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**Report
About the Audit of the
Annual Financial Statement as of 31st March 2015**

NIIT Technologies GmbH
An der Dammheide 10

60486 Frankfurt am Main

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General Terms of Engagement for German Public Auditors and Auditing
Firms from 1st January 2002

List of Abbreviations

BilMoG	Bilanzrechtsmodernisierungsgesetz = German Accounting Law Modernisation Act of 25 th May 2009
BGB	Bürgerliches Gesetzbuch = German Civil Code
CHF	Swiss Francs
EGHGB	Introductory Act to the Commercial Code
EStG	Einkommensteuergesetz = Income Tax Act
EUR	Euro
GmbH	Limited Liability Company
GmbHG	German Limited Liability Company Act
GuV	Gewinn- und Verlustrechnung = Profit and Loss Statement
HGB	Handelsgesetzbuch = Commercial Code
HR	Handelsregister = Trade Register
[i. d. F.]	N/A
[i. S. d.]	N/A
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf = Association of auditors in Germany, located in Düsseldorf
IDW PS 400	IDW Prüfungsstandard = IDW Examination Standard: Principles of the correct wording of auditor's reports in audits (Version of 12/12/2012)
IDW PS 450	IDW Prüfungsstandard = IDW Examination Standard: Generally accepted reporting principles for audits of Annual Financial Statement (Version of 01/03/2012)
IKS	Internes Kontrollsystem = Internal Control System
PoC	Percentage of completion
TCHF	Thousand Swiss Francs
TEUR	Thousand Euros
TUS-\$	Thousand American Dollars
UmwG	Umwandlungsgesetz = German Transformation Act
UR-Nr.	Urkundenrollen-Nummer = Notarial Register Number

I. Audit Assignment

The General Assembly of 3rd June 2014 of the company

NIIT Technologies GmbH, Frankfurt am Main
(hereinafter also referred to as "Company")

chose us to be their auditors according to s.318 paragraph 1 HGB for the business year from 1st April 2014 to 31st March 2015. Thereupon, the executive board of the company engaged us to examine the **Annual Financial Statement of 31st March 2015** under inclusion of the accounting records in accordant application of s.316 and 317 HGB, and to submit a written report on the results of our examination. The letter of acceptance from 11th December 2014 has been signed by the executive board.

According to the size parameters described in s.267(1) HGB, the company is classified as a **small company limited by shares** and therefore, according to s.316 seqq. HGB, the company is under **no obligation to have an audit done**.

As the company has undergone the audit voluntarily, the examination report has been addressed to the examined company itself.

There is no legal obligation to set up **Consolidated Accounts** and a **Group Management Report** for the member group of the company, as it does not fulfil the size criteria defined in s.293 HGB.

We confirm pursuant to s.321(4)(a) HGB that we have observed the applicable regulations on independence when we were doing this audit.

The following report also includes details on the method and extent of our examination, as well as on its results. The report has been prepared according to the generally accepted reporting principles for audits of annual financial statements (IDW PS 450).

The execution of the audit and its results have been described in detail in **Parts II and III**. The unqualified auditor's opinion issued subsequent to the audit can be found in **Part IV**.

We have enclosed to our report the audited Annual Financial Report, consisting of the Balance Sheet (**Schedule 1**), the Profit and Loss Statement (**Schedule 2**) and the Annex (**Schedule 3**). **Schedule 4** includes the assignment of the unqualified auditor's opinion.

The execution of the engagement and our responsibilities – also in relation to third parties – was based on the “General Terms of Engagement for Public Auditors and Auditing Firms from 1st January 2002“, as agreed on and added as an **Schedule** to this report.

II. Subject, Method and Extent of the Audit

Subject of our examination were the **bookkeeping** and the **annual financial statement as of 31st March 2015** (Schedules 1 to 3) as well as the compliance with the applicable German legal regulations for accounting and the supplementary provisions of the articles of incorporation.

The assessment of the method and the appropriateness of the **insurance cover**, particularly whether the company has taken in consideration all risks and insured them in a sufficient manner, was not subject of the annual audit.

