

**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 attached quarterly consolidated financial results of 3i Infotech Limited for the quarter ended 30th September, 2015 and year to date financial results for the period from 1st April, 2015 to 30th September, 2015 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 (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 consolidated financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the consolidated financial results. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial results. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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. (i) We did not audit the financial statement of a joint venture, whose financial statements reflect total assets of Rs. 42.46 lacs as at 30th September, 2015 and total revenues of Rs. NIL and Rs. NIL for the quarter and half year ended 30th September, 2015, respectively. 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 the 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 and a step down subsidiary in USA have not been consolidated for the quarter ended 30th September, 2015. As explained by the Management, the financial statements of these subsidiaries are presently under preparation and those are not material to the Group.
4. In our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results as well as the consolidated year to date 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 September, 2015 as well as year to date results for the period from 1st April, 2015 to 30th September, 2015.
5. 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.



6. 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 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 consolidated financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with lenders, restructuring of business and infusion of funds.

(ii) **Deferred Tax Assets:**

Attention is also invited to note (c) appearing in the consolidated financial results in respect of Net Deferred Tax Assets recognized in the earlier years of Rs.12,589 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.



Place: Mumbai.

Date: October 23, 2015

For LODHA & CO.

Firm Registration No: 301051E

Chartered Accountants

R. P. Baradiya

Partner

Membership No. 44101

3i Infotech Limited

Annexure to Clause 41 Consolidated Audit Report for the quarter ended September 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, India
11	3i Infotech Holdings Private Ltd., Mauritius
12	IFRS Cloud Solutions Limited (Formerly known as 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
16	Locuz Enterprises Solutions Ltd., India
17	Elegon Infotech Ltd., China
18	Black Barret Holdings Ltd., Cyprus
19	3i Infotech (South Africa)(Pty) Limited, Republic of South Africa
	Unaudited Joint venture:
1	Process Central Limited, Nigeria- Joint Venture



**Auditors' Report on Quarterly 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 attached quarterly financial results of 3i Infotech Limited (the company) for the quarter ended 30th September, 2015 and year to date financial results for the period from 1st April, 2015 to 30th September, 2015, 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 quarterly financial results as well as year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such 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" issued pursuant to the Companies specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts), Rules 2014 and 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 Company's Directors, as well as evaluating the overall presentation of the financial results. We believe that the audit evidence we



Kolkata

Mumbai

New Delhi

Chennai

Hyderabad

Jaipur

have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 September, 2015 as well as year to date results for the period from 1st April, 2015 to 30th September, 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 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 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 which is dependent, inter alia, upon the positive outcome of negotiations with lenders, restructuring of business and infusion of funds.



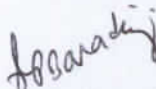
(ii) **Deferred Tax Assets:**

Attention is also invited to note (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: October 23, 2015

