**NIIT Technologies Inc., USA**
**Balance Sheet**

| Particulars | Notes | (All Amount in USD Thousand) March 31, 2018 | (All amount in INR in March 31, 2018 | (All Amount in USD Thousand) March 31, 2017 | (All amount in INR in Thousand) March 31, 2017 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 3 | 231 | 15,008 | 293 | 5,205 |
| Goodwill | 4 | 35 | 2,278 | 35 | 2,333 |
| Other intangible assets | 4 | 0 | 12 | 1 | 54 |
| Financial assets | | | | | |
| Investments | 5 (i) | 3,221 | 209,827 | 3,221 | 214,929 |
| Other financial assets | 5 (ii) | 51 | 3,303 | 51 | 51 |
| Deferred tax assets | 6 | 270 | 17,591 | 485 | 32,349 |
| **Total non-current assets** | | **3,808** | **248,019** | **4,085** | **254,920** |
| | | | - | | - |
| **Current assets** | | | - | | - |
| Financial assets | | | - | | - |
| Trade receivables | 5 (iii) | 24,405 | 1,589,725 | 20,905 | 1,394,865 |
| Cash and cash equivalents | 5 (iv) | 11,887 | 774,323 | 11,518 | - |
| Loans | 5 (v) | 1,700 | 110,738 | 900 | 60,052 |
| Other financial assets | 5 (ii) | 1,243 | 80,967 | 634 | 42,303 |
| Current tax assets | 7 | 529 | 34,479.11 | 418 | 27,873.75 |
| Other current assets | 8 | 1,677 | 109,247 | 546 | 36,431 |
| **Total current assets** | | **41,441** | **2,699,480** | **34,921** | **2,330,052** |
| **TOTAL ASSETS** | | **45,249** | **2,947,499** | **39,006** | **2,602,651** |
| | | | - | | - |
| **EQUITY AND LIABILITIES** | | | - | | - |
| **Equity** | | | - | | - |
| Equity share capital | 9 | 2,838 | 184,860 | 2,838 | 189,355 |
| **Other equity** | | | | | |
| Reserves and Surplus | 10 | 22,618 | 1,473,311 | 22,090 | 1,473,930 |
| **Total equity** | | **25,456** | **1,658,171** | **24,928** | **1,663,286** |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Financial Liabilities | | | | | |
| Trade Payables | 11 | 16,849 | 1,097,570 | 12,151 | 810,797 |
| Provisions | 12 | 784 | 51,047 | 444 | 29,603 |
| Other current liabilities | 13 | 2,160 | 140,711 | 1,483 | 98,965 |
| **Total current liabilities** | | **19,793** | **1,289,328** | **14,078** | **939,365** |
| **TOTAL EQUITY AND LIABILITIES** | | **45,249** | **2,947,499** | **39,006** | **2,602,651** |

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For S.R Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number: 101049/E300004

For and on behalf of the
Board of Directors

**Yogender Seth**
Partner
Membership Number: 094254

**Arvind Thakur**
Director

**Lalit Kumar Dhingra**
Director

Place: Gurgaon
Date: May 04, 2018

Place: Noida
Date: May 04, 2018

Place: Atlanta, USA
Date: May 04, 2018

**NIIT Technologies Inc., USA**
**Statement of Profit and Loss**

| **Particulars** | **Notes** | (All Amount in USD Thousand) **Year ended March 31, 2018** | (All amount in INR Thousand) **Year ended March 31, 2018** | (All Amount in USD Thousand) **Year ended March 31, 2017** | (All amount in INR Thousand) **Year ended March 31, 2017** |
|---|---|---|---|---|---|
| Revenue from operations | 14 | 188,980 | 12,183,159 | 168,533 | 11,305,676 |
| Other income | 15 | 2,525 | 162,787 | 326 | 21,884 |
| **Total income** | | **191,505** | **12,345,946** | **168,859** | **11,327,561** |
| **Expenses** | | | | | |
| Employee benefit expense | 16 | 11,336 | 730,821 | 12,022 | 806,467 |
| Depreciation and amortization expense | 17 | 146 | 9,427 | 230 | 15,425 |
| Other expenses | 18 | 5,681 | 366,238 | 4,876 | 327,119 |
| Professional Charges | 19 | 167,119 | 10,773,834 | 147,062 | 9,865,375 |
| Finance costs | 20 | 26 | - | 38 | - |
| **Total expenses** | | **184,308** | **11,880,320** | **164,228** | **11,014,385** |
| **Profit before exceptional items and tax** | | **7,196** | **465,626** | **4,631** | **313,175** |
| Exceptional items | | - | - | - | - |
| **Profit before tax** | | **7,196** | **465,626** | **4,631** | **313,175** |
| Income Tax expense: | | | | | |
| Current tax | 21 | 1,454 | 94,713 | 2,075 | 139,220 |
| Deferred tax | 21 | 215 | - | (74) | - |
| Total tax expense | | **1,669** | **94,713** | **2,001** | **134,239.86** |
| **Profit for the period** | | **5,528** | **356,356.93** | **2,630** | **176,395.62** |
| | | | - | | - |
| **Other comprehensive income** | | | - | | - |
| *Items that may be reclassified to Profit or Loss* | | - | - | - | - |
| Changes in fair value of FVOCI debt instruments | | - | - | - | - |
| | | | - | - | - |
| *Items that will be not be reclassified to Profit or Loss* | | | - | - | - |
| Remeasurement of post - employment benefit obligations | | - | - | - | - |
| Income tax relating to these items | | - | - | - | - |
| **Other comprehensive income for the year, net of tax** | | - | - | - | - |
| **Total comprehensive income for the year** | | **5,528** | **356,356.93** | **2,630** | **176,395.62** |
| | | | - | | - |
| **Earnings per share (of US$ 1 each) for profit from continuing operations attributable to owners of NIIT Technologies Inc.:** | | | - | | - |
| Basic earnings per share | | 1.95 | 125.57 | 0.93 | 62.16 |
| Basic Earning Per Share and Diluted Earning Per Share | 28 | 1.95 | 125.57 | 0.93 | 62.16 |

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For S.R Batliboi & Associates LLP
Chartered Accountants

Firm Registration Number: 101049/E300004

For and on behalf of the
Board of Directors

**Yogender Seth**
Partner
Membership Number: 094254

**Arvind Thakur**
Director

**Lalit Kumar Dhingra**
Director

Place: Gurgaon
Date: May 04, 2018

Place: Noida
Date: May 04, 2018

Place: Atlanta, USA
Date: May 04, 2018

**NIIT Technologies Inc., USA**
**Statement of changes in equity**

**(a) Equity Share Capital**

| Description | Shares | (All Amount in USD Thousand) Amount | (Amount in INR in Thousand) Amount |
|---|---|---|---|
| **As at March 31, 2016** | **2,837,887** | **2,838** | **187,797.17** |
| Changes in equity share capital | - | - | |
| **As at March 31, 2017** | **2,837,887** | **2,838** | **189,355.17** |
| Changes in equity share capital | - | - | |
| **As at March 31, 2018** | **2,837,887** | **2,838** | **184,859.96** |

**(b) Other Equity**

| Description | Reserves and Surplus Retained Earnings Amount in USD | Reserves and Surplus Retained Earnings Amount in INR |
|---|---|---|
| **Balance at April 1, 2016** | **19,461** | **1,287,821** |
| Profit for the year | 2,630 | 176,396 |
| Other Comprehensive Income | - | |
| **Total Comprehensive Income for the year** | **2,630** | **176,396** |
| Currency Translation Reserve | | 9,740 |
| **At March 31, 2017** | **22,090** | **1,473,957** |

| Description | Reserves and Surplus Retained Earnings Amount in USD | Reserves and Surplus Retained Earnings Amount in INR |
|---|---|---|
| **Balance at March 31, 2017** | **22,090** | **1,473,957** |
| Profit for the year | 5,528 | 356,357 |
| Other Comprehensive Income | - | |
| Dividend Paid | 4,250 | 273,989 |
| Corpoprate Dividend Tax | 750 | 48,351 |
| **Total Comprehensive Income for the year** | **528** | **34,017** |
| Currency Translation Reserve | | (34,637) |
| **At March 31, 2018** | **22,618** | **1,473,337** |
| | | |
| **At March 31, 2017** | **28,146** | |

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For S.R Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number: 101049/E300004

