REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2016.

The Corporation is a wholly owned subsidiary of ITC Infotech India Limited, incorporated in India.

Pyxis Solutions, LLC (Pyxis), organized and headquartered in New York, USA, a wholly owned subsidiary of the Corporation, merged with the Corporation with effect from 1st April, 2016.

Principal Activities

The Corporation is engaged in providing IT services, software development and support services.

Financial Results

(US$ million)

	ITC Infotech (USA), Inc. Consolidated (*)	
Year Ended March 31,	**2016**	2015
Total Revenue	**86.44**	81.62
Operating Income before Amortization	**3.84**	3.55
Profit After Tax	**0.47**	0.82

(*) including Pyxis Solutions, LLC

Business Review

Total revenues grew by 6% over the previous year. The Corporation saw good traction in the new business development front with the addition of 27 new clients. Strong wins were seen in verticals such as Hi-tech, Manufacturing and Travel. Product Engineering, Customer Experience, Infrastructure, Big Data and Operations Enablement services continued to witness good demand from clients in the USA.

The Corporation continued to strengthen its sales presence in the Americas. In the coming year, the Corporation will sharpen its focus on winning larger deals and selling domain specific solutions with existing and new clients, in its endeavor to increase the annuity and digital revenue streams.

Primary challenges envisaged would be those relating to pricing pressures in a mature market, partly also due to the strengthening US dollar.

Wholly Owned Subsidiary - Pyxis Solutions, LLC (Pyxis)

Pyxis primarily provided high end, domain-based software consulting to clients in the financial services industry. In the financial year, revenues of Pyxis was at USD 2.09 million, with net income at USD 0.09 million.

During the year under review, Pyxis declared and paid US$ 1,000,000 (previous year-Nil) as dividend for the financial year 2015-16 by way of distribution to the Corporation, the Sole Member of Pyxis.

The Corporation, to position itself as a full services provider in the BFSI segment and optimally utilize the resources and assets, merged Pyxis into itself with effect from 1st April, 2016. Consequently Pyxis ceased to be a subsidiary of the Corporation with effect from that date.

Directors

M/s. Y. C. Deveshwar, S. Sivakumar, B. B. Chatterjee, (Ms.) B. Parameswar, (Ms.) S. Rajagopalan and R. Tandon, Directors of the Corporation, will retire at the Annual Meeting, and, being eligible, offer themselves for re-appointment.

Auditors

M/s. EisnerAmper LLP, Accountants and Advisors, Auditors of the Corporation, offer themselves for re-appointment as Auditors of the Corporation to audit the Financial Statements of the Corporation for the financial year ending 31st March, 2017.

On behalf of the Board

27th April, 2016	S. Rajagopalan Director	S. Sivakumar Vice Chairman

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ITC Infotech (USA), Inc.

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of ITC Infotech (USA), Inc. which comprise the special-purpose balance sheets as of March 31, 2016 and 2015, and the related special-purpose statements of operations and retained earnings and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis described in Note B to the financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 special-purpose financial statements referred to above present fairly, in all material respects, the financial position of ITC Infotech (USA), Inc. as of March 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years then ended in accordance with the Basis of Presentation as described in Note B[1].

Basis of Accounting

The accompanying special-purpose financial statements were prepared for the purpose of reporting to the members of ITC Infotech (USA), Inc., and its Parent Company, Infotech India, as described in Note B[1]. The Company does not consolidate Pyxis Solutions, LLC, a 100% owned subsidiary, and the accompanying financial statements are not intended to be a presentation in conformity with generally accepted accounting principles.

Emphasis of Matter

As discussed in Note B[1] to the financial statements, the Indian Rupee equivalent figures have been included in the financial statements as required by the parent company, and is not a representation in conformity with accounting principles generally accepted in the United States of America.

Restriction of Use

This report is intended solely for the information and use of the board of directors and management of ITC Infotech (USA), Inc. and its group companies and is not intended to be and should not be used by anyone other than these specified parties.

