



Annual Report **2010-11**

Empowering Business Transformation

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Company Details

Board of Directors

Mr. Hoshang N. Sinor, Chairman

Dr. Ashok Jhunjunwala, Director

Dr. Bruce Kogut, Director

Mr. Dileep C. Choksi, Director

Mr. Samir Kumar Mitter, Director

Ms. Vishakha Mulye, Director

Mr. V. Srinivasan, Managing Director & Global CEO

Mr. Amar Chintopanth, Deputy Managing Director & Chief Financial Officer

Principal Bankers

Axis Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

Standard Chartered Bank

Auditors

Lodha & Company

R.G.N. Price & Co.

Legal Advisors

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Executive Management

V. Srinivasan, Managing Director & Global CEO

Amar Chintopanth, Deputy Managing Director & Chief Financial Officer

Chandrashekar M.S., President & Global Head – Software Products

Kathleen Hamburger, President – North America & Global Head – BPO

Padmanabhan Iyer, President & CEO – Eagon Infotech Limited (Subsidiary of 3i Infotech)

Pankaj Chawla, President – India, Middle East, APAC & Africa

Som Sarma, President - Western Europe & Global Head - IT Services

Sripat Pandey, Global Head – Mergers & Acquisitions

Shivanand R. Shettigar, Company Secretary and Head - Legal & Compliance

Corporate Office

3i Infotech Limited

Akruti Centre Point, 6th Floor,
MIDC Central Road,
Next to Marol Telephone Exchange,
Andheri (E), Mumbai - 400 093, India
Tel: +91 22 39145700
Fax: +91 22 39145520

Registered Office

3i Infotech Limited

Tower # 5, 3rd to 6th Floors,
International Infotech Park,
Vashi, Navi Mumbai - 400 703,
India
Tel: +91 22 67928000
Fax: +91 22 67928095

Kites rise highest against the wind,
not with it.

- *Winston Churchill*



Chairman's Message



Dear Members,

The global economic environment has shown relatively a stable situation after the turbulence seen during the previous two years. While the United States is showing signs of recovery, some of the European countries continue to face severe fiscal constraints. Talking specifically about IT Industry, we find the overall business environment slowly changing towards more optimism, though it is still far from the growth years it had witnessed prior to the meltdown. The developed markets continue to be sluggish and all research reports indicate that this situation is not going to improve in the near future. The emerging markets on the other hand continue to be on the growth path, although the volume of IT spend in these markets is quite low. Since the IT Industry depends largely on the developed markets for volumes, we have challenges on hand to sustain the growth in the near future.

There are three factors which have affected the company during last two years. One, our well-intentioned initiative in the area of e-governance in India by setting up Citizens Service Centers (CSCs) turned out to be not as successful as expected. This resulted in an adverse impact on our resources, which will take some time to recoup. Two, our various acquisitions in BFSI space, while giving large revenues and adequate EBIDTA margins, resulted in strain on our cash-flows and increased

interest burden. Three, the meltdown in global financial markets resulted in our FCCBs not being converted into equity, thereby adding to our debt burden. The company has taken these issues in its stride and has boldly faced the challenges posed by these factors, without significantly affecting the revenue stream.

The focus of the Company now is on its core strengths of products and services. Exiting from non-remunerative businesses such as CSCs, etc. will help the company in consolidating its position. It will help the company greatly in terms of reduced cost and better cash-flow management. You have firmly stood by the management all these years and, I am sure, you will continue to support the management in its endeavor to work towards building a better shareholder value.

Warm Regards,

A handwritten signature in black ink, appearing to read 'Hoshang N. Sinor', with a horizontal line underneath.

Hoshang N. Sinor

Managing Director & Global CEO's Message

Dear Members,

In this annual update to you, while thanking you all for the unstinted support given to the Company, I would like to take the opportunity to share with you the highlights of the operations for the year ended March 31, 2011. I would also like to cover the challenges faced by the Company, the steps taken by the Company to meet these challenges and the outlook, moving ahead.

Highlights of the Year

The financial year ended March 2011, saw our consolidated revenues at ₹2,587.48 crores as compared to revenues of ₹2,468.75 crores for the previous year. While at the outset this looks like a growth of 4.8%, when we look at the segments of businesses, the IT Solutions business grew by 13.8% to ₹1,767.54 crores, while the Transaction Services business showed a decline of 10.4% to ₹819.94 crores. In dollar terms growth in IT Solutions business was 19.1% and the decline in Transaction Services business was 6.3%.

Therefore, while our IT Solutions business engine has continued to work well, the Transaction Services business, unfortunately, had to suffer a setback, mainly due to the decline in the retail cheque and bill processing business in USA. This decline is a result of the market volumes dropping in the retail segment in USA. While the volumes have dropped, it is significant to note that we have not lost customers in this business and continue to service a good number of Fortune 500 Companies in that region.

On the margins side, our operating margins have been fairly stable at 20.2% for FY 2011, as compared to 20.4% for FY2010. Our operations therefore continue to give us stable margins despite the challenging times through a prudent cost

rationalization process in the Transaction Services business and a growth in the higher margin IT Solutions business.

Our net margins before exceptional items are at 9.8% for FY 2011 as compared to 10.8% for FY 2010. The decline is due to the increase in interest cost and depreciation.

In order to ensure that we continue to take care of your interests for the support provided to us, the Board of Directors have recommended a 15% dividend for the year.

Having shared with you the highlights for the year, let me proceed to take you through the challenges faced by the Company and the steps we have taken to overcome this and move the growth engine forward again.

A Glimpse into the Past

As you are all aware we entered the IT arena in the year 2000 - 01, when the first meltdown had started, as both the Y2K boom and the dot com boom had by then moved to the trough side of the business cycle.

If at that time we had endeavored to remain a pure IT Services Company, we would not have found a place in the market, as enough entry barriers had got built by the companies then in existence. These companies had over the years of existence built competencies, scale and relationships which had created entry barriers to new entrants in the pure vanilla IT Services space.

We therefore had to think differently to penetrate and grow. Accordingly, our first strategy was to have a global footprint and not just a developed markets focus and so we went ahead establishing a

significant presence in the emerging markets. This required us to look at IT Solutions and hence we adopted a product strategy to cater to emerging markets.

We did this by a combination of acquisitions and organic growth and by FY 2008 we were a Company which had become a leading IT products company with a mix of 1:1 between products and services, a significant presence in the growing emerging markets and a global branding for our software products.

At this point in time we anticipated a surge in the IT enabled retail business in India and after due consideration of the market potential and the intention of the Government to IT enable all citizen services, we made a significant investment commitment to this business. In addition, as a natural extension of our domain based IT Solutions business, we entered into the Transaction Services business through a combination of organic and inorganic growth.

All these investments for growth were funded through a combination of internal accrual, equity issuances, mezzanine finance (Foreign Currency Convertible Bonds) and pure debt. This combination of funding was adopted as a measure of balanced funding of the required investments, ensuring that the return to equity shareholders was most efficient.

This therefore was the strategy adopted by the Company which led us to a size with an annual revenue run rate of over half a billion dollars by mid 2008, with operating margins of around 20% and net margins of around 10%. Further at that time the company was geared in all respects for an organic growth of around 30% to 35% with commitments made for acquisition earn-outs, space addition, significant bench strength, investment in new markets, etc.

Global Financial Meltdown and its Implications

Starting from end 2008 we had to face a global financial meltdown which was one of the worst. During the meltdown the most affected sector was Banking and Financial Services and as all of you know the large part of revenues of the company comes from that sector. With this meltdown business dried down, liquidity vanished, discretionary spend (a very important pre-requisite for the IT Products business) stopped and from a scenario of growth and optimism one had to suddenly face an environment of gloom, and that too with huge commitments made for growth. The organization therefore had to shift all its strategies from a growth environment to suddenly conserving and containing. This put a significant strain on the business and cash flows.

Some of the factors which went adversely for the Company were as follows:

- Due to the market melt down and the share prices for the company taking a major beating, the mezzanine finance taken by the company suddenly became pure debt;
- The Citizen Service Center business in India just did not pick up for various reasons, including non availability of data in the required form, owing to which the Company had to cut losses and stop investments and quickly exit this business, taking a write-off of around ₹ 260 crores on this business;
- All the earn out commitments on acquisitions became due for payment and had to be met;
- With these financial commitments the interest cost started eating into the operating margins generated by the businesses;

Contd...

- The Transaction Services business, where huge investments were made anticipating a growth of 6 to 8%, saw significant decline in volumes in the US.

Thus, it was time for us to take concrete steps to get back to stability in business.

Challenging Times required Innovative Solutions

Having faced the above situation, we have gone about taking some specific steps to ensure that we remain stable and create a platform for growth. The steps taken are listed below:

- We exited the retail business to ensure there was no future investment or cash burn in that business;
- We undertook significant cost rationalization steps in the areas of Software Product development and Transaction Services, including also moving many of our products to more contemporary technologies;
- Our IT Services business has taken the route of domain based IT Services, rather than a pure technology based IT Services and that has given us a better competing power in the market;
- We have spent a lot of time and focus in our debt management, some of which are as follows:
 - Buy back of Foreign Currency Convertible bonds of around USD 50 million at a discount;
 - Refinancing of shorter term loans with longer term loans to ensure stability;
 - Availing foreign currency loans, commercial paper, etc. to the extent possible to lower the interest cost.

Moving Ahead

While on the one hand we have taken the above steps, on the other we have been concentrating on

growing our business, maintaining employee morale, improving product and service delivery, and investing in sales and marketing.

As you might have seen while the large Indian players in the IT industry have been able to grow well in the last 2 years, the global players and the mid cap Indian players have not been able to grow significantly. The constraints faced by the Indian mid cap players are (a) Dependence on pure technology based IT Services in the developed markets, (b) Lack of brand, (c) Lack of bench strength, etc. Added to these the employee visa related issues in the developed countries have also started affecting the ability of the companies in mobilizing required people.

As indicated earlier your company's key differentiators are (i) Software Product focus in the emerging markets and (ii) Domain led IT Services focus in both developed and emerging markets. While the management is confident that this differentiation is likely to bring accelerated growth to our business still we may be affected by some of the other factors affecting the mid cap IT companies.

Further the salaries in India are continuously rising at a much faster rate than the salary increase or inflation in most of the other countries. This may result in our inability to pass on the wage increase to the customers and may result in lower operating margins in future.

Employees our Strength

The very nature of the knowledge intensive IT industry underlines the importance of the knowledge worker and establishes that the employee is the focal point. At 3i Infotech, we work on a strong belief that employees are our most valued assets, and that too assets whose value keeps appreciating year after year.

Identifying, nurturing and developing talent is of paramount importance to us. Employee development, engagement and communication

have always been high priority areas. The senior management has engaged in personal interactions with our employees on a one-on-one and group basis. We also introduced a well-regarded concept of the Ombudsman - who is a neutral entity and is approachable by all employees across levels, to share their thoughts, ideas; concerns and most importantly communicate and drive important organizational messages. Employee development aided through training, assessments, leadership and career development, etc., has been and will continue to be a focus area to drive a performance culture.

Our motivated and self driven workforce has ensured high productivity levels and we are confident that they will go a long way in taking the organization towards greater success.

Corporate Social Responsibility

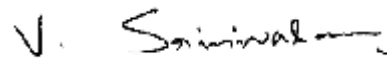
Over and above our business operations, we have been actively promoting some social causes; education in particular, as we believe it is the catalyst to bring about a positive change in our society. 3i Infotech Foundation with its motto of "Enriching Lives" continued to support SODEWS (Society for the Development of Economically Weaker Sections) a Tamil Nadu based NGO, engaged in education and other rural development activities, for the second consecutive year. We have been actively supporting the day to day operations of the schools run by them.

Last year we inducted two new NGOs into the ambit of the 3i Infotech family. Closer home to our corporate headquarters in Maharashtra state we inducted Sahayog Prathisthan, an NGO actively engaged in social welfare activities in the field of education, in the backward Raigad district. The school managed by Sahayog Prathisthan has as many as 65 students from the lesser privileged sections of society.

Acknowledgement to Stakeholders

I would like to convey our deep gratitude to all our shareholders, investors, employees, customers, partners and other stakeholders for the support which has been extended to us in the past. We look forward to your continued support in the year ahead as we embark on a new phase in our journey ahead.

Warm Regards,



V. Srinivasan

Our DNA

**Enabling our customers to achieve excellence
& sustainable competitive edge**

1500+ customers with operations in 50 countries across 5 continents

103 Fortune 500 Companies

**Domain Capability / IP based Solutions /
Solution Accelerators /
IT and Transaction Services
Our Differentiator**



**Global Provider of
bundled solutions
Banking, Insurance,
Asset & Wealth Management,
Capital Markets, etc.**

Consistent Growth

**Revenue of \$567 Mn;
CAGR of 40% over last 5 years**



Global Talent

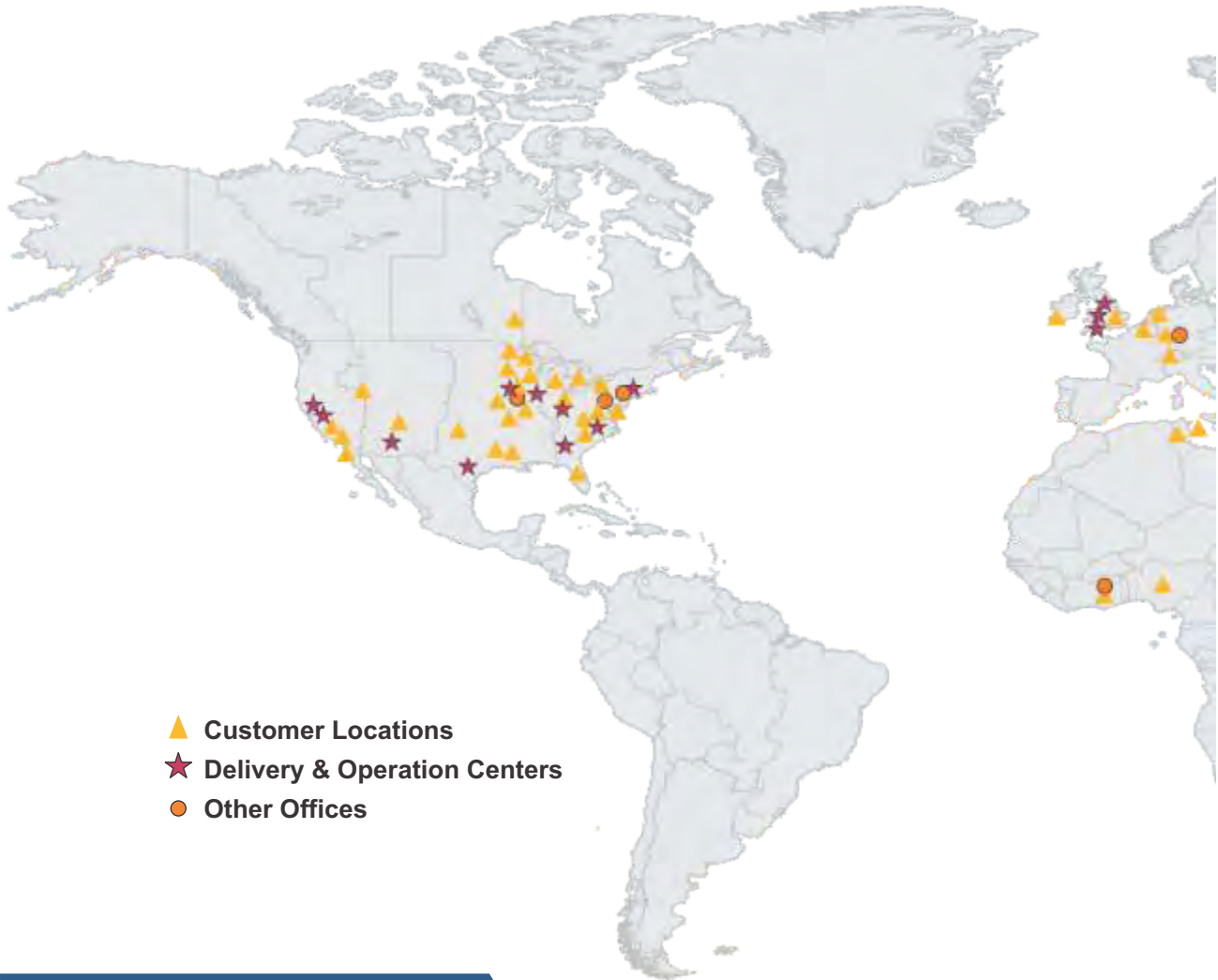
**Overall headcount of
13,000+**

**Strong Global
Delivery Capability**
22 delivery centers

Consistently creating value for our stakeholders

Global Presence

Global Presence for Global Delivery



Delivery & Operation Centers

- **Americas:** Los Angeles, CA; Phoenix, AZ; Dallas, TX; Atlanta, GA; Louisville, KY; Rochelle Park, NJ; Naperville, IL; Napa, CA; Des Moines, IA; Charlotte, NC
- **Western Europe:** London, Birmingham, Nantwich, Ashby-de-la-Zouch
- **Middle East & Africa:** Dubai, Sharjah
- **South Asia:** Mumbai, Chennai, Bangalore, Kochi, New Delhi, Hyderabad
- **Asia Pacific:** Kuala Lumpur, Chengdu



Other Offices

- **Americas:** Naperville, IL; Blue Bell, PA; Edison, NJ
- **Western Europe:** Frankfurt
- **Middle East & Africa:** Bahrain, Riyadh, Dammam, Jeddah, Almaty, Nairobi, Accra
- **Asia Pacific:** Singapore, Bangkok, Sydney

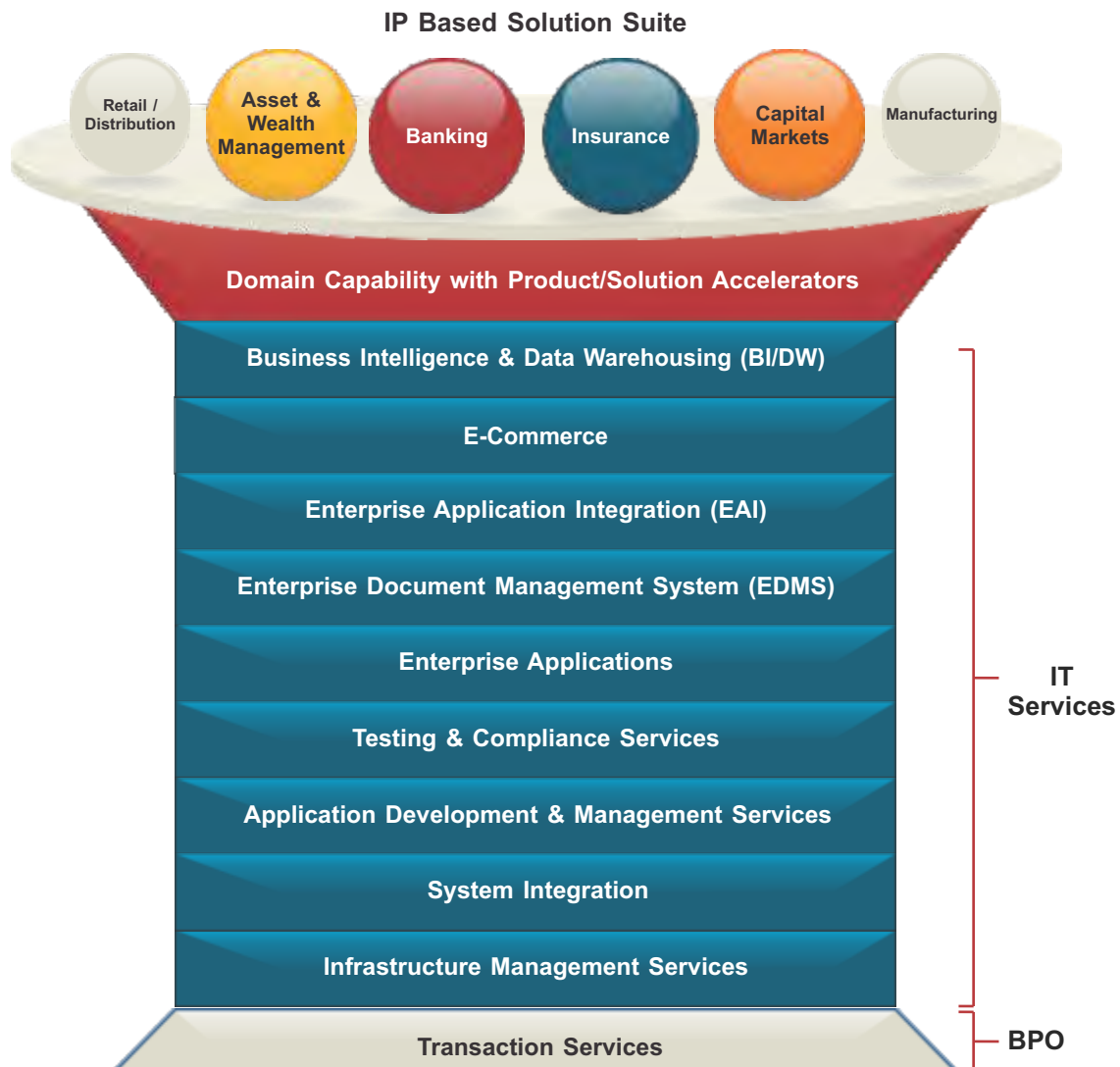
Empowering Business Transformation

The last few years have been like none other in a long time. Much of the developed world is struggling to emerge from the effects of the economic downturn, while some of the emerging markets are already seeing resurgence in economic activity. Dynamic, in a state of flux, fast paced; these are phrases that describe the current times. In such a situation companies can no longer be doing what entities like them had been traditionally doing for years, if they expect to survive and grow. They need to respond to their customers' needs faster, go to market faster and more effectively, and stay ahead of the competition.