For and on behalf of the
Board of Directors

**Yogender Seth**
Partner
Membership Number: 094254

**Arvind Thakur**
Director

**Lalit Kumar Dhingra**
Director

Place: Gurgaon
Date: May 04, 2018

Place: Noida
Date: May 04, 2018

Place: Atlanta, USA
Date: May 04, 2018

**NIIT Technologies Inc., USA**
**Statement of Cash Flows as at March 31, 2018**

| Description | (All Amount in USD Thousand) Year ended March 31, 2018 | (All amount in INR Thousand) Year ended March 31, 2018 | (All Amount in USD Thousand) Year ended March 31, 2017 | (All amount in INR Thousand) Year ended March 31, 2017 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit before income tax from continuing operations | 7,196 | 463,930 | 4,631 | 310,629 |
| Adjustment for: | | - | | - |
| Depreciation and amortisation expenses | 146 | 9,414 | 230 | 15,425 |
| Loss on write off of tangible assets (net) | 0 | 4 | 1 | 53 |
| Provision for compensated absences (netted off with salaries, wages and bonus) | - | - | - | - |
| Dividend Income from equity investments designated at fair value through OCI | - | - | (48) | (3,214) |
| Dividend Income from subsidiaries | (1,116) | (71,937) | - | - |
| Net gain on sale of investments | (631) | (40,667) | - | - |
| Interest on short term borrowing | - | - | 0 | 33 |
| Interest income from loans to related parties | (39) | (2,538) | (34) | (2,299) |
| Loss on closure of subsidiary | - | - | 88 | 5,872 |
| Allowance for doubtful debts - trade receivables | 23 | 1,470 | - | - |
| Net unrealised exchange differences | (8) | (508) | (1) | (99) |
| **Changes in operating assets and liabilities:** | | - | | - |
| (Increase)/Decrease in trade receivables | (3,491) | (225,076) | (405) | (27,197) |
| Decrease/(Increase) in trade payables | 4,699 | 302,929 | 7,299 | 489,653 |
| Increase/(Decrease) in provisions | 340 | 21,918 | (10) | (669) |
| (Increase)/Decrease in other financial assets | (632) | (40,729) | 144 | 9,638 |
| (Increase)/Decrease in other current assets | | - | - | - |
| (Increase)/Decrease in Loans | (800) | (51,574) | 1,146 | 76,905 |
| (Increase)/Decrease in Other current assets | (1,131) | (72,942) | 228 | 15,323 |
| Increase/(Decrease) in Other current liabilities | 677 | 43,640 | (81) | (5,419) |
| **Cash generated from operations** | **(1,964)** | **(126,596)** | **8,557** | **570,933.05** |
| Income taxes paid | (1,566) | (100,979) | (2,560) | (170,781) |
| Changes in foreign currency translation reserve | | (334,870) | | (886,296) |
| **Net cash inflow (outflow) from operating activities** | **3,666** | **238,818** | **10,628** | **709,118.00** |
| **Cash flow from investing activities** | | | | |
| Purchase of property, plant and equipment | (84) | (5,396) | (49) | (3,256) |
| Sale of investments | 631 | 40,667 | - | - |
| Loss on Sale of Assets | 0 | 6 | - | - |
| Payment for software- external | - | - | - | - |
| Dividend Income from equity investments designated at fair value through OCI | 1,116 | 71,937 | 48 | 3,214 |
| Interest income from loans to related parties | 39 | 2,538 | 39 | 2,624 |
| Changes in foreign currency translation reserve | | 1,144 | | (14) |
| **Net cash inflow (outflow) from investing activities** | **1,702** | **110,897** | **38** | **2,568.01** |
| **Cash flow from financing activities** | | | | |
| Interest on short term borrowing | - | | (0) | |
| Dividends paid with company's shareholders | (4,250) | (273,989) | - | - |
| Corporate Dividend Tax on Dividend Paid | (750) | (48,351) | - | - |
| Changes in foreign currency translation reserve | | (3,360) | | - |
| **Net cash inflow (outflow) from financing activities** | **(5,000)** | **(325,700)** | **(0)** | **0** |
| **Net increase/ (decrease) in cash and cash equivalents** | **369** | **24,015** | **10,666** | **711,686** |
| Cash and cash equivalents at the beginning of the financial year | 11,518 | 742,542 | 852 | 57,183 |
| Changes in foreign currency translation reserve | | 7,740 | | (339) |
| **Cash and cash equivalents at the end of the financial year** | **11,887** | **774,297** | **11,518** | **768,530.32** |
| **Reconciliation of cash and cash equivalents as per the cash flow statement** | | | | |
| Cash and cash equivalents as per above comprise of the following: | | | | |
| Balance with Bank | 10,511 | 684,708.21 | 9,687 | 646,361.66 |
| Cheques in Hand | 1,376 | 89,615.01 | 1,831 | 122,170.04 |
| **Balance as per statement of cash flows** | **11,887** | **774,323** | **11,518** | **768,531.70** |

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For S.R Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number: 101049/E300004

For and on behalf of the
Board of Directors

**Yogender Seth**
Partner
Membership Number: 094254

**Arvind Thakur**
Director

**Lalit Kumar Dhingra**
Director

Place: Gurgaon
Date: May 04, 2018

Place: Noida
Date: May 04, 2018

Place: Atlanta, USA
Date: May 04, 2018

**NIIT Technologies Inc., USA**
**Notes to the Financial Statements**

**Background**
NIIT Technologies Inc. ("the Corporation"/ "NTI, USA") incorporated under the laws of the State of Georgia, United States of America, is a leading IT solutions organization, engaged in Application Development and Maintenance, Managed Services, Cloud Computing and Business Process Outsourcing to organizations in the Banking and Financial Services, Insurance sector, Travel Transportation and Logistics sector, Manufacturing and Distribution sector. The Corporation delivers services across the continent directly and through its network of subsidiaries.

**Note 1: Significant accounting policies**
This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

(i) **Compliance with Ind AS**

The special purpose financial statements ('financial statements") have been prepared for the express purpose of and use of management and the Board of Directors in their preparation of the consolidated financial statements of the Ultimate Parent Company. These financial statements are not the statutory financial statements of the Joint Venture, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the management and the intended users of the financial statements for the purposes for which those have been prepared.

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2017]

(ii) **Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following that are measured at fair value:
- certain financial assets and liabilities;
- employee benefit - compensated absences; and
- share-based payments.

**(b) Use of Estimates**

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Corporation may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used, but not limited to accounting for costs expected to be incurred to complete performance under Information Technology service arrangements, allowance for uncollectible accounts receivables and unbilled revenue, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, equipment and intangible assets, impairment of property, equipment, intangibles and goodwill and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

**(c) Segment reporting**
Operating segments are reported in a manner consistent with the internal reporting. The Chief Executive Officer of the Parent Company has been identified as being the chief operating decision maker.

**(d) Foreign currency translation**

(i) **Functional and presentation currency**
Items included in the financial statements of the Corporation is measured using the currency of the primary economic environment in which the Corporation operates (the 'functional currency'). Financial statements of the Corporation are presented in US Dollar, which is the Corporation's functional and presentation currency.

(ii) **Transactions and balances**
All foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the monthly rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange difference on restatement of all other monetary items are recognized in the Statement of Profit and Loss.

**(e) Revenue recognition**
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts and taxes.

The Corporation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Corporation and specific criteria have been met for each of the Corporation's activities as described below. The Corporation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) **Contracts involving provision of services**
Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time and material or fixed price contracts.

(a) **Time and material contracts□**
Revenue with respect to time-and-material contracts is recognized as the related services are performed.

(b) **Fixed Price contracts**
Revenue related to contracts providing maintenance and support services, is recognized over the term of the contract.

Revenue related to fixed price contracts is recognized in accordance with the proportionate completion method (PCM).
For services accounted for under the PCM method, cost and earnings in excess of billing are classified as unbilled revenue, while billing in excess of cost and earnings are classified as deferred revenue.

**(f) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Corporation and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current tax and deferred tax are recognized in statement of profit or loss, except to the extent that it relates to items recognized in Other Comprehensive Income or directly in equity.

**(g) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Corporation as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to the ownership to the Corporation is classified as a finance lease, else classified as operating lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**(h) Impairment of Non-financial Assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal or value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or a group of assets (cash-generating units). Non-financial assets, other than goodwill, that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(i) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**(j) Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

**(k) Investments and other financial assets**

(i) Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(ii) Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
► Debt instruments at amortised cost
► Debt instruments at fair value through other comprehensive income (FVTOCI)
► Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
► Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVOCI): A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.
Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through profit or loss: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss

Equity instruments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.
If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.
Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

(iii) Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:
► The rights to receive cash flows from the asset have expired, or
► The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) Impairment of financial assets
In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
The Company follows 'simplified approach' for recognition of impairment loss allowance on:
► Trade receivables or contract revenue receivables; and
► All lease receivables resulting from transactions within the scope of Ind AS 17
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an Company is required to consider:
► All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument
► Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

**Dividends**

**(l) Offsetting financial instruments**

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

**(m) Financial liabilities**

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments

(ii) Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Profit and loss. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**(n) Property, plant and equipment**

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

*Transition to Ind AS*

On transition to Ind AS, the Corporation has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment

*Depreciation methods, estimated useful lives and residual value*

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets. The estimates of useful lives of the assets are as follows:

| **Asset** | **Useful life** |
|---|---|
| Plant and Machinery: | |
| Computers and peripherals | 2-5 years |
| Office Equipment | 5 years |
| Furniture and Fixtures | 4-10 years |

The useful lives have been determined based on technical evaluation done by the management's expert.