Iselin, New Jersey
April 27, 2016

BALANCE SHEETS AS OF MARCH 31

	2016	2016	2015	2015
Assets	$	₹	$	₹
Current assets				
Cash and cash equivalents	**1,287,027**	**85,278,358**	3,579,333	223,708,391
Accounts receivable, net of allowance for doubtful accounts of $904,608 (₹ 59,939,326) and $904,608 (₹ 56,537,960) for 2016 and 2015, respectively	**22,589,156**	**1,496,757,495**	19,954,428	1,247,151,753
Advances to employees	**126,672**	**8,393,296**	420,526	26,282,849
Current deferred income taxes	**2,774,536**	**183,840,755**	1,976,829	123,551,788
Total current assets	**26,777,391**	**1,774,269,904**	25,931,116	1,620,694,781
Equipment, software, furniture and fixtures and leasehold improvements	**939,395**	**62,244,280**	786,695	49,168,453
Less: Accumulated depreciation and amortization	**667,292**	**44,214,745**	574,295	35,893,438
	272,103	**18,029,535**	212,400	13,275,015
Intangible assets, goodwill and interest in net assets in Pyxis Solutions, LLC	**14,184,523**	**939,866,475**	14,184,523	886,532,670
Less: Accumulated amortization	**10,151,649**	**672,648,257**	7,010,122	438,132,598
	4,032,874	**267,218,218**	7,174,401	448,400,072
Other assets, principally unsecured advances	**893,441**	**59,199,489**	1,031,990	64,499,363
	31,975,809	**2,118,717,146**	34,349,907	2,146,869,231
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**817,059**	**54,138,357**	349,435	21,839,691
Accrued expenses and other current liabilities	**5,171,127**	**342,638,894**	4,847,782	302,986,398
Accrued payroll and payroll taxes	**1,174,955**	**77,852,517**	1,172,525	73,282,818
Due to ITC Infotech Ltd. (UK), net	**–**	**–**	41,737	2,608,556
Due to ITC Infotech India Ltd., net	**4,970,343**	**329,334,911**	9,490,021	593,126,324
Total current liabilities	**12,133,484**	**803,964,679**	15,901,500	993,843,787
Non-current liabilities				
Deferred income taxes	**82,575**	**5,471,420**	63,711	3,981,940
Commitments and contingencies (see Note F)				
Stockholder's equity				
Capital stock, no par value; 185,000 shares authorized; 182,000 shares issued and outstanding at March 31, 2016 and 2015	**200,000**	**13,252,000**	200,000	12,500,000
Additional paid-in capital	**18,000,000**	**1,192,680,000**	18,000,000	1,125,000,000
Retained earnings	**1,559,750**	**103,349,047**	184,696	11,543,504
Total stockholder's equity	**19,759,750**	**1,309,281,047**	18,384,696	1,149,043,504
	31,975,809	**2,118,717,146**	34,349,907	2,146,869,231

On behalf of the Board

Date: April 27, 2016	G Satish Financial Controller	L N Balaji President	S Rajagopalan Director	S Sivakumar Vice Chairman

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

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS FOR THE YEARS ENDED MARCH 31

	2016 $	2016 ₹	2015 $	2015 ₹
Revenues				
Service fees	**37,034,912**	**2,453,933,298**	45,059,276	2,816,204,756
Account management fees - affiliates	**–**	**–**	261,371	16,335,659
Project fees	**47,662,573**	**3,158,122,088**	34,051,182	2,128,198,904
Total revenues	**84,697,485**	**5,612,055,386**	79,371,829	4,960,739,319
Cost of revenues, principally employment costs and fees charged by affiliates	**66,325,950**	**4,394,757,441**	62,260,913	3,891,307,068
Gross profit	**18,371,535**	**1,217,297,945**	17,110,916	1,069,432,251
General and administrative expenses	**14,538,652**	**963,331,068**	13,621,639	851,352,461
Operating income before amortization	**3,832,883**	**253,966,877**	3,489,277	218,079,790
Amortization of intangible assets and goodwill	**3,141,527**	**208,157,602**	2,141,528	133,845,500
Operating income	**691,356**	**45,809,275**	1,347,749	84,234,290
Other income	**1,003,687**	**66,504,277**	292	18,259
Income before income tax expense	**1,695,043**	**112,313,552**	1,348,041	84,252,549
Income tax expense / (benefit)				
Current	**1,098,832**	**72,808,578**	1,138,108	71,131,744
Deferred	**(778,843)**	**(51,606,137)**	(548,810)	(34,300,655)
Total income tax expense	**319,989**	**21,202,441**	589,298	36,831,089
Net income	**1,375,054**	**91,111,111**	758,743	47,421,460
Retained earnings / (accumulated deficit) at beginning of year	**184,696**	**12,237,936**	(574,047)	(35,877,938)
Retained earnings at end of year	**1,559,750**	**103,349,047**	184,696	11,543,522

