



Let's Solve

SUBSIDIARY COMPANIES ANNUAL REPORT **2017-18**

A decorative graphic consisting of several diagonal bars of varying lengths and shades of blue and white, creating a sense of upward movement and growth. One prominent bar is orange and points towards the title.

Amplifying Outcomes



A Larsen & Toubro
Group Company

**LARSEN & TOUBRO INFOTECH LIMITED
SUBSIDIARY COMPANIES**

REPORTS AND ACCOUNTS 2017-2018

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DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Annual report and Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

Particulars	EURO	
	2017-18	2016-17
Total Income	11,390,637	12,334,389
(Profit / (Loss) before Tax)	570,163	508,238
Less : Tax	401,795	215,664
(Net Profit / (Loss) after Tax)	168,368	292,574
Add: Balance b/f from previous year	4,005,029	3,712,455
Dividend paid (Incl Taxes)	13,00,000	0
Balance to be carried forward	2,873,386	4,005,029

2. CAPITAL EXPENDITURE

As at March 31, 2018, the gross fixed and intangible assets including leased assets, stood at EUR 176,430/- and the net fixed and intangible assets, including leased assets, at EUR 105,644/-. Capital Expenditure during the year amounted to EUR 3911/-.

3. CAPITAL & FINANCE

During the year under review, the parent Company has invested EURO 16 Mn. in the Company out of which Euro 25000 is against equity Capital & rest of the amount was towards Capital reserve.

4. SUBSIDIARIES ACQUISITION

During the year company has completed acquisition of 100% shareholding of Syncordis S.A., Luxembourg along with its identified subsidiaries, comprising of Syncordis Support Services S.A., Luxembourg, Syncordis Limited, UK and Syncordis SARL, France.

5. STATE OF COMPANY AFFAIRS

The gross sales and other income for the Financial Year under review were EUR 11.39 Mn as against EUR 12.33 Mn for the previous Financial Year registering a decrease of 7.6%. The profit after tax from including extraordinary and exceptional items was EUR 0.17 Mn for the Financial Year under review as against EUR 0.29 Mn for the previous Financial Year.

6. DIVIDEND

In order to conserve the resources for future business growth, the Directors do not recommend any final dividend for the year. During the year, your Company paid an interim dividend of Euro 1.3 Mn.

7. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review there was no change in the Directors & Key Managerial Personnel of the Company.

8. AUDITORS

M/s. Pohner & Von Loeben are the auditors of the Company. They have been reappointed as Statutory Auditors of the Company for the ensuing financial year.

9. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

DIRECTORS' REPORT (Contd.)

- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Local Statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

10. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

11. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Germany and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: London

Date: April 30, 2018

Sudhir Chaturvedi

Director

AUDITOR'S REPORT

1. Assignment

The management of ,

Larsen & Toubro Infotech GmbH, Leipzig,

- authorised signatory hereinafter referred to as "Larsen" as well as the "Company" -

appointed us (confirmation of order dated April 20, 2018) by the shareholders resolution dated, April 20, 2018 to audit the financial statements and the accounting records for the year ended March 31, 2018.

The maintenance of the books and records and the preparation of the annual financial statements in accordance with the German Commercial Code (HGB) and the additional regulations of the articles of association are on the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements based on our audit.

We carried out our audit in accordance with the general conditions of assignment for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften of the "Institut der Wirtschaftsprüfer" in Germany e.V. (IDW), dated January 01, 2017 (added in appendix 3). Our responsibility and our liability, especially to third parties, is based on these conditions of assignment.

We report about our audit in accordance with § 321 German Commercial Code (HGB) and in accordance with the reporting standards of IDW PS 450. Our report is directed to the audited Company and consists of a main part, which includes all essential statements summarized and four appendices, which are an essential part of our report.

We certify in accordance with § 321 par. 4 a German Commercial Code (HGB) that we have observed the Audit Independence Rules

2. General Statements

2.1. Situation of the Company

The Company, as a small company with regard to § 267 par. 1 German Commercial Code used its right to choose according to § 264 par. 1 sent. 4 German Commercial Code and did not prepare a management report. The evaluations of the management about the situation of the Company and the risks of the future development affect disclosure and valuation decisions already within the scope of the preparation of the annual financial statements by the legal representatives. As far as the judgement of the situation of the Company by the legal representatives was considered in the annual financial statements in the form of the audited papers and documents as well as additionally given information we make the following statements:

Within the scope of the audit of the annual financial statements as well as the business situation of the Company we noted no facts which argue against the judgement of the situation of the Company according to the submitted annual financial statements.

2.2. Statements according to § 321 par. 1 sent. 3 German Commercial Code Irregularities

In the course of our audit no irregularities have been found.

3. Subject, character and audit scope

The subject of our audit was the Company's accounting and the financial statements.

The Company is a small sized company in accordance with § 267 par. 1 German Commercial Code (HGB). Therefore the Company is not obliged by applicable law to be audited with regard to § 316 pf. German Commercial Code (HGB). The Company applies the statutory accounting requirements in Germany.

The audit did not extend to the audited company's future prospects nor to the effectiveness and the efficiency of the management.

The audit was carried out in accordance with § 317 German Commercial Code (HGB) and the auditing Standards promulgated in the statement of IDW PS 200 pf. by the German „Institut der Wirtschaftsprüfer" (IDW). We have audited, whether the regulations of the German Commercial Code and additional regulations of the articles of association of the Company and the regulations and standards of accounting were noticed. The audit covers other regulations only in so far as these regulations contain rules with which the financial statements have to comply. This audit does neither cover any specific information on criminal offences such as breach of public trust or embezzlements nor any offences committed beyond accounting.

The audit was performed by defining an audit strategy, taking a risk-orientated approach. Based on this approach, significant criteria for the determination of audit procedures is the risk of errors and violations of statutory provisions. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures.

AUDITOR'S REPORT (Contd.)

On the basis of this determination we have planned our audit procedures.

The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements are examined primarily on a test basis within the framework of the audit. We focused on economic importance of each part of the audit and the type of accounting principles. Because of this assurance of the proper business transactions the scope of the individual audit procedures could be cut down. The audit procedures included plausibility checks and the audit of evidence of individual business transactions.

Provided that materiality limits were not exceeded no adjustments have been made.

We carried out our audit in April 2018 in our office premises in Munich. Our auditor's functions were essentially finished on April 30, 2018.

Our audit was focused on:

- Valuation of accruals
- Reconcile and evaluation of trade receivables and trade payables including affiliated companies

We have requested confirmations of affiliated companies concerning trade receivables and trade payables. Amounts due from and to affiliated companies have been agreed upon with the companies concerned.

The cash in banks and liabilities due to banks are in accordance with confirmations and statement of accounts.

Details about the audit scope and methods are included in our working papers.

All requested documents had been at our entire disposal. Necessary explanations were given to us by:

- Warth & Klein Grant Thornton AG, the tax adviser of the Company (Munich)
- Ms. Sampat Dhruvi, Larsen & Toubro Infotech Ltd. (Mumbai/India).

We have received the Letter of Representation by the managing director. In the Letter of Representation the management promised that the bookkeeping contains all assets, liabilities and risks and that the information given to us is complete.

4. Statements and explanation to accounting

4.1. Adequacy of the accounting

4.1.1 Accounting and other reviewed documents

The accounting of the Company including the wage and salary accounting of the reporting year are performed outside by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft (tax consultant company), Munich, by the use of a data processing program called DATEV.

We have convinced ourselves of the adequacy and procedure of the accounting as a whole and its practical use. The vouchers are orderly and conclusive. Journal and ledger accounts are properly recorded. The accounting records documents handling is in accordance with the general accepted accounting principles. Assets and liabilities were properly proved. When we finished our audit all accounts were closed.

In the course of our audit and due to the information given to us we did not find any indications that the safety of the data processed for the purposes of accounting is not guaranteed.

4.1.2 Financial statements

The balance sheet as of March 31, 2018 and the profit and loss account for the period from April 1, 2017 to March 31, 2018 were correctly deduced from the accounting. The balance sheet format complies with the German Commercial Code. The assets were proven by balance files, confirmations, correspondences of the Company and other documents.

We audited the financial statements as of March 31, 2017 and supplied it with the auditors' opinion on April 21, 2017. The financial statements as of March 31, 2017 were approved at the shareholders' meeting on April 18, 2017.

The financial statements of Larsen & Toubro Infotech GmbH, Leipzig, were prepared in accordance with §§ 242-256 German Commercial Code (HGB), the complementing regulations of §§ 264-288 German Commercial Code (HGB) and the German Accounting Directive Implementation Act (BilRUG). Furthermore the regulations in the German GmbH-Law were noticed.

AUDITOR'S REPORT (Contd.)

The valuation of assets and liabilities applied to the German Commercial Code. The used accounting and valuation methods are presented in the notes to the financial statements (appendix 1.3).

Valuation methods and classifications of the financial statements as of March 31, 2017 are applied. The standards of § 252 of German Commercial Code (HGB) were followed by the Company and the German Accounting Directive Implementation Act.

The notes to the financial statements are in accordance with the applicable law and regulations. The notes to the financial statements especially contain all necessary disclosures, representations, analysis, explanations and reasons with regard to recording methods of the accounting and valuation of the individual items in the balance sheet and profit and loss account as well as the other necessary disclosures. We examined the individual disclosures of the notes to the financial statements within our audit of the individual items in the balance sheet and profit and loss account.

4.2. Overall picture conveyed by the financial statements

4.2.1 Result of the financial statements

According to the result of our audit the financial statements, in compliance with generally accepted accounting principles, present overall a true and fair view of its net worth, financial position and results of operations.

4.2.2 Substantial valuation methods

Tangible assets and intangible assets stated at purchase costs reduced by systematic depreciation. Fixed assets are depreciated on a straight-line method. Low value items up to EUR 800,00 (until December 31, 2017 EUR 410,00) are completely written-off in their first year.

The financial assets are stated at acquisition costs.

The inventories are evaluated with the original purchase or production costs. As far as there were lower values at the day of the balance sheet, those were stated.

Receivables are stated at nominal value. Receivables denominated in a foreign currency are converted into EURO at the average spot exchange rate at the balance sheet date. Risks on receivables are taken into account by lump-sum valuation adjustments to appropriate extent.

Other accruals are set up for uncertain liabilities and are stated at the amount required based on sound business judgement.

Liabilities are stated at their settlement amounts. Liabilities denominated in a foreign currency are converted into EURO at the average spot exchange rate at the date of the balance sheet.

4.2.3 Change in accounting and evaluation methods

The application of accounting and evaluation choices of the German Commercial Code (HGB) as well as other bases of evaluation for the financial statements are unchanged compared to prior year. A change in accounting and evaluation methods as well as basic influences on the reporting of the net assets, financial position and results of operations by a changed practice of the scope of discretion are, according to our assessment, not existing.

4.2.4 Statements concerning single items of the balance sheet

We refer to the notes of financial statements (Appendix 1.3).

As requested we did not give a detailed report about the net assets, financial position and results of operations of the Company.

5. Repetition of the Auditors' opinion

Based on the results of our audit of the financial statements as of March 31, 2018 of Larsen & Toubro Infotech GmbH, Leipzig, we render the following

Auditors' opinion:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Larsen & Toubro Infotech GmbH, Leipzig, for the period from April 1, 2017 to March 31, 2018. The bookkeeping system and the preparation of these documents in accordance with German commercial law and supplementary articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

AUDITOR'S REPORT (Contd.)

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the accounting principles used and the evaluation of significant estimates made by management and evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the shareholder agreement and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

Munich, April 30, 2018

signed Pöhner
Wirtschaftsprüfer

signed von Loeben
vereidigter Buchprüfer

We submit this auditors' report according to § 321 German Commercial Code (HGB) while considering the generally accepted auditing standards (IDW-PS 450).

The publication or transfer of the financial statements in a form different from the one we have audited is only permitted after our consent if in the course of doing so reference is made to our audit opinion or audit.

Munich, April 30, 2018

Pöhner
Wirtschaftsprüfer

von Loeben
vereidigter Buchprüfer

FINANCIAL STATEMENTS

BALANCE SHEETS

as at March 31, 2018

	EUR	EUR	Previous Year TEUR
ASSETS			
A. Fixed assets			
I. Tangible assets			
Other equipment, factory and office equipment	87,026.00		106
II. Financial assets			
Investments in affiliated companies	27,893,219.24	27,980,245.24	
B. Inventories			
Orders in progress		54,346.87	98
C. Current assets			
I. Receivables and other assets			
1. Trade receivables	2,714,838.34		3,400
2. Receivables from affiliated companies	1,652,064.93		438
3. Other assets	308,908.49		131
II. Cash, Bank Balances	3,365,243.42	8,041,055.18	2,366
D. Accrued items			
		3,437.37	1
		36,079,084.66	6,540
LIABILITIES			
A. Equity			
I. Subscribed capital	50,000.00		25
II. Capital reserves	15,975,000.00		-
III. Retained profits	2,705,017.46		3,712
IV. Net income for the year	168,368.46	18,898,385.92	293
B. Accruals			
I. Tax accruals	6,200.00		273
II. Other accruals	14,331,268.26	14,337,468.26	459
C. Liabilities			
I. Trade payables	299,266.56		6
- thereof due within one year EUR 299,266.56 (p.y. 6 TEUR)			
II. Amounts due to affiliated companies	2,277,114.31		1,531
- thereof due within one year EUR 2,277,114.31 (p.y. 1,531 TEUR)			
III. Other liabilities	266,849.61	2,843,230.48	241
- thereof due to tax payments EUR 148,674.49 (p.y. 165 TEUR)			
- thereof due to social security and similiar obligations EUR 16,639.43 (p.y. 5 TEUR)			
- thereof due within one year EUR 266,849.61 (p.y. 241 TEUR)			
		36,079,084.66	6,540

For and on behalf of the Board

Sudhir Chaturvedi
Managing Director

STATEMENT OF PROFIT & LOSS*for the period ended March 31, 2018*

	EUR	EUR	Previous Year TEUR
1. Sales revenues		11,403,264.09	12,540
2. Increase in orders in progress		-44,207.33	-458
3. Other operating income		31,580.77	253
- of which currency translation gains EUR 11,168.92 (p.y. 223 TEUR)		(11,390,637.53)	(12,335)
4. Costs of materials			
a) Costs of raw materials, consumables and of purchased merchandise	1055		
b) Costs of purchased services	5,408,768.07	-5,408,778.62	-6,806
		5,981,858.91	5,529
5. Personnel expenses			
a) Wages and salaries	2,646,714.78		-3,021
b) social charges	1,005,412.56		- 495
6. Depreciation on intangible fixed and tangible assets	18,140.08		-19
7. Other operating expenses	1,741,428.29	-5,411,695.71	-1,486
- of which expenses translation gains EUR 310,824.76 (p.y. 100 TEUR)		570,163.20	508
8. Other interest and similar income			
- of which discounting of accruals EUR 474,788.81 (p.y. - TEUR)	474,788.81		-
9. Interest and similar expenses			
- of which discounting of investments EUR 474,788.81 (p.y. - TEUR)	-474,788.81	0.00	-
		570,163.20	508
10. Taxes on income		-401,794.74	-215
- of which deferred taxes EUR 0,00 (p.y. - TEUR)			
11. Result after taxes		168,368.46	293
12. Other taxes		-0.00	-
13. Net income for the year		168,368.46	293
14. Retained profits		2,705,017.46	3,712
15. Disposable profits		2,873,385.92	4,005

For and on behalf of the Board

Sudhir Chaturvedi
Managing Director

NOTES TO FINANCIAL STATEMENTS

as of March 31, 2018

1. Key figures, Classification, Previous year's figure

The Larsen & Toubro Infotech GmbH – hereinafter referred to as the company – with its seat in Leipzig, was founded by notarial record agreement dated June 14, 1999 and has a capital stock of EUR 50.000,00 (until December 6, 2017 EUR 25.000,00). The Company was registered at the commercial register Leipzig (HRB 15958) on July 28, 1999.

The parent company is Larsen & Toubro Infotech Limited with its domicile in Mumbai, India.

Object of the Company is the provision of consulting services in the area of information technology as well as the trade with products and rights of every type, particularly with assets, devices and fittings regarding information technology as well as software.

The company is a small company according to § 267 HGB (German Commercial Code), as the characteristics of size with regard to § 267 par. 1 HGB are not reached. The financial statements are set up according to the HGB and the GmbHG (Limited liability company law).

The structure of the balance sheet and profit and loss summary is according to the regulations of the HGB. The profit and loss account was set up in total expenditure format according to § 275 Abs. 2 HGB. The notes were prepared under consideration of the alleviation of § 288 HGB.

2. Accounting principles and standard of valuation and notes to the financial statement

The applied accounting principles and valuation methods of the annual financial statements are in accordance with §§ 238 ff. HGB as well as with §§ 264 ff. HGB for corporations and the German Accounting Directive Implementation Act (BilRuG).

Fixed assets are capitalized at acquisition or production costs less normal depreciation. Moveable assets are depreciated using the straight-line method. Low value items up to EUR 800,00 (until December 31, 2017 EUR 410,00) are completely written-off in their first year.

The financial assets are stated at acquisition costs.

The inventories are evaluated with the original purchase or production costs. As far as there were lower values at the day of the balance sheet, those were stated.

Receivables are stated at nominal value. Receivables denominated in a foreign currency are converted into EURO at the average spot exchange rate at the balance sheet date. Risks on receivables are taken into account by lump-sum valuation adjustments to appropriate extent.

Other assets and liabilities are considered with the nominal face respectively settlement value.

Liabilities are stated at their settlement amounts. Liabilities denominated in a foreign currency are converted into EURO at the average spot exchange rate at the date of the balance sheet.

3. Informations on balance sheet and profit & loss account

Fixed assets developed as follows

	Purchase and manufacturing costs			
	Balance at April 1, 2017 EUR	Additions EUR	Disposals EUR	Balance at March 31, 2018 EUR
A. Fixed Assets				
I. Tangible assets				
Other equipment, fixtures, furniture and office equipment	177.442,62	2.171,27	3.183,17	176.430,72
II. Financial Assets				
Investments in affiliated companies	0,00	27.893.219,24	0,00	27.893.219,24
	177.442,62	27.895.390,51	3.183,17	28.069.649,96

NOTES TO FINANCIAL STATEMENTS (Contd.)*as of March 31, 2018*

	Depreciations			Net book value	
	Balance at April 1, 2017 EUR	Additions EUR	Disposals EUR	Balance at March 31, 2018 EUR	Balance at March 31, 2017 EUR
A. Fixed Assets					
I. Tangible assets					
Other equipment, fixtures, furniture and office equipment	71.798,62	18.140,08	533,98	89.404,72	105.644,00
II. Financial Assets					
Investments in affiliated companies	0,00	0,00	0,00	0,00	0,00
	71.798,62	18.140,08	533,98	89.404,72	105.644,00

The investment in affiliated companies is valued at contingent acquisition cost discounted to the present value on the balance sheet date.

Receivables are all due within one year.

The other accruals contain provisions for financial statements and audit (29 TEUR), vacation provisions (311 TEUR), insurance association (20 TEUR), disability charge (1 TEUR), outstanding invoices (945 TEUR) and "earn out" payments syncordis S.A. (13.025 TEUR).

The accrual "syncordis S.A." is discounted to the present value on the balance sheet date.

The liabilities include liabilities against affiliated companies of EUR 2.277.114,31 that are all due within one year.

Contingencies according to § 251 HGB did not exist at closing date.

Deferred tax assets and deferred tax liabilities were not to be taken into account.

4. Other information

Managing Director:

Ashok Kumar Sonthalia, Managing Director, Mumbai/India

(Power to sole representation, exempt of § 181 BGB)

Sudhir Chaturvedi, Managing Director, Purley/Great Britain (since October 12, 2016)

(Power to sole representation, exempt of § 181 BGB)

With regard to further disclosures, use has been made of the protective clause provided for by § 286 par. 4 HGB.

The annual average number of employees was 43.

Proposal for appropriation of profit:

The Management proposes to carry forward the net accumulated profit of EUR 2.873.385,92.

5. Events after the balance sheet date

No significant events arose after the end of the financial year which have not been considered in the profit and loss account or the balance sheet.

For and on behalf of the Board

London, April 30, 2018

Sudhir Chaturvedi
Managing Director

LEGAL POSITION

A. Company's Structure	
Legal form:	Limited liability company
Company name:	Larsen & Toubro Infotech GmbH
Legal domicile:	D-04109 Leipzig
Articles of association:	June 14, 1999 (Dr. Carsten Ritter, Leipzig/Germany)
Commercial Register:	Local first-instance court Leipzig, HR B 15958. We received a certificate of registration dated April 23, 2018
Object of the Company:	Delivery of consulting services in the field of information technology as well as dealing with goods and rights of all kind, especially with assets, equipment and fixtures for information technology as well as software
Nominal Capital:	EUR 50.000,00 (p.y. 25 TEUR) 100 % of the shares of the Company are being held by Larsen & Toubro Infotech Ltd., Mumbai/India
Managing Directors:	Ashok Kumar Sonthalia, Mumbai/India Sudhir Chaturvedi, Purley/Great Britain
Fiscal Year:	April 1 until March 31
Prior financial Statements:	The financial statements as of March 31, 2017 were approved at the shareholders' meeting on April 18, 2017.

B. Tax Basis

General

The Company is recorded by the local tax office for corporations in Leipzig (registration-number: 231/113/12222).

The tax authorities carried out a tax audit in the year 2012 for the assessment periods 2007 to 2009.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Annual Report and Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

Particulars	CAD*	
	2017-18	2016-17
Total Income	21,933,610	17,438,889
Profit / (Loss) before Tax	961,251	708,773
Less: Tax	255,015	173,376
Net Profit/(Loss) after Tax	706,236	535,397
Add: Balance b/f from previous year	1,492,168	1,956,771
Less: Dividend Paid		(1,000,000)
Balance to be carried forward	2,198,404	1,492,168

Note: *Canadian Dollars

2. CAPITAL EXPENDITURE

As at March 31, 2018, the gross fixed and intangible assets including leased assets, stood at CAD 35,754 and the net fixed and intangible assets, including leased assets, at CAD 9,557. Capital Expenditure during the year amounted to CAD 8,610.

3. STATE OF COMPANY AFFAIRS

The total income for the Financial Year under review was CAD 21.93 Mn as against CAD 17.44 Mn for the previous Financial Year registering an increase of CAD 4.49 Mn. The profit after tax for the Financial Year under review was CAD 0.70 Mn as against CAD 0.54 Mn for the previous Financial Year.

4. DIVIDEND

In order to conserve the resources for future business growth, the Directors do not recommend dividend for the current financial year

5. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review Ms. Tina Allan was appointed as Director w.e.f. January 10, 2018 and Mr. Chad Alderson resigned as Directors w.e.f. August 7, 2017. The Board places on the record the valuable contribution made by Mr. Chad Alderson during his tenure as Director of the Company.

6. AUDITORS

M/s KNAV Professional Corporation are the auditors of the Company. They have been re-appointed as Statutory Auditors of the Company for the ensuing Financial Year.

7. FINANCIAL STATEMENTS

The Auditors report to the shareholder does not contain any qualification, observation or adverse comment.

8. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

DIRECTORS' REPORT (Contd.)

- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

9. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Canada and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Harsh Naidu

Director
Edison

Tina Allan

Director
Mississauga

Date: April 30, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholder,

L&T Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE

We have audited the accompanying financial statements of L&T Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE ("the Company") which comprise the balance sheets as at March 31, 2018 and March 31, 2017, the related statements of income and retained earnings and statements of cash flows for the years ended March 31, 2018 and March 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of L&T Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE as at March 31, 2018 and March 31, 2017 and its financial performance and its cash flows for the years ended March 31, 2018 and March 31, 2017 in accordance with Canadian accounting standards for private enterprises.

KNAV Professional Corporation

Chartered Professional Accountants

Date: April 30, 2018

Place: Toronto

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

BALANCE SHEETS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes	As at	
		March 31, 2018	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	6	1,118,861	798,766
Accounts receivable, net	7	6,813,108	1,992,821
Advance taxes		-	7,926
Other current assets	8	396,124	316,691
Total current assets	\$	8,328,093	3,116,204
Computer, furniture and office equipment	9	9,557	2,315
Total assets	\$	8,337,650	3,118,518
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	5,816,709	1,462,233
Other current liabilities	11	321,789	155,533
Total current liabilities	\$	6,139,055	1,617,766
Future tax liabilities	15	648	8,484
Total liabilities	\$	6,139,703	1,626,250
Shareholder's equity			
Share capital	12	100	100
Retained earnings		2,198,404	1,492,168
Total shareholder's equity	\$	2,197,947	1,492,268
Total liabilities and shareholder's equity	\$	8,337,650	3,118,518

(The accompanying notes are an integral part of these financial statements)

APPROVED ON BEHALF OF THE BOARD

Harsh Naidu
Director

Tina Allan
Director

FINANCIAL STATEMENTS*March 31, 2018 and March 31, 2017***STATEMENTS OF INCOME AND RETAINED EARNINGS***(All amounts in Canadian Dollars, unless otherwise stated)*

	Notes	For the year ended	
		March 31, 2018	March 31, 2017
Revenue		21,933,610	17,436,791
Other income	13	-	2,097
Total revenue	\$	21,933,610	17,438,889
Employee cost		9,518,861	5,878,375
Subcontracting expenses		10,498,376	10,575,146
Total direct expense	\$	20,017,237	16,453,521
Sales and administration expenses		480,829	294,178
Rent		95,823	32,172
Professional charges		255,464	161,184
Travelling and conveyance		35,180	(2,967)
Telephone charges		17,685	7,136
Auditor's remuneration		12,175	10,054
Foreign exchange loss/(gain)		31,170	(220,991)
Miscellaneous expenses/(income)		25,427	(4,435)
Total indirect costs	\$	953,753	276,331
Depreciation	9	1,369	265
Income before tax	\$	961,251	708,773
Provision for income taxes		262,851	173,425
Future income tax benefit		(7,836)	(49)
Income taxes	15	255,015	173,376
Net income after taxes	\$	706,236	535,397
Retained earnings, beginning of the year		1,492,168	1,956,771
Dividend distribution		-	(1,000,000)
Retained earnings, end of the year	\$	2,198,404	1,492,168

*(The accompanying notes are an integral part of these financial statements)***APPROVED ON BEHALF OF THE BOARD**Harsh Naidu
DirectorTina Allan
Director

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

STATEMENTS OF CASH FLOWS

(All amounts are in Canadian Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2018	March 31, 2017
Cash flow from operating activities		
Net income after tax	706,236	535,397
Adjustments for non- cash items		
Depreciation	1,369	265
Future income tax benefit	(7,836)	(49)
Unrealized foreign exchange gain	(54,907)	(13,201)
Income tax credit written-off	30,427	-
Net change in non-cash operating working capital		
Accounts receivable	(4,808,401)	1,647,506
Other current assets	(109,832)	(86,067)
Accounts payable and accrued liabilities	4,387,798	(502,093)
Advance tax (net)	15,762	100,117
Other current liabilities	174,906	(263,173)
Cash provided by operating activities	\$ 319,202	1,418,701
Cash flow from investing activities		
Purchase of office equipment	(8,611)	(807)
Cash used in investing activities	\$ (8,611)	(807)
Cash flow from financing activities		
Dividend distribution	-	(850,000)
Withholding tax on dividend	-	(150,000)
Cash used in financing activities	\$ -	(1,000,000)
Net foreign exchange difference on cash and cash equivalents	9,504	(38,638)
Net increase in cash and cash equivalents	320,095	379,257
Cash and cash equivalents, at beginning of the year	798,766	419,509
Cash and cash equivalents, at end of the year	\$ 1,118,861	798,766

(The accompanying notes are an integral part of these financial statements)

APPROVED ON BEHALF OF THE BOARD

Harsh Naidu
Director

Tina Allan
Director

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

1. Description of business

Larsen & Toubro Infotech Canada Ltd. / Infotech Larsen & Toubro Canada LTEE (the "Company") is incorporated under the Canada Business Corporations Act (Ontario). The Company is a wholly owned subsidiary of Larsen & Toubro Infotech Ltd., an Indian company ("Parent"). The Company is engaged in software consulting and development services.

2. Basis of presentation

The financial statements of the Company have been prepared by the management in accordance with Canadian accounting standards for private enterprises ("GAAP"). The financial statements are presented for the year April 01, 2017 to March 31, 2018 and for the year April 01, 2016 to March 31, 2017. All amounts are in Canadian dollars, unless otherwise stated.

3. Basis for measurement

The financial statements have been prepared on going concern and historical cost basis.

4. Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

5. Significant accounting policies

a) Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management bases the estimates on a number of factors, including historical experience, current events and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances. Estimates are used in accounting for items and matters such as revenues, provision for doubtful accounts, useful lives of non-current assets, legal and tax contingencies, employee compensation plans, income taxes and investment tax credit.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- i. Income taxes: Management uses estimates when determining current and future income taxes. These estimates are used to determine the recoverability of tax loss carry forward amounts, research and development expenditures and investment tax credits.

b) Foreign currency transactions

Transactions denominated in foreign currencies are translated into the Canadian dollars at the rate of exchange in effect at the time of the transaction. Monetary assets and liabilities are translated into Canadian dollars at the year-end exchange rate. Non-monetary items are translated at historical rates. All exchange gains and losses are included in net income.

c) Revenue recognition

The Company recognizes revenues across all the revenue streams when they are earned, specifically when all the following conditions are met:

- a) Services are provided to customers;
- b) There is clear evidence that an arrangement exists;
- c) Amounts are fixed or can be determined; and
- d) The ability to collect is reasonably assured.

The Company recognizes revenue for different revenue streams as follows:

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

- Time and material service: Revenue with respect to time-and-material contracts is recognized as related services are performed applying the contracted rates.
- Development service: Revenue from development service is recognized on a percentage completion method. Percentage completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Company monitors estimates of total contract revenue and cost on a routine basis through the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

Deferred revenue represents amounts collected or billed prior to satisfying the above revenue recognition criteria. Unbilled revenue represents amounts not billed to the customers but accrued because of satisfying the above revenue recognition criteria.

d) Provision for doubtful accounts

The Company follows specific identification method for providing for doubtful accounts. Management analyses accounts receivable and the composition of the accounts receivable ageing, historical bad debts, when evaluating the adequacy of the provision for doubtful accounts.

e) Financial instruments

Financial instruments are measured at fair value on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for loans and receivables and other financial liabilities, which are measured at cost or amortized cost using the effective interest rate method.

The Company has made the following classifications:

- Cash and cash equivalents are classified as assets held for trading and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net income;
- Accounts receivable are classified as loans and receivables and are initially recorded at fair value and subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

f) Income taxes

The Company follows asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that it is more likely than not; that future income tax asset will not be realized.

g) Investment tax credits

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Income tax investment tax credits related to expensed research and development costs are recorded as a reduction of the total expenditure. Income tax investment tax credits related to property and equipment are accounted for as a reduction in the cost of the related asset.

h) Dividend

Dividends are recognized as a liability in the period in which they are declared. The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

i) Cash and cash equivalents

Cash and cash equivalents, including cash on account, demand deposits and short-term investments with original maturities of three months or less, are recorded at cost, which approximates market value.

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

j) Computers, furniture and office equipment

Computers, furniture and office equipment are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	20% declining balance method
Mobile phones	30% declining balance method
Computer equipment	30% declining balance method
Furniture and fixtures	20% declining balance method

The Company regularly reviews its capital assets to eliminate obsolete items.

k) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. This assessment is based on the carrying amount of the asset at the date it is tested for recoverability, whether it is in use or under development. In cases where the undiscounted expected future cash flows are less than the carrying amount, an impairment loss shall be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. If an impairment loss is recognized, the adjusted carrying amount becomes the new cost basis. An impairment loss shall not be reversed if the fair value subsequently increases.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at	
	March 31, 2018	March 31, 2017
Cash at bank	568,305	798,766
Cash in transit*	550,556	-
Total	\$ 1,118,861	798,766

*Cash in transit include customer remittances totalling to \$550,556 from two of the customers of the Company that were processed on or before March 31, 2018. These remittances were subsequently received on April 2, 2018 and April 6, 2018, respectively.

7. ACCOUNTS RECEIVABLE, NET

Accounts receivable comprise of:

	As at	
	March 31, 2018	March 31, 2017
Related party accounts receivable	4,683,864	53,493
Trade accounts receivable	2,129,244	1,939,328
Total accounts receivable	\$ 6,813,108	1,992,821

The terms and conditions with related party accounts receivable are the same common terms provided to non-related parties. There were no activities in the provision for doubtful accounts for the year ended March 31, 2018 and March 31, 2017.

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

8. OTHER CURRENT ASSETS

Other current assets comprise of:

	As at	
	March 31, 2018	March 31, 2017
Unbilled revenue	317,023	178,776
Investment tax credit receivable	-	30,427
Advance to employees	79,101	80,035
Other advances	-	27,453
Total	\$ 396,124	316,691

During the year ended March 31, 2018, the Company has written off investment tax credits receivable amounting to \$30,427 based on the completed assessment from the CRA on closing SRED pool reserve balance of the Company.

9. PROPERTY AND EQUIPMENT

Particulars	Computer equipment	Equipment	Furniture & fixtures	Total
As at March 31, 2017				
Gross block as at April 1, 2016	21,823	1,968	2,546	26,337
Add: Additions	-	807	-	807
Less: Accumulated depreciation	20,810	1,781	2,238	24,829
Net block as at March 31, 2017	1,013	994	308	2,315
As at March 31, 2018				
Gross block as at April 1, 2017	21,823	2775	2,546	27,144
Add: Additions	7,590	1,020	-	8,610
Less: Accumulated depreciation	21,761	2,136	2,300	26,197
Net block as at March 31, 2018	7,652	1,659	246	9,557

Depreciation expense for the year ended March 31, 2018 amounted to \$1,368 (year ended March 31, 2017 - \$265).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise of:

	As at	
	March 31, 2018	March 31, 2017
Related party accounts payable	4,827,953	1,112,998
Other accounts payable	178,486	10,180
Accrued liabilities	810,270	339,055
Total	\$ 5,816,709	1,462,233

11. OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2018	March 31, 2017
Provision for income tax	66,154	-
Payable to government agencies	154,023	145,196
Deferred revenue	91,792	10,337
Others	9,820	-
Total	\$ 321,789	155,533

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

12. SHARE CAPITAL

	As at	
	March 31, 2018	March 31, 2017
Authorized:		
Unlimited common shares		-
Issued:		
100 common shares	100	100
	\$ 100	100

13. OTHER INCOME

Other income comprises of:

	For the year ended	
	March 31, 2018	March 31, 2017
Others	-	2,097
	\$ -	2,097

14. DIVIDEND

During the year ended March 31, 2017, interim dividend was paid to parent company of \$850,000. Withholding tax thereon amounted to \$150,000.

15. INCOME TAX

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	For the year ended	
	March 31, 2018	March 31, 2017
Statutory federal and provincial income tax rates	26.50%	26.50%
Expected taxes on income	254,731	187,825
<i>Increase (decrease) in income taxes resulting from:</i>		
Permanent differences	841	1,147
Income tax refund of prior year	-	(15,617)
Others	(557)	21
Provision for income taxes	\$ 255,015	173,376

	As at	
	March 31, 2018	March 31, 2017
Future income tax liabilities:		
Investment tax credits	-	(8,063)
Capital assets	(648)	(421)
Total	(648)	(8,484)

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

16. RELATED PARTY TRANSACTIONS

A. Related parties:

- a. Larsen & Toubro Limited, India - Ultimate parent company
- b. Larsen & Toubro Infotech Limited, India - parent company
- c. Larsen & Toubro Infotech Limited, USA – branch of Larsen & Toubro Infotech Ltd., India
- d. Larsen & Toubro Infotech Financial Services Technologies Inc. - fellow subsidiary
- e. L&T Technology Services Limited - fellow subsidiary
- f. Larsen & Toubro Infotech Limited, UK – branch of Larsen & Toubro Infotech Ltd., India
- g. Larsen & Toubro Infotech Limited, Costa Rica – branch of Larsen & Toubro Infotech Ltd., India

B. Summary of transactions with related parties are as follows:

	For the year ended	
	March 31, 2018	March 31, 2017
Overheads charged by:		
Larsen & Toubro Infotech Limited, USA	\$ 527,513	645,419
Larsen & Toubro Infotech Financial Services Technologies Inc.	\$ 193,299	97,853
Larsen & Toubro Infotech Limited., India	\$ 32,037	30,025
Larsen & Toubro Infotech Limited, UK	\$ 6,626	-
Procurement of services recorded as expenses:		
Larsen & Toubro Infotech Limited., USA	\$ 791,282	652,924
Larsen & Toubro Infotech Limited, India	\$ 7,448,907	8,692,058
Sale of services		
Larsen & Toubro Infotech Limited, USA	\$ 6,009,702	4,226,027
Larsen & Toubro Infotech Financial Services Technologies Inc.	\$ -	102,819
Larsen & Toubro Infotech Limited, India	\$ -	64,635
Overheads charged to:		
L&T Technology Services Limited	\$ 6,632	6,740
Larsen & Toubro Infotech Financial Services Technologies Inc.	\$ 74,975	71,933
Larsen & Toubro Infotech Limited, Costa Rica	\$ 6,054	-

These transactions are under normal credit terms and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

FINANCIAL STATEMENTS

March 31, 2018 and March 31, 2017

Notes to financial statements

(Amounts are in Canadian Dollars, unless otherwise stated)

The following balances are due from/(due to) related parties and are non-interest bearing:

		As at	
		March 31, 2018	March 31, 2017
Larsen & Toubro Infotech Limited., USA	\$	4,676,005	51,580
Larsen & Toubro Infotech Financial Services Technologies Inc.	\$	(113,178)	(7,354)
L&T Technology Services Limited	\$	1,805	1,913
Larsen & Toubro Infotech Limited, Costa Rica	\$	6,054	-
Larsen & Toubro Infotech Limited, India	\$	(4,708,148)	(1,105,644)
Larsen & Toubro Infotech Limited, UK	\$	(6,626)	-
		(144,088)	(1,059,505)

17. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to financial risks that may potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

The Company has deposited the cash equivalents with a reputable financial institution, from which management believes the risk of loss to be remote.

As at March 31, 2018, one customer accounted for 67% [March 31, 2017 - two customers accounted for 61%] of the accounts receivable.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company's 32% revenues are denominated in U.S. dollars [March 31, 2017: 27%]. As at March 31, 2018, the accounts receivable denominated in U.S. dollars amounted to USD 4,996,620 [March 31, 2017 - USD 182,993]. The Company's cash and cash & cash equivalents denominated in U.S dollars amounted to USD 131,529 [March 31, 2017 - USD 15,958]

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. Accounts payable are primarily due within 90 days and will be satisfied from current working capital.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis

18. ECONOMIC DEPENDENCE

During the year ended March 31, 2018 a contract with one of the Company's major customers provided 45% of total revenues [March 31, 2017: 67%].

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. The reclassification has no impact on the reported net income and retained earnings.

20. SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2018 through April 30, 2018 the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

DIRECTORS' REPORT

Dear Member,

It's a pleasure in presenting the Annual report and Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

Particulars	USD*	
	2017-18	2016-17
Total Income	1,052,540	1,396,486
Profit/(Loss) before Tax	50,121	66,500
Less : Tax	-	-
Net Profit / (Loss) after Tax	50,121	66,500
Add: Balance b/f from previous year	1,766,273	1,699,773
Less: Dividend Paid	1,200,000	-
Less: Tax on Dividend	180,000	-
Balance to be carried forward	436,394	1,766,273

Note: *United States Dollars

2. STATE OF COMPANY AFFAIRS

The total income for the financial year under review was USD 1.05 Mn as against USD 1.39 Mn for the previous Financial Year. The profit after tax was USD 0.05 MN for the financial year under review as against USD 0.07 Mn for the previous financial year.

3. DIVIDEND

During the year, the Company has paid dividend of USD 1.2 Mn.

4. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review there was no change in the Director & Key Managerial Personnel of the Company.