The **responsibility** for the correctness of the bookkeeping and the annual financial statement as well as for the information presented to us is with the executive board. Our task was to assess the documentation presented by the executive board in the frame of our dutiful examination.

We have executed the **auditing procedures** – with interruptions – in the month of April 2015 in the office rooms of the company in Monheim and in our office. After that, we have completed the audit report.

Starting point for our examination was the **annual financial statement of the previous year as of 31st March 2014**, which we had examined and provided with an unqualified auditor's opinion on 11th April 2014. That annual financial statement was approved without any changes on 3rd June 2014.

The **audited documents** were the accounting records, receipts, bank certificates as well as the company's files and correspondence.

During the **execution of our audit**, we followed the provisions of the commercial law pursuant to s.316 seqq. HGB and the **generally accepted auditing principles** laid down in the Examination Standards of the IDW. The goal of our auditing procedures was to enable us to assess the legal and correctness of the accounting. As for the method and extent of the auditing procedures, we have chosen the examined areas and organisation means of the accounting system under consideration of their economic significance in such a way that we would be able to disclose any false claims and violations of legal regulations – however, without specifically searching for any case of embezzlement - that could significantly affect the accurate presentation of the actual situation with regard to the company's assets, finances and earnings.

It was **neither** subject of our engagement to disclose and examine criminal actions, such as misappropriation or embezzlement, or criminal actions outside of the accounting field, nor to assess the efficiency and economy of the executive board. However, we have planned and performed the examination in such a way that we could disclose any irregularities significant for the accounting with sufficient reliability. The **responsibility for avoiding and for disclosing irregularities** is with the legal representatives of the company.

The examination was based on the **planning** of where the main emphasis should be placed throughout the examination under consideration of our preliminary assessment of the company and of the estimated effectiveness of the internal accounting control system (IKS). The estimates were mainly based on information about the legal and economic frame conditions. We were familiar with the risks of the industry, the corporate strategy and the resulting business risks from the examination of previous year's annual financial statement, from conversations with the executive board and with employees of the company, and from industry reports.

According to the risk areas determined in the course of the planning of the examination, we chose to place the **main emphasis of the examination** on:

- Review of the Percentage-of-Completion method (PoC method) with respect to contracts for work and services that continue after the date of the annual report
- Risks of using the PoC method
- Review of leasing contracts classified as "finance lease";
- Provisions;
- Intrinsic value of claims;
- Going concern.

Starting out from an assessment of IKS, we then determined the further **auditing procedures** after the principles of significance and economy. The method and extent of the analytical auditing procedures as well as the random examinations of individual cases were therefore determined under consideration of the significance of the examined areas and the organisation of the accounting. We have made selected spot checks which took into account the economic significance of the individual items of the annual financial statement and enabled us to examine whether the legal regulations for accounting had been sufficiently complied with.

We have performed mainly the **auditing procedures** listed below:

- We have checked the additions and deductions of the **tangible fixed assets** and the **intangible assets** by means of the original invoices as well as the depreciation rates.
- We have checked the intrinsic value of **shares as well as of loans to affiliated companies** by means of the annual financial statement 2014 / 2015 as well as by examining the affiliated companies' business plans for 2015 / 2015.
- We have verified the actual existence of the **trade accounts payable and receivable** by random requests for presentation of proof showing the current balances. Further, we have checked their intrinsic value by comparing them with the open accounts at the time of the audit.
- **Accounts payable and accounts receivable** were verified by means of the original documents. The valuation was checked. Set-off accounts with affiliated companies were compared with each other.
- The **liquid funds** were verified by means of cash registers and bank account statements. Bank confirmations were obtained for the period up to 31st March 2015.
- The **accruals and deferrals** were made by entering the income and expense records into the books already in the course of the year. We have checked the calculation of the monthly amount. Within the frame of the plausibility check of the Profit and Loss Statement we examined whether there is a need for further adjustments.
- In the **area of the reserves**, we have viewed the relevant documents and checked the mathematical calculations. We have consulted lawyers.
- We have checked the **Profit and Loss Statement** for its plausibility, correct delimitation of the year, completeness and documentation. We have requested and viewed individual documents.
- We have checked the **Notes** for their completeness and compliance with the Balance Sheet as well as with the Profit and Loss Statement.