The asset's residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written down immediately to it's recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

**(o) Intangible assets**

(i) **Goodwill**

Goodwill on acquisitions of business is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) **Computer software**

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed

(iii) **Amortization methods and periods**

The Corporation amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

| | |
|---|---|
| Computer software - external | 3 years |

(iv) **Transition to Ind AS**

On transition to Ind AS, the Corporation has elected to continue with the carrying value of all of intangible assets recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

**(p) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Corporation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per the agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**(q) Borrowing Costs**

Borrowing costs are expensed in the year in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use in which case it is capitalized.

**(r) Provisions**

Provisions for legal claims, service warranties, volume discounts and returns are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimates of the expenditure incurred to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

**(s) Employee benefits**

(i) **Short-term obligations**

Liabilities for salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The Corporation makes defined contributions on a monthly basis towards retirement benefits of the employees, which is charged to the statement of profit and loss. The Corporation has no further obligations towards the retirement benefits.

(ii) **Other long-term employee benefit obligations- compensated absences**

The liabilities for earned leave and sick leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) **Defined contribution plan- Retirement saving plan**

The Corporation makes contribution equivalent to amount deducted from employees salaries towards retirement saving plan. The obligation of the Corporation is limited to the amount contributed and it has no further contractual nor any constructive obligation.

(iv) **Share-based payments**

Share-based compensation benefits are provided to employees via the NIIT Technologies Employee Stock Option Plan 2005

*Employee options*

The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time)

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**(t) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(u) Earnings per share**

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Corporation
- by the weighted average number of shares outstanding during the financial year, adjusted for bonus elements in shares issued during the year and excluding treasury shares, if any.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account.
- the after income tax effect of interest and other financing costs associated with dilutive potential shares, and
- the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential shares.

**(v) Fair value measurement**

The Corporation measures financial instruments, such as investment in equity shares etc., at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either -

-in the principal market for the asset or liability, or
-in the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities,
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Corporation's accounting policies. For this analysis, management regularly reviews significant unobservable inputs applied in the valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

**(w)** Recently issued accounting pronouncements

(i) IND AS 115, Revenue from contract with customers

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date using the modified retrospective method.

The Company has evaluated the potential impacts of the new standard on financial statements. Based on such evaluation, the Company expects that the adoption of Ind AS 115 will not have a material impact on it's financial statements.

(ii) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the companmy as the comapany has no deductible temporary differences or assets that are in the scope of the amendments.

**Note 2: Critical estimates and judgments**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Areas involving critical estimates and judgments are:
• Estimated goodwill impairment (Refer Note 4)
• Estimated useful life of intangible asset (Refer Note 4)
• Estimation of defined benefit obligation (Refer Note 12)
• Estimation of provision for customer contracts (Refer Note 12)
• Impairment of trade receivables (Refer Note 5(iii))

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

**3 Property, plant and equipment**

| | (All Amount in USD Thousand) | | | | (All amount in INR Thousand) | | | |
|---|---|---|---|---|---|---|---|---|
| **March 31, 2017** | **Plant and Machinery - Computers and Peripherals** | **Plant and Machinery - Office Equipment** | **Furniture and Fixtures** | **Total** | **Plant and Machinery - Computers and Peripherals** | **Plant and Machinery - Office Equipment** | **Furniture and Fixtures** | **Total** |
| **Year ended March 31, 2017** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| Opening gross carrying amount | 186 | 145 | 176 | 507 | 12,319.24 | 9,590.41 | 11,651.83 | 33,561.48 |
| Additions | 37 | 12 | - | 49 | 2,449.40 | 786.68 | | 3,256.21 |
| Disposals/Adjustments | (16) | (1) | - | (17) | -1,078.83 | -35.55 | | -1,114.38 |
| Currency Translation Reserve | | | | | -2,062.79 | 4.44 | 96.67 | -1,961.80 |
| **Closing gross carrying amount** | **207** | **156** | **176** | **539** | **13,784.68** | **10,417.08** | **11,748.50** | **35,970.28** |
| **Accumulated depreciation** | | | | | | | | |
| Opening accumulated depreciation | 68 | 28 | 14 | 110 | 4,482.36 | 1,874.87 | 946.83 | 7,304.07 |
| Depreciation charge during the year | 76 | 50 | 26 | 152 | 5,067.79 | 3,367.70 | 1,746.10 | 10,181.59 |
| Disposals/Adjustments | (15) | (1) | - | (16) | -1,025.70 | -35.55 | | -1,061.25 |
| Currency Translation Reserve | | | | | -1,995.81 | -113.42 | -1.49 | -2,110.72 |
| **Closing accumulated depreciation** | **129** | **77** | **40** | **246** | **8,580.04** | **5,164.70** | **2,691.45** | **16,436.19** |
| **Net carrying amount** | **78** | **79** | **136** | **293** | 5,204.64 | 5,252.38 | 9,057.05 | 19,534.09 |

| **March 31, 2018** | **Plant and Machinery - Computers and Peripherals** | **Plant and Machinery - Office Equipment** | **Furniture and Fixtures** | **Total** | **Plant and Machinery - Computers and Peripherals** | **Plant and Machinery - Office Equipment** | **Furniture and Fixtures** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | |
| Opening gross carrying amount | 207 | 156 | 176 | 539 | 13,784.68 | 10,417.08 | 11,748.50 | 35,950.26 |
| Additions | 58 | 12 | 14 | 84 | 3,744.01 | 744 | 907.93 | 5,395.67 |
| Disposals/Adjustments | (7) | - | - | (7) | -432.92 | | | -432.92 |
| Currency Translation Reserve | | | | | -1,158.57 | -239.54 | -269.44 | -1,667.56 |
| **Closing gross carrying amount** | **258** | **168** | **190** | **616** | **16,803.04** | **10,921.27** | **12,386.98** | **40,111.29** |
| **Accumulated depreciation** | | | | | | | | |
| Opening accumulated depreciation | 129 | 77 | 40 | 246 | 8,580.04 | 5,164.70 | 2,691.45 | 16,436.19 |
| Depreciation charge during the year | 62 | 56 | 28 | 146 | 3,968.42 | 3,600.11 | 1,818.41 | 9,386.95 |
| Disposals/Adjustments | (7) | - | - | (7) | -422.67 | | | -422.67 |
| Currency Translation Reserve | | | | | -1,012.07 | -85.08 | -48.20 | -1,142.09 |
| **Closing accumulated depreciation** | **184** | **133** | **68** | **385** | **11,959.06** | **8,679.74** | **4,461.66** | **25,103.72** |
| **Net carrying amount** | **74** | **35** | **122** | **231** | 4,843.98 | 2,241.53 | 7,925.32 | 15,007.58 |

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Balance Sheet**

**4 Intangible Assets**

| | (All Amount in USD Thousand) | (All amount in INR Thousand) | (All Amount in USD Thousand) | (All amount in INR Thousand) |
|---|---|---|---|---|
| **March 31, 2017** | **Software-External US$** | **Software-External INR** | **Goodwill US$** | **Goodwill INR** |
| **Gross carrying amount** | | | | |
| Opening gross carrying amount | 330 | 21,824.12 | 35 | 2,314.01 |
| Additions | - | | - | |
| Disposals/Adjustments | - | | - | |
| Currency Translation Reserve | | 181.06 | | 19.20 |
| **Closing gross carrying amount** | **330** | **22,005.17** | **35** | **2,333.20** |
| **Accumulated amortization** | | | | |
| Opening accumulated amortization | 251 | 16,598.68 | - | |
| Amortization charge for the year | 78 | 5,243.27 | - | |
| Disposals/Adjustments | - | | - | |
| Currency Translation Reserve | | 109.65 | | |
| **Closing accumulated amortization** | **329** | **21,951.60** | **-** | |
| **Closing net carrying amount** | **1** | **54** | **35** | **2,333.20** |

| **March 31, 2018** | **Software-External US$** | | **Goodwill US$** | |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| Opening gross carrying amount | 330 | 22,005.17 | 35 | 2,333.20 |
| Additions | - | | - | |
| Disposals/Adjustments | - | | - | |
| Currency Translation Reserve | | -522.39 | | -55.39 |
| **Closing gross carrying amount** | **330** | **21,482.78** | **35** | **2,277.82** |
| **Accumulated amortization and impairment** | | | | |
| Opening accumulated amortization | 329 | 21,951.60 | - | |
| Amortization charge for the year | 1 | 39.84 | - | |
| Disposals/Adjustments | - | | - | |
| Currency Translation Reserve | | -520.71 | | |
| **Closing accumulated amortization** | **330** | **21,470.73** | **-** | |
| **Closing net carrying amount** | **0** | **12.05** | **35** | **2,277.82** |