5. AUDITORS

M/s Ramesh Sarva, C.P.A, P.C. are the auditors of the Company for the F.Y. 2017-18.

6. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

7. DIRECTORS RESPONSIBILITY STATEMENT

The sole Director of the Company confirms that:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Director has prepared the Annual Accounts on a going concern basis;
- The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

DIRECTORS' REPORT (Contd.)

8. ACKNOWLEDGEMENT

Your Director acknowledge the invaluable support extended by the Government authorities in USA and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: Edison
Date: April 18, 2018

Harsh Naidu
Director

AUDITOR'S REPORT

RAMESH SARVA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

RAMESH SARVA, C.P.A.

109-17 72nd ROAD
FOREST HILLS, N.Y. 11375
TEL (718) 268 -6906
FAX (718) 575 -3375

April 18, 2018

Larsen & Toubro Infotech, LLC,
2035 Lincoln Hwy, #3000
Edison NJ 08817

Gentlemen:

We audited the accompanying Balance Sheet of Larsen & Toubro Infotech, LLC as of March 31, 2018 and the related statements of Income, Retained Earnings and Cash Flows for the twelve months ended March 31, 2018. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Larsen & Toubro Infotech LLC as of the twelve months ended and the results of its operations and its cash flows for the year then ended are in conformity with the generally accepted accounting principles.

Respectfully
For Ramesh Sarva, C.P.A. , P.C.

Ramesh Sarva, CPA

BALANCE SHEET AS OF MARCH 31, 2018

(All amounts in US Dollar, unless otherwise stated)

	MARCH 31, 2018	
CURRENT ASSETS		
CASH IN BANK	177,638	
DUE FROM AFFILIATES	354,975	
OTHER RECEIVABLES	7,610	
Total Current Assets	540,222	
PROPERTY AND EQUIPMENT		
TOTAL ASSETS		540,222
CURRENT LIABILITIES		
ACCRUED EXPENSES	103,829	
Total Current Liabilities	103,829	
LONG-TERM LIABILITIES		
BRANCH EQUITY		
Retained Earnings	436,394	
Total Stockholders' Equity	436,394	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		540,222

For Ramesh Sarva, C.P.A. , P.C.

Ramesh Sarva, CPA

INCOME STATEMENT

(All amounts in US Dollar, unless otherwise stated)

	For the 12 months Ended March 31,2018
SALES	
GROSS REVENUE	1,052,540
	1,052,540
COST OF GOODS SOLD	
TRAVEL	41,181
RELOCATION EXPENSES	1,920
EMPLOYEE MEDICAL INSURANCE	49,079
PAYROLL TAXES	46,649
SALARIES	958,056
TOTAL COST OF GOODS SOLD	1,096,885
GROSS PROFIT	(44,345)
OPERATING EXPENSES	
BANK CHARGES	81
INSURANCE	-
STATE FRANCHISE TAX	2,453
OFFICE EXPENSES	(7,238)
PROFESSIONAL FEES	(2,051)
TELEPHONE EXPENSE	520
EXCHANGE (GAIN)/LOSS	(88,231)
TOTAL OPERATING EXPENSES	(94,466)
INCOME/(LOSS) BEFORE INCOME TAX	50,121

For Ramesh Sarva, C.P.A. , P.C.

Ramesh Sarva, CPA

CASH FLOW STATEMENT

(All amounts in US Dollar, unless otherwise stated)

	For the 12 months Ended March 31,2018
Cash Flow from Operating Activities	
Net Income / (Loss)	50,121
Decrease/ Increase in Current Assets	1,447,174
Increase/ Decrease in Current Liabilities	18,147
Total cashflow from operating activities	1,515,442
Cashflow from financing activities	
Profit remittance to India and taxes thereon	(1,380,000)
Decrease/ (Increase) in Cash Equivalent	135,442
Opening Cash Balance	42,196
Closing Cash Balance	177,638

For Ramesh Sarva, C.P.A. , P.C.

Ramesh Sarva, CPA

NOTES TO FINANCIAL STATEMENTS

For the period ended March 31, 2018

- 1 The LLC was incorporated in the State of Delaware as a wholly owned subsidiary of Larsen & Toubro Infotech Limited, to take over the work and absorb the staff from a large client. Client closed IT operations and transferred to L & T Infotech, LLC.
- 2 There are no contingent liabilities. Capital is fully provided by the parent, Larsen & Toubro Infotech Limited.
- 3 There are no outstanding taxes due for more than 3 months to any tax authority. Separate tax return is not filed for the LLC as it has a single owner, and elected to file taxes together with owner, Larsen & Toubro Infotech Limited of New Jersey.
- 4 Tax Provision: State Franchise and Federal income taxes are provided in full.

For Ramesh Sarva, C.P.A. , P.C.

Ramesh Sarva, CPA

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Annual Report and Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

Particulars	Canadian Dollars	
	2017-18	2016-17
Total Income	50,749,119	50,996,295
Profit / (Loss) before Tax	10,908,877	10,745,621
Less : Tax	3,224,200	3,025,402
Net Profit/(Loss) after Tax	7,684,677	7,720,219
Add: Balance b/f from previous year	7,345,131	1,349,912
Less: Dividend distributed	(8,000,000)	(1,725,000)
Less: Premium on shares repurchased	(5,000,000)	-
Balance to be carried forward	2,029,808	7,345,131

2. BUYBACK OF SHARES:

During the year, the Company approved proposal for Buyback of its 400,000 shares (40% of the paid-up Capital) at a fair value of CAD 75 per share. The said Buyback resulted in total cashflow of CAD 30 Mn to Larsen & Toubro Infotech Limited, sole shareholder of the Company, after deducting applicable withholding tax of CAD 0.75 Mn.

3. CAPITAL EXPENDITURE

As at March 31, 2018, the gross fixed and intangible assets including leased assets, stood at CAD 107.59 Mn. and the net fixed and intangible assets, including leased assets, at CAD 28.85 Mn. Capital Expenditure during the year amounted to CAD 1.16 Mn.

4. STATE OF COMPANY AFFAIRS

The total income for the Financial Year under review were CAD 50.75 Mn as against CAD 50.99 Mn for the previous Financial Year. The profit after tax was CAD 7.68 Mn for the Financial Year under review as against profit after tax CAD 7.72 Mn for the previous Financial Year.

5. DIVIDEND

During the year, the Company paid two interim dividends at the rate of CAD 6 per share and CAD 2 per share, respectively, on 1,000,000 paid-up equity shares of the Company. The dividend payment including the applicable withholding tax has resulted in total cash outflow of CAD 8 Mn.

The Directors do not propose any final dividend for the year ended March 31, 2018.

6. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review, Ms. Tina Allan was appointed as a Director of the Company w.e.f. January 16, 2018. and

Further, Mr. Chad Alderson resigned as a Director from the Company w.e.f. August 7, 2017. The Board places on the record the valuable contribution made by Mr. Chad Alderson during his tenure as a Director of the Company.

7. AUDITORS:

M/s KNAV Professional Corporation are the auditors of the Company. They have been re-appointed as Statutory Auditors of the Company for the ensuing Financial Year.

8. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

DIRECTORS' REPORT (Contd.)

9. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Corporation confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss of the Corporation for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with local statutes for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

10. ACKNOWLEDGEMENT:

Your Directors acknowledge the invaluable support extended by the Government authorities in Canada and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Harsh Naidu

Tina Allan

Director

Director

Edison

Mississauga

Date: May 1, 2018

INDEPENDENT AUDITOR'S REPORT

To,

The Shareholders

L&T Infotech Financial Services Technologies Inc.

We have audited the accompanying financial statements of L&T Infotech Financial Services Technologies Inc. ("the Company") which comprise the balance sheets as at March 31, 2018 & March 31, 2017, the related statements of income and retained earnings and statements of cash flows for the years ended March 31, 2018 and March 31, 2017 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of L&T Infotech Financial Services Technologies Inc. as at March 31, 2018 & March 31, 2017 and the results of its operations and its cash flows for the years ended March 31, 2018 & March 31, 2017 in accordance with Canadian accounting standards for private enterprises.

KNAV Professional Corporation

Chartered Professional Accountants

Date: May 1, 2018

Place: Toronto

FINANCIAL STATEMENTS

BALANCE SHEETS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes	As at	
		March 31, 2018	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	6	2,903,057	1,945,439
Demand deposits with Bank	7	4,500,000	28,000,000
Accounts receivable	9	7,272,919	7,137,493
Unbilled revenue		22,133	237,041
Prepaid expenses	10	1,185,257	1,134,051
Other current assets	11	84,795	67,581
Related party loan	12	290,000	-
Total current assets	\$	16,258,161	38,521,605
Restricted deposits	8	1,200,000	1,200,000
Demand deposits with Bank	7	-	1,000,000
Other non-current assets	13	822,862	973,436
Computers	14	1,107,786	1,657,989
Furniture and office equipment	15	253,794	272,633
Software	16	14,973,337	22,195,259
Customer relationship intangibles	17	5,695,250	7,766,250
Goodwill		6,822,971	6,822,971
Total assets	\$	47,134,161	80,410,143
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	18	3,109,474	2,324,149
Deferred revenue		183,336	-
Other current liabilities	19	2,288,515	4,100,921
Total current liabilities	\$	5,581,325	6,425,070
Future tax liabilities	27	1,302,619	3,312,755
Other non-current liabilities	20	720,409	827,188
Total liabilities	\$	7,604,353	10,565,013
Shareholder's equity			
Share capital	21	37,500,000	62,500,000
Retained earnings	22	2,029,808	7,345,131
Total shareholder's equity	\$	39,529,808	69,845,131
Total liabilities and shareholder's equity	\$	47,134,161	81,410,144

(The accompanying notes are an integral part of these financial statements)

APPROVED ON BEHALF OF THE BOARD

Harsh Naidu
Director

Tina Allan
Director

STATEMENTS OF INCOME AND RETAINED EARNINGS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes	For the year ended	
		March 31, 2018	March 31, 2017
Revenue		50,415,775	50,770,287
Other income	24	333,344	226,008
Total revenue		50,749,119	50,996,295
Employee cost		13,220,048	12,019,415
Subcontracting expenses		5,661,528	5,830,812
Data centre lease rent		733,425	905,171
Software purchase annual license fee		1,743,609	1,421,580
Hardware purchase annual maintenance fee		167,938	2,378
Other direct cost		230,836	476,527
Transitional service agreement direct cost	25	-	(567,422)
Total direct expenses		21,757,384	20,088,461
Sales and administration expenses		3,523,941	4,159,200
Premises rent		1,098,874	1,162,759
Professional charges		334,308	296,112
General repairs and maintenance		20,224	111,157
Travelling and conveyance		185,347	196,859
Telephone and link expenses		137,137	122,794
Auditor's remuneration		79,384	80,144
Foreign exchange loss		19,567	15,272
Miscellaneous expenses		168,908	299,016
Total indirect costs		5,567,690	6,443,313
Depreciation and amortization		12,515,168	13,718,900
Income before tax		10,908,877	10,745,621
Provision for income tax	27	5,234,336	4,339,286
Future income tax benefit	27	(2,010,136)	(1,313,884)
Net income after taxes		7,684,677	7,720,219
Retained earnings, beginning of the period		7,345,131	1,349,912
Dividend distribution		(8,000,000)	(1,725,000)
Premium on shares repurchased		(5,000,000)	-
Retained earnings, end of the period		2,029,808	7,345,131

(The accompanying notes are an integral part of these financial statements)

APPROVED ON BEHALF OF THE BOARD

Harsh Naidu
Director

Tina Allan
Director

Statements of cash flows

(All amounts in Canadian Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2018	March 31, 2017
Cash flow from operating activities		
Net income after tax	7,684,677	7,720,219
Adjustments for non-cash items		
Depreciation and amortization	12,515,168	13,718,900
Future income taxes	(2,010,136)	(1,313,884)
(Gain) loss on disposal of assets	(36,598)	56,668
Unrealised exchange loss	6,835	3,100
Interest income	(302,715)	(180,077)
Net change in non-cash operating working capital		
Accounts receivable	(135,426)	2,927,673
Unbilled revenue	214,908	(94,413)
Prepaid expenses	(51,206)	(97,340)
Other current assets	(14,375)	663,344
Other non-current assets	150,577	(946,676)
Deferred revenue	183,336	(533,329)
Accounts payable and accrued liabilities	782,597	(631,522)
Restricted deposits	-	(1,200,000)
Other current liabilities	(1,919,185)	3,330,722
Net cash provided by operating activities	\$ 17,068,457	23,423,642
Cash flow from investing activities		
Related party loan advanced	(555,000)	-
Repayment of related party loan advanced	265,000	-
Interest received	299,099	149,962
Investment in L&T Infotech S De RL DE CV	(2)	-
Proceeds from sale of computers	46,791	-
Purchases of computers	(388,797)	(419,464)
Purchases of furniture and office equipment	(155,533)	(19,618)
Capitalization of software	(2,119,068)	(1,591,389)
Withdrawal (placement) of demand deposits with bank	24,500,000	(20,000,000)
Net cash provided by (used in) investing activities	\$ 21,892,490	(21,880,509)
Cash flow from financing activities		
Dividend distribution	(6,800,000)	(1,466,250)
Withholding tax on dividend	(1,200,000)	(258,750)
Repurchase of shares	(29,250,000)	-
Withholding tax on shares repurchased	(750,000)	-
Net cash used in financing activities	\$ (38,000,000)	(1,725,000)
Net foreign exchange difference on cash and cash equivalents	(3,328)	(3,357)
Net increase (decrease) in cash and cash equivalents	957,618	(185,224)
Cash and cash equivalents, at beginning of the year	1,945,439	2,130,663
Cash and cash equivalents, at end of the year	\$ 2,903,057	1,945,439

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

(All amounts in Canadian Dollars, unless otherwise stated)

1. Description of business

L&T Infotech Financial Services Technologies Inc. (the "Company" or "LTIFST") is incorporated under the Canada Business Corporations Act. The Company is a wholly owned subsidiary of Larsen & Toubro Infotech Ltd., India ("Parent"). The Company commenced operations on January 1, 2011 with the acquisition of the information technology operations business of Citigroup Fund Services Canada Inc. ("Citi" or "CFSC") by the Company's Parent.

2. Basis of presentation

The financial statements of the Company have been prepared by the management in accordance with Canadian accounting standards for private enterprises ("GAAP"). The financial statements are presented for the year April 01, 2017 to March 31, 2018 and for the year April 01, 2016 to March 31, 2017. All amounts are in Canadian dollars, unless otherwise stated.

3. Basis for measurement

The financial statements have been prepared on historical cost basis.

4. Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

5. Significant accounting policies

Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management bases the estimates on a number of factors, including historical experience, current events and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances. Estimates are used in accounting for items and matters such as revenues, allowance for doubtful accounts, useful lives of non-current assets, legal and tax contingencies, employee compensation plans, income taxes and investment tax credit.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below

- i. Estimated useful lives and valuation of intangible assets: Management estimates the useful lives of intangible assets based on the period during which the assets are expected to be available for use and also estimates their recoverability to assess if there has been an impairment. The amounts and timing of recorded expenses for amortization and impairments of intangible assets for any period are affected by these estimates. The estimates are reviewed at least annually and are updated if expectations change as a result of technical or commercial obsolescence, threats and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's intangible assets in the future.
- ii. Income taxes: Management uses estimates when determining current and future income taxes. These estimates are used to determine the recoverability of tax loss carry forward amounts, research and development expenditure and investment tax credits.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the Canadian dollar at the rate of exchange in effect at the time of the transaction. Monetary assets and liabilities are translated into Canadian dollars at the period-end exchange rate. Non-monetary items are translated at historical rates. All exchange gains and losses are included in net income.

Dividend

Dividends are recognized as a liability in the period in which they are declared. The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

Revenue recognition

The Company recognizes revenues across all the revenue streams when they are earned, specifically when all the following conditions are met:

- a) Services are provided to customers;
- b) There is clear evidence that an arrangement exists;

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

- c) Amounts are fixed or can be determined; and
- d) The ability to collect is reasonably assured.

The Company recognizes revenues for different revenue streams as follows:

- Application Service Provider ("ASP") Service: Revenue is recognized by applying the contracted rates on the total number of active and inactive fund accounts across all client customer environments.
- Time and Material Service: Revenue with respect to time and material contracts is recognized as related services are performed applying the contracted rates.
- Development Service: Revenue from development service is recognised on accomplishment of milestone. Milestone is measured based upon the time and material efforts incurred to date. The Company monitors estimates of total contract revenue and cost on a routine basis through the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss. Revenue recognised under this method is included in unbilled revenue if it is not invoiced by the year end.
- License Service: Revenue from sale of license is recognized ratably over the term of arrangement.

Deferred revenue on the accompanying balance sheet represents amounts collected or billed prior to satisfying the above revenue recognition criteria.

Unbilled revenue on the accompanying balance sheet represents amounts not billed to the customers but accrued because of satisfying the above revenue recognition criteria.

Provision for doubtful debts

The Company follows specific identification method for providing for doubtful debts. Management analyses accounts receivable and the composition of the accounts receivable ageing, historical bad debts, when evaluating the adequacy of the allowance for doubtful debts.

Financial instruments

Financial instruments are measured at fair value on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for loans and receivables and other financial liabilities, which are measured at carrying or exchange amount depending on the circumstances.

The Company has made the following classifications:

- Cash and cash equivalents are classified as assets held for trading and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net income;
- Accounts receivable are classified as loans and receivables and are initially recorded at fair value and subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Operating lease

Lease payments under operating lease are recognized as an expense on a straight-line basis over the lease term in the statement of income. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

Income taxes

The Company follows asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that it is more likely than not; that future income tax asset will not be realized.

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

Investment tax credit

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Income tax investment tax credits related to expensed research and development costs are recorded as a reduction of the total expenditure. Income tax investment tax credits related to property and equipment are accounted for as a reduction in the cost of the related asset.

Cash and cash equivalents

Cash and cash equivalents, including cash on account, demand deposits and short-term investments with original maturities of three months or less, are recorded at cost, which approximates market value. Restricted cash deposits do not form part of cash and equivalents.

Property, and equipment

Computers, mobile phones, furniture and office equipment and software are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated on the straight-line method over the following estimated useful lives:

Class of asset	Useful life
Computers	3 to 5 years
Furniture and office equipment	5 years
Acquired software	10 years
Internally developed software	1 to 5 years

Any gain or loss on disposal of an item of property and equipment is recognized in profit and loss as other income

Certain costs are capitalized for the development or enhancement of computer software used internally to process customer transactions or sold externally through software license or service arrangements. Routine software maintenance and customer support costs are expensed when incurred.

Customer relationship intangibles

Customer relationship intangibles, which are comprised of customer contracts and relationships acquired, are stated net of amortization. Customer relationship intangibles are amortized on a straight-line basis over their estimated useful lives of ten years.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. This assessment is based on the carrying amount of the asset at the date it is tested for recoverability, whether it is in use or under development. In cases where the undiscounted expected future cash flows are less than the carrying amount, an impairment loss shall be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. If an impairment loss is recognized, the adjusted carrying amount becomes the new cost basis. An impairment loss shall not be reversed if the fair value subsequently increases.

Goodwill

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is not amortized but is instead tested for impairment if events or changes in circumstances indicate that an impairment loss may have occurred. In the impairment test, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognized, up to a maximum amount of the recorded goodwill related to the reporting unit. Goodwill impairment losses are not reversed.

Investments

The Company has elected to account for its investment of 1% in L&T Infotech S De RL DE CV ("LTIL Mexico") using the cost method. Accordingly, investment is recorded at original cost unless there is a permanent impairment in value, in which case the investment will be written down to fair value.

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at	
	March 31, 2018	March 31, 2017
Bank balance with bank	2,903,057	1,945,439
Total	2,903,057	1,945,439

7. DEMAND DEPOSIT WITH BANK

Demand deposits with bank comprise following:

	As at	
	March 31, 2018	March 31, 2017
<u>Demand deposits with Bank</u>		
Current	4,500,000	28,000,000
Non-current	-	1,000,000
Total	4,500,000	29,000,000

Current demand deposits are demand deposits with the Bank maturing in more than 90 days from original issue date but less than 365 days from the original maturity date. Following is the schedule depicting the issue date, original principal, rate of interest on deposit, the currency in which the deposits are denominated and the maturity date of the total current demand deposits as on March 31, 2018.

Sr. no.	Issue date	Original principal	Rate of interest	Currency	Maturity date
I.	18-April-17	1,500,000	1.15%	CAD	18-April-18
II.	10-April-17	2,000,000	1.15%	CAD	10-April-18
III.	31-Mar-17	1,000,000	1.15%	CAD	2-April-18
Total		4,500,000			

The carrying amount of the demand deposits represent the fair value as on March 31, 2018 and March 31, 2017.

8. RESTRICTED DEPOSIT

The Company's restricted deposits include the following:

	As at	
	March 31, 2018	March 31, 2017
Fixed deposit with an escrow deposit account	1,200,000	1,200,000
Total	1,200,000	1,200,000

This long-term deposit has been created as a part of an agreement with a customer along with an escrow agent. As per the services agreement with the customer, the deposit may be withdrawn to satisfy any shortfall in the Companies' obligation to pay damages in accordance with the provisions of the agreement. This fund can only be drawn upon mutual agreement and subject to terms and conditions of the escrow agreement. Funds will be in the escrow account until the end of client's contract i.e. February 15, 2021 with options for renewals. As on March 31, 2018 and March 31, 2017, the funds were not invested and lying as cash in an interest-bearing deposit account.

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

9. ACCOUNT RECEIVABLE

The Company's accounts receivable of \$ 7,272,919 (March 31, 2017 \$ 7,137,493) primarily relate to sale of services.

The activities in provision for doubtful debts account for year ended March 31, 2018 and March 31, 2017 are as given below-

	Year ended	
	March 31, 2018	March 31, 2017
Balance at beginning of the year	-	80,614
Bad debts written-off during the year	-	(49,216)
Bad debts recovered during the year	-	(31,398)
Balance at end of the year	-	-

During the year ended March 31, 2017, management has written off bad debts amounting to \$ 49,216. The management recovered doubtful debts amounting to \$ 31,398 (USD 25,000) from a customer. This benefit has been recognized in the income statement for the year ended March 31, 2017 as other income.

10. PREPAID EXPENSES

	As at	
	March 31, 2018	March 31, 2017
<u>Prepaid expenses</u>		
Current	1,185,257	1,134,051
Non-current	796,100	946,676
Total	1,981,357	2,080,727

The Company pays hardware maintenance fees and software license fees in advance for which services are availed over 2-5 years based on the contracts. These expenses are amortized on a straight-line basis over their economic life. Prepaid expenses for which maintenance services will be availed after March 31, 2019 till end of their economic life are treated as non-current assets.

11. OTHER CURRENT ASSETS

	As at	
	March 31, 2018	March 31, 2017
Deposits	12,158	11,758
Interest recoverable	49,794	49,823
Other assets	19,000	6,000
Advance to LTIL Mexico	198	-
Interest recoverable from LTIL Mexico	3,645	-
Total	84,795	67,581

12. RELATED PARTY LOAN

During the year ended March 31, 2018, the Company advanced loan to fellow subsidiary, LTIL Mexico, amounting to \$ 555,000 for financing working capital needs at interest rate of 5%. The loan is available for the period of 2 years from date of first withdrawal of loan i.e. October 04, 2017. Maximum principal outstanding as on any date can be \$ 600,000 as per the agreement.

	As at	
	March 31, 2018	March 31, 2017
Loan advanced to LTIL Mexico	555,000	-
Less: Repayment during the year	(265,000)	-
Total	290,000	-

Interest income earned on loan advanced amounted to \$ 8,507 and interest outstanding as on March 31, 2018 amounted to \$ 3,645.

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

13. OTHER NON-CURRENT ASSETS

	As at	
	March 31, 2018	March 31, 2017
Prepaid expenses, non-current	796,100	946,676
Deposits, others	26,760	26,760
Investment in LTIL Mexico	2	-
Total	822,862	973,436

During the year ended March 31, 2018, the Company has invested in LTIL Mexico on July 20, 2017 amounting to \$ 2.12 (representing 1 % of total share capital).

14. COMPUTERS

	As at	
	March 31, 2018	March 31, 2017
Cost	8,185,143	7,839,910
Less: Accumulated depreciation	(7,077,357)	(6,181,921)
Total	1,107,786	1,657,989

Depreciation expense for the year ended March 31, 2018 amounted to \$ 928,807 (March 31, 2017 - \$ 1,109,018).

During the year ended March 31, 2018, the Company sold computer hardware having net book value of \$ 10,193 for \$ 46,791. The gain on disposal of the asset amounting to \$ 36,598 is recorded in the statement of income as other income.

15. FURNITURE AND OFFICE EQUIPMENT

	As at	
	March 31, 2018	March 31, 2017
Cost	1,100,018	944,485
Less: Accumulated depreciation	(846,224)	(671,852)
Total	253,794	272,633

Depreciation expense for the year ended March 31, 2018 amounted to \$ 174,372 (March 31, 2017 - \$ 169,077).

16. SOFTWARE

	As at	
	March 31, 2018	March 31, 2017
Cost	70,771,047	68,651,979
Less: Accumulated depreciation	(55,797,710)	(46,456,720)
Total	14,973,337	22,195,259

Internally developed and purchased software includes \$ Nil (year ended March 31, 2017 - \$ 22,412) of software under internal development.

During the year ended March 31, 2017 software having net book value of \$ 44,775 were written off. The cost of asset written off was \$ 105,354 with accumulated amortization of \$ 60,579. The net effect of the write off is reduction in software of \$ 44,775.

Amortization expense for the year ended March 31, 2018 amounted to \$ 9,340,990 (year ended March 31, 2017 - \$ 10,369,806).

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

17. CUSTOMER RELATIONSHIP INTANGIBLES

	As at	
	March 31, 2018	March 31, 2017
Cost	20,710,000	20,710,000
Less: Accumulated amortization	(15,014,750)	(12,943,750)
Total	5,695,250	7,766,250

Amortization expense for the year ended March 31, 2018 amounted to \$ 2,071,000 (year ended March 31, 2017 - \$ 2,071,000).

18. ACCOUNT PAYABLE AND ACCRUED LIABILITIES

	As at	
	March 31, 2018	March 31, 2017
Account payable	1,203,813	521,622
Accrued liabilities	1,905,661	1,802,527
Total	3,109,474	2,324,149

19. OTHER CURRENT LIABILITIES

	As at	
	March 31, 2018	March 31, 2017
Sales tax payable	446,692	502,070
Provision for income tax	1,667,487	3,574,709
Other liabilities	174,336	24,142
Total	2,228,515	4,100,921

20. OTHER NON-CURRENT LIABILITIES

	As at	
	March 31, 2018	March 31, 2017
Other liabilities	720,409	827,188
Total	720,409	827,188

21. SHARE CAPITAL

	As at	
	March 31, 2018	March 31, 2017
Authorization		
Unlimited common shares		
Issued: 1,000,000 common shares issued at \$ 62.5	62,500,000	62,500,000
Less: 400,000 common shares of \$ 62.5 extinguished pursuant to repurchase of shares	(25,000,000)	-
Total	37,500,000	62,500,000

On March 07, 2018, the Board of Directors approved buyback proposal for repurchase of 40% of total equity capital representing 400,000 shares having par value of CAD 62.5 each from the shareholder of the Company (Larsen & Toubro Infotech Ltd., India) for aggregate amount not exceeding CAD 30,000,000 in accordance with the provision 34(2) of Canada Business Corporations Act and By-Law No.1-A of the Corporation.

The Company bought back 400,000 common shares at fair valuation of CAD 75 per share and paid \$ 30,000,000 in cash. These shares were cancelled post buyback and were not included in treasury stock. Pursuant to buy back, share capital of the Company reduced by \$ 25,000,000 and retained earnings by \$ 5,000,000. The Company has deducted and deposited to the government, the applicable withholding taxes on share repurchased amounting to \$ 750,000.

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

22. RETAINED EARNINGS

	As at	
	March 31, 2018	March 31, 2017
Retained earnings, beginning of the year	7,345,131	1,349,912
Add: Profit earned during the year	7,684,678	7,720,219
Less: Dividend distributed during the year	(8,000,000)	(1,725,000)
Less: Premium on buy back of shares (Refer Note 21)	(5,000,000)	-
Total	2,029,809	7,345,131

During the year ended March 31, 2018, interim dividend was paid to parent company of \$ 8,000,000 (March 31, 2017: \$ 1,725,000). Withholding tax thereon amounting to \$ 1,200,000 (March 31, 2017: \$ 258,750) was deposited to government within due dates prescribed by the CRA.

23. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to financial risks that may potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

Cash equivalents consist mainly of short-term investments, such as bank deposits. No asset-backed commercial paper products were held. The Company has deposited the cash equivalents with a reputable financial institution, from which management believes the risk of loss to be remote.

The Company's accounts receivable is from customers engaged in the fund management sector. As at March 31, 2018, top five customers accounted for 86% [March 31, 2017 – top five customers accounted for 75%] of the accounts receivable.

As at March 31, 2018, one vendor accounted for 76% [March 31, 2017 – one vendor accounted for 63%] of the accounts payable.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Certain of the Company's purchases are denominated in U.S. dollars. As at March 31, 2018, the accounts payable and accrued liabilities denominated in U.S. dollars amounted to USD \$ 92,889 [March 31, 2017 – USD \$ NIL]

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. Accounts payable are primarily due within 90 days and will be satisfied from current working capital.

24. OTHER INCOME

	Year ended	
	March 31, 2018	March 31, 2017
Interest income from bank deposits	288,239	194,610
Interest income from loan advanced	8,507	-
Gain on disposal of assets (Refer note 14)	36,598	-
Bad debts recovered (Refer note 9)	-	31,398
Total	333,344	226,008

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

25. Transition service agreement ("TSA")

	Year ended	
	March 31, 2018	March 31, 2017
Transition service agreement direct cost*	-	(567,422)
Total	-	(567,422)

*The Company from the acquisition date in 2011 accrued TSA cost payable to Citibank. In the process of final settlement of dues, Citibank waived off certain portion of the liability for TSA costs and the provision for the cost has been reversed.

26. EMPLOYEE FUTURE BENEFITS

The Company sponsors pension arrangements for substantially all its employees through defined contribution plans. The Company makes regular contributions to the employees' individual accounts, which are administered by a plan trustee, in accordance with the plan documents. The cost of this plan, which is expensed as incurred, amounted \$ 336,481 for the year ended March 31, 2018 [March 31, 2017 \$ 356,672].

27. INCOME TAX

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	Year ended	
	March 31, 2018	March 31, 2017
Statutory federal and provincial income tax rates	26.50%	26.50%
Expected taxes on income	2,890,853	2,847,590

	Year ended	
	March 31, 2018	March 31, 2017
<u>Increase (decrease) in income taxes resulting from</u>		
Non-deductible items	4,364	5,863
True-up of tax provision	191,779	-
Tax liability on ITC utilized (net of ITC not taxable)	-	34,746
Others	137,204	137,203
Provision for income taxes	3,224,200	3,025,402

The income tax effects of temporary differences that gave rise to significant portions of the future income tax assets and future income tax liabilities were as follows:

	As at	
	March 31, 2018	March 31, 2017
Future income tax assets		
Accounts payable and accrued liabilities	7,257	7,570
Deferred rent	219,240	240,288
Customer relationship intangible	404,440	271,307
	630,937	519,165
Investment tax credit receivable	169,702	169,702
Total	800,639	688,867
Future income tax liabilities		
Computers and software	2,133,711	3,980,899
SRED expenses carried forward	-	51,176
Total	2,133,711	4,032,075
Net future tax liabilities	1,333,072	3,343,208

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

28. Commitments and Contingencies

The Company has operating leases for its premises for Matheson Office. The annual minimum payments under the operating leases is as follows:

	<u>Amount</u>
March 31, 2019	1,185,019
March 31, 2020	1,185,019
March 31, 2021	1,185,019
March 31, 2022	1,185,019
Thereafter	1,185,019

29. RELATED PARTY TRANSACTIONS

A. Related parties:

- a. Larsen & Toubro Infotech Ltd., India - parent company
- b. Larsen & Toubro Infotech Ltd., UK – branch of Larsen & Toubro Infotech Ltd., India
- c. Larsen & Toubro Infotech Ltd., USA – branch of Larsen & Toubro Infotech Ltd., India
- d. Larsen & Toubro Infotech Canada Limited – fellow subsidiary
- e. Larsen and Toubro Technology Services Limited - fellow subsidiary
- f. L&T Infotech S. DE R.L. DE CV (“LTIL Mexico”) – fellow subsidiary

B. Summary of transactions with related parties are as follows:

		Year ended	
		March 31, 2018	March 31, 2017
Expenses reimbursed by:			
Larsen & Toubro Infotech Canada Limited	\$	193,299	97,853
Larsen & Toubro Infotech Ltd., India	\$	4,745	-
Larsen & Toubro Technology Services Limited	\$	7,165	11,200
Larsen & Toubro Infotech Limited., USA	\$	19,251	-
Expenses reimbursed to:			
Larsen & Toubro Infotech Canada Limited.	\$	74,975	71,933
Larsen & Toubro Infotech Limited., India	\$	171	18,763
Larsen & Toubro Infotech Limited., USA	\$	35,586	19,447
Larsen & Toubro Infotech Ltd., UK	\$	15,462	-
Procurement of goods/services			
Larsen & Toubro Infotech Canada Limited.	\$	-	102,819
Larsen & Toubro Infotech Limited., India	\$	6,026,405	6,226,136
Larsen & Toubro Infotech Limited., USA	\$	148,692	-
Investments			
LTIL Mexico	\$	2	

Notes to Financial Statements (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

	Year ended	
	March 31, 2018	March 31, 2017
Related party loan advanced, net		
LTIL Mexico	\$ 290,000	-
Advance to LTIL Mexico	\$ 198	-
Interest income		
LTIL Mexico	\$ 8,507	-
Buy back of common shares		
Larsen & Toubro Infotech Limited, India	\$ 30,000,000	-
Dividend distributed		
Larsen & Toubro Infotech Limited, India	\$ 8,000,000	1,725,000
Consulting services rendered to		
Larsen & Toubro Infotech Limited, USA	\$ 46,070	-

These transactions are under normal credit terms and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following balances are due to (due from) related parties and are non-interest bearing:

	As at	
	March 31, 2018	March 31, 2017
Larsen & Toubro Infotech Limited, USA	127,951	8,994
Larsen & Toubro Infotech Canada Limited	(113,178)	(7,354)
Larsen & Toubro Infotech Limited, India	968,319	560,472
Larsen and Toubro Technology Services Limited	(1,805)	(2,800)
Larsen & Toubro Infotech Limited, UK	15,462	-
LTIL Mexico	(293,843)	-

Parent guarantee: Larsen & Toubro Infotech Ltd., India (Parent) has provided guarantee to one of the customers of the Company. The obligation of Larsen & Toubro Infotech Limited, India is limited in aggregate to the amount of \$ 70,000,000.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period. The reclassification has no impact on the reported net income and retained earnings.

31. SUBSEQUENT EVENT

The Company evaluated all events and transactions that occurred after March 31, 2018 through May 01, 2018; the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Providing IT & outsourcing support & all other related IT services to the customers in South Africa.
Directors	Mr. Ravindra Pravin Desai Mr. Sudhir Chaturvedi Mr. Rajeev Gupta Ms. Premilla Pillay
Registered office	First Floor Rosebank Towers, 15 Biermann Avenue, Rosebank Johannesburg, Gauteng. 2196
External auditors	Levitt Kirson Chartered Accountants (SA) Registered Auditors
Registration number	2011/007226/07
Bankers	ABSA State Bank of India

Compliance statement by the corporate secretary

The Secretarial Agent, Kilgetty Statutory Services (Pty) Ltd certifies that, according to company records, the Company has lodged with the Registrar of Companies all such returns as are required of a company in terms of the Companies Act 2008 and that all such returns are true, correct and up to date in respect of the reporting period ended 31 March 2018.

Financial Statements

The financial statements were externally prepared by Levitt Kirson Business Services (Pty) Ltd.

INDEPENDENT AUDITOR'S REPORT

To the management of Larsen and Toubro Infotech South Africa (Pty) Ltd

Opinion

We have audited the Annual Financial Statements of Larsen and Toubro Infotech South Africa (Pty) Ltd set out on pages 7 to 14, which comprise the Statement of Financial Position as at 31 March 2018, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of Larsen and Toubro Infotech South Africa (Pty) Ltd as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying Transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Levitt Kirson

A S Lewis

Partner

Chartered Accountant (SA)

Registered Auditor

04 May 2018

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa, 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of Larsen and Toubro Infotech South Africa (Pty) Ltd as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment.

To enable these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year ended 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors.

The annual financial statements, which have been prepared on the going concern basis, were approved by the directors on 04 May 2018 and were signed on its behalf by:

Sudhir Chaturvedi	Rajeev Gupta
Director	Director
London	Johannesburg

Directors Report

The directors submit their report for the period ended 31 March 2018.

1 Incorporation

The company was incorporated on 5th April 2011 and obtained its certificate to commence business on the same day. 2012 was the first year of operation for the company, with operations beginning on 1st December 2012.

2 Review of activities

The company is engaged in providing IT & outsourcing support & all other related IT services to the customers in South Africa.

3 Change in JV partner

During the year, M/s Befula Investment Pty Limited transferred its shareholding of 25.1% in the company, to Rossex Investments Pty Limited with effect from October 16, 2017.

4 Events after the reporting period

There were no significant events that occurred in the Company since the end of the financial year to the date of this report.

5 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that the company will continue to receive the support of its related companies and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

6 Authorised and issued share capital

The company issued no new shares during the period under review, with total issued Share Capital of 443,725 shares.

There are 6275 unissued authorised shares.

7 Dividends

An interim dividend of Rnil (2017: R 443 725) was declared and paid during the financial year ended 31 March 2018.

8 Directors

The following persons served as directors during the period under review and to the date of issue of the financial statements:

Mr. Ravindra Pravin Desai	Appointed on 20 March 2013
Mr. Sudhir Chaturvedi	Appointed 14 September 2016
Mr. Rajeev Gupta	Appointed on 14 September 2016
Ms. Premilla Pillay	Appointed on 16 October 2017
Mr. Kedar Gadgil	Resigned on 17 October 2017
Ms. Ayanda Ngcobo	Resigned on 13 October 2017

9 External auditor

Levitt Kirson will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

Statement of Financial Position At 31 March 2018

	Note(s)	FY18 R	FY17 R
Assets			
Non-Current Assets			
Deferred taxation	7	221,639	229,161
		221,639	229,161
Current Assets			
Cash and cash equivalents	1	17,526,188	8,214,131
Trade and other receivables	2	19,139,832	14,685,620
Current tax receivable		800,590	-
		37,466,610	22,899,751
Total Assets		37,688,249	23,128,912
Equity and Liabilities			
Equity			
Stated capital	3	443,725	443,725
Accumulated profit		8,817,390	5,320,973
Total Equity		9,261,115	5,764,698
Liabilities			
Current Liabilities			
Trade and other payables	4	28,427,134	16,712,248
Current tax payable	6	-	651,966
Deferred taxation	7	-	-
Total Liabilities		28,427,134	17,364,214
Total Equity and Liabilities		37,688,249	23,128,912

Statement of Comprehensive Income

	Note(s)	FY18 R	FY17 R
Revenue		56,142,307	64,771,352
Cost of sales		(46,187,559)	(46,344,586)
Gross profit		9,954,748	18,426,766
Other income		-	2,790
Finance income		304,092	344,621
Operating expenses		(5,239,839)	(16,488,756)
Operating profit	5	5,019,001	2,285,421
Finance costs		-	-
Profit before taxation		5,019,001	2,285,421
Taxation	6	(1,522,584)	(666,853)
Profit for the year		3,496,417	1,618,568
Other comprehensive income		-	-
Total comprehensive profit		3,496,417	1,618,568

Statement of changes in equity

	Accumulated profit R	Stated capital capital R	Total equity R
Balance at 01 April 2016	4,146,130	443,725	4,589,855
Changes in equity			
Dividends declared	(443,725)	-	(443,725)
Total comprehensive profit for the period	1,618,568	-	1,618,568
Total changes	1,174,843	-	1,174,843
Balance at 31 March 2017	5,320,973	443,725	5,764,698
Balance at 01 April 2017	5,320,973	443,725	5,764,698
Total comprehensive profit for the period	3,496,417	-	3,496,417
Total changes	3,496,417	-	3,496,417
Balance at 31 March 2018	8,817,390	443,725	9,261,115
Note			3

Statement of Cash Flows

	Note	FY18 R	FY17 R
Cash flows from operating activities			
Cash used in operations	10	11,975,584	(21,018,650)
Interest received		304,092	344,621
Finance costs			-
Income taxes paid		(3,156,170)	354,625
Net cash from operating activities		9,123,506	(20,319,404)
Total cash movement for the year		9,123,506	(20,319,404)
Cash at the beginning of the year		8,214,131	3,657,270
Total cash at end of the year		17,337,637	8,214,131

Accounting Policies

1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for those assets and liabilities stated at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.2 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when Larsen and Toubro Infotech South Africa (Pty) Ltd becomes a party to the contractual provisions of the instruments.

