

**Auditors' Report on Quarterly Consolidated Financial Results and Year to Date Financial Results of 3i Infotech Limited Pursuant to the Clause 41 of the Listing Agreement**

To  
The Board of Directors of 3i Infotech Limited

1. We have audited the quarterly and half yearly consolidated financial results of 3i Infotech Limited for the quarter ended 30<sup>th</sup> September, 2014 and year to date financial results for the period from 1<sup>st</sup> April, 2014 to 30<sup>th</sup> September, 2014 attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These consolidated quarterly financial results have been prepared from consolidated interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards, issued pursuant to the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act 2013 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of 2 subsidiaries, whose interim financial statements reflect total assets of Rs.29,436 lacs as at 30<sup>th</sup> June, 2014 and total revenue of Rs.7,730 lacs for the quarter ended 30<sup>th</sup> June, 2014, have been jointly audited with other auditors upto June 30, 2014.
4. We have not audited the financial statements of 4 subsidiaries included in the consolidated quarterly financial results, whose interim financial statements reflect total assets of Rs.125,928 lacs as at 30<sup>th</sup> September, 2014, total revenue of Rs.14,004 lacs and Rs. 26,492 lacs for the quarter and half year ended 30<sup>th</sup> September, 2014, respectively. These interim financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of such other auditors.



5. Without qualifying, we draw attention to :-

a) Going Concern and Impairment analysis:

- (i) During the financial year 2011-12, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond holders with respect to its obligations. Post the debts restructuring, there have been delays in repayment of Principal and payment of Interest in respect of CDR lenders as well as for the interest on the Foreign Currency Convertible Bonds, which may be construed as Default as per the Master Restructuring Agreement (MRA) and terms of FCCB. The Parent Company is negotiating with lenders to restructure the debt and is confident of positive outcome.
- (ii) The Parent Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – Impairment of Assets and Accounting Standard (AS) - 13 Accounting for Investments, prescribed under Companies (Accounting Standard) Rules 2006, carries out an impairment analysis annually of its Cash Generating Units / Long term Investments on a going concern basis, in order to ascertain the extent of impairment, if any and accordingly, the Parent Company had carried out Impairment Analysis for their carrying values in March, 2014 with the assistance of an independent expert valuer which revealed no impairment, which was relied upon by the auditors being a technical matter.

The above referred impairment analysis resulting into the valuation of business of the entire 3i group which included the business undertaking of Professional Access Software Development Private Limited, India sold as slump sale and divestment of Professional Access Limited U.S.A during the quarter.

Pending negotiations with lenders and Impairment Analysis, the Parent Company has prepared the financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with lenders, infusion of funds and impairment analysis.

- b) note no c of accompanying consolidated financial results regarding the justification of carrying deferred tax asset of Rs.12,529 lacs as at 30<sup>th</sup> September, 2014 being carried forward, the management based on the confirmed order book on hand and relying on the restructuring scheme approved by the CDR cell, is confident of having sufficient taxable income in foreseeable future, which would enable reversal of the said deferred tax assets.



6. In our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results:
- (i) include the quarterly financial results of the entities as given in Annexure;
  - (ii) have been presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
  - (iii) give a true and fair view of the consolidated net loss and other financial information for the quarter ended on 30<sup>th</sup> September, 2014 as well as year to date results for the period from 1<sup>st</sup> April, 2014 to 30<sup>th</sup> September, 2014.
7. Further, we also report that we have on the basis of the books of account and other records and information and explanations given to us by the management also verified the consolidated number of shares as well as percentage of shareholding in respect of aggregate amount of consolidated public shareholding, as furnished by the Parent Company in terms of Clause 35 of the Listing Agreement and found the same to be correct.

**For LODHA & CO.**

Firm Registration No. 301051E  
Chartered Accountants

**A. M. Hariharan**

Partner

Membership No. 38323

Place: Mumbai.

Date: November 11, 2014



## 3i Infotech Limited

Annexure to Clause 41 Consolidated Audit Report for the quarter ended September 30, 2014:

| Sr. No. | Subsidiaries audited by us:                                                                                                                         |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | 3i Infotech Asia Pacific Pte. Ltd., Singapore                                                                                                       |
| 2       | 3i Infotech SDN BHD, Malaysia                                                                                                                       |
| 3       | 3i Infotech Services SDN BHD, Malaysia                                                                                                              |
| 4       | 3i Infotech (UK) Ltd , UK                                                                                                                           |
| 5       | 3i Infotech (Western Europe) Holdings Ltd , UK                                                                                                      |
| 6       | 3i Infotech (Western Europe) Group Ltd , UK                                                                                                         |
| 7       | Rhyme Systems Ltd , UK                                                                                                                              |
| 8       | 3i Infotech Western Europe Ltd , UK                                                                                                                 |
| 9       | 3i Infotech Flagship Ltd., UK                                                                                                                       |
| 10      | 3i Infotech Framework Ltd., UK                                                                                                                      |
| 11      | 3i Infotech (Thailand) Ltd., Thailand                                                                                                               |
| 12      | 3i Infotech Saudi Arabia LLC, Saudi Arabia                                                                                                          |
| 13      | 3i Infotech (Middle East) FZ LLC, UAE                                                                                                               |
| 14      | 3i Infotech (Africa) Ltd., Kenya                                                                                                                    |
| 15      | 3i Infotech Trusteeship Services Ltd. , India                                                                                                       |
| 16      | 3i Infotech Consultancy Services Ltd., India                                                                                                        |
| 17      | 3i Infotech BPO Limited                                                                                                                             |
| 18      | 3i Infotech Holdings Private Ltd., Mauritius                                                                                                        |
| 19      | Elegon Infotech Ltd., China                                                                                                                         |
| 20      | Black Barret Holdings Ltd., Cyprus- Subsidiary                                                                                                      |
| 21      | 3i Infotech Outsourcing Services Limited, India- Subsidiary                                                                                         |
| 22      | 3i Infotech (South Africa)(Pty) Limited, Subsidiary- Republic of South Africa( w.e.f. 28 <sup>th</sup> November, 2013-Capital is yet to be infused) |
| 23      | Process Central Limited, Nigeria- Joint Venture                                                                                                     |
| 24      | Professional Access Software Development Pvt. Ltd., India                                                                                           |
|         | <b>Subsidiaries jointly Audited with other Auditors : (Upto 30<sup>th</sup> June, 2014)</b>                                                         |
| 1       | Professional Access Ltd., USA (upto 14 <sup>th</sup> August, 2014)                                                                                  |
| 2       | Professional Access Software Development Pvt. Ltd., India                                                                                           |
|         | <b>Subsidiaries audited by other Auditors:</b>                                                                                                      |
| 1       | 3i Infotech Inc., USA                                                                                                                               |
| 2       | 3i Infotech Financial Software Inc., USA                                                                                                            |
| 3       | Locuz Enterprises Solutions Ltd., India                                                                                                             |
| 4       | Locuz Inc., USA (w.e.f. 29 <sup>th</sup> July, 2014- Capital is yet to be infused)                                                                  |