On behalf of the Board

Date: April 27, 2016	G Satish Financial Controller	L N Balaji President	S Rajagopalan Director	S Sivakumar Vice Chairman

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31

	2016 $	2016 ₹	2015 $	2015 ₹
Cash flows from operating activities				
Net income	**1,375,054**	**91,111,111**	758,743	47,421,460
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization	**3,234,524**	**214,319,560**	2,211,674	138,229,627
Deferred income taxes	**(778,843)**	**(51,606,166)**	(548,810)	(34,300,598)
Bad debt expense	**–**	**–**	335,803	20,987,656
(Increase) / decrease in assets				
Accounts receivable	**(2,634,728)**	**(174,577,093)**	(5,138,586)	(321,161,597)
Advances to employees	**293,853**	**19,470,730**	(201,226)	(12,576,599)
Other assets, principally unsecured advances	**138,549**	**9,180,243**	(917,785)	(57,361,551)
Increase / (decrease) in liabilities				
Accounts payable	**467,624**	**30,984,790**	167,063	10,441,441
Accrued expenses and other liabilities	**323,345**	**21,424,834**	1,575,083	98,442,711
Accrued payroll and payroll taxes	**2,430**	**161,005**	287,866	17,991,630
Due to ITC Infotech Ltd. (UK), net	**(41,737)**	**(2,765,487)**	(259,729)	(16,233,069)
Due to ITC Infotech India Ltd., net	**(4,519,678)**	**(299,473,893)**	993,946	62,121,637
Net cash (used in) operating activities	**(2,139,607)**	**(141,770,366)**	(735,958)	(45,997,252)
Cash flows from investing activities				
Capital expenditures	**(152,699)**	**(10,117,853)**	(160,649)	(10,040,578)
Net cash (used in) investing activities	**(152,699)**	**(10,117,853)**	(160,649)	(10,040,578)
Net (decrease) / increase in cash and cash equivalents	**(2,292,306)**	**(151,888,219)**	(896,607)	(56,037,830)
Cash and cash equivalents at beginning of year	**3,579,333**	**237,166,577**	4,475,940	279,746,221
Cash and cash equivalents at end of year	**1,287,027**	**85,278,358**	3,579,333	223,708,391

Supplemental disclosures of cash flow information
Income taxes paid were $1,093,449 (₹ 72,451,931) and $592,671 (₹ 37,041,937) during 2016 and 2015, respectively.

On behalf of the Board

Date: April 27, 2016

G Satish	L N Balaji	S Rajagopalan	S Sivakumar
Financial Controller	President	Director	Vice Chairman

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2016 AND 2015

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

ITC Infotech (USA), Inc. (the "Company"), a New Jersey corporation, is principally engaged in the information technology services business. The majority of its customers are commercial entities throughout the United States of America. The Company is a wholly-owned subsidiary of ITC Infotech India Ltd. ("Infotech India"), an Indian company. There are 185,000 common shares authorized of which 182,000 have been issued, and are outstanding, to Infotech India. ITC Infotech Ltd. ("Infotech UK") is also a wholly-owned subsidiary of ITC Infotech India Ltd.

The Company has entered into an agreement with its parent company Infotech India on April 1, 2014 wherein the Company has agreed to sub-contract the execution and management of customer contracts to Infotech India. Under the terms of this agreement, Infotech India shall assume the overall execution and management responsibilities for such customer contracts. This agreement, inter alia, provides a percentage of revenue to be paid to Infotech India based on actual financial performance of the Company.