Larsen and Toubro Infotech South Africa (Pty) Ltd classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other payables are classified according to the substance of the contractual arrangements entered into.

1.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

1.4 Income Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax

Current tax represents the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous reporting periods.

Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for the financial reporting purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and
- differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to

Accounting Policies (Contd.)

offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.5 Provisions and contingencies

Provisions are recognised when:

- * Larsen and Toubro Infotech South Africa (Pty) Ltd has a present obligation as a result of a past event;
- * it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- * a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

1.7 Adoption of New and Revised Standards

A number of new standards, amendments to standards and interpretations are not yet effective for the 31st March 2018 and have not been applied in preparing these financial statements:

*IFRS 9	Financial Instruments	Annual years beginning on or after 1 January 2018
*IFRS 15	Revenue from contracts with customers	Annual years beginning on or after 1 January 2018
*IFRS 16	Leases	Annual years beginning on or after 1 January 2019

The directors anticipate that all of the above Standards and Interpretations will be adopted in the financial statements of the period in which they become effective and that their adoption will have no material impact on the financial statements in the period of initial application.

1.8 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Management has not made any judgements or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Annual Financial Statements

1. Cash and cash equivalents

Cash and cash equivalents consists of the following:

	FY18 R	FY17 R
ABSA Account	5,588,167	5,267,959
State Bank of India Account	3,736,727	1,896,468
State Bank of India Call Account	8,201,294	1,049,704
	17,526,188	8,214,131

2. Trade and other receivables

Trade & other receivables consists of the following:

	FY18 R	FY17 R
Trade receivables	14,488,141	12,136,869
Doubtful debt allowance	(72,960)	-
Other receivables	4,337,638	846,185
VAT receivable	387,014	1,702,566
	19,139,832	14,685,620

3. Stated capital

Authorised

450 000 Ordinary shares at no par value

Issued

443 725 Ordinary shares at no par value

6 275 unissued no par value ordinary shares

	FY18 Shares	FY17 Shares
	450,000	450,000
	443,725	443,725

4. Trade and other payables

Trade and other payables consists of the following:

	FY18 R	FY17 R
Trade payables	27,323,025	16,421,950
VAT payable	-	-
Accruals	1,104,109	290,298
Withholding tax	-	-
Advance billing	-	-
	28,427,134	16,712,248

5. Operating profit

Operating profit for the period is stated after accounting for the following:

	FY18 R	FY17 R
Staff costs	-	-

Notes to the Annual Financial Statements (Contd.)

6. Taxation

Major components of the tax expense

	FY18	FY17
	R	R
SA normal tax		
Current tax		
Current year	1,478,439	428,319
Prior year underprovision	36,624	-
Deferred tax	7,521	306,228
	1,522,584	730,274
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Accounting profit	5,019,001	2,285,420
Tax at the applicable tax rate of 28% (2017:28%)	1,522,584	730,274

6.1. Tax paid

	FY18	FY17
	R	R
Opening balance	(651,966)	126,703
Tax charge	(1,703,614)	(428,319)
Prior year under provision	-	4,275
Closing balance	(800,590)	651,966
Tax paid	(3,156,170)	354,625

7. Deferred taxation

	FY18	FY17
	R	R
The major components of deferred tax balances for the year are as follows:		
Provisions	780,850	753,431
Income received in advance	-	-
S24C allowance	-	-
	780,850	753,431
Deferred taxation liability	-	-
Deferred taxation asset	218,638	210,961
Net deferred taxation asset	218,638	210,961

8. Financial assets by category

	R	R
The accounting policies for financial instruments have been applied to the line items below:		
	Loans and Receivables	Total
2018		
Trade and other receivables	19,139,832	
Cash and cash equivalents	17,526,188	
2017		
Trade and other receivables	14,685,620	
Cash and cash equivalents	8,214,131	

Notes to the Annual Financial Statements (Contd.)

9. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	FY18 R	FY17 R
	Financial Liabilities at amortised cost	Total
2018		
Trade and other payables	28,427,134	
2017		
Trade and other payables	16,712,248	

10 Cash used in operations

	FY18 R	FY17 R
Profit before taxation	5,019,001	2,285,420
Adjustments for:		
Interest received	(304,092)	(344,621)
Finance costs	-	-
Foreign exchange difference	-	-
Changes in working capital:		
Trade and other receivables	(4,454,208)	10,227,549
Trade and other payables	11,714,884	(32,743,273)
Dividends	-	(443,725)
	11,975,584	(21,018,650)

11. Related party transactions

11.1 Identity of related parties

Larsen and Toubro Infotech South Africa (Pty) Ltd is a joint venture between Larsen & Toubro Infotech Limited and Rossex Investments (Pty) Ltd in ratio of 74.9%:25.1%.

Larsen and Toubro Infotech Limited is a South African branch of Larsen and Toubro Infotech Limited.

Larsen and Toubro Infotech South Africa (Pty) Ltd and Larsen & Toubro Infotech Limited (Branch) are related parties.

11.2 Balances payable to /receivable from related parties

	FY18 R	FY17 R
Inter-group receivables	-	-
Inter-group payables	(26,767,582)	(16,263,001)
	(26,767,582)	(16,263,001)

Inter-group receivable, relates to sales made by Larsen and Toubro Infotech South Africa (Pty) Ltd to Larsen & Toubro Infotech Limited (Branch).

Inter-group payable, relates to expenses to be paid by Larsen and Toubro Infotech South Africa (Pty) Ltd to Larsen & Toubro Infotech Limited (Branch) and Larsen and Toubro Infotech Limited (India).

Notes to the Annual Financial Statements (Contd.)

11.3 Transactions with related parties

	FY18	FY17
	R	R
Inter-group service income (Larsen & Toubro Infotech Ltd (Branch))	-	-
Inter-group training cost (Larsen & Toubro Infotech Ltd (India))	-	-
Inter-group marketing cost (Larsen & Toubro Infotech Ltd (Branch))	(4,561,868)	(5,155,233)
Inter-group on-site support fees (Larsen & Toubro Infotech Ltd (Branch))	(20,032,306)	(24,400,203)
Inter-group on-site support fees (Larsen & Toubro Infotech Ltd (India))	(7,546,212)	(8,909,843)
Inter-group marketing cost(Larsen & Toubro Infotech Ltd (India))	(4,962,780)	(5,034,904)
Inter-group commission (Larsen & Toubro Infotech Ltd (India))	(454,122)	(879,801)
	(37,557,288)	(44,379,984)

11.4 Transactions with key management personnel

There were no transactions with key management personnel.

12. Financial instruments

Exposure to credit risk arises in the normal course of the entity's business.

12.1 Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The group does not require collateral in respect of financial assets. The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure at the reporting date was:

Reconciliation between applicable tax rate and average effective tax rate.

	Carrying amount 31 March 2018	Carrying amount 31 March 2017
	R	R
Trade receivables	19,139,832	14,685,620
Deposits	-	-
Prepayments	-	-
Total	19,139,832	14,685,620

Concentration of credit risk

The company was not exposed to any credit rate risk as the inter-group & other receivables are recoverable.

12.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

Non derivative financial liabilities	Total	< 1 year	2-5 years	>5 years
Trade and other payables	28,427,134	28,427,134	-	-
Total	28,427,134	28,427,134	-	-

13. Fair values

The fair values of financial assets and liabilities are substantially the same as the carrying amounts shown in the statement of financial position.

DETAILED INCOME STATEMENT

	Note(s)	FY18 R	FY17 R
Revenue			
Services income		56,142,307	64,771,352
Cost of sales			
Direct Cost		46,187,559	45,554,586
Purchase of trading goods		-	790,000
Gross profit		9,954,748	18,426,766
Other income			
Inter-group service income		-	3,048
Other sales		-	-
Foreign exchange differences		-	(258)
Interest received		304,092	344,621
		304,092	347,411
Gross Income		10,258,840	18,774,177
Expenses		5,239,839	16,488,756
Operating expenses			
Audit Fees		(28,000)	226,500
Audit fee- prior year adjustment		-	(161,500)
Bank Charges		15,817	18,141
Commission paid		454,122	879,801
Discount allowed for cash		-	-
Donations		348,000	121,340
Financial Management Fees		264,339	-
Foreign exchange differences		423,816	-
Insurance		200,000	93,723
Inter group services expense		226,277	10,558,867
Office expenses		6,205	4,200
Professional fees		698,733	772,578
Provision for doubtful debt		72,960	-
Marketing Costs		1,873,835	3,376,606
Rent paid		-	598,500
Salaries & Wages		-	-
Sponsorship		9,000	-
Telephone & Link charges		-	-
Training		674,735	-
Operating profit	5	5,019,001	2,285,420
Finance cost		-	-
Profit before taxation		5,019,001	2,285,420
Taxation	6	1,522,584	666,853
Profit for the year		3,496,417	1,618,568

The supplementary information presented does not form part of the annual financial statements

Financial Statements for the year ended 31 March 2018

Registration No- 2011/007226/07

Tax Reference No: 9204/345/18/6

Tax Computation

	2018
	R
Net profit per statement of comprehensive income	5,019,001
Permanent differences (Non-deductable/Non-taxable)	
Donations not in terms of section 18 A	288,000
Temporary differences	(26,861)
Provision for audit fee - prior year	(65,000)
Provision for audit fee - current year	-
Provision for employee costs - prior year	(461,931)
Provision for employee costs - current year	-
Provision for expenses - prior year	(291,500)
Provision for expenses - current year	405,463
Provision for vacation pay - current year	375,387
Prepaid expenditure not limited by s 23 h - current year	(44,000)
Provision for doubtful not deductible - current year	72,960
Allowance for doubtful debt - current year	(18,240)
Taxable income	<u>5,280,140</u>
Taxation thereon @ 28%	<u>1,478,439</u>
Tax liability	
Amount owing/(prepaid) at the beginning of year	651,966
First provisional payment	(738,744)
Second provisional payment	(1,396,636)
Prior year adjustments	(795,616)
Tax owing/(prepaid) for the current year	(1,452,556)
Tax owing/(prepaid) at the end of the year as per financial statements	<u>(800,590)</u>

DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting their Annual report and Audited Accounts for the year ended December 31, 2017.

1. FINANCIAL HIGHLIGHTS

Particulars	RMB Yuan	
	2017	2016
Total Income	1,391,165	1,819,840
Profit/(Loss) before Tax	1,291	(441,274)
Less : Tax	-	-
Net Profit/(Loss) after Tax	1,291	(441,274)
Add: Balance b/f from previous year	(1,302,240)	(860,965)
Balance to be carried forward	(1,300,950)	(1,302,240)

2. CAPITAL & FINANCE

During the year under review, there was no further investment made by Larsen & Toubro Infotech Limited, India, the parent company, towards the equity capital of the Company. The total investment by the Parent Company, towards the equity capital, as on the date of balance sheet is USD 175,000.

3. STATE OF COMPANY AFFAIRS

The total income for the financial year under review were RMB 1.4 Mn as against RMB 1.8 Mn for the previous financial year. The profit for the current year was RMB 1,291 as against loss of RMB (441,274) for the previous financial year.

4. DIVIDEND

In order to conserve the resources for future business growth, the Director do not recommend dividend for the current year.

5. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review there was no change in the Directors & Key Managerial Personnel of the Company.

6. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

7. AUDITORS

M/s ShanghaiLinfang Certified Public Accountants Co., Ltd. are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

8. DIRECTORS RESPONSIBILITY STATEMENT

The Sole Director of the Company confirms:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Director has prepared the Annual Accounts on a going concern basis;
- The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively

DIRECTORS' REPORT (Contd.)

9. ACKNOWLEDGEMENT

Your Director acknowledge the invaluable support extended by the Government authorities in China and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Date : March 25, 2018
Place : Melbourne

Sameer Satpute
Director

INDEPENDENT AUDITORS' REPORT

To the Directors of

L&T Information Technology Services (Shanghai) Co., Ltd.

1. OPINION

We have audited the financial statements of L&T INFORMATION TECHNOLOGY SERVICES (SHANGHAI) CO., LTD. (the Company), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with The Accounting Standards for Small Business.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE

FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Small Business and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

4. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with China Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the process of our audit in accordance with China Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of not finding a material misstatement resulting from fraud is higher than for one resulting from error.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (Contd.)

- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we shall not express unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the those Charged with Governance about planned scope and timing of the audit, as well as significant findings from the audit, including notable internal control weaknesses identified from the audit.

Zhong Guo, China Certified Public Accountant

Yu Yang, China Certified Public Accountant

Shanghai HangLai Certified Public Accountants
Shanghai China

Mar 25th, 2018

BALANCE SHEET AS AT 31 DECEMBER 2017

(All Amounts in RMB yuan unless otherwise stated)

ITEM	Notes	2017.12.31	2016.12.31
Current assets:			
Cash at bank and in hand	5	1,242,616.28	802,792.32
Accounts receivable	6	526,027.45	984,514.09
Prepayments	7	-	1,025.00
Other receivables	8	11,880.29	9,132.25
Other current assets		-	-
Total current assets		1,780,524.02	1,797,463.66
Non-current assets:			
Fixed assets - cost	9	21,530.00	21,530.00
Less: Accumulated depreciation	10	13,308.60	4,121.37
Fixed assets - net	11	8,221.40	17,408.63
Less: Provision for impairment loss on fixed assets		-	-
Net book value of fixed assets		8,221.40	17,408.63
Total non-current assets		8,221.40	17,408.63
TOTAL ASSETS		1,788,745.42	1,814,872.29
Current liabilities			
Accrued payroll	12	53,354.60	62,690.00
Incl.: Wages payable		53,354.60	62,690.00
Taxes payable	13	22,749.10	(11,857.62)
Other payables	14	1,938,792.24	1,991,481.03
Total current liabilities		2,014,895.94	2,042,313.41
Non-current liabilities			
Total non-current liabilities		-	-
TOTAL LIABILITIES		2,014,895.94	2,042,313.41
Owners' equity			
Paid-in capital	15	1,074,799.00	1,074,799.00
Foreign capital		1,074,799.00	1,074,799.00
Capital surplus	16	-	-
Surplus reserve		-	-
Undistributed profits		(1,300,949.52)	(1,302,240.12)
Total owner's equity		(226,150.52)	(227,441.12)
TOTAL LIABILITIES AND OWNERS' EQUITY		1,788,745.42	1,814,872.29

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(All Amounts in RMB yuan unless otherwise stated)

	Notes	Year ended 2017.12.31	Year ended 2016.12.31
Total operating revenues		1,391,165.30	1,819,839.92
Incl.: Operating revenues		1,391,165.30	1,819,839.92
Incl.: Revenues from main operation	17	1,391,165.30	1,819,839.92
Revenues from other operation		-	-
Less: Total operating costs		1,392,882.93	2,270,471.73
Incl.: Cost of operation		-	-
Tax and its additions		3,951.26	1,749.29
Selling and distribution expenses		-	-
General and administrative expenses		1,364,307.86	2,322,492.59
Finance expenses		24,623.81	(53,770.15)
Add: Return on investment		-	-
Operating Profit		(1,717.63)	(450,631.81)
Add: Non-operating incomes		3,008.23	9,498.84
Less: Non-operating expenses		-	141.48
Total profit		1,290.60	(441,274.45)
less: Income tax expenses		-	-
Net profit		1,290.60	(441,274.45)

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(All Amounts in RMB yuan unless otherwise stated)

	Year ended 2017.12.31	Year ended 2016.12.31
1. Cash Flows from Operating Activities:		
Cash received from sales of goods or rendering of services	1,890,102.27	1,200,772.93
Cash received relating to other operating activities	6,564.01	254,121.38
Sub-total of Cash Inflows	1,896,666.28	1,454,894.31
Cash paid for goods and services	-	22,550.00
Cash paid to and on behalf of employees	603,294.37	1,492,653.32
Payments of taxes and levies	51,155.09	393,881.29
Cash paid relating to other operating activities	802,392.86	677,580.66
Sub-total of Cash Outflows	1,456,842.32	2,586,665.27
Net Cash Flows from Operating Activities	439,823.96	(1,131,770.96)
2. Cash Flows from Investing Activities:		
Cash paid to acquire fixed assets, intangible assets and other long-term assets	-	21,530.00
Sub-total of Cash Outflows	-	21,530.00
Net Cash Flows from investing Activities	-	(21,530.00)
3. Cash Flows from Financing Activities:		
Net Cash Flows from investing Activities	-	-
4. Effect of Foreign Exchange Rate Fluctuation on Cash	-	-
5. Net Increase (decrease) in Cash and Cash Equivalents	439,823.96	(1,153,300.96)
Add: Cash and cash equivalents at the beginning of the reporting period	802,792.32	1,956,093.28
6. Cash and Cash Equivalents at the end of the reporting period	1,242,616.28	802,792.32

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

(All Amounts in RMB yuan unless otherwise stated)

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
Closing Balance at 31 December 2015	1,074,799.00	-	-	(860,965.67)	213,833.33
Add: Changes in accounting policies	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-
Beginning Balance at 1 January 2016	1,074,799.00	-	-	(860,965.67)	213,833.33
Net profit	-	-	-	(441,274.45)	(441,274.45)
Other comprehensive income	-	-	-	-	-
Capital contribution or reduction by owners	-	-	-	-	-
Profit appropriation	-	-	-	-	-
Transfer between equity components	-	-	-	-	-
Movements in year 2016	-	-	-	(441,274.45)	(441,274.45)
Closing Balance at 31 December 2016	1,074,799.00	-	-	(1,302,240.12)	(227,441.12)
Closing Balance at 31 December 2016	1,074,799.00	-	-	(1,302,240.12)	(227,441.12)
Add: Changes in accounting policies	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-
Beginning Balance at 1 January 2017	1,074,799.00	-	-	(1,302,240.12)	(227,441.12)
Net profit	-	-	-	1,290.60	1,290.60
Other comprehensive income	-	-	-	-	-
Capital contribution or reduction by owners	-	-	-	-	-
Profit appropriation	-	-	-	-	-
Transfer between equity components	-	-	-	-	-
Movements in year 2017	-	-	-	1,290.60	1,290.60
Closing Balance at 31 December 2017	1,074,799.00	-	-	(1,300,949.52)	(226,150.52)

The accompanying notes form an integral part of these financial statements.

NOTES TO THE 2017 FINANCIAL REPORTS

(All Amounts are stated in RMB yuan unless otherwise stated)

1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

L&T Information Technology Services (Shanghai) Co., Ltd. (“the Company”) is a wholly owned foreign enterprise incorporated by LARSEN & TOUBRO INFOTECH LIMITED. The Company was registered at Shanghai Administration of Industry and Commerce, and obtained the Business License for Enterprise as No. 91310000069392188J on June 28th 2013. The registered capital is USD 175000 and the residential address for the Company is No 2 XingXian Road Jiading Industry Zone Shanghai. The Company has an approved operating period of 10 years.

The Company’s approved scope of business operations includes Computer software (video, publication except) design, development, production, sales of own products and provide after sale service, the commission agent products and computer hardware (excluding auction), enterprise management consulting, business information consulting, computer information engineering technical consultation and services, to undertake service outsourcing in system management and maintenance technical support, information management, software development, data processing. (not related to the management of state-run trade goods; involving quota, license management of goods, in accordance with relevant state regulations apply; involving administrative approval, permit to operate).

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and “Accounting System for Small Business enterprises” as promulgated by the State of the People’s Republic of China.

3 PRINCIPAL ACCOUNTING POLICIES

(A) ACCOUNTING PERIOD

The company’s accounting year starts on 1 January and ends on 31 December.

(B) RECORDING CURRENCY

The recording currency of the Company is the Renminbi (RMB).

(C) BASIS OF ACCOUNTING AND MEASUREMENT BASES

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

(D) FOREIGN CURRENCY TRANSLATION

Except for the accounting treatment of paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People’s Bank of China (“the stipulated exchange rates”) on the day in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been made specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs and those arising in the pre-operating period, which are recorded as long-term deferred expenses.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates. Exchange differences arising from foreign currency capital contribution should be recognized as capital surplus.

(E) CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash refers to all cash in hand and all deposits. Cash equivalents refer to short-term and highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(F) RECEIVABLES AND PROVISION FOR BAD DEBTS

Receivables comprise accounts receivable and other receivables. The provision method is used to account for potential bad debts identified by management. Receivables are presented at actual amounts net of provision for bad debts.

Receivables comprise accounts receivable and other receivables. The direct write-off method is used to account for potential bad debts identified by management. Receivables are presented at actual amounts net of the non-payment.

NOTES TO THE 2017 FINANCIAL REPORTS (Contd.)

(All Amounts are stated in RMB yuan unless otherwise stated)

(1) Accounts receivable

Accounts receivable comprises related party receivables and receivables from non-related parties.

The Company makes specific bad debts provision on an individual basis for accounts receivable that are distinctively different from any other receivable in recoverability. If there are indications that the balances cannot be recovered, the specific provision will be adjusted accordingly.

(2) Other receivable

Specific provisions are made for other receivables on an individual basis.

(3) Recognition criteria of bad debts loss

Where evidence exists that balances cannot be recovered due to the debtor's de-registration, bankruptcy, insolvent and death, etc., bad debts are recognized and corresponding provision for bad debts is written off after the approval of the Company's general manager or the board pursuant to the authorization policies established in the Company.

(G) FIXED ASSETS AND DEPRECIATION

Fixed assets are tangible assets that are used in production, including sales of goods, rendering of services and leases, or held for management purposes, which have useful lives of more than one year and have relatively high unit price.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

	Estimated Useful Lives	Estimated Residual Value	Annual Depreciation Rate
Office and electronic equipment	3yrs	0%	33.33%

When fixed assets are sold, transferred, disposed of or damaged, gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the assets, adjusted by related taxes and expenses, and are included in non-operating income or expenses.

(H) REVENUE RECOGNITION

Revenue from the rendering of services shall be recognized at the time of service provided and consideration received or receivable.

Interest income should be measured based on the period between the acquisition date and the maturity date and the applicable interest rate.

Subsidy income shall be recognized at the time of receipt.

(I) EMPLOYEE BENEFITS

The full-time employees of the Company are entitled to staff welfare benefits under existing PRC legislation, including pension benefits, medical care, unemployment insurance, housing fund and other benefits.

The Company is required to accrue for these benefits based on certain percentages of the employees' salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, these benefits are levied by the human resource and social security bodies. The contributions are expensed as incurred.

(J) ACCOUNTING FOR INCOME TAXES

The Company accounts for enterprise and local income taxes using the tax payable method. Under the tax payable method, tax expense is recognized based on current period taxable income and tax rates.

NOTES TO THE 2017 FINANCIAL REPORTS (Contd.)

(All Amounts are stated in RMB yuan unless otherwise stated)

4 TAXATION

(a) Corporate income tax

The applicable enterprise income tax rate is 25%.

(b) Value added tax

The company for the small scale taxpayers of value added tax, the tax rate is 3%, the input tax shall not be credited against.

(c) Individual income tax

Employees' income is subject to individual income tax, and the Company withhold amounts from employees and send the withheld amounts to the tax authorities.

5 MONETARY ASSETS

	2017.12.31	2016.12.31
Cash at bank	1,242,616.28	802,792.32
Total	1,242,616.28	802,792.32

6 ACCOUNTS RECEIVABLE

	2017.12.31	2016.12.31
	526,027.45	984,514.09

The ageing as at year end are as follows:

	2017.12.31		2016.12.31	
	Amount	%	Amount	%
Within 1 yr	526,027.45	100.0%	984,514.09	100.0%
Total	526,027.45	100%	984,514.09	100%

Debtors with large amount:

Name of Debtors	Ending Balance
Carrier Air conditioning Sales Service (Shanghai)Co. Ltd.	CNY 38,995.80
Shanghai Yileng Carrier Air-Conditioning Equipment Co., Ltd	CNY 61,380.79
L&T Infotech Ltd., US Branch	USD 58,392.00

7 PREPAYMENTS

	2017.12.31		2016.12.31	
	Amount	%	Amount	%
Within 1 yr	-	-	1,025.00	100.0%
Total	-	-	1,025.00	100%

NOTES TO THE 2017 FINANCIAL REPORTS (Contd.)

(All Amounts are stated in RMB yuan unless otherwise stated)

8 OTHER RECEIVABLES

	2017.12.31	2016.12.31
	11,880.29	9,132.25

The ageing as at year end are as follows:

	2017.12.31		2016.12.31	
	Amount	%	Amount	%
Within 1 yr	2,748.04	23.1%	-	-
1 - 2 ys	-	-	9,132.25	100%
2 - 3 ys	9,132.25	76.9%	-	-
Over 3 ys	-	-	-	-
Total	11,880.29	100%	9,132.25	100%

9 FIXED ASSETS – COST

	2017.1.1	Increase	Decrease	2017.12.31
Electronic equipment	21,530.00	-	-	21,530.00
Total	21,530.00	-	-	21,530.00

10 ACCUMULATED DEPRECIATION

	2017.1.1	Increase	Decrease	2017.12.31
Electronic equipment	4,121.37	9,187.23	-	13,308.60
Total	4,121.37	9,187.23	-	13,308.60

11 FIXED ASSETS – NET

	2017.12.31	2016.12.31
Electronic equipment	8,221.40	17,408.63
Total	8,221.40	17,408.63

12 ACCRUED PAYROLL

	2017.12.31	2016.12.31
Wages payable	42,378.74	42,378.74
Social insurance	8,243.86	15,323.26
Housing Provident Fund	2,732.00	4,988.00
Total	53,354.60	62,690.00

13 TAXES PAYABLE

	2017.12.31	2016.12.31
Taxes		
Value added tax	15,433.84	471.55
City maintenance	771.68	23.57
Education surcharge payable	463.01	-
Local education surcharge payable	308.67	-
River maintenance fee	-	4.71
Individual income tax	5,771.90	9,588.78
Corporate income tax (CIT)	-	-21,946.23
Total	22,749.10	-11,857.62

NOTES TO THE 2017 FINANCIAL REPORTS (Contd.)

(All Amounts are stated in RMB yuan unless otherwise stated)

14 OTHER PAYABLES

	2017.12.31	2016.12.31
Total	1,938,792.24	1,991,481.03
<u>Creditor with large amount</u>		Ending Balance
L&T Infotech Ltd., India		CNY 1,584,023.24
L&T Infotech Ltd., Singapore Branch		SGD 36,660.87
L&T Infotech Ltd., UK Branch		GBP 445.73
L&T Infotech Ltd., India		GBP 6,535.27

15 PAID-IN CAPITAL

<u>Name of Investor</u>	2017.12.31		2016.12.31	
	Registered Capital (USD)	Registered Capital (RMB)	Registered Capital (USD)	Registered Capital (RMB)
LARSEN & TOUBRO INFOTECH LIMITED	175,000.00	1,074,799.00	175,000.00	1,074,799.00
Total	175,000.00	1,074,799.00	175,000.00	1,074,799.00

16 UNDISTRIBUTED PROFITS

	2017.12.31	2016.12.31
Undistributed profits at beginning of year	(1,302,240.12)	(860,965.67)
Current year net profit	1,290.60	(441,274.45)
Other adjustments	-	-
Distributable profit	(1,300,949.52)	(1,302,240.12)
Undistributed profits at the end of year	(1,300,949.52)	(1,302,240.12)

17 REVENUES FROM MAIN OPERATION

<u>Item</u>	2017	2016
Consulting Service	1,391,165.30	1,819,839.92
Total	1,391,165.30	1,819,839.92

18 RELATED PARTY TRANSACTION

Related party relationships

Name of Entity

L&T Infotech Ltd., US Branch

L&T Infotech Ltd., Singapore Branch

L&T Infotech Ltd., UK Branch

L&T Infotech Ltd., India

Relationship with the Company

Controlled by the same party

Controlled by the same party

Controlled by the same party

Parent

Ending Balance of related party transaction

Name of Entity

L&T Infotech Ltd., US Branch

L&T Infotech Ltd., India

L&T Infotech Ltd., Singapore Branch

L&T Infotech Ltd., UK Branch

L&T Infotech Ltd., India

<u>Account Name</u>	<u>Description</u>	<u>Ending balance</u>
Accounts receivable	Services	USD 58,392.00
Other payables	Temporary payment	CNY 1,584,023.24
Other payables	Temporary payment	SGD 36,660.87
Other payables	Temporary payment	GBP 445.73
Other payables	Temporary payment	GBP 6,535.27

19 CONTINGENCIES

No disclosure is required.

20 EVENTS AFTER THE REPORTING PERIOD

No disclosure is required.

21 COMPARISON INFORMATION

The comparison information has been reclassified so as to be in line with the information reported for the year 2016.

DIRECTOR'S REPORT

Dear Members,

It's a pleasure in presenting the Annual report and Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

Particulars	EURO	
	2017-2018	2016-17
Total Income	390,830	825,923
Profit / (Loss) before Tax	25,400	53,642
Less : Tax	6,850	11,008
Net Profit / (Loss) after Tax	18,550	42,634
Add: Balance b/f from previous year	35,272	(7,362)
Balance to be carried forward	53,822	35,272

2. STATE OF COMPANY AFFAIRS

The gross sales and other income for the Financial Year under review were Euro 0.4 Mn as against EUR 0.8 Mn for the previous Financial Year. The profit after tax was Euro 0.02 Mn for the Financial Year under review as against EUR 0.04 Mn for the previous Financial Year.

3. DIVIDEND

In order to conserve the resources for future business growth, the Director do not recommend dividend for the current year.

4. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review there was no change in the Director & Key Managerial Personnel of the Company.

5. AUDITORS

M/s. GT-KMU Wirtschaftsprüfungs und Steuerberatungs GmbH are the auditors of the Company. They have been reappointed as Statutory Auditors of the Company for the ensuing Financial Year.

6. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

7. DIRECTORS RESPONSIBILITY STATEMENT

The Sole Director of the Company confirms:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Director have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Director have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with Local Statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Director have prepared the Annual Accounts on a going concern basis;
- The Director have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

8. ACKNOWLEDGEMENT

Your Director acknowledge the invaluable support extended by the Government authorities in Austria and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Date: April 27, 2018
Place: London

Sudhir Chaturvedi
Sole Director

AUDIT REPORT

To the
Management Board of
Larsen & Toubro Infotech Austria GmbH
Vienna

We have completed the audit of the financial statements as of March 31, 2018 of

Larsen & Toubro Infotech Austria GmbH
Vienna,
(referred to as "the Company")

and provide the results of our audit in the following report:

1. AUDIT CONTRACT AND PERFORMANCE OF THE ENGAGEMENT

The Company, represented by the management board, concluded an audit contract with us to audit the financial statements as of March 31, 2018, including the accounting system pursuant to Sections 269 ff. UGB.

The Company is small sized corporation pursuant to Section 221 UGB.

The audit is a voluntary audit.

The objective of the audit was to examine compliance with legal requirements.

In performing the audit, we adhered to the legal provisions and the relevant professional standards on performing an audit applicable in Austria. We draw attention to the fact that the audit provides reasonable assurance as to whether the financial statements are free from material misstatement. Absolute assurance cannot be achieved, since the possibility of errors is inherent in each accounting and internal control system and since the audit is based on samples, there is an unavoidable risk that material misstatements in the financial statements are not detected. Areas which are generally covered in special engagements were not included in our scope of work.

We performed the audit in April 2018. The audit was concluded by the date of this report.

Responsible for the proper performance of the engagement is Mr. Dr. MMag. Sascha Berkovec, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Company, an integral part of which are the General Conditions of Contract for the Public Accounting Professions issued by the Austrian Chamber of Public Accountants and Tax Advisors. These General Conditions of Contract do not only apply between the Company and the auditor, but also towards third parties. Section 275 UGB applies with regard to our responsibility and liability as auditor towards the Company and towards third parties.

2. DISCLOSURE OF AND NOTES ON SIGNIFICANT ITEMS IN THE FINANCIAL STATEMENTS

All required disclosures of significant items in the financial statements are included in the attached figures.

3. SUMMARY OF THE RESULTS OF THE AUDIT

3.1. CONCLUSION ON THE COMPLIANCE OF THE ACCOUNTING AND THE FINANCIAL STATEMENTS

In performing our audit procedures, we determined the compliance with statutory provisions and generally accepted **accounting principles**.

As part of our risk and control oriented audit approach, we included in the audit – where we considered it necessary for our audit report – the internal controls in parts of the accounting process.

With regard to the legal compliance of the **financial statements**, we refer to our comments in the auditor's report.

3.2. INFORMATION PROVIDED

All information required was provided by the legal representatives of the company. A letter of representation signed by the legal representatives has been included in our working papers.

In performing our duties as auditor, we have not determined any facts that might endanger the audited company's position as a going concern or adversely affect its future development, nor any facts that would constitute a serious breach of the law or of the Company's articles of association by the legal representatives or employees. Material weaknesses in the internal control of the accounting process have not come to our attention. The criteria for assuming a reorganization requirement (Section 22 No. 1 URG (Austrian Reorganization Act)) are not met.

4. AUDITOR'S REPORT

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

Larsen, & Toubro Infotech Austria GmbH, Vienna

comprising the balance sheet as of March 31, 2018 and the income statement for the fiscal year ended on March 31, 2018 and the notes to the financial statements.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position as of March 31, 2018 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Our responsibility and liability as auditor is analogously to Section 275 UGB (liability regulations for the audit of small and medium-sized companies) limited with a total of 2 million Euro towards the Company and towards third parties.

Basis for Opinion

We conducted our audit in accordance with in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing. Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the company and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the companies ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

GT-KMU
Wirtschaftsprüfungs- und Steuerberatungs- GmbH

Dr. MMag. Sascha Berkovec
Certified Public Accountant

Date: April 27, 2018

LEGAL STATUS

Legal Status

Company:	Larsen & Toubro Infotech Austria GmbH		
Location of the corporate seat	Österreich		
Address:	1010 Wien, Karlsplatz 3/1		
Incorporation:	2015-06-18		
Financial year:	April 1, 2017 - March 31, 2018		
Legal form:	Gesellschaft mit beschränkter Haftung		
Capital stock:	EUR 35,000.00		
Shareholder:	Name	Share in EUR	Share in %
	Larsen & Toubro Infotech Limited	35,000.00	100
Management:	Name		From 2016-10-21
	Chaturvedi Sudhir		
Representation:	The company is represented by the manager single-handed.		

