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**Report
About the Audit of the
Annual Financial Statement as of
31st March 2017**

**NIIT Technologies GmbH
Brockenheimer Landstraße 51-53**

60325 Frankfurt am Main

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General Terms of Engagement for German Public Auditors and Auditing
Firms from 1st January 2017

List of Abbreviations

BiMoG	Bilanzrechtsmodernisierungsgesetz = German Accounting Law Modernisation Act of 25 th May 2009
BiRUG	Bilanzrichtlinie-Umsetzungsgesetz = German Accounting Directives Implementation Act of 17th July 2015
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
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 21st June 2016 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 2016 to 31st March 2017. Thereupon, the executive board of the company engaged us to examine the **Annual Financial Statement of 31st March 2017** 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 13th January 2017 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 III. and IV.** The unqualified auditor's opinion issued subsequent to the audit can be found in **Part V.**

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 2017", 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 2017** (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 2017 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 2016**, which we had examined and provided with an unqualified auditor's opinion on 14th April 2016. That annual financial statement was approved without any changes on 21st June 2016.

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 2016 / 2017 as well as by examining the affiliated companies' business plans for 2017 / 2018.
- 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 2017.
- 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 2017 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 2017 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.

For the first time changes have been taken into account which were introduced by the **Accounting Directives Implementation Act from 17th July 2015 (BilRUG)**.

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. 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 2017, no agreements were capitalised. The leasing liabilities were valued at TEUR 0 on 31st March 2017. In the business year 2016 / 2017, no new leasing agreements classified as finance lease were entered into.

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 2017 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 12th April 2017, 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 2016 to 31st March 2017. 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.

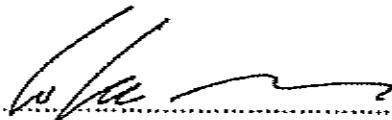
We have performed our audit of the annual financial statement in accordance to s.317 HGB under consideration of the German Standards of Auditing Practice for Annual Financial Statements, published by the Institute of German Public Auditors and Auditing Firms (IDW). Those standards require that we plan 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.

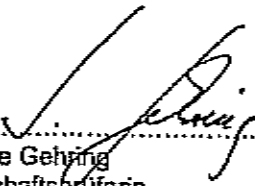
Our examination has not led to any objections.

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 12th April 2017


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Wolfgang Hammer
Wirtschaftsprüfer


.....
Sabine Gehring
Wirtschaftsprüferin

Schedules

	31.03.2017		31.03.2016	
	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	8,396.79	5,82,602.68	11,822.70	8,91,041.43
II. Tangible assets				
1. Other assets, fixtures and fittings	11,755.00	8,15,608.92	13,710.47	10,33,316.99
III. Financial assets				
1. Shares in affiliate companies	1.00	69.38	1.00	75.37
B. CURRENT ASSETS				
I. Accounts receivable and other assets				
1. Trade accounts receivable	11,66,747.71	809,53,623.11	11,81,139.68	890,18,954.26
2. Claims against affiliated companies	1,77,392.38	123,08,192.89	1,59,482.98	120,19,753.75
3. Other assets	49,107.41	34,07,268.54	37,745.53	28,44,767.36
	<u>13,93,247.50</u>	<u>966,69,084.54</u>	<u>13,78,369.19</u>	<u>1038,83,475.38</u>
II. Cash balance, bank deposits	13,71,706.31	951,74,470.61	10,80,869.82	814,61,915.72
C. ACCOUNT ADJUSTMENTS	1,29,146.20	89,60,679.94	1,44,609.65	108,98,795.49
D. CAPITALISED DEFERRED TAXES	-	-	9,556.00	7,20,207.05
Total	29,14,252.60	2022,02,516.28	26,38,937.83	1988,88,827.43