***(i) Impairment tests for goodwill***
*Significant estimate: key assumptions used for value-in-use calculations*

The Corporation tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.
Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The following table sets out the key assumptions for those CGU that have significant goodwill allocated to them:

| | Provision Tree |
|---|---|
| **March 31, 2018** | |
| Revenue (% annual growth rate) | 5% |
| Budgeted operating margin (%) | 30% |
| Pre-tax discount rate (%) | 17% |
| **March 31, 2017** | |
| Revenue (% annual growth rate) | 5% |
| Budgeted operating margin (%) | 30% |
| Pre-tax discount rate (%) | 17% |

Management has determined the values assigned to each of the above key assumptions as follows:

| Assumption | Approach used to determining values |
|---|---|
| Revenue | Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development. |
| Budgeted operating margin | Based on past performance and management's expectations for the future. |
| Pre-tax discount rates | Reflect specific risks relating to the relevant segments and the countries in which they operate. |

**b) Significant estimate: impairment charge**
The Corporation has performed impairment testing for the above CGU and no impairment charge has been identified.

**c) Significant estimate: Impact of possible changes in key assumptions**

Goodwill is monitored by the management at the level of identified CGU to which the goodwill pertains to.

**Provision Tree**
If the budgeted gross margin used in the value-in-use calculation for the Provision Tree CGU had been 1% lower than management's estimates at March 31, 2018 , the Corporation would still have a higher recoverable amount and no additional impairment against the carrying amount of goodwill will be charged.
If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates (18% instead of 17%), the recoverable amount of the Corporation would still be higher than the carrying amount and no impairment against the carrying amount of goodwill would have to be recorded.

The Corporation has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of any CGU to exceed its recoverable amount.

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Balance Sheet**

**Financial Assets**

| | | Amount in USD | Amount In INR | Amount in USD | Amount In INR | |
|---|---|---|---|---|---|---|
| 5 (i) | **Non-current investments** | **March 31, 2018** | **March 31.2018** | **March 31, 2017** | **March 31.2017** | |
| | **Investments in equity instruments (fully paid) Unquoted** | | | | | |
| | 1,932,002 (March 31, 2017: 1,932,002) units of NIIT Media Technologies LLC (Subsidiary of NTI, USA) | 3,220 | 209,751 | 3,220 | 214,851 | 1,000 |
| | 199.145 (March 31, 2017 : 199.145) Fully paid and non-assessable shares in Relativity Technologies Inc. | 0 | | 0 | | |
| | 953.265 (March 31, 2017 : 953.265) Fully paid and non-assessable shares in Computer Logic Inc. | 0 | | 0 | | |
| | 1,064,655 (March 31, 2017 : 1,064,655) Class A Fully paid and non-assessable shares in Cokinetic Systems Corp. | - | | 0 | | |
| | 2,500 Shares (March 31, 2017 : 2,500) of BRL 1 each in NIIT Technologies Brazil | 1 | 75.89 | 1 | 77.73 | |
| | **Total non-current investments** | **3,221** | 209,826.69 | **3,221** | 214,929.01 | |
| | **Total Non- Current Investments** | **3,221** | **209,827** | **3,221** | **214,929** | |
| | Aggregate amount of quoted investments and market value thereof | - | | - | | |
| | Aggregate amount of unquoted investments | 3,221 | 209,827 | 3,221 | 214,929 | |

| | | Amount in USD | | Amount in INR | | Amount in USD | | Amount in INR | |
|---|---|---|---|---|---|---|---|---|---|
| 5 (ii) | **Other Financial Assets** | **March 31, 2018** | | **March 31, 2018** | | **March 31, 2017** | | **March 31, 2017** | |
| | | **Current** | **Non- Current** | **Current** | **Non-Current** | **Current** | **Non- Current** | **Current** | **Non-Current** |
| | | | | | | - | | | |
| | Security deposits - Considered Good | - | 51 | - | 3,303 | - | 51 | | 3,403 |
| | Unbilled revenue | 1,266 | - | 82,453 | | 634 | - | 42,303 | |
| | Less: Provision for doubtful unbilled revenue | (23) | - | (1,485) | | | | | |
| | **Total other financial assets** | **1,243** | **51** | **80,967** | **3,303** | **634** | **51** | **42,303** | **3,403** |

| | | Amount in USD | | Amount in INR | | Amount in USD | | Amount in INR | |
|---|---|---|---|---|---|---|---|---|---|
| 5 (iii) | **Trade receivables** | **March 31, 2018** | | **March 31, 2018** | | **March 31, 2017** | | **March 31, 2017** | |
| | | **Current** | **Non- Current** | **Current** | **Non-Current** | **Current** | **Non- Current** | **Current** | **Non-Current** |
| | Trade receivables | 24,405 | - | 1,589,725 | - | 21,205 | - | 1,414,882 | - |
| | Less: Allowance for doubtful debts | - | - | | - | 300 | - | 20,017 | - |
| | **Total receivables** | **24,405** | | **1,589,725** | - | **20,905** | - | **1,394,865** | - |

| | Amount in USD | | Amount in INR | | Amount in USD | | Amount in INR | |
|---|---|---|---|---|---|---|---|---|
| **Break-up of security details** | **March 31, 2018** | | **March 31, 2018** | | **March 31, 2017** | | **March 31, 2017** | |
| | **Current** | **Non- Current** | **Current** | **Non-Current** | **Current** | **Non- Current** | **Current** | **Non-Current** |
| Unsecured, considered good | 24,405 | - | 1,589,725 | - | 20,905 | - | 1,394,865 | - |
| Doubtful | - | - | | - | 300 | - | 20,017 | - |
| **Total** | 24,405 | - | 1,589,725 | - | 21,205 | - | 1,414,882 | - |
| Allowance for doubtful debts | - | - | | - | -300 | - | (20,017) | - |
| **Total trade receivables** | **24,405** | **-** | **1,589,725** | **-** | **20,905** | **-** | **1,394,865** | - |

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Balance Sheet**

| 5 (iv) | Cash and cash equivalents | Amount in USD<br>March 31, 2018 | Amount in INR<br>March 31, 2018 | | Amount in USD<br>March 31, 2017 | Amount in INR<br>March 31, 2017 |
|---|---|---|---|---|---|---|
| | Balances with Bank | | | | | |
| | In current account | 10,511 | 684,708 | | 9,687 | 646,355 |
| | Cheques in hand | 1,376 | 89,615 | | 1,831 | 122,172 |
| | **Total cash and cash equivalents** | **11,887** | **774,323** | | **11,518** | **768,527** |

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

| 5 (v) | Loans | Amount in USD<br>March 31, 2018<br>Current | Amount in USD<br>March 31, 2018<br>Non- Current | Amount in INR<br>March 31, 2018<br>Current | Amount in INR<br>March 31, 2018<br>Non- Current | Amount in USD<br>March 31, 2017<br>Current | Amount in USD<br>March 31, 2017<br>Non- Current | Amount in INR<br>March 31, 2017<br>Current | Amount in INR<br>March 31, 2017<br>Non- Current |
|---|---|---|---|---|---|---|---|---|---|
| | Loan to related parties | 1,700 | - | 110,738 | - | 900 | - | 60,052 | - |
| | **Total loans** | **1,700** | **-** | **110,738** | **-** | **900** | **-** | **60,052** | **-** |

The loan is payable on demand and interest rate is 4% per annum.