We have documented the method, extent and results of the individual auditing procedures in our **exposure drafts**.

The executive board and the employees assigned to support us were always ready and helpful to provide us with any **information, explanations and evidence** requested.

The executive board confirmed in writing in the form of a **customary representation letter** that the accounting records and the examined annual financial statement as of 31st March 2015 include all assets, liabilities, risks and adjustments which need to be considered in a Balance Sheet, as well as all income and expenses, and that all necessary information had been given and all existing liabilities had been disclosed.

III. Findings and Explanations to the Accounting

1. CORRECTNESS OF ACCOUNTING

1.1. ACCOUNTING RECORDS AND OTHER EXAMINED DOCUMENTATION

Our audit was based on the company's **accounting** (financial accounting and asset management accounting).

The company enters the figures after the principle of double entry financial accounting using internal EDP equipment based on the programme SAP R/3 by the company SAP AG.

The company prepares the **asset management accounting and the payroll administration** and processes the figures by means of the programmes supplied by SAP AG or, respectively, DATEV.

The **internal accounting control system (IKS)** which the company has established is based on regulations appropriate to the purpose and extent of the business and provides efficient control of the organisation and performance of work procedures.

The **organisation of the accounting** and the internal control system based on the dates of invoicing, allow a complete, correct, timely and orderly registration and entry of all business operations. The **account plan** is sufficiently structured, the **evidence files** are laid out clearly and easy to find. The books had been started correctly with the figures from the previous annual balance which we had checked. For the whole period of the business year, the bookkeeping has complied with the generally accepted accounting principles.

The information derived from **other examined documentation** (e.g. cost accounting, planning accounting, organisational regulations, and reporting) supported an orderly reflection of the company's situation in the accounting records and the Annual Financial Statement.

In the course of the audit, we have not found any signs of weak points in the **IT-supported areas** with regard to the security of the processed data.

Altogether, based on our findings, we believe that **the accounting records and other examined documentation** comply with the legal regulations, including the generally accepted accounting principles and the supplementary provisions of the articles of incorporation.

1.2. ANNUAL FINANCIAL STATEMENT

On the reporting date, the company is to be classified as a **small company limited by shares** within the meaning of s.267(1) HGB. The annual financial statement as of 31st March 2015 has been set up in accordance to the applicable legal regulations, including the regulations specific to the legal structure of the company and the supplementary provisions of the articles of incorporation.

The company has made partial use of the **easements** depending on the company size when setting up the annual financial statement (s.274a, 276 and 288 HGB).

The Balance Sheet and the Profit and Loss Statement have been properly based on the accounting records and the other examined documentation. The structure of the **Balance Sheet (Schedule 1)** follows the scheme after s.266(2) and (3) HGB and has been extended by the item "Claims from Percentage-on-Completion". The **Profit and Loss Statement (Schedule 2)** has been set up after the procedures of total costs according to s.275(2) HGB. As far as the law allows **choices for the presentation** of the Balance Sheet or the Profit and Loss Statement, the respective explanations have been mostly given in the Annex.

In the **Annex (Schedule 3)**, the company has sufficiently explained the balancing and valuation methods used for the set-up of the Balance Sheet and the Profit and Loss Statement. All legally required individual details as well as the optional information in the Annex regarding the Balance Sheet as well as the Profit and Loss Statement, are complete and correct.

Therefore, according to our findings, the annual financial statement complies with the legal regulations, including the generally accepted accounting principles and the supplementary provisions of the articles of incorporation.

1.3. MANAGEMENT REPORT

The preparation of a management report has been waived of pursuant to s.264(1.4) HGB.

2. OVERALL RESULT OF THE ANNUAL FINANCIAL STATEMENT

2.1. NOTES ON THE OVERALL RESULTS OF THE ANNUAL FINANCIAL STATEMENT

According to s.321(2.3) HGB, the audit shall state whether the **overall annual financial statement** has been prepared in accordance to the generally accepted accounting principles and whether it reflects the actual situation of the assets, finances and income situation of the company. What is to be assessed is the overall picture presented by the combination of the individual components, which are the Balance Sheet, the Profit and Loss Statement as well as the Annex.

