

Auditors' Report on Quarterly Consolidated 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 attached quarterly consolidated financial results of 3i Infotech Limited for the quarter ended 30th June, 2015, 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 (AS) 25, "Interim Financial Reporting" specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 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(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed in financial results. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial results. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial results, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial results that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Group, as well as evaluating the overall presentation of the financial results. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial results.



3. We have not audited the financial statements of 2 subsidiaries included in the consolidated quarterly financial results, whose interim financial statements reflect total assets of Rs. 6,707 lacs as at 30th June, 2015 and total revenue of Rs.2,635 lacs for the quarter ended 30th June, 2015. 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.
4. (i) We did not audit the financial statements of 2 subsidiaries and a joint venture, whose financial statements reflect total assets of Rs. 66 lacs as at 30th June, 2015 and total revenues of Rs. Nil for the quarter ended 30th June, 2015. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and a joint venture is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.
- (ii) The financial statements of 5 subsidiaries in UK have not been consolidated for the quarter ended 30th June, 2015. As explained by the Management, the financial statements of these subsidiaries are presently under preparation and those are not material to the Group.
5. 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 30th June, 2015.
6. 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.
7. Without qualifying, we draw attention to :-
 - (i) **Going Concern:**

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 substantial 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 the terms of FCCB. The Company is negotiating with the aforesaid lenders as also with the lease financiers to restructure the debt and is reasonably certain to renegotiate and meet its financial obligations.

Accordingly, the Company has prepared the financial statements on a going concern basis.

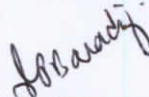
(ii) Deferred Tax Assets:

Attention is also invited to note no (C) appearing in the financial results in respect of Net Deferred Tax Assets recognized in the earlier years of Rs.12,596 lacs being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of order book on hand and relying on the Restructuring Scheme as mentioned in the above para, is confident of having sufficient taxable income in the foreseeable future enabling reversal of the said deferred tax assets.

For LODHA & CO.

Firm Registration No: 301051E

Chartered Accountants



R. P. Baradiya

Partner

Membership No. 44101

Place: Mumbai

Date: July 28, 2015



3i Infotech Limited**Annexure to Clause 41 Consolidated Audit Report for the quarter ended June 30, 2015:**

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 (Thailand) Ltd., Thailand
5	3i Infotech Saudi Arabia LLC, Saudi Arabia
6	3i Infotech (Middle East) FZ LLC, UAE
7	3i Infotech (Africa) Ltd., Kenya
8	3i Infotech Trusteeship Services Ltd. , India
9	3i Infotech Consultancy Services Ltd., India
10	3i Infotech BPO Limited
11	3i Infotech Holdings Private Ltd., Mauritius
12	3i Infotech Outsourcing Services Limited, India
13	Professional Access Software Development Pvt. Ltd., India
14	3i Infotech Inc., USA
15	3i Infotech Financial Software Inc., USA
	Subsidiaries audited by other Auditors:
1	Locuz Enterprises Solutions Ltd., India
2	Locuz Inc., USA (w.e.f. 29 th July, 2014)
	Unaudited Subsidiaries / Joint venture:
1	Black Barret Holdings Ltd., Cyprus
2	3i Infotech (South Africa)(Pty) Limited - Republic of South Africa(w.e.f. 28 th November, 2013 - Capital is yet to be infused)
3	Process Central Limited, Nigeria - Joint Venture



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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(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed in financial results. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial results. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial results, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial results that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial results. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial results.
3. In our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results and year to date results:



- (i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and;
 - (ii) give a true and fair view of the net loss and other financial information for the quarter ended on 30th June, 2015.
4. Further, we 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 number of shares as well as percentage of shareholding in respect of aggregate amount of public shareholding, as furnished by the Company in terms of clause 35 of the Listing Agreement and found the same to be correct.
5. Without qualifying, we draw attention to :-

(i) Going Concern:

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 substantial 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 the terms of FCCB. The Company is negotiating with the aforesaid lenders as also with the lease financiers to restructure the debt and is reasonably certain to renegotiate and meet its financial obligations.

Accordingly, the Company has prepared the financial statements on a going concern basis.

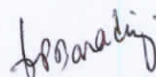
(ii) Deferred Tax Assets:

Attention is also invited to note no (C) appearing in the financial results in respect of Net Deferred Tax Assets recognized in the earlier years of Rs. 12,133 lacs being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of order book on hand and relying on the Restructuring Scheme as mentioned in the above para, is confident of having sufficient taxable income in the foreseeable future enabling reversal of the said deferred tax assets.

For LODHA & CO.

Firm Registration No: 301051E

Chartered Accountants



R. P. Baradiya

Partner

Membership No. 44101

Place: Mumbai

Date: July 28, 2015