| 6 | Deferred tax assets (Net) | | Amount in USD<br>March 31, 2018 | Amount in INR<br>March 31. 2018 | Amoun | Amount in USD<br>March 31, 2017 | Amount in INR<br>March 31, 2017 |
|---|---|---|---|---|---|---|---|
| | | | - | | | - | |
| | The balance comprises temporary differences attributable to : | | | | | | |
| | a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation from Subsidiary | | 47 | 3,072 | | 22 | 1,468 |
| | | | | | | | - |
| | b) Tax impact of expenses charged in the financial statements but allowable as deduction in future years under income tax: | | | | | | - |
| | | | | | | | - |
| | - Employee benefit expense | | 111 | 7,147 | | 99 | 6,641.22 |
| | - Provision for compensated absences | | 43 | 2,764 | | 121 | 8,117.04 |
| | - Allowance for doubtful debts | | - | - | | 119.00 | 7,982.88 |
| | - Provision for discount | | 51 | 3,278 | | 54 | 3,622.48 |
| | - Provision for Health Insurance | | 42 | 2,709 | | 77 | 5,165.39 |
| | Changes for foreign translation reserve | | | 166 | | | (169) |
| | **Gross Deferred Tax Assets:** | A | **294** | **19,136** | - | **492** | **32,828** |
| | | | | | | | - |
| | | | | | | | - |
| | a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation. | | (24) | (1,545) | | (7) | (479) |
| | | | | | | | - |
| | **Gross Deferred Tax Liabilities** | B | **(24)** | **(1,545)** | | **(7)** | **(479)** |
| | | | | | | | - |
| | **Net deferred tax assets** | A+B | **270** | **17,591** | | **485** | **32,349** |

**Movement in deferred tax assets**

| | | Fixed Assets | Employee benefits | Provisions | Subsidiary | Others | Total | Amount in INR<br>Fixed Assets | Employee benefits | Provisions | Subsidiary | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **At April 01, 2016** | | **(11)** | **296** | **43** | **(36)** | **119** | **410** | **(728)** | **19,567** | **2,871** | **(2,412)** | **7,864** | **27,692** |
| Less : (charged)/credited: | | | | | | | | | | | | | |
| - to profit or loss - deferred tax | | (4) | (2) | (10) | (58) | - | (74) | | | | | | |
| - to other comprehensive income | | | | | | | | | | | | | |
| **At March 31, 2017** | | **(7)** | **298** | **54** | **22** | **119** | **485** | **(479)** | **19,870** | **3,586** | **1,435** | **7,929** | **32,944** |
| Less : (charged)/credited: | | | | | | | | | | | | | |
| - to profit or loss - deferred tax | | 17 | 102 | 3 | (26) | 119 | 214 | | | | | | |
| - to other comprehensive income | | | | | | | - | | | | | | |
| **At March 31, 2018** | | **(24)** | **196** | **51** | **47** | **-** | **271** | **(1,575)** | **12,774** | **3,313** | **3,072** | **-** | **17,854** |

| 7 | Current tax assets | | Amount in USD<br>March 31, 2018 | Amount in INR<br>March 31, 2018 | | Amount in USD<br>March 31, 2017 | Amount in INR<br>March 31, 2017 |
|---|---|---|---|---|---|---|---|
| | Opening Balance of advance tax/(Provisions) | | 418 | 27,212 | | (67) | (4,471) |
| | Less: Tax expense for the year | | 1,454 | 94,713 | | 2,075 | 138,452 |
| | Add: taxes paid till date | | 1,565 | 101,976 | | 2,560 | 170,813 |
| | **Closing Balance of Current tax assets/(liabilities)** | | **529** | **34,475** | | **418** | **27,891** |

| 8 | Other Current Assets | | March 31, 2018 | Amount in INR<br>March 31, 2018 | | Amount in USD<br>March 31, 2017 | Amount in INR<br>March 31, 2017 |
|---|---|---|---|---|---|---|---|
| | Prepayments | | 1,286 | 83,769 | | 302 | 20,151 |
| | Receivables from related parties | | 279 | 18,206 | | 162 | 10,809 |
| | Interest accrued on loan | | - | | - | | |
| | Other loans and advances | | 112 | 7,273 | | 82 | 5,471 |
| | **Total other current assets** | | **1,677** | **109,247** | | **546** | **36,431** |

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Balance Sheet**

9 **Share Capital**
**Authorized equity share capital**

| Description | | (All Amount in USD Thousand) Number of shares | Amount | (All Amount In INR Thousand) Number of shares | Amount |
|---|---|---|---|---|---|
| **As at April 01, 2016** | | 2,837,887 | 2,838 | 2,837,887 | 187,797.17 |
| Increase during the year | | - | - | | |
| **As at March 31, 2017** | | **2,837,887** | **2,838** | **2,837,887** | **189355.1722** |
| Increase during the year | | - | - | | |
| **As at March 31, 2018** | | **2,837,887** | **2,838** | **2,837,887** | **184,859.96** |

**(i) Movements in equity share capital**

| Description | | Number of shares | Amount | Number of Shares | Amount |
|---|---|---|---|---|---|
| **As at April 01, 2016** | | 2,837,887 | 2,838 | 2,837,887 | 187,797.17 |
| Increase during the year | | - | - | | |
| **As at March 31, 2017** | | **2,837,887** | **2,838** | **2,837,887** | **189,355.17** |
| Increase during the year | | - | - | | |
| **As at March 31, 2018** | | **2,837,887** | **2,838** | **2,837,887** | **184,859.96** |

***Terms and rights attached to equity shares***
Shares: The common stock issued by the Corporation have unlimited voting rights and are entitled to receive the net assets of the Corporation upon dissolution. The dividend declared is approved by the Board of Directors.

**(ii) Shares of the Corporation held by holding company**

| | March 31, 2018 No. of Shares held | March 31, 2017 No. of Shares held |
|---|---|---|
| NIIT Technologies Limited, India | 2,837,887 | 2,837,887 |

**(iii) Details of shareholders holding more than 5% shares in the Corporation**

| Name of Shareholder | Equity Shares | | | |
|---|---|---|---|---|
| | March 31, 2018 | | March 31, 2017 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| NIIT Technologies Limited, India | 2,837,887 | 100 | 2,837,887 | 100 |

| | | Amount in USD March 31, 2018 | Amount in INR March 31, 2018 | Amount in USD March 31, 2017 | Amount in INR March 31, 2017 |
|---|---|---|---|---|---|
| 10 **Reserves and Surplus** | | | | | |
| Retained earnings | | 22,618 | 1,473,311 | 22,090 | 1473930.358 |
| **Total reserve and surplus** | | **22,618** | **1,473,311** | **22,090** | 1,473,930 |
| **(i) Retained earnings** | | | | | |
| Opening balance | | 22,090 | 1,473,930.36 | 19,460 | 1,287,794.95 |
| Net profit for the period | | 5,528 | 356,356.93 | 2,630 | 176,395.62 |
| Dividend Paid | | (4,250) | -273,989.00 | - | |
| Corporate Divedend Tax | | (750) | -48,351.00 | - | |
| Changes in foreign translation reserve | | - | -34,635.91 | - | 9,739.79 |
| **Closing balance** | | **22,618** | **1,473,311.38** | **22,090** | **1,473,930.36** |

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Balance Sheet**

| 11 Trade Payables | (Amount in USD Thousand) March 31, 2018 | | | (All Amount in USD Thousand) March 31, 2017 | | | (All Amount in INR Thousand) March 31, 2018 | | | (All Amount in INR Thousand) March 31, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Current** | **Non Current** | **Total** | **Current** | **Non Current** | **Total** | **Current** | **Non Current** | **Total** | **Current** | **Non Current** | **Total** |
| Trade Payables | 640 | - | 640 | 648 | - | 648 | 41,709 | - | 41,709 | 43,207 | - | 43,207 |
| Trade Payables to related parties | 16,209 | - | 16,209 | 11,503 | - | 11,503 | 1,055,854 | - | 1,055,854 | 767,543 | - | 767,543 |
| | **16,849** | **-** | **16,849** | **12,151** | **-** | **12,151** | **1,097,564** | **-** | **1,097,564** | **810,750** | **-** | **810,750** |

| 12 Provision | March 31, 2018 | | | March 31, 2017 | | | March 31, 2018 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Current** | **Non Current** | **Total** | **Current** | **Non Current** | **Total** | **Current** | **Non Current** | **Total** | **Current** | **Non Current** | **Total** |
| Volume discounts | 629 | | 629 | 136 | - | 136 | 40,971 | - | 40,971 | 9,082 | - | 9,082 |
| Leave Obligations (i) | 155 | - | 155 | 308 | - | 308 | 10,076 | - | 10,076 | 20,521 | - | 20,521 |
| | **784** | **-** | **784** | **444** | **-** | **444** | **51,047** | **-** | **51,047** | **29,603** | **-** | **29,603** |

(i) *Leave Obligations*
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.
Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as long term employee benefits. The Corporation's liability is actuarially determined (using projected unit credit method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.
Based on past experience, the Corporation does not expect all employees to take the full amount of accrued leave or require payments within next 12

| | March 31, 2018 | March 31, 2017 | (Amount in INR) March 31, 2018 | (Amount in INR) March 31, 2017 |
|---|---|---|---|---|
| Current leave obligations expected to be settled within next 12 months | 155 | 308 | 10,076.12 | 20,520.90 |