Tax status

Tax authority:	Finanzamt Wien 1/23
Tax number:	255/7933
VAT number:	ATU71375727
Tax representative:	Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und 1200 Wien, Handelskai 92, Gate 2, 7A
Determination of tax income:	Accounting acc. to § 5 EStG

BALANCE SHEET AS ON 31ST MARCH 2018

	2018-03-31	2017-03-31
	EUR	EUR
ASSETS		
A. Current Assets		
I. Receivables and other Assets		
1. Receivables arising from deliveries services	728.22	0.00
thereof with a remaining maturity of more than one year	0.00	0.00
2. Receivables due from affiliated companies	4,961.99	11,326.71
thereof arising from deliveries and services	4,961.99	11,326.71
thereof with a remaining maturity of more than one year	0.00	0.00
3. Other receivables and assets	6,375.69	43,619.55
thereof with a remaining maturity of more than one year	0.00	0.00
	12,065.90	54,946.26
II. Bank deposits	97,814.78	68,460.34
	109,880.68	123,406.60
Total assets	109,880.68	123,406.60
LIABILITIES AND OWNER 'S EQUITY		
A. Capital and Reserves		
I. Stated Capital called	35,000.00	35,000.00
Subscribed Capital	35,000.00	35,000.00
Capital paid in	35,000.00	35,000.00
II. Balance Sheet Profit	53,822.67	35,272.44
thereof profit carried forward from the previous years, thereof loss carried forward from the previous years	35,272.44	-7,361.90
	88,822.67	70,272.44
B. Accruals		
1. Tax accruals	17,608.00	10,883.00
2. Other accruals	3,450.01	42,251.16
	21,058.01	53,134.16
Total Liabilities and Owner 's Equity	109,880.68	123,406.60

For and on behalf of the Board

Date: April 27, 2018
Place: London**Sudhir Chaturvedi**
Sole Director

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2018

	2017/2018	2016/2017
	EUR	EUR
1. Turnover	390,829.63	825,922.53
2. Raw material expense and expenditures for services received		
a) Expenditures for services received	-324,396.83	-729,172.20
3. Other operating expenses		
Taxes, as far as they are not on income or on revenue	350.00	0.00
Transaction costs	-4,138.11	-1,971.16
Legal and consulting costs	-26,364.48	-30,561.67
Other operating expense	-10,879.98	-9,946.39
	-41,032.57	-42,479.22
4. Operating result	25,400.23	54,271.11
5. Interest and similar expenses	0.00	-628.77
6. Financial result	0.00	-628.77
7. Earnings before taxes	25,400.23	53,642.34
8. Taxes on income and revenue	-6,850.00	-11,008.00
9. Earnings after taxes	18,550.23	42,634.34
10. Net income	18,550.23	42,634.34
11. Profit/Loss carried forward from the previous years	35,272.44	-7,361.90
12. Balance sheet profit	53,822.67	35,272.44

For and on behalf of the Board

Date: April 27, 2018
Place: London**Sudhir Chaturvedi**
Sole Director

NOTES TO THE BALANCE SHEETS

	2018-03-31 EUR	2017-03-31 EUR
ASSETS		
A. Current Assets		
I. Receivables and other Assets		
1. Receivables arising from deliveries services		
340000 Customer control Account	728.22	0.00
thereof with a remaining maturity of more than one year	0.00	0.00
2. Receivables due from affiliated companies		
15009 Due To/From Parent Co	0.00	11,331.10
15010 Due To/From Parent Co - Exchange Difference	0.00	-4.39
150003 Payable to L&T Infotech Parent	4,973.63	0.00
150093 Payable to L&T Infotech Parent - Exch D	-11.64	0.00
	4,961.99	11,326.71
thereof arising from deliveries and services		
15009 Due To/From Parent Co	0.00	11,331.10
15010 Due To/From Parent Co - Exchange Difference	0.00	-4.39
150003 Payable to L&T Infotech Parent	4,973.63	0.00
150093 Payable to L&T Infotech Parent - Exch D	-11.64	0.00
	4,961.99	11,326.71
thereof with a remaining maturity of more than one year	0.00	0.00
3. Other receivables and assets		
15605 Input Tax a/c	0.00	13,035.64
44059 VAT Refund receivable A/C	0.00	30,583.91
310535 Advance Tax 2018	500.00	0.00
320005 VAT Refund receivable A/C	5,037.06	0.00
370514 Input Tax	838.63	0.00
	6,375.69	43,619.55
thereof with a remaining maturity of more than one year	0.00	0.00
	12,065.90	54,946.26
II. Bank deposits		
38746 Bank Austria- EURO	0.00	68,460.34
360654 Bank Austria- EURO	97,814.78	0.00
	97,814.78	68,460.34
	109,880.68	123,406.60
Total assets	109,880.68	123,406.60

NOTES TO THE BALANCE SHEETS

Liabilities and Owner´s Equity	2018-03-31 EUR	2017-03-31 EUR
A. Capital and Reserves		
I. Stated Capital called		
10001 Share Capital	0.00	35,000.00
100001 Share Capital	35,000.00	0.00
	<u>35,000.00</u>	<u>35,000.00</u>
Subscribed Capital		
10001 Share Capital	0.00	35,000.00
100001 Share Capital	35,000.00	0.00
	<u>35,000.00</u>	<u>35,000.00</u>
Capital paid in	35,000.00	35,000.00
II. Balance Sheet Profit		
9380 Profit brought forward from previous years	35,272.44	0.00
9381 Loss brought forward from previous years	0.00	-7,361.90
12001 Profit And Loss Account	0.00	42,634.34
100100 Profit And Loss Account	18,550.23	0.00
	<u>53,822.67</u>	<u>35,272.44</u>
	88,822.67	70,272.44
B. Accruals		
1. Tax accruals		
18026 Provision for IT 2016-17	0.00	10,883.00
180011 Provision for IT 2016-17	10,883.00	0.00
180012 Provision for IT 2017-18	6,725.00	0.00
	<u>17,608.00</u>	<u>10,883.00</u>
2. Other accruals		
15635 Trade Tax	0.00	350.00
15975 Provision for Expenses	0.00	41,904.84
15976 Accounts Pay - exchange difference	0.00	-3.68
150096 Provision for Expenses - Exch Diff	0.01	0.00
150106 Provision for Expenses	3,450.00	0.00
	<u>3,450.01</u>	<u>42,251.16</u>
	<u>21,058.01</u>	<u>53,134.16</u>
Total Liabilities and Owner´s Equity	109,880.68	123,406.60

NOTES TO THE PROFIT AND LOSS ACCOUNT

	2017/2018 EUR	2016/2017 EUR
1. Turnover		
90608 Net Sales - Subsidiary	0.00	825,922.53
900053 Export Revenue - Services	390,829.60	0.00
910001 Exch Diff on Receivables	0.01	0.00
910002 Exch Diff on Receivables - Revaluation	0.02	0.00
	<u>390,829.63</u>	<u>825,922.53</u>
2. Raw material expense and expenditures for services received		
a) Expenditures for services received		
51655 Overheads Charged To Parent/ Group Com	0.00	-239,228.79
51660 Service charges-Onsite	0.00	-263,294.00
52655 SG&A O/H chgd to Parent/Subsidiary FC	0.00	-12,458.16
64612 Subcontracting - Onsite Hiring FC	0.00	-214,191.25
510016 Service charges-Onsite	-76,761.00	0.00
540006 Subcontracting - Onsite	-71,562.50	0.00
690031 SG&A O/H chgd to Parent/Subsidiary FC	-14,945.17	0.00
690035 Overheads Charged To Parent/ Group Com	-161,128.16	0.00
	<u>-324,396.83</u>	<u>-729,172.20</u>
3. Other operating expenses		
Taxes, as far as they are not on income or on revenue		
660000 Rates & Taxes Others	350.00	0.00
Transaction costs		
79631 Bank Charges FC	0.00	-1,971.16
690000 Bank Charges	-4,138.12	0.00
910005 Exch Diff - Bank revaluation	0.01	0.00
	<u>-4,138.11</u>	<u>-1,971.16</u>
Legal and consulting costs		
64613 Professional Fees-FC	0.00	-27,061.67
73611 Audit Fees FC	0.00	-3,500.00
650000 Audit Fees	-2,000.00	0.00
670000 Professional Fees	-24,364.48	0.00
	<u>-26,364.48</u>	<u>-30,561.67</u>
Other operating expense		
61622 Office Expenses FC	0.00	-9,900.00
77016 Exch Diff - Expenses	0.00	-45.68
77022 Exch Diff - Expenses Revaluation	0.00	-0.71
690024 Office Expenses Sales Offices	-10,800.00	0.00
910003 Exch Diff on Payables	-68.98	0.00
910004 Exch Diff on Payables - Revaluation	-10.95	0.00
910006 Exch Diff - Others	-0.04	0.00
910007 Exch Diff - Others Revaluation	-0.01	0.00
	<u>-10,879.98</u>	<u>-9,946.39</u>
	<u>-41,032.57</u>	<u>-42,479.22</u>

	2017/2018	2016/2017
	EUR	EUR
4. Operating result	25,400.23	54,271.11
5. Interest and similar expenses	0.00	-628.77
95603 Interest received from others - FC		
6. Financial result	0.00	-628.77
7. Earnings before taxes	25,400.23	53,642.34
8. Taxes on income and revenue		
87677 Corporation Tax Charge	0.00	-11,008.00
870001 Tax charge	-6,350.00	0.00
870005 Short / Excess Provision for tax	-500.00	0.00
	-6,850.00	-11,008.00
9. Earnings after taxes	18,550.23	42,634.34
10. Net income	18,550.23	42,634.34
11. Profit/Loss carried forward from the previous years		
9380 Profit brought forward from previous years	35,272.44	0.00
9381 Loss brought forward from previous years	0.00	-7,361.90
	35,272.44	-7,361.90
12. Balance sheet profit	53,822.67	35,272.44

GENERAL CONDITIONS OF CONTRACT FOR THE PUBLIC ACCOUNTING PROFESSIONS (AAB 2011)

Laid down by the Working Group for Fees and Conditions of Contract of the Chamber of Public Accountants and Tax Advisors, recommended for use by the Board of the Chamber of Public Accountants and Tax Advisors in its decision of March 8, 2000, and revised by the Working Group for Fees and Conditions of Contract on May 23, 2002, on October 21,

2004, on December 18, 2006, on August 31, 2007, on February 26, 2008, on June 30,

2009, on March 22, 2010, as well as on February 21, 2011

Preamble and General Points

- (1) The General Conditions of Contract for the professions in the field of public accounting are divided into four sections: Section I deals with contracts for services, excluding contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions; Section II deals with contracts for rendering services in the field of bookkeeping, payroll accounting and administration and assessment of taxes and contributions; Section III covers contracts not regarded as contracts for the rendering of services, while Section IV is devoted to consumer business covered by the Austrian Consumer Act.
- (2) In the event that individual provisions of these General Conditions of Contract are void, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.
- (3) The person entitled to exercise profession in the field of public accounting shall be obliged to render the services negotiated in accordance with the principles of due professional care and conduct. He/she shall have the right to engage suitable staff for the execution of the contract. This shall apply to all sections of The General Conditions of Contract.
- (4) Finally, foreign law shall only be taken into account by the person entitled to exercise the profession, if this has been explicitly agreed upon in writing. This shall apply to all sections of the General Conditions of Contract.
- (5) The work prepared in the offices of the person entitled to exercise the profession may, at the discretion of the person entitled to exercise the profession, be carried out with or without using electronic data processing. In case electronic data processing is used, the client – not the person entitled to exercise the profession – is obliged to effect the registrations or notifications required under the relevant provisions of the Data Protection Act.
- (6) The client undertakes not to employ staff of the person entitled to exercise the profession during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the person entitled to exercise the profession the amount of the annual salary of the employee taken over.

SECTION I

1. Scope

- (1) The General Conditions of Contract in Section I shall apply to contracts concerning (statutory and voluntary) audits with or without auditor's certificate, expert opinions, court expert opinions, preparation of annual financial statements and other financial statements, tax consultancy and other services to be rendered within the framework of a contract for the rendering of services, excluding bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.
- (2) The General Conditions of Contract shall apply, if their use has been explicitly or tacitly agreed upon. Furthermore, in the absence of another agreement, they shall be used for reference to facilitate interpretation.
- (3) Point 8 shall also apply to third parties whose services, in certain cases, may be enlisted by the contractor for the execution of the contract.

2. Scope and Execution of Contract

- (1) Reference shall be made to Items 3 and 4 of the Preamble.
- (2) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the person entitled to exercise the profession shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.
- (3) An application submitted by the person entitled to exercise the profession to an authority (e.g. tax office, social security institution) by electronic means, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to submit such an application.

3. Client's Obligation to Provide Information and Submit Complete Set of Documents

- (1) The client shall make sure that all documents required for the execution of the contract be placed in good time and without special request at the disposal of the person entitled to exercise the profession and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the person entitled to exercise the profession has commenced his/her work.
- (2) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete. This statement may be made on the forms specifically designed for this purpose.
- (3) If the client fails to disclose considerable risks in connection with the preparation of annual financial statements and other statements, the contractor shall not be obliged to render any compensation in this respect.

4. Maintenance of Independence

- (1) The client shall be obliged to take all measures to make sure that the independence of the employees of the person entitled to exercise the profession be maintained and shall refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.
- (2) The client consents that their personal details, meaning their name and the type and scope of the services, including the performance period, agreed between the professional practitioner and the client (both audit and non-audit services), shall be handled within the information network (network), to which the professional practitioner belongs, and for this purpose transferred to the other members of the information network (network) including abroad (a list of all recipients of communications shall be sent to the client at their request by the commissioned professional practitioner) for the purpose of examination of the existence of grounds of bias or grounds for exclusion within the meaning of Sections 271 et seq. of the Company Code (UGB). For this purpose the client expressly releases the professional practitioner in accordance with the Data Protection Act and in accordance with Section 91 Subsection 4

Clause 2 of the Auditing, Tax Advising and Related Professions Act (WTBG) from their obligation to maintain secrecy. Moreover, the client acknowledges in this regard that in states which are not EU members a lower level of data protection than in the EU may prevail. The client can revoke this consent at any time in writing to the professional practitioner.

5. Reporting Requirements

- (1) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.
- (2) All information and opinions of the person entitled to exercise the profession and his employees shall only be binding provided they are set down or confirmed in writing. Written opinions shall only be those on which there is a company signature. Written opinions shall in no circumstances be information sent electronically, specifically not via e-mail.
- (3) Transmission errors cannot be excluded when information and data is transmitted electronically. The person entitled to exercise the profession and his employees shall not be liable for losses which arise as a result of electronic transmission. Electronic transmission shall be exclusively at the client's risk. The client is aware that confidentiality is not guaranteed when the Internet is used. Furthermore, amendments or supplements to documents transmitted shall only be permissible subject to explicit approval.
- (4) Receipt and forwarding of information to the person entitled to exercise the profession and his employees are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other electronic means of communication. As a result, instructions and important information shall only be deemed to have been received by the person entitled to exercise the profession provided they are also received in writing, unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not as such constitute explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the person entitled to exercise the profession by post or courier. Delivery of documents to employees outside the firm's offices shall not count as delivery.
- (5) The client agrees to being sent recurrent general tax law and general commercial law information by the person entitled to exercise the profession via electronic means. This shall not apply to unsolicited information in accordance with § 107 of the Austrian Telecommunications Act (TKG).

6. Protection of Intellectual Property of the Person Entitled to Exercise the Profession

- (1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the person entitled to exercise the profession, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 Para. 3 Austrian Income Tax Act 1988). Furthermore, professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession may be passed on to a third party for use only with the written consent of the person entitled to exercise the profession.
- (2) The use of professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession for promotional purposes shall not be permitted; a violation of this provision shall give the person entitled to exercise the profession the right to terminate without notice to the client all contracts not yet executed.
- (3) The person entitled to exercise the profession shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the person entitled to exercise the profession.

7. Correction of Errors

- (1) The person entitled to exercise the profession shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement passed on by the client orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original statement of the change.
- (2) The client has the right to have all errors corrected free of charge, if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the person entitled to exercise the profession and/or – in cases where a written statement has not been delivered – six months after the person entitled to exercise the profession has completed the work that gives cause to complaint.
- (3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Point 8.

8. Liability

- (1) The person entitled to exercise the profession shall only be liable for violating intentionally or by gross negligence the contractual duties and obligations entered into.
- (2) In cases of gross negligence, the maximum liability for damages due from the appointed person entitled to exercise the profession is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 of the Act on Professions in the Field of Public Accounting (WTBG) in the currently valid version.
- (3) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but not later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.
- (4) Should Section 275 of the Austrian Business Enterprise Code (Commercial Code, UGB) be mandatorily applicable, the liability provisions pursuant to Section 275 shall apply where these represent mandatory law, even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place, irrespective of whether other participants have acted with intent.
- (5) In cases where a formal audit certificate is issued, the applicable limitation period shall commence at the latest at the time of issue of said audit certificate.
- (6) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, and the client is informed thereof, any warranty claims and claims for damages which arise against the third party according to law and in accordance with the conditions of the third party, shall be deemed as having been passed on to the client. The person entitled to exercise the profession shall only be liable for fault in choosing the third party.
- (7) The person entitled to exercise the profession shall not be liable to a third party, if his/her professional statements are passed on by the client orally or in writing without the approval or knowledge of the person entitled to exercise the profession.
- (8) The above provisions shall apply not only vis-à-vis the client but also vis-à-vis third parties, if the person entitled to exercise the profession, in exceptional cases, should be liable for his/her work. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have been wronged; the claims of the aggrieved parties shall be satisfied in the order in which the claims have been raised.

9. Secrecy, Data Protection

- (1) According to Section 91 WTBG the person entitled to exercise the profession shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.
- (2) The person entitled to exercise the profession shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.
- (3) The person entitled to exercise the profession is authorized to process personal data entrusted to him/her within the framework of the purpose of the contract or to have them processed by a third party according to Point 8 Item 5. The person entitled to exercise the profession shall guarantee that according to Section 15 of the Data Protection Act secrecy be maintained. According to Section 11 of the Data Protection Act the material made available to the person entitled to exercise the profession (data carrier, data, control numbers, analyses and programs) as well as all results obtained as a result of the work provided shall be returned to the client, unless the client has requested in writing that the material and/or results be transferred to a third party. The person entitled to exercise the profession shall be obliged to take measures to ensure that the client can meet his/her obligation to provide information according to Section 26 of the Data Protection Act. The client's instructions required for this purpose shall be given in writing to the person entitled to exercise the profession. Unless a fee has been negotiated for providing such information, the client shall be charged only the actual efforts undertaken. The client shall meet his/her obligation to provide information to those concerned and/or to register in the data processing register, unless the contrary has been explicitly agreed in writing.

10. Termination

- (1) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Point 12.
- (2) However, a continuing agreement (even with a flat fee) – always to be presumed in case of doubt – may, without good reason (cf. Section 88 Item 4 WTBG), only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.
- (3) Except for cases listed in Item 5, in case of termination of a continuing agreement only those tasks shall be part of the list of jobs to be completed and finished that can be completed fully or to the largest part within the period of notice, with financial statements and annual income tax returns being deemed to be subject to successful completion within two months calculated from the balance sheet date. In this case the above-mentioned jobs actually have to be completed within a reasonable period of time, if all documents and records required are provided without delay and if no good reason within the meaning of Section 88 Paragraph 4 WTBG is cited.
- (4) In case of a termination according to Item 2 the client shall be informed in writing within one month which assignments at the time of termination are considered to be part of the work to be completed.
- (5) If the client is not informed within this period about the assignments still to be carried out, the continuing agreement shall be deemed terminated upon completion of the tasks under way at the date when the notice of termination is served.
- (6) Should it happen that in case of a continuing agreement as defined under Items 2 and 3 – for whatever reason – more than two similar jobs which are usually completed only once a year [e.g. financial statements or annual tax returns etc.] are to be completed, any such jobs exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 4.

11. Default in Acceptance and Failure to Cooperate on the part of the Client

If the client defaults on acceptance of the services rendered by the person entitled to exercise the profession or fails to carry out a task incumbent on him/her either according to Point 3 or imposed on him/her in another way, the person entitled to exercise the profession shall have the right to terminate the contract without prior notice. His/her fees shall be calculated according to Point 12. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the person entitled to exercise the profession for the extra time and labor hereby expended as well as for the damage caused, if the person entitled to exercise the profession does not invoke his/her right to terminate the contract.

12. Entitlement to Fee

- (1) If the contract fails to be executed [e.g. due to termination], the person entitled to exercise the profession shall be entitled to the negotiated fee, provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client (Section 1168 of the Civil Code (ABGB)); in this case the person entitled to exercise the profession need not deduct the amount he/she obtained or could have obtained through alternative use of his/her own professional services or those of his/her employees.
- (2) If the client fails to cooperate and the assignment cannot be carried out because of lack of cooperation, person entitled to exercise the

profession shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed cancelled and the consequences indicated in Item 1) shall apply.

If the person entitled to exercise the profession terminates the contract without good reason and at an inopportune moment, he/she shall compensate the client for the damage caused according to Point 8.

If the client – having been made aware of the legal situation – agrees that the person entitled to exercise the profession duly completes the task, the work shall be completed accordingly.

13. Fee

- (1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved.
- (2) Proper understanding between the person entitled to exercise the profession and their principals is most effectively achieved by clearly expressed remuneration agreements.
- (3) The smallest service unit which may be charged is a quarter of an hour. (4) Travel time to the extent required is also charged in most cases.
- (5) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the person entitled to exercise the profession in his/her own office may also be charged as a special item
- (6) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or special requirements of the principal, additional negotiations for the agreement of a more suitable remuneration are usual. This also usually applies where inadequate fixed sum remunerations are concerned.
- (7) Persons entitled to exercise the profession also include charges for supplementary costs and value-added (turnover) tax in addition to the above.
- (8) Supplementary costs also include documented or flatrate cash expenses, travelling expenses (first class for train journeys, sleeping car (wagon lits) if necessary, dietary requirements, mileage allowance, photocopy costs and similar supplementary costs.
- (9) Should particular third party liabilities be involved, the necessary insurance premiums also count as supplementary costs.
- (10) Personnel and material expenses for the preparation of reports, expertises and similar documents are also viewed as supplementary costs.
- (11) For the execution of a commission wherein mutual conclusion involves several persons entitled to exercise the profession, each of the latter will charge his/her own remuneration.
- (12) Remunerations and advance payments required are due immediately after receipt of their written claim should no other agreements exist. Where payments of remuneration are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate of 8% above the base rate is agreed upon (Cf. Section 352 of the Austrian Business Enterprise Code (Commercial Code, UGB)).
- (13) Time limitation is in accordance with Section 1486 of the Austrian Civil Code (ABGB), starting at the time of conclusion of the service involved or a later rendering of accounts after an appropriate time-limit.
- (14) An objection may be raised in writing against bills presented by the appointed trustee up to 4 weeks after the date of presentation. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.
- (15) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

14. Other Provisions

- (1) In addition to the reasonable rate or fee charged, the person entitled to exercise the profession shall have the right to claim reimbursement of expenses. He/she can ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. In this context reference shall be made to the legal right of retention (Section 471 of the Civil Code (ABGB), Section 369 of the Austrian Business Enterprise Code (Commercial Code, UGB)). If the right of retention is wrongfully exercised, the person entitled to exercise the profession shall be liable only in case of gross negligence up to the outstanding amount of his/her fee. As regards standing orders, the provision of further services may be denied until payment of previous services has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.
- (2) After all the data to be archived, which has been prepared by the public accountant and tax advisor, has been delivered to the client or to the succeeding public accountant and tax advisor, the person entitled to exercise the profession shall be entitled to delete the data in question.
- (3) With the exception of obvious essential errors, a complaint concerning the work of the person entitled to exercise the profession shall not justify the retention of remuneration owed in accordance with Item 1.
- (4) Offsetting the remuneration claims made by the person entitled to exercise the profession in accordance with Item 1 shall only be permitted, if the demands are uncontested and legally valid.
- (5) At the request and expense of the client, the person entitled to exercise the profession shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the person entitled to exercise the profession and his/her client, to original documents in his/her possession or to documents which have to be kept in accordance with the directive on money laundering. The person entitled to exercise the profession may make or retain copies or duplicates of the documents to be returned to the client. The client shall be obliged to bear these expenses in so far as these copies or duplicates may be required as a proof of the orderly execution of all professional duties by the person entitled to exercise the profession.
- (6) In the event of termination of the contract, the contractor shall be entitled to charge an appropriate fee for further queries after termination of the contract and for granting access to the relevant information about the audited company.
- (7) The client shall fetch the documents handed over to the person entitled to exercise the profession within three months after the work has been completed. If the client fails to do so, the person entitled to exercise the profession shall have the right to return them to the client at the cost of the client or to charge safe custody charges, if the person entitled to exercise the profession can prove that he/she has asked the client twice to pick up the documents handed over.
- (8) The person entitled to exercise the profession shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid resources at his/her disposal even if these funds are explicitly intended for safe keeping, if the client had to reckon with a counterclaim of the person entitled to exercise the profession.
- (9) To safeguard an existing or future fee payable, the person entitled to exercise the profession shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed about the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability by execution has been declared.

15. Applicable Law, Place of Performance, Jurisdiction

- (1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law.
- (2) The place of performance shall be the place of business of the person entitled to exercise the profession.
- (3) In case of disputes, the court of the place of performance shall be the competent court.

16. Supplementary Provisions for Audits

- (1) For statutory audits of financial statements which are carried out in order to issue a formal audit certificate (e.g. Section 268 and the following sections of the Company Code), the purpose of the contract, unless otherwise agreed to in writing, shall not be to investigate whether regulations concerning tax laws or specific regulations, e.g. price fixing, restriction of competition and foreign exchange regulations have been adhered to. Neither shall the purpose of the statutory audit of financial statements be to investigate whether the business is run in an economical, efficient and expedient manner. Within the framework of a statutory audit of a financial statement there shall be no obligation to detect the falsification of accounts or other irregularities.
- (2) When a qualified or unqualified audit certificate is issued within the scope of a statutory audit of the annual financial statement, the audit certificate issued shall be appropriate for the respective type of business organization.

- (3) If financial statements are published together with the audit certificate, they shall only be published in the form confirmed or explicitly permitted by the auditor.
- (4) If the auditor revokes his/her audit certificate, the further use thereof shall no longer be permitted. If the financial statements have been published with the audit certificate, the revocation thereof shall also be published.
- (5) For other statutory and voluntary audits of financial statements as well as for other audits, the above principles shall apply accordingly.

17. Supplementary Provisions concerning the Preparation of Annual Financial Statements and Other Financial Statements, Consultation and Other Services to be Provided within the Framework of a Contract for the Rendering of Services

- (1) The person entitled to exercise the profession, when performing the aforementioned activities, shall be justified in accepting information provided by the client, in particular figures, as correct. However, he/she is obliged to inform the client of any errors identified by him/her. The client shall present the person entitled to exercise the profession with all important documents required for keeping deadlines, in particular tax assessment notices, in good time so as to ensure that the person entitled to exercise the profession has a reasonable amount of time, but not less than one week, to process the information.

In the absence of written agreements to the contrary, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or prepared by the contractor.
 - b) examining the tax assessment notices for the tax returns mentioned under a).
 - c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
 - d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a). participating in appeal procedures with regard to the taxes mentioned under a). If the person entitled to exercise the profession receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.
- (3) Particular matters pertaining to income tax, corporate tax and ratable value tax return as well as all matters relating to value-added tax, withholding tax on salaries and wages and other taxes and duties shall only be prepared on the basis of a specific contract. This shall also apply to
 - a) processing non-recurring matters pertaining to tax, e.g. inheritance tax, capital transfer tax, land transfer tax,
 - b) the defense and consultation in penal procedures relating to the taxes mentioned,
 - c) providing consultation and expert opinions in matters pertaining to the foundation, restructuring, merger, capital increase and decrease, and reorganization of a company, entry and retirement of a shareholder or partner, sale of a business, winding up, management consultancy and other activities according to Sections 3 to 5 of the Act on Professions in the Field of Public Accounting (WTBG).
 - d) the preparation of applications to the Register of Companies in connection with annual financial statements, including the keeping of records required.
 - (4) Provided the preparation of the annual value added tax return is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant value added tax concessions have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.
 - (5) The aforementioned paragraphs shall not apply to services requiring particular expertise provided by an expert.

SECTION II**18. Scope**

The General Conditions of Contract in Section II shall apply to contracts for the rendering of services in the field of bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

19. Scope and Execution of Contract

Reference shall be made to Items 3 and 4 of the Preamble.

The person entitled to exercise the profession shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and in using them as a basis for accounting. The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if errors are identified, he/she shall inform the client thereof.

- (3) If a flat fee has been negotiated for the activities mentioned in Point 18, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately.
- (4) Particular individual services in connection with the services mentioned in Point 18, in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract and shall be treated according to Section I or Section III of the General Conditions of Contract.
- (5) Any application submitted to authorities (e.g. tax office, social insurance institution) electronically, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to transmit the application.

20. Client's Duty to Cooperate

The client shall make sure that all information and documents required for bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions be placed at the disposal of the person entitled to exercise the profession on an agreed date without his/her specific request.

21. Termination

- (1) Unless otherwise agreed to in writing, either contractual partner may terminate the contract at the end of each month with three months' notice without giving a particular reason.
- (2) If the client repeatedly fails to fulfill his/her duties according to Point 20, the person entitled to exercise the profession shall have the right to terminate the contract immediately without prior notice.
- (3) If the person entitled to exercise the profession delays in rendering services due to reasons for which he/she is solely responsible, the client shall have the right to terminate the contract immediately without prior notice.
- (4) In case of a termination of the contractual relationship only those assignments shall be considered part of the contract which the contractor is already working on or major parts of which can be completed within the period of notice and which are notified to the client within one month.
- (1) Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.
- (2) If the contract is terminated pursuant to Point 21 Item 2 the person entitled to exercise the profession shall have the right to the full fee negotiated for three months. This shall also apply if the client fails to observe the period of notice.
- (3) If the contract is terminated pursuant to Point 21 Item 3, the person entitled to exercise the profession shall only have the right to the fee corresponding to the services rendered up to this point, provided they are of value to the client.
- (4) If a flat fee has not been negotiated, the fee shall be calculated pursuant to Item 2 according to the monthly average of the current year of contract until termination.
- (5) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

- (6) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351

Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for laesio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

23. Other Provisions

In all other cases, the provisions of Section I of the General Conditions of Contract shall apply accordingly.

SECTION III

24. Scope

- (1) The General Conditions of Contract in Section III shall apply to all contracts not mentioned in the previous sections, which are not to be regarded as contracts for rendering services and are not related to the contracts mentioned in the previous sections.
- (2) In particular, Section III of the General Conditions of Contract shall apply to contracts concerning the non-recurring participation in negotiations, to services as an agent in matters pertaining to insolvency, to contracts concerning non-recurring interventions and the handling of the individual matters mentioned in Point 17 Item 3 in the absence of a continuing agreement.

25. Scope and Execution of Contract

Reference shall be made to Items 3 and 4 of the Preamble.

- (2) The person entitled to exercise the profession shall be justified in regarding and obliged to regard information and documents presented to him/her by the client, in particular figures, as correct and complete. In case of penal procedures he/she shall protect the rights of the client.
- (3) The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to so in writing. However, if he/she identifies errors, the client shall be informed accordingly.

26. Client's Duty to Cooperate

The client shall make sure that all the necessary information and documents be placed at the disposal of the person entitled to exercise the profession in good time and without his/her special request.

27. Termination

Unless otherwise agreed to in writing or stipulated by force of law, either contractual party shall have the right to terminate the contract at any time with immediate effect (Section 1020 of the Civil Code (ABGB)).

28. Fee and Entitlement to Fee

- (1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.
- (2) In the event of termination the fee shall be calculated according to the services rendered up to this point, provided they are of value to the client.
- (3) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351

Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for laesio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

29. Other Provisions

The reference in Point 23 to provisions in Section I shall apply accordingly.

SECTION IV**30. Scope**

The Conditions of Contract of Section IV shall only apply to consumer business in accordance with the Consumer Act (Federal Law of March 8, 1979/Federal Law Gazette No. 140 as amended).

31. Supplementary Provisions for Consumer Transactions

- (1) Contracts between persons entitled to exercise the profession and consumers shall fall under the obligatory provisions of the Consumer Act.

The person entitled to exercise the profession shall only be liable for the deliberate and gross negligent violation of the obligations assumed.

Contrary to the limitation laid down in Point 8 Item 2 of the General Conditions of Contract, the duty to compensate on the part of the person entitled to exercise the profession shall not be limited in case of gross negligence.

Point 8 Item 3 of the General Conditions of Contract (asserting claims for damages within a certain period) shall not apply.

Right of Withdrawal according to Section 3 of the Consumer Protection Act

If the consumer has not made his/her contract statement in the office usually used by the person entitled to exercise his/her profession, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the person entitled to exercise the profession as well as instructions on the right to revoke the contract, but no earlier than the conclusion of the contract.

The consumer shall not have the right to withdraw from the contract,

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the person entitled to exercise the profession or his/her agent,
2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their agents or
3. in case of contracts where the mutual services have to be provided immediately, if the contracts are usually concluded outside the offices of the persons entitled to exercise the profession, and the fee agreed upon does not exceed €15.

In order to become legally effective, the revocation shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the person entitled to exercise the profession to the person entitled to exercise the profession with a note which reveals that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within a week.

If the consumer withdraws from the contract according to Section 3 of the Consumer Act,

1. the person entitled to exercise the profession shall return all benefits received, including all statutory interest, calculated from the day of receipt, and to compensate the consumer for all necessary and useful expenses incurred in this matter,
2. the consumer shall pay for the value of the services rendered by the person entitled to exercise the profession as far as they are of a clear and predominant benefit to him/her.

According to Section 4 Paragraph 3 of the Consumer Act claims for damages shall remain unaffected.

Cost Estimates according to Section 5 of the Consumer Act

The consumer shall pay for the preparation of a cost estimate in accordance with Section 1170a of the Austrian Civil Code by the person entitled to exercise the profession only, if this payment obligation has been notified to the consumer beforehand.

If the contract is based on a cost estimate prepared by the person entitled to exercise the profession, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

Correction of Errors: Supplement to Point 7

If the person entitled to exercise the profession is obliged according to Section 932 of the Austrian Civil Code to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred to him/her. If it is in

the interest of the consumer to have the work and the documents returned by the person entitled to exercise the profession, the consumer may carry out this transfer at his/her own risk and expense.

Jurisdiction: Instead of Point 15 Item 3:

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 Paragraph 2 and 104 Paragraph 1 JN the jurisdiction of a court shall depend on the district where the consumer has his domicile, usual residence or place of employment.

Contracts on Recurring Services

- (a) Contracts which oblige the person entitled to exercise the profession to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year, may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.
- (b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.
- (c) If the execution of a certain contract indicated in lit.a) 1 requires considerable expenses on the part of the person entitled to exercise the profession and if he/she informed the consumer about this not later than when the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit.a) and b) and which fit the respective circumstances may be agreed.
- (d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.

DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting the Annual report and Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

Particulars	EURO	
	2017-18	2016-17
Total Income	8,576,979	8,953,565
Profit / (Loss) before Tax	259,418	280,030
Add : Deferred Tax Credit	-	(3,203)
Net Profit / (Loss) after Tax	(15,458)	219,631.57
Add: Balance b/f from previous year	210,022	(9,609)
Balance to be carried forward	194,564	210,022.57

2. STATE OF COMPANY AFFAIRS

The gross sales and other income for the Financial Year under review were EUR 8,686,858.40 as against EUR 8,953,564.74 for the previous Financial Year. The profit after tax from including extraordinary and exceptional items was EUR 194,564.44 for the Financial Year under review as against EUR 210,022.57 for the previous Financial Year

3. DIVIDEND

In order to conserve the resources for future business growth no dividend is recommend for the year.

4. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review there was no change in the Directors & Key Managerial Personnel of the Company

5. AUDITORS

M/s. LUQUEVELASCO Auditors S.L. are the auditors of the Company. They have been appointed as Statutory Auditors of the Company for the ensuing financial year.

6. FINANCIAL STATEMENTS

The Auditors report to the Shareholders does not contain any qualification, observation, or adverse comment.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Sole Director of the Company confirms that:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Director has prepared the Annual Accounts on a going concern basis;
- The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

8. ACKNOWLEDGEMENT

Your Director acknowledge the invaluable support extended by the Government authorities in Spain and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Date: May 18, 2018
Place: London

Sudhir Chaturvedi
Director

INDEPENDENT AUDIT REPORT OF ABBREVIATED ANNUAL ACCOUNTS

To the sole shareholder of L&T INFORMATION TECHNOLOGY SPAIN, S.L.:

OPINION

We have audited the abbreviated annual accounts of L&T INFORMATION TECHNOLOGY SPAIN, S.L. (the Company), which comprise the balance sheet as at March 31, 2018, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (as identified in Note 2 to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein.

BASIS FOR OPINION

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the annual accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those of independence that are relevant to our audit of the annual accounts in Spain in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those of auditing accounts or have attended situations or circumstances that, in accordance with the provisions of said legislation, have affected the necessary independence so that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MOST RELEVANT ASPECTS OF THE AUDIT

The most relevant aspects of the audit are those risks that, in our professional judgment, were considered as the most significant assessed risks of material misstatement in our audit in the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion of these risks.

MOST RELEVANT ASPECTS OF THE AUDIT

The company has a significant amount in the customer balance. (Note 6 of Financial Statements). Concretely, as at March 31, 2018 this amount 2,524,892.73 euros.

We have considered this area as a key issue in our audit due to the importance and significance of clients in the annual accounts and its appropriate accounting.

In relation to these amounts, we have carried out the following audit procedures:

- Comparison with the figures of the previous year and its correlation with the net amount of the turnover.
- Wide circularization to customers.
- Study of the balance's age.

RESPONSIBILITY OF SOLE DIRECTOR FOR THE ANNUAL ACCOUNTS

The Company sole director is responsible for the preparation of these annual accounts, so that they present fairly the equity, financial position and financial performance of L&T INFORMATION TECHNOLOGY SPAIN, S.L. in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing annual accounts, the Company' director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the sole director either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional

scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's director.
- Conclude on the appropriateness of director use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the company sole director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the company sole director, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

LUQUEVELASCO auditors, S.t.
ROCA S1144

Madrid, May 18, 2018

Pablo Luque Torrecillas
Partner

BALANCE SHEET AS AT MARCH 31, 2018

Description	EUR	
	2017-2018	2016-2017
A) NON CURRENT ASSETS		
V. Long Term Financial Investments	3,000.00	3,000.00
B) CURRENT ASSETS	2,824,291.39	3,325,620.27
III. Trade Debtor	2,524,892.73	2,794,790.79
1. Customers	2,524,892.73	2,795,974.46
3. Other Debtors	-	-1,183.67
VI. Prepaid expenses	-	60,000.00
VII. Cash and cash equivalents	299,398.66	470,829.48
TOTAL ASSETS (A + B)	2,827,291.39	3,328,620.27
A) NET EQUITY	444,977.06	250,413.62
A-1) Net Equity	444,977.06	250,413.62
I. Share Capital	50,000.00	50,000.00
V. Retain earnings	200,412.62	-9,608.94
VII. Result for the period	194,564.44	210,022.56
C) CURRENT LIABILITIES	2,382,314.33	3,078,206.65
III. Short term debts	-0.01	-
IV. Current debt with financial instituti	1,825,090.53	2,798,362.83
V. Current payables to related parties	557,297.58	519,881.70
VI. Short term accruals	-73.77	-240,037.88
TOTAL NET EQUITY AND LIABILITIES (A+B+C)	2,827,291.39	3,328,620.27

For and on behalf of the Board

Date: May 18, 2018
Place: LondonSudhir Chaturvedi
Director

PROFIT AND LOSS FOR PERIOD ENDED MARCH 31, 2018

Description	EUR	
	2017-2018	2016-2017
1. Net Turnover	8,686,858.40	8,953,564.74
4. Purchases	-5,784,167.61	-7,790,203.47
5. Other operations income	-	-3,999.98
6. PERSONNEL EXPENSES	-794,004.62	-177,966.97
7. External Services	-1,811,388.76	-704,588.40
11. Impairment losses and other charges	1.00	-
A) Operating result (from 1 to 13)	297,298.41	276,805.92
14. Financial Income	-	118.95
15. Financial expenses	-778.41	-
17. Exchange losses	-37,100.75	3,105.21
B) Financial result (14+15+16+17+18+19)	-37,879.16	3,224.16
C) Result before taxes (A+B)	259,419.25	280,030.08
20. Corporate income tax	-64,854.81	-70,007.52
E) Result from the period (C+20)	194,564.44	210,022.56

For and on behalf of the Board

Date: May 18, 2018
Place: London

Sudhir Chaturvedi
Director

NOTES TO THE ACCOUNTS

Translation of a report and accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (see note 16).

In the event of a discrepancy, the Spanish-language version prevails

Company: L&T INFORMATION TECHNOLOGY SPAIN, S.L.

Period: 2017-2018

1. ACTIVITY OF THE COMPANY

1.1. The details of the Company are as follows:

VAT number:	B87472072
Company Name:	L&T INFORMATION TECHNOLOGY SPAIN, S.L.
Address:	CL JOSE ABASCAL 56, 2
Post Code:	28003
City:	MADRID
Region:	MADRID

1.2. The company's social object and main activities are defined as follows:

CORPORATE PURPOSE

The corporate purpose of the company is the provision of services for information technology and outsourcing service delivery on everything related to new technologies.

All those activities for which the law requires special requirements that does not meet the Company are excluded. If the laws demand it for the exercise of any of the activities a professional qualification, authorization or registration in special registers, shall be exercised by the person holding that title or may not be initiated until have been met administrative requirements.

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.1. True and fair view:

- The annual accounts, show a true and fair view of the shareholders' funds, of the financial situation, of the results and the changes in net equity during the year. They will be subject to the approval of the Shareholders' Meeting which will most probably approve them without any amendment.
- There are no reasons why the Company would have not fulfil all legal accounting requirements so to show the true and fair view.
- The application of the legal requirements is enough to show the true and fair view so no ad ditional disclosures are necessary to be included in the Notes to the Accounts.
- These Annual Accounts have been prepared under the going concern principle.

2.2. Non obligatory accounting principles applied:

No Spanish non-obligatory accounting standards have been applied. The annual accounts have been prepared in accordance with Spanish obligatory accounting standards. No Spanish accounting standard, which could have a significant impact, has been omitted.

2.3. Critical aspects for valuations and estimates of uncertainty:

- There are no changes in any accounting estimate that are significant and could affect the current year or future years.
- The company is not aware of uncertainties that may bring doubts about the possibility of the company to continue operating normally.

2.4. Comparison of information:

The period closed on 31st March 2018 is comparable to the previous period which was the first year of operations of the company.

NOTES TO THE ACCOUNTS (Contd.)

2.5. Items reflected in two or more classifications

No items have been observed as being registered in two or more balance sheet classifications.

2.6. Changes in accounting policies

There has not been any changes in accounting policies.

2.7. Correction of errors

When the attached annual accounts were prepared no significant errors were detected.

2.8. Going concern

There are no uncertainties with respect to the normal activity of the Company which could imply a breach of the going concern principle.

3. DISTRIBUTION OF THE RESULT

3.1. The proposed distribution of the result is as follows:

DISTRIBUTION BASE	Current period	Previous period
Result from P&L account	194,564.44	210,022.57
Remnant	0.00	0.00
Voluntary Reserves	0.00	0.00
Other reserves	0.00	0.00
TOTAL DISTRIBUTION BASE	194,564.44	210,022.57
APPLICATION	Current period	Previous period
Legal reserve	0.00	10,000.00
Especial reserve	0.00	0.00
Voluntary reserve	194,564.44	190,413.62
Dividends	0.00	0.00
Carried forward losses	0.00	0.00
Remnant and other applications	0.00	9,608.95
TOTAL DISTRIBUTION BASE	194,564.44	210,022.57

3.2. Distribution of dividends on account

No dividends on account can be distributed as the result for the period has been a loss.

4. ACCOUNTING AND VALUATION POLICIES

The main accounting and valuation policies used to prepare the annual accounts are as follows:

4.1. Financial instruments

- a) The company has acknowledged a financial instrument on its balance sheet when it has become a part of the contract or legal business in accordance with the provisions of the same. Instruments of equity of other companies or contractual rights to receive cash or another financial asset have been considered as financial assets consist of cash. Contractual rights to exchange assets or financial liabilities with others in potentially favourable conditions have also been.