Pyxis Solutions, LLC ("Pyxis"), a wholly owned subsidiary of the Company since 2008, was formed as a New York State limited liability company in 2000. Pyxis is principally engaged in the information technology services business offering Quality Assurance (QA) solutions and testing services. Its customers are commercial entities throughout the United States of America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] **Basis of presentation:**

As required by its parent company Infotech India, the financial statements of the Company are not prepared in accordance with accounting principles generally accepted in the United States as the results of operations of its wholly-owned subsidiary Pyxis were not included since the date of acquisition. Accordingly, these financial statements do not purport to follow US GAAP. Furthermore, the impact of the acquisition of Pyxis was not pushed-down to Pyxis. Accordingly, the intangible assets presented herein relate to the excess purchase price over the fair value of Pyxis' assets and liabilities as at the date of acquisition.

These financial statements are presented in U.S. dollars. However, as required by the parent company, the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of US$1 = ₹ 66.26 for fiscal year ended March 31, 2016 (2015 US$1 = ₹ 62.50) as provided by the parent company, have been included solely for informational purposes and is not in conformance with the provisions of FASB ASC 830-30 – Foreign Currency Matters – Translation of Financial Statements and U.S. GAAP.

[2] **Recognition of revenue:**

Service Fees:

Service revenues are based upon hours worked by Company employees on customer assignments and are recognized when the work is performed. Revenue is determined by multiplying the hours worked by the contractual billing rates. Substantially all customers are invoiced weekly, biweekly, or monthly.

Project Fees:

Revenues on the project business are recognized as earned, typically in the month the service is performed. Costs associated with the use of subcontractors to fulfill such project business are recognized in the same period.

In accordance with Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition", the Company recognizes revenues on delivery when a non-cancelable agreement has been executed, fees are fixed and determinable and collection is considered probable unless there is significant uncertainty about customer acceptance, in which case revenues are recognized upon such acceptance. Losses on contracts are recognized when probable and determinable.

Account Management Fees:

Fees for client account management in respect of work contracted by Infotech India and Infotech UK with clients in the United States are billed monthly at a predetermined rate based on contractual agreement and are applied on the amount billed by Infotech India and Infotech UK to their clients.

[3] Cash and cash equivalents:

For purposes of reporting cash flows, the Company considers all deposits in cash accounts which are not subject to withdrawal restrictions or penalties, and certificates of deposit with maturities of ninety days or less, when purchased, to be cash or cash equivalents.

[4] Accounts receivable:

Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 to 60 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company creates an allowance for accounts receivable based on historical experience and management's evaluation of outstanding accounts receivable. Accounts are written off when they are deemed uncollectible.

[5] Equipment, software, furniture and fixtures and leasehold improvements:

Equipment, purchased or internally developed software, furniture and fixtures and leasehold improvements are stated at cost. Depreciation and amortization is provided under the straight line method based upon the estimated useful lives of the assets, with such lives ranging up to five years.

[6] Income taxes:

The Company accounts for income taxes pursuant to ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Future tax benefits, such as net operating loss carry forwards, are recognized to the extent that realization of these benefits is considered to be more likely than not. If the future realization of such benefits is uncertain, then a valuation allowance is provided.

The Company provides for income tax in accordance with the Financial Accounting Standards Board ("FASB") issued ASC 740-10, "Income Taxes" ("ASC 740-10"). ASC 740-10 provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax positions that meet the more likely than not threshold are then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. There were no significant matters determined to be unrecognized tax benefits taken or expected to be taken in a tax return that have been recorded in the Company's financial statements for the year ended March 31, 2016. The Company's Federal and State tax returns are subject to examination by taxing authorities for the years ended March 31, 2013 and after.

[7] Use of estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of management such estimates would not materially affect the financial statements.

[8] Advertising costs:

Advertising costs are expensed as incurred.

[9] Long-lived assets:

The Company follows ASC 360, "Property, Plant and Equipment". Accordingly, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable, the Company assesses the recoverability of the asset. No impairment charge has been recorded in fiscal years ended March 31, 2016 or 2015.