	31.03.2017		31.03.2016	
	EUR	INR	EUR	INR
A. EQUITY				
I. Subscribed capital	5,37,900.00	373,21,653.60	5,37,900.00	405,39,909.30
II. Capital reserves	6,82,330.60	473,42,826.35	6,82,330.60	514,25,210.33
III. Balance loss	(13,673.41)	(9,48,715.88)	(5,54,162.09)	(417,65,534.24)
	<u>12,06,557.19</u>	<u>837,15,764.07</u>	<u>6,66,068.51</u>	<u>501,99,585.39</u>
B. RESERVES				
1. Tax provisions	1,12,660.01	78,16,802.13	783.91	59,080.94
2. Other reserves	2,03,541.12	141,22,497.07	1,57,388.62	118,61,908.12
	<u>3,16,201.13</u>	<u>219,39,299.20</u>	<u>1,58,172.53</u>	<u>119,20,989.07</u>
C. LIABILITIES				
1. Trade accounts payable	17,897.85	12,41,824.42	31,103.00	23,44,139.80
2. Liabilities to affiliated companies	7,51,913.91	521,70,794.73	8,53,870.68	643,53,671.54
3. Other liabilities	1,32,821.93	92,15,716.79	1,42,345.85	107,28,179.68
thereof taxes: EUR 128,971.21 (previous year: EUR 141,427.59)	9,02,633.69	626,28,335.95	10,27,319.53	774,25,991.02
thereof for social security payments EUR 0.00 (previous year: EUR 0.00)				
D. ACCRUALS AND DEFERRALS	4,88,860.79	339,19,117.05	7,87,377.26	593,42,261.95
Total	29,14,252.80	2022,02,516.28	26,38,937.83	1988,88,827.43

	01.04.2016 - 31.03.2017		01.04.2015 - 31.03.2016	
	EUR	INR	EUR	INR
1. Sales revenue	69,41,945.82	5124,73,010.14	52,23,944.22	3736,42,610.34
2. Other business income	2,33,195.79	172,15,137.02	1,57,959.94	112,98,084.71
	71,75,141.61	5296,88,147.15	53,81,904.16	3849,40,695.04
3. Material expenditures				
a) Expenses for received services	(30,08,760.00)	(2221,14,711.63)	(23,40,659.01)	(1674,15,635.69)
4. Gross result	41,66,381.61	3075,73,435.52	30,41,245.15	2175,25,059.35
5. Expenses for staff				
a) Wages and salaries	(25,18,768.55)	(1859,42,232.07)	(20,22,227.68)	(1446,39,834.81)
b) Social contributions and payments for old-age pension insurance and for support; thereof for old-age pension EUR 12,533.34 (Previous year: EUR 13,633.34)	(4,36,238.01)	(322,04,256.83)	(3,08,700.42)	(220,79,797.54)
6. Depreciation				
a) On intangible fixed assets and tangible assets	(10,789.88)	(7,96,537.80)	(7,978.68)	(5,70,675.09)
b) On current assets, as far as they exceed the depreciation rates customary in the company	-	-	(3,00,000.00)	(214,57,500.00)
7. Other business expenses	(5,15,371.36)	(380,46,092.41)	(5,74,319.73)	(410,78,218.69)
8. Result from business operation	6,85,213.81	505,84,316.40	(1,71,981.36)	(123,00,966.77)
9. Earned interest and similar income	-	-	3,309.65	2,36,722.72
10. Paid interest and similar expenses	(4,592.04)	(3,38,996.68)	(6,264.72)	(4,48,084.10)
11. Financial result	(4,592.04)	(3,38,996.68)	(2,955.07)	(2,11,361.38)
12. Result from ordinary business operation	6,80,621.77	502,45,319.72	(1,74,936.43)	(125,12,328.16)
13. Taxes on income and profit				
Thereof deferred taxes EUR ./ 9,556 (Previous year: EUR 3,662)	(1,40,133.09)	(103,44,999.56)	8,280.48	5,92,261.33
14. Annual surplus / annual deficit	5,40,489.68	399,00,320.16	(1,66,655.95)	(119,20,066.82)
15. Loss carried forward from the previous year	(5,54,162.09)	(409,09,727.87)	(3,87,506.14)	(277,16,376.66)
16. Balance Loss	(13,673.41)	(10,09,407.70)	(5,54,162.09)	(396,36,443.49)

Annex for the Business Year 2016 / 2017

S.284 HGB seqq.