Our examination has shown that **s.264(2) HGB** has been complied with, and that the annual financial statement has been prepared in accordance to the generally accepted accounting principles and accurately reflects the actual situation of the assets, finances and income of the company.

Part 2.2. explains how the general interpretation of the annual financial statement “in accordance to the generally accepted accounting principles” is influenced by legitimate decisions concerning the balancing and the valuation.

2.2. SIGNIFICANT FEATURES FOR THE ASSESSMENT

1. Application of the Percentage-of-Completion method (PoC method) as a deviation from the realisation principle as codified in s.252(1.4) HGB, for fixed price projects that started before 31st March 2015 but were completed and accepted only after the date of this annual financial report

The company has processed several fixed price projects in the business year 2014 / 2015. In summary, **2 projects with a total fixed price volume of EUR 2,052,000** had not been completed and accepted **by the date of 31st March 2015**. According to the parent company's policy (work instruction), fixed price projects with a volume exceeding USD 50,000 are to be accounted for after the PoC method. Prior to every fixed price project a price calculation is done, which calculates and records the number of days probably required for the completion. The sales volume is then applied on a monthly basis according to the actual work days after the cost-to-cost method. By 31st March 2015, sales volumes totalling EUR 614,000 have been accounted for this way.

In line with contractual agreements the client shall provide instalment payments according to the actual progress of works. By 31st March 2015 a total of TEUR 571 has been entered into the books, as one project is almost completed, and the other one has been processed to 26 percent.

According to international financial reporting standards, only the differential amount between the sales volumes pro rata of TEUR 614 and the instalment payments of TEUR 517, i.e. the amount of TEUR 43, has been reported as outstanding moneys from the Percentage-of-Completion on 31st March 2015.

The company verifies according to the actually incurred direct and indirect costs as well as the still required number of days whether the agreed fixed price will cover all costs. If this is not the case suitable risk provisions are made.

On 31st March 2015 the company was not aware of any facts that could lead to the conclusion that the not yet completed and accepted projects could result in a loss. Within the frame of our review we, too, have not found any indications for impending losses from these fixed price agreements.

This assessment which is not directly imposed by German commercial law, has been covered by the following regulation:

S.252 HGB includes the codification of the general assessment principles. Accordingly, s.252 (1.4) provides the principle that revenues shall be considered only if they had been recognised by the date of the annual financial statement (the Realisation Principle). S.252 (2) HGB optionally allows a **deviation in founded exceptional cases**.

Commentaries provide that revenue recognition in **long-term projects** does constitute such an exception according to s.252 (2) HGB. In deviation from the recognition principle, it is common practice in long-term projects and also considered permissible in literature, to already recognise revenues in part even if the whole job has not yet been completed (partial recognition). The conditions allowing such partial recognition must be cumulatively present:

- It must be a long-term project, i.e. the duration of the process must exceed the duration of one business year.
- Long-term projects must constitute a significant part of the business activities of the company.
- If the job was reported only after the completion of the long-term project it would cause a not insignificant impairment of the assessment of the results of the company.

- The revenue expected from the long-term project must be determinable with certainty and there must be no obvious risks that could significantly affect the expected result.
- Carefully calculated provisions must have been made for unpredictable guarantee services and subsequent improvements.
- It must be possible to divide the total performance into partial works that can be delimited by calculation.
- Only the revenue applicable pro rata to these partial works may be recognised.
- If partial works are completed at significantly higher costs in comparison to the prior calculation the pro-rata revenue must not be recognised, unless it is ascertained that the still pending costs will be sufficiently covered.
- There must be no indication that the end-customer may raise any objections which could affect the overall result.

According to the documents, records and calculations presented to us, all these conditions have been fulfilled and, therefore, partial recognition is permissible as a founded exception after s.252 (2) HGB in deviation from the revenue recognition principle of s.252 (1.4).

2. Handling of Leasing Agreements

From the report year 2008 / 2009 on, new leasing agreements are classified, according to the guidelines of the parent company, as either:

- Finance lease; or
- Operating lease.