It is in this context that 3i Infotech's differentiated IT Solutions for the Banking, Financial Services and Insurance (BFSI) verticals and certain other select industries make much more sense, and add more value to our customers. After all, our solutions are aimed at *Empowering Business Transformation*, and are just what companies need, particularly in the present times.



Empowering Business Transformation with Differentiated Offerings



3i Infotech is a global Information Technology company committed to **Empowering Business Transformation**.

A comprehensive set of IP based software solutions, coupled with a wide range of IT services, uniquely positions the company to address the dynamic requirements of a variety of industry verticals, predominantly Banking, Insurance, Capital Markets, Asset & Wealth Management (BFSI). The company also provides solutions for other verticals such as Government, Manufacturing, Retail, Distribution, Telecom and Healthcare.

3i Infotech has over 1500 customers, including 103 in the Fortune 500 list, in more than 50 countries across 5 continents.

Our IPRs

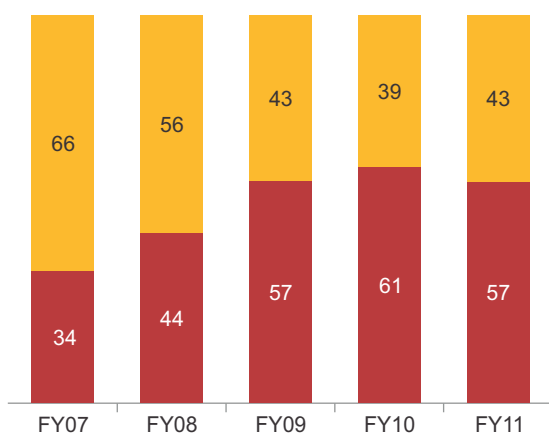


Revenue Snapshot – FY 11



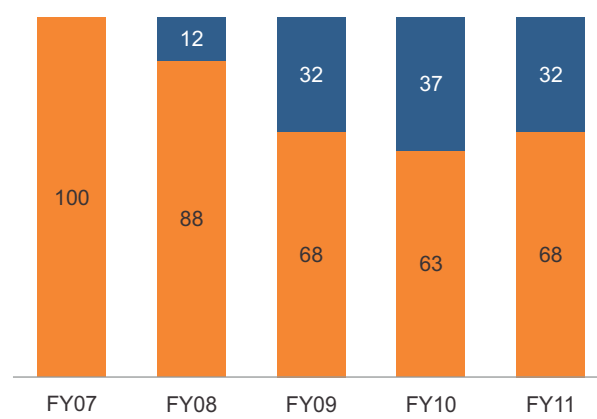
Revenue by Markets & Segments FY 11

Percentage-wise Revenue by Markets (FY 2007-2011)



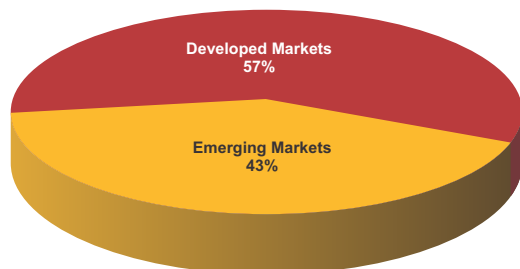
■ Developed Markets ■ Emerging Markets

Percentage-wise Revenue by Segments (FY 2007-2011)

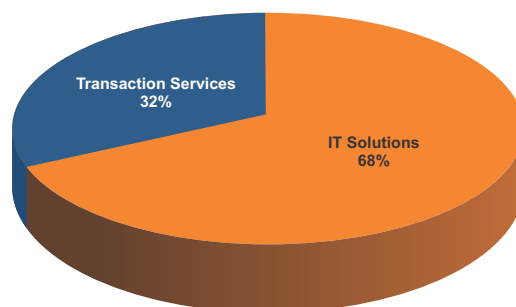


■ IT Solutions ■ Transaction Services

Revenue by Markets & Segments FY 11



■ Developed Markets ■ Emerging Markets



■ IT Solutions ■ Transaction Services

Customers' Voice

3i Infotech has been a valued partner in the development of our loyalty applications for sports and entertainment venues. Our collaborative efforts have allowed us to enter new markets quickly and efficiently.

Bret Armatas, President & CEO, Alvarado Manufacturing Company

3i Infotech's rhymeSIGHT provides Generali International with superior data access and enables us to achieve tangible business benefits. The 'Reporting to Clients' solution enables us to deliver accurate and timely financial product information in a professional and compelling manner.

Mark Lainé, Head of Information Systems, Generali International Limited

Our partnership with 3i Infotech will enable us to build a robust IT Infrastructure platform to roll out enterprise applications across all the locations on a centralized architecture. This will further help us to standardize processes across the group and bring in more operational transparency resulting in efficient delivery of services in a cost effective manner.

Nandkishor Dhomne, Chief Information Officer (CIO), Manipal Health Enterprises Pvt. Ltd.

3i Infotech is a dedicated and professional partner. Their approach throughout, has been one of openness and commitment to our business goals. We believe that with Premia along with our partnership with 3i Infotech, we can provide the service platform that allows us to exceed our customers expectations and further cement our position as the pre-eminent provider of Pre-Need solutions in the Philippines market.

Santiago N. Cualoping III, Vice President IT, Liability Mgmt. & Special Projects. Philplans

We have been using Kastle Treasury solution since 2003 and are confident that 3i Infotech will continue to support us in delivering the best to our policy holders. With the recent upgrade of the solution, we are expecting to deliver even more effectively to our policy holders.

Rajkumar Renganathan, Managing Director & CEO, Ceylinco Life

We've been working with 3i Infotech for almost three years and in that time they have proven to be a reliable and effective IT partner. From IT support to innovative development of Valmont's functional applications, 3i Infotech has enabled us to move our business forward. The 3i Infotech team has been able to quickly learn the business needs behind the technology requirements, thereby delivering value in the IT projects executed by them.

Steve Kaniewski, VP of Information Technology, Valmont Industries

We have been using 3i Infotech's banking and financial services solutions since the last four years and are extremely satisfied with their performance and support. 3i Infotech has met all our complex product needs with solutions that are scalable and which support our growth globally. We would be glad to refer these solutions to other banks for their IT needs.

Somnath Menon, Head – IT Operations, Mashreq Bank

While golf is one of the oldest sports in existence, 3i Infotech has helped us retain cutting edge with advanced mobile applications. 3i Infotech developed applications that allow our golfers to view available tee times, and even participate in social networking with other golf enthusiasts, all from their mobile device.

Ryan Smith, CIO, Cannongate Golf (Sequoia Golf, LLC)

Employees Speak



If one loves challenges and the ensuing opportunities for growth and learning, then 3i Infotech is the company to work with. Our company believes in empowering employees and enabling them to delight customers. I am proud to be part of the organization which is committed to make the leap from good to great!

Manjusha Awate, Head – Global Engineering Operations, Retail Banking, Mumbai



Working at 3i Infotech has allowed me to work with a wide variety of people and on many diverse projects. The part I enjoy the most is the ability to bring together people from across the organization, to provide solutions for customer needs and get the job done.

Richard Edwards, Operations Director, 3i Infotech – Framework, UK



I joined 3i Infotech more than a decade ago, and have witnessed the company growing manifold both in the domestic market and globally. I feel proud and privileged to be a part of this journey of growth. I also appreciate the opportunity given to me for achieving personal growth within the organization.

Ramashish Roy, Deputy General Manager, Consulting, South Asia



I have been working with 3i Infotech for the past two and a half years and over these years 3i Infotech has been instrumental in my growth as a professional with its environment and extremely welcoming work culture. It gives me great pleasure to be working in this multi cultural organization, where each day is full of immense learning, growth and exposure.

Sherry Ann San Diego, Operations Executive, Singapore



Having begun as a HR co-ordinator with 3i Infotech Inc. in 2006 and presently in charge of the administration related work at our office in Edison, NJ, the organization has given me several opportunities to interact with many of our colleagues, utilize and enhance my skills, and grow within the organization. This makes me feel very happy and proud to be part of the 3i Infotech family.

Kamal Merchant, Edison, NJ



I have cherished every moment of being a 3i infotech family member ever since I joined 10 years back. It has been a matter of great satisfaction that I have realized both personal and professional objectives, contributing to greater customer satisfaction, even as I have personally progressed to higher levels within the organization.

Sabarinathan Ramachandran, Asst. Vice President - Sales, Insurance, 3i Infotech Middle East and Africa



Partners & Analyst Speak



We are happy to have a strategic alliance with 3i Infotech. Their domain capabilities and innovative solutions in the BFSI space have helped us to reach out to our customers in these industry verticals more effectively.

Ramkumar Pichai, General Manager, Customer and Partner Experience, Microsoft India Pvt. Ltd.



Long-term strategic relationships with market leaders such as 3i Infotech are essential to InterSystems' success. The combination of innovative technology and business solutions delivers exceptional outcomes to our financial services customers. We look forward to continued joint commitment and growth in our key sectors, in the UK and across the globe.

Jonathan Selby, Country Manager, InterSystems, UK



3i Infotech offers a broad set of solutions in the banking space, both retail and wholesale. With more than 20 such solutions, the company is well-positioned as a comprehensive IT Solutions partner for the dynamic banking industry.

Bart Narter, Senior Vice President - Celent's Banking Group

Awards and Accolades

Listed below are the Awards & Accolades for FY 11



One of the top 3 companies in the “Service Provider of the Year” and “Technology Initiative of the Year” categories at the 14th Asia Insurance Industry Awards



Received the award for the Best Takaful Technology Company for the 3rd consecutive year from the Middle East Business Forum at the Takaful Awards



Ranked 36 (4th among Indian IT companies) in the Fintech 100 list of Financial Services & Technology providers, published by American Banker



3i Infotech retains its 4th position in the lending category of the IBS Sales League table published by IBS Intelligence, UK for the fourth consecutive year (2008-2011)



Awarded ISV partner of the Year FY10 – Technology by Oracle, India



3i Infotech adjudged runner-up for the Maharashtra IT Award 2009 for Outstanding Performance in IT Software category



Received Certificate of Recognition from Business Software Alliance for Software Asset Management Compliance



Certified by Worldblu as one of the "Most Democratic Workplaces" for the 2nd consecutive year, 2010 and 2011

CSR Initiatives



3i Infotech Foundation *enriching lives*

3i Infotech Foundation strives to enrich lives and fulfill its responsibilities towards the needy and underprivileged section of the society.

Working closely with
**Sahayog
Pratishthan**
in the field of
Education, Health, etc.
for lesser privileged
children in Raigad,
Maharashtra

Actively supporting
the initiatives of
SODEWS
(Society for the Development of
Economically Weaker Section),
an NGO that works in the field
of education, health and
community development

Numerous Contributions
to **other organisations**
doing commendable
development work



Imparting education at
Sahayog Pratishthan run school



Computer aided education at Society
For Development Of Economically
Weaker Section (SODEWS)



Meal time at school run
by Sahayog Pratishthan



Primary education - activity
based learning at SODEWS



Medical Camp at
Sahayog Pratishthan run school

Ceylinc Life upgrades to latest 3i Infotech Kastle Treasury Solution

Colombo, 10 March 2011.

(Asianetnews.com) 3i Infotech, a global provider of IT solutions and one of India's largest software product companies, announced that Ceylinc Life, Sri Lanka's largest and most successful life insurer, has decided to upgrade to the latest version of 3i Infotech's Kastle™ Treasury Solution. Kastle™ Treasury is an integrated treasury management solution, covering several key areas, such as, Foreign Exchange, Money, Equity, and their related derivative instruments. Initially Ceylinc Life had implemented an earlier version of the Kastle™ Treasury in 2003.

Taking into account the product features, proven service quality provided over a decade and the advantages offered by 3i Infotech, Ceylinc Life has decided to upgrade its product to the latest version of

3i Infotech Chooses HP Software to Boost Testing, Compliance Efficiencies

Edison - January 19, 2011 3i Infotech, a global provider of Information Technology solutions, today announced that it has selected HP's Application Software Quality (ASQ) automation suite to enhance its application testing and compliance efficiencies.

3i Infotech recognised for its superior customer service

London - May 12, 2010 - 3i Infotech, a global provider of IT Solutions and the leading UK supplier of asset management solutions, today announces it has won the Systems in the City Award for Superior Customer Service for the fourth consecutive year.

Software solutions and services provider honoured with

3i Infotech and MENTIS Software Partner to Protect Sensitive Data and Facilitate Regulatory Compliance

Edison, NJ September 12, 2010 - Companies to Showcase Data Security Solutions for Information Technology Implementations, Application Development and Hosted Service Environments, at Oracle OpenWorld 2010.

3i Infotech, a global information technology and transaction services company, and MENTIS Software, the leading

provider of Sensitive Information Management™ solutions for the enterprise, today announced a partnership to provide customers with integrated solutions and services that protect sensitive personal and corporate data. Along with data security, these solutions also facilitate compliance with a broad range of regulations and

Takaful Insurance of Africa selects 3i Infotech's PREMIA Solution to enhance its processes

Nairobi, March 16, 2011 3i Infotech, a global provider of IT solutions and one of India's largest software product companies, announced that Takaful Insurance of Africa (TIA), the premier provider of Takaful insurance in Kenya has selected 3i Infotech's PREMIA Takaful and Collaborator solution.

The PREMIA end-to-end Insurance Software Solutions suite comprises PREMIA General Insurance, PREMIA Health, PREMIA Life, PREMIA Property & Casualty and PREMIA Collaborator. 3i Infotech has installed PREMIA at over 175 plus globally, and the software is leading the way among Takaful Insurance solutions.

Business Line

3i Infotech solution for Corp Bank

Bangalore, 21 June 2010 - 3i Infotech Consumer Services Ltd. (3i Infotech CSL) today announced that Corporation Bank, a Premier Public Sector Bank with over 3500 Banking Service Outlets, has implemented its e-Shakti Public Key Infrastructure (PKI) solution to become the first-ever Indian bank to implement this world class authentication security solution, provided by a licensed certifying authority under the Information Technology Act, to their corporate online banking customers.

THE DQ 50

DATAQUEST
DQ Top 20 Vol -1

3i INFOTECH

North America (55%), South Asia (26% including India), Middle East, Africa, Russia and CIS (MEARC) (9%), Western Europe (6%) and APAC (4%) - its equitable geographic distribution was an emerging markets, especially the Middle East, where the company set up an office in Riyadh to cater to banking and financial institutions; and also appointed a new head of operations for Saudi Arabia.

3i Infotech names new regional head

DUBAI, 26 November 2010 - Global technology solutions and services provider, 3i Infotech, announced that Pankaj Chawla who has been with the company in the last of its Middle East, Africa, Russia & CIS regions, has been elevated to the role of President - Middle East, India, APAC & Africa regions.

In his new role, Chawla will be responsible for 3i Infotech's business operations across significant markets which account for around 40 per cent of the company's global revenue.

3i Infotech Q4 net profit at Rs 63.41 crore

MUMBAI 3i Infotech Limited, a provider of IT solutions announced its operating results for the fourth quarter and financial year ended March 31, 2011.

Profit after tax for the quarter January-March stood at Rs 63.41 crores. Revenue earned by the company for the quarter was at Rs 613.46 crores as against Rs 632.60 crores for the corresponding period of the previous year and Rs 645.11 crores in the immediately preceding quarter. The Board of Directors has

3i Infotech Implements Security Information Manager for Oman Air

Oman, August 22, 2010 - Oman Air, the national carrier of the Sultanate of Oman today announced implementation of Symantec's Security Information Manager (SSIM) by global technology solutions and services provider, 3i Infotech.

Oman Air, the national carrier of the Sultanate of Oman today announced implementation of Symantec's Symantec Corporation Region-wide Information Technology News Profile | Officers' & Security Information

A North American Development Organisation Goes Live on Framework Agreement extends North American footprint for private equity software provider

London, 1 September 2010 - A prominent North American development organisation that provides financing, consulting services and venture capital has selected 3i Infotech - Framework, the leading UK provider of software solutions to the global private equity community, to manage its venture capital investment portfolio.

J&B Software Helps Idaho State Tax Commission Recover More Than \$750,000 in Deficient Taxes

Blue Bell, PA (PRWEB) August 2, 2010 - J&B Software, a premier provider of enterprise-wide transaction and payment solutions, has helped the Idaho State Tax Commission (ISTC) recover more than \$750,000 in deficient taxes over the past two years.

The underpayments were discovered by comparing and analyzing tax filing data, filed electronically and through paper returns. J&B's Intelligent Document Recognition (IDR) solution was used to

THE ECONOMIC TIMES

3i Infotech bets on emerging markets to be on fast track

Mumbai: It has been quite a while since the Mumbai headquartered IT player, 3i Infotech, reported increasing improvement in sales and revenue despite the overall recovery in global IT demand. In contrast, its larger counterparts have reported a double-digit growth during the period. To accelerate growth, the company is focusing on its business in the emerging markets, where the growth has been faster than in traditional markets in the developed economies, including the US and Europe. The strategy is expected to put 3i Infotech back on the growth track



3i Infotech Unveils Advanced/Upgraded Orion Enterprise Solution

Kuwait 08 Jun 2011 - 3i Infotech, a global financial technology solutions and services provider unveiled the advanced and upgraded version of their Enterprise Resource Planning Solution, ORION™ Enterprise in Kuwait today. The ERP platform, with built-in CRM and SCM and Business Intelligence capabilities, offers organizations sharp insights into and control over operations across the value chain through a single application. With its powerful suite of tools such as workflow management portal, individual desktop

Al Safwa selects 3i Infotech's TRADIS ROR to trade across GCC countries

Dubai, November 3, 2010 - 3i Infotech, a global financial technology solutions and services provider, today announced that Al Safwa group has gone live with Reuters Order Routing (ROR) enhancing the brokerage system TRADIS provided by 3i Infotech to help trade across the GCC countries. Al Safwa is a Sharia compliant financial services company, established in 2006 with a capital of Dh1.13bn.

3i Infotech partners with Manipal Health Enterprises

March 7, 2011

Manipal Health Enterprises, a leading Indian healthcare provider, has entered into a strategic partnership with 3i Infotech to provide end-to-end IT infrastructure solutions. The project will be implemented in three phases over a period of 2 years.

3i Infotech A quality service provider Industry insight

Having high-quality software to support the operations of financial institutions is nothing new. With so many service providers to choose from, it can be a difficult task to identify the right one for the job. But 3i Infotech stands out from the crowd and 3i Infotech boasts a top notch reputation. RFP. Global IT services. Sam.Samir.

3i Infotech Launches Pre-Built Solution Accelerators for Faster Global IT Services Deployments

San Antonio, TX - November 8, 2010 - 3i Infotech, a global information technology and business process outsourcing (BPO) company, today launched a suite of pre-built solution accelerators and non-linear services offerings to speed time-to-market, improve quality and reduce costs of IT projects. These accelerators incorporate pre-built functionality in frameworks and proven best practices to provide a head start for IT projects, delivering completed projects up to 30% faster than the competition.