(ii) Defined Contribution Plan
The Corporation makes contribution equivalent to amount deducted from employees salaries towards retirement saving plan. The obligation of the Corporation is limited to the amount contributed and it has no further contractual nor any constructive obligation. During the year, the Corporation has charged the following amount to Statement of Profit and Loss:

| | March 31, 2018 | March 31, 2017 | (Amount in INR) March 31, 2018 | (Amount in INR) March 31, 2017 |
|---|---|---|---|---|
| Contribution to retirement saving plan (401K) | 244 | 204 | 15,883.06 | 13,636.85 |

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Balance Sheet**

| | | (All amount in USD) March 31, 2018 | (All amount in INR) March 31, 2018 | (All amount in USD) March 31, 2017 | (All amount in INR) March 31, 2017 |
|---|---|---|---|---|---|
| 13 | **Other current liabilities** | | | | |
| | Employee Benefits payable | 1,230 | 80,114.13 | 1,245 | 83,059 |
| | Statutory dues (including payroll taxes) | 150 | 9,758.83 | 168 | 11,195 |
| | Deferred Revenue | 780 | 50,838.00 | 42 | 2,814 |
| | Share based payment obligation | - | - | 28 | 1,897 |
| | **Total other current liabilities** | **2,160** | **140,711** | **1,483** | **98,965** |

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Statement of Profit and Loss**

| 14 | | (All Amount in USD Thousand) | (All amount INR Thousand) | (All Amount in USD Thousand) | (All amount INR Thousand) |
|---|---|---|---|---|---|
| | **Revenue from operations** | **March 31, 2018** | **March 31, 2018** | **March 31, 2017** | **March 31,2017** |
| | Sale of services | 188,980 | 12,183,158.78 | 168,533 | 11,305,676 |
| | **Total revenue from continuing operations** | **188,980** | **12,183,159** | **168,533** | **11,305,676** |

| 15 | | (All Amount in USD Thousand) | (All amount INR Thousand) | (All Amount in USD Thousand) | (All amount INR Thousand) |
|---|---|---|---|---|---|
| | **Other income** | **March 31, 2018** | **March 31, 2018** | **March 31, 2017** | **March 31, 2017** |
| | Dividend Income from a subsidiary | 1,116 | 71,936.70 | - | |
| | Net gain on sale of investments | 631 | 40,666.87 | - | |
| | Dividend Income from equity investments designated at fair | - | - | 48 | 3,214 |
| | Interest income from loans to related parties | 39 | 2,538.19 | 34 | 2,299 |
| | Recharge from group companies | 526 | 33,909.27 | 226 | 15,131 |
| | Miscellaneous income | 213 | 13,736.45 | 18 | 1,241 |
| | **Total other income** | **2,525** | **162,787** | **326** | **21,884** |

| 16 | | (All Amount in USD Thousand) | (All amount INR Thousand) | (All Amount in USD Thousand) | (All amount INR Thousand) |
|---|---|---|---|---|---|
| | **Employee benefit expense** | **March 31, 2018** | **March 31, 2018** | **March 31, 2017** | **March 31, 2017** |
| | Salaries, wages and bonus | 10,812 | 697,059.69 | 11,161 | 748,718 |
| | Contribution to retirement saving plan [Refer Note 12(ii)] | 244 | 15,719.20 | 204 | 13,710 |
| | Employees share based payment expense (Refer Note 26) | 34 | 2,161.10 | 26 | 1,714 |
| | Staff welfare expenses | 246 | 15,881.16 | 631 | 42,325 |
| | **Total employee benefit expense** | **11,336** | **730,821** | **12,022** | **806,467** |

| 17 | | (All Amount in USD Thousand) | (All amount INR Thousand) | (All Amount in USD Thousand) | (All amount INR Thousand) |
|---|---|---|---|---|---|
| | **Depreciation and amortization expense** | **March 31, 2018** | **March 31, 2018** | **March 31, 2017** | **March 31, 2017** |
| | Depreciation of property, plant and equipment [Refer Note 3] | 145 | 9,374.05 | 152 | 10,182 |
| | Amortization of intangible assets [Refer Note 4] | 1 | 39.84 | 78 | 5,243 |
| | **Total depreciation and amortization expense** | **146** | **9,414** | **230** | **15,425** |

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Statement of Profit and Loss**

| 18 | Other expenses | (All Amount in USD Thousand) March 31, 2018 | (All amount INR Thousand) March 31, 2018 | (All Amount in USD Thousand) March 31, 2017 | (All amount INR Thousand) March 31, 2017 |
|---|---|---|---|---|---|
| | Rental Charges [Refer Note 28] | 426 | 27,494.99 | 414 | 27,743.32 |
| | Rates and taxes | 66 | 4,248.97 | 20 | 1,372.12 |
| | Electricity and water charges | 5 | 321.78 | 5 | 330.25 |
| | Telephone and communication charges | 207 | 13,347.18 | 187 | 12,573.30 |
| | Legal and professional fees | 1,635 | 105,409.09 | 1,300 | 87,197.90 |
| | Travelling and conveyance | 1,093 | 70,451.29 | 1,356 | 90,973.87 |
| | Subscription and membership fees | 93 | 6,003.84 | 90 | 6,057.53 |
| | Insurance premium | 142 | 9,125.23 | 136 | 9,102.89 |
| | Repairs and maintenance - Others | 291 | 18,736.31 | 13 | 868.52 |
| | Allowance for doubtful debts - trade receivables | 23 | 1,469.87 | - | - |
| | Loss on closure of subsidiary (NIIT Technologies K.K, Japan) [Refer Note 5(i)] | - | - | 88 | 5,871.84 |
| | Payment to auditors [Refer note 19(a) below] | 31 | 2,019.46 | 44 | 2,973.45 |
| | Advertisement and publicity | 1,493 | 96,258.75 | 996 | 66,809.97 |
| | Business promotion | 111 | 7,155.99 | 130 | 8,717.57 |
| | Loss on write off of tangible assets (net) | 0 | 3.80 | 1 | 53.13 |
| | Corporate social responsibility expenditure | 17 | 1,079.84 | 6 | 402.50 |
| | Miscellaneous expenses | 48 | 3,111.28 | 90 | 6,070.88 |
| | **Total other expenses** | **5,681** | **366,238** | **4,876** | **327,119** |

| 18 (a) | Details of payments to auditors | (All Amount in USD Thousand) March 31, 2018 | (All amount INR Thousand) March 31, 2018 | (All Amount in USD Thousand) March 31, 2017 | (All amount INR Thousand) March 31, 2017 |
|---|---|---|---|---|---|
| | **Payments to auditors** | - | | - | |
| | **As auditor:** | | | | |
| | Audit Fee | 31 | 2,019.46 | 44 | 2,973.45 |
| | Re-imbursement of expenses | | | | |
| | **Total payments to auditors** | **31** | **2,019** | **44** | **2,973** |

| 19 | Professional Charges | March 31, 2018 | March 31, 2018 | March 31, 2017 | March 31, 2017 |
|---|---|---|---|---|---|
| | Development Expenses | 167,119 | 10,773,834.38 | 147,062 | 9,865,375 |
| | **Total Professional Charges** | **167,119** | **10,773,834** | **147,062** | **9,865,375** |

| 20 | Finance costs | March 31, 2018 | March 31, 2018 | March 31, 2017 | March 31, 2017 |
|---|---|---|---|---|---|
| | Interest on short term borrowing (Refer Note 25) | - | - | 0 | |
| | Bank charges | 26 | 1,663.97 | 38 | 2,546.27 |
| | **Finance costs expensed in profit or loss** | **26** | **1,664** | **38** | **2,546** |

21 **Income tax expense**

(a) This note provides an analysis of the Corporation's income tax expense, show amounts that are recognized directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Corporation's tax positions.

| | | (All Amount in USD Thousand) March 31, 2018 | (All amount INR Thousand) March 31, 2018 | (All Amount in USD Thousand) March 31, 2017 | (All amount INR Thousand) March 18, 2017 |
|---|---|---|---|---|---|
| Income tax expense | | - | | - | |
| Current tax | | | | | |
| Current tax on operating profits of the year | | 2,413 | 157,177.67 | 2,071 | 138,922.39 |
| Adjustments for current tax of prior periods | | (959) | -62,464.96 | 4 | 297.18 |
| Current tax on other comprehensive income of the year | | - | - | - | - |
| **Total current tax expense** | **(A)** | **1,454** | **94,713** | **2,075** | **139,220** |
| | | | - | | - |
| Deferred tax | | | - | | - |
| Decrease/(increase) in deferred tax assets [Refer Note 6] | | - | - | (40) | -2,698.35 |
| Increase/(Decrease) in deferred tax liabilities [Refer Note 6] | | 17 | 1,107.38 | (34) | -2,281.36 |
| Tax income/(expense) during the period recognized in OCI | | - | - | - | - |
| **Total deferred tax expense/(benefit)** | **(B)** | **214** | **1,107** | **(74)** | -4,979.71 |
| **Income tax expense** | **(A+B)** | **1,668** | 107,531.79 | **2,001** | 134,239.86 |

The Corporation determines its income tax liability in accordance with the federal taxation laws of the United States of America (USA) as administered by the Internal Revenue Service(IRS), and various state income tax laws, to the extent relevant to the Corporation. In addition to tax expense for the year ended March 31, 2018 on its own taxable profits, the tax expense includes tax expense computed on taxable income equivalent to 60% of total taxable income of NIIT Media Technologies, LLC in accordance with the applicable tax legislation in the USA.