Correspondingly - in essence, also with the fiscal leasing enactments - leasing agreements are classified as **finance lease** if this condition is present:

- All and any risks and titles of the proprietor have been transferred to the lessor.

The leasing object is capitalised and depreciated. At the same time, a liability of the same amount is entered on the liabilities side. The leasing payments are divided in an interest and repayment portion. Per 31st March 2015, **no** agreements were capitalised. The leasing liabilities were valued at TEUR 0 on 31st March 2015. In the business year 2014 / 2015, **no** new leasing agreements classified as finance lease were entered into.

2. Deferred Taxes

For the first time, the company has exercised the accounting option of s.274 (1.2) HGB and has capitalised deferred taxes from tax reliefs from tax loss carry-forwards in the amount of the loss account to be expected for the next five years. This results in a payout block in the amount of the capitalised deferred taxes of TEUR 6.

IV. Rendition of the Auditor's Report and Conclusion

We have prepared the above report about the audit of the annual financial statement as of 31st March 2015 of the NIIT Technologies GmbH, Frankfurt am Main, in accordance with the legal regulations and the generally accepted reporting principles for audits of financial statements (IDW PS 450).

According to the final result of my examination, we have provided the company with an unqualified audit opinion on 19th April 2015, according to **Schedule 4**, with this wording:

"Auditor's Report

To NIIT Technologies GmbH, Frankfurt am Main

We have audited the annual financial statement – consisting of the Balance Sheet, the Profit and Loss Statement and the Annex - under inclusion of the accounting records of NIIT Technologies GmbH, Frankfurt am Main, for the business year from 1st April 2014 to 31st March 2015. The correctness of the accounting records and the set-up of the annual financial statement according to the regulations of the German commercial law and the supplementary provisions of the articles of incorporation are the responsibility of the legal representatives of the company. Our task is it to express an opinion on the Annual Financial Statement, under inclusion of the accounting records, based on the audit which we have performed.

We have performed our audit of the annual financial statement in accordance to s.317 HGB under consideration of the German Standards of Auditing Practice for Annual Financial Statements, published by the Institute of German Public Auditors and Auditing Firms (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement and the violation of legal provisions which may influence the presentation of a company's situation with regard to its assets, finances and earnings, as shown in the annual financial statement under observation of the generally accepted accounting principles. With regard to the choice of the auditing procedures, the auditor needs to consider the type of the business and the economic and legal environment of the company as well as the expectations with regard to possible mistakes. Within the frame of the examination, the auditor assesses the effectiveness of the internal accounting control system as well as the accuracy of the information presented in the accounting records and the Annual Financial Statement, which is done predominantly on the basis of spot-checks. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of

the Annual Financial Statement. We believe that our audit provides a reasonable basis for our opinion.

Our examination has not led to any objections.

In our opinion, based on the findings during the audit, the annual financial statement complies with the legal provisions and the supplementary provisions of the articles of incorporation, has been set up in compliance to the generally accepted accounting principles, and presents fairly, in all material respects, the financial position of the company with regard to its assets, finances and earnings.“

Any utilisation of the above audit opinion outside of this audit report requires our prior approval. Any publication or distribution of the Financial Report in a version different from the version we have certified (including translations into other languages) requires our additional approval if our audit opinion is quoted therein or if it refers to our audit; reference is made to s.328 HGB.