3i Infotech continues to add Altimis Clients

New client wins and a host of functional upgrades kept 3i Infotech a promising 2011 for the leading stockholding solution.

London, January 31, 2011 - 3i Infotech, a global provider of IT solutions, announces three new client wins and a string of enhancements for Altimis, its stockholding and portfolio management solution, completing a strong 2010.

3i Infotech completes BCFC biz automation

Bahrain - August 2, 2010 - 3i Infotech a global financial technology solutions and services provider, has successfully completed automation of Bahrain Commercial Facilities Company's (BCFC) business processes.

3i Infotech successfully deployed its comprehensive package of software systems at Bahrain Commercial.

3i Infotech Expands Service Offerings, Consolidates Around Single Brand

Edison, NJ - November 2, 2010 - 3i Infotech announced it is expanding its service offerings in North America with two distinct business units: Business Process Outsourcing (BPO) and Global Information Technology Services (GITS).

Through these business units, 3i Infotech will deliver its technology solutions, domain expertise, and associated best practices in select vertical markets including insurance.

The GITS business unit is expanding its presence and service offerings in North America as well, leveraging its experience and delivery in Western Europe, the Middle East, India and Asia-Pacific. GITS specializes in business intelligence, application development, infrastructure management, testing, security and IT staffing. All technologies and solutions are customized by vertical market and built to scale.

Top Takaful tech award for 3i Infotech

UAE - July 20, 2010 - Global Financial Technology Solutions and Services Provider, 3i Infotech has won the "Best Takaful Technology Company" award at the 4th International Takaful Summit 2010 in London. Organized by the Middle East Business Forum and Africa Consulting, the awards honor companies and practitioners that have contributed the most in the growing Takaful market.

Winning the award for the third year in a row is a significant achievement which recognizes 3i Infotech's extensive work with Takaful companies located throughout South-East Asia, the Middle East and Africa.

Presented by Lord Mohammed Sheikh, Chairman of Chamber of Commerce and Industry, 3i Infotech won the award after an extensive judging and selection process that was overseen by a host of journalists, lawyers and Takaful practitioners. Tied to coincide with the 4th International Takaful Summit 2010, the conference included a number of high profile speakers from around the world who discussed some of the most important issues facing the relatively new yet, fast growing, Takaful market.



Business Line

Mumbai July 26, 2010

Towards a secure digital identity

Digital identity is the future of the information age. I recently had with me, Sanjay Kumar, MD and CEO, 3i Infotech Consumer Services Ltd., Bangalore (www.3iinfotech.com). While identity carries multiple meanings, the one meaning associated with digital identity can be derived from the following definition in Oxford Dictionary, to mean:

1) Identity - "The state of being what or who a person or thing is, especially as established by the facts, traces, or marks by which they may be known, distinguished, or identified."

2) Identification - "The process of proving a person's identity, especially by the facts of official papers."

3i Infotech, a global information technology company, is one of only two companies from India and 52 worldwide, (including USA, UK and India) to be recognized in the WorldBlu List of Most Democratic Workplaces™.

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GLOBAL MEDIA COVERAGE

HUMAN CAPITAL

Building business strategy through people

Working democratically allows employees total freedom of thought, speech and activity. Some WorldBlu-listed organizations share their principle-based democratic practices, where employees are totally engaged and experience full freedom at work!

THE ECONOMIC TIMES

Expect 2011-2012 to be a better year for the IT industry: Amar Chintapanth, 3i Infotech

Amar Chintapanth, Deputy Managing Director and Chief Financial Officer, 3i Infotech, in a chat with ET Now talks about 2011 budgets and about the margins.

What is your indication so far as far as budgets are concerned for 2011 and client commitment as well?

The indications are that clients are willing to make increases in budgets and willing to make further investments going forward in 2011-2012. So that is pretty encouraging compared to what it was about a year back and what it has been till now. Based on this, we expect 2011-2012 to be a better year for the IT industry.

3i Infotech and Western Union team on e-billing and payments

Edison, NJ and Englewood, CO April 4, 2011 - 3i Infotech, a global information technology and business process outsourcing (BPO) company, and The Western Union Company (NYSE:WU), a leader in global payment services, today announced the availability of joint electronic billing and payment solutions to clients of both companies.

Khaleej Times ONLINE

April 28, 2011

Saudi firm implements 3i Infotech solutions

DUBAI: 3i Infotech, a global provider of IT solutions and services announced that Kinat Investment and Installation Company (Kinat), a well-known Islamic financial institution based in the Kingdom of Saudi Arabia has implemented our Kastle suite of solutions along with a comprehensive bouquet of business applications integrating its entire IT operations.

Kastle Islamic financing solution provided by 3i Infotech to Kinat is a bilingual, certified Shariah compliant, web-based financing IT software solution that caters all core

3i Infotech, North America CEO Kathy Hamburger to Speak at WorldBlu Awards Ceremony for Most Democratic Workplaces

3i Infotech Among Members of WorldBlu 2010 List of the Most Democratic Workplaces

Edison, N.J., - June 21, 2010 - 3i Infotech, a global information technology and transaction services company, will be honored tomorrow along with the other members of WorldBlu's 2010 List of Most Democratic Workplaces. Kathy Hamburger, CEO of 3i Infotech, North America, will accept the award and address the audience at the Green Valley

THE FINANCIAL EXPRESS

3i Infotech to shift focus on IT solutions

Mumbai, May 26, 2010: (CFO)-linked 3i Infotech said it is laying stress on the IT solutions and transaction services business, a change from its earlier strategy which revolved around the product business. Currently, the stock segments attribute almost equally to revenue, but going ahead, product services will contribute just around 20%.

V. Sridharan, managing director & CEO, 3i Infotech, said, "We will focus on IT solutions and

Financials

Financials

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Directors' Report

For the Financial Year 2010-11

Dear Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report of the Company with the Audited Statement of Accounts for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

Financials of the Company on Consolidated basis:

In the financial year 2010-11, your Company recorded overall revenue of ₹ 2,587.48 crores, a growth of 4.80% as compared to the revenues reported last year. Profit after tax was ₹ 253.57 crores and Earning per share (EPS) was ₹ 12.81. In the previous financial year 2009-10, there was an exceptional item, the Company had written off a loss on account of discontinued operations. There was no such exceptional item during this year 2010-11. The brief financial highlights with comparison of previous year are as below:

₹ in crores		
Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Total Income	2,587.48	2,468.75
Profit / (Loss) before taxation	261.21	276.90
Provision for taxation (Current and Deferred)	7.64	10.95
Profit / (Loss) after taxation and before exceptional items and impact of discontinuing operations	253.57	265.95
Earnings Per Share (Basic in Rupees) (Before Exceptional items and impact of discontinuing operations)	12.81	17.21

Financials of the Company on Standalone basis:

The Profit & Loss Account of your Company on standalone basis shows a profit after tax of ₹ 119.39 crores. The disposable profit is ₹ 241.42 crores, taking into account the balance of ₹ 122.03 crores brought forward from the previous year, subject to adjustments pertaining to that year. The brief financial highlights are as below:

₹ in crores

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Total Income	578.62	534.47
Profit before tax	108.15	136.49
Provision for taxation (Current and Deferred)	(11.24)	3.50
Profit after tax and before exceptional items and impact of discontinuing operations	119.39	132.99
Balance brought forward from previous year	122.03	84.21
FCCB redemption reserve written back	-	234.16
Disposable Profit	241.42	218.76
Transfer to Reserves (General Reserve & FCCB Redemption Reserve)	6.00	59.66
Profit available for distribution after Transfer to Reserves	235.42	159.10
Earning Per Share (Basic in Rupees) (Before Exceptional items)	5.85	8.35

TRANSFER TO RESERVES

Your Company proposes to transfer ₹ 6 crores to the general reserve. An amount of ₹ 190.61 crores is proposed to be carried to the Balance Sheet.

DIVIDEND

The profit available for distribution to equity shareholders works out to ₹ 235.42 crores. Your Directors have recommended a dividend of ₹ 1.50 on an equity share of face value of ₹ 10/- each (15%) for the year ended 2010-11. The details of appropriation are as under:

₹ in crores

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit available for distribution	235.42	159.10
Dividend on Preference shares	6.35	6.35
Proposed Dividend – Equity shares	28.80	25.32
Residual Dividend Paid	3.46	0.02
Corporate Dividend Tax	6.20	5.38
Balance carried to Balance Sheet	190.61	122.03

TRANSFER OF UNPAID DIVIDEND

Your Company does not have any unpaid dividend required to be transferred to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 in the financial year 2010-11.

OVERVIEW

Business:

Your Company has two business drivers viz. 'IT Solutions' (i.e. sale of software products and services affiliated to these products, software development and consulting and IT infrastructure services) and 'Transaction Services' (i.e. BPO related services) for a variety of industry verticals including Insurance, Banking, Capital Markets, Mutual Funds & Asset Management, Wealth Management, Government, Manufacturing and Retail. These solutions and services include Managed IT Services, Application Software Development & Maintenance, Payment Solutions, Business Intelligence, Document Imaging & Digitization, IT Consulting and various Transaction Processing Services.

The contribution of the various business segments to the revenue for the year from IT Solutions is 68% and from Transaction Services 32%.

For detailed operations and business performance and analysis, kindly refer the Management Discussion & Analysis which forms a part of this Report.

During the year, the Company has received the following recognitions:

- Retained its 4th position in the lending category of the IBS Sales League table published by IBS Intelligence, UK for the fourth consecutive year (2008-2011);
- Ranked 36th (4th among Indian IT companies) in the Fintech 100 list of Financial Services & Technology providers, published by American Banker;
- Adjudged runner-up for the Maharashtra IT Award 2009 for Outstanding Performance in IT Software category;
- Award for the Best Takaful Technology Company for the 3rd consecutive year from the Middle East Business Forum at the Takaful Awards;
- One of the top 3 companies in the "Service Provider of the Year" and "Technology Initiative of the Year" categories at the 14th Asia Insurance Industry Award;
- Awarded ISV partner of the Financial Year 2010 – Technology by Oracle, India and
- Received Certificate of Recognition from Business Software Alliance for Software Asset Management Compliance.
- Certified by Wordblu as one of the "Most Democratic Workplaces" for the 2nd consecutive year, 2010 and 2011.

Geographical reach:

Your Company has a large customer base across the globe and 103 of them are Fortune 500 customers. The Company has physical presence through the offices in 15 countries and 5 geographies, viz. South Asia, Asia Pacific, Middle East and Africa, Western Europe and North America.

The business of your Company is majorly divided into Emerging Market and Developed Market. Share of the Emerging Market to total revenue of the Company is 43%. Share of Developed Market to total revenue of the Company is 57%.

SUBSIDIARY COMPANIES

As of the date of this Report, the Company has 43 subsidiaries located in 5 geographies.

Mergers and Amalgamations:

This year has been a year of consolidation for your Company. For the last few years, the Company has been in an acquisitive growth phase due to which the number of subsidiaries of the Company considerably increased. As the operations of certain subsidiaries were merged with that of the Company to reduce the operational cost, your Company initiated several mergers during the year.

Accordingly, 3i Infotech Consulting Inc., Lantern Systems Inc., Objectsoft Group Inc., ePower Inc., US subsidiaries of the Company were merged with 3i Infotech Inc. 3i Infotech Consulting Services SDN BHD has been dissolved. Indian subsidiaries for which merger procedure has been completed are Stex Software Private Limited, KNM Services Private Limited and E-enable Technologies Private Limited with 3i Infotech Limited. Further, Delta Services (India) Private Limited and Manipal Informatics Private Limited have been merged with 3i Infotech Consultancy Services Limited. Indian subsidiaries for whom merger procedure has been initiated are Fineng Solutions Private Limited with 3i Infotech Limited, J&B Software

India Private Limited with 3i Infotech Limited and AOK In House Factoring Services Private Limited and AOK In House BPO Services Limited with 3i Infotech BPO Limited.

Divestment:

To enable the Company to concentrate on its niche area, the Company also decided to divest its stake from certain subsidiaries.

Hence, during the year, the Company divested its entire stake in eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) to Indus Innovest Holdings Private Limited. As a result of this divestment, Antariksh Interactives Private Limited, Access Matrix Technologies Private Limited and Taxsmile.com India Private Limited have ceased to be the subsidiaries of your Company as they were wholly owned subsidiaries of eMudhra Consumer Services Limited.

During the year, the entire stake in 3i Infotech Insurance and Re-insurance Brokers Limited was divested to Aretha Advisors Private Limited.

Investments:

Your Company has raised its stake, on its own or through its subsidiaries, in some of the subsidiary companies.

Your Company has acquired further 40% stake in Fineng Solutions Private Limited (a software product company in the financial services vertical) effective from June 10, 2010 thereby making it a wholly owned subsidiary of the Company and further 23% stake in Locuz Enterprise Solutions Limited (a System Integrator and IT infrastructure solutions and services specialist) effective from October 13, 2010. As a result, Company's stake in Locuz increased to 74%.

In case of its Joint Venture in Nigeria, your Company has acquired 47.5% stake in Process Central Limited, through 3i Infotech (Middle East) FZ LLC, one of the subsidiaries of the Company.

On March 24, 2011, Regulus BPO Limited was incorporated by the Company as its wholly owned indirect subsidiary.

Name Change:

The name of Exact Technical Services Limited (one of the subsidiaries of the Company) was changed to 3i Infotech (Flagship-UK) Limited effective from April 13, 2010 and name of Datacons Asia Pacific SDN BHD was changed to 3i Infotech Services SDN BHD effective from August 5, 2010.

Accounts of the Subsidiaries:

As per Section 212 of the Companies Act, 1956, your Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. Your Directors believe that the audited consolidated accounts present a full and fair picture of the state of affairs and financial conditions of the Company and its subsidiaries, as is done globally. As per circular no. 5/12/2007-CL-III dated February 8, 2011 issued by Government of India, a general exemption under Section 212 (8) of the Companies Act, 1956 has been granted. As per this Circular, a company need not make an application to the Central Government for seeking exemption from the requirement of attaching the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet, provided the conditions mentioned in the Circular are fulfilled. Your Company has fulfilled these conditions and is eligible for this exemption. Accordingly, the Annual Report of your Company does not contain separate financial statements of these subsidiaries, but contains audited consolidated financial statements of the Company and its subsidiaries.

However, a statement of the Company's interest in the subsidiaries and a summary of the financials of the subsidiaries are given along with the consolidated accounts. The annual accounts of the subsidiaries, along with the related information, will be made available to the Members seeking such information at any point of time. The annual accounts of the subsidiaries are also available for inspection during business hours except Saturdays and holidays at the Registered Office of the Company and its respective subsidiaries.

FUTURE OUTLOOK:

The Company will continue to technologically upgrade the products and concentrate on the Software Products and BPO business in Emerging Market. In Developed Market, your Company will concentrate majorly on IT Services for its growth.

CAPITAL

1) ESOS allotments:

3,26,504 shares were allotted under Employees Stock Options Schemes (ESOS) during the fiscal year 2011.

2) Qualified Institutional Placement (QIP) Allotment:

2,29,00,099 fully paid-up equity shares of face value of ₹ 10 each were allotted to Qualified Institutional Buyers under Qualified Institutions Placement (QIP) on April 7, 2010.

3) Foreign Currency Convertible Bonds (FCCBs):

During this year, the Company has not received any conversion notices from the FCCB holders. During the year, the Company has redeemed all the 202 outstanding bonds aggregating US\$20.2 million from the 1st tranche of FCCBs.

Details such as the total bonds issued, bonds converted, number of shares allotted, number of bonds repurchased and expected number of shares to be allotted with respect to outstanding FCCBs have been given in detail in Corporate Governance Report at para No. VI(p).

As a result of allotment of shares as above, the share capital of your Company increased to ₹ 1,91,98,65,490 in the financial year 2010-11 from ₹ 1,68,75,99,460 in the financial year 2009-10.

QUALITY

Your Company is committed to deliver best quality products and services to all its customers first time, every time. In order to meet its commitment, the Company's business processes have been thoughtfully designed to develop solutions that fully meet customer expectations and are in accordance with industry and domain specific standards.

The Quality Management System (QMS) of the Company addresses the entire software development and project management life cycle and conforms to CMMI process framework. It has been objectively designed to standardize engineering and management practices, enhance productivity and reduce inefficiencies.

Your Company is focused to deliver quality at every stage of operations by driving improvement projects around key business and process metrics and imbibing industry wide best practices.

PUBLIC DEPOSITS

During the year, the Company has not invited / accepted any deposit under Section 58A of the Companies Act, 1956.

DIRECTORS

In terms of the provisions of the Articles of Association of the Company, Mr. Hoshang N. Sinor and Ms. Vishakha Mulye are liable to retire by rotation at the forthcoming 18th Annual General Meeting of the Company. Mr. Hoshang N. Sinor and Ms. Vishakha Mulye, being eligible, offer themselves for re-appointment.

During the year, Mr. Mahadevan Chandrasekaran and Mr. Anirudh Prabhakaran resigned from the Board of Directors of the Company with effect from April 23, 2010 and November 02, 2010 respectively. The Board placed on record its deep sense of appreciation for the services rendered by Mr. Mahadevan Chandrasekaran and Mr. Anirudh Prabhakaran as Members of the Board.

Mr. V. Srinivasan was re-appointed as the Managing Director for a period of 5 years with effect from October 01, 2010. His re-appointment was approved by the Members at the 17th Annual General Meeting of the Company. As Mr. Srinivasan is a Non-Resident Indian, the Company had made an application to the Central Government for seeking its approval for the re-appointment and such approval was received by the Company vide Letter no. A95194874/5/2010-CL-VII dated December 29, 2010.

COMMITTEES

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Dileep C. Choksi as Chairman and Ms. Vishakha Mulye and Mr. Samir Kumar Mitter as Members of the Committee. Majority of the Members of the Audit Committee are Independent Non-Executive Directors in compliance with Clause 49 of the Listing Agreement. During the year under review, the Committee met four times to review quarterly accounts, internal control systems, discuss the audit findings and recommendations of the internal and statutory auditors.

BOARD GOVERNANCE COMMITTEE

The Board Governance Committee was reconstituted on July 27, 2010 due to the resignation of Mr. Mahadevan Chandrasekaran from the Board. It currently comprises of Mr. Hoshang N. Sinor as Chairman and Mr. Dileep Choksi and Dr. Bruce Kogut as Members of the Committee. All the Members of the Board Governance Committee are Independent Non-Executive Directors. The Committee attends to matters relating to governance, nomination to the Board, compensation to the Directors and performance bonus, stock options, etc. to the Directors and employees of the Company. During the year under review, the Committee met twice to discharge the functions.

SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Shareholders' / Investors' Grievances Committee comprises of Mr. Samir Kumar Mitter as Chairman and Dr. Ashok Jhunjhunwala and Mr. Amar Chintopanth as Members of the Committee. Majority of the Members are Independent Non-Executive Directors. During the year under review, the Committee met four times to attend to matters relating to investors' servicing and grievances, etc.

FUND RAISING AND ACQUISITIONS COMMITTEE

The Fund Raising and Acquisitions Committee was reconstituted on July 27, 2010 due to the resignation of Mr. Mahadevan Chandrasekaran from the Board. It currently comprises of Mr. Hoshang N. Sinor as Chairman and Dr. Ashok Jhunjhunwala, Mr. Samir Kumar Mitter and Dr. Bruce Kogut as Members of the Committee. All the Members of the Committee are Independent Non-Executive Directors. The Committee attends to matters relating to acquisitions and funding requirements of the Company. During the year, the Committee met three times to discharge its functions.

AUDITORS

M/s Lodha & Co., Chartered Accountants, having their office at 6, Karim Chambers, 40, Ambalal Doshi Marg, Hamam Street, Mumbai - 400 023 and M/s. R. G. N. Price & Co., Chartered Accountants, having their office at Simpson's Building, 861, Anna Salai, Chennai - 600 002 were appointed as Joint Statutory Auditors of the Company at the 17th Annual General Meeting and are due for retirement at the conclusion of the 18th Annual General Meeting. The Company has received letters from both the Auditors, wherein they have consented to act as Joint Auditors and have confirmed that they are eligible and qualified to be appointed as Auditors pursuant to the Sections 224 (1B) and 226 of the Companies Act, 1956.

Your Directors, based on the recommendations of the Audit Committee, recommend the re-appointment of M/s Lodha & Co., Chartered Accountants and M/s R. G. N. Price & Co, Chartered Accountants as the Joint Statutory Auditors of the Company to hold the office from the conclusion of the 18th Annual General Meeting to the conclusion of the 19th Annual General Meeting.