For valuation purposes, the financial assets of the Company are classified as follows:

- Financial assets at amortized cost: this category of financial assets includes on the one hand, trade receivables, arising from the sale of goods and provision of services for trade operations of the company, and on the other hand, other financial assets not being equity instruments or derivatives, they have no commercial origin and their charges are fixed or determinable amount. Financial assets included in this category are initially valued at cost, which equals the fair value of the consideration paid plus transaction costs.

NOTES TO THE ACCOUNTS (Contd.)

- b) The financial instruments are classified as financial liabilities, when they have been for the company an obligation contractual, direct or indirect, to deliver cash or another financial asset, or of exchanging assets or financial liabilities with others in potentially unfavourable conditions, or that gives the holder the right to demand from the issuer their rescue on a date and for a specified amount.

The financial liabilities, for the purposes of its assessment, been classified in the following categories:

-Financial liabilities at amortized cost: they have been included as such, the amounts owed by commercial operations, which originated in the purchase of goods and services by the company trafficking operations, and debits by non-commercial operations, which not being derivative instruments, do not have sales origin. These financial liabilities have been valued initially at value reasonable, and subsequently, at their amortized cost.

4.2. Corporation Tax

In general, it recognized a deferred tax liability for all taxable temporary differences, unless these have arisen from the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction that is not a combination of business and also affects neither the accounting profit nor taxable income or investments in subsidiaries, associates and joint always business and when the investor has been able to control the timing of the reversal of the difference and also have been likely that such difference will not reverse in the foreseeable future.

Deferred tax assets, in accordance with the principle of prudence, have been recognized as such in so far as it has been likely that the company has disposed of future taxable profits that allow the application of these assets. If the above condition is met, generally it has been considered a deferred tax asset if: there have been deductible temporary differences, rights to offset in subsequent years, tax losses and deductions and other tax benefits not used that have been pending fiscally apply.

Assets and deferred tax liabilities are valued as the expected rates of tax at the time of reversal, as the legislation has been in force or approved and pending publication at the close of the year, and according to the form that is planned rationally recover or settle the asset or liability.

4.3. Income and expenses

Revenue is recognized as a result of an increase in the resources of the company, and where the amount has been reliably determined. Expenses have been recognized as a result of dwindling resources of the company, and where the amount has also been able to assess or estimate reliably.

Revenues from services are recognized when the outcome of the transaction can be estimated reliably, considering the percentage of completion at the year-end date. Only been posted income from the provision of services with the following conditions: when the amount of revenue has been reliably measured, provided the company receives profits or income from the transaction, and this transaction has been valued at close exercise reliably, and finally when the costs incurred in the transaction and the remaining to be incurred have been measured reliably.

4.4. Provisions and contingencies

The company has recognized as provisions liabilities that fulfil the definition and criteria for accounting records contained in the conceptual framework of accounting, have been indeterminate with respect to their amount or the date they will be cancelled. Provisions have been determined by a legal, contractual provision or for an obligation implied or tacit.

Provisions have been valued at the date of closure of the exercise by the present value of the best possible estimate of the amount needed to cancel or transfer to a third party the obligation, registering settings that have emerged for the update of the provision as a financial expense as they have been earning. In the case of provisions with maturity exceeding the year not carried out any type of discount.

5. Tangible and Intangible Assets and Real Estate investments

5.1. Changes in tangible, intangible Assets and Real Estate investments

No tangible or intangible assets have been registered in the Company during the financial year 2017- 2018 nor in the previous period.

NOTES TO THE ACCOUNTS (Contd.)

6. Financial Assets

6.1. CHANGES IN FINANCIAL ASSETS

The movements in each category of financial assets following the accounting and valuation policies established in point 4 above (except for investments in group companies) can be summarized in the following table:

- a) Long Term financial assets except for investment in equity of group and associated entities: no long term financial assets were registered in 2016-2017. For 2017-2018 the detail is as follows:

	Current Period			TOTAL
	Equity instruments	Debt Based instruments	Credits, derivatives and other	
Financial investments- Deposits	0.00	0.00	3,000.00	3,000.00
TOTAL	0.00	0.00	3,000.00	3,000.00
	Prior Period			TOTAL
	Equity instruments	Debt Based instruments	Credits, derivatives and other	
Financial investments- Deposits	0.00	0.00	3,000.00	3,000.00
TOTAL	0.00	0.00	3,000.00	3,000.00

- b) Short Term financial assets except for investment in equity of group and associated entities:

	Current Period			TOTAL
	Equity instruments	Debt Based instruments	Credits, derivatives and other	
Deferred expenses	0.00	0.00	0.00	0.00
Receivable accounts	0.00	0.00	2,524,892.73	2,524,892.73
Tax authorities	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	2,524,892.73	2,524,892.73
	Ejercicio Anterior			TOTAL
	Equity instruments	Debt Based instruments	Credits, derivatives and other	
Deferred expenses	0.00	0.00	60,000.00	60,000.00
Receivable accounts	0.00	0.00	2,795,974.46	2,795,974.46
Tax authorities	0.00	0.00	-1,183.67	-1,183.67
TOTAL	0.00	0.00	2,854,790.79	2,854,790.79

NOTES TO THE ACCOUNTS (Contd.)

7 FINANCIAL LIABILITIES

7.1. Changes in Financial Liabilities.

The movements in each of the financial liabilities categories following the accounting and valuation policies described in point 4 of these Notes to the Annual Accounts are summarized as follows:

- a) Long Term financial liabilities: no long term financial liabilities have been registered.
- b) Short Term financial liabilities

	Current Period			
	Debts with credit entities	Bonds and others	Derivatives and others	TOTAL
Suppliers	0.00	0.00	-1,343.89	-1,343.89
Accruals	0.00	0.00	198,952.97	198,952.97
Personnel	0.00	0.00	101,759.41	101,759.41
Tax Authorities	0.00	0.00	257,929.09	257,929.09
TOTAL	0.00	0.00	557,297.58	557,297.58

	Prior Period			
	Debts with credit entities	Bonds and others	Derivatives and others	TOTAL
Suppliers	0.00	0.00	21,919.66	224,299.79
Accruals	0.00	0.00	180,444.09	180,444.09
Personnel	0.00	0.00	21,725.35	21,725.35
Tax Authorities	0.00	0.00	295,784.44	295,784.44
TOTAL	0.00	0.00	519,881.73	519,881.73

8. CASH AND CASH EQUIVALENTS.

At the closing of period 2017-2018 the balance of cash and cash equivalents amounts to 299,398.66 €corresponding to the bank account with which the company operates.

9. NET EQUITY AND SHARE HOLDERS' FUNDS

9.1 Share Capital

At the closing of period 2017-2018 the share capital of the Company amounts to 50,000€ divided in 50,000 shares of 1 Euro face value each. They are correlative numbered from 1 to 50,000 both included; all the shares are fully subscribed and paid.

The sole shareholder at the closing of the period is the Company Larsen and Toubro Infotech Limited.

9.2 Legal Reserve

According to the Companies Act Capital, a figure must be equal to 10% of annual profits to the legal reserve until it reaches at least 20% of the share capital. The legal reserve can be used to increase capital in the part of the balance exceeding 10% of the increased capital. Except as mentioned above, while not exceeding 20% of capital, it can only be used to offset losses, provided that sufficient other reserves available for this purpose.

NOTES TO THE ACCOUNTS (Contd.)

10. TAX SITUATION

10.1 Corporation Tax:

- a) No adjustments have been registered in the calculation of Corporation tax for the period 2017-2018, so the taxable base correspond to the books result. The full amount of the negative taxable bases from the previous period has been applied.

Concept	Amount
Book Result before taxes	259,419.25
Compensation of negative bases	
Taxable Base	259,419.25
CIT Quota	64,854.81

10.2 Other balances with Public Administrations

The information related to the balances with Public Administrations at the closing dates are as follows:

Tax	Debit Balance	Credit Balance
VAT	75,673.35	
Withholdings on rentals		
Withholdings on salaries	-628.46	
Social Security	18,123.94	
CIT	33,391.56	
Other taxes		
TOTAL	126,560.39	

11. INCOME AND EXPENSES

The movements during the current and previous periods in the income and expenses accounts are summarised below:

Detail of the profit and loss account	Current period	Previous period
Turnover for the period	8,686,858.40	8,953,564.74
1. Services rendered by other companies	5,784,167.61	7,790,203.47
2. Raw materials consumption	0.00	0.00
a) Purchases	0.00	0.00
b) Stock variation	0.00	0.00
3. Other operative expenses	1,811,388.76	704,588.40
a) Losses and impairments corresponding to trade	0.00	0.00
b) Other expenses	1,811,388.76	704,588.40
4. Personnel expenses	794,004.62	177,966.97
5. Other results	0.00	3,999.98

12. OPERATIONS WITH RELATED PARTIES

The detail of the transactions with related parties during the period is as follows:

Entity	Services rendered	Amount
Larsen and Toubro Limited	Professional services	816,360.61
TOTAL		816,360.61

NOTES TO THE ACCOUNTS (Contd.)

The balances as at 31st March 2018 with related parties is the following:

Entity	Debt Balance	Amount
Larsen and Toubro Limited	Professional services	1,825,090.53
TOTAL		1,825,090.53

During the period the Sole Director of the company has not received any remuneration. No other obligations towards the Sole Director have been accrued.

In compliance with articles 229 of Spanish Corporate Law, passed and approved under Royal Legislative Decree 1/2010 on 2 July, 2010, the Company makes full disclosure of the information it has received regarding the direct or indirect holdings of members of the Board of Directors of the controlling company in other companies whose stated activities are related or similar to those of the stated purpose of the Controlling Company or Group. The following list includes names, positions held and name of company.

Passport	Director	Entity	%	Position
801582393	Sudhir Chaturvedi	Larsen & Toubro Infotech Limited, India (Parent Company)	0.0012%	Executive Director

13. OTHER INFORMATION

The average number of employees during the period and divided by category is as follows:

Personnel	Current Period	Previous Period
Qualified personnel	25	2.64
Average	25	2.64

14. ENVIRONMENTAL AND GREEN HOUSE GAS EMISSIONS RIGHTS INFORMATION

The Company does not have any responsibilities, expenses, assets nor provisions of environmental nature which could be significant in relation to equity, financial situation and results of the Company. The Board of Directors consider that there are no contingencies related to the protection and improvement of the environment.

15. INFORMATION RELATED TO THE DEFERRAL OF PAYMENTS TO SUPPLIERS. THIRD ADDITIONAL PROVISION OF ACT 15/2010 OF JULY 5TH "DUTY OF DISCLOSURE OF INFORMATION"

In compliance with the provisions of Law 15/2010 of combating late payment to suppliers, developed by the ICAC, it is reported commercial operations, the legal maximum payment period is, in each case corresponding to depending on the nature of the good or service received by the company in accordance with the provisions of the law 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions, and amended by law 15/2010 of 6 July.

Average payment period to suppliers:

	2017-2018	2016-2017
Days	30	30

16. POST BALANCE SHEET EVENTS

The Board of Directors do not consider that any events have taken place in the period comprise between the drawing up of these Annual Accounts and their approval, which could affect them significantly.

17. ADDITIONAL EXPLANATION REGARDING THE ENGLISH TRANSLATION

These annual accounts are presented in accordance with accounting principles generally accepted in Spain, which may not conform to generally accepted accounting principles in other countries

18. SIGNATURES

In Madrid, as at 20/04/2018,

Mr. SUDHIR CHATURVEDI
Id number: Y3650220L
Signing as: Sole Director

INDEPENDENT AUDITOR'S REPORT

To the Stockholders of:

L&T INFOTECH, S. DE R.L. DE C.V.

(Subsidiary of Larsen & Toubro Infotech Limited)

Opinion

We have audited the accompanying financial statements of L&T Infotech, S. De R.L. De C.V. (the Company) comprising the statement of financial position as of December 31, 2017 and the statements of comprehensive income, changes in stockholders' equity and cash flows for the period ended on December 31, 2017, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of L&T Infotech, S. De R.L. De C.V. as of December 31, 2017, as well as its result and cash flow for the year then ended, in accordance with Mexican FRS.

Basis of opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are described in the section Responsibilities of the auditor for the audit of the financial statements of this report. We believe that the audit evidence we have obtained provides sufficient and adequate basis for our opinion.

Independence

We are independent from the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in accordance with the Code of Professional Ethics issued by the Mexican Institute of Public Accountants and have complied with our other ethical responsibilities in accordance with these requirements.

Management's responsibility in regards of the financial statements

The Management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with the Mexican Financial Reporting Standards and for such internal control that the management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Management and those in charge of the Company's governance of the financial statements.

The Company's Management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with Mexican FRS and internal control that the Management considers necessary to enable the preparation of financial statements free of material misstatement due to fraud or error.

In the preparation of the financial statements, the Company's Management is responsible for assessing the Company's ability to continue as a going concern, revealing, where appropriate, the issues relating to the company in operation and using the accounting bases of Company in operation unless the Administration intends to liquidate the Company or cease operations, or does not have the most realistic alternative to do so.

Those in charge of the Government of the Company are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor on the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether derived from fraud or error, and to issue the auditor's report that includes our opinion.

Reasonable security is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. In corrections may arise from fraud or error and are considered material if, individually or as a whole, they can reasonably be expected to affect the economic decisions that users make on the basis of these financial statements.

As part of an audit in accordance with ISAs, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether for fraud or error, design and perform audit procedures that responded to those risks; and we obtained audit evidence sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that resulting from an error, since fraud involves collusion, falsification, intentional omission, distortion, or internal control override.

- Obtain a knowledge of internal control relevant to the audit, in order to design audit procedures that are appropriate to the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the use of the Management of operating accounting bases and, based on the evidence obtained, if there is a material uncertainty regarding events or conditions that could give rise to a significant doubt about the Company's ability to Continue as a running company. If we conclude that there is material uncertainty, we are called upon to draw attention in our auditor's report on the respective disclosures in the financial statements or, if such disclosure is insufficient, to modify our opinion. Our findings are based on audit evidence obtained to date from our auditor's report. However, future events or conditions may cause the Company to cease to be a running business.
- We evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the financial statements present the underlying transactions and events and achieve a fair presentation.

We communicate with government officials regarding, inter alia, the expected scope and timing of the audit and significant audit results, including any significant weaknesses in internal control that we identified during our audit.

MOORE STEPHENS OROZCO MEDINA, S.C.

Liliana Miriam Blancas Estrada, CPA.
Audit Partner

Mexico City, April 12, 2018

Statements of Financial Position

As of December 31, 2017

(Figures expressed in Mexican pesos)

	<u>2017</u>
Assets	
Current:	
Cash and cash equivalents (Note 2.4)	\$ 587,225
Compañía Carrier, S. de R.L. de C.V. (Note 2.5)	10,627,987
Larsen & Toubro Infotech Limited	290,363
Total current assets	11,505,575
Income tax deferred (Note 2.8 and 5.1)	462,044
Total assets	\$ <u><u>11,967,619</u></u>
Liability and Stockholders' equity	
Short-Term Liabilities:	
Suppliers and other payables accounts	\$ 2,655,665
Related parties (Note 3)	7,574,124
Value Added Tax payable	1,392,208
Total short term liabilities	<u>11,621,997</u>
Stockholders' equity	
Capital stock (Note 2.10 and 4.1)	3,000
Comprehensive income	342,622
Total stockholders' equity	<u>345,622</u>
Total liabilities and stockholders' equity	<u><u>11,967,619</u></u>

The attached notes are an integral part of these financial statements.

Date: April 12, 2018

Mihir Kumar
Sole Manager
Place: Hartford, USA

STATEMENTS OF COMPREHENSIVE INCOME

For the period ended on December 31, 2017

(Figures expressed in Mexican pesos)

	2017
Services revenue (Note 2.11)	\$ 14,547,059
Cost of sales	12,580,121
Gross profit	1,966,938
Administrative expenses	746,037
Operating profit	1,220,901
Comprehensive financing result:	
Interest expense- Net	(55,067)
Interest expense - Net	(517,463)
	(572,530)
Profit before tax	648,371
Income tax (Note 2.8 and 5)	305,749
Comprehensive income	\$ 342,622

The attached notes are an integral part of these financial statements.

Date: April 12, 2018

Mihir Kumar
Sole Manager
Place: Hartford, USA

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

for the period ended on December 31, 2017

(Figures expressed in Mexican pesos)

	Capital stock	Cumulative Profits	Total stockholders' equity
Balances as of March 1, 2017	\$ 3,000	\$ -	\$ 3,000
Comprehensive income of 2017		342,622	342,622
Balances as of December 31, 2017	\$ 3,000	\$ 342,622	\$ 345,622

The attached notes are an integral part of these financial statements.

Date: April 12, 2018

Mihir Kumar
Sole Manager
Place: Hartford, USA

STATEMENTS OF CASH FLOW

For the period ended on December 31, 2017

(Figures expressed in Mexican pesos)

	2017
Profit before income tax	\$ 648,371
Operating Activities:	
Clients	(10,627,987)
Suppliers and other payables accounts	1,887,873
Related parties	541,104
Value Added Tax payable	1,392,208
Net cash used from operating activities	(6,158,431)
Financing Activities:	
Capital stock	3,000
Loans obtained	6,742,656
Net cash flows from financing activities	6,745,656
Increase in cash and cash equivalents	587,225
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at year end	\$ 587,225

Date: April 12, 2018

Mihir Kumar
Sole Manager
Place: Hartford, USA

Notes to the Financial Statements

for the year ended December 31, 2017

(Figures in Mexican pesos)

Note 1. History and activity of the Company

L&T Infotech, S. de R.L. de C.V., (the Company) is a subsidiary of Larsen & Toubro Infotech Limited., it was incorporated on March 1, 2017, under Mexican law, based at Bosque de Ciruelos No. 180 PP 101, Colonia Bosques de las lomas, Mexico City.

The company's aim is to provide consulting services and solutions related to information technology, including without limitation, automatic data processing, information technology, analytics and information models, cloud services, security and infrastructure services, open source technology, intelligent devices, application administrators, execution system developers, Oracle and SAP database, systems and business integration, cloud applications, geographic information systems as well as process improvement and business model design.

Note 2. Basis for preparation and summary of significant accounting policies

The financial statements as of December 31, 2017 have been prepared in compliance with the Mexican Financial Reporting Standards (MFRS), to expose a fair presentation of the Company's financial position.

The MFRS *(NIF)* state that the International Financial Reporting Standard, the International Accounting Standards *(NIC)*, the International Financial Reporting Interpretations and the Interpretation Committee are a supplementary part of the MFRS when the absence of the MFRS requires it. Accordingly, the Company, with the purpose of recognizing, valuing, and disclosing its own particular transactions, applies the following supplementary NIC-18 "Ordinary activities income" effective as of January 1, 1995. [See note 2.11]

The following significant accounting policies are summarized, which have been applied consistently in the years presented, unless otherwise specified.

2.1 Recording, functional and reporting currency

Since the recording, functional and reporting currencies of the Company are the Mexican Peso, it was not necessary to make any conversion process.

2.2 Inflationary effects

Under the provisions of NIF B-10 "Effects of inflation", from January 1, 2008, the Mexican economy is in a non-inflationary environment maintaining a cumulative inflation for the last three years below 26% (threshold to define that an economy should be considered as inflationary), therefore, from that date recognizing the effects of inflation on financial information was suspended. Consequently, the figures as of December 31, 2017 of the accompanying financial statements are presented in historical pesos.

The inflation rates are presented as follows:

	31 December 2017
	(%)
Year	6.77
Accumulated in the last three years	12.71

2.3 Use of estimates

The preparation of financial statements in conformity with the MFRS requires accounting estimates. In addition, those rules require that management exercises professional judgment to define the accounting policies that will apply to the Company. Recognized accounting estimates will likely differ from actual results or events.

2.4 Cash and cash equivalents

Cash and cash equivalents include bank deposits and other high liquidity investments with maturities of less than 90 days, which is similar to their market value.

2.5 Clients

Accounts receivable to clients represent amounts due by them and are generated by services provided in the normal course of the operations of the Company. When collection is expected in a period of one year or less from the closing date, they are presented as current assets. If the above is not complied, they are presented as non-current assets.

Notes to the Financial Statements (Contd.)

for the year ended December 31, 2017

2.6 Suppliers and other payable accounts

This part includes obligations with suppliers and other accounts payable for purchases of goods or services acquired in the normal course of the Company's operations. When the Company expects to pay them over a period of one year or less from the date of closing, they are presented in current liabilities. If the above is not complied, they are presented as non-current liabilities.

2.7 Provisions

Provisions for liabilities represent obligations for past events where out flow of economic resources is possible is more likely than not. These provisions have been recorded based on the management's best estimation.

2.8 Income Tax incurred and deferred

The income tax caused in the year is presented as a net short term liability of the advance payments performed during the year.

The income tax incurred and deferred, are recognized as expenses in comprehensive result of the period.

The deferred income tax is determined based on the method of assets and liabilities with comprehensive approach, which consists in recognizing a deferred income tax for all the temporary differences between the accounting and tax values of assets and liabilities expected to materialize in the future, at the rates issued and established in the tax provisions in force at the date of the financial statements (See note 5).

2.9 Exchange differences

Transactions in foreign currency are initially recorded at record currency applying the exchange rates prevailing on the dates they are entered into and/or settled. Assets and liabilities denominated in such currencies are translated at the exchange rate prevailing at the date of the statement of the financial position. Exchange gain or loss arising from fluctuations in the exchange rates between the transaction and settlement dates, or valuation at the period closing are recognized in the income as a component of the Financing Comprehensive Income (RIF).

As of December 31, 2017, the currency assets and liabilities expressed in US dollars generated a financial position as follows:

		2017
Assets	US\$	14,713
Liabilities		(347,373)
Position in foreign currency	US\$	<u>(332,660)</u>

The exchange rate used for the valuation of assets and liabilities in foreign currency as of December 31, 2017 was \$19.7354 pesos per US dollar.

2.10 Stockholders' equity

The capital stock, legal reserve and retained earnings are expressed at historical cost. (See Note 4).

2.11 Revenue recognition

Income from the rendering of services is recognized as they are provided and: a) income and costs amounts incurred are determined in a confinable manner and b) it is likely that the Company will receive the economic benefits associated with the provision of the service.

2.12 Comprehensive income

The comprehensive income comprises the net income or loss which is reflected in stockholders' equity and it does not constitute equity's contributions, reductions or distributions.

Note 3. Balances and transactions with related parties

The balances with related parties are as follows:

		2017
Larsen and Toubro Infotech Limited, India (A) – payable	\$	1,336,409
L&T Infotech Financial Services Technologies Inc (B) - payable		6,237,715
Total related parties - payable	\$	7,574,124
Larsen and Toubro Infotech Limited, USA (C) – receivable	\$	290,363
Total related parties – net payable	\$	7,283,761

Notes to the Financial Statements (Contd.)

for the year ended December 31, 2017

- (A) Corresponds to a loan received by the Company on July 1, 2017, for USD 25,000, maturing on July 1, 2019, at an annual interest rate of 5%. There is also an amount of \$831,467 related to services received by the Company.
- (B) Corresponds to various loans received in Canadian dollars by the Company as shown below at an annual interest rate of 5%.

Date	Principal (in Canadian Dollars)
October 4, 2017	90,000
October 31, 2017	100,000
November 15, 2017	75,000
December 13, 2017	130,000

- (C) Corresponds to the receivable and payable for the transfer of income and costs from Larsen and Toubro Infotech Limited USA (Receivable of \$5,631,792 vs. Payable of \$5,341,429).

The transactions held with related parties were as follows:

	<u>2017</u>
Income:	
Larsen & Toubro Infotech Limited, USA	Sale of services \$ 5,385,001
Costs and Expenses:	
Larsen & Toubro Infotech Limited, USA	Purchase of services 3,813,788
Larsen & Toubro Infotech Limited, India	Purchase of services 831,467
Larsen & Toubro Infotech Limited, India	Interest 11,570
L&T Infotech Financial Services Technologies Inc.	Interest 43,496

Note 4. Stockholders' equity

4.1 Capital stock

As of 31 December 2017 the variable capital stock is as follows:

Stockholder	Capital	Percentage
Larsen & Toubro Infotech Limited	\$ 2,970	99%
L&T Infotech Financial Services Technologies Inc	\$ 30	1%
Total Capital Stock	\$ 3,000	100%

4.2 Legal reserve

According to the General Law of Commercial Companies, 5% of the net income of each year must be separated to form the legal reserve, until it is equal to one-fifth of the amount of paid-in capital stock. Such legal reserve may be capitalized unless the company dissolves and must be reconstituted when it is reduced due to any reason.

4.3 Contributed capital account (CUCA) and Net tax account (CUFIN)

Distributed profits exceeding CUFIN and CUFINRE accounts (Net Tax Account and Net Tax Account Reinvested) are subject to income tax in accordance with the prevailing rate at the time of distribution.

The tax incurred from dividends paid will be payable by the Company and may be credited against income tax for the year or the following two years. Dividends paid from previously taxed profits are not subject to income tax withholding or additional tax payment.

According to the current Income Tax Law, dividends arising from CUFIN 2014 (profits generated from the year 2014) are subject to an additional tax of 10 percent; when paid to a natural person residing in Mexico or an alien, either natural or legal person, which must be withheld and paid by the Company, if the dividend comes from CUFIN 2013 it will not be subject to this new tax. When the two mentioned CUFIN accounts are not carried separately or when they do not identify the profits mentioned, it is understood that they were generated as of 2014.

Notes to the Financial Statements (Contd.)

for the year ended December 31, 2017

The balance as of December 31, 2017 from the contributed capital account (CUCA) and the net tax profit account is as follows:

	<u>2017</u>
CUCA	\$ 3,112
CUFIN	1,400,781

Note 5. Income Tax

The provision for income tax (ISR) in 2017 is analyzed as follows:

	<u>2017</u>
ISR caused	\$ 767,792
ISR deferred	(462,044)
Income taxes according to the statement of comprehensive income	<u>\$ 305,749</u>

5.1 Income Tax (ISR) caused and deferred

On October 2013 the Senators and Representatives Chambers approved the issuance of a new Income Tax Law (LISR) which came into force on January 1, 2014, repealing the LISR published on January 1, 2002. The new Income Tax Law picked the essence of the previous Law, however made significant changes, among which we can highlight the following:

- It limits deductions on contributions to pension funds and exempt salaries, car leasing, consumption in restaurants and in social security contributions; it also eliminates the immediate deduction in fixed assets.
- It changes the procedure to determine the tax base for Employee Profit Sharing (PTU) participation.
- It establishes a rate for the year 2014 and subsequent years of 30%.

As of December 31, 2017 the Company generated taxable profit of \$2,559,304. Taxable income differs from the accounting, mainly due to items that accumulate over time and deduct differently for accounting and tax purposes, by recognizing the effects of inflation for tax purposes, as well as such items only affect the accounting or tax results.

As of December 31, 2017 the main temporary differences which recognized the deferred income tax were about provision of fees for \$1,540,145.

Note 6. New Pronouncements

A series of Financing Reporting Standards (FRS) (or *NIF*, for their acronym in Spanish) issued by the CINIF during December 2013, 2014 and 2015 are described below, which will enter into force in 2018. It is considered that such FRS will not have a material effect on the financial information presented by the Company:

2018

NIF C-3 "Accounts Receivable". It establishes the valuation, presentation and disclosure rules for the initial and subsequent recognition of commercial accounts receivable and the other accounts receivable in the financial statements of an economic entity. It specifies that receivables that are based on a contract represent a financial instrument.*

NIF C-9 "Provisions, Contingencies and Commitments". It establishes the rules for valuation, presentation and disclosure of liabilities, provisions and commitments, reducing its scope to relocate the item related to financial liabilities in NIF C-19. The definition of liability was modified, eliminating the concept of "virtually unavoidable" and including the term "probable". *

* The application of these FRSs is permitted in advance from January 1, 2016, provided that NIF C-2 "Investment in financial instruments", NIF C-3 "Accounts receivable", NIF C-9 "Provisions, contingencies and commitments", NIF C-16 "Impairment of financial instruments receivable", NIF C-19 "Financial instruments payable" and NIF C-20 "Financial instruments receivable" are applied jointly.

NIF D-1 "Revenue from contracts with customers". It establishes the rules for valuation, presentation and disclosure of revenues that are incurred to obtain or comply with contracts with customers. It establishes the most significant aspects for the recognition of income through the transfer of control, identification of the obligations to fulfill a contract, allocation of the transaction amount and recognition of collection rights. This FRS eliminates the supplement of International Accounting Standard (IAS) 18 "Revenue from ordinary activities", and its interpretations, as established in NIF A-8 "Supplementary". **

Notes to the Financial Statements (Contd.)

for the year ended December 31, 2017

NIF D-2 "Costs for contracts with customers". It establishes the rules for valuation, presentation and disclosure of costs arising from contracts with customers. It establishes the regulations regarding the recognition of costs for contracts with customers, and also incorporates the accounting treatment of costs related to contracts for the construction and manufacture of capital goods including costs related to customer contracts. This FRS, in conjunction with FRS D-1, "Revenue from Client Contracts", repeals Bulletin D-7, "Contracts for the Construction and Manufacture of Certain Capital Goods" and INIF 14 "Contracts for Construction, Sale and Provision of services related to real estate."**

** The application of such FRS is allowed in advance, provided it is done jointly.

Improvements to FRS 2017

NIF B-7 "Acquisition of business". The application of the change made in the 2016 improvements is modified, so it should be applied prospectively.

NIF B-13 "Facts after the date of the financial statements". It states that if during a subsequent period (period between the date of the financial statements and the date they are authorized for issuance to third parties) a debtor entity obtains an agreement to maintain the long-term payments for a liability contracted with conditions of long-term debt and has fallen into non-compliance, retains the classification of such liability as a long-term item at the date of the financial statements.

NIF B-6 "Statement of financial position". See improvement established in NIF B-13

NIF C-11 "Stockholders' equity". It is established that the costs of registering on a stock exchange of shares that at the date of such registration were already owned by investors and for which the issuing entity had already received the corresponding funds should be recognized by the entity in net profit or loss at the time of their deferment and not in stockholders' equity, since they are not considered to be related to a capital transaction of the entity. In addition, no profit or loss on the acquisition, replacement, issue or cancellation of the entity's own shares should be recognized within the statement of comprehensive income.

NIF D-3 "Employee Benefits". It establishes that the discount rate to be used in determining the present value of long-term labor liabilities should be a free market rate of, or with very low credit risk, that represents the value of money over time; consequently, the entity could use, indistinctly, either the market rate of government bonds or the market rate of high quality corporate bonds in absolute terms in a deep market, provided that it supports, in the latter case that it complies with all the requirements established in the NIF.

It also establishes that the resulting difference between the plan assets (AP) achieved by the recognition of interest income estimated during the period and the fair value of the AP at the end of the period should be recognized, optionally, in ORI or profit or loss on the date of its determination, the entity must be consistent in the recognition of the remeasures.

Note 7. Approval of financial statements

On April 12, 2018, Mr. Mihir Kumar, Sole Manager of the Company authorized the issuance of these financial statements and their corresponding notes as of December 31, 2017.

Date: April 12, 2018

Mihir Kumar
Sole Manager
Place: Hartford, USA

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 3rd Annual report and Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

Particulars	2017-18	2016-17
Total Income	44,181,680	30,220,930
Profit / (Loss) before Tax	7,130,850	4,413,282
Less : Provision for Tax	1,822,379	1,275,605
Net Profit / (Loss) after Tax	5,308,471	3,137,677
Add: Balance brought forward from previous year	3,850,932	7,13,255
Profit for the year (PAT)	9,159,403	3,850,932

2. STATE OF COMPANY AFFAIRS

The gross sales and other income for the financial year under review were Rs. 44,181,680 as against Rs. 30,220,930 for the previous financial year registering an increase of 46%. The profit after tax including extraordinary and exceptional items was Rs. 5,308,471 for the financial year under review as against profit of Rs. 3,137,677 for the previous financial year.

Further, on December 11, 2017, Larsen & Toubro Infotech Limited (LTI) acquired 450,000 equity shares (100% shareholding) of Rs. 10 each of the Company from Syncordis SA, based in Luxembourg. Consequently, the Company is now a wholly owned subsidiary of LTI.

3. CAPITAL EXPENDITURE

As at March 31, 2018, the gross fixed and intangible assets, stood at Rs. 6,733,136 (previous year Rs. 4,717,451) and the net fixed and intangible assets, at Rs. 2,165,294 (previous year Rs. 2,456,055). Capital Expenditure during the year amounted to Rs 2,015,685.

4. DEPOSITS

During the year ended March 31, 2018, the Company has not accepted and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

5. TRANSFER TO RESERVES

The Directors do not propose to transfer any amount to reserve.

6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has not given any loan, guarantees, security or made any investment during the financial year 2017-18 as specified under section 186 of Companies Act, 2013.

7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions entered with related parties during the financial year 2017-18 were in the ordinary course of business and at arm's length. Particulars of contracts or arrangements with related parties referred in Section 188(1) of the Companies Act, 2013, in FORM AOC-2 is attached as Annexure A.

8. DIVIDEND

With a view to improve the business performance and conserve financial resources, the Directors have not recommended dividend on equity shares for the financial year 2017-18.

9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

After March 31, 2018 and the date of the report, the Company has changed the registered office of the Company from 45/4, 4th Floor, Roop Emerald, Old No. 28, New No.45, North Usman Road, T. Nagar, Chennai -600017 to 10th floor, "A" wing, Block 4, DLF IT Park (SEZ Campus), 1/124 Shivaji Gardens, Manapakkam, Chennai-600 089, Tamil Nadu, India with effect from May 1, 2018.

DIRECTORS' REPORT (Contd.)

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

- A. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.
- B. No technology has been developed and / or imported by way of foreign collaboration.
- C. Foreign exchange earnings and outgo:

S L. NO.	PARTICULARS	AMOUNT (Rs in Lakhs)	
		31 ST MARCH 2018	31 ST MARCH 2017
1	Earnings in Foreign Exchange during the year	435.55	293.92
2	Expenditure in Foreign Exchange during the year	NIL	NIL

11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review, Mr. Aftab Zaid Ullah and Mr. Ashok Kumar Sonthalia, were appointed as Additional Directors of the Company with effect from December 11, 2017, to hold office upto the ensuing Annual General meeting (AGM). Further, Mr. Aftab Zaid Ullah was appointed as the non-Executive Chairman of the Company with effect from December 11, 2017.

Mr. Sam Rajesh Kanagaraj stepped down from the Board of Directors with effect from December 11, 2017. The Board places on record the valuable contribution made by Mr. Sam Rajesh Kanagaraj during his tenure as Director of the Company.

Mr. Mathansingh Balasingh, Whole-time Director of the Company, is retiring by rotation at the ensuing AGM of the Company and being eligible, offer himself for re-appointment. The details of Directors proposed to be appointed/re-appointed is given in the Notice convening the AGM.

During the year under review there were no Key Managerial Personnel in the Company.

12. MEETINGS OF THE BOARD OF DIRECTORS

The Board Meetings were convened at appropriate intervals with a maximum time gap not exceeding more than 120 days between two consecutive meetings. During the year under review, ten meetings were held on April 3, 2017, July 21, 2017, August 30, 2017, November 5, 2017, November 14, 2017, December 6, 2017, December 8, 2017, December 11, 2017 (2 meetings) and February 6, 2018.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

14. STATUTORY AUDITOR

M/s PSDY & Associates, Chartered Accounts (FRN. 010625S), were appointed as first Statutory Auditors of the Company for a period of five years from the 1st AGM till the conclusion of 6th AGM of the Company.

The Auditor's Report on the audited Financial Statements of the Company for the year ended March 31, 2018 does not contain any qualification and therefore do not call for any comments from Directors. Further the Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013. The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India ('ICAI') and hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company and declared that they have not taken up any prohibited non-audit assignments for the Company.

15. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure B.

DIRECTORS' REPORT (Contd.)

16. CORPORATE GOVERNANCE

Disclosure required under Section II of Schedule V of the Companies Act, 2013 with respect to elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc of all the Directors, details of fixed component and performance linked incentives alongwith the performance criteria are provided in the extract of the Annual Return attached as Annexure B. Other details under this Section are as under:

1. Service contracts, notice period, severance fees – 90 days notice in writing or gross three months' salary in lieu thereof.

17. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

18. STATUTORY DISCLOSURE

The Directors wish to state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

19. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

20. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, vendors, management of the Holding Company, Financial Institutions, Banks, Central and State Government authorities, and all the various other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board of Directors

Ashok Kumar Sonthalia Director (DIN: 03259683)	Mathansingh Balasingh Director (DIN: 07194861)
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Place: Mumbai
Date: May 11, 2018

DIRECTORS' REPORT (Contd.)

ANNEXURE – A

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis :

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

2. Details of material contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Amount in Rs.)	Date(s) of approval by the Board	Amount paid as advances, if any: (Amount in Rs.)
SYNCORDIS SA (Luxembourg), Holding Company upto December 10, 2017	Supply of Services	FY 2017-18	4,35,54,870	07/08/2015	NIL

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 11, 2018

Mathansingh Balasingh
Director
(DIN : 07194861)

Ashok Kumar Sonthalia
Director
(DIN : 03259683)

DIRECTORS' REPORT (Contd.)

ANNEXURE -B

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)
of the Companies (Management and Administration) Rules, 2014]

i. REGISTRATION AND OTHER DETAILS:

S.N.	Particulars	
1	CIN	U72900TN2015FTC101675
2	Registration Date	5 th August 2015
3	Name of the Company	Syncordis Software Services India Private limited
4	Category/ Sub-Category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office and contact details	OFFICE NO.45/4, 4TH FLOOR, ROOP EMERALD OLD NO. 28, NEW NO.45, NORTH USMAN ROAD, T. NAGAR CHENNAI Chennai, TN 600017 Tel: 044-43527200 Email: syncordis-india@syncordisconsulting.com
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

ii. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

S. N.	Name and Description of main products/ services	NIC Code of theProduct/ service	% to total turnover of the company
1	Computer programming, consultancy and related activities	620	100.00

iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. N.	Name and Address of the Company	CIN/ GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Larsen & Toubro Infotech Limited Add: L&T House, N. M. Marg, Ballard Estate, Mumbai-400001	L72900MH1996PLC104693	Holding Company	100.00	2(46)

DIRECTORS' REPORT (Contd.)

iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

a) Category-wise Share Holding

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
(A)	Promoters									
(1)	Indian									
(a)	Individuals/ Hindu Undivided Family*	0	9000	9000	2.00	1	1	1	0.00	2.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Bodies Corporate	0	0	0	0.00	0	449,999	449,999	100	100.00
(f)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A1)	0	9000	9000	2.00	0	450,000	450,000	100.00	4900.00
(2)	Foreign									
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Bodies Corporate	0	441,000	441,000	98.00	0	0	0	0.00	0.00
(f)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A2)	0	441,000	441,000	98.00	0	0	0	0.00	100.00
	Total Shareholding of Promoter (A) = (A1 + A2)	0	450,000	450,000	100.00	0	450,000	450,000	100.00	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B1)	0	0	0	0.00	0	0	0	0.00	0.00

DIRECTORS' REPORT (Contd.)

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
(2)	Non – Institutions									
(a)	Individuals									
(i)	Individual Shareholders holding nominal Equity Share Capital up to Rs.1 Lakh	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Individual Shareholders holding nominal Equity Share Capital in excess of Rs.1 Lakh	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Any Other (Specify)									
(i)	Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Non Resident Indians (Repat)	0	0	0	0.00	0	0	0	0.00	0.00
(iv)	Non Resident Indians (Non-Repat)	0	0	0	0.00	0	0	0	0.00	0.00
(v)	Clearing Member	0	0	0	0.00	0	0	0	0.00	0.00
	Trusts	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Public Shareholding (B) = (B1 + B2)	0	0	0	0.00	0	0	0	0.00	0.00
	TOTAL (A+B)	0	450,000	450,000	100.00	0	450,000	450,000	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C)	0	450,000	450,000	100.00	0	450,000	450,000	100.00	0.00

*On December 11, 2017, Syncordis SA, based in Luxembourg, holding 441,000 equity shares of the Company directly and 9000 equity shares through its nominee, sold/transferred 449,999 equity shares to Larsen & Toubro Infotech Limited (LTI) and 1 equity share to nominee of LTI.