Baden-Baden, on 10th April 2015

Schedules

NIIT Technologies GmbH, Frankfurt am Main
BALANCE SHEET
ASSETS

	31.03.2015		31.03.2014	
	EUR	INR	EUR	INR
A. FIXED ASSETS				
I. Intangible assets				
1. Industrial property rights and similar rights and privileges as well as licenses based on such rights and values	462.33	30,961	7,333.33	606,674
2. Goodwill of the business	-	-	12,885.10	1,065,962
II. Tangible assets	462.33	30,961	20,218.43	1,672,636
1. Other assets, fixtures and fittings	12,191.30	816,406	18,891.22	1,562,839
III. Financial assets				
1. Shares in affiliate companies	1.00	67	1.00	83
B. CURRENT ASSETS				
I. Accounts receivable and other assets				
1. Trade accounts receivable	1,096,322.52	73,416,663	1,144,070.48	94,647,006
2. Claims from percentage-of-completion	43,473.00	2,911,226	95,443.61	7,895,888
3. Claims against affiliated companies	79,900.27	5,350,625	-	-
4. Other assets	16,558.00	1,108,828	15,408.00	1,274,678
	1,236,253.79	82,787,342	1,254,922.09	103,817,571
II. Cash balance, bank deposits	1,032,845.07	69,165,813	912,588.93	75,496,931
C. ACCOUNT ADJUSTMENTS	127,930.64	8,567,042	145,028.77	11,997,984
D. CAPITALISED DEFERRED TAXES	5,694.00	381,306	23,779.00	1,967,196
	2,415,378.13	161,748,936	2,375,429.44	196,515,239

PER 31st MARCH 2015

LIABILITIES

	31.03.2015		31.03.2014	
	EUR	INR	EUR	INR
A. EQUITY				
I. Subscribed capital	537,900.00	36,021,173	537,900.00	44,499,553
II. Capital reserves	682,330.60	45,693,156	682,330.60	56,448,051
III. Balance loss	(387,506.14)	(25,949,852)	(452,193.90)	(37,409,233)
	832,726.46	55,764,610	768,036.70	63,538,371
B. RESERVES				
1. Tax provisions	36,573.85	2,449,215	52,341.92	4,330,158
2. Other reserves	154,079.05	10,318,104	211,618.53	17,506,841
	190,652.90	12,767,319	263,960.45	21,836,999
C. LIABILITIES				
1. Trade accounts payable	45,880.23	3,072,429	129,898.06	10,746,246
2. Liabilities to affiliated companies	810,008.48	54,243,271	692,349.32	57,276,882
3. Other liabilities	90,465.67	6,058,151	97,392.97	8,057,155
thereof taxes: EUR 95.517,64 (previous year: EUR 26.608,08)	946,354.38	63,373,851	919,640.35	76,080,283
thereof for social security payments EUR 0.00 (previous year: EUR 0.00)				
D. ACCRUALS AND DEFERRALS	445,646.39	29,843,290	423,791.94	35,059,587
	2,415,378.13	161,748,936	2,375,429.44	196,515,239

Profit and Loss Statement
for the period from 1st April 2014 to 31st March 2015

	01.04.2014 - 31.03.2015		01.04.2013 - 31.03.2014	
	EUR	INR	EUR	INR
1. Sales revenue	4,772,741.36	373,511,358	6,020,714.86	486,306,987
2. Other business income	84,528.50	6,615,141	132,268.46	10,683,628
	4,857,269.86	380,126,499	6,152,983.32	496,990,615
3. Material expenditures				
a) Expenses for received services	(2,144,328.53)	(167,813,632)	(2,708,008.63)	(218,732,085)
4. Gross result	2,712,941.33	212,312,867	3,444,974.69	278,258,529
5. Expenses for staff				
a) Wages and salaries	(1,687,954.16)	(132,098,097)	(1,936,865.20)	(156,445,057)
b) Social contributions and payments for old-age pension insurance and for support; thereof for old-age pension EUR 14,655.90 (Previous year: EUR 12,584.39))	(277,681.86)	(21,731,186)	(329,880.47)	(26,645,204)
6. Depreciation				
a) On intangible fixed assets and tangible assets	(29,758.26)	(2,328,860)	(37,622.30)	(3,038,840)
7. Other business expenses	(616,488.96)	(48,245,989)	(777,525.06)	(62,802,487)
8. Result from business operation	101,058.09	7,908,735	363,081.66	29,326,941
9. Earned interest and similar income	161.32	12,625	333.72	26,955
10. Depreciation of financial investments	-	-	158,499.48	12,802,368
11. Paid interest and similar expenses	(304.49)	(23,829)	(274.83)	(22,199)
12. Financial result	(143.17)	(11,204)	158,440.59	12,797,611
13. Result from ordinary business operation	100,914.92	7,897,530	204,641.07	16,529,330
14. Taxes on income and profit				
Thereof deferred taxes EUR ./ 18,085.00 (Previous year: EUR 42,435.44)	(36,227.16)	373,511,358	(94,860.89)	486,306,987
15. Annual surplus / annual deficit	64,687.76	5,062,418	109,780.18	8,867,198
16. Loss carried forward from the previous year	(452,193.90)	(35,388,374)	(561,974.08)	(45,391,939)
17. Balance Loss	(387,506.14)	(30,325,956)	(452,193.90)	(36,524,741)