CONSERVATION OF ENERGY

Although the operations of the Company are not energy intensive, the management is highly conscious of the criticality of the conservation of energy at all operational levels. The requirement of disclosure of particulars with respect to conservation of energy as prescribed in Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company and hence are not provided.

TECHNOLOGY ABSORPTION

During the year, your Company has taken the following technology initiatives:

- Usage of cloud technologies: a public cloud using SAAS for sale to fulfillment cycles and a private cloud for project management and ERP systems;
- Strengthened its IPRs through technology innovation and appropriate security controls;
- Partnerships with major technology providers and publishers for win-win relationships and go-to-market strategies;
- Usage of HP's Application Software Quality (ASQ) automation suite to enhance its application testing and compliance efficiencies;
- Certification of Recognition for SAM (Software Asset Management) compliance through an initiative of BSA / FICCI & Government of Maharashtra and
- Through standardization of policies, processes and technology across its Global Development Centers (GDCs), sales and corporate offices, your Company has achieved:
 - Green-IT certification by ECORECO certifying the Company's effective processes for retiring of IT equipment.
 - Re-certification of ISO27001

RESEARCH AND DEVELOPMENT (R & D)

The solutions offered by the Company for various market segments are continuously developed and upgraded through the GDCs.

The GDCs function as the product research and development facility of the Company and focus on developing and expanding the Company's products and IPRs. Besides this, the Company is also in the process of migrating its varied product lines to standard and latest platforms.

With a focus to further enhance the Company's software products, namely its Intellectual Property, based on market needs, the GDCs work in line with the Company's strategy for growth.

Expenditure on R & D

	₹ in crores	
	2010-11	2009-10
Revenue Expenditure	39.90	40.61
Capital Expenditure	-	-
Total	39.90	40.61
Total R&D expenditure as a percentage of total standalone revenue	6.90%	7.60%

FOREIGN EXCHANGE EARNING AND EXPENDITURE

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

More than 30% of the revenue of the Company is derived from exports. Your Company has marketing network around the world, including North America, Western Europe, Middle East & Africa and Asia Pacific.

The Registered Office of the Company is located at International Infotech Park, Vashi, Navi Mumbai, India. Some of the software development centers of the Company in India are also registered as Software Technology Parks of India, whereby the Company is required to fulfill its export obligations as laid down by the Government.

b) Foreign Export earnings and expenditure

During the year 2010-11, the expenditure in foreign currencies amounted to ₹ 20.52 Crores on account of import of capital goods, dividend, travelling and other expenses. During the same period, the Company earned ₹ 173.91 Crores in foreign currencies, as income from its exports.

PERSONNEL

Your Company has talented and dedicated professional employees to achieve the Company's goal. To retain and develop these employees, human resources group has been working with an objective to enhance employee competence through various initiatives and maximizing employee contribution towards the organizational goals.

The Company has a number of initiatives to attract, retain and develop talent in the organization. Some of them include Reach HR (HR query management system), the employee referral scheme, internal job rotation, training and development programs, overseas assignments, medical insurance, social functions, etc.

The Managing Director has been addressing the employees on periodic basis to provide information on development of the Company and to understand the concerns of the employees.

Further, in a knowledge based industry, your Company understands that the employees are the main assets of a Company and it is necessary that they feel challenged to use their intellectual skills to the best of their abilities and add value to themselves even as they add value to the Company. To facilitate this and to have an independent assessment of the work environment, the Company has appointed an Ombudsman who has a wealth of knowledge, is approachable, maintains confidentiality and is able to guide decision making.

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this report and Accounts are being sent to all the Members of the Company, excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company and the same will be sent by post.

FORWARD LOOKING STATEMENTS

This Report along with its annexure and Management Discussion & Analysis contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This report should be read in conjunction with the financial statements included herein and the notes thereto.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) we 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 of the Company for that period;
- c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- d) we have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors are thankful to the Members and Investors for their confidence and continued support. The Directors are grateful to the Central and State Government, Stock Exchanges, Securities & Exchange Board of India, Reserve Bank of India, Software Technology Park of India, Customs and other government authorities, banks and last but not the least, its trusted clients for their continued support.

The Directors would like to express their gratitude for the unstinted support and guidance received from the ICICI group, alliance partners and vendors.

The Directors would also like to express their sincere thanks and appreciation to all the employees for their commendable teamwork and professionalism.

For and on behalf of the Board

Sd/-

Hoshang N. Sinor
Chairman

Dubai, April 22, 2011

Sd/-

V. Srinivasan
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11

A Good Corporate Governance process aims to achieve balance between shareholders' interest and corporate goals by providing long term vision for the business and establishing systems that help the Board of Directors ("the Board") in understanding and monitoring risk at every stage of corporate evolution process to enhance the trust and confidence of the stakeholder without compromising with laws and regulations.

CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company's core values - Innovation, Insight and Integrity imbibe in itself the Corporate Governance Philosophy. The Company's governance structure, which is based on this philosophy, is as follows:

- 1) The Board and its Committees, consisting of professionals of repute who provide strategic planning and direction (Innovation);
- 2) the Operating Board consisting of professionals having domain knowledge and experience (providing the Insight) and
- 3) Execution freedom of the Operating Board and the employees in particular within the framework of accountability (Integrity).

The Operating Board is not a Board Level Committee. It consists of the Managing Director, Deputy Managing Director & CFO, the Business Heads and Product Head.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES BY THE COMPANY

Purely making profit cannot be the only goal of any company. Any company exists within the framework of a society and it has to give back to the society. At 3i Infotech, the need to give back to the society is recognized and to have a very focused approach for giving back to the society, the Company has formed 3i Infotech Foundation. 3i Infotech Foundation strives to enrich lives and fulfill our responsibilities towards the needy and underprivileged sections of the society. 3i Infotech Foundation has undertaken following charitable activities during the year:

- Worked closely in the field of Education, Health and Horticulture with Sahayog Pratishthan, Raigad District, Maharashtra
- Actively supported the initiative by SODEWS (Society for the Development of Economically Weaker Section), an NGO that works in the field of education, health and community development. Scope of work included:
 - anganwadis / balwadis (pre-primary);
 - primary education, middle & high schools;
 - computer centers;
 - library services;
 - toilet construction (dry-compost toilets) and
 - surveys on education, health, environment and employment generation.

I. BOARD OF DIRECTORS

a. Size and Composition of the Board:

The total strength of the Board on the date of this Report is 8. The Chairman of the Board is an Independent Non-Executive Director and the Board consists of five Independent Non-Executive Directors constituting more than half of the total strength of the Board. The composition of the Board and the directorships held by the Board members in other companies during the year 2010-11 are given below:

Name	Category	Designation	Date of Appointment	Date of Resignation	Number of directorship in other companies [@]	Number of chairmanship in committees of Board of other companies [#]	Number of membership in committees of Board of other companies [#]
Hoshang N. Sinor	INED	Chairman	24-Jul-03	-	10	3	5
Ashok Jhunjhunwala	INED	Director	19-Oct-06	-	7	1	5
Bruce Kogut	INED	Director	22-Apr-05	-	-	-	-
Dileep C. Choksi	INED	Director & Chairman-Audit Committee	24-Apr-09	-	8	2	4
Samir Kumar Mitter	INED	Director	28-Oct-05	-	1	-	-
Vishakha Mulye	NED	Director	25-Jul-07	-	4	-	1
V. Srinivasan	ED	Managing Director	05-Sep-96	-	1	-	-
Amar Chintopanth	ED	Deputy Managing Director & CFO	17-Jan-07	-	8	-	1
Anirudh Prabhakaran*	ED	Executive Director & President – South Asia	25-Apr-08	02-Nov-10	-	-	-
Mahadevan Chandrasekaran*	INED	Director	24-Apr-09	23-Apr-10	-	-	-

Legend: INED=Independent Non-Executive Director, NED= Non-Executive Director and ED= Executive Director

[@] Excluding directorships in private limited companies, foreign companies and Section 25 companies.

[#] Includes Membership / Chairmanship only in the Audit Committee and Shareholders'/ Investors' Grievances Committee.

* Was a Director only for part of the year.

None of the Directors are related to any of the other Directors of the Company.

b. The Board Meetings:

Among other things, key matters like periodic operations and financial results, acquisitions, joint ventures, capital / operating budgets, findings / comments of the Statutory, Internal and other Auditors, risk management, internal

controls, issue of capital and other resource mobilization efforts are considered and deliberated by the Board. The Board also regularly deliberates on the Company's positioning in the Indian and global IT scenario and adopts and approves the strategy for medium and long term growth.

The annual calendar of Board Meetings is agreed upon at the beginning of the year. During the last financial year, the Board met seven times on April 9 & 11, 2010; April 23, 2010; June 9, 2010; July 27, 2010; November 2, 2010; December 14, 2010 and January 24, 2011. The time gap between any two Meetings of the Board was less than four months.

The Agenda for the Board Meeting and its Committee Meetings are drafted by the Managing Director, the Deputy Managing Director & CFO and the Company Secretary in consultation with the Chairman of the Board or the Committees, as the case may be. The Agenda, along with all information, including statutory information, relevant to the matters to be discussed is always sent well in advance to the Directors. The Members of the Board can also suggest any agenda item to the Chairman, which is taken up as an additional item after the circulated agenda items. Detailed presentations are made at the Board Meetings by the Managing Director and Deputy Managing Director & CFO on various strategic and operational issues. Presentations are also made by the Operating Board Members and Support Heads updating on their respective functions.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director	Number of Meetings attended	
		In person	Through video / tele conference [#]
Hoshang N. Sinor	7	7	-
Ashok Jhunjunwala	7	7	-
Bruce Kogut	7	4	2 [#]
Dileep C. Choksi	7	6	-
Samir Kumar Mitter	7	7	-
Vishakha Mulye	7	6	-
Mahadevan Chandrasekaran* [@]	2	2	-
V. Srinivasan	7	7	-
Amar Chintopanth	7	7	-
Anirudh Prabhakaran* [@]	5	5	-

*was a Director only for part of the year.

[#] Treated as absent for the purpose of quorum.

[@] Mr. Mahadevan Chandrasekaran and Mr. Anirudh Prabhakaran resigned from the Board with effect from April 23, 2010 and November 2, 2010 respectively.

c. Appointment, performance evaluation, age and tenure limit and remuneration of the Directors:

The policy of the Company for appointment, performance evaluation, age and tenure limit and remuneration of a Director is as mentioned below:

Appointment:

The Board Governance Committee which also acts as the Compensation cum Nomination Committee and consists exclusively of Independent Non-Executive Directors, identifies, selects, nominates and recommends induction of

Additional Director on the Board. Based on the recommendations of this Committee, the Board approves the appointment including re-appointment of Director on the Board.

Performance Evaluation:

Non-Executive Directors have a very important role in the growth and governance of the Company as they represent various fields with expertise in their respective areas and their positive contribution helps the Company to draw out effective strategies for future growth and enable the Company to achieve its laid down objectives. Executive Directors, in turn, implement the strategies and draw out and monitor the operational strategies, plans, systems, and processes to enable the Executive Management of the Company to achieve the goals set by the Board.

The Board Governance Committee evaluates the performance of the Non-Executive Directors on the basis of following criteria:

- quality of participation at the Meeting, regularity and devotion of time;
- strategic direction, inputs, advice and contribution for long-term stability and sustenance of the Company;
- contribution in the Board deliberations utilizing the knowledge, skill, experience and expertise in relation to the business of the Company, industry, international financial / investment banking, domestic / global market and regulatory and other environment and its practical application towards the growth of the Company;
- contribution towards accounting, finance, tax matters, general management practices and matters of international relevance;
- level of commitment towards compliance of legal requirements, codes of conduct and corporate ethics and values;
- working relationships with other Board Members and Senior Management and the Director's ability to communicate with and listen to others, within and outside the Board;
- sensitivity towards the shareholders' wealth and interest of Company's customers, suppliers, employees and partners and
- ability to analyse and review the performance of the management on behalf of and in the interest of the stakeholders and to give concrete suggestions for course corrections.

Performance of the Members of the Board Governance Committee is evaluated by the Board on the same criteria as above.

The performance of the Executive Directors is evaluated by the Board Governance Committee based on the attainment of the top line and bottom line budgets and implementation of the business plans approved by the Board. The Board finalizes the remuneration payable to the Executive Directors, based on the recommendations of the Board Governance Committee.

Age and Tenure Limit:

The Board has fixed the retirement age of Non-Executive Director at the age of 75. The maximum tenure for which a Non-Executive Director can be on the Board is 9 years. This is in line with the Non-mandatory requirement under Clause 49 of the Listing Agreement.

Remuneration Policy and details of remuneration / compensation:

The Members of the Company, at their Annual General Meeting held on July 28, 2009, had approved the payment of remuneration by way of commission to the Non-Executive Directors, for a sum not exceeding 1% of the Net Profit of the Company in the relevant Financial Year. The approval is valid for the payment of commission for a period of 5 years commencing from April 1, 2009 to March 31, 2014.

In the year 2010-11, the Company has paid remuneration by way of commission to the Non- Executive Directors at 0.61% of net profits for the year 2009-10 amounting to ₹ 93,00,000 which was as per the approval granted by the Members on July 28, 2009. In addition to this, sitting fee of ₹ 20,000 per Meeting for attending each of the Board and Committee Meetings for the financial year 2010-11 was also paid to the Non-Executive Directors. The remuneration, as explained above, was paid as per recommendation of the Board Governance Committee and approval of the Board. The details of the remuneration paid to the Non-Executive Directors during the year are as given below:

Name of the Non-Executive Director	Total Sitting Fees (In ₹)			Commission (In ₹)			Total (In ₹)		
	Gross	TDS	Net	Gross	TDS	Net	Gross	TDS	Net
Hoshang N. Sinor	2,20,000	22,000	1,98,000	14,00,000	1,40,000	12,60,000	16,20,000	1,62,000	14,58,000
Ashok Jhunjhunwala	2,60,000	26,000	2,34,000	13,00,000	1,30,000	11,70,000	15,60,000	1,56,000	14,04,000
Bruce Kogut	1,80,000	55,620	1,24,380	13,00,000	4,01,700	8,98,300	14,80,000	4,57,320	10,22,680
Dileep C. Choksi	2,20,000	22,000	1,98,000	14,00,000	1,40,000	12,60,000	16,20,000	1,62,000	14,58,000
Mahadevan Chandrasekaran	80,000	8,000	72,000	13,00,000	1,30,000	11,70,000	13,80,000	1,38,000	12,42,000
Samir Kumar Mitter*	3,40,000	34,000	3,06,000	13,00,000	1,30,000	11,70,000	16,40,000	1,64,000	14,76,000
Vishakha Mulye*	1,80,000	18,000	1,62,000	13,00,000	1,30,000	11,70,000	14,80,000	1,48,000	13,32,000

*The payments made to Mr. Samir Kumar Mitter and Ms. Vishakha Mulye were made to their respective employers as per the mandates received by the Company.

The Non-Executive Directors were not paid any fixed periodic remuneration during the year.

The Company also paid remuneration during the year to its Executive Directors, Mr. Amar Chintopanth and Mr. Anirudh Prabhakaran in accordance with and within the overall limits as per the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 as follows:

1. Mr. Amar Chintopanth - Salary, allowances, incentives and bonus of ₹ 3.41 crores, PF and other contributions of ₹ 0.12 crore and perquisites of ₹ 0.01 crore, aggregating to ₹ 3.54 crores.
2. Mr. Anirudh Prabhakaran - Salary, allowances and incentives of ₹1.79 crores, PF and other contributions of ₹ 0.02 crore and perquisites of ₹ 0.01crore, aggregating to ₹ 1.82 crores .

Mr. V. Srinivasan, Managing Director, a non-resident Indian who is responsible for global operations of the Company, draws his remuneration from wholly owned overseas subsidiaries of the Company. During the year 2010-11, Mr. V. Srinivasan was paid a Salary of USD 543,850/-, bonus of USD 400,000/- and other perquisites such as rent, car, telephone, etc. and management incentives from the overseas subsidiaries of the Company.

Stock Options and Directors' Shareholdings

A) Employees Stock Option Schemes

The Company has two Employees Stock Option Schemes (ESOS) instituted in the fiscal years 2000 and 2007 to enable the employees and Directors of the Company and its subsidiaries to participate in the future growth and financial success of the Company. Options granted under these schemes vest in a graded manner over a three-

year period, with 20%, 30% and 50% of the grants vesting in each year, commencing one year from the date of grant. Options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The price of the options granted after the IPO was the closing market price on the stock exchange which recorded the highest trading volume preceding the date of grant of the options. The pricing of the stock options is in line with SEBI guidelines.

- a) The particulars of the options granted and outstanding up to March 31, 2011 are as under:

Particulars	ESOS 2000	ESOS 2007
Options Granted	2,65,53,076	85,45,000
Options Vested	1,83,36,841	48,44,750
Options exercised	34,85,522	NIL
Number of shares allotted pursuant to exercise of options	34,85,522	NIL
Options forfeited / lapsed	72,21,234	20,75,000
Extinguishment or modification of options	NIL	NIL
Amount realized by exercise of options (₹)	17,87,65,300	NIL
Total number of options in force	1,58,46,320	64,70,000

- b) No Stock Options were granted to Directors and Senior Management Personnel during the year.

The options granted to Mr. V. Srinivasan, Managing Director during the year 2004 - 05 (5,70,000) exceeded 1% of the issued Capital of the Company at the time of grant.

The Managing Director held 3,125 Class B shares of USD 0.01 in Regulus Holdings Inc. representing 2.5% of the Capital.

- c) The following options granted and outstanding as at March 31, 2011 were granted 3 years prior to the IPO to Directors and Senior Management Personnel:

V. Srinivasan, Managing Director - 11,96,000; Amar Chintopanth, Deputy Managing Director & CFO - 2,32,600; M.B. Battliwala - 1,18,700; Padmanabhan Iyer - 1,20,000 and Shivanand R. Shettigar - 94,800.

- d) Diluted Earning Per Share (EPS) pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard 20:

In 3 years prior to IPO

Financial Year	Amount (in ₹)
2002-03	(0.09)
2003-04	0.17
2004-05	2.18

Last 5 years

Financial Year	Amount (in ₹)
2006-07	10.27
2007-08	6.96 *
2008-09	13.55
2009-10	(7.04)
2010-11	5.83

* Post Bonus

- e) Since the exercise price of the Company's options is the previous day's closing price on the stock exchange, which recorded the highest trading volume preceding the date of grant of options, there is no compensation cost in fiscal year 2011 based on intrinsic value of options. However, if the Company had used the fair value of options based on the Black-Scholes model, compensation cost in fiscal would have been ₹ 4.98 crores and proforma profit after tax would have been ₹ 107 crores. On a proforma basis, the Company's basic and diluted earning per share would have been ₹ 5.59 and ₹ 5.83 respectively. The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting has been considered as a separate grant for the purpose of valuation. The assumptions used to estimate the fair value are detailed below:

Risk free interest rate	5.71% - 6.36%
Expected life of Option	3 - 10 years
Expected volatility	50.63% - 57.91%
Expected dividends yield	1.15% - 2.84%
Price of the underlying share in the market at the time of option grant	Stock options are granted at the NSE Closing Price on the day prior to grant

Date of Grant	Grant Price (₹)
April 23, 2010	76

- f) Weighted average exercise price of Options granted during the year whose

(a)	Exercise price equals market price	76
(b)	Exercise price is greater than market price	NIL
(c)	Exercise price is less than market price	NIL

- g) Weighted average fair value of Options granted during the year whose

(a)	Exercise price equals market price	76
(b)	Exercise price is greater than market price	NIL
(c)	Exercise price is less than market price	NIL

- h) The number of Stock Options held by the Directors as on March 31, 2011 are as below:

Hoshang N. Sinor – NIL; Ashok Jhunjunwala – 90,000; Bruce Kogut – 1,00,000; Dileep C. Choksi – 1,00,000; Samir Kumar Mitter – NIL; Vishakha Mulye – NIL; V. Srinivasan – 37,66,000 and Amar Chintopanth – 10,82,600

B) Number of shares held by Directors as on March 31, 2011:

Hoshang N. Sinor – 1,00,000; Ashok Jhunjunwala – 12,110; Vishakha Mulye - 12,000; V. Srinivasan – 2,42,040
None of the other Directors hold any shares or convertible instruments of the Company.