**NIIT Technologies Inc., USA**
**Notes annexed to and forming part of Statement of Profit and Loss**

| (b) Reconciliation of tax expense and the accounting profit multiplied by US's tax rate: | Amount in USD | Amount in INR | Amount in USD | Amount in INR |
|---|---|---|---|---|
| | **March 31, 2018** | **March 31, 2018** | **March 31, 2017** | **March 31, 2017** |
| Profit from continuing operations before income tax expense | 7,196 | 463,930.04 | 4,631 | 310,628.77 |
| Profit from other comprehensive income before income tax expense | | - | | - |
| Profit from discontinuing operation before income tax expense | | - | | - |
| Tax at the US tax rate of 39.25% (March 31, 2017 - 39.61%) | 2,825 | 182,092.54 | 1,834 | 123,040.06 |
| | | - | | - |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | - | | - |
| Business Promotions Expense | 35 | 2,228.07 | 40 | 2,674.24 |
| Production deduction, under American Job Creation Act | - | - | (11) | -729.95 |
| Employees share based payment expense | 13 | 848.23 | 2 | 103.95 |
| Dividend received deduction | - | - | (13) | -891.10 |
| Tax on profit allocated from NIIT Media Technologies LLC, Subsidiary | 355 | 22,880.71 | 257 | 17,248.94 |
| Distribution of profits from NIIT Media Technologies LLC, Subsidiary, not taxable | (438) | -28,235.15 | - | - |
| Adjustments for current tax of prior periods | 181 | 11,672.96 | (37) | -2,493.07 |
| Claim of investment write off of prior periods | (1,140) | -73,493.52 | | - |
| Effect due to change in statutory tax rate during the year | (121) | -7,808.56 | | - |
| Effect due to temporary timing differences | (41) | -2,633.65 | (70) | -4,715.60 |
| **Income tax expense** | 1,668 | 107,551.64 | 2,001 | 134,237.46 |
| Tax Expense as per books | 1,668 | 107,531.79 | 2,001 | 134,239.86 |
| Difference | - | - | | |

## 22 Fair value measurements

| Financial instruments by category | | | | | | | | | (Amount in INR) | | | (Amount in INR) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2018 | | | March 31, 2017 | | | March 31, 2018 | | | March 31, 2017 | |
| | FVPL | FVTOCI | Amortized Cost | FVPL | FVTOCI | Amortized Cost | FVPL | FVTOCI | Amortized Cost | FVPL | FVTOCI | Amortized Cost |
| **Financial assets** | | | | | | | | | | | | |
| Investment in unquoted equity instruments/ units | - | - | - | - | - | - | - | - | | - | - | |
| Trade and other receivables | - | - | 24,405 | - | - | 20,905 | - | - | 1,589,725 | - | - | 1,394,865.55 |
| Cash and cash equivalents | - | - | 11,887 | - | - | 11,518 | - | - | 774,323 | - | - | 768,531.70 |
| Security deposits | - | - | 51 | - | - | 51 | - | - | 3,303 | - | - | 3,383.24 |
| Unbilled revenue | - | - | 1,243 | - | - | 634 | - | - | 80,967 | - | - | 42,310.76 |
| Loans to fellow subsidiaries | - | - | 1,700 | - | - | 900 | - | - | 110,738 | - | - | 60,051.60 |
| **Total Financial assets** | - | - | **39,285** | - | - | **34,008** | - | - | 2,559,057 | - | - | 2,269,142.85 |
| | | | | | | | | | | | | |
| **Financial liabilities** | | | | | | | | | | | | |
| Trade payables | | | (16,849) | | | (12,151) | | | (1,097,564) | | | -810,749.85 |
| **Total Financial liabilities** | - | - | **(16,849)** | - | - | **(12,151)** | - | - | **(1,097,564)** | - | - | -810,749.85 |

*Investment in unquoted equity instruments are carried at cost.

**(i) Fair value of financial assets and liabilities measured at amortized cost**

The carrying amounts of trade receivables, other financial assets (unbilled revenue), trade payables, loans and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

**23 Interests in other entities**

(a) Interests in subsidiaries:
The Corporation's subsidiaries at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of units that are held directly by the Corporation and the proportion of ownership interests held equals the voting rights held by the Corporation. The country of Corporation or registration is also their principal place of business.

| Name of entity | Place of business/ country of incorporation | Ownership interest held by the Corporation | | Ownership interest held by the Non controlling interest | | Principal Activities |
|---|---|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| NIIT Media Technologies LLC | USA | 60 | 60 | 40 | 40 | Technology and business process services |

**24 RELATED PARTY TRANSACTIONS**

A **Name of related parties and description of relationship**

1 **Key Managerial Personnel**

**Name**

Arvind Thakur
Lalit Kumar Dhingra
Sudhir Singh

2 **Holding Company**

**Name of Company**

NIIT Technologies Limited

3 **Fellow Subsidiaries**

**Name of Company**

ESRI India Technologies Limited (Erstwhile NIIT GIS Limited)
Incessant Technologies Limited
NIIT Technologies Services Limited (Erstwhile Adecco NIIT Technologies Limited)
NIIT Technologies Limited, UK
NIIT Technologies Pte Limited, Singapore
NIIT Smart Serve Ltd.
NIIT Technologies GmbH, Germany
NIIT Technologies Co. Ltd., Japan
NIIT Technologies BV, Netherlands
NIIT Technologies NV, Belgium
NIIT Technologies Ltd, Thailand
NIIT Technologies Pty Ltd, Australia
NIIT Technologies AG, Switzerland
NIIT Insurance Technologies Limited, U.K.
NIIT Airline Technologies GmbH, Germany
NIIT Technologies FZ LLC
NIIT Technologies SA
NIIT Technologies Philippines Inc.
NIIT Technologies Brazil Ltda.
Incessant Technologies. Ltd.(UK)
Incessant Technologies Inc., (Canada)
Incessant Technologies Ltd., (Ireland)
Incessant Technologies Pty Ltd. (Australia)

Incessant Technologies NA Inc. (USA)

4 **Subsidiary**

NIIT Media Technologies LLC

B **Details of transactions with related parties carried out on an arms length basis:-**

(All amount in INR)

| Nature of Transactions | Year Ended | Holding Company | Fellow Subsidiaries | Subsidiary | Key Managerial Personnel | Total | Holding Company | Fellow Subsidiaries | Subsidiary | Key Managerial Personnel | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Payment of Dividend | March 31, 2018 | 4,250 | | | | 4,250 | 273,989.00 | | | | 273,989.00 |
| | March 31, 2017 | | | | | - | | | | | |
| Sale of Services | March 31, 2018 | | 9 | | | 9 | | 549.27 | | | 549.27 |
| | March 31, 2017 | | | 84 | | 84 | | | 5,652.01 | | 5,652.01 |
| Development Charges | March 31, 2018 | 124,000 | 9,761 | - | | 133,761 | 7,994,018.60 | 629,298.04 | | | 8,623,316.65 |
| | March 31, 2017 | 137,441 | 8,931 | 38 | | 146,410 | 9,219,955.53 | 599,128.72 | 2,557.31 | | 9,821,641.57 |
| Recovery of Expenses from the Corporation | March 31, 2018 | 804 | 194 | | | 998 | 51,827 | 12,518.23 | | | 64,344.82 |
| (Note 3 and Note 29) | March 31, 2017 | 555 | 521 | | | 1,076 | 37,210 | 34,968.20 | | | 72,177.96 |
| Recovery of Expenses by the Corporation | March 31, 2018 | 580 | 570 | 1,002 | | 2,152 | 37,376 | 36,744.20 | 64,592.22 | | 138,712.80 |
| | March 31, 2017 | 357 | 267 | 840 | | 1,464 | 23,951 | 17,897.85 | 56,379.68 | | 98,228.54 |
| Dividend Income | March 31, 2018 | | | 1,116 | | 1,116 | | | 71,936.70 | | 71,936.70 |
| | March 31, 2017 | | | | | - | | | | | |
| Interest Income | March 31, 2018 | | 39 | | | 39 | | 2,538.19 | | | 2,538.19 |
| | March 31, 2017 | | 34 | | | 34 | | 2,296.63 | | | 2,296.63 |
| Loans Given | March 31, 2018 | | 800 | | | 800 | | 51,574.40 | | | 51,574.40 |
| | March 31, 2017 | | - | | | - | | | | | |
| Loans Refunded | March 31, 2018 | | - | | | - | | | | | |
| | March 31, 2017 | | 500 | | | 500 | | 33,541.500 | | | 33,541.500 |
| Remuneration | March 31, 2018 | | | | 425 | 425 | | | | 27,395.66 | 27,395.66 |
| | March 31, 2017 | | | | 431 | 431 | | | | 28,886.33 | 28,886.33 |