Annex for the Business Year 2014 / 2015**S.284 HGB seqq.****A. General Information**

1. The **annual financial statement** has been set up based on the legal regulations after s.238 seqq. HGB.
2. The **supplementary regulations** for publicly listed companies after s.264 HGB seqq. have been adhered to. At the reporting date, the company has a size classifying it as a **small company limited by shares** according to s.267 paragraph 1 HGB. The company has made partly use of the size-dependent easements after s.288 HGB.

B. Information on the Balancing and Valuation Methods

3. The **applied balancing and valuation methods** are, by principle, based on the regulations of the commercial law and, as far as possible, of the tax law. This applies to the following principles and methods:

Assets

4. The **intangible assets as well as the tangible assets** are valued with their original cost of acquisition or production and are, if they are subject to wear and tear, reduced by the **scheduled depreciation** rate in accordance to their useful life. The useful life of the individual assets is estimated on the basis of the minimum values in the depreciation tables used for fiscal purposes, unless the expected useful life differs. The **goodwill value of the business** is depreciated according to its assumed term of use of 15 years; this corresponds to the probable period of the utilisation of services.
5. All assets are depreciated linearly. The depreciation of additions to the tangible assets is calculated month by month, starting with the month of the addition.

6. The **financial assets** have been also calculated with their cost of acquisition and, in the case of continuous reduction of their value, reduced by the rate of depreciation.
7. **Accounts receivable and other assets** are, by principle, shown with their nominal value. To already recognisable risks, the accounting responds with adjustments of individual values.
8. **Claims from percentage-of-completion** have been recognised with the pro-rata fixed price according to the progress of the project, reduced by the already invoiced instalment payments.
9. The **liquid funds** have been given with their nominal value.
10. The **accruals and deferrals on the asset side** include prepayments for future periods delimited pro rata temporis.
11. The item **capitalised deferred taxes** includes tax reliefs from tax loss carry-forwards in the amount of the expected loss account for the next five years.

Liabilities

12. The **tax reserves and other reserves** have been reasonably considered with recognisable risks and uncertain liabilities as well as possibly impending losses from pending transactions in mind. They have been established with their appropriate settlement amounts as necessary after reasonable economic assessment (i.e. including future increases of cost and prices).
13. All the **liabilities** have been given with their settlement rates.
14. The **accruals and deferrals on the liabilities side** include received prepayments on delimited pro rata temporis.

Leasing Liabilities

15. Payments under leasing agreements are generally recognised as expenses. Leasing agreements classified as **finance lease** are entered on the assets side and, at the same time, a leasing liability is entered on the liabilities side. The asset is depreciated according to its time of use. The leasing payments are split up in a repayment portion and an interest portion.

Asset and Liability Items

16. **Assets and liabilities in foreign currencies** are, by principle, converted according to the mean spot foreign exchange rate on the balance date. If the remaining period is more than one year, the realisation principle - s.252(1)(4) HGB - and the historical cost principle – s.253(1) HGB – are being observed.

C. Information on the Balance Sheet

17. The **Balance Sheet** is structured in account form according to s.266 (2) and (3) HGB.
18. The development of the fixed assets in the business year 2014 / 2015 is illustrated in the **Table of Assets** - s.268(2) HGB. It has been enclosed hereto as Schedule 3/5.
19. The **share ownership** of the company NIIT Technologies GmbH, Frankfurt am Main, is shown below:

Affiliated Companies	Currency	Capital Share in %	Equity in TSD	Annual Result in TSD
Abroad				
NIIT Technologies AG, Lucerne/ Switzerland	CHF	100.0	25	./295

20. The **claims against affiliated companies** are trade accounts receivable.
21. The accounted **capitalised deferred taxes** in the amount of TEUR 24 result from deferred tax claims of losses carried forward. The assessment of deferred tax is based on a corporation-specific tax rate of 33.05 %. Corporate tax including the solidarity surcharge has been accounted for with 15.825 % and trade tax with 17.225 %.
22. The **balance loss** includes losses carried forward of TEUR 452 (previous year: losses carried forward TEUR 562).

