

February 16, 2019

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 Company Code No.: 539807	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Company Symbol: INFIBEAM
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Sub: Voluntary Clarification from Company on article being circulated in social media

Dear Sir/ Madam,

There has been an article ("the article") on Infibeam Avenues in the social media which in-correctly represents certain facts about the company. It is our duty to put factual records before our shareholders and general public at large. The link of the same is as below for your kind reference:

<https://www.bloombergquint.com/business/infibeam-auditors-raise-questions-on-loans-to-vendors#gs.jGA9lggy>

In the above article, it has been alleged that "Auditors to Infibeam Avenues Ltd. raised questions about loans (later on replaced the word "loan" with "advance") to vendors and how it recognises revenue".

In this regard, the Company management wish to voluntary clarify as under:

As per the submission of Un-Audited Financial Results for the quarter and nine months ended December 31, 2018 and specifically note no. 3 (a) and 3(b), the Statutory Auditors, in their Limited Review Report, have mentioned that

3(a) "The Company has given advances aggregating to Rs 1,223.1 million to subsidiary companies as at December 31,2018. These advances had further been given by these subsidiary companies to various vendors for different projects. Based on the analytical procedures, inquiries from the management and other information from the management so far, **there is requirement to provide additional information to make evidence more robust and convincing, with regards to justifying rationale, appropriateness of terms of entering the transaction including selection of vendors by subsidiary company, which management shall work on providing as it completes the process review.** Pending the receipt of the requisite audit evidence, we are unable to comment on the recoverability of advances and consequential impact, if any, on the results for the quarter ended December 31,2018."

3(b) "During the quarter ended December 31, 2018, the Company has accounted for revenue from web development and maintenance services amounting to Rs. 320.1 million including revenue which were pending recognition in the quarters ended June 30, 2018 and September 30,2018, which as explained by management was pending technical validation by few clients. **Based on the information and explanations received from the management, we understand that the web development and**

INFIBEAM AVENUES LIMITED

(Formerly known as Infibeam Incorporation Limited)

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maintenance services are customized / specialized in nature and comparable market price, robust documentation for arriving at the basis of price charged to customer is not available. In absence of the sufficient appropriate audit evidence thereof in as much as it relates to matters noted above, which management shall work in providing as it completes the process review, we are unable to comment on measurement of revenue and consequential impact if any, on the financial results for the quarter ended December 31, 2018. "

For both the above notes, **the management has already clarified in note no. 9** of the limited review report which reads as – "With respect to auditors' comments, company has provided documentation and will make available additional documents to the satisfaction of the auditors." As noted by the Auditors in points 3(a) and 3(b) as set out above, management is in the process of providing additional documents for the purpose of review by the auditors and the management believes that no person including media intermediary should make any assessment or conclusions on the points highlighted in point no. 3(a) and 3(b) as the conclusion by auditors will depend on the additional documents to be provided by management in due course. At this stage, the Company management believes that any statement, comments or analysis or conclusion by third party would be premature and inappropriate.

Further, as stated in the article, "the management failed to clarify and provide..... according to the auditors", however, as highlighted above, the same statement has not been mentioned by the auditors in the limited review report.

In the recent past as well, some concerns raised in social media for "interest free loan to a subsidiary which has negative net assets." In respect of which, the Company management had given end to end reply and full clarifications. However, such reports, without proper and full information, undermines the confidence of stakeholders especially small retail shareholders. It is expected and urged to have exercised appropriate diligence, discretion and caution while publishing such articles.

We request you to put factual records before our shareholders and general public at large.

We assure you that all the material information, that have a bearing on the operation/performance of the Company which include all price sensitive information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), have been disclosed by the Company within the stipulated time. Further, the Company has always provided timely clarification / information sought by the Stock Exchanges.

We request you to kindly take the same on your records.

Thanking you,
Yours faithfully,

For Infibeam Avenues Limited
(Formerly known as Infibeam Incorporation Limited)


Shyamal Trivedi
Vice President & Company Secretary



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