A. General Information

1. **NIT Technologies GmbH** is headquartered in Frankfurt am Main and is registered with the Commercial Register at the Frankfurt am Main Local Court with the register number **HRB 96968**.
2. The annual financial statement has been set up based on the legal regulations after s.238 seqq. HGB, as amended by the Accounting Directive Implementation Act (BilRUG).
3. 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.
4. In the financial year 2016, a reorganisation was performed as to the Accounting Directive Implementation Act (BilRUG). The figures of the profit and loss statement of the previous year were adjusted to the changed form of the presentation, while the HGB in the version of the BilRUG was applied for the first time. Therefore, the form of the presentation (Sec. 265 para. 1 HGB) as well as the amounts of the previous year (Sec. 265 para. 2 HGB) are comparable. Also the amount of the previous year provided in the schedules have been adjusted and are therefore also comparable.

B. Information on the Balancing and Valuation Methods

5. 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

6. 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.
7. 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.
8. 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.
9. **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.
10. The **liquid funds** have been given with their nominal value.
11. The **accruals and deferrals on the asset side** include prepayments for future periods delimited pro rata temporis.
12. 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

13. 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).

14. All the liabilities have been given with their settlement rates.
15. The accruals and deferrals on the liabilities side include received prepayments on delimited pro rata temporis.

Leasing Liabilities

16. 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

17. 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

18. The Balance Sheet is structured in account form according to s.268 (2) and (3) HGB.
19. The development of the fixed assets in the business year 2016 / 2017 is illustrated in the Table of Assets - s.268(2) HGB. It has been enclosed hereto as Schedule 3/5.
20. 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	/. 301	/. 29

21. The claims against affiliated companies are trade accounts receivable.

22. The **balance loss** includes losses carried forward of TEUR 554 (previous year: losses carried forward TEUR 387).
23. 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.
24. The **liabilities** include liabilities with a remaining period of up to one year in an amount of TEUR 903 (previous year: TEUR 1,027). The **liabilities to affiliated companies** include liabilities of TEUR 552 (previous year: TEUR 454) from trade accounts payable as well as TEUR 200 (previous year: TEUR 400) from a granted loan. The liabilities to affiliated companies in the amount of TEUR 319 (previous year: TEUR 414) are **liabilities to shareholders**.
25. The **other financial obligations** within the meaning of s.285(3) HGB as of 31st March 2017 amount to TEUR 110 (previous year: TEUR 102) for the upcoming business year. For the business years after that, the financial obligations amount to TEUR 113 (previous year: TEUR 193).

D. Information on the Profit and Loss Statement

26. 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

27. On the average, the company employed 36 employees (previous year: 26) throughout the business year.

28. 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 (until 9 August 2016)
Mr Ashok Kumar Talwar	-	Merchant
Mr Satyakanta Samal		Executive Vice President – Europe (from 9 August 2016)

29. 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 2017 (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.

30. **Supplementary Report**

After the end of the financial year 2016 / 2017 no events of particular significance have occurred.

31. **Appropriation of Earnings**

The annual financial report has been set up in consideration of the complete appropriation of earnings. The financial year 2016 / 2017 ends with an annual surplus in the amount of TEUR 540.

Frankfurt am Main, on 10th April 2017

The Executive Board

.....
Satyakanta Samal

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 2016 to 31st March 2017. 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.

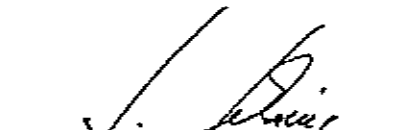
We have performed our audit of the annual financial statement in accordance to s.317 HGB under consideration of the German Standards of Auditing Practice for Annual Financial Statements, published by the Institute of German Public Auditors and Auditing Firms (IDW). Those standards require that we plan 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 12th April 2017


.....
Wolfgang Hammer
Wirtschaftsprüfer


.....
Sabine Gehring
Wirtschaftsprüferin

General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as of January 1, 2017

DOKID:

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1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüfer) or German Public Audit Firms (Wirtschaftsprüfungsgesellschaften) – hereinafter collectively referred to as “German Public Auditors” – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ordnungsgemäßer Berufsausübung). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (betriebswirtschaftliche Prüfungen), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (Textform) [Translator's Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-term reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs. 1 [paragraph 1] HGB [German Commercial Code: Handelsgesetzbuch], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer, Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke damages and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public Auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (Steuerberatungsvergütungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete completion of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (Verbraucherstreitbelegungsgesetz).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.