23. A **profit payout block** results from capitalisation in accordance with s.268 (8) HGB in the below amount.
From activation of deferred taxes: EUR 6.
24. The **other reserves** are mainly for liabilities resulting from pending invoices, holiday claims, incentive payments, contributions to the employers' liability insurance association and auditing costs.
25. The **liabilities** include liabilities with a remaining period of up to one year in an amount of TEUR 946 (previous year: TEUR 920). The **liabilities to affiliated companies** are trade accounts payable. The liabilities to affiliated companies in the amount of TEUR 783 (previous year: TEUR 685) are **liabilities to shareholders**.
26. The **other financial obligations** within the meaning of s.285(3) HGB as of 31st March 2015 amount to TEUR 94 (previous year: TEUR 132) for the upcoming business year. For the business years after that, the financial obligations amount to TEUR 242 (previous year: TEUR 209).

D. Information on the Profit and Loss Statement

27. The **Profit and Loss Statement** has been set up according to s.275(2) HGB after the total cost procedure. Beside this, the company does not balance expenditures against earnings.

E. Other Mandatory Information

28. On the average, the company employed 24 employees (previous year: 20) throughout the business year.

29. Throughout the past business year, the **executive board** was represented by:

Mr Arvind Thakur - Chairman of the Executive Board of NIIT
Technologies Limited, New Delhi/India

Mr Ashok Kumar Talwar - Merchant

30. The company's annual financial statement will be incorporated in the Group's Consolidated Annual Financial Statements of NIIT Technologies Limited, New Delhi/India (parent company) as of 31st March 2015 (smallest and largest consolidation circle). The Group's Consolidated Annual Financial Statements are published in India in the Companies Register of New Delhi as well as on the website NIIT.com.

Frankfurt am Main, on 9th April 2015

The Executive Board

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Arvind Thakur

Auditor's Report and Opinion

To NIIT Technologies GmbH, Frankfurt am Main:

We have audited the annual financial statement – consisting of the Balance Sheet, the Profit and Loss Statement and the Annex - under inclusion of the accounting records of NIIT Technologies GmbH, Frankfurt am Main, for the business year from 1st April 2014 to 31st March 2015. The correctness of the accounting records and the set-up of the annual financial statement according to the regulations of the German commercial law and the supplementary provisions of the articles of incorporation are the responsibility of the legal representatives of the company. Our task is it to express an opinion on the Annual Financial Statement, under inclusion of the accounting records, based on the audit which we have performed.

We have performed our audit of the annual financial statement in accordance to s.317 HGB under consideration of the German Standards of Auditing Practice for Annual Financial Statements, published by the Institute of German Public Auditors and Auditing Firms (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement and the violation of legal provisions which may influence the presentation of a company's situation with regard to its assets, finances and earnings, as shown in the annual financial statement under observation of the generally accepted accounting principles. With regard to the choice of the auditing procedures, the auditor needs to consider the type of the business and the economic and legal environment of the company as well as the expectations with regard to possible mistakes. Within the frame of the examination, the auditor assesses the effectiveness of the internal accounting control system as well as the accuracy of the information presented in the accounting records and the Annual Financial Statement, which is done predominantly on the basis of spot-checks. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Annual Financial Statement. We believe that our audit provides a reasonable basis for our opinion.

Our examination has not led to any objections.

In our opinion, based on the findings during the audit, the annual financial statement complies with the legal provisions and the supplementary provisions of the articles of incorporation, has been set up in compliance to the generally accepted accounting principles, and presents fairly, in all material respects, the financial position of the company with regard to its assets, finances and earnings.

Baden-Baden, on 10th April 2015



Wolfgang Hammer
Wirtschaftsprüfer



Sabine Gehring
Wirtschaftsprüferin

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Wolfgang Hammer
Public Auditor

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Sabine Gehring
Public Auditor