CODE OF CONDUCT

The Company has adopted a Code of Conduct for Board of Directors and Senior Management. All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2011. A Declaration to this effect signed by the Managing Director forms part of this Report.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

As required by SEBI Regulations, the Company has adopted a code for the Prevention of Insider Trading. This Code is applicable to the Directors and employees of the Company and its subsidiaries and their dependent family members.

II. BOARD COMMITTEES

Currently, the Board has four Committees, viz.

1. Audit Committee;
2. Shareholders' / Investors' Grievances Committee;
3. Board Governance Committee and
4. Fund Raising and Acquisitions Committee.

The Board Governance Committee and Fund Raising and Acquisitions Committee consist entirely of Independent Directors. The Audit and the Shareholders / Investors' Grievances Committee consists of a majority of Independent Directors. Normally, the Committees meet four times a year, except the Board Governance Committee. The quorum for the Meetings is either two Directors or one third of the Members of the Committee, whichever is higher.

In order to get larger participation of Directors in different Board functions and also to ensure that a set of Directors do not continue to discharge the same functions continuously for a longer period of time, the Company has adopted a policy of re-constitution of the Committees of the Board after every three years.

The Committees of the Board at present, their constitution and terms of reference are set out below:

a. Audit Committee:

Brief description of terms of reference:

The Audit Committee reviews, acts and reports to the Board with respect to:

- overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending the appointment / removal of Statutory Auditor(s) & Internal Auditor(s), fix the audit fee and also approve the payment for any other services;
- reviewing, with the Management, the quarterly / annual financial statements before submission to the Board;
- reviewing, with the Management, the statement of usage / application of funds raised through public issue, rights issue, preferential issue, etc., the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- reviewing, with the Management, the adequacy of internal control system and performance of Statutory and Internal Auditors;
- reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with Statutory Auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- discussion with Internal Auditors on any significant findings and follow up thereon;
- reviewing the Company's financial and risk management policies;

- reviewing the functioning of the Whistle Blower mechanism;
- reviewing the financial statements of subsidiary companies;
- looking into reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders and creditors and
- approving the appointment of Chief Financial Officer (CFO) before finalization of the same by the management and assessing the qualifications, experience and Background etc. of the candidate before approving the appointment.

Composition of the Audit Committee as on the date of this Report is as under:

Director	Position	Qualification
Dileep C. Choksi	Chairman	B. Com, LLB, FCA, CWA
Samir Kumar Mitter	Member	MA, LLB
Vishakha Mulye	Member	B. Com, CA

The Audit Committee comprises of Non-Executive Directors, majority of them being Independent having accounting and financial management expertise. The Deputy Managing Director & Chief Financial Officer, Head – Enterprise Risk Management and Internal Audit, Internal Auditors and the Joint Statutory Auditors attend the Meetings of the Audit Committee as invitees. The Company Secretary is the Secretary to the Committee.

The Committee met four times during 2010-11 on April 22, 2010; July 26, 2010; November 1, 2010 and January 22, 2011. The time gap between any two Meetings was less than four months.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings attended
Dileep C. Choksi	4	4
Samir Kumar Mitter	4	4
Vishakha Mulye	4	3

b. Shareholders' / Investors' Grievances Committee:

This Committee was constituted by the Board to look into the matters relating to the investors' servicing and to redress the grievances of the investors.

Brief description of terms of reference:

- allot to the applicants, shares and other securities issued by the Company from time to time including allotment under Employees Stock Option Schemes, amended from time to time;
- approve registration of transfer of shares and other securities issued and that may be issued from time to time and approve or reject application for transmission of shares;
- approve / reject applications for dematerialisation, re-materialisation, subdivision, consolidation, transposition and thereupon issue share certificates to the shareholders;
- lay down suitable procedure and approve issue of duplicate certificates of shares and other securities;
- decide the stock exchange(s) / depository(ies) in India or abroad, on which shares or other securities issued by the Company are to be listed or delisted including offering / issuing such shares / securities through depositories.

- fix record date and determine closure of Register of Members and Transfer Books for the purpose of payment of dividend, interest, issue of rights / bonus shares or for such other purpose as the Committee may deem fit;
- redressal of shareholder and investor complaints such as transfer of shares, non-receipt of Annual Reports, non-receipt of dividend declared, etc.;
- report to the Board about important developments in the area of servicing of shareholders and
- take initiatives for better servicing of the shareholders.

Composition of the Committee as on the date of this Report was as under:

Name of the Director	Position
Samir Kumar Mitter	Chairman
Ashok Jhunjhunwala	Member
Amar Chintopanth	Member

Majority of the Members of this Committee, including the Chairman of the Committee, are Independent Non-Executive Directors. Mr. Shivanand R. Shettigar, the Company Secretary is the Compliance Officer and Secretary to the Committee.

The Committee met four times, during the year 2010-11 on April 23, 2010; July 27, 2010; November 2, 2010 and January 24, 2011.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings attended
Samir Kumar Mitter	4	4
Ashok Jhunjhunwala	4	4
Amar Chintopanth	4	4

The Investors' & Shareholders' complaints received during the year:

	Opening Balance	Received	Processed	Pending as on March 31, 2011
Instructions	9	534	543	NIL
Grievances	NIL	7	7	NIL

c. Board Governance Committee:

This Committee acts as a Board Governance, Compensation cum Nomination Committee.

Brief description of terms of reference:

- identify the prospective directors, evaluate the current composition and recommend appointment of directors;
- evaluate the current composition, organisation and governance of Board and its committees, board of its subsidiaries, determine future requirements and make recommendations to the Board for approval;
- evaluate the performance of the Board and its Committees and board of its subsidiaries;
- ensure that the Board and the board of the subsidiaries are properly constituted to meet its fiduciary obligations, the corporate governance principles and best practices;
- determine as to the Director(s) who shall be liable to retire by rotation;
- formulate various codes of ethics, conduct and governance practices;

- evaluate succession planning and work with the Board for evaluating the potential successors to executive management positions;
- evaluate and recommend to the Board, the compensation plan, policies and programs for Executive Directors and Senior Management Personnel;
- review performance of Whole-time Directors of the Company and the subsidiaries, nominated by the Company on its Board vis-à-vis Key Performance Areas and to recommend the remuneration payable to them from time to time by way of salary, perquisites, commission, allowances, performance bonus, stock options etc.;
- approve the policy for quantum of bonus payable to the employees.

Consequent to the resignation of Mr. Mahadevan Chandrasekaran at the Board Meeting held on April 23, 2010, the composition of the Committee from April 23, 2010 till July 27, 2010 was as under:

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member

There was no Meeting of the Board Governance Committee held during this period.

On July 27, 2010, the Committee was re-constituted by the induction of Mr. Dileep C. Choksi as Member.

The current composition of the Committee is as under

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member
Dileep C. Choksi	Member

All the Members of this Committee are Independent Non-Executive Directors.

The Committee met twice during the year 2010-11 on April 22, 2010 and November 2, 2010.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings attended
Hoshang N. Sinor	2	2
Bruce Kogut	2	2
Mahadevan Chandrasekaran*	1	1
Dileep C. Choksi*®	1	1

* was a Member only for part of the year.

® inducted during the financial year 2010 - 2011.

Remuneration policy and details of remuneration to all Directors are given on page no. 13 i.e under the heading - the Board of Directors and sub heading - Appointment, performance evaluation, age & tenure limit and remuneration of the Directors.

d. Fund Raising and Acquisitions Committee

This Committee was constituted by the Board to look into the matters relating to assessment of capital requirements of the Company and subsidiaries and recommendation and approval of fund raising and acquisition proposals.

Brief description of terms of reference:

- to review all long term funding needs of the 3i Infotech group and make appropriate recommendations to the Board;
- to approve acquisitions having a consideration between USD 10 million to USD 25 million per transaction and report to the Board subsequently;
- recommend for Board's approval acquisitions with a consideration more than USD 25 million and
- noting and performance review of previous acquisitions.

Consequent to the resignation of Mr. Mahadevan Chandrasekaran at the Board Meeting held on April 23, 2010, the composition of the Committee from April 23, 2010 till July 27, 2010 was as under:

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member

There was no Meeting of the Committee held during this period.

On July 27, 2010, the Committee was re-constituted by the induction of Mr. Samir Kumar Mitter and Dr. Ashok Jhunjunwala as Members.

The current composition of the Committee is as under:

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member
Ashok Jhunjunwala	Member
Samir Kumar Mitter	Member

As on the date of this Report, all the Members of this Committee are Independent Non-Executive Directors. Mr. Shivanand R. Shettigar, the Company Secretary acts as the Secretary to the Committee.

The Committee met three times during the year 2010-11 on April 22, 2010; November 1, 2010 and January 24, 2011.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings attended
Hoshang N. Sinor	3	2
Bruce Kogut	3	3
Mahadevan Chandrasekaran*	1	1
Ashok Jhunjunwala* @	2	2
Samir Kumar Mitter* @	2	2

*was a Member only for part of the year.

@ inducted during financial year 2010 - 2011.

III. GENERAL MEETINGS

Details of the Annual General Meetings (AGMs) held in the last three years.

Year	Date and Time	Venue	Special Resolutions passed
2009-10	July 27, 2010 at 4.00 p.m.	Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 705.	Re-appointment of Mr. V. Srinivasan as the Managing Director of the Company.
2008-09	July 28, 2009 at 3.30 p.m.		<ol style="list-style-type: none"> 1 Commission to Non-Executive Directors; 2 Retention Incentives to Executive Directors i.e. Mr. Amar Chintopanth and Mr. Anirudh Prabhakaran; 3 Alteration of Articles of Association of the Company with regard to insertion of clause pertaining to appointment of nominee directors by lenders of the Company.
2007-08	July 25, 2008 at 4.00 p.m.		<ol style="list-style-type: none"> 1 Appointment of Mr. Anirudh Prabhakaran as Executive Director 2 Variation in terms of remuneration of Mr. Amar Chintopanth, Executive Director & CFO

The Resolutions were passed by show of hands at the above AGMs and none of the Resolutions were passed by way of Poll.

Attendance of the Directors at the last AGM held on July 27, 2010

Name of the Directors

Hoshang N. Sinor
 Ashok Jhunjhunwala
 Dileep C. Choksi
 Samir Kumar Mitter
 Vishakha Mulye
 V. Srinivasan
 Amar Chintopanth
 Anirudh Prabhakaran

No Extraordinary General Meeting (EGM) was held in the last three years.

Postal Ballot

No Resolution was passed through Postal Ballot during the Financial Year 2010-11.

IV. DISCLOSURE REQUIREMENTS

a) Management Discussion and Analysis Report:

The detailed Management Discussion and Analysis Report along with risks and concerns is given separately in the Annual Report.

b) Disclosure relating to material financial and commercial transactions having a potential conflict of interest:

During the year 2010-11, there were no material financial and commercial transactions, having a potential conflict of interest entered into by the Company with the Directors or Members of Management.

c) Details of non-compliance, penalties, etc.:

The Company was not subject to any non compliance and no penalties or strictures were imposed on the Company by Stock Exchanges, SEBI or any statutory or other authority on any matters relating to capital markets, during the last three years.

d) Whistle Blower Policy:

The Company has been consistently adopting professional and transparent policies and practices in accordance with the global standards of best practices and governance. As a part of implementing the global best practices, the Company has put in place a Whistle Blower Policy to enable the employees to participate in fostering transparent practices in the organisation. The Policy is put up on the Knowledge Management Portal of the Company, which is an internal portal for the employees.

Under the Policy, employees are free to communicate any matters of concern in areas of accounts, finance, management, operations, employment and other affairs of the Company and its subsidiaries and discuss the same in terms of this policy. Since the date of the Policy, no employee has been denied access to the Audit Committee.

e) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

The Company has complied with all the mandatory requirements.

The Company's status of compliance with the non-mandatory requirements is given below:

1. The Board

As our Chairman is an Independent and Non-Executive Director, the Company maintains an office for him at the Corporate Office and provides a car for his official duties.

None of the Independent Directors on our Board have served for a term exceeding nine years from the date since the new clause 49 became effective.

2. Remuneration Committee

The Company has a Board Governance Committee, which also functions as the Remuneration Committee. A detailed report on the same is given under point II. c in this Report.

3. Shareholder Rights

The quarterly, half yearly and annual declarations of the financial performance are posted on the web-site of the Company and are also sent to the Stock Exchanges, where the shares of the Company are listed.

4. Audit Qualifications

The Company's financial statements are unqualified.

5. Training of Board Members

New Director, on being inducted to the Board, is made familiarized with the Company's Corporate Profile, the Corporate Governance Code, Code of Conduct for Directors and Senior Management, Insider Trading Code and the Company's policy for Unfair Trading Practices in Securities.

6. Mechanism for evaluating the performance of Non-Executive Directors

The Board Governance Committee evaluates the performance of the Non-Executive Directors every year on the basis of well defined parameters and their recommendations are placed before the Board. The Board notes the recommendations of the Committee while deciding the remuneration to be paid to the Non-Executive Directors.

7. Whistle Blower Policy

The Company has laid down a Whistle Blower Policy, the details of which are given above in this Report.

f) Utilisation of Proceeds from Issue of shares:

During the year, the Company raised equity capital through a Qualified Institutional Placement (QIP). The details of utilisation of proceeds received on April 7, 2010 through QIP is as under:

Particulars	Amount (₹ in crores)
Amount received from QIP Proceeds	179.99
Less: Expenses incurred for QIP	15.08
Less: Debt Repayment	164.91
Balance	NIL

V. MEANS OF COMMUNICATION - QUARTERLY / HALF YEARLY RESULTS ETC.

The Company's periodic financial results as well as official news releases and presentations made to the institutional investors and analysts are displayed on the web-site of the Company at www.3i-infotech.com. The financial results are normally published in Economic Times, Business Standard, Business Line, Free Press Journal (English) and Navshakti (regional newspaper).

The Company has an Investor Grievance cell to address the grievances / queries of the shareholders. In order to enable shareholders to raise queries and grievances, the Company has a separate email ID investors@3i-infotech.com.

VI. GENERAL SHAREHOLDER INFORMATION

a) Details of ensuing AGM:

Day and Date	Time	Venue
Friday, July 29, 2011	4 p.m.	Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 705.

b) Schedule of the Board Meetings for consideration of Financial Results (tentative and subject to change):

Quarter Ended	Date
June 30, 2011	July 29, 2011
September 30, 2011	October 21, 2011
December 31, 2011	January 24, 2012
March 31, 2012	April 27, 2012

c) Financial Year: April 01 - March 31

d) Date of Book Closure: Saturday, July 09, 2011 to Friday, July 29, 2011 (Both days inclusive)

e) Dividend payment date: July 30, 2011

f) Registrar and Transfer Agent:

The Company is a SEBI Registered, Category I Share Transfer Agent and handles Registrar and Transfer Agents work in-house. The Company has adequate infrastructure to service its shareholders.

g) Share transfer system:

The Company as R&T agent has expertise and effective systems for share transfers.

h) Listing:

The shares are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Annual Listing Fees have been paid to both these Stock Exchanges.

i) Listing on Stock Exchanges and Codes:

ISIN in NSDL & CDSL: INE748C01020

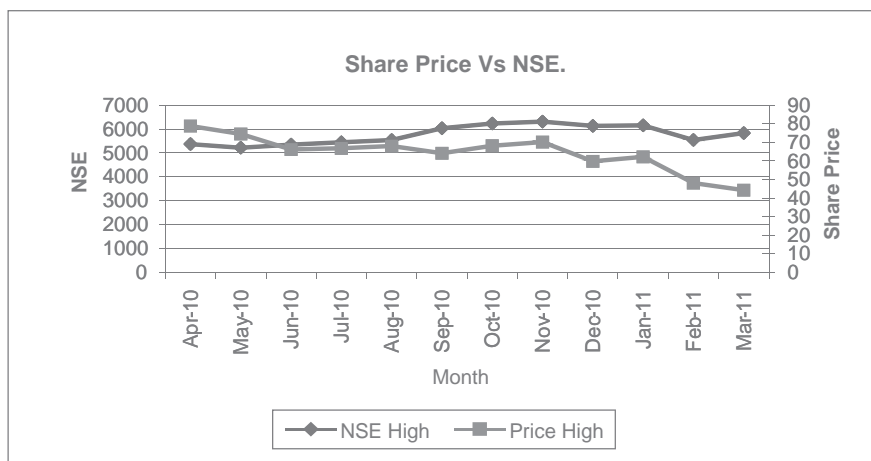
	NSE	BSE
Exchange Code	3IINFOTECH	532628

j) Stock Market Data:

Monthly highs, lows and trading volume for 2010 - 11:

Month	National Stock Exchange			Bombay Stock Exchange			Total Quantity Traded
	High	Low	Trade Quantity	High	Low	Trade Quantity	
April-10	78.8	73.45	3,54,12,207	78.75	73.2	1,38,19,784	4,92,31,991
May-10	74.55	64.6	1,63,46,251	74.45	64.25	57,33,190	2,20,79,441
June-10	66.15	60.3	1,72,65,738	66	60.45	62,00,009	2,34,65,747
July-10	66.8	62.9	2,55,41,871	66.9	62.7	97,94,314	3,53,36,185
August-10	68.05	58	1,98,43,843	68.15	58.1	78,56,718	2,77,00,561
September-10	64.15	58.45	2,17,15,383	64.1	58.4	98,81,143	3,15,96,526
October-10	68.2	61.2	3,95,00,408	68.25	61.25	1,99,64,225	5,94,64,633
November-10	70.2	54.75	3,55,10,936	70.2	54.65	1,19,23,398	4,74,34,334
December-10	59.8	52.35	2,20,50,498	59.75	52.45	71,13,808	2,91,64,306
January-11	62.2	49.45	1,64,67,061	62.15	49.55	47,18,537	2,11,85,598
February-11	48.10	39.25	1,67,02,811	48.15	39.35	46,99,693	2,14,02,504
March-11	44.3	40	1,77,07,875	44.85	40	52,71,827	2,29,79,702

k) 3i Infotech share prices versus the NSE Nifty



l) Distribution of Holdings as on March 31, 2011

Share holding of nominal value of (₹)	Shareholders		Share Amount	
	Number	Percentage to total (%)	(₹)	Percentage to total (%)
Upto 5000	1,35,644	86.88	19,98,62,860	10.41
5001-10000	11,112	7.12	9,04,24,320	4.71
10001-20000	4,941	3.17	7,64,30,810	3.98
20001-30000	1,539	0.99	3,98,57,060	2.08
30001-40000	775	0.50	2,83,37,950	1.48
40001-50000	550	0.35	2,60,42,900	1.36
50001-100000	865	0.55	6,39,84,010	3.33
100001 and above	681	0.44	1,39,49,25,580	72.65
Total	1,56,107	100.00	1,91,98,65,490	100.00

m) Shareholding Pattern as on March 31, 2011:

Category	Shares	Percentage (%)
Government Financial Institutions	2,24,18,772	11.68
Nationalised Banks	1,60,07,809	8.34
FII's	2,33,48,986	12.16
Overseas Corporate Bodies (OCBs)	2,300	0.00
Foreign Banks / Companies	46,08,669	2.40
Non-Residents	33,64,426	1.75
Mutual Funds	63,59,030	3.31
Bodies Corporates	1,53,51,180	8.00
ICICI Bank Limited	-	0.00
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	3,90,36,190	20.33
Other Banks	30,11,772	1.57
Resident Indians	5,84,77,415	30.46
TOTAL	19,19,86,549	100.00
No. of Shareholders	1,56,107	-

n) Dematerialization of shares and liquidity:

On March 31, 2011, all the shares of the Company are held in Dematerialized mode, except 54,448 shares, which are held in physical mode.

o) Unclaimed Shares lying in Demat Suspense Account:

SEBI has vide its circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 amended the listing agreement. It is required for companies to credit the unclaimed shares of the Company, arising out of the public issue, which could not be allotted to the rightful shareholder due to insufficient/incorrect information, to a separate demat suspense account. The Company opened a demat account having account no IN302902/47834376 for transferring unclaimed shares into the account.