DIRECTORS' REPORT (Contd.)

b) Shareholding of Promoters

S. N.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Syncordis SA, Luxembourg	441,000	98.00	0.00	0	0.00	0	100.00
2	K Sam Rajesh*	9,000	2.00	0.00	0	0.00	0	100.00
	Total	450,000	100.00	0.00	0	0.00	0	100.00
3	Larsen & Toubro Infotech Limited	0	0.00	0.00	449,999	100.00	0	100.00
4	Kedar Gadgil**	0	0.00	0.00	1	0.00	0	0.00
	Total	0	0.00	0.00	450,000	100.00	0.00	100.00

*Mr. K Sam Rajesh held shares as a nominee of Syncordis SA, Luxembourg

**Mr. Kedar Gadgil holds shares as a nominee of Larsen & Toubro Infotech Limited

c) Change in Promoters' Shareholding:

S.N.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company		No. of shares	% of total shares of the company
1	SYNCORDIS SA*		450,000	100.00			
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	December 11, 2017 (Transfer)	-	-	(450,000)	0	0.00
	At the end of the year		-	-	-	0	0.00
2	LARSEN & TOUBRO INFOTECH LIMITED**		0	0.00			
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	December 11, 2017 (Transfer)	-	-	450,000	450,000	100.00
	At the end of the year		-	-	-	450,000	100.00

d) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
NOT APPLICABLE

v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: NOT APPLICABLE

DIRECTORS' REPORT (Contd.)

vi) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (DURING THE FINANCIAL YEAR 2017-18)

A Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:

S. N.	Particulars of Remuneration	Name of MD/ WTD/ Manager		
		Sam Rajesh (Whole-time Director) ²	Mathansingh Balasingh (Whole-time Director) ¹	Total Amount
1	Gross salary:			
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19,22,170	33,13,420	52,35,590
	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	No. of Stock Options granted	-	-	-
3	Sweat Equity	-	-	-
4	Commission:			
	- as % of profit	-	-	-
	- others,			
5	Others (please specify):			
	Variable Compensation	4,00,000	8,00,000	12,00,000
	Contribution to Provident Fund & Superannuation Fund	96,916	1,77,600	2,74,516
	Total	24,19,086	42,91,020	67,10,106

Notes:

- Pursuant to proviso to Section 2(71) of the Companies Act, 2013 (Act), the Company became deemed public company upon acquisition by Larsen & Toubro Infotech Limited on December 11, 2017. Accordingly, Section 197 of the Act became applicable and shareholders' approval on February 7, 2018 was taken for payment of remuneration to Mr. Mathansingh Balasingh exceeding the limits laid under Section 197 of Act.
- Mr. Sam Rajesh ceased to be Whole-time Director of the Company w.e.f December 11, 2017.

B. Remuneration to other Directors:

S.N.	Particulars of Remuneration	Fee for attending Board Meetings	Commission	Total Amount
Non-Executive Directors				
1	Mr. Aftab Zaid Ullah	0	0	0
2	Mr. Ashok Kumar Sonthalia	0	0	0
	Total Remuneration	0	0	0

C Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD: NOT APPLICABLE

viii) PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 11, 2018

Ashok Kumar Sonthalia
Director
(DIN: 03259683)

Mathansingh Balasingh
Director
(DIN: 07194861)

INDEPENDENT AUDITOR'S REPORT

To the Members of SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED ("the company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rule, 2015 as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under provisions of the Act and rules made there under and order issued under section 143(11) of the Act. We conducted our audit in accordance with the Standards of Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditors consider internal financial control relevant to the Company's preparation of the financial statements that give true & 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 an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and its profit, total comprehensive income, the changes in equity and its cash flow for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the section 143(3) of the act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet and the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
- (d) In our opinion the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- (e) On the basis of written representation received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as Director in terms of Section 164(2) of the Companies Act, 2013

INDEPENDENT AUDITOR'S REPORT (Contd.)

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matter to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company does not have any pending litigations which would impact its financial position.
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order.

For PSDY & Associates
Chartered Accountants
FRN: 010625S

Yashvant G
Partner
M.No: 209865

Place: Chennai
Date: May 11, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PSDY& Associates
Chartered Accountants
FRN:0106255

Place: Chennai
Date: May 11, 2018

Yashvant G Partner
M.No:209865

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal Regulatory Requirements' section of our report to the Member of **SYNCORDIS SOFTWARE SERVICES INDIA PRIVATE LIMITED** of even date)

- i. In respect of fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held in the name of the Company.
- ii. The Company is in the business of providing software services and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loan, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, Paragraph 3(iii) of the order is not applicable to the company.
- iv. The Company has made no investments, loans, guarantees and security. Therefore, Section 185 and 186 of the Companies Act, 2013 is not applicable to the Company.
- v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3(v) of the order is not applicable to the company
- vi. The maintenance of the cost record has not been specified by the Central Government under section 148(1) of the companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the company.
- vii.
 - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, value added tax, Goods and Services Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
 - b. According to the information and explanations given to us, the company has no disputed amount payable in respect of Provident Fund, Employees' State Insurance, Income tax, sales tax, service tax, Goods and Services Tax and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they become payable.
- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year hence reporting under clause. Hence reporting under clause 3(ix) of the Order is not applicable to the Company.
- x. In our opinion and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For PSDY& Associates
Chartered Accountants
FRN:0106255

Place: Chennai
Date: May 11, 2018

Yashvant G Partner
M.No:209865

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

CIN: U72900TN2015FTC101675

Particulars	Note	March 31, 2018	March 31, 2017	April 01, 2016
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	1,894,482	1,583,763	1,593,613
b) Capital work-in-progress		-	-	-
c) Other intangible assets		461,487	581,531	862,442
d) Intangible assets under development		-	-	-
e) Financial Assets				
i) Loans	4	-	-	-
ii) Other financial assets	5	-	67,799	-
f) Deferred tax assets (net)	6	92,711	-	-
g) Other non-current assets	8	-	-	-
(A)		<u>2,448,680</u>	<u>2,233,093</u>	<u>2,456,055</u>
Current assets				
a) Inventories		-	-	-
b) Financial Assets				
i) Investments		-	-	-
ii) Trade receivables	2	4,761,120	-	-
iii) Cash & Cash Equivalents	3	6,916,264	5,859,087	2,484,023
iv) Loans	4	1,050,000	1,050,000	1,050,000
v) Other financial assets	5	-	-	-
c) Current Tax Assets (net)	7	-	-	-
d) Other current assets	8	<u>1,037,845</u>	<u>220,439</u>	<u>161,698</u>
(B)		<u>13,765,229</u>	<u>7,129,526</u>	<u>3,695,721</u>
TOTAL		<u>16,213,909</u>	<u>9,362,619</u>	<u>6,151,776</u>
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	9	4,500,000	4,500,000	4,500,000
b) Other Equity	10	<u>9,159,403</u>	<u>3,850,932</u>	<u>713,255</u>
(C)		<u>13,659,403</u>	<u>8,350,932</u>	<u>5,213,255</u>
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	11	-	-	-
ii) Other financial liabilities		-	-	-
b) Provisions	14	-	-	-
c) Deferred tax liabilities (net)	6	-	64,910	164,305
d) Other non-current liabilities	13	-	-	-
(D)		<u>-</u>	<u>64,910</u>	<u>164,305</u>
Current liabilities				
a) Financial liabilities				
i) Borrowings	11	-	-	-
ii) Trade payables	12	-	-	-
iii) Other financial liabilities		-	-	-
b) Other current liabilities	13	612,717	504,078	448,896
c) Provision	14	1,648,998	145,149	225,320
d) Current Tax Liabilities (Net)		<u>292,791</u>	<u>297,550</u>	<u>100,000</u>
		<u>2,554,506</u>	<u>946,777</u>	<u>774,216</u>
Total Equity and Liabilities		<u>16,213,909</u>	<u>9,362,619</u>	<u>6,151,776</u>

Significant accounting policies and other notes

A

As per our report attached

For and on behalf of the Board

PSDY & Associates

Chartered Accountants

Firm's Registration No.:010625S

Yashvant G

Partner

Membership No.: 209865

Mathansingh Balasingh

Wholetime Director

DIN : 07194861

Ashok Kumar Sonthalia

Additional Director

DIN : 03259683

Place: Chennai

Date : May 11, 2018

Place: Chennai

Date: May 11, 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2018

CIN:U72900TN2015FTC101675

Particulars	Note	2017-18		2016-17	
		₹	₹	₹	₹
REVENUE					
Revenue from Operations	15		43,554,870		29,391,743
Other income	16		626,810		829,187
Total income			44,181,680		30,220,930
EXPENSES					
Operating expenses	17		1,322,832		1,110,303
Employee benefit expense	18		26,865,566		18,073,583
Finance costs	19		-		-
Depreciation, amortisation and obsolescence	1		1,825,010		1,622,560
Administration and other expenses	20		7,037,422		5,001,202
Total expenses			37,050,830		25,807,648
Profit before tax			7,130,850		4,413,282
Tax Expense:					
Current tax			1,980,000		1,375,000
Adjustment of tax relating to earlier periods			-		-
MAT credit entitlement			-		-
Deferred tax			(157,621)		(99,395)
			1,822,379		1,275,605
Profit for the year			5,308,471		3,137,677
Prior period adjustments			-		-
Profit for the year			5,308,471		3,137,677
Other Comprehensive Income	21				
Nature					
Income-tax effect					
i) Items that will not be reclassified to profit or loss (net of tax)			-		-
ii) Items that will be reclassified to profit or loss (net of tax)					
Total comprehensive income for the year			5,308,471		3,137,677
Earnings per equity share (Basic and Diluted)	A 7		11.80		6.97
Face value per equity share			10.00		10.00

As per our report attached

PSDY & Associates

Chartered Accountants

Firm's Registration No.:010625S

Yashvant G

Partner

Membership No.: 209865

Place: Chennai

Date : May 11, 2018

For and on behalf of the Board

Mathansingh Balasingh

Wholetime Director

DIN : 07194861

Ashok Kumar Sonthalia

Additional Director

DIN : 03259683

Place: Chennai

Date: May 11, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

CIN:U72900TN2015FTC101675

S. No.	Particulars	2017-18 ₹	2016-17 ₹
A	Net Profit before tax and extraordinary items	7,130,850	4,413,282
	Adjustments for		
	Depreciation and amortisation expense	1,825,010	1,622,560
	Interest income	(146,788)	-
	(Gain)/loss on exchange rate fluctuation (net)	-	-
	Exceptional Items	-	-
	Operating profit before working capital changes	8,809,072	6,035,842
	Adjustments for:		
	Increase / (Decrease) in provisions	1,204,299	-
	Increase / (Decrease) in trade payables and other financial liabilities	108,639	55,182
	Increase / (Decrease) in other current liabilities	299,550	(80,171)
	(Increase) / Decrease in Trade Receivables	(4,761,120)	-
	(Increase) / Decrease in short term loans and advances	-	-
	(Increase) / Decrease in other current and non-current assets	(821,612)	(66,124)
	Net cash generated from/(used in) operating activities	4,838,828	5,944,729
	Direct taxes paid (net of refunds)	1,980,553	(1,170,067)
	Net Cash(used in)/generated from Operating Activities	2,858,275	4,774,662
B	Cash flow from investing activities		
	Purchase of Property plant and equipment and intangible assets	(2,015,685)	(1,331,799)
	Sale of property plant and equipment and intangible assets	-	-
	Purchase of current investments	-	(67,799)
	(Purchase)/Sale of current investments	67,799	-
	Intercompany deposits (placed)/refunded (net)	-	-
	Dividend received from current investments	-	-
	Interest received	146,788	-
	Net cash (used in)/generated from investing activities	(1,801,098)	(1,399,598)
C	Cash flow from financing activities		
	Proceeds from issue of capital	-	-
	Interest paid	-	-
	Net cash (used in)/generated from financing activities	-	-
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,057,177	3,375,064
	Cash and cash equivalents as at the beginning of the year	5,859,087	2,484,023
	Cash and cash equivalents as at the end of the year	6,916,264	5,859,087

Notes:

- Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
- Cash and cash equivalents represent cash and bank balances. (Refer Note 5 for the components of cash and cash equivalents)
- Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached
PSDY & Associates
Chartered Accountants
Firm's Registration No.:010625S

For and on behalf of the Board

Yashvant G
Partner
Membership No.: 209865

Mathansingh Balasingh
Wholetime Director
DIN : 07194861

Ashok Kumar Sonthalia
Additional Director
DIN : 03259683

Place: Chennai
Date : May 11, 2018

Place: Chennai
Date: May 11, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

CIN : U72900TN2015FTC101675

A Equity Share Capital

Particulars	Note	No of shares	₹
Balance as at 1 April 2016		450000	4,500,000
Changes in equity share capital during the year	9	-	-
Balance as at 31 March 2017		450000	4,500,000
Changes in equity share capital during the year	9	-	-
Balance as at 31 March 2018		450000	4,500,000

B Other Equity

Particulars	Reserves & Surplus
	Retained earnings
Balance as at 01 April 2016	713,255
Changes in accounting policy or prior period errors	-
Restated balance as at the beginning of the reporting period	-
Transfer to retained earnings	-
Profit for the year	3,137,677
Other comprehensive income	-
Total comprehensive income for the year	3,137,677
Balance as at 31 March 2017	3,850,932
Balance as at 31 March 2017	3,850,932
Changes in accounting policy or prior period errors	-
Restated balance as at the beginning of the reporting period	-
Transfer to retained earnings	-
Profit for the year	5,308,471
Other comprehensive income	-
Total comprehensive income for the year	5,308,471
Other comprehensive income	-
Issue of share capital	-
Total comprehensive income for the year	-
Balance as at 31 March 2018	9,159,403

As per our report attached
PSDY & Associates
 Chartered Accountants
 Firm's Registration No.:010625S

For and on behalf of the Board

Yashvant G
 Partner
 Membership No.: 209865

Mathansingh Balasingh
 Wholetime Director
 DIN : 07194861

Ashok Kumar Sonthalia
 Additional Director
 DIN : 03259683

Place: Chennai
 Date : May 11, 2018

Place: Chennai
 Date: May 11, 2018

NOTES FORMING PART OF ACCOUNTS

1 Property, Plant and Equipment

2016-17

Particulars	Gross Carrying Amount			Depreciation				Book Value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On Disposals	As at March 31, 2017	As at April 01, 2016
Owned									
Land	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-
Plant and Equipment	-	-	-	-	-	-	-	-	-
Furniture and fixtures	48,090	-	-	48,090	7,244	10,573	-	30,273	40,846
Vehicles	-	-	-	-	-	-	-	-	-
Office equipment	610,660	22,713	-	633,373	150,709	211,432	-	271,232	459,951
Computers, laptops and printers	1,490,175	995,902	-	2,486,077	397,359	806,460	-	1,282,258	1,092,816
Software	1,236,727	313,184	-	1,549,911	374,285	594,095	-	581,531	862,442
Total	3,385,652	1,331,799	-	4,717,451	929,597	1,622,560	-	2,552,157	2,456,055

2017-18

Particulars	Gross Carrying Amount			Depreciation				Book Value	
	As at April 01, 2017	Additions	Disposals	As at March 31, 2018	As at April 01, 2017	For the year	On Disposals	As at March 31, 2018	As at March 31, 2017
Owned									
Land	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-
Plant and Equipment	-	-	-	-	-	-	-	-	-
Furniture and fixtures	48,090	-	-	48,090	17,817	7,836	-	22,437	30,273
Vehicles	-	-	-	-	-	-	-	-	-
Office equipment	633,373	19,924	-	653,297	362,141	126,836	-	164,320	271,232
Computers, laptops and printers	2,486,077	1,674,658	-	4,160,735	1,203,819	1,249,191	-	1,707,725	1,282,258
Software	1,549,911	321,103	-	1,871,014	968,380	441,147	-	461,487	581,531
Total	4,717,451	2,015,685	-	6,733,136	2,552,157	1,825,010	-	4,377,167	2,165,294

NOTES FORMING PART OF ACCOUNTS (Contd.)

2. Trade receivables

Particulars	March 31, 2018 Current ₹	March 31, 2017 Current ₹	April 01, 2016 Current ₹
Unsecured, considered good			
From Related parties			
Debts outstanding for a period exceeding six months			
Others	4,761,120		
From others			
Debts outstanding for a period exceeding six months	-	-	-
Others	-	-	-
	4,761,120	-	-

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

3 Cash and cash equivalents

Particulars	March 31, 2018 ₹	March 31, 2017 ₹	April 01, 2016 ₹
a) Balances with banks			
In Current Accounts	6,867,921	3,106,999	2,483,481
In Fixed Deposits	-	2,000,000	-
In Recurring Deposits		750,000	
b) Cash on hand	48,343	2,088	542
	6,916,264	5,859,087	2,484,023

4 Loans

Particulars	March 31, 2018			March 31, 2017			April 01, 2016		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Security Deposits	1,050,000	-	1,050,000	1,050,000	-	1,050,000	1,050,000	-	1,050,000
	1,050,000	-	1,050,000	1,050,000	-	1,050,000	1,050,000	-	1,050,000

5 Other financial assets

Particulars	March 31, 2018			March 31, 2017			April 01, 2016		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Interest Accrued on Fixed Deposits	-	-	-	-	67,799	67,799	-	-	-
	-	-	-	-	67,799	67,799	-	-	-

NOTES FORMING PART OF ACCOUNTS (Contd.)

6 Deferred Tax Assets (net)

Particulars	March 31, 2018			March 31, 2017			April 01, 2016		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
Deferred Tax Liabilities									
Depreciation / Amortisation	-	-	-	-	-	-	-	174,919	174,919
Preliminary Expenses	-	-	-	-	2,828	2,828	-	-	-
Deferred Tax Assets									
Depreciation / Amortisation	-	69,536	69,536	-	-107,088	-107,088	-	-	-
Preliminary Expenses	-	23,175	23,175	-	45,006	45,006	-	10,614	10,614
Deferred Tax Assets / (Liabilities)	-	92,711	92,711	-	(64,910)	(64,910)	-	(164,305)	(164,305)

7 Current Tax Assets (net)

Particulars	March 31, 2018			March 31, 2017			April 01, 2016		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
TDS receivable current year	-	-	-	-	-	-	-	-	-
Provision for current tax	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

8 Other non-current and current assets

Particulars	March 31, 2018			March 31, 2017			April 01, 2016		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
Advance recoverable other than in cash									
Prepaid expenses	246,673	-	246,673	220,439	-	220,439	161,698	-	161,698
Dues from Revenue Authorities	791,172	-	791,172	-	-	-	-	-	-
	1,037,845	-	1,037,845	220,439	-	220,439	161,698	-	161,698

NOTES FORMING PART OF ACCOUNTS (Contd.)

9 Share Capital

(i) Authorised, issued, subscribed and paid up

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
Authorised:						
Equity shares of ₹ 10 each	450,000	4,500,000	450,000	4,500,000	450,000	4,500,000
Issued, subscribed and fully paid up	450,000	4,500,000	450,000	4,500,000	450,000	4,500,000
Equity shares of ₹ 10 each	450,000	4,500,000	450,000	4,500,000	450,000	4,500,000

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
At the beginning of the year	450,000	4,500,000	450,000	4,500,000	450,000	4,500,000
Issued during the year as fully paid	-	-	-	-	-	-
At the end of the year	450,000	4,500,000	450,000	4,500,000	450,000	4,500,000

(iii) Terms / rights attached to equity shares

- The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.
- The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.
- The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.
- The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
Syncordis SA (Represented by Mr.Mathansingh Balasingh)	0	0	441000	4,410,000	441000	4,410,000
Sam Rajesh Kanagaraj (As nominee shareholder for Syncordis SA)	0	0	9000	90,000	9000	90,000
L&T Infotech Ltd	449,999	4,499,990	-	-	-	-
Mr. Kedar Gadgil (As nominee shareholder for Larsen & Toubro Infotech Limited)	1	10	-	-	-	-
	450,000	4,500,000	450,000	4,500,000	450,000	4,500,000

(v) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of shares	%	No. of shares	%	No. of shares	%
Syncordis SA (Represented by Mr.Mathansingh Balasingh)	0	0%	441,000	98%	441,000	98%
L&T Infotech Ltd	449,999	99.99%	0	0	0	0
	449,999	99.99%	441,000	98%	441,000	98%

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL (31 March 2017 : Nil , 01 April 2016 : Nil)

(vii) Calls unpaid : NIL; Forfeited Shares : NIL (31 March 2017: Nil , 01 April 2016 : Nil)

NOTES FORMING PART OF ACCOUNTS (Contd.)

10 Other equity

Particulars	As at March 31, 2018		As at March 31, 2017	
	₹	₹	₹	₹
Suplus / (Deficit) in Statement of profit or loss				
Balance at the beginning of the year	3,850,932		713,255	
Profit for the year	5,308,471		3,137,677	
Other comprehensive income arising from remeasurement of defined benefit obligation (net of tax)	-		-	
		9,159,403		3,850,932
		9,159,403		3,850,932

B Suplus / (Deficit) in Statement of profit or loss

Surplus / (Deficit) in profit or loss represents the accumulated profits / losses of the Company.

11 Borrowings

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 01, 2016		
	Current	Non current	Total	Current	Non current	Total	Current	Non current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Secured borrowings									
a) Term loans									
i) From banks	-	-	-	-	-	-	-	-	-
ii) From others	-	-	-	-	-	-	-	-	-
Unsecured borrowings									
a) Loans from related parties	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Less: current maturities included in "other financial liabilities"	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

12 Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	₹	₹	₹
a) Due to micro and small enterprises	-	-	-
b) Due to related parties	-	-	-
c) Due to others	-	-	-
	-	-	-

There have been no transactions during the year (Nil as at 31 March 2017, Nil as at 01 April 2016) with micro and small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest paid / outstanding does not arise.

NOTES FORMING PART OF ACCOUNTS (Contd.)

13 Other liabilities

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 01, 2016		
	Current	Non current	Total	Current	Non current	Total	Current	Non current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Statutory payables	612,717	-	612,717	504,078	-	504,078	448,896	-	448,896
	612,717	-	612,717	504,078	-	504,078	448,896	-	448,896

14 Provisions

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 01, 2016		
	Current	Non current	Total	Current	Non current	Total	Current	Non current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits	900,000	-	900,000	-	-	-	-	-	-
a) Bonus	304,299	-	304,299	-	-	-	-	-	-
b) Leave Encashment	444,699	-	444,699	145,149	-	145,149	225,320	-	225,320
c) Other Payables	292,791	-	292,791	297,550	-	297,550	100,000	-	100,000
Provision for Taxation (Net)									
	1,941,789	-	1,941,789	442,699	-	442,699	325,320	-	325,320

15 Revenue from operations

Particulars	2017-18		2016-17	
	₹	₹	₹	₹
Operating revenue:				
IT Solutions & Consulting Services	43,554,870		29,391,743	
		43,554,870		29,391,743
		43,554,870		29,391,743

16 Other income

Particulars	2017-18		2016-17	
	₹	₹	₹	₹
Interest income from:				
Bank deposits	146,788		73,829	
Income tax refund	-		-	
		146,788		73,829
Net gain/(loss) on Foreign Exchange Fluctuation		480,022		755,358
Miscellaneous income		-		-
		626,810		829,187

NOTES FORMING PART OF ACCOUNTS (Contd.)

17 Operating expenses

Particulars	2017-18		2016-17	
	₹	₹	₹	₹
Manpower Consultancy		179,125		515,332
Repairs and maintenance		906,871		425,247
Power and fuel		236,836		169,724
		1,322,832		1,110,303

18 Employee benefit expenses

Particulars	2017-18		2016-17	
	₹	₹	₹	₹
Salaries, wages and bonus [Refer note (a) below]		24,629,202		16,432,959
Contributions to and provisions for:				
Provident and pension funds (Refer note)	1,323,013		896,738	
Leave Entitlement	304,299		-	
Others	-		-	
		1,627,312		896,738
Staff welfare expenses		609,052		743,886
		26,865,566		18,073,583

19 Finance costs

Particulars	2017-18		2016-17	
	₹	₹	₹	₹
Interest on borrowings		-		-
Other borrowing cost		-		-
		-		-

20 Administration and other expenses

Particulars	2017-18		2016-17	
	₹	₹	₹	₹
Rent, Rates and taxes		1,550,959		1,416,946
Professional fees		298,375		373,753
Postage and communication		14,184		19,224
Printing and stationery		28,126		32,332
Travelling and conveyance		3,810,488		2,359,248
Telephone & Telegrams		564,374		432,019
Insurance		13,921		22,657
Bank Charges		61,307		17,513
Accounting Charges		84,000		72,000
Business Promotion		-		12,500
Miscellaneous expenses		6,688		8,010
Professional fees includes Auditors remuneration				
a) As auditor		185,000		115,000
b) For taxation matters		420,000		120,000
c) For company law matters		-		-
d) For other services		-		-
		7,037,422		5,001,202

NOTES FORMING PART OF ACCOUNTS (Contd.)

21 Other comprehensive income

Particulars		2017-18	2016-17
		₹	₹
(a)	Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	-	-
	Income tax relating to items that will not be reclassified to profit or loss	-	-
		-	-
(b)	Items that will be reclassified to profit or loss	-	-
		-	-
Total		-	-

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

A1) Corporate Information

Syncordis Software Services India Private Limited ("the Company"), was promoted by Syncordis S.A, Luxembourg as its 100% Subsidiary in August 2015, wholly owned by Larsen & Toubro Infotech Limited. The Company provides IT consultancy and support services exclusively for the FSI supported by the Temenos T24 banking system.

During the year 2017-18 Larsen & Toubro Infotech Limited acquired 100% shares of the company from Syncordis S.A, Luxembourg, thus becoming its wholly owned Subsidiary

A2 Significant Accounting Policies

a. Basis of Preparation

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes or announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards Amendment) Rules, 2016 and Companies (Indian Accounting Standards Amendment) Rules 2017.

The Company has prepared its first Ind AS compliant financial statements as on 1 April 2016 (the date of transition). Refer note A3 "First-time adoption of Ind AS" for an explanation of impact of transition from Generally Accepted Accounting Principles in India (iGAAP) to Ind AS on the Company's financial statements.

b. Presentation of financial statements

The statement of financial position and the statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

c. Property, plant and equipment

Property plant and equipment are stated at cost, less accumulated depreciation. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

d. Intangible assets

Computer softwares are stated at cost less accumulated depreciation, amortisation and impairment.

e. Depreciation

Considering the applicability of Schedule II, the management has estimated useful lives and residual values of all its fixed assets. Accordingly, depreciation on tangible and intangible fixed assets is provided on straight line method at estimated useful life.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

f. Impairment of Assets

As at each balance sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any, and the reversal of impairment loss recognised in previous periods, if any.

An impairment loss, if any, is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

g. Current and Non-current classification

An asset or a liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realized/settled, or is intended for sale or consumption, in the Company's normal operating cycle; or
 - ii. it is held primarily for the purpose of being traded; or
 - iii. it is expected to be realized/due to be settled within twelve months after the reporting date; or
 - iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date; or
 - v. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- All other assets and liabilities are classified as non-current."

h. Income Tax

Current tax

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. 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 tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is computed in accordance with the provisions of the Income-tax Act 1961, and any amendments / rules that have been enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i. Leases

Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

j. Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

- those to be measured at cost (investment in subsidiaries)
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

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 are added to the fair value of those financial assets.

Subsequent measurement

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income."

ii) **Financial liabilities**

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 Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company.

Subsequent measurement

Fair value through profit or loss (FVTPL): 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. All changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

k. **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks.

l. **Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Software Development, Implementation and Support Services recognized on full cost plus margin as agreed with Syncordis SA.

m. **Other Income**

- I) Interest income is accrued at applicable interest rate.
- II) Dividend income is accounted in the period in which the right to receive the same is established.
- III) Other items of income are accounted as and when the right to receive arises.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

n. Employee benefits

Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- I) the Company has a present obligation as a result of a past event;
- II) a probable outflow of resources is expected to settle the obligation; and
- III) the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of,

- I) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- II) a possible obligation unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date."

p. Segment accounting

Operating segments are defined as components of an enterprise for which discrete financial information is used regularly by the Company's Chief Operating Decision Maker in deciding how to allocate resources and assessing performance.

- I) Segment revenue is the revenue directly identifiable with or allocable to the segment.
- II) Expenses that are directly identifiable with or allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not identifiable with or allocable to segments are included under "unallocable expenses".
- III) Other income which relates to the Company as a whole and not identifiable with or allocable to segments is included in "unallocable income".
- IV) Assets and liabilities used in the Company's business are not identified to any of the reportable segment as these are used interchangeably.

q. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 ("Cash flow statements").

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

A3. First time adoption of Ind AS

Reconciliation of equity as at 1st April 2016

Particulars	As per iGAAP	Ind AS	As per IND AS
	₹	Adjustments ₹	₹
ASSETS			
(1) Non-current assets			
a) Property, Plant and Equipment	1,593,613	-	1,593,613
b) Capital work-in-progress	-	-	-
c) Other intangible assets	862,442	-	862,442
d) Intangible assets under development	-	-	-
e) Financial Assets			
i) Loans	-	-	-
ii) Other financial assets	-	-	-
f) Deferred tax assets (net)	-	-	-
g) Other non-current assets	-	-	-
(A)	2,456,055	-	2,456,055
Current assets			
a) Inventories	-	-	-
b) Financial Assets			
i) Investments	-	-	-
ii) Trade receivables	-	-	-
iii) Cash & Cash Equivalents	2,484,023	-	2,484,023
iv) Loans	1,050,000	-	1,050,000
v) Other financial assets	-	-	-
c) Current Tax Assets (net)	-	-	-
d) Other current assets	161,698	-	161,698
(B)	3,695,721	-	3,695,721
TOTAL	6,151,776	-	6,151,776
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share capital	4,500,000	-	4,500,000
b) Other Equity	713,255	-	713,255
(C)	5,213,255	-	5,213,255
LIABILITIES			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	-	-	-
ii) Other financial liabilities	-	-	-
b) Provisions	-	-	-
c) Deferred tax liabilities (net)	164,305	-	164,305
d) Other non-current liabilities	-	-	-
(D)	164,305	-	164,305
Current liabilities			
a) Financial liabilities			
i) Borrowings	-	-	-
ii) Trade payables	-	-	-
iii) Other financial liabilities	-	-	-
b) Other current liabilities	448,896	-	448,896
c) Provision	325,320	-	325,320
(E)	774,216	-	774,216
Total Equity and Liabilities	6,151,776	-	6,151,776

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

Reconciliation of equity as at 31st March 2017

Particulars	As per iGAAP	Ind AS	As per IND AS
	₹	Adjustments ₹	₹
ASSETS			
(1) Non-current assets			
a) Property, Plant and Equipment	1,583,763	-	1,583,763
b) Capital work-in-progress	-	-	-
c) Other intangible assets	581,531	-	581,531
d) Intangible assets under development	-	-	-
e) Financial Assets			
i) Loans	-	-	-
ii) Other financial assets	67,799	-	67,799
f) Deferred tax assets (net)	-	-	-
g) Other non-current assets	-	-	-
(A)	2,233,093	-	2,233,093
Current assets			
a) Inventories	-	-	-
b) Financial Assets			
i) Investments	-	-	-
ii) Trade receivables	-	-	-
iii) Cash & Cash Equivalents	5,859,087	-	5,859,087
iv) Loans	1,050,000	-	1,050,000
v) Other financial assets	-	-	-
c) Current Tax Assets (net)	-	-	-
d) Other current assets	220,439	-	220,439
(B)	7,129,526	-	7,129,526
TOTAL	9,362,619	-	9,362,619
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share capital	4,500,000	-	4,500,000
b) Other Equity	3,850,932	-	3,850,932
(C)	8,350,932	-	8,350,932
LIABILITIES			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	-	-	-
ii) Other financial liabilities	-	-	-
b) Provisions	-	-	-
c) Deferred tax liabilities (net)	64,910	-	64,910
d) Other non-current liabilities	-	-	-
(D)	64,910	-	64,910
Current liabilities			
a) Financial liabilities			
i) Borrowings	-	-	-
ii) Trade payables	-	-	-
iii) Other financial liabilities	-	-	-
b) Other current liabilities	504,078	-	504,078
c) Provision	442,699	-	442,699
(E)	946,777	-	946,777
Total Equity and Liabilities	9,362,619	-	9,362,619

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

Reconciliation of Profit and loss as at 31st March 2017

Particulars	As per iGAAP	Ind AS	As per IND
	₹	Adjustments ₹	AS ₹
REVENUE			
Revenue from operations	29,391,743	-	29,391,743
Other income	829,187	-	829,187
Total income	30,220,930	-	30,220,930
EXPENSES			
Operating expenses	1,110,303	-	1,110,303
Employee benefit expense	18,073,583	-	18,073,583
Finance costs	-	-	-
Depreciation, amortisation and obsolescence	1,622,560	-	1,622,560
Administration and other expenses	5,001,202	-	5,001,202
Total expenses	25,807,648	-	25,807,648
Profit/(loss) before tax	4,413,282	-	4,413,282
Tax Expense:			
Current tax	1,375,000	-	1,375,000
Deferred tax	(99,395)	-	(99,395)
Profit/(loss) for the year	3,137,677	-	3,137,677
Total Comprehensive Income Reconciliation			
Net Profit for the Period	3,137,677	-	3,137,677
Other Comprehensive Income	-	-	-
Total comprehensive income for the year	3,137,677	-	3,137,677

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

A4 Dues to micro enterprises and small enterprises

Based on the information available with the Company, as at the year end, there are- no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006.

A5 Disclosure of Related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

Holding Company : Syncordis SA, Luxembourg (ceases from Dec 11, 2017)
Holding Company : Larsen & Toubro Infotech Limited (Since Dec 11, 2017)
LTI Subsidiaries : Larsen & Toubro Infotech Canada Limited
L&T Information Technology Services (Shanghai) Co. Ltd
L&T Information Technology Spain SL
L&T Infotech Financial Services Technologies Inc.
L&T Infotech South Africa Pty Ltd
Larsen & Toubro Infotech GmbH
Larsen & Toubro Infotech Austria GmbH
Larsen & Toubro Infotech Austria LLC
L&T Infotech S.de. RL. C.V
Syncordis SA, Luxembourg
Syncordis France SARL

Key Managerial Persons: Mathansingh Balasingh (Director)
Key Managerial Persons: Sam Rajesh Kanagaraj (ceases to be director from Dec 11, 2017)
Key Managerial Persons: Ashok Kumar Sonthalia
Key Managerial Persons: Aftab Zaid Ullah

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

Larsen & Toubro Infotech Limited

Particulars		2017-18	2016-17
		₹	₹
1)	Rendering IT and Support services		
	• Syncordis SA, Luxembourg	43,554,870	29,391,743
	• Larsen & Toubro Infotech Limited	-	-

b) Key management personnel compensation

Particulars		2017-18	2016-17
		₹	₹
1)	Short-term employee benefits		
	• Mathansingh Balasingh	4,291,020	3,329,352
	• Sam Rajesh Kanagaraj	3,186,248	2,727,427

c) Amount due to and due from related parties(net):

Particulars	Amounts due (to)/from	
	As at March 31, 2018	As at March 31, 2017
Holding Company		
Larsen & Toubro Infotech Limited	-	-
Syncordis SA, Luxembourg	4,761,120	-

d) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: INR Nil, 1 April 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

- e) No amount of due from related parties has been written off during the year (Previous year ` Nil). No amount due to related parties has been written back during the year (Previous year ` nil). For the year ended March 31, 2018, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2017 : ` Nil, April 1, 2016 : ` Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. No expense has been recognized in the current year or prior years for bad or doubtful debts in respect of the amounts owed by the related parties.

A6 Deferred Tax Asset/Liability

Income Taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability after considering tax allowances and exemptions. The differences that result between the profit offered for income tax and the profit as per the financial statement are identified and thereafter a deferred tax asset or deferred tax liability is recorded for the timing differences.

Major components of Deferred tax liabilities and assets

Particulars	As at	As at
	31-March-2018	31-March-2017
	₹	₹
a) WDV of Assets	69,536	(107,088)
b) Preliminary Expenses	23,175	42,178
Net Deferred Tax Assets/ (Liabilities)	92,711	(64,910)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

A7 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2017-18 ₹	2016-17 ₹
Earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	5,308,471	3,137,677
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	450,000	450,000
Basic and diluted earnings per equity share (₹)	A / B	11.80	6.97
Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	5,308,471	3,137,677
Add : Interest on convertibles (net of tax)	B	-	-
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	5,308,471	3,137,677
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	450,000	450,000
Add : Shares deemed to be issued for no consideration in respect of :	E	-	-
Compulsorily convertible preference share capital	F	-	-
Compulsorily convertible debentures	G	-	-
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	450,000	450,000
Diluted earnings per equity share (₹)		11.80	6.97
Face value per equity share (₹)		10.00	10.00

A8 Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2018			31.03.2017			01.04.2016		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset										
Cash and cash equivalents	3	-	-	6,916,264	-	-	5,859,087	-	-	2,484,023
Security Deposits		-	-	-	-	-	67,799	-	-	-
Trade receivables	2	-	-	4,761,120	-	-	-	-	-	-
Other Financial Assets	5	-	-	-	-	-	-	-	-	-
Total Financial Asset		-	-	11,677,384	-	-	5,926,886	-	-	2,484,023
Financial liability										
Term loans from banks		-	-	-	-	-	-	-	-	-
Loans from related parties		-	-	-	-	-	-	-	-	-
Other Financial Liabilities		-	-	-	-	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-	-	-	-	-

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

Fair value of Financial asset and liabilities at amortized cost

Particular	Note no.	31.03.2018		31.03.2017		01.04.2016	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Loans	4	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Total Financial Assets		1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Financial liability							
Term loans from banks		-	-	-	-	-	-
Loans from related parties		-	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-	-

The carrying amount of current financial assets and current trade payables and other financial liabilities measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value and very short term nature.

A8 Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilities

Fair value hierarchy

As at March 31, 2018

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1	Level 2	Level 3	Total
Financial Assets					
Security Deposits	4	-	-	1,050,000	1,050,000
Total of Financial Assets		-	-	1,050,000	1,050,000
Total Financial liabilities		-	-	-	-

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1	Level 2	Level 3	Total
Financial Assets					
Security Deposits	4	-	-	1,050,000	1,050,000
Total Financial Assets		-	-	1,050,000	1,050,000

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1	Level 2	Level 3	Total
Financial Assets					
Security Deposits	4	-	-	1,050,000	1,050,000
Total of Financial Assets		-	-	1,050,000	1,050,000
Total of Financial Liabilities		-	-	-	-

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Security deposit	Income	-
Financial liabilities		
Term Loan from Banks		
Loans from Related parties		

Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i. Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii. Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is not exposed to Interest rate risk as there are no borrowings.

iii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified funds.

iv. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company measures risk by forecasting cash flows. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

v. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

A9 Disclosure pursuant to Ind AS 12 - "Income taxes"

The major components of income tax expense for years ended 31 March 2018 and 31 March 2017 are :

Particulars	As at	As at
	31-Mar-2018	31-Mar-2017
	₹	₹
Current income Tax :		
Current income tax charge	1,980,000	1,375,000
Adjustments of current tax of previous year	-	-
Deferred Tax		
Relating to origination and reversal of temporary differences	(157,621)	(99,395)
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
Income tax reported in the statement of profit and loss	1,822,379	1,275,605
Current Tax and Deferred Tax - Equity	-	-
{ Mention details of items directly charged to equity}		

Particulars	As at	As at
	31-Mar-2018	31-Mar-2017
	₹	₹
Accounting profit before tax	7,130,850	4,413,282
Applicable tax rate	25.75%	29.87%
Profit before tax * Applicable tax rate	1,836,194	1,318,247
Effect of Deferred Taxes	(157,621)	(99,395)
Short & (Excess) Provision adjusted	(1,434)	2,364
Difference in tax for items which are not allowed as a deduction	145,240	54,389
Income tax expense reported in the statement of profit and loss	1,822,379	1,275,605

A10 Events occurring after the reporting period

The financial statements were approved by the Board of Directors on May 11, 2018 and there are no significant events occurring after Balance sheet date.