C **Details of balances with related parties**

(All Amount in INR)

| | Receivables as at March 31, 2018 | Payables as at March 31, 2018 | Receivables as at March 31, 2017 | Payables as at March 31, 2017 | Receivables as at March 31, 2018 | Payables as at March 31, 2018 | Receivables as at March 31, 2017 | Payables as at March 31, 2017 |
|---|---|---|---|---|---|---|---|---|
| Holding Company | 16 | 14,923 | 3 | 10,737 | 1,033 | 972,068 | 716,419 | 716,419 |
| Fellow Subsidiaries | 157 | 1,285 | 102 | 778 | 10,201 | 83,726 | 6,787 | 51,899 |
| Subsidiary | 106 | 1 | 71 | 3 | 6,915 | 60 | 4,771 | 196 |

**25 Financial Risk Management**

The Company’s principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company’s operations and to provide guarantees to support its operations. The Company’s principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also hold investments measured at fair value through profit or loss (FVTPL) and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Company’s senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company’s senior management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

This note explains the source of risk which the Corporation is exposed to and how the Corporation manages the risk.

**(A) Credit risk**

Credit risk is the risk that a customer or counter party to a financial instrument will fail to perform or pay amount due to the Corporation causing financial loss.
Credit risk arises from cash and cash equivalents, trade receivables and other financial assets (unbilled revenue). For banking relationship, only high rated bank is accepted.
The Corporation has significant revenue transactions with the portfolio of customers which have strong capacity to meet their respective obligations. The trade receivable balances are written off when there is no reasonable expectation of recovery, such as debtor declaring bankruptcy or failing to meet its obligation. Therefore, credit risk is considered to be low. The Corporation has also evaluated expected credit loss under simplified approach and resultant impact was immaterial to the financial statements as at March 31, 2018 and March 31, 2017.

**(B) Liquidity risk**

(i) Financing arrangements
The Corporation's principal source of liquidity are cash and cash equivalents and the cash flow that is generated from operation. The Corporation does not have any outstanding borrowings. The Corporation has "Revolving Line of Credit Note" having limit of USD 8,000,000 with its bank. The Corporation believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

(ii) Maturities of financial liabilities
There are no non-current financial liabilities.

**(C) Market risk**

(i) Foreign currency risk
The Corporation is exposed to foreign exchange risk arising from foreign currency revenue transactions primarily with respect to Euro. Given the exposure is not material, the Corporation does not enter into any hedging transactions. On expense side, there are no transactions that are exposed to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk
The Corporation does not have any borrowings except "Revolving line of credit", which is subject to variable rate of interest. However, the total interest charged during the year is USD NIL (March 31, 2017 USD 508), which is immaterial to these financial statements and therefore the Corporation does not have any interest rate risk.

(iii) Price risk
The Corporation does not have any investment in an entity whose securities are listed on stock exchange. The Corporation has long term investments in the USA based unlisted companies that are classified in the balance sheet at fair value through OCI. The investments are not material to the financial statements.

**26 Capital Management**

(a) Risk Management
The Corporation is a wholly owned subsidiary of NIIT Technologies Ltd, a listed company in India and the strategy has been to reinvest the profits earned for the future growth. The Corporation does not have any debt.

(b) Dividends
The Corporation has paid dividend for USD 5,000,000 for the year ended March 31, 2017. The directors have not recommended any dividend for the year ended March 31, 2018.

**27 Share-based payments**

Employee option plan
Certain employees of the Corporation are entitled to stock options granted by NIIT Technologies Limited (the Corporation's parent company) under the NIIT Technologies Employee Stock Option Plan 2005, in relation to services received by the Corporation. The Corporation accrues for the cost of employees stock option determined under the fair value method over the vesting period of the option, which is reimbursed to the parent company. During the year US$ 33,522 (March 31, 2017 : US$ 25,445) was charged to NIIT Technologies Inc. by the parent company and accordingly, the expenses towards ESOP for current year is US$ 33,522 (March 31, 2017 : US$ 25,445).

**28 Earnings per Share**

| (a) ***Basic and Diluted earnings per share*** | **(Amount in USD) March 31, 2018** | **(Amount in INR) March 31, 2018** | **(Amount in USD) March 31, 2017** | **(Amount in INR) March 31, 2017** |
|---|---|---|---|---|
| From continuing operations attributable to the equity holders of the company | 1.95 | 125.57 | 0.93 | 62.16 |
| From discontinued operation | - | | - | |
| Total basic earnings per share attributable to the equity holders of the company | **1.95** | 125.57 | **0.93** | 62.16 |
| **(b) *Reconciliations of earnings used in calculating earnings per share*** | **March 31, 2018** | **March 31, 2018** | **March 31, 2017** | **March 31, 2017** |
| *Basic and Diluted earnings per share* | | | | |
| Profit attributable to the equity holders of the company used in calculating basic and diluted earnings per share: | | | | |
| From continuing operations | 5,528 | 356,356.93 | 2,630 | 176,395.62 |
| **(d) *Weighted average number of shares used as the denominator*** | **March 31, 2018** | **March 31, 2017** | | |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 2,837,887 | 2,837,887 | | |
| Adjustments for calculation of diluted earnings per share: | | | | |
| Options | - | - | | |
| Convertible bonds | - | - | | |
| Stock Options | - | - | | |
| Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share | **2,837,887** | **2,837,887** | | |

**29 Leases**

With respect to cancellable operating leases, the lease expenses recognised in the Statement of Profit and Loss during the year is as follows :

| **Particulars** | **(Amount in USD) March 31, 2018** | **(Amount in INR) March 31, 2018** | **(Amount in USD) March 31, 2017** | **(Amount in INR) March 31, 2017** |
|---|---|---|---|---|
| Lease expenses recognised in the Statement of Profit and Loss during the year | 426 | 27,494.99 | 414 | 27,743.32 |
| Commitments for future minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | | | |
| **a) In respect of Premises** | | | | |
| **Particulars** | **March 31, 2018** | **March 31, 2018** | **March 31, 2017** | **March 31, 2017** |
| Within one year | 551 | 35,900.75 | 534 | 35,603.53 |
| Later than one year but not later than five years | 1,032 | 67,203.15 | 1,552 | 103,553.25 |
| | **1,583** | 103,103.90 | **2,086** | 139,156.77 |
| **b) In respect of Equipment** | | | | |
| **Particulars** | **March 31, 2018** | **March 31, 2018** | **March 31, 2017** | **March 31, 2017** |
| Within one year | 7 | 429.38 | 8 | 527.92 |
| Later than one year but not later than five years | 6 | 386.25 | 12 | 832.12 |
| | **13** | 815.62 | **20** | 1,360.04 |

**30** **Segment reporting:**
The Chief Operating Decision Maker ("CODM") has been designated at the group level (ultimate parent company and its subsidiaries) and the CODM reviews operating results at the group level. Therefore, no disclosures relating to segment reporting has been given in this special purpose financial statements.

**31** Previous year figures have been reclassed to conform to current year's classification.

| | | |
|---|---|---|
| For S.R Batliboi & Associates LLP<br>Chartered Accountants<br>Firm Registration Number: 101049/E300004 | For and on behalf of the<br>Board of Directors | |
| **Yogender Seth**<br>Partner<br>Membership Number: 094254 | **Arvind Thakur**<br>Director | **Lalit Kumar Dhingra**<br>Director |
| Place: Gurgaon<br>Date: May 04, 2018 | Place: Noida<br>Date: May 04, 2018 | Place: Atlanta, USA<br>Date: May 04, 2018 |