The details of the aforesaid shares are as under:

Particulars	Details
Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year	5 and 674 respectively
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	NIL
Number of holders to whom shares were transferred from suspense account during the year	NIL
Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2011	5 and 674 respectively

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

p) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has issued Foreign Currency Convertible Bonds as per the details given below;

	Euros 30 Million Zero coupon convertible bonds due in 2012	US\$ 100 Million Zero Coupon convertible bonds due in 2012
Identification No.	CB110317	CB110317
ISIN	XSO292985727	XS0308551166
Initial Conversion Price	INR 308.63 representing a premium of 25% to INR 246.90, the reference share price (closing price on NSE on March 26, 2007)	INR 331.87 representing a premium of 10% to INR 301.70, the reference share price (closing price on NSE on June 25, 2007)
Initial Conversion Ratio	Convertible into 186.6312 common shares per bond of € 1,000 each from May 13, 2007 until March 4, 2012	Convertible into 122.9698 common shares per bond of USD 1,000 each from September 5, 2007 until July 20, 2012
Current Conversion Price	₹154.315 w.e.f. August 28, 2007	₹165.935 w.e.f. August 28, 2007
Current Conversion Ratio	Convertible into 373.2624 common shares per bond of € 1,000 each	Convertible into 245.9396 common shares per bond of USD 1,000 each
Yield to maturity	6.90% per annum calculated on an annual basis	7.05% per annum on semi-annual basis
Number of Bonds Converted as on March 31, 2011	NIL	NIL
Number of Bonds repurchased as on March 31, 2011	10,000	33,633
Number of Bonds outstanding as on March 31, 2011	20,000	66,367

	Euros 30 Million Zero coupon convertible bonds due in 2012	US\$ 100 Million Zero Coupon convertible bonds due in 2012
Amount Outstanding as on March 31, 2011	Euro 20 Million	USD 66.367 Million
Expected number of shares to be issued	74,65,248	1,63,22,273

Apart from these, there are no other GDRs/ADRs/Warrants or any convertible instruments other than the stock options issued under the Employees Stock Option Schemes of the Company, which are outstanding.

q) Plant Locations:

As the Company is engaged in Information Technology Industry, it does not have any Plant.

The addresses of Offices/Global Development Centers (GDCs) of the Company are given below:

1. Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703
2. Unit No. 601, 6th Floor, Akruti Centre Point, MIDC Central Road, Next to Marol Telephone Exchange, Andheri (E), Mumbai - 400 093
3. Unit Nos. 301, 302, 3rd Floor, 'D' Block, RMZ Centennial, Plot No. 8D, Doddanakundi Industrial Area, ITPL Road, Whitefield, Bangalore - 560 048
4. 3rd and 5th Floors, Prince Infocity - II, R.S. Nos. 283/3 & 283/4, Door No. 141, Kottivakam Village, Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai – 600 096
5. 2nd Office Floor of Building No. 9, Survey No.64 (Part), Madhapur Village, Serilingampally Mandal, Ranga Reddy District, Hyderabad - 500 081

r) Address for correspondence

COMPLIANCE OFFICER:

Shivanand R. Shettigar,

Compliance Officer & Company Secretary

3i Infotech limited, Tower # 5, 3rd to 6th Floors, International Infotech Park,
Vashi, Navi Mumbai 400 703

Ph: (91-22) 67928800

Fax: (91-22) 6792 8094

Email:co@3i-infotech.com

INSTITUTIONAL INVESTORS:

M.B. Battliwala,

Senior General Manager

3i Infotech Limited, Akruti Centre Point, 6th Floor, M.I.D.C Central Road,
Next to Marol Telephone Exchange,
Andheri (East), Mumbai - 400 093

Ph: (91-22) 39145758/560

Fax: (91-22) 39145520

E-mail:investor.relations@3i-infotech.com / corporate@3i-infotech.com

IN-HOUSE SHARE DEPARTMENT:

3i Infotech Limited

Tower # 5, 3rd Floor, International Infotech Park,
Vashi Railway Station Commercial Complex, Vashi,
Navi Mumbai 400 703, Maharashtra

Ph: (91-22) 6792 8015/8206

Fax: (91-22) 6792 8098/99

Email: investors@3i-infotech.com

Dubai, April 22, 2011

CERTIFICATE FROM MANAGING DIRECTOR FOR COMPLIANCE WITH CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

This is to certify that 3i Infotech Limited has put in place a Code of Conduct for the Board of Directors and Senior Management. This Code is applicable to all the Directors of the Company and the Members of Senior Management, who are one level below the Executive Directors, including all the functional heads and heads of Business Geographies. The Directors and Members of Senior Management have affirmed compliance with the Code of Conduct for the Board of Directors and Senior Management for the financial year ended March 31, 2011.

Sd/-

V. Srinivasan
Managing Director
3i Infotech Limited

April 22, 2011 at Dubai

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by 3i Infotech Limited for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement with Stock Exchange of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and based on the representations given by the Management of the Company, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the Management has conducted the affairs of the Company.

For R. G. N. PRICE & COMPANY

Chartered Accountants

Firm Registration No: 022785S

Sd/-

(Mahesh Krishnan)

Partner

Membership No. 206520

April 22, 2011 at Dubai

For LODHA & COMPANY

Chartered Accountants

Firm Registration No: 301051E

Sd/-

(R. P. Baradiya)

Partner

Membership No. 44101

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF CONSOLIDATED OPERATIONS

The management discussion and financial analysis is based on the consolidated financial statements prepared in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') prescribed by The Companies (Accounting Standards) Rules, 2006.

Introduction to the Company and its Businesses

3i Infotech is one of India's leading IT companies and among the top Indian Software Products Companies. The Company provides IT solutions and transaction services for the banking, financial services, insurance industry largely.

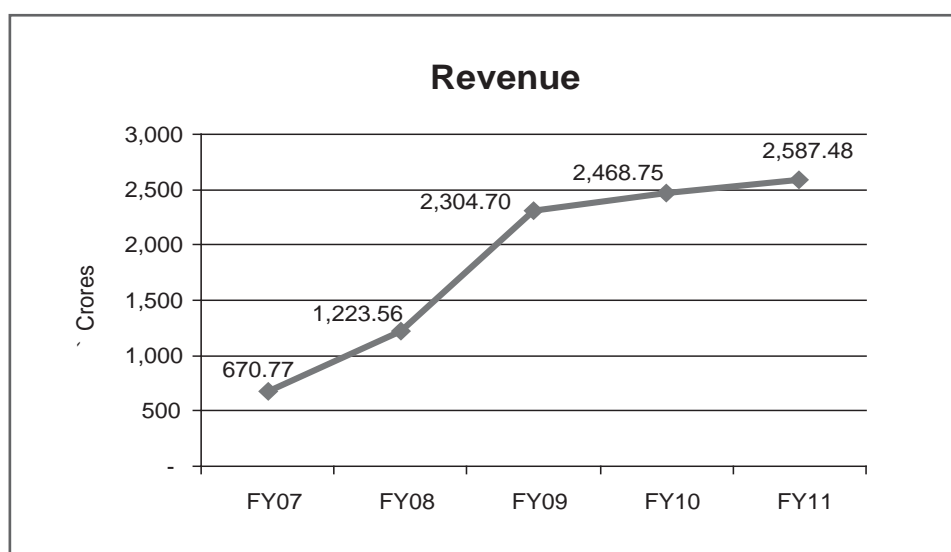
The two business segments of the Company are IT Solutions constituting roughly 70% and Transaction Services constituting roughly 30% of the total business. These the Company offers through its geographic segments, developed markets constituting approximately 60% and emerging markets constituting approximately 40% of revenues.

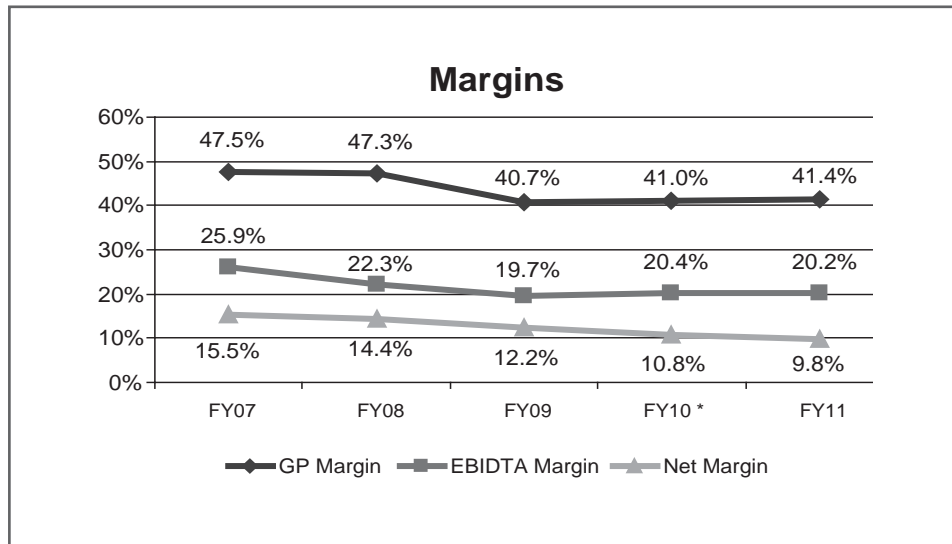
Through its IT offerings, the Company provides clients with software products covering banking, insurance & financial services, application development & maintenance and IT infrastructure services.

Through its Transaction service offerings, the Company provides clients with services such as payment remittance, cheque processing, human resources and payroll management services, account origination, forms processing, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact center services.

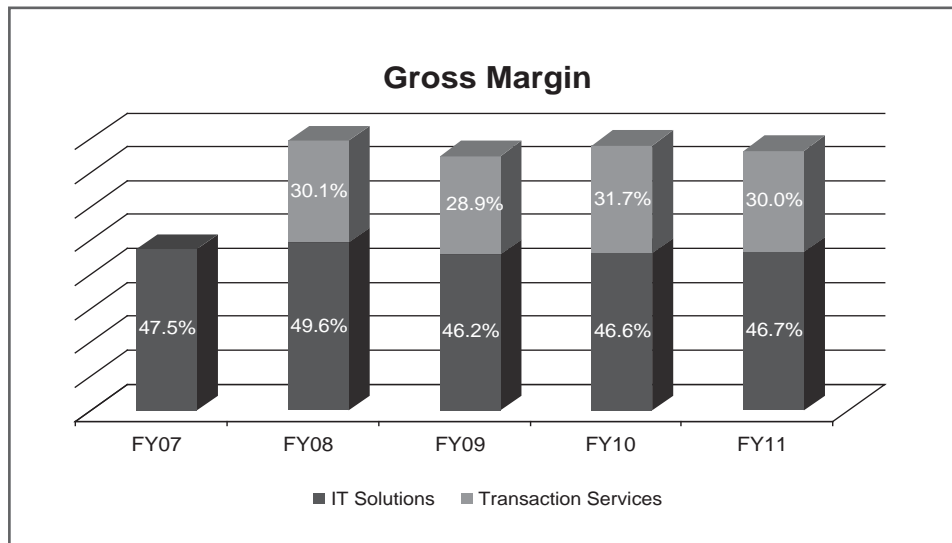
The Company's revenues have grown from ₹ 670.77 crores in FY 2007 to ₹ 2,587.48 crores in FY 2011. This represents a compounded annual growth rate (CAGR) of 40.1%; of which 20.6% has been organic and 19.5% inorganic, over the past five years.

Financial Trends over the Years





* Profit After Taxation & Before Exceptional items and impact of discontinued operations has been considered for Net Margin of FY2010



Analysis of Financials

Analysis of Profit & Loss Statement :

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Total Income	2,587.48	2,468.75
Total Expenditure	2,065.64	1,965.61
Profit before Interest, Depreciation, Taxes	521.84	503.14
Interest	160.13	144.83
Depreciation & Amortisation	100.50	81.41
Profit Before Taxation	261.21	276.90
Tax	7.64	10.95
Profit After Taxation & Before Exceptional Items and Impact of discontinuing operations	253.57	265.95

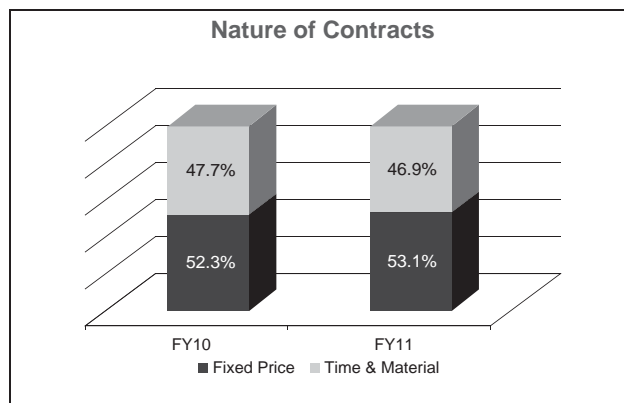
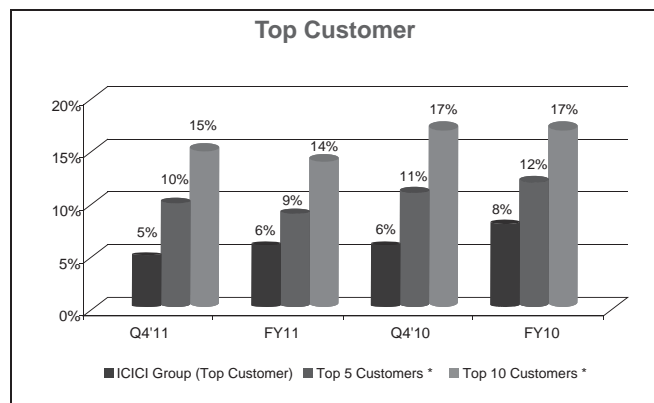
Revenue

In FY 2011, consolidated revenues were at ₹ 2,587.48 crores, as against ₹ 2,468.75 crores in the previous year, a growth of 4.8% over the previous year. On a year on year basis, revenue from IT Solutions grew by 13.8% to ₹ 1,767.54 crores from ₹ 1,553.23 crores in the previous year. Revenue from Transaction services business declined by 10.4% to ₹ 819.94 crores from ₹ 915.52 crores in the previous year.

The Company's offerings are broadly classified into two distinct segments, IT solutions and transaction services. IT Solutions revenues contributed to 68% of the total income (63% in the previous year). Revenues from the transaction services business reduced to 32% in the current year, from 37% in the previous year. This decrease in revenue is due to reduction in transaction services business in North America, arising out of decline in cheque volumes in North America.

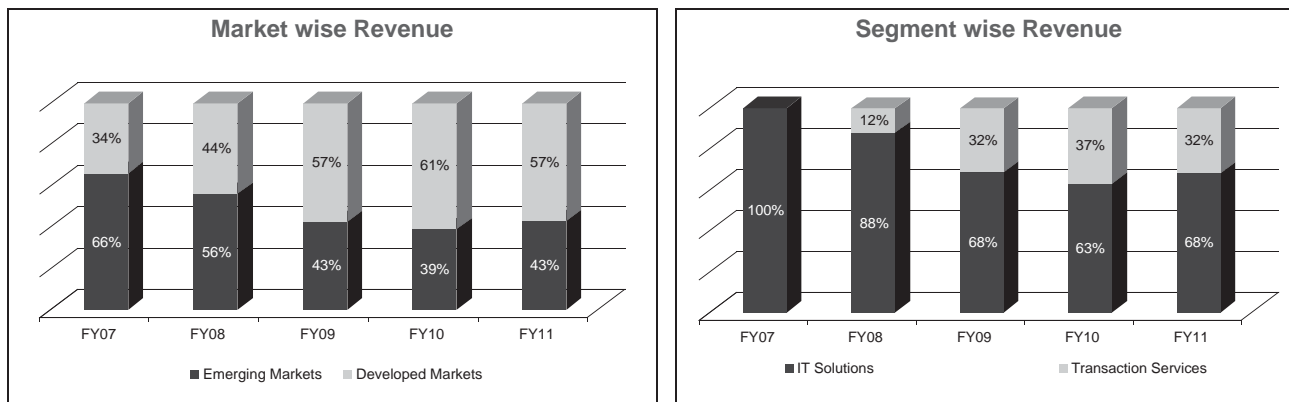
With respect to geographies, the developed markets contributed to 57% of the revenues compared to 61% in the previous year. The decrease is mainly due to reduction in volumes of the transaction processing business in the North America. The emerging markets contributed to 43% of the revenues compared to 39% in the previous year. There was a significant rise of 13.8% in the IT Solutions business, mainly concentrated in the emerging markets.

Customer Concentration



* excluding ICICI Group

A snapshot of the Market wise and Segment wise mix for the last five years is given below:



Costs

Salary and cost of outsourced services and third party products continues to be a major component of expenses. The Company does not carry any significant bench and uses a combination of own and outsourced employees to manage cost. As a percentage of total cost, this is around 81.4%.

The major components of costs as a percentage of total revenue for FY 2011 are given below:

	Amount (₹ in crores)	% of Consol Revenue
Salary & Outsourced costs	1,687.03	65.1%
Rent & Electricity	147.47	5.7%
Travel	70.88	2.7%
Communication	28.29	1.1%
Legal & Professional Charges	22.00	0.9%
Miscellaneous expenses	17.63	0.7%
Other Expenditure	92.34	3.6%
Total Expenditure	2,065.64	79.8%

The Operating Profit (Profit before Interest, Depreciation & Taxes) was ₹ 521.84 crores, with an operating margin of 20.2% during the current year, as compared to ₹ 503.14 crores in the previous year.

Profit after tax and before exceptional items and impact of discontinuing operations is at ₹ 253.57 crores, as against ₹ 265.95 crores for the previous year.

Analysis of Balance Sheet :

₹ in crores

	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS		
Share Capital & Reserves	1,290.16	993.47
Minority Interest	1.40	8.19
Loan Funds	2,382.40	2,159.01
Premium Payable on Redemption of FCCB	152.45	123.73
	3,826.41	3,284.40
APPLICATION OF FUNDS		
Goodwill on Consolidation	1,833.89	1,810.71
Net Fixed Assets	401.97	428.49
Investments	28.63	10.10
Deferred Tax Assets (Net)	120.49	112.65
Net Current Assets	1,441.43	922.45
	3,826.41	3,284.40

Some of the significant Balance Sheet items have been discussed below :

Equity

During the year, the Company has issued and allotted 2,29,00,099 fully paid-up Equity Shares at a price of ₹ 78.60 per Equity Share (including premium of ₹ 68.60 per Equity Share) aggregating ₹ 179.99 crores on April 7, 2010.

Loan Funds

Loan funds comprise of rupee loans, foreign currency loans and foreign currency convertible bonds (FCCB).

Loan funds have increased to ₹ 2,382.40 crores in FY 2011 from ₹ 2,159.01 crores in the previous year. These loans have been used for the earnout payments during the year and, working capital requirements and normal capital expenditure.

Goodwill on Consolidation

The excess of the cost to the holding company, of its investments in each of the subsidiaries over and above the share of equity in the respective subsidiary, on the acquisition date, is recognized in the financial statements as goodwill which is tested for impairment on an annual basis.

Goodwill has increased to ₹ 1,833.89 crores in the current year as compared to ₹ 1,810.71 crores in the previous year.

Fixed Assets

The Company's gross fixed assets have increased to ₹ 694.59 crores in FY 2011 from ₹ 644.55 crores in the previous year and the net fixed assets have decreased to ₹ 401.97 crores in FY 2011 from ₹ 428.49 crores in the previous year. There are no significant investments during the year.

Working Capital

A significant part of the working capital is constituted by debtors and unbilled which is at ₹ 978.29 crores in the current year as against ₹ 827.01 crores in the previous year. The increase is a result of the increase in fixed price contracts in our portfolio and reduction of time and material billing. Fixed price contracts are at 53% and time and material contracts are at 47% in the current year.

Current liabilities in FY 2011 are at ₹ 359.60 crores as against ₹ 541.91 crores at the close of the previous year.

Forex Exposure

Our diversification into various countries has created a significant natural forex hedge since the costs are also incurred largely in those currencies. This has reduced the impact of forex fluctuations to a major extent.

Internal Control Systems

The Company exercises internal controls through a formalized process of an authorization matrix from the Board to the operating levels. The adherence to these controls is periodically reviewed by the internal audit process. The Company's budgeting process at various levels monitors performance by business, delivery and support groups.

Enterprise Risk Management

The Enterprise Risk Management (ERM) at 3i Infotech encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to our business. Our ERM seeks to facilitate mitigation of risks that may affect the achievement of our business objectives and impact stakeholder value. Risk management is an integral part of our business model. The business practices at 3i Infotech are oriented to leverage the risk management to generate maximum reward while keeping risks below a defined level. The Company also uses an appropriate dashboard for measuring and monitoring key risks with an appropriate ERM framework. Annual risks survey is conducted across the Company to get a perspective on key risks. Various steps are taken to increase risk awareness and effectively engage the organization in managing the risks.