A11 Investor Education and Protection Fund

The Company is not required to transfer any amount to Investor Education and Protection Fund.

As per our report attached
PSDY & Associates
 Chartered Accountants
 Firm's Registration No.:010625S

For and on behalf of the Board

Yashvant G
 Partner
 Membership No.: 209865

Mathansingh Balasingh
 Wholetime Director
 DIN : 07194861

Ashok Kumar Sonthalia
 Additional Director
 DIN : 03259683

Place: Chennai
 Date : May 11, 2018

Place: Chennai
 Date: May 11, 2018

MANAGEMENT REPORT ON 31ST DECEMBER 2017

Dear shareholders,

In accordance with the law and Articles of Association of the Company, we have the honor to present to you, our report and the annual accounts for the year ended 31st December 2017 for your approval.

Evolution of business and the company's position

The balance sheet total for the year ended on 31st December 2017 is EUR 5,091,380.94.

We have ended the current financial year with a profit of EUR 1,793,797.27.

On 11th December 2017, the Company transferred 4,50,000 equity shares representing the entire share capital of Syncordis Software Services India Private Limited to Larsen & Toubro Infotech Limited (LTI).

On 15th December 2017, Larsen & Toubro Infotech GmbH, wholly owned subsidiary of LTI acquired 23,800 shares representing the entire share capital of the Company.

On 15th December 2017, the shareholder approved appointment of following Directors on the Board of Directors of the Company:

- Mr Sudhir Chaturvedi
- Mr Aftab Ullah
- Mr Ashok Sonthalia

Significant events after the balance sheet closure

No significant events have occurred since the 2017 balance sheet closure.

Foreseeable development of the company

The company will continue its activities focused on the realization of investments, management and development based on the opportunities that will be identified and agreed by the Board of Directors.

During 2017, Syncordis growth was about 33% in terms of headcount and revenue. The number of projects and clients increased accordingly. At the same time, Syncordis has acknowledged the growing demand of production support services from the Temenos clients based in Europe. The company has decided, in July, to become a PSF (a company status regulated by banking authority). Therefore, a new company (Syncordis Support Services SA) has been created and the first major contract for the whole scope of the regulated production support services has been formalized.

Global Banking IT spend is expected to grow in the coming years and several banks are investing in core banking modernization programs, especially in Europe. Counting on the trust that Temenos has in Syncordis' unrivalled expertise in T24 implementation, Syncordis became a part of LTI group in late 2017. LTI's strategic intent is to invest to scale the Temenos capabilities within Syncordis from a people, service offerings, solutions and technology perspective. With strong footprint and positioning in UK and Northern Europe and backed with LTI's support, Syncordis aims at geographic expansion in these regions and increase the partnership with Temenos to jointly win projects on these major markets.

Risks :

- Dependence on sales Temenos because we have a "follow the supplier approach"
- Stop of projects: this risk is already less important than in the past because the concentration of revenue is high amongst a few clients.

Activities in research and development

None.

Purchase own shares

On 3rd May 2017, Company cancelled 11,000 shares it held in its portfolio. The company does not own shares in portfolio anymore.

Existence of branches

The company has no branch in the close of the 2017 financial year.

MANAGEMENT REPORT ON 31ST DECEMBER 2017 (Contd.)

Proposal for result allocation

The accounts as presented to you show a profit of EUR 1,793,797.27

Incomes amounting to	14,476,848.49 EUR
and charges to	12,683,051.22 EUR
Profit of the exercise as at 31 st December 2017	1,793,797.27 EUR

We recommend to bring forward the profit of the year to the next year :

In accordance with the proposal of Board of Directors, the allocation of available results is as follows:

	Legal reserve	Wealth Tax reserve	Profit or loss brought forward	Profit or loss for the financial year	Interim dividends
	3,480,00	181,697,50	1,308,463,58	1,793,797,27	-1,838,532,00
Au 31/12/2017					
Movements at the closing date of 31/12/17 :	0,00	0,00	0,00	0,00	0,00
• Allocation of previous year's profit or loss	0,00	0,00	1,757,797,27	-1,757,797,27	0,00
• Dividends	0,00	0,00	-1,838,532,00	0,00	1,838,532,00
• Provisions	0,00	-25,000,00	25,000,00	0,00	0,00
• Reserves	0,00	36,000,00	0,00	-36,000,00	0,00
	3,480,00	192,697,50	1,252,728,85	0,00	0,00

Statutory appointments - Discharge granted to the corporate bodies

We ask you, Dear Sole Shareholder to approve the accounts as they are presented by your board of directors and to give us full discharge and to Auditors for the year of our mandates during the year ended as at 31st December 2017.

Done in Luxembourg, on 9th April 2018

Mr Luc GESQUIERE,
Administrator

Mr Guillaume DESJONQUERES,
Administrator

AUDIT REPORT

To the Shareholder of

Syncordis S.A

Report on the audit of the Financial Statements

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of "Syncordis S.A." (the "Company") as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2017;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis of opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Auditor's Responsibility" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Management's Responsibility for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

AUDIT REPORT (Contd.)

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fiduciaire Internationale S.A
Represented by

Stéphan Moreaux
Statutory Auditor

Luxembourg, 26 April 2018

BALANCE SHEET AS OF MARCH 31, 2018

ASSETS as at 31/12/2017

All Amounts in Euro, under otherwise stated

	31/12/2017	31/12/2016
ASSETS		
A Subscribed capital unpaid	0.00	0.00
I Subscribed capital not called		
II Subscribed capital called but unpaid		
B Formation expenses		
C Fixed assets	296,447.78	321,698.83
I Intangible assets	900.00	900.00
1 Costs of development		
2 Concessions, patents, licences, trade marks and similar rights and assets, if they were		
a) acquired for valuable consideration and need not be shown under C.I.3		
b) created by the undertaking itself	900.00	900.00
3 Goodwill, to the extent that it was acquired for valuable consideration		
4 Payments on account and intangible assets under development		
II Tangible assets	145,816.80	137,870.60
1 Land and buildings		
2 Plant and machinery	0.00	0.00
3 Other fixtures and fittings, tools and equipment	145,816.80	137,870.60
4 Payments on account and tangible assets in the course of construction		
III Financial assets	149,730.98	182,928.23
1 Shares in affiliated undertakings	131,922.98	165,120.23
2 Loans to affiliated undertakings		
3 Participating interests		
4 Loans to undertakings with which the undertaking is linked by virtue of participating inte		
5 Investments held as fixed assets		
6 Other loans	17,808.00	17,808.00
D Current assets	4,794,933.16	6,830,684.15
I Stocks	0.00	0.00
1 Raw materials and consumables		
2 Work in progress		
3 Finished goods and goods for resale		
4 Payments on account		
II Debtors	2,334,271.52	2,072,466.04
1 Trade debtors		
a) becoming due and payable within one year	1,659,936.67	2,053,636.78
b) becoming due and payable after more than one year	0.00	0.00
2 Amounts owed by affiliated undertakings		
a) becoming due and payable within one year	252,542.76	18,294.26
b) becoming due and payable after more than one year		
3 Amounts owed by undertakings		
a) becoming due and payable within one year	0.00	0.00
b) becoming due and payable after more than one year		

		All Amounts in Euro, under otherwise stated	
		31/12/2017	31/12/2016
4	Other debtors		
	a) becoming due and payable within one year	421,792.09	535.00
	b) becoming due and payable after more than one year	0.00	0.00
III	Investments	0.00	900,000.00
1	Shares in affiliated undertakings		
2	Own shares	0.00	900,000.00
3	Other investments		
IV	Cash at bank and in hand	2,460,661.64	3,858,218.11
E	Prepayments	0.00	0.00
TOTAL ASSETS		5,091,380.94	7,152,382.98
Detail for ASSETS			
ASSETS		31/12/2017	31/12/2016
C/I/2/b)	Fixed assets		
	Intangible assets		
	Concessions, patents, licences, trade marks and similar rights and assets , if they were created by the undertaking itself	900.00	900.00
	212241000 Brand "Syncordis"	900.00	900.00
C/II/3	Tangible assets		
	Other fixtures and fittings, tools and equipment	145,816.80	137,870.60
	223400000 Furniture	230,271.52	198,630.34
	223400009 Furniture - value adjustment	-99,958.21	-79,325.44
	223800000 Other facilities	29,269.61	26,279.91
	223800009 Other facilities - value adjustment	-13,766.12	-7,714.21
C/III/1	Financial assets		
	Shares in affiliated undertakings	131,922.98	165,120.23
	231000000 Shares in affiliated undertakings - Syncordis France S.à r.l.	100,623.60	100,623.60
	231200000 Shares in affiliated undertakings - Sncordis Software Services India Private Li	0.00	63,197.25
	231300000 Shares in affiliated undertakings - Syncordis Ltd (UK)	1,299.38	1,299.38
	231400000 Shares in affiliated undertaking - SYNCORDIS PSF S.A.	30,000.00	0.00

Detail for ASSETS

ASSETS		31/12/2017	31/12/2016
C/III/6	Other loans	17,808.00	17,808.00
	236220000 Guarantees	17,808.00	17,808.00
D/II/1/a)	Current assets Debtors		
	Trade debtors		
	becoming due and payable within one year	1,659,936.67	2,053,636.78
	401100000 Trade debtors	1,647,798.67	1,972,636.78
	401300000 Doubtful or disputed trade debtors	83,538.00	0.00
	401400000 Trade debtors - sales invoice accruals	0.00	81,000.00
	401900000 Value adjustments on Trade debtors	-71,400.00	0.00
D/II/2/a)	Amounts owed by affiliated undertakings		
	becoming due and payable within one year	252 542.76	18 294.26
	411110000 Sales of goods and services to affiliated undertakings	230 677.00	0.00
	411121000 Advances - Syncordis India Private Limited	0.00	18 294.26
	411123000 Advances SYNCORDIS SUPPORT SERVICES S.A.	21 865.76	0.00
D/II/4/a)	Other debtors		
	becoming due and payable within one year	421,792.09	535.00
	421110000 Staff - Advances and deposits	9,195.75	0.00
	421410017 Advances IRC 2017	291,650.00	0.00
	421420017 Advances ICC 2017	99,273.00	0.00
	421430016 Advances 2016 - Wealth Tax (IF)	0.00	535.00
	421430017 Advances IF 2017	401.25	0.00
	421720000 Advances to Employer social insurance fund (Mutualité des employeurs)	21,272.09	0.00
D/III/2	Investments Own shares	0.00	900,000.00
	237000000 Own shares or units	0.00	900,000.00
D/IV	Cash at bank and in hand	2,460,661.64	3,858,218.11
	513101000 BCEE LU24 0019 2355 2609 5000	19,152.60	19,390.60
	513101400 ING LU38 0141 1397 0710 3030 (GBP)	59,230.58	9,043.90
	513103000 ING LU64 0141 9397 0710 000	2,369,726.23	3,817,219.07
	513204000 ING LU95 0142 2397 0711 0000	8,414.55	8,423.36
	513210000 BCEE LU53 0019 6312 7193 5000	4,137.68	4,141.18

CAPITAL, RESERVES AND LIABILITIES

CAPITAL, RESERVES AND LIABILITIES as at 31/12/2017

All Amounts in Euro, under otherwise stated

CAPITAL, RESERVES AND LIABILITIES		31/12/2017	31/12/2016
A	Capital and reserves	1,573,529.95	3,168,264.68
I	Subscribed capital	34,800.00	34,800.00
II	Share premium account	89,823.60	89,823.60
III	Revaluation reserve		
IV	Reserves	185,177.50	1,057,447.50
1	Legal reserve	3,480.00	3,300.00
2	Reserve for own shares	0.00	900,000.00
3	Reserves provided for by the articles of association		
4	Other reserves, including the fair value reserve		
	a) other available reserves		
	b) other non available reserves	181,697.50	154,147.50
V	Profit or loss brought forward	1,308,463.58	669,912.66
VI	Profit or loss for the financial year	1,793,797.27	1,316,280.92
VII	Interim dividends	-1,838,532.00	0.00
VIII	Capital investment subsidies		
B	Provisions	1,112,462.85	1,966,366.94
1	Provisions for pensions and similar obligations		
2	Provisions for taxation	0.00	879,666.94
3	Other provisions	1,112,462.85	1,086,700.00
C	Creditors	2,159,455.64	892,121.36
1	Debenture loans		
	a) Convertible loans		
	i) becoming due and payable within one year		
	ii) becoming		
	b) Non convertible loans		
	i) becoming due and payable within one year		
	ii) becoming due and payable after more than one year		
2	Amounts owed to credit institutions		
	a) becoming due and payable within one year	15,290.51	14,977.63
	b) becoming due and payable after more than one year		
3	Payments received on account of orders in so far as they are shown separately as deduction		
	a) becoming due and payable within one year		
	b) becoming due and payable after more than one year		
4	Trade creditors		
	a) becoming due and payable within one year	157,321.57	127,283.48
	b) becoming due and payable after more than one year	0.00	0.00
5	Bills of exchange payable		
	a) becoming due and payable within one year		
	b) becoming due and payable after more than one year		

6	Amounts owed to affiliated undertakings		
a)	becoming due and payable within one year	49,318.00	0.00
b)	becoming due and payable after more than one year		
7	Amounts owed to undertakings with which the undertaking is linked by virtue of participati		
a)	becoming due and payable within one year	0.00	0.00
b)	becoming due and payable after more than one year		
8	Other creditors		
a)	Tax authorities	1,823,818.73	573,441.97
b)	Social security authorities	105,119.64	161,725.26
c)	Other creditors		
i)	becoming due and payable within one year	8,587.19	14,693.02
ii)	becoming due and payable after more than one year	0.00	0.00
D	Deferred income	245,932.50	1,125,630.00
	TOTAL CAPITAL, RESERVES AND LIABILITIES	5,091,380.94	7,152,382.98

Detail for CAPITAL, RESERVES AND LIABILITIES**CAPITAL, RESERVES AND LIABILITIES**

		31/12/2017	31/12/2016
A/I	Capital and reserves		
	Subscribed capital	34,800.00	34,800.00
	101000000	Subscribed capital (Corporations - Total amount)	34,800.00
A/II	Share premium account	89,823.60	89,823.60
	111000000	Share premiums	89,823.60
A/IV/1	Reserves		
	Legal reserve	3,480.00	3,300.00
	131000000	Legal reserve	0.00
A/IV/2	Reserve for own shares	0.00	900,000.00
	132000000	Reserve for own shares or units	0.00
A/IV/4/b)	Other reserves, including the fair value reserve other non available reserves	181,697.50	154,147.50
	138100000	Wealth Tax (IF) reserve	181,697.50
A/V	Profit or loss brought forward	1,308,463.58	669,912.66
	141000000	Profit or loss brought forward	1,308,463.58
A/VI	Profit or loss for the financial year	1,793,797.27	1,316,280.92
	142000000	Profit or loss for the financial year	1,793,797.27
A/VII	Interim dividends	-1,838,532.00	0.00
	150000000	Interim dividends	-1,838,532.00

Detail for CAPITAL, RESERVES AND LIABILITIES

CAPITAL, RESERVES AND LIABILITIES		31/12/2017	31/12/2016
B//2	Provisions		
	Provisions for taxation	0.00	879,666.94
	182100014 Corporate Income Tax (IRC) 2014 - provision	0.00	58,000.00
	182100015 Corporate Income Tax (IRC) 2015 - provision	0.00	246,000.00
	182100016 Corporate Income Tax (IRC) 2016 - provision	0.00	335,643.74
	182200014 Municipal Income Tax (ICC) 2014 - provision	0.00	20,222.20
	182200015 Municipal Income Tax (ICC) 2015 - provision	0.00	87,200.00
	182200016 Municipal Income Tax (ICC) 2016 - provision	0.00	121,936.00
	182300014 Wealth tax (IF) 2014 - provision	0.00	5,350.00
	182300015 Wealth Tax (IF) 2015 - provision	0.00	5,315.00
B//3	Other provisions	1,112,462.85	1,086,700.00
	188100000 Operating provisions	6,000.00	6,000.00
	188110000 Holidays provisions	116,462.85	115,000.00
	188120000 Employees' Bonuses provision	990,000.00	750,000.00
	188130000 Garentees and charges provision	0.00	215,700.00
C//2/a)	Creditors		
	Amounts owed to credit institutions becoming due and payable within one year	15,290.51	14,977.63
	513101100 VISA LU39 0141 7397 0718 0000	1,175.78	1,006.71
	513101200 Visa LU49 0141 8397 0719 0000	2,902.11	295.59
	513101300 VISA LU32 0141 6397 0711 0000	1,657.64	3,670.34
	513101500 VISA FRYER HANNAH 4937 3639 7071 1018	134.79	0.00
	513107000 VISA LU76 0141 1397 0712 0000	5,355.55	1,793.56
	513109000 VISA LU66 0141 0397 0711 0000	4,064.64	8,211.43
C//4/a)	Trade creditors becoming due and payable within one year	157,321.57	127,283.48
	441110000 Trade creditors	157,321.57	127,283.48
C//6/a)	Amounts owed to affiliated undertakings becoming due and payable within one year	49,318.00	0.00
	451110000 Sales of goods and services to affiliated undertakings	49,318.00	0.00

Detail for CAPITAL, RESERVES AND LIABILITIES**CAPITAL, RESERVES AND LIABILITIES**

		31/12/2017	31/12/2016
C//8/a)	Other creditors		
	Tax authorities	1,823,818.73	573,441.97
	461211016 Corporate Income Tax (IRC) 2016 - provision	335,643.74	0.00
	461211017 Corporate Income Tax (IRC) 2017 - provision	437,208.20	0.00
	461221016 Municipal Income Tax (ICC) 2016 - provision	121,936.00	0.00
	461221017 Municipal Income Tax (ICC) 2017 - provision	165,468.00	0.00
	461240000 Withholding tax on salaries and wages	84,141.72	150,640.61
	461412000 VAT payable	679,421.07	422,801.36
C//8/b)	Social security authorities	105,119.64	161,725.26
	462100000 Social security	105,119.64	161,725.26
C//8/c/i)	Other creditors becoming due and payable within one year	8,587.19	14,693.02
	471810000 Other charges to be paid	8,587.19	14,693.02
D/	Deferred income	245,932.50	1,125,630.00
	482000000 Deferred income	245,932.50	1,125,630.00

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT

		EUR	
PROFIT AND LOSS ACCOUNT		31/12/2017	31/12/2016
1	Net turnover	12,793,823.76	9,851,319.69
2	Variation in stocks of finished goods and in work in progress		
3	Work performed by the undertaking for its own purposes and capitalised		
4	Other operating income	1,510,304.50	1,434,062.48
5	Raw materials and consumables and other external expenses		
	a) Raw materials and consumables	-43,131.83	-47,477.39
	b) Other external expenses	-3,697,884.65	-2,285,828.48
6	Staff costs		
	a) Wages and salaries	-6,399,834.47	-5,625,292.99
	b) Social security costs		
	i) relating to pensions		
	ii) other social security costs	-602,470.68	-522,815.89
	c) Other staff costs		
7	Value adjustments		
	a) in respect of formation expenses and of tangible and intangible fixed asset	-70,367.70	-47,992.42
	b) in respect of current assets	0.00	0.00
8	Other operating expenses	-1,264,855.49	-918,909.83
9	Income from participating interests		
	a) derived from affiliated undertakings	147,982.49	0.00
	b) other income from participating interests		
10	Income from other investments and loans forming part of the fixed assets		
	a) derived from affiliated undertakings		
	b) other income not included under a)		
11	Other interest receivable and similar income		
	a) derived from affiliated undertakings		
	b) other interest and similar income	4,030.71	7,626.16
12	Share of profit or loss of undertakings accounted for under the equity method		
13	Value adjustments in respect of financial assets and of investments held as current assets	0.00	0.00
	Interest payable and similar expenses		
	a) concerning affiliated undertakings		
	b) other interest and similar expenses		
14	Interest payable and similar expenses		
	a) concerning affiliated undertakings	0.00	0.00
	b) other interest and similar expenses	-5,885.20	-4,030.67
15	Tax on profit or loss	-581,969.17	-524,379.74
16	Profit or loss after taxation	1,789,742.27	1,316,280.92
17	Other taxes not shown under items 1 to 16	4,055.00	0.00
18	Profit or loss for the financial year	1,793,797.27	1,316,280.92

		EUR	
		31/12/2017	31/12/2016
//1	Net turnover	12,793,823.76	9,851,319.69
	706000000 Services	11,995,126.26	9,925,519.69
	706100000 Trade debtors - sales invoice accruals	0.00	81,000.00
	706111000 Trade debtors - sales invoice differed	-245,932.50	-1,125,630.00
	706112000 Resumption on differed sales income	1,125,630.00	970,430.00
	706200000 Resumption on sales invoice accruals	-81,000.00	0.00
//4	Other operating income	1,510,304.50	1,434,062.48
	744420000 Other subsidies to promote employment	11,395.58	20,458.31
	748000000 Other sundry operating income	418,208.92	333,604.17
	749100000 Resumption on Holidays provisions	115,000.00	120,000.00
	749200000 Resumption on employees' bonuses	750,000.00	950,000.00
	749400000 Resumption on guarantees	215,700.00	0.00
	763200000 Tangible assets	0.00	10,000.00
//5/a)	Raw materials and consumables and other external expenses Raw materials and consumables	-43,131.83	-47,477.39
	608130000 Administrative supplies	-13,224.72	-21,765.73
	608140000 Petrol	-29,907.11	-25,711.66
//5/b)	Other external expenses	-3,697,884.65	-2,285,828.48
	611121100 Rent office 19, Rue Saint Hubert L-1744 Luxembourg	0.00	-1,980.00
	611121200 Apartment 19, Rue des Champs L-7480 TUNTANGE	-7,587.00	0.00
	611121210 Charges apartment 19, Rue des Champs L-7480 TUNTANGE	-2,133.47	0.00
	611124000 Regus access	33.24	-1,166.90
	611126000 Rent for 105, Route d'Arlon L-8009 Strassen	-73,728.00	-43,614.00
	611126100 Rental charges for offices 105, Route d'Arlon L-8009 Strassen	-9,534.00	-5,189.00
	611126200 Loyer archives 1er étage 105, Rte d'Arlon	0.00	-100.00
	611126300 Parking 105, Rte d'Arlon L-8009 Strassen	0.00	-1,921.80
	611127000 Rent for Résidence Bertrange	-63,799.69	-56,986.39
	611128000 Rent for Bd Charles Simonis (Jung)	-20,400.00	-20,400.00
	611128100 Rental charges Bd Charles Simonis (Jung)	-2,160.00	-2,160.00
	611129000 Rent for Apart. Gujerstrasse 1	0.00	-4,223.51
	611530400 Leasing EY 7172	12.35	0.00
	611531500 Leasing SP 7752	0.00	-2,853.04
	611531900 Leasing UQ 7838	0.00	-4,050.65
	611532000 Leasing VZ9503 - Audi Q5 (LeasePlan)	-5,810.91	-8,746.80
	611532100 Leasing KG 9469	-5,546.94	-22,187.76

		EUR	
		31/12/2017	31/12/2016
611532200	Leasing BH 7467	-7,666.80	-7,666.80
611532300	Leasing QF8654	-4,852.82	-10,322.89
611532400	Leasing ZC6880	-4,512.31	-8,861.40
611532500	Leasing BW9862	26.74	-5,905.49
611532600	Leasing NA4836	-8,087.16	-8,087.16
611532700	Leasing UB4151	-4,875.77	-6,654.30
611532800	Leasing SJ5308	-11,985.84	-11,985.84
611532900	Leasing TJ4994	-14,805.48	-14,805.48
611533000	Leasing CM7014	-15,484.68	-16,879.20
611533100	Leasing BN5458	-7,566.60	-7,566.64
611533200	Leasing DN7149	-9,000.00	-5,593.90
611533400	Leasing BX 8025	-10,050.84	-4,327.46
611533500	Leasing QV7884	-4,619.61	-2,491.48
611533600	Leasing UU 9178	-7,835.47	-3,534.37
611533700	Leasing AY4000	-9,187.08	-3,878.99
611533800	Leasing RU6444	-10,932.24	-3,636.01
611533900	Leasing EY8465	0.00	-2,075.73
611534000	Leasing UV8700	-18,422.59	0.00
611534100	Leasing ZD5118	-457.26	0.00
611534200	Leasing PU7238	-6,119.67	0.00
611534300	Leasing JT 6028	-4,711.88	0.00
611534400	Leasing TN8604	-3,364.19	0.00
611534500	Leasing VN4769	-1,380.64	0.00
611534600	Leasing WM5202	-4,972.24	0.00
612100000	General subcontracting	-1,341,080.91	-1,048,366.90
612120000	General subcontracting - Syncordis India Private Limited	-552,657.78	-336,266.31
612210000	Maintenance and repairs of plant and machinery	-86.16	-305.49
612230000	Maintenance and repairs of movable equipment	-7,811.90	-1,803.52
612231000	Tires and accessories	-838.65	-1,124.24
612232000	Technical control on vehicels	0.00	-31.50
612310000	Maintenance and cleaning	-4,364.73	-4,443.31
613330000	Account costs	-3,102.74	-2,320.19
613410000	Legal fees	-24,285.66	-30,130.33
613420000	Accounting and audit fees	-50,686.25	-30,039.00
613481000	Management fees - Vectis	-52,764.06	-15,344.64
613600000	Staff recruitment costs	-34,487.18	-23,714.03
613800000	Other remuneration and fees of intermediaries	-842,286.48	-1,230.96
614120000	Insurance for Vehicles	1,233.87	-927.37
614210000	Fire and exploitation insurance	-3,358.76	-1,062.82
614600000	Civil liability insurance	-10,342.80	-6,583.48
615140000	Gifts to customers	-850.00	-2,996.28

		EUR	
		31/12/2017	31/12/2016
615160000	Standard donations	-2,600.00	-258.00
615180000	Other purchases of advertising services	-936.00	-3,025.76
615212000	Travel expenses	-323,768.55	-369,335.12
615212100	Parking	-11,189.53	-6,861.95
615240000	Receptions and entertainment	-25,901.13	-25,564.68
615310000	Stamps	-811.45	-500.29
615320000	Telephone and other telecommunication costs	-28,469.30	-33,211.12
616100000	Transports on purchases	-249.35	0.00
618200000	Conferences and seminars costs	-11,949.49	-39,557.02
618700000	Contributions to professional associations	-2,720.81	-971.18
//6/a)	Staff costs Wages and salaries	-6,399,834.47	-5,625,292.99
621110000	Basic salaries	-5,185,134.13	-4,186,692.86
621121000	Sunday	-4,470.75	-34,232.02
621122000	Public holidays	-7,430.72	-18,113.83
621123000	Overtime	-71,987.11	-142,058.73
621140000	Gratuities, bonuses and commissions	-177,000.00	-577,000.00
621150000	Benefits in kind vehicules	-118,173.57	-102,115.14
621151000	Meal vouchers	-167,818.44	-103,398.44
621800000	Warrants purchase	-749,743.00	-529,863.00
621910000	Reimbursements for employer social insurance fund	81,923.25	68,181.03
//6/b)/ii)	Social security costs other social security costs	-602,470.68	-522,815.89
623110000	Employer's social costs	-602,470.68	-522,815.89
//7/a)	Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	-70,367.70	-47,992.42
633301000	Technical facilities - value adjustment	0.00	-275.35
633302000	Transport vehicles - value adjustment	0.00	-2,113.38
633303000	Furniture - value adjustment	-64,315.79	-41,989.34
633304000	Other facilities - value adjustment	-6,051.91	-3,614.35
//8)	Other operating expenses	-1,264,855.49	-918,909.83
641300000	IT Licences (software and software packages)	-66,835.43	-7,844.85
646200000	VAT non-deductible	-20,089.51	-17,359.57
646600000	Taxes on vehicles	0.00	-56.00
649100000	Holidays provisions	-116,462.85	-115,000.00
649200000	Employees' Bonuses provision	-990,000.00	-750,000.00
649300000	Guarantees and charges provision	-71,400.00	-15,700.00
663200000	Tangible assets	0.00	-12,761.62

			EUR	
			31/12/2017	31/12/2016
668210000	Fines and interest towards tax administration		22.20	0.00
668230000	Fines and interest towards social security administration		0.00	-175.00
668300000	Damages and interest		-89.90	0.00
//9/a)	Income from participating interests derived from affiliated undertakings		147,982.49	0.00
764100000	Shares in affiliated undertakings		147,982.49	0.00
//11/b)	Other interest receivable and similar income other interest and similar income		4,030.71	7,626.16
755210000	Interests on current accounts		0.04	0.00
755220000	Interests on term accounts		0.00	17.55
756000000	Foreign exchange gains		4,030.67	7,608.61
//14/b)	Interest payable and similar expenses other interest and similar expenses		-5,885.20	-4,030.67
656000000	Foreign exchange losses		-5,885.20	-4,030.67
//15	Tax on profit or loss		-581,969.17	-524,379.74
671100000	Corporate Income Tax (IRC) - Current year		-437,208.20	-387,643.74
672100000	Municipal Income Tax (ICC) - Current year		-165,468.00	-136,736.00
771000000	Corporate income tax (IRC) adjustments		18,083.03	0.00
772000000	Municipal Income Tax (ICC) adjustments		2,624.00	0.00
//16	Profit or loss after taxation		1,789,742.27	1,316,280.92
//17	Other taxes not shown under items 1 to 16		4,055.00	0.00
681200000	Wealth Tax (IF) - Prior years		4,055.00	0.00
//18	Profit or loss for the financial year		1,793,797.27	1,316,280.92
142000000	Profit or loss for the financial year		1,793,797.27	1,316,280.92

Note 1 - GENERAL INFORMATION

SYNCORDIS SA (hereinafter the "Company") was incorporated on 15 December 2004 as a anonymous society (limited company) under Luxembourg law for an unlimited term.

The Company's registered office is located at 105, Route d'Arlon L-8009 Strassen.

The Company's financial year commences on 1st January and ends on 31 December of each year.

The Company's object is economic consulting, as well as computer design and programming, and in particular functional consulting, project definition and management, drafting of specifications, organisation of tests and workshops, assistance in defining operational procedures and design of solutions for software.

In general, the Company may carry out any other related, industrial, financial, securities and property transactions, relating directly or indirectly to its object or which are likely to facilitate its development.

Note 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS OF VALUATION**Note 2.1 - General Principles**

The financial statements are prepared in accordance with legal and regulatory provisions in force in Luxembourg and with generally accepted accounting principles.

The accounting records and financial statements are prepared in EUR.

The accounting policies and valuation principles are, apart from the rules laid down by the amended Act of 19 December 2002, determined and implemented by the Board of Directors.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgment in the application of accounting principles. Any changes in assumptions can have a significant impact on the financial statements for the period during which these assumptions have changed. Management considers that the underlying assumptions are appropriate and that the financial statements represent a true and fair view of the Company's financial position and results.

The Company makes estimates and assumptions that have an impact on the amounts shown as assets and liabilities during the following period. Estimates and judgments are evaluated on an ongoing basis and are based on past experience and other factors, including expectations of future events deemed reasonable under the circumstances

Note 2.2 - Valuation Principles

The principal valuation rules adopted by the Company are as follows:

Note 2.2.1 - Tangible fixed assets**Historical cost valuation method**

Tangible fixed assets are valued at acquisition cost which includes incidental expenses or production costs. Tangible fixed assets are depreciated based on their estimated useful lives.

The depreciation rates and methods applied are as follows:

	Depreciation rate	Depreciation method
Technical installation	25.00%	Linear
Transport vehicles	25.00%	Linear
Office facilities	25.00 to 33.33%	Linear
Other installation	25.00 to 33.33%	Linear

When the Company considers that a tangible fixed asset has permanently decreased in value, an additional value reduction is performed to reflect this loss. These value adjustments are not continued when the reasons giving rise to them have ceased to exist.

Note 2.2.2 - Financial fixed assets

Historical cost valuation method

Acquisition cost valuation method

- Shares in affiliated companies are valued at acquisition cost. The acquisition cost is arrived at by adding incidental expenses to the purchase price.
- Other long-term loans and receivables are valued at their nominal value.

For any depreciation which, in the opinion of the Board of Directors, is of a lasting nature, these financial assets are subject to value adjustments to give them the lower value to be attributed to them at the balance sheet date. These value adjustments are not continued when the reasons giving rise to them have ceased to exist.

Note 2.2.3 - Receivables

Receivables are recorded at their nominal value. They are subject to value adjustments where their recoverability is questionable. These value adjustments are not continued when the reasons giving rise to them have ceased to exist.

Note 2.2.4 – Conversion of items in foreign currency

The Company maintains its accounts in EUR.

All transactions denominated in a currency other than the EUR are recorded in EUR at the exchange rate in effect on the transaction date.

Bank deposits are converted at the exchange rates in effect at the closing date. Any resulting exchange gains and losses are recorded in the profit and loss account for the year ended 31 December 2017.

Note 2.2.5 - Provisions

Provisions are intended to cover losses or debts which are clearly defined in nature but which, at the balance sheet date, are either likely or certain but undetermined as to their amount or as to their date of occurrence.

Provisions are also made to cover charges which originate in the financial year or in a previous financial year and which are clearly defined in nature but which, at the balance sheet date, are either likely or certain but undetermined as to their amount or as to their date of occurrence.

Income tax provisions

Provisions for tax liabilities

Income tax provisions are recorded under "Tax liabilities". They correspond to the tax liability estimated by the Company. Advances paid for years for which no tax return has been filed with the tax authorities are recorded as other receivables.

Note 2.2.6 - Liabilities

Liabilities are recorded at their recovery value. Where the amount payable is greater than the amount received, the difference is recognised as an asset and depreciated using the linear / actuarial method.

Note 2.2.7 – Accruals and deferred income

This item includes income received during the year and attributable to a subsequent year.

Note 2.2.8 - Net turnover

Net turnover includes any amounts resulting from the sale of products and the provision of services corresponding to the Company's ordinary activities, net of sales rebates, as well as any value added tax and other taxes directly linked to turnover.

Note 3 - INTANGIBLE FIXED ASSETS

Transactions for the year are as follows:

	Concessions, patents, licences, trademarks and similar rights and assets	Total
	(EUR)	(EUR)
Gross value at beginning of year / period	900.00	900.00
Inputs during the year	0.00	0.00
Outputs during the year	0.00	0.00
Transfers during the year	0.00	0.00
Gross value at end of year	900.00	900.00
Cumulative value adjustments at beginning of year	0.00	0.00
Allocations for the year	0.00	0.00
Reversals for the year	0.00	0.00
Transfers for the year	0.00	0.00
Cumulative value adjustments at end of year	0.00	0.00
Net book value at end of year	900.00	900.00
Net book value at beginning of year	900.00	900.00

Note 4 - TANGIBLE FIXED ASSETS

For assets using the historical cost valuation method

Transactions for the year are as follows:

	Other facilities, tooling, furniture and rolling stock	Total
Gross value at beginning of year / period	224,910.25	224,910.25
Inputs during the year	78,313.90	78,313.90
Outputs during the year	43,683.02	43,683.02
Transfers during the year	0.00	0.00
Gross value at end of year	259,541.13	259,541.13
Cumulative value adjustments at beginning of year	87,039.65	87,039.65
Allocations for the year	70,367.70	70,367.70
Reversals for the year	43,683.02	43,683.02
Transfers for the year	0.00	0.00
Cumulative value adjustments at end of year	113,724.33	113,724.33
Net book value at end of year	145,816.80	145,816.80
Net book value at beginning of year	137,870.60	137,870.60

Note 5 - FINANCIAL FIXED ASSETS

For assets using the historical cost valuation method

Transactions for the year are as follows:

	Affiliated companies	Long-term loans and receivables	Own shares	Total
	Shares (EUR)	(EUR)	(EUR)	(EUR)
Gross value at beginning of year	165,120.23	17,808.00	900,000.00	1,082,928.23
Inputs during the year	30,000.00	0.00	0.00	30,000.00
Outputs during the year	63,197.25	0.00	900,000.00	963,197.25
Transfers during the year	0.00	0.00	0.00	0.00
Gross value at end of year	131,922.98	17,808.00	0.00	149,730.98
Cumulative value adjustments at beginning of year	0.00	0.00	0.00	0.00
Allocations for the year	0.00	0.00	0.00	0.00
Reversals for the year	0.00	0.00	0.00	0.00
Transfers for the year	0.00	0.00	0.00	0.00
Cumulative value adjustments at end of year	0.00	0.00	0.00	0.00
Net book value at end of year	131,922.98	17,808.00	0.00	149,730.98
Net book value at beginning of year	165,120.23	17,808.00	900,000.00	1,082,928.23

Companies in which the Company holds at least 20% of the capital or in which it is jointly and severally liable are as follows:

Company name	Registered office	Portion of capital held	Closing date of last year	Shareholders' equity at year-end (EUR)	Results for last year (EUR)
SYNCORDIS France	8 Rue Paul Belmondo 75012 Paris	100%	31/12/2016	296,788.53	210,184.54
Syncordis Limited	Beacon House 15 Christchurch Road Bournemouth Dorset BH1 3LB	100%	-	-	-
Syncordis Support Services SA	105 Route d'Arlon L-8009 STRASSEN	100%	31/12/2017	25,019.10	-4,980.90

Note 6 - RECEIVABLES

Receivables primarily consist of:

- Customers
- Customers, uninvoiced receivables

	2017	2016
Customers	1,659,936.67	1,972,636.78
Customers, uninvoiced receivables	0.00	81,000.00
Total	1,659,936.67	2,053,636.78

Note 7 - SUBSCRIBED CAPITAL

The subscribed capital amounts to EUR 34,800.00 and is represented by 23,800.00 shares without par value.

Note 8 - RESERVES**Rating 8.1 - Legal reserve**

From the net profit, 5% should be deducted annually to constitute the reserve fund as required by Luxembourg law. This ceases to be mandatory when the reserve reaches one tenth of the capital. The legal reserve may not be distributed.

Note 8.2 - Other reserves

At 31 December 2017, the Company reduced its wealth tax burden in accordance with paragraph 8a of Luxembourg legislation on wealth tax. The company allocates to non-distributable reserves an amount corresponding to 5x the amount of reduced wealth tax. The non-distributable period for this reserve is 5 years from the year following the wealth tax reduction.

Note 9 - TRANSACTIONS FOR THE YEAR ON "RESERVES" AND "RESULTS" ITEMS

Transactions for the year are as follows:

	Legal reserve	Reserves for own shares	Five-year reserve	Retained earnings	Results for the year
At 31/12/2016	3,300.00	900,000.00	154,147.50	669,912.66	1,316,280.92
Transactions after year end:					
• Appropriation of income after year end	0.00	0.00	0.00	591,050.92	-591,050.92
• Cancellation of 11 000 own shares	0.00	-	0.00	0.00	0.00
• Distribution of dividends	0.00	0.00	0.00	0.00	-650,000.00
• Allocation to reserves	180.00	0.00	900,000.00	0.00	-75,230.00
• Reversal of reserves	0.00	0.00	-47,500.00	47,500.00	0.00
• Result for the year	0.00	0.00	0.00	0.00	1,793,797.27
	3,480.00	0.00	181,697.50	1,308,463.58	1,793,797.27

The payment of an interim was decided by the Board of Directors on 14 December 2017 based on an interim statement dated 30 November 2017.