[10] Intangible assets:

Intangible assets are amortized on the straight line method over their estimated useful life of 4 to 8 years.

[11] Goodwill and change in accounting estimates:

Effective April 1, 2013, the Company adopted FASB Accounting Standards Update ("ASU") 2014-02 Intangibles – Goodwill and Other (Topic 350) ("ASU 2014-02"), which includes alternative accounting guidance developed by the Private Company Council that permits private companies to elect to amortize goodwill and to use a simpler impairment test at either the entity level or the reporting unit level.

Upon the adoption of ASU 2014-02, the Company elected to amortize its goodwill on a straight line basis over ten years. Effective April 1, 2014, the Company changed the estimated remaining useful life of goodwill from nine to four years. Effective August 1, 2015, the Company changed the estimated remaining useful life of goodwill from four to three years. These changes in estimates were applied prospectively. Expenses for the year ended March 31, 2016 were increased by $1,000,000 (₹ 66,260,000), (($628,117 net of tax) and (₹ 41,619,695)) compared to the year ended March 31, 2015 as a result of this change.

Under the adoption, the Company had elected to test goodwill for impairment at the reporting unit level. As a result of the Company's decision to merge the operations of Pyxis Solutions, LLC, the Company will have only one reporting unit going forward and therefore goodwill will be tested at an entity level. Goodwill is only tested for impairment when a triggering event occurs that indicates that the fair value of the reporting unit may be less than its carrying amount. There is no requirement to test goodwill for impairment on an annual basis. Any impairment would be recognized for the difference between the fair value of the reporting unit and its carrying amount.

[12] Fair value measurements:

The Company's financial instruments include cash and cash equivalents, accounts receivable from customers, advances, other assets, accounts payable, and accruals which are short-term in nature. The Company believes the carrying amounts of these financial instruments reasonably approximate their fair value.

ASC 820 "Fair Value Measurements" ("ASC 820") defines fair value, establishes a common framework for measuring fair value under the U.S. GAAP, and expands disclosures about fair value measurements for financial and non-financial assets and liabilities.

[13] Capitalized software costs:

Costs incurred for development of computer software for internal use of the Company are capitalized. Any costs incurred in the preliminary stages of development and in the operating stages of the software are expensed immediately. Capitalized software costs are amortized over a period of five years or over the estimated useful lives, whichever is lower. There were no such costs capitalized in fiscal years ended March 31, 2016 or 2015.

[14] Summary of recent accounting pronouncements:

In May 2014, the FASB and the International Accounting Standards Board ("IASB") issued their final standard on revenue from contracts with customers. The standard, issued as ASU 2014-09 by the FASB and as International Financial Reporting Standards 15 by the IASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". This ASU is effective for annual reporting periods beginning after December 15, 2018 for all nonpublic entities. The Company does not expect the adoption of ASU 2014-09 will have a significant impact on the Company.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Subtopic 740-10). The amendments in this update require deferred tax liabilities and assets be classified as noncurrent regardless of the classification of the underlying assets and liabilities. Effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Earlier application is permitted. The Company does not expect the adoption of ASU 2015-17 to have significant impact on the Company.

In February 2016, the FASB created Topic 842 and issued ASU 2016-02, Leases. The guidance in this update supersedes Topic 840, Leases. This ASU requires lessees to recognize a right-of-use assets and a lease liability, initially measured at the present value of the lease payments on the balance sheet. Effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Earlier application is permitted. The Company does not expect the adoption of ASU 2016-02 to have significant impact on the Company.

