	13,007,995	9,921,302
	Total	82,690,403	67,584,131
22	Operating, administration and other expenses		
	Rent including lease rentals	8,331,811	8,091,171
	Rates and taxes	103,395	11,200
	Insurance	350,588	
	Travelling and conveyance	7,234,383	6,193,194
	Sub-contracting charges	138,232,431	76,811,898
	Communication	3,723,214	2,562,461
	Printing and stationery	673,690	784,786
	Power and fuel	427,123	
	Marketing expenses		
	Advertisement		
	Repairs and maintenance		
	- Buildings		
	- Machinery	120,000	
	- Others		
	Directors sitting fees	7,836,603	
	Legal & professional charges	7,426,578	5,945,280
	Bad debts/advances written off		
	Provision for doubtful debts		
	Loss on Discard of Fixed Assets		
	Auditors' remuneration (Refer Note (ii) below)		5,049,083
	Audit matters	750,000	
	for taxation matters	1,616,000	
	for company law matters		
	for management services		
	for other services	6,753,405	
	for reimbursement of expenses		
	Recruitment expenses	28,572	248,098
	Training and development		
	Purchase of computer software		
	Loss on fixed assets sold / scrapped / written off		
	Miscellaneous expenses	4,639,378	3,012,182
	Total	188,247,171	108,709,353
23	Finance costs		
	Interest on Rupee Term Loans		
	Interest expense on borrowings		
	Interest on Working Capital Loans		
	Interest - others	167,895	
	Total	167,895	-

Notes:

- i Other non-operating income comprises of :
Liabilities / provisions no longer required written back (net)
Miscellaneous income
Profit on sale of fixed assets

Total other non-operating income

-

- ii Auditors' remuneration comprises of :
As auditors - statutory audit
For other services
Reimbursement of expenses

Total Auditors' remuneration

750,000
390,000
3,669,405
4,659,083
9,119,405
5,049,083

Initialed for identification purpose only

Note 24

Note

As at December 31, 2014 As at March 31, 2013

(i) Contingent Liabilities

(a) Claims against the company not acknowledged as debt

(b) Guarantees

(c) Other money for which the company is contingently liable

(ii) Commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for

(b) Uncalled liability on shares and other investments partly paid

(c) Other commitments (specify nature)

Initialed for identification purpose only

Handwritten signature