Note 10 - PROVISIONS

Provisions are broken down as follows:

	2017 EUR	2016 EUR
Provisions for taxes	0.00	879 666.94
Other provisions	1,183,862.85	1,086,700.00
Total	1,183,862.85	1,966,366.94

Other provisions are comprised of:

- Operating provisions
- Provisions for leave earned during the year
- Provisions for bonuses

Note 11 - UNSUBORDINATED DEBT

The remaining terms for items in the heading "Unsubordinated debt" are as follows:

	Term less than one year	Term more than one year	Total 2017 (EUR)	Total 2016 (EUR)
Debt to credit institutions	15,290.51	0.00	15,290.51	14,977.63
Debt on purchases and service provision	157,321.57	0.00	157,321.57	127,283.48
Tax debt and Social Security office (CCSS) debt	1,928,938.37	0.00	1,928,938.37	735,167.23
Other debt	8,587.19	0.00	8,587.19	14,693.02
Total	1,768,532.64	0.00	1,768,532.64	892,121.36

The total amount of interest due on the above-described debt is EUR - 22.22 for 2017; (EUR 0.00 for 2016). The amount of accrued interest payable in 2017 is EUR 0.00, (EUR 0.00 for 2016).

Note 12 – ACCRUALS AND DEFERRED INCOME

Accruals and deferred income primarily consist of:

- Deferred income

Note 13 – NET TURNOVER

Turnover is broken down as follows by category of activity and geographical area:

	2017	2016
Service provision	12 793 823.76	9 851 319.69
Total	12 793 823.76	9 851 319.69

Note 14 – STAFF

The Company employed 63 persons full-time and on average during the year 2017 distributed as follows by category:

	2017	2016
Employees	63	65

Note 15 – EXTRAORDINARY INCOME / EXTRAORDINARY EXPENSES

Extraordinary income includes:

- Proceeds from sales of financial fixed assets

Extraordinary expenses include:

- Book value of financial fixed assets sold
- Other extraordinary expenses

Note 16 – OFF-BALANCE SHEET COMMITMENTS

The Company has no off-balance sheet commitments.

Note 17 – APPROPRIATION OF INCOME

In accordance with the Board of Directors' proposal, the appropriation of available income is as follows:

	Legal reserve	Five-year reserve	Retained earnings	Results for the year	Interim dividends
	3,480.00	181,697.50	1,308,463.58	1,793,797.27	-1,838,532.00
At 31/12/2017					
Transactions after year end:	0.00	0.00	0.00	0.00	0.00
• Appropriation of income after year end	0.00	0.00	1,757,797.27	1,757,797.27	0.00
• Distribution of dividends	0.00	0.00	-,1,838,532,00	0.00	1,838,532.00
• Reversal of previous reserves	0.00	-25,000.00	25,000.00	0.00	0.00
• Allocation to reserves	0.00	36,000.00	0.00	-36,000.00	0.00
	3,480.00	192,697.50	1,252,728.85	0.00	0.00

MANAGEMENT REPORT ON 31st December 2017

Dear shareholders,

We have the honor to present to you, our report, and the annual accounts, for the year ended on 31st December 2017, for approval.

State of Company affairs

The balance sheet total for the year ended on 31st December 2017 is EUR 49,224.86.

We have ended the current financial year with a loss of EUR 4,980.90.

We recommend to allocate the loss of the financial year of EUR 4,980.90, to profit or loss brought forwards.

We request you to grant full discharge to the Directors and the Auditor for the execution of their mandate until 31st December 2017.

Significant events after the balance sheet closure

No significant events have occurred since the 2017 balance sheet closure.

Foreseeable development of the company

The company will continue its activities focused on the realization of investments, management and development based on the opportunities that will be identified and agreed by the Board of Directors.

Activities in research and development

None.

Incorporation

On 7th september 2017, the company has been incorporated. SYNCORDIS S.A. holds 30,000 shares, with a nominal value of 100 and representing the entire share capital.

Existence of branches

The company has no branch in the close of the 2017 financial year.

Proposal for result allocation

The accounts as presented to you show a loss of EUR 4,980.90 :

Incomes amounting to	0.00 EUR
and charges to	4,980.90 EUR
Loss of the exercise as at 31 st December 2017	(4,980.90) EUR

We recommend to bring forward the loss of the year to the next year :

In accordance with the proposal of Board of Directors, the allocation of available results is as follows:

	Legal reserve	Wealth Tax reserve	Profit or loss brought forward	Profit or loss for the financial year
	0.00	0.00	0.00	-4,980.90
Au 31/12/2017				
Movements at the closing date of 31/12/17:	0.00	0.00	0.00	0.00
• Allocation of previous year's profit or loss	0.00	0.00	-4,980.90	4,980.90
• Dividends	0.00	0.00	0.00	0.00
• Other movements	0.00	0.00	0.00	0.00
	0.00	0.00	-4,980.90	0.00

Done in Luxembourg, on 9th April 2018

Mr Luc GESQUIERE,
Administrator

Mr Guillaume DESJONQUERES,
Administrator

AUDIT REPORT

To the Shareholder of

Syncordis Support Services S.A.

Report on the audit of the financial statements

Our Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of "Syncordis Support Services S.A." (the "Company") as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the Financial Statements.

What we have audited

The Company's Financial Statements comprise:

- the balance sheet as at 31 December 2017;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis of opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Auditor's Responsibility" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

Management Responsibility for the Financial Statement

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

AUDIT REPORT (Contd.)

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fiduciaire Internationale S.A.
Represented by

Stephan Moreaux
Statutory Auditor

Luxembourg, 26 April 2018

BALANCE SHEET AS OF MARCH 31, 2018

ASSETS as at 31/12/2017

	31/12/2017 EUR	31/12/2016 EUR
ASSETS		
A Subscribed capital unpaid	0.00	0.00
I Subscribed capital not called		
II Subscribed capital called but unpaid		
B Formation expenses		
C Fixed assets	15,828.00	0.00
I Intangible assets	0.00	0.00
1 Costs of development		
2 Concessions, patents, licences, trade marks and similar rights and assets, if they were		
a) acquired for valuable consideration and need not be shown under C.I.3		
b) created by the undertaking itself		
3 Goodwill, to the extent that it was acquired for valuable consideration		
4 Payments on account and intangible assets under development		
II Tangible assets	15,828.00	0.00
1 Land and buildings		
2 Plant and machinery	0.00	0.00
3 Other fixtures and fittings, tools and equipment	0.00	0.00
4 Payments on account and tangible assets in the course of construction	15,828.00	0.00
III Financial assets	0.00	0.00
1 Shares in affiliated undertakings		
2 Loans to affiliated undertakings		
3 Participating interests		
4 Loans to undertakings with which the undertaking is linked by virtue of participating inte		
5 Investments held as fixed assets		
6 Other loans		
D Current assets	33,396.86	0.00
I Stocks	0.00	0.00
1 Raw materials and consumables		
2 Work in progress		
3 Finished goods and goods for resale		
4 Payments on account		
II Debtors	3,476.38	0.00
1 Trade debtors		
a) becoming due and payable within one year	0.00	0.00
b) becoming due and payable after more than one year	0.00	0.00
2 Amounts owed by affiliated undertakings		
a) becoming due and payable within one year	0.00	0.00
b) becoming due and payable after more than one year		
3 Amounts owed by undertakings with which the undertaking is linked by virtue of participati		
a) becoming due and payable within one year		
b) becoming due and payable after more than one year		

	31/12/2017	31/12/2016
	EUR	EUR
4 Other debtors		
a) becoming due and payable within one year	3,476.38	0.00
b) becoming due and payable after more than one year		
III Investments	0.00	0.00
1 Shares in affiliated undertakings	0.00	0.00
2 Own shares	0.00	0.00
3 Other investments		
IV Cash at bank and in hand	29,920.48	0.00
E Prepayments	0.00	0.00
TOTAL ASSETS	49,224.86	0.00

Detail for ASSETS

ASSETS		31/12/2017	31/12/2016
		EUR	EUR
C/II/4	Fixed assets		
	Tangible assets		
	Payments on account and tangible assets in the Course of Conductions	15,828.00	0.00
	224200000 Plant and Machinery	15,828.00	0.00
D/II/4/a	Current assets		
	Debtors		
	Other debtors		
	becoming due and payable within one year	3,476.38	0.00
	421612000 VAT receivable	3,476.38	0.00
D/IV	Cash at bank and in hand	29,920.48	0.00
	513101000 ING C/C LU83 0141 3581 8590 0000 (EUR)	29,920.48	0.00

CAPITAL, RESERVES AND LIABILITIES**CAPITAL, RESERVES AND LIABILITIES as at 31/12/2017**

		EUR	
		31/12/2017	31/12/2016
CAPITAL, RESERVES AND LIABILITIES			
A	Capital and reserves	25,019.10	0.00
I	Subscribed capital	30,000.00	0.00
II	Share premium account		
III	Revaluation reserve		
IV	Reserves	0.00	0.00
	1 Legal reserve		
	2 Reserve for own shares		
	3 Reserves provided for by the articles of association		
	4 Other reserves, including the fair value reserve		
	a) other available reserves		
	b) other non available reserves		
V	Profit or loss brought forward	0.00	0.00
VI	Profit or loss for the financial year	-4,980.90	0.00
VII	Interim dividends		
VIII	Capital investment subsidies		
B	Provisions	0.00	0.00
1	Provisions for pensions and similar obligations		
2	Provisions for taxation		
3	Other provisions		
C	Creditors	24,205.76	0.00
1	Debenture loans		
	a) Convertible loans		
	i) becoming due and payable within one year		
	ii) becoming		
	b) Non convertible loans		
	i) becoming due and payable within one year		
	ii) becoming due and payable after more than one year		
2	Amounts owed to credit institutions		
	a) becoming due and payable within one year	0.00	0.00
	b) becoming due and payable after more than one year		
3	Payments received on account of orders in so far as they are shown separately as deduction		
	a) becoming due and payable within one year		
	b) becoming due and payable after more than one year		
4	Trade creditors		
	a) becoming due and payable within one year	2,340.00	0.00
	b) becoming due and payable after more than one year	0.00	0.00

		EUR	
		31/12/2017	31/12/2016
5	Bills of exchange payable		
	a) becoming due and payable within one year		
	b) becoming due and payable after more than one year		
6	Amounts owed to affiliated undertakings		
	a) becoming due and payable within one year	21,865.76	0.00
	b) becoming due and payable after more than one year		
7	Amounts owed to undertakings with which the undertaking is linked by virtue of participati		
	a) becoming due and payable within one year		
	b) becoming due and payable after more than one year		
8	Other creditors		
	a) Tax authorities	0.00	0.00
	b) Social security authorities		
	c) Other creditors		
	i) becoming due and payable within one year	0.00	0.00
	ii) becoming due and payable after more than one year		
D	Deferred income	0.00	0.00
TOTAL CAPITAL, RESERVES AND LIABILITIES		49,224.86	0.00

Detail for CAPITAL, RESERVES AND LIABILITIES

		EUR	
		31/12/2017	31/12/2016
CAPITAL, RESERVES AND LIABILITIES			
A/I	Capital and reserves		
	Subscribed capital	30,000.00	0.00
	101000000		
	Subscribed capital (Corporations - Total amount)	30,000.00	0.00
A/VI	Profit or loss for the financial year	-4,980.90	0.00
	142000000		
	Profit or loss for the financial year	-4,980.90	0.00
C//4/a)	Creditors		
	Trade creditors		
	becoming due and payable within one year	2,340.00	0.00
	441120000		
	Trade payable - purchase invoice accruals	2,340.00	0.00
C//6/a)	Amounts owed to affiliated undertakings		
	becoming due and payable within one year	21,865.76	0.00
	451123000		
	Loan to SYNCORDIS S.A.	21,865.76	0.00

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT		EUR	
		31/12/2017	31/12/2016
1	Net turnover		
2	Variation in stocks of finished goods and in work in progress		
3	Work performed by the undertaking for its own purposes and capitalised		
4	Other operating income		
5	Raw materials and consumables and other external expenses		
	a) Raw materials and consumables		
	b) Other external expenses	-4,980.90	0.00
6	Staff costs		
	a) Wages and salaries		
	b) Social security costs		
	i) relating to pensions		
	ii) other social security costs		
	c) Other staff costs		
7	Value adjustments		
	a) in respect of formation expenses and of tangible and intangible fixed asset	0.00	0.00
	b) in respect of current assets		
8	Other operating expenses		
9	Income from participating interests		
	a) derived from affiliated undertakings		
	b) other income from participating interests		
10	Income from other investments and loans forming part of the fixed assets		
	a) derived from affiliated undertakings		
	b) other income not included under a)		
11	Other interest receivable and similar income		
	a) derived from affiliated undertakings		
	b) other interest and similar income		
12	Share of profit or loss of undertakings accounted for under the equity method		
13	Value adjustments in respect of financial assets and of investments held as current assets Interest payable and similar expenses		
14	Interest payable and similar expenses		
	a) concerning affiliated undertakings		
	b) other interest and similar expenses		
15	Tax on profit or loss	0.00	0.00
16	Profit or loss after taxation	-4,980.90	0.00
17	Other taxes not shown under items 1 to 16	0.00	0.00
18	Profit or loss for the financial year	-4,980.90	0.00

Detail for PROFIT AND LOSS ACCOUNT

		EUR	
		<u>31/12/2017</u>	<u>31/12/2016</u>
PROFIT AND LOSS ACCOUNT			
//5/b)	Raw materials and consumables and other external expenses	-4,980.90	0.00
	Other external expenses		
	613330000 Account costs	-79.52	0.00
	613411000 Notary fees	-901.38	0.00
	613420000 Accounting and audit fees	-4,000.00	0.00
//16	Profit or loss after taxation	-4,980.90	0.00
//18	Profit or loss for the financial year	-4,980.90	0.00
	142000000 Profit or loss for the financial year	-4,980.90	0.00

Notes to Financial Statements

Note 1 - GENERAL INFORMATION

SYNCORDIS SUPPORT SERVICES SA (hereinafter "the Company") was incorporated on 7 September 2017 as a anonymous Society (limited company) under Luxembourg law for an unlimited term.

The registered office is located at 105, route d'Arlon L - 8009 Strassen.

The Company's financial year commences on 1st January and ends on 31 December of each year.

Exceptionally, the year ended 31 December 2017 commenced on 7 September 2017, the date of the Company's incorporation.

The Company's object is the provision of assistance and support services to IT systems and information processing for industry and the tertiary sector, excluding any activity that may be considered as a regulated activity in the financial sector (PSF).

The Company may carry out any commercial, industrial, financial, securities or intellectual property activities it deems necessary to achieve these objects.

Note 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS AND VALUATION METHODS

Note 2.1 - General Principles

The financial statements are prepared in accordance with legal and regulatory provisions in force in Luxembourg and with generally accepted accounting principles.

The accounting records and financial statements are prepared in EUR.

The accounting policies and valuation principles are, apart from the rules laid down by the amended Act of 19 December 2002, determined and implemented by the Board of Directors.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgment in the application of accounting principles. Any changes in assumptions can have a significant impact on the financial statements for the period during which these assumptions have changed. Management considers that the underlying assumptions are appropriate and that the financial statements represent a true and fair view of the Company's financial position and results.

The Company makes estimates and assumptions that have an impact on the amounts shown as assets and liabilities during the following period. Estimates and judgments are evaluated on an ongoing basis and are based on past experience and other factors, including expectations of future events deemed reasonable under the circumstances.

The Company, based on criteria laid down by Luxembourg law, is exempt from the obligation to prepare consolidated accounts and a consolidated management report for the year / period ending 31 December 2017. Accordingly, in compliance with legal requirements, these accounts were presented by the Board of Directors, on an unconsolidated basis, for approval at the annual general meeting.

Note 2.2 - Valuation Principles

The principal valuation rules adopted by the Company are as follows:

Note 2.2.1 - Conversion of items in foreign currency

The Company maintains its accounts in EUR.

All transactions denominated in a currency other than the EUR are recorded in EUR at the exchange rate in effect on the transaction date.

Formation costs and fixed assets expressed in a currency other than the Euro are converted into Euros at the historical exchange rate in effect at the time of the transaction. At the closing date, these fixed assets are converted at historical exchange rates.

Bank deposits are converted at the exchange rates in effect at the closing date. Any resulting exchange gains and losses are recorded in the profit and loss account for the year.

Other items of assets and liabilities are valued individually at the lowest, and respectively the highest of their value converted at the historical exchange rate or the value determined on the basis of exchange rates in effect at the balance sheet date. Only unrealised exchange losses are recognised in the profit and loss account. Foreign exchange gains are recorded in the profit and loss account when they are realised.

When there is an economic link between an asset and a liability, they are generally valued according to the method described above and only the net unrealised exchange loss is recorded in the profit and loss account, and any unrealised gains are not recorded.

Note 2.2.2 - Provisions

Provisions are intended to cover losses or debts which are clearly defined in nature but which, at the balance sheet date, are either likely or certain but undetermined as to their amount or as to their date of occurrence.

Provisions are also made to cover charges which originate in the financial year or in a previous financial year and which are clearly defined in nature but which, at the balance sheet date, are either likely or certain but undetermined as to their amount or as to their date of occurrence.

Note 2.2.3 - Liabilities

Liabilities are recorded at their recovery value. Where the amount payable is greater than the amount received, the difference is recognised in the profit and loss account on the issuance of the debt.

Note 3 - SUBSCRIBED CAPITAL

The subscribed capital amounts to EUR 30 000.00 and is fully paid up.

	2017 EUR
Subscribed capital at 1st January 2017	0.00
Subscription and payment of capital at incorporation on 7 September 2017	30,000.00
Subscribed capital at 31 December 2017	30,000.00

At 31 December 2017, there are no participation shares, convertible bonds or similar securities or rights.

Note 4 - RESERVES**Rating 4.1 - Legal reserve**

From the net profit, 5% should be deducted annually to constitute the reserve fund as required by Luxembourg law. This ceases to be mandatory when the reserve reaches one tenth of the capital. The legal reserve may not be distributed.

Note 5 - TRANSACTIONS FOR THE YEAR ON "RESERVES" AND "RESULTS" ITEMS

Transactions for the year are as follows:

	Legal reserve	Statutory reserves	Other reserves	Retained earnings	Results for the year
	EUR	EUR	EUR	EUR	EUR
At 31/12/2016	0.00	0.00	0.00	0.00	0.00
Transactions for year:					
Appropriation of income for the previous year	0.00	0.00	0.00	0.00	0.00
Distribution of dividends	0.00	0.00	0.00	0.00	0.00
Result for the year	0.00	0.00	0.00	0.00	-4 980.90
Other transactions (to be clarified)	0.00	0.00	0.00	0.00	0.00
At 31/12/2017	0.00	0.00	0.00	0.00	-4 980.90

Note 6 - DEBT

The remaining terms for items in the heading "Debt" are as follows:

	Term less than one year	Total 2017	Total 2016
	EUR	EUR	EUR
Debt on purchases and service provision	2,340.00	2,340.00	0.00
Debts to affiliated companies	21,865.76	21,865.76	0.00
Total	24,205.76	24,205.76	0.00

Note 7 - STAFF

There was no salaried staff employed during the year.

Note 8 - REMUNERATION ALLOCATED TO MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES AND COMMITMENTS IN RESPECT OF PENSIONS FOR FORMER MEMBERS OF THESE BODIES

No remuneration was paid to members of management and supervisory bodies for their duties.

Note 9 - ADVANCES AND LOANS GRANTED TO MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES

No advances or loans were granted to management and supervisory bodies and no commitment was made to them under any warranty.

Note 10 - OFF-BALANCE SHEET COMMITMENTS

As at 31 December 2017, there are no liabilities of the Company that may be helpful in assessing its financial position.

Note 11 - EVENTS SUBSEQUENT TO THE CLOSING DATE

There are no events subsequent to the closing date that may have any impact on the Company's financial statements at 31 December 2017.

Note 12 – APPROPRIATION OF INCOME

In accordance with the Board of Directors' proposal, the appropriation of available income is as follows:

	Legal reserve	Five-year reserve	Retained earnings	Results for the year
	0.00	0.00	0.00	-4 980.90
At 31/12/2017				
Transactions after year end:	0.00	0.00	0.00	0.00
• Appropriation of income after year end	0.00	0.00	- 4 980.90	4 980.90
• Distribution of dividends	0.00	0.00	0.00	0.00
• Reversal of previous reserves	0.00	0.00	0.00	0.00
• Allocation to reserves	0.00	0.00	0.00	0.00
	0.00	0.00	- 4 980.90	0.00

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Information technology consultancy activities

DIRECTORS

G P M Desjonqueres has held office during the whole of the period from 1 April 2017 to the date of this report.

Other changes in directors holding office are as follows:

S Chaturvedi - appointed 15 December 2017

A Sonthalia - appointed 15 December 2017

A Z Ullah - appointed 15 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and section 1A of FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to smaller entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, The Paris Partnership LLP, were appointed during the year, and will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD

G P M Desjonqueres - Director

Date : 17/05/2018

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS OF SYNCORDIS LIMITED

Opinion

We have audited the financial statements of Syncordis Limited (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, Statement of Financial Position and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Lee Paris FCA (Senior Statutory Auditor)

for and on behalf of The Paris Partnership LLP
Chartered Accountants and Statutory Auditors

Russell House 140 High Street
Edgware
Middlesex
HA8 7LW
Date:

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year Ended 31.3.18	Period 7.3.16 to 31.3.17
		£	£
TURNOVER			
Administrative expenses		(1,379)	(434)
OPERATING LOSS		(1,379)	(434)
Interest receivable and similar income			
LOSS BEFORE TAXATION		(1,379)	(433)
Tax on loss			
LOSS FOR THE FINANCIAL YEAR		(1,379)	(433)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION 31 MARCH 2018

	Notes	2018 £	2017 £
CURRENT ASSETS			
Cash at bank		891	951
CREDITORS			
Amounts falling due within one year	3	(1,703)	(384)
NET CURRENT (LIABILITIES)/ASSETS		(812)	567
TOTAL ASSETS LESS CURRENT LIABILITIES		(812)	567
 CAPITAL AND RESERVES			
Called up share capital	4	1,000	1,000
Retained earnings	5	(1,812)	(433)
SHAREHOLDERS' FUNDS		(812)	567

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 Relating to small companies
The financial statements were approved by the Board of directors on 18/5/2018 and were signed on its behalf by

G P M Desjonqueres - Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. STATUTORY INFORMATION

Syncordis Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Going concern

Since incorporation, the company has incurred only administration expenses. The management anticipates demand in the UK market and has recruitment plans which will help the Company to bid for projects. The company will have its own cash flows in the coming year and till then the parent, Syncordis S.A., will continue to provide its support.

3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Accrued expenses	1,703	384

4. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class :	Nominal value	2018 £	2017 £
1,000	Ordinary	£1	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (Contd.)

	Retained earnings
	£
5. RESERVES	
At 1 April 2017	(433)
Deficit for the year	(1,379)
At 31 March 2018	(1,812)
6. ULTIMATE CONTROLLING PARTY	
The ultimate controlling party is Syncordis S.A..	
7. ULTIMATE PARENT COMPANY	
The ultimate parent company is Larsen & Toubro Infotech Limited (LTI India), which prepares group financial statements incorporating the financial statements of the company.	

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Year Ended 31.3.18		Period 7.3.16 to 31.3.17	
	£	£	£	£
Income				
Other income				
Deposit account interest				
Expenditure				
Accountancy	299		384	
Auditors' remuneration	1,020			
		1,319		384
		(1,319)		(383)
Finance costs				
Bank charges		60		50
NET LOSS		(1,379)		(433)

This page does not form part of the statutory financial statements

MANAGEMENT REPORT ON OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

We have the honor to present to you, in accordance with legal and regulatory texts, the report on the operations for the year ended December 31, 2017, as well as the annual accounts for the said financial year submitted for approval.

Situation and activity of the company during the year

As you can see, the activity achieved during the past financial year resulted in a turnover of € 3,847,596 compared to € 2,231,580 for the previous financial year, an increase of 72%.

Total operating expenses amounted to € 3,354,423, after provisions and depreciation for € 3,757.

The total payroll, including social security contributions, rose from € 761,186 to € 1,472,329, an increase of 93%, while the average number of employees increased from 5 to 17.

The operating result amounted to € 514,724 compared with € 439,191 for the previous year, marking an increase of 17%.

The financial result, amounting to € 747, compared with € 75 for the previous financial year, shows a current profit before tax of € 515,470, compared to € 439,266 at 31 December 2016.

The extraordinary result amounts to € 30,232, compared to € (22,486) for the previous financial year.

The income tax for the year amounts to € 178,133.

Taking into account income and expenses of all kinds, the activity of the past year is reflected in a profit of € 367,569, representing 10% of sales excluding taxes.

This result is up 33% compared to the previous year, which showed a profit of € 276,851, or 12% of sales.

Significant events during the year

It should be noted that no significant event occurred during the financial year

Changes in the Board of Directors of the Company during the year

On 15th December 2017, the following Directors were appointed on the Board of Directors of the Company:

- Mr Sudhir Chaturvedi
- Mr Aftab Ullah
- Mr Ashok Sonthalia

Predictable evolution and future prospects

The development of the turnover recorded during the past year, as well as the results obtained, reassure us on the merits of our business, which we will pursue for the future, while continuing to ensure the maintenance of Fixed management costs at their right level.

Significant events since the end of the year

Nothing particular seems to us to be reported on this plan.

Company activity in research and development

Our company has not recorded any expenses of this nature in the past year.

Equity investments

No equity investments occurred during the year.

Proposed assignment of the result

Net of all expenses and amortization, the annual financial statements for the year ended December 31, 2017 show a profit of € 367,568.8, which should be allocated in full to the "Other reserves" account.

Reminder of dividends previously distributed

In order to meet the requirements of article 243 bis of the French General Tax Code, I remind you that dividends have not been distributed for the previous three financial years.

Non tax deductible expenses

In accordance with the provisions of Article 223 quater of the French Tax Code, it is specified that the financial statements for the past financial year do not cover expenditure that is not deductible for tax purposes within the meaning of Article 39-4 of the French Tax Code.

Regulated agreements

In application of the provisions of article L.223-19, al. 3 of the French Commercial Code, we have the honor to inform you that the agreements referred to in this article for the financial year ended December 31, 2017 will be entered in the register of decisions.

Appointment of auditors

We remind you that our company is now required to appoint an auditor. The following Auditor has been appointed by the sole shareholder for a period of six (6) fiscal years, in accordance with the legal provisions, ie until the close of the meeting which will be called to approve the financial statements for the year ended in 2023 :

The RBA Company
represented by Mrs Sandrine FLEURY
1 rue Le Corbusier - 37230 FONDETTES

Conclusion

We hope that the decisions that have been proposed will receive approval and that you will be asked to give the Board of Directors discharge for the fiscal year ended December 31, 2017.

Signed in Paris, on 11th May 2018

Mr. Francois Xavier Martin
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SYNCORDIS France SARL

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SYNCORDIS France SARL as at December 31, 2017 and its financial performance for the year then ended in accordance with French generally accepted accounting principles.

We have audited the accompanying financial statements of SYNCORDIS France SARL, which comprise the balance sheet as at December 31, 2017 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as adopted by the "Order of Chartered Accountants". Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company SYNCORDIS France SARL within the meaning of ethical and independence requirements applicable to us and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of SYNCORDIS France SARL for the year ended December 31, 2016 were not audited.

Management's Responsibility for Financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with French generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs, as adopted by the "Order of Chartered Accountants", will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Metz, 11th May 2018

For CPA SAS

Christine JUNGLING
French Chartered Accountant

Balance Sheet - Assets

	Gross	Amortis. Depreciation	Net at 31/12/2017	Net at 31/12/2016
FIXED ASSETS				
Intangible assets				
Formation costs				
Research and development costs				
Concessions, patents, licences, software, rights & siml. rights				
Goodwill (1)				
Other intangible assets				
Advance payments on intangible assets				
Tangible assets				
Land				
Buildings				
Plant, equipment and tooling				
Other tangible assets	23,256.74	16,509.17	6,747.57	6,127.32
Tangible assets in progress				
Advances and prepayments				
Financial fixed assets (2)				
Investments (equity method)				
Other investments				
Receivables from investments				
Other equity investments				
Loans				
Other financial fixed assets	25,637.95		25,637.95	13,120.50
	48,894.69	16,509.17	32,385.52	19,247.82
CURRENT ASSETS				
Inventories and work in progress				
Raw materials and other supplies				
In-progress (goods and services)				
Intermediate and finished products				
Merchandise				
Advances and prepayments on orders				
Receivables (3)				
Accounts receivable	1,639,071.10	26,442.00	1,612,629.10	221,320.96
Other receivables	79,276.25	3,338.59	75,937.66	63,684.40
Capital subscribed and called, unpaid				
Miscellaneous				
Marketable securities	264,123.92		264,123.92	1,271,703.23
Cash and cash equivalents				
Prepaid expenses (3)	5,231.42		5,231.42	1,303.17
Loan issue costs to be spread	1,987,702.69	29,780.59	1,957,922.10	1,558,011.76
Bond redemption premiums				
Translation adjustments for assets				
TOTAL	2,036,597.38	46,289.76	1,990,307.62	1,577,259.58
(1) Lease rights				
(2) Less than one year (gross)				1,800.00
(3) More than one year (gross)				29,753.41

Balance Sheet - Liabilities

	At 31/12/2017	At 31/12/2016
SHAREHOLDERS' EQUITY		
Capital	15,000.00	15,000.00
Issue, merger, contribution premiums, etc.		
Revaluation variance		
Legal reserve	1,500.00	1,500.00
Statutory or contractual reserves		
Regulated reserves		
Other reserves	346,954.53	70,103.99
Retained earnings		
YEAR PROFIT (profit or loss)	367,568.80	276,850.54
Investment grants		
Regulated provisions		
	731,023.33	363,454.53
OTHER EQUITY		
Proceeds from issues of preferred stock		
Conditional advances		
PROVISIONS FOR LIABILITIES AND CHARGES		
DEBT (1)		
Convertible bonds		
Other bonds		
Borrowings from credit institutions (2)		
Loans and other liabilities (3)		187.40
Advance orders received on current orders		
Trade payables and related accounts	447,244.84	175,445.41
Social security and tax debts	805,013.40	673,023.24
Debts on fixed assets and related accounts		
Other debts	7 026.05	
Deferred income (1)		365,149.00
	1,259,284.29	1,213,805.05
Translation adjustments for liabilities		
TOTAL	1,990,307.62	1,577,259.58
(1) More than one year (a)		
(1) Less than one year (a)	1,259,284.29	1,213,805.05
(2) Including bank loans and bank overdrafts		
(3) Participating loans		
<i>(a) Except for advances and prepayments received on contracts in progress</i>		

Profit & Loss Account

	Year ended 31/12/2017	Year ended 31/12/2016
Operating income (1)		
Sales of goods		
Production sold (goods)		
Production sold (services)	3,847,595.83	2,231,580.00
Net turnover	3,847,595.83	2,231,580.00
Of which export		
Stored production		
Capitalised production		
Operating grants		
Reversals of provisions (depreciation and amortisation), expense transfers	20,356.71	5,728.21
Others income	1,194.42	13.72
Total I	3,869,146.96	2,237,321.93
Operating expenses (2)		
Purchases of goods		
Inventory changes		
Purchases of raw materials and other supplies		
Inventory changes		
Other purchases and external charges (a)	1,849,875.77	996,080.39
Taxes, duties and other payments	27,363.37	8,658.14
Wages and salaries	1,041,099.34	564,023.39
Social security liabilities	431,229.85	197,163.02
Amortisation and depreciation:		
- On fixed assets: amortisation	3,757.00	2,384.49
On fixed assets: depreciation		
On current assets: depreciation		29,780.59
- For liabilities and charges: provisions		
Other expenses	1,098.13	40.62
Total II	3,354,423.46	1,798,130.64
OPERATING RESULT (I-II)	514,723.50	439,191.29
Share of income from joint operations		
Income allocated or loss transferred III		
Loss incurred or profit transferred IV		
Financial income		
From investments (3)		
Other marketable securities and fixed asset receivables (3)		
Other interest and related income (3)	746.53	74.58
Reversals of provisions and depreciation and expense transfers		
Foreign exchange gains		
Net income from disposals of marketable investment securities		
Total V	746.53	74.58

Profit & Loss Account (Contd.)

	Year ended 31/12/2017	Year ended 31/12/2016
Financial expenses		
Amortisation, depreciation and provisions		
Interest and related expenses (4)		
Foreign exchange losses		
Net expenses on disposals of marketable investment securities		
Total VI		
FINANCIAL RESULT (V-IV)	746.53	74.58
PRE-TAX RESULT (III + III + IV-V-VI)	515,470.03	439,265.87
Extraordinary income		
From management operations	32,607.27	48.00
From capital operations		
Reversals of provisions and depreciation and expense transfers		3,872.00
Total VII	32,607.27	3,920.00
Extraordinary expenses		
From management operations	2,375.50	26,406.33
From capital operations		
Amortisation, depreciation and provisions		
Total VIII	2,375.50	26,406.33
EXTRAORDINARY RESULT (VII-VIII)	30,231.77	-22,486.33
Employee profit-sharing (IX)		
Income taxes (X)	178,133.00	139,929.00
Total income (I + III + V + VII)	3,902,500.76	2,241,316.51
Total expenses (II + IV + VI + VIII + IX + X)	3,534,931.96	1,964,465.97
PROFIT OR LOSS	367,568.80	276,850.54
(A) Including:		
- Equipment leasing fees		
- Property leasing fees		
(1) Income relating to prior years		
(2) Expenses relating to prior years		
(3) Income concerning related entities		
(4) Interest concerning related entities		

Accounting rules and methods

Presentation of notes

Name of company: **SYNCORDIS FRANCE**

Notes to the balance sheet for the year ended 31/12/2017, for which the total is 1 990 308 euros and the profit and loss account for the year, presented in list form, recorded a profit of 367,569 euros.

The notes and tables below form an integral part of the financial statements.

The financial year has a length of 12 months covering the period from 01/01/2017 to 31/12/2017.

No significant events for year and no significant events subsequent to the year-end are reported.

General rules

The financial statements for the year at 31/12/2017 were prepared in accordance with Accounting Standards Authority regulation No. 2016-07 of 4 November 2016 updated by various additional regulations on the date the financial statements were prepared.

The accounting policies have been applied fairly in line with the principle of prudence, in accordance with basic assumptions:

- continuity of operations,
- consistency of accounting methods from one year to the next, independence of financial years. and

in accordance with general rules for preparing and presenting financial statements.

The basic method used to value items recorded in the accounts is the historical cost method.

Only significant information has been expressed.

Tangible and intangible assets

Tangible and intangible assets are valued at their acquisition cost for assets acquired for consideration at their production cost for assets produced by the company, at their market value for assets acquired free of charge and by way of exchange.

The cost of a fixed asset is made up of its purchase price, including customs duties and non-recoverable taxes, net of discounts, rebates and cash discounts. It also includes all directly attributable costs incurred to develop the asset and ensure its operation is in accordance with the intended use. Transfer taxes, fees or commissions and legal fees related to the acquisition are not related to the acquisition cost. All costs that are not part of the acquisition price for the fixed asset and which cannot be linked directly to costs necessary to develop the asset and ensure its operation is in accordance with the intended use, are recognised as expenses.

Depreciation is calculated on a straight-line basis based on the following periods:

- * Office equipment: 5 to 10 years
- * Computer equipment: 3 years
- * Furniture: 10 years

The depreciation period used by simplification is the period of use for assets not able to be broken down originally.

Shareholdings, investment securities, transferable securities

The gross value is made up of the purchase cost excluding incidental expenses. When the inventory value is less than the gross value, an impairment equal to the amount of the difference is recognised.

Receivables

Receivables are stated at their nominal value. A provision for depreciation is recorded when the inventory value is less than the book value.

Extraordinary income and expenses

Extraordinary income and expenses include items that are not related to normal business activity.

Pension commitments

The company's collective bargaining agreement provides for retirement benefits. A separate agreement has not been signed.

The corresponding commitments have not been recognised as a provision.

Notes to the balance sheet

Fixed assets

	At start of year	Increase	Decrease	At year end
- General installations, fixtures and				
- Plant, machinery and equipment				
- General installations, fixtures				
- Office and computer equipment, furniture	18,879	4,377		23,257
Tangible assets	18,879	4,377		23,257
- Investments accounted for using equity method				
- Loans and other financial assets	13,121	18,817	6,300	25,638
Financial assets	13,121	18,817	6,300	25,638
FIXED ASSETS	32,000	23,195	6,300	48,895

Depreciation of fixed assets

	At start of year	Increase	Decrease	At year end
- General installations, fixtures and				
- Plant, machinery and equipment				
- General installations, fixtures				
- Office and computer equipment, furniture	12,752	3,757		16,509
Tangible assets	12,752	3,757		16,509
FIXED ASSETS: DEPRECIATION	12,752	3,757		16,509

Current assets

Statement of receivables

Total receivables at the end of the year amounted to 1 749 17 euros, broken down overall as follows:

	Gross amount	Maturity 1 year or less	Maturity over 1 year
Fixed asset receivables:			
Receivables related to equity investments			
Loans	25,638		25,638
Other			
Current asset receivables:			
Trade receivables and related receivables	1,639,071	1,639,071	
Other	79,276	79,276	
Share capital – called, unpaid			
Prepaid expenses	5,231	5,231	
Total	1,749,217	1,723,579	25,638
Loans granted during the year			
Loans recovered during the year			

Income receivable

	Amount
Trade - invoices to be issued	426,872
Total	426,872

Notes to the balance sheet (Contd.)

Shareholders' equity

Composition of share capital

Share capital in the amount of 15 000.00 euros divided into 300 shares with a par value of 50.00 euros.

	Number	Par value
Securities making up share capital at start of year		
Securities issued during the year		
Securities redeemed during the year		
Securities making up share capital at end of year	300	50.00

Liabilities

Statement of liabilities

Total liabilities at the end of the year amounted to 1,259,284 euros, broken down overall as follows:

	Amount
Suppliers – accrued invoices	122 076
Funded liabilities – paid leave and working time reduction	47 752
Personnel – other accrued liabilities	160 000
Social security liabilities / paid leave and working time reduction	20 864
Social security liabilities – accrued liabilities	70 316
State - Other accrued liabilities	8 358
Apprenticeship tax	10 823
Ongoing training	7 628
Trade - rebates, allowances, discounts	5 940
Total	453 758

	Gross	Maturity 1 year or less	Maturity 1 to 5 years	Maturity over 5 years
Convertible bonds				
Other bonds				
Loans and borrowings from credit institutions, of which:				
- 1 year maximum originally				
- over 1 year originally				
Sundry loans and financial debts				
Trade payables and related accounts	447,245	447,245		
Tax and social security liabilities	805,013	805,013		
Fixed asset liabilities and related accounts				
Group and associates				
Other liabilities	7,026	7,026		
Deferred income				
Total	1,259,284	1,259,284		
Loans taken out during year				
Loans repaid over the year				

Accrued liabilities

Accruals Prepaid expenses

	Operating expenses	Financial expenses	Extraordinary expenses
Prepaid expenses	5 231		
Total	5 231		

Other information

Pension commitments

Amount of commitments in respect of pensions, supplementary pensions and related benefits: 20,596 euros. The amount of the company's commitment for employee retirement benefits has been estimated based on the retirement benefit set out in the Labour Code by using the projected unit credit method.

For a defined benefit plan, recommendation 2003-R.01 of 1st April 2003 is applied.

Competitiveness and employment tax credit

The company benefits from the Competitiveness and Employment Tax Credit scheme introduced under the amended Finance Act of 2012. This tax credit is calculated on all remuneration paid to employees during the calendar year that does not exceed 2.5 times the minimum wage based on statutory working time, plus, where appropriate, additional hours or overtime.

The tax credit receivable for the period from 01/01/2017 to 31/12/2017 amounts to 13,642 euros. It was recorded as a credit to "Social security liabilities". The minimum wage does not constitute taxable income subject to corporation tax and the company value-added contribution.

It aims to finance improvement in company competitiveness. For this purpose, it is used to finance the company's efforts in investment, research, innovation, training, recruitment, prospecting for new markets, environmental and energy transition, and replenishment of working capital.



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