[15] Reclassifications:

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE C - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties :

	2016	2016	2015	2015
	$	₹	$	₹
Transactions with Infotech India				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	25,713,551	1,703,779,857	26,922,824	1,682,676,502
Project /other expenses reimbursements from Infotech India included as a reduction in cost of revenues / general and administrative expenses	–	–	306,090	19,130,624
Service / account management fees recognized as revenue	–	–	212,015	13,250,924
Transactions with Infotech UK				
Expense reimbursements included as a reduction in cost of revenues / general and administrative expenses	13,455	891,530	–	–
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	82,189	5,445,870	–	–
Transactions with Pyxis				
Service / account management fees / others, recognized as revenue	–	–	49,356	3,084,735
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	356,195	23,601,466	706,251	44,140,716
Other expense reimbursements from Pyxis included as a reduction in cost of revenues / general and administrative expenses	14,445	957,134	229,849	14,365,549
Transactions with Technico Technologies				
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	174,814	11,583,160	35,637	2,227,294

Rent paid includes $0 (₹ 0) and $98,529 (₹ 6,158,063) towards rent paid to King Maker Marketing Inc. (see Note F) for the fiscal years ended March 31, 2016 and 2015, respectively.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable includes both billed and unbilled receivables. Unbilled receivables were approximately $ 10,920,385 (₹ 723,584,711) and $7,578,823 (₹ 473,676,438) as of March 31, 2016 and 2015, respectively. Changes in the allowance for doubtful accounts in 2016 and 2015 are as follows:

	2016	2016	2015	2015
	$	₹	$	₹
Beginning balance	904,608	59,939,331	568,805	35,550,304
Increase to allowance	–	–	335,803	20,987,656
Ending balance	904,608	59,939,331	904,608	56,537,960

NOTE E - INTANGIBLE ASSETS AND NET ASSETS IN PYXIS SOLUTIONS, LLC

The Company has assets arising from the acquisition of 100% membership interest of Pyxis Solutions, LLC in 2008, and the results of the operations of Pyxis was not included herein since the acquisition, given the basis for these special purpose financial statements. On April 1, 2013, the Company adopted ASU 2014-12 (see note B [11]). Accordingly, the components of intangible assets (including goodwill) and their accumulated amortization as at March 31, 2016 and 2015 are as follows:

			2016			2015		
Identifiable intangible assets	Estimated useful life	Currency	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Trade name	8	$ ₹	300,000 19,878,000	286,438 18,979,382	13,562 898,618	300,000 18,750,000	248,938 15,558,625	51,062 3,191,375
Non-compete agreement	4	$ ₹	90,000 5,963,400	90,000 5,963,400	– –	90,000 5,625,000	90,000 5,625,000	– –
Customer relationship	8	$ ₹	3,900,000 258,414,000	3,723,699 246,732,296	176,301 11,681,704	3,900,000 243,750,000	3,236,199 202,262,438	663,801 41,487,562
Know how	5	$ ₹	1,100,000 72,886,000	1,100,000 72,886,000	– –	1,100,000 68,750,000	1,100,000 68,750,000	– –
Total intangible assets		$ ₹	5,390,000 357,141,400	5,200,137 344,561,078	189,863 12,580,322	5,390,000 336,875,000	4,675,137 292,196,063	714,863 44,678,937
Goodwill	4	$ ₹	7,184,566 476,049,320	4,951,512 328,087,179	2,233,054 147,962,141	7,184,566 449,035,353	2,334,985 145,936,535	4,849,581 303,098,818
Net assets in Pyxis Solutions, LLC upon acquisition at historical acquisition value		$ ₹	1,609,957 106,675,755	– –	1,609,957 106,675,755	1,609,957 100,622,317	– –	1,609,957 100,622,317
Total intangible assets, goodwill and net assets in Pyxis Solutions, LLC		$ ₹	14,184,523 939,866,475	10,151,649 672,648,257	4,032,874 267,218,218	14,184,523 886,532,670	7,010,122 438,132,598	7,174,401 448,400,072

Amortization of identifiable intangible assets and goodwill for the years ended March 31, 2016 and 2015 was $3,141,527 (₹ 208,157,602) and $2,141,528 (₹ 133,845,500), respectively. At March 31, 2016, the expected amount of amortization of identifiable intangible assets and goodwill, over the remaining one year is $2,422,918 (₹ 160,542,463).