Major risks identified include geographic and client concentration, attrition and managing of contractual obligations. To address these risks, the Company has increased its diversification across geographies, enlarged the basket of offerings and is considering various steps for employee retention.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis report relating to the Company's objectives, projections, outlook, expectations, estimates, etc. may constitute "forward - looking-statements" within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections, etc. whether expressed or implied. Several factors could make a significant difference to the company's operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc. over which the Company does not have any direct control.

AUDITORS' REPORT

To
The Board of Directors of 3i Infotech Limited

1. We have audited the attached Consolidated Balance Sheet of 3i Infotech Limited (the 'Parent Company'), its Subsidiaries and a Joint Venture collectively referred to as 'the 3i Infotech Group' as at March 31, 2011, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Parent Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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 consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a) The financial statements of 5 subsidiaries, whose financial statements reflect total assets of ₹ 785.44 crores as at March 31, 2011 and total revenue of ₹ 895.02 crores for the year ended on March 31, 2011 have been jointly audited with other auditor.
 - b) We have not audited the financial statements of:

12 subsidiaries included in the consolidated financial statements whose financial statements reflect total assets of ₹ 1,494.70 crores as at March 31, 2011; as well as the total revenue of ₹ 675.63 crores for the year ended March 31, 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of such other auditors.
4. *The financial statements of a joint venture in Nigeria, whose financial statements reflect total assets of ₹ 1.88 crores as at March 31, 2011 and total revenue of ₹ 1.13 crores representing 47.5 percentage share of the 3i Infotech group, for the year ended on March 31, 2011, has not been audited. Our opinion is solely based on the management certificate provided to us.*
5. We report that the consolidated financial statements have been prepared by the Parent Company's management in accordance with the requirements of the Accounting Standards (AS) 21 - Consolidated Financial Statements and AS 27 - Reporting of Interests in Joint Ventures prescribed by Companies (Accounting Standards) Rules, 2006 as amended from time to time.
6. *Subject to the matter referred to in paragraph 4 above, based on our audit and on consideration of reports of other auditors on separate financial statements and the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements read together with notes appearing in Schedule XIII of Significant Accounting Policies and Notes to Accounts give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (i) in the case of Consolidated Balance Sheet, of the state of affairs of the 3i Infotech Group as at March 31, 2011;
- (ii) in the case of Consolidated Profit and Loss Account, of the profit of the 3i Infotech Group for the year ended on that date; and
- (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the 3i Infotech Group for the year ended on that date.

For R.G.N. Price & Co.
Firm Registration No: 002785S
Chartered Accountants

Mahesh Krishnan
Partner
Membership No. 206520

Place: Dubai
Date: April 22, 2011

For Lodha & Co.
Firm Registration No: 301051E
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 44101

Place: Dubai
Date: April 22, 2011

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

₹ in crores

	Schedule	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
1. Shareholders' Funds :			
A. Share Capital	I	291.99	268.76
B. Reserves and Surplus	II	998.17	724.71
		<u>1,290.16</u>	<u>993.47</u>
2. Minority Interest		1.40	8.19
3. Loan Funds :			
A. Secured Loans	III	1,268.63	954.65
B. Unsecured Loans	IV	1,113.77	1,204.36
		<u>2,382.40</u>	<u>2,159.01</u>
4. Premium payable on Redemption of FCCB		<u>152.45</u>	<u>123.73</u>
		<u>3,826.41</u>	<u>3,284.40</u>
II. APPLICATION OF FUNDS			
1. Goodwill arising on consolidation		1,833.89	1,810.71
2. Fixed Assets :	V		
A. Gross Block		694.59	644.55
B. Less : Depreciation		<u>353.27</u>	<u>270.46</u>
C. Net Block		341.32	374.09
D. Capital Work-in-Progress		60.65	39.40
E. Assets held for disposal		<u>-</u>	<u>15.00</u>
		<u>401.97</u>	<u>428.49</u>
3. Investments	VI	28.63	10.10
4. Deferred Tax Asset (net)		120.49	112.65
5. Current Assets, Loans and Advances	VII		
A. Current Assets :			
a. Inventories		4.86	3.88
b. Sundry Debtors		643.36	542.60
c. Unbilled Revenues		334.93	284.41
d. Cash and Bank Balances		<u>202.81</u>	<u>189.60</u>
		<u>1,185.96</u>	<u>1,020.49</u>

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

₹ in crores

	Schedule	As at March 31, 2011	As at March 31, 2010
B. Loans and Advances		678.64	503.56
		1,864.60	1,524.05
Less: Current Liabilities and Provisions :	VIII		
A. Current Liabilities		359.60	541.91
B. Provisions		63.57	59.69
		423.17	601.60
Net Current Assets		1,441.43	922.45
		3,826.41	3,284.40

Significant Accounting Policies and Notes to Accounts XIII

Schedules referred to above form an integral part of the financial statements

As per our attached report of even date

For Lodha & Co. For R.G.N. Price & Co. For and on behalf of the Board
Chartered Accountants Chartered Accountants

V Srinivasan

Managing Director

Dileep C. Choksi

Director & Chairman
of Audit Committee

R P Baradiya
Partner

Mahesh Krishnan
Partner

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R Shettigar
Company Secretary

Dubai, April 22, 2011

3i INFOTECH LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

₹ in crores

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME:			
Income from Operations	IX	2,569.75	2,448.54
Other Income	X	17.73	20.21
Total Income		2,587.48	2,468.75
EXPENDITURE:			
Operating, Selling & Other expenses	XI	2,065.64	1,965.61
Total Expenditure		2,065.64	1,965.61
Profit before interest, depreciation and amortisation		521.84	503.14
Interest		160.13	144.83
Depreciation and amortisation		100.50	81.41
Profit Before Taxation		261.21	276.90
Provision for Taxes	XII	7.64	10.95
Profit After Taxation & Before Exceptional items		253.57	265.95
Add / (Less): Exceptional Items (Refer Note no.2.6 (i) & (ii))		-	27.86
Add / (Less): Impact of Discontinuing Operations (Refer Note no. 2.7)		-	(260.46)
Add / (Less): Minority Shareholders' Interest		(1.06)	0.11
Net Profit After Minority Interest		252.51	33.46
Add: Balance of profit brought forward		223.25	299.18
Add / (Less): Reversal of profit on sale of IPR		-	(18.27)
Add: FCCB redemption reserve written back		-	234.16
Profit available for appropriation		475.76	548.53
Less: Appropriations			
General Reserve		6.00	6.00
FCCB Redemption Reserve		-	53.66
Proposed Dividend - Equity Shares		28.80	25.32
Residual Dividend		3.46	0.02
Proposed Dividend - Preference Shares		1.03	1.03
Interim Dividend - Preference Shares		5.32	5.32
Corporate Dividend Tax		6.20	5.38
Balance carried over to Balance Sheet		424.95	451.80
		475.76	548.53

3i INFOTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

		₹ in crores	
	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
Earnings per Share			
Equity shares, par value ₹ 10 each			
Before Exceptional items			
Basic (₹)		12.81	17.21
Diluted (₹)		12.75	17.00
After Exceptional items			
Basic (₹)		12.81	1.73
Diluted (₹)		12.75	1.71
Significant Accounting Policies and Notes to Accounts		XIII	
Schedules referred to above form an integral part of the financial statements			
As per our attached report of even date			
For Lodha & Co.	For R.G.N. Price & Co.	For and on behalf of the Board	
Chartered Accountants	Chartered Accountants	V Srinivasan	Dileep C. Choksi
		Managing Director	Director & Chairman of Audit Committee
R P Baradiya	Mahesh Krishnan	Amar Chintopanth	Shivanand R Shettigar
Partner	Partner	Deputy Managing Director & CFO	Company Secretary
Dubai, April 22, 2011			

3i INFOTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
A Cash Flow from Operating Activities :		
Profit before Taxation & Exceptional items	261.21	276.90
<i>Adjustments for:</i>		
Depreciation / Amortization	100.50	81.41
Foreign Exchange loss / (gain)	(2.99)	(8.46)
Loss / (Profit) on sale / discarding of fixed assets	0.82	2.75
Dividend income	(0.77)	(1.50)
Interest earned	(5.60)	(2.73)
Interest paid	160.13	144.83
Provision for doubtful debts	13.07	13.93
Operating Profit before Working Capital changes	526.37	507.13
<i>Adjustments for:</i>		
Trade and Other Receivables	(343.48)	(137.13)
Inventories	(0.98)	7.18
Trade Payables and Other Liabilities (Refer note no 4)	215.77	27.65
	(128.69)	(102.30)
Cash generated from Operations	397.68	404.83
Income Taxes (including FBT (paid) / refund received)	(46.61)	(62.60)
Net cash from Operating Activities - A	351.07	342.23
B Cash Flow from Investing Activities :		
Acquisitions / earnout paid	(74.35)	(252.90)
Purchase of fixed assets (including Capital Work-in-Progress & advances)	(86.98)	(169.80)
Sale of fixed assets	23.18	3.54
Purchase of Investments / application money	(310.00)	(256.04)
Sale of Investments	325.05	256.04
Dividend received	0.77	1.50
Loans and advances (given) / received back	(0.07)	0.01
Interest received	5.60	2.73
Net cash used in Investing Activities - B	(116.80)	(414.92)
C Cash Flow from Financing Activities :		
Proceeds from issue of Equity Share Capital	1.58	2.50
Proceeds from issue of QIP	179.99	317.81
QIP issue expenses	(15.08)	(10.53)
Payment towards FCCB Buy back	-	(54.55)

3i INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Proceeds from / (Repayment of) borrowings - net	(148.22)	(71.23)
Premium paid on FCCB redemption	(36.35)	-
Dividends paid (including taxes)	(40.96)	(30.37)
Interest paid	(161.68)	(145.14)
Net Cash from Financing Activities - C	(220.72)	8.49
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	13.55	(64.20)
Cash and Cash Equivalents as at beginning³	180.56	244.76
Cash and Cash Equivalents as at end²	194.11	180.56

Notes :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method'.
2. Margin money of ₹ 8.70 crores (as at March 31, 2010 - ₹ 15.54 crores) and monies lying in escrow account of ₹ NIL (as at March 31, 2010 - ₹ NIL) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.
3. Mutual Fund Units of Liquid funds of ₹ NIL (as at March 31, 2010 - ₹ 6.50 crores) has been included in Cash and Cash equivalents.
4. Trade payables and other liabilities includes borrowings payable within three months ₹ 328 crores (as at March 31, 2010 - ₹ 190 crores).
5. Refer note no. 2.7 regarding discontinuing of operations.
6. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

Significant Accounting Policies and Notes to Accounts (Refer Schedule No. XIII)

Schedules referred to above form an integral part of the financial statements

As per our attached report of even date

For Lodha & Co.	For R.G.N. Price & Co.	For and on behalf of the Board	
Chartered Accountants	Chartered Accountants	V Srinivasan	Dileep C. Choksi
		Managing Director	Director & Chairman
			of Audit Committee
R P Baradiya	Mahesh Krishnan	Amar Chintopanth	Shivanand R Shettigar
Partner	Partner	Deputy Managing Director & CFO	Company Secretary

Dubai, April 22, 2011

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
I Share Capital		
Authorised		
30,00,00,000 Equity shares of ₹ 10 each (as at March 31, 2010 - 30,00,00,000 of ₹ 10 each)	300.00	300.00
20,00,00,000 Cumulative Preference shares of ₹ 5 each	100.00	100.00
	<u>400.00</u>	<u>400.00</u>
Issued, Subscribed & Paid-up		
19,19,86,549 Equity shares of ₹ 10 each ¹ (as at March 31, 2010 - 16,87,59,946 Equity shares)	191.99	168.76
20,00,00,000 6.35% Cumulative Preference shares of ₹ 5 each ²	100.00	100.00
	<u>291.99</u>	<u>268.76</u>
Notes :		
1. Of the above, 8,47,88,331 Equity shares are allotted as fully paid-up Bonus shares (as at March 31, 2010 - 8,47,88,331 shares) by capitalisation of Securities Premium Account and accumulated profits. Also refer note no.2.3 regarding shares issued through QIP, note no. 2.13 regarding ESOP and note no.2.5 regarding FCCB.		
2. The Preference Shares are redeemable at par on expiry of nine years from the date of allotment i.e. March 31, 2003.		
II Reserves and Surplus		
a Securities Premium Account		
Balance as per last Balance Sheet	470.46	212.95
Add: Received on allotment of equity shares under ESOP	1.25	1.99
Add: Received on Qualified Institutional Placement issue (QIP)	157.09	280.31
(Less): Utilised towards QIP issue expenses	(15.08)	(10.53)
(Less): Utilised towards premium payable on redemption of FCCB	(69.50)	(14.26)
	<u>544.22</u>	<u>470.46</u>
b General Reserve		
Balance as per last Balance Sheet	31.00	25.00
Add / (Less): Transferred from Profit & Loss Account	6.00	6.00
	<u>37.00</u>	<u>31.00</u>
c Translation Reserve	(8.00)	(228.55)
Adjusted against Profit and Loss Account balance (contra)	8.00	228.55
	<u>-</u>	<u>-</u>

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
d FCCB Redemption Reserve		
Balance as per last Balance Sheet	-	180.50
Add: Transferred from Profit and Loss Account	-	53.66
(Less): Transferred to Profit and Loss Account	-	(234.16)
	<u>-</u>	<u>-</u>
e Profit and Loss Account		
Balance as per annexed account	424.95	451.80
Add / (Less) - Transferred from Translation Reserve (contra)	(8.00)	(228.55)
	<u>416.95</u>	<u>223.25</u>
	<u>998.17</u>	<u>724.71</u>
III Secured Loans		
Term Loans	1,073.96	741.25
Cash Credit	194.67	213.40
	<u>1,268.63</u>	<u>954.65</u>

Notes :

- Security and terms & conditions for Term Loans :
 - ₹ 250 crores (as at March 31, 2010 - ₹ NIL) secured by first pari passu charge over all movable tangible fixed assets and immovable fixed assets of the Company located at its offices at Navi Mumbai & Goregaon. A part of this loan (₹ 125 crores) is further secured by pledge of the shares held by the Company in its subsidiary, 3i Infotech (UK) Ltd.
 - ₹ 125.00 crores (as at March 31, 2010 - ₹ 125.00 crores) is secured by subordinated charge over all movable tangible fixed assets and immovable fixed assets of the Company located at its offices at Navi Mumbai & Goregaon.
 - ₹ 53.00 crores (as at March 31, 2010 - ₹ 53.00 crores) loan is secured by way of pari passu charge on book debts.
 - ₹ NIL (as at March 31, 2010 - ₹ 43.55 crores) loan is secured / to be secured by way of Equitable Mortgage of certain properties of the Company situated at Navi Mumbai.
 - ₹ 1.99 crores (as at March 31, 2010 - ₹ 1.80 crores) loan is secured by way of hypothecation on certain Company owned vehicles.
 - ₹ 115 crores (as at March 31, 2010 - ₹ NIL) secured by Hypothecation charge over the Intellectual Property Rights of our software products namely Orion and Premia
- Certain non-fund facilities of ₹ 46.83 crores (as at March 31, 2010 - ₹ 40.04 crores) and Cash Credit are secured by way of floating charge on book debts.
- ₹ 451.68 crores (as at March 31, 2010 - ₹ 472.81 crores) is secured by way of first charge on all the fixed and current assets and pledge of shares of some of the subsidiaries Companies.
- ₹ 52.76 crores (as at March 31, 2010 - ₹ 45.09 crores) is secured by way of assignment of future receivables and corporate guarantees by ultimate holding company namely 3i Infotech Limited.
- ₹ 24.53 crores (as at March 31, 2010 - ₹ NIL) loan is secured by way of first charge on book debts.

IV Unsecured Loans

Foreign Currency Convertible Bonds (Refer note no.2.5)	428.23	510.98
Loans from banks	685.31	692.85
Others	0.23	0.53
	<u>1,113.77</u>	<u>1,204.36</u>

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

V. Fixed Assets

₹ in crores

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2010	Additions during the year *	Ded / Adj during the year *	As at March 31, 2011	Upto March 31, 2010	For the year *	Ded / Adj during the year *	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Intangible assets										
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-	-
Software Products										
- Meant for sale	7.94	-	-	7.94	2.17	-	-	2.17	5.77	5.77
- Others	231.10	28.05	4.77	254.38	75.08	44.23	4.39	114.92	139.46	156.02
Business & Commercial Rights	49.26	-	-	49.26	27.77	4.13	-	31.90	17.36	21.49
Tangible assets										
Land - Leasehold	0.52	-	-	0.52	0.08	0.01	-	0.09	0.43	0.44
- Freehold	2.08	-	-	2.08	-	-	-	-	2.08	2.08
Buildings - Owned	0.77	-	-	0.77	0.27	0.01	-	0.28	0.49	0.50
- Leasehold ¹	32.59	-	0.78	31.81	5.28	0.78	0.43	5.63	26.18	27.31
Leasehold Improve-ments	61.88	4.63	5.85	60.66	24.97	4.26	5.66	23.57	37.09	36.91
Plant & Machinery / Electrical Installa-tions	25.94	2.26	0.59	27.61	10.52	0.80	0.42	10.90	16.71	15.42
Computers	163.16	24.83	3.06	184.93	96.22	36.09	2.67	129.64	55.29	66.94
Furniture & Fixtures	34.80	4.02	0.95	37.87	14.71	2.67	0.95	16.43	21.44	20.09
Office Equipment	20.92	4.24	1.80	23.36	7.86	6.38	1.50	12.74	10.62	13.06
Vehicles	11.80	1.73	1.92	11.61	3.74	1.14	1.67	3.21	8.40	8.06
Total	644.55	69.76	19.72	694.59	270.46	100.50	17.69	353.27	341.32	374.09
Previous year	799.73	224.62	379.80	644.55	233.01	81.41	43.96	270.46	374.09	
Capital Work - in - Progress (including Capital Advances)	39.40	45.39	24.14	60.65	-	-	-	-	60.65	39.40

* Refer note no. 2.4

1 Buildings- Leasehold include:

- ₹ 20.85 crores (as at March 31, 2010 ₹ 20.85 crores), Accumulated Depreciation - ₹ 3.58 crores (as at March 31, 2010 ₹ 3.22 crores) and Net Value ₹ 17.27 crores (as at March 31, 2010 ₹ 17.63 crores) being lease premium paid in respect of building taken on lease for sixty years.
- ₹ 11.49 crores (as at March 31, 2010 ₹ 11.49 crores), Accumulated Depreciation ₹ 3.49 crores (as at March 31, 2010 ₹ 2.05 crores) and Net Value ₹ 8.00 crores (as at March 31, 2010 ₹ 9.44 crores) being lease premium paid in respect of building taken on lease for ninety nine years.

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	₹ in crores	
	As at March 31, 2011	As at March 31, 2010
VI Investments		
Non-Trade, Unquoted and Fully Paid-up		
Long Term Investments		
In Companies		
a. 2,00,000 Equity Shares of Srilankan ₹ 10 each of First Capital Asset Management Co. Ltd., Sri Lanka	0.10	0.10
b. 37,500 Equity Shares of Egyptian Pounds 100 each of Nile Information Technology	3.52	3.50
c. National Savings Certificate	0.01	0.00
d. 8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA Less: Provision for diminution in the value thereof	2.10 (2.10)	2.10 (2.10)
e. 2,50,00,000 Redeemable Non Convertible Zero Coupon Preference Shares of ₹ 10 each of eMudhra Consumer Services Limited (Refer note no. 2.4.4 (b))	25.00	-
	<u>28.63</u>	<u>3.60</u>
Current Investments		
In Mutual fund units	-	6.50
Aggregate value of Investments	<u>28.63</u>	<u>10.10</u>
VII Current Assets, Loans and Advances		
A Current Assets		
a. Inventories	4.86	3.88
b. Sundry Debtors	643.36	542.60
c. Unbilled Revenues	334.93	284.41
d. Cash and Bank Balances :		
i. Cash on hand	0.17	0.24
ii. Balances with banks:		
in current accounts *	158.10	129.00
in deposit accounts	35.84	44.82
in margin money accounts	8.70	15.54
	<u>202.64</u>	<u>189.36</u>
	<u>202.81</u>	<u>189.60</u>
	<u>1,185.96</u>	<u>1,020.49</u>
* Includes cheques on hand and remittances-in-transit	2.35	0.14

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
B Loans and Advances		
(Unsecured, Considered good)		
Loans to staff	0.35	0.29
Advance tax and tax deducted at source (net of provisions of ₹ 78.41 crores; previous year ₹ 98.47 crores)	78.61	50.30
MAT Credit Receivable	70.40	67.56
Deposits	88.95	77.43
Advances recoverable in cash or in kind or for value to be received	440.33	307.98
	<u>678.64</u>	<u>503.56</u>
	<u>1,864.60</u>	<u>1,524.05</u>
VIII Current Liabilities and Provisions		
A Current Liabilities		
Acceptances	103.42	26.55
Sundry creditors	176.83	437.28
Advances received from Customers (including unearned income)	34.77	9.86
Interest accrued but not due	0.32	1.87
Other liabilities	44.26	66.35
	<u>359.60</u>	<u>541.91</u>
B Provisions		
Provision for employee benefits	28.91	28.87
Proposed dividend (including tax thereon)	34.66	30.82
	<u>63.57</u>	<u>59.69</u>
	<u>423.17</u>	<u>601.60</u>

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
IX Income from Operations		
IT Solutions	1,749.81	1,533.02
Transaction Services	819.94	915.52
	<u>2,569.75</u>	<u>2,448.54</u>
X Other Income		
Interest	5.60	2.73
Dividend - on current investment (Non-Trade)	0.77	1.50
Foreign exchange gain (net)	2.99	8.46
Miscellaneous income	8.37	7.52
	<u>17.73</u>	<u>20.21</u>
XI Operating, Selling and Other expenses		
Salary and related expenses	1,228.01	1,201.94
Recruitment and training expenses	5.38	3.09
Cost of third party products / outsourced services	453.64	447.84
Rent	131.39	90.02
Insurance	11.93	11.17
Travelling and conveyance	70.88	63.09
Electricity charges	16.08	15.36
Rates and taxes	9.68	7.50
Communication expenses	28.29	26.24
Loss on sale / discarding of Fixed Assets (net)	0.82	2.75
Printing and stationery	12.27	6.25
Repairs and maintenance - building	6.92	3.99
Directors' Commission	0.30	1.00
Legal and professional charges	22.00	18.71
Bank charges and other financial charges	20.63	18.45
Selling and distribution expenses	16.72	15.84
Bad debts written off	16.94	11.56
Less: Provision withdrawn	(16.94)	(11.56)
Provision for doubtful debts	13.07	13.93
Miscellaneous expenses	17.63	18.44
	<u>2,065.64</u>	<u>1,965.61</u>
XII Taxes		
Provision for tax -		
Deferred taxes (net)	(8.95)	(6.10)
Current tax	47.78	43.12
MAT credit entitlement	(28.74)	(27.23)
Pertaining to earlier years written off / (back)	(2.45)	1.16
	<u>7.64</u>	<u>10.95</u>

3i INFOTECH LIMITED

XIII SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2011.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Overview of the Group

3i Infotech Limited ('Parent') was promoted by erstwhile ICICI limited. The Parent and its subsidiaries are collectively referred to as 'the Group'. The Group is a global information technology conglomerate headquartered in Mumbai, India. The Group undertakes sale of software products, software development and consulting services, IT enabled managed services and Transaction services.

1.2 Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared and presented under historical cost convention, on the accrual basis of accounting, in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') issued by Companies (Accounting Standards) Rules, 2006, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in accounting policy hitherto in use.

1.3 Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements are made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

1.4 Principles of consolidation

The consolidated financial statements include the financial statements of "The Parent" and all its subsidiaries, which are more than 50% owned or controlled and have been prepared in accordance with the consolidation procedures laid down in AS 21- 'Consolidated Financial Statements'.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Parent and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent for its standalone financial statements.
- The consolidated financial statements are prepared using uniform accounting policies across the Group.
- Goodwill arising on consolidation - The excess of cost to the Parent Company, of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made, is recognized in the financial statements as goodwill and in the case where equity exceeds the cost; the same is being adjusted in the said goodwill. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.
- Entities acquired during the year have been consolidated from the respective dates of their acquisition.

1.5 Members of the Group:

3i Infotech's subsidiaries & step down subsidiaries are listed below:

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition / establishment
1	3i Infotech Inc. (f) & (g)	USA	100% held by 3i Infotech Holdings Private Limited	Jan 7, 2000
2	3i Infotech Asia Pacific Pte. Ltd.	Singapore	100% held by Parent Company	Nov 8, 2000
3	3i Infotech SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte. Ltd.	Sep 26, 2002
4	3i Infotech (UK) Ltd.	UK	100% held by Parent Company	Apr 1, 2005
5	3i Infotech (Thailand) Limited	Thailand	100% held by 3i Infotech Asia Pacific Pte. Ltd.	May 12, 2005
6	3i Infotech Consulting Inc. (f)	USA	100% held by 3i Infotech Inc.	Sep 26, 2005
7	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD)	Malaysia	100% held by 3i Infotech Asia Pacific Pte. Ltd.	May 11, 2006
8	Delta Services (India) Private Limited (a), (d) & (l)	India	100% held by 3i Infotech Consultancy Services Limited	July 28, 2006
9	3i Infotech Trusteeship Services Limited	India	100% held by Parent Company	Aug 31, 2006
10	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited)	UK	100% held by 3i Infotech (UK) Ltd.	Oct 20, 2006
11	3i Infotech (Western Europe) Group Limited	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
12	Rhyme Systems Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
13	3i Infotech (Western Europe) Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
14	Stex Software Pvt. Ltd. (k)	India	100% held by Parent Company	Nov 7, 2006
15	E-Enable Technologies Pvt. Ltd. (k)	India	100% held by Parent Company	Nov 20, 2006
16	3i Infotech Holdings Private Limited	Mauritius	100% held by Parent Company	Nov 20, 2006
17	3i Infotech Financial Software Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Dec 18, 2006
18	3i Infotech Saudi Arabia LLC.	Saudi Arabia	100% held by Parent Company	Dec 24, 2006
19	3i Infotech (Africa) Limited	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
20	Black Barret Holdings Limited	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
21	Professional Access Software Development Pvt. Limited	India	100% held by Black Barret Holdings Limited	May 8, 2007
22	Professional Access Limited	USA	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
23	aok In-house BPO Services Limited	India	100% held by 3i Infotech BPO Limited	May 28, 2007
24	aok In-house Factoring Services Private Ltd. (a)	India	100% held by 3i Infotech BPO Limited	May 28, 2007
25	KNM Services Pvt. Ltd. (k)	India	100% held by Parent Company	May 28, 2007

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition / establishment
26	Lantern Systems Inc. (g)	USA	100% held by J&B Software (Canada) Inc.	Apr 1, 2007
27	3i Infotech (Kazakhstan) LLC.	Kazakhstan	100% held by 3i Infotech Holdings Private Limited	Jun 28, 2007
28	3i Infotech (Middle East) FZ LLC.	UAE	100% held by 3i Infotech Holdings Private Limited	Sep 25, 2007
29	ePower Inc. (g)	USA	100% held by J&B Software (Canada) Inc.	Sep 19, 2007
30	Manipal Informatics Pvt. Limited (d) & (l)	India	100% held by 3i Infotech Consultancy Services Limited	Aug 3, 2007
31	HCCA Business Services Private Limited	India	100% held by 3i Infotech BPO Limited	Aug 29, 2007
32	Taxsmile.com India Private Limited (e)	India	100% held by eMudhra Consumer Services Limited	Sep 7, 2007
33	CCH Prosystem India Private Limited (formerly known as Antariksh Interactive Pvt. Ltd.) (e)	India	70% held by Taxsmile .com India Private Limited	Sep 7, 2007
34	Access Matrix Technologies Pvt. Ltd. (e)	India	100% held by Taxsmile .com India Private Limited	Sep 7, 2007
35	J&B Software Inc.	USA	100% held by 3i Infotech Financial Software Inc.	Nov 6, 2007
36	J&B Software (Canada) Inc.	Canada	100% held by J&B Software Inc.	Nov 6, 2007
37	Objectsoft Group Inc. (g)	USA	100% held by J&B Software (Canada) Inc.	Dec 19, 2007
38	3i Infotech Consultancy Services Limited (a), (d) & (l)	India	100% held by Parent Company	Nov 30, 2007
39	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.) (a)	India	100% held by Parent Company	Dec 3, 2007
40	3i Infotech (Flagship-UK) Limited (formerly known as Exact Technical Services Ltd.)	UK	100% held by 3i Infotech (Western Europe) Limited	Jan 29, 2008
41	3i Infotech Framework Limited	UK	100% held by 3i Infotech (Western Europe) Limited	Feb 8, 2008
42	3i Infotech (Australia) Pty. Ltd.	Australia	100% held by 3i Infotech Asia Pacific Pte Ltd.	Feb 5, 2008
43	3i Infotech Services (Bangladesh) Pvt. Ltd.	Bangladesh	100% held by Parent Company	Mar 4, 2008
44	3i Infotech Insurance & Re-insurance Brokers Limited (h)	India	100% held by Parent Company	Mar 11, 2008
45	Locuz Enterprise Solutions Limited (b)	India	74% held by Parent Company	May 8, 2008
46	3i Infotech Consulting Services SDN BHD (j)	Malaysia	100% held by 3i Infotech SDN BHD	May 2, 2008
47	J&B Software India Pvt. Ltd.	India	100% held by Parent Company	Nov 6, 2007
48	FinEng Solutions Private Limited (c)	India	100% held by Parent Company	Jun 9, 2008
49	Regulus Group LLC.	USA	100% held by Regulus Holdings Inc	Jun 10, 2008
50	Regulus Integrated Solutions LLC.	USA	100% held by Regulus Group LLC	Jun 10, 2008

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition / establishment
51	Regulus West LLC.	USA	100% held by Regulus Group LLC	Jun 10, 2008
52	Regulus America LLC.	USA	100% held by Regulus Group LLC	Jun 10, 2008
53	Regulus Tristate LLC.	USA	100% held by Regulus Group LLC	Jun 10, 2008
54	eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) (e)	India	100% held by Parent Company	Jun 16, 2008
55	Elegon Infotech Ltd.	China	100% held by Parent Company	July 10, 2008
56	Regulus Holdings Inc.	USA	100% held by 3i Infotech Financial Software Inc.	Oct 31, 2008
57	Regulus Group II LLC.	USA	100% held by Regulus Holdings Inc.	Jun 30, 2009
58	Regulus BPO Limited	India	100% held by Regulus Holdings Inc.	Mar 24, 2011

Investment in joint venture is listed below:

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition / establishment
1	Process Central Limited (JV in Nigeria) (i)	Nigeria	47.50% held by 3i Infotech (Middle East) FZ LLC	May 17, 2010

- (a) In April 2010, the Parent Company has sold its investment in aok In-house Factoring Services Private Ltd. to 3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.) and in May 2010, Delta Services (India) Private Limited to 3i Infotech Consultancy Services Limited.
- (b) Refer note no. 2.4.1
- (c) Refer note no. 2.4.2
- (d) In May 2010, Delta Services (India) Private Limited has sold its investment in Manipal Informatics Private Limited to 3i Infotech Consultancy Services Limited.
- (e) In December 2010, the Parent Company has sold its investment in eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) and its subsidiary and step down subsidiaries to Indus Innovest Holdings Private Ltd. Refer note 2.4.4.
- (f) 3i Infotech Consulting Inc. have been merged with 3i Infotech Inc. effective from December 31, 2010 and consequently the assets and liabilities have been transferred to 3i Infotech Inc.
- (g) Lantern Systems Inc., ePower Inc. & Objectsoft Group Inc. have been merged with 3i Infotech Inc. effective from December 31, 2010 and consequently the assets and liabilities pertaining to those entities which were hitherto owned by J&B Software (Canada) Inc have been transferred to 3i Infotech Inc.
- (h) Share purchase agreement dated December 29, 2010 has been signed between 3i Infotech Insurance & Re-insurance Brokers Limited and Aretha Advisors pursuant to which the shares of 3i Infotech Insurance & Re-insurance Brokers Limited have been sold off to Aretha Advisors on December 31, 2010. Refer note 2.4.5
- (i) Refer note 2.4.6
- (j) 3i Infotech Consulting Services SDN BHD has been closed with effect from December 20, 2010.
- (k) Stex Software Pvt. Ltd., E-Enable Technologies Pvt. Ltd. and KNM Services Pvt. Ltd. have been merged with 3i Infotech Ltd. effective from April 01, 2010 and consequently the assets and liabilities have been transferred to 3i Infotech Ltd.
- (l) Delta Services (India) Private Limited and Manipal Informatics Pvt. Limited. have been merged with 3i Infotech Consultancy Services Limited effective from April 01, 2009 and consequently the assets and liabilities have been transferred to 3i Infotech Consultancy Services Limited.

1.6 Revenue recognition

a) Revenue from IT solutions:

Revenue from IT solutions comprises of revenue from Software Products, IT Services and Sale of Hardware / Outsourced Software.

- i) Revenue from Software Products is recognized on delivery / installation, as per the predetermined / laid down policy across all geographies or lower, as considered appropriate by the management on the basis of facts in specific cases. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.
- ii) Revenue from IT Services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant agreements. Revenue on Time and Material Contracts is recognized as and when services are performed. Revenue on Fixed-Price Contracts is recognized on the percentage of completion method. Provision for estimated losses, if any, on such uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.
- iii) Revenue from supply of Hardware, Software License / Term License / Other Materials incidental to the aforesaid services recognized based on delivery / installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

b) Revenue from Transaction Services:

Revenue from Transaction Services and Other Service contracts is recognized based on transactions processed or manpower deployed.

1.7 Unbilled and Unearned Revenue:

Revenue recognized over and above the billings on a customer is classified as “unbilled revenue” while billing over and above the revenue recognized in respect of a customer is classified as “unearned revenue”.

1.8 a) Fixed Assets

Intangible: Purchased software meant for in-house consumption and significant upgrades thereof, Business & Commercial Rights are capitalized at the acquisition price.

Acquired software / products meant for sale are capitalized at the acquisition price.

Tangible: Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing an asset to its working condition for the intended use.

Advances given towards acquisition of fixed assets and the cost of assets not ready for use as at the Balance Sheet date are disclosed under capital work-in-progress.

b) Depreciation / Amortization:

Leasehold land, leasehold building and improvements thereon are amortized over the period of lease or the life given below whichever is lower.

Business and Commercial Rights are amortized at lower of the period the benefits arising out of these are expected to accrue and ten years, while purchased software meant for in-house consumption and significant upgrades thereof and Goodwill arising on merger / acquired Goodwill is amortized over a period of five years.

Acquired software are amortized at lower of the estimated life of the product and five years.

Depreciation on other fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In the case of some subsidiary companies, it is provided on straight line basis over the estimated useful life of the assets given herein below:

Fixed Asset	Useful life in years
Leasehold improvements	1 – 5
Furniture, Fixtures and Equipment	3 – 8
Vehicles	3 – 8
Computers	1 – 6

1.9 Investments

Trade investments are the investments made to enhance the Parent Company's business interest. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value. Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment.

1.10 Accounting for Taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the year in accordance with the specific applicable laws.

MAT Credit asset pertaining to the Parent and its Indian subsidiary company is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a reasonable / virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

The deferred tax assets / liabilities and tax expenses are determined separately for the Parent and each subsidiary company, as per their applicable laws and then aggregated.

1.11 Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets, current liabilities and borrowings denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain / loss is recognized in the Profit & Loss Account. Overseas investments are recorded at the rate of exchange in force on the date of allotment / acquisition.

All the activities of the foreign operations are carried out with a significant degree of autonomy. Accordingly, as per the provisions of AS 11 "Effects of changes in foreign exchange rates", these operations have been classified as 'Non integral operations' and therefore all assets and liabilities, both monetary and non-monetary, are translated at the closing rate while the income and expenses are translated at the average rate for the year. The resulting exchange differences are accumulated in the Foreign Currency Translation Reserve.

1.12 Accounting of Employee Benefits

Employee Benefits in India

a) Gratuity

(i) Parent

The Parent Company provides for gratuity, a defined benefit retirement plan, covering eligible employees. Liability under gratuity plan is determined on actuarial valuation done by the Life Insurance Corporation of India (LIC) at the beginning of the year, based upon which, the Parent Company contributes to the Scheme with LIC. The Parent Company also provides for the additional liability over the amount contributed to LIC based on the actuarial valuation done by an independent valuer using the Projected Unit Credit Method.

(ii) Subsidiaries

Liability for Gratuity for employees is provided on the basis of the actuarial valuation at the year end.

b) Superannuation

Certain employees in India are also participants in a defined superannuation contribution plan. The Parent contributes to the scheme with Life Insurance Corporation of India on a monthly basis. The Parent has no further obligations to the plan beyond its monthly contributions.

c) Provident fund

(i) Parent

Eligible employees receive benefits from a provident fund, which is a defined contribution plan to the Trust / Government administered Trust. In the case of Trust aggregate contribution along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the

Parent Company make monthly contribution to the 3i Infotech Provident Fund Trust equal to a specified percentage of the covered employee's salary. The Parent Company also contributes to a Government administered pension fund on behalf of its employees.

The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The Parent has an obligation to make good the shortfall, if any, between the return from investments of the trust and the notified interest rate. Such shortfall is charged to Profit & Loss Account in the year it is determined.

(ii) **Subsidiaries**

Contribution is made to the state administered fund as a percentage of the covered employees' salary.

- d) Liability for leave encashment / entitlement for employees is provided on the basis of the actuarial valuation at the year end.
- e) All actuarial gains / losses are charged to revenue in the year these arise.

Employee Benefits in the Foreign Branch

In respect of employees in foreign branches, necessary provision has been made based on the applicable laws. Gratuity / leave encashment for employees in the foreign branches is provided on the basis of the actuarial valuation at the year end.

All actuarial gains / losses are charged to revenue in the year these arise.

Employee Benefits in Foreign Subsidiary Companies

In respect of employees in Foreign Subsidiary Companies, contributions to defined contribution pension plans are recognized as an expense in the Profit & Loss Account as incurred.

Liability for leave entitlement is provided on the basis of actual eligibility at the year end.

1.13 Provisions, Contingent Liabilities and Contingent Assets

- i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- ii) Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.
- iii) Contingent Assets are neither recognized nor disclosed in the financial statements.

1.14 Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are charged to the Profit & Loss Account.

1.15 Impairment of assets

In accordance with AS 28 on 'Impairment of Assets', where there is an indication of impairment of the Group's assets related to cash generating units, the carrying amounts of such assets are reviewed at each Balance Sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the Profit & Loss Account whenever the carrying amount of such assets exceeds its recoverable amount. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to the extent of the carrying value of the asset that would have been determined (net of amortization / depreciation) had no impairment loss been recognized.

1.16 a) Securities issue expenses

Securities issue expenses, Issue expenses including expenses incurred on increase in authorized share capital and premium payable on securities are adjusted against Securities Premium Account.

b) Premium payable on redemption of FCCB

Premium payable on redemption of FCCB is amortized proportionately till the date of redemption and is adjusted against the balance in Securities Premium Account.

1.17 Lease

Where the Group has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of fair value or present value of minimum lease payment and liability is created for an equivalent amount. Each lease rental paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

Where significant portion of risks and reward of ownership of assets acquired under lease are retained by lessor, leases are classified as Operating lease. Equalized lease rentals for such leases are charged to Profit & Loss Account.

1.18 Earnings per share

In determining the earnings per share, the Group considers the net profit after tax and post tax effect of any extraordinary / exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares which includes potential FCCB conversions. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

1.19 Inventories

Inventories consist of postage, paper, envelopes, hardware and supplies, and are stated at cost (computed on first in first out or weighted average basis as the case may be) or net realizable value, whichever is lower.

2 NOTES TO ACCOUNTS

2.1 Figures for the previous year have been re-grouped / re-arranged, wherever considered necessary, to conform to current year's presentation. The current year's figures are not comparable with those of the previous year to the extent of acquisitions / divestments made by the Group during the current year and those made during the previous year.

2.2 Capital commitments and contingent liabilities

	₹ in crores	
	As at March 31, 2011	As at March 31, 2010
Capital Commitments*		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2.96	6.92
Contingent Liabilities		
Outstanding guarantees	20.40