NOTE F - COMMITMENTS AND CONTINGENCIES

[1] Leases

The Company has leased offices and storage spaces under non-cancelable operating leases, some of these expiring through fiscal 2018. One such office has been leased from King Maker Marketing Inc. whose parent Company (ITC Limited) is same as the Company's ultimate parent company. Total rent and other reimbursements to King Maker Marketing Inc. were approximately $0 (₹ 0) and $98,529 (₹ 6,158,063) for the fiscal years ended March 31, 2016 and 2015, respectively. Total rent expense under all facilities leases was approximately $337,311 (₹ 22,350,227) and $247,377 (₹ 15,461,063) for the fiscal years ended March 31, 2016 and 2015, respectively.

In addition, the Company has entered into various non-cancelable operating leases for the rental of equipment.

The future minimum annual lease payments as at March 31, 2016 are as follows:

	Office		Equipment		Total	
	$	₹	$	₹	$	₹
2016-17	342,459	22,691,342	2,430	161,028	344,889	22,852,370
2017-18	339,577	22,500,358	2,430	161,028	342,007	22,661,386
2018-19	323,976	21,466,649	2,430	161,028	326,406	21,627,677
2019-20	300,852	19,934,486	608	40,257	301,460	19,974,743
Thereafter	345,614	22,900,389	–	–	345,614	22,900,389

NOTE G - INCOME TAXES

The provision for income taxes consists of the following:

	Year ended March 31, 2016	2016	2015	2015
	$	₹	$	₹
Federal Taxes				
Current	783,377	51,906,579	833,815	52,113,407
Deferred	(683,278)	(45,274,015)	(526,258)	(32,891,141)
State and local taxes				
Current	158,582	10,507,647	161,464	10,091,519
Deferred	(95,565)	(6,332,109)	(22,552)	(1,409,515)
Foreign Taxes	156,873	10,394,339	142,829	8,926,819
Total current expense	319,989	21,202,441	589,298	36,831,089

Deferred tax assets and liabilities consist of the following:

Current assets				
Accounts Receivable Reserve	336,408	22,290,399	339,796	21,237,296
Accrued vacation	333,761	22,115,036	271,469	16,966,786
Accrued bonus	701,413	46,475,606	880,889	55,055,547
Amortization of intangible assets and goodwill	1,180,416	78,214,385	377,596	23,599,733
Foreign tax credit carry-over	222,538	14,745,329	107,079	6,692,426
	2,774,536	183,840,755	1,976,829	123,551,788
Non-current (liability)				
Depreciation	(82,575)	(5,471,420)	(63,711)	(3,981,940)

NOTE H - CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

A significant portion of the Company's sales are to several key customers, some of which are also agencies providing software consulting services to commercial entities and software developers. Three such key customers accounted for approximately 28% (14%, 8% and 6%) and approximately 26% (10%, 9% and 7%) of the Company's revenues for the years ended March 31, 2016 and 2015, respectively. Accounts receivable from these customers approximated 14% (2%, 8% and 4%) and 22% (12%, 5%, and 5%) of total accounts receivable as at March 31, 2016 and 2015, respectively.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to regulatory limits. The Company has not experienced any losses in such accounts.

NOTE I - EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) Savings Plan for qualified employees. Employees who are eligible, as defined by the plan documents, may contribute an amount not to exceed 100% of participant's compensation, up to the maximum annual elective contribution established by the Internal Revenue Service. The Company makes a Safe Harbor Matching Contribution equal to 100% on the first 3% of eligible earnings that are deferred as Elective Deferral and an additional 50% on the next 2% of eligible earnings. The 401(k) expense for the years ended March 31, 2016 and 2015 was $428,104 (Rs. 28,366,171) and $394,836 (Rs. 24,677,250) respectively.

NOTE J - LINE OF CREDIT

On February 17, 2016, the Company entered into a revolving line of credit agreement for a maximum borrowing of $5,000,000 (Rs. 331,300,000). Interest on this line of credit was chargeable at London Interbank Offered Rate plus 1.35%. There were no amounts outstanding as at March 31, 2016 on account of this credit facility.

NOTE K - SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 27, 2016. Pursuant to approval of the Board of Directors of the Company on February 26, 2016, Pyxis Solutions, LLC, merged with the Company with effect from April 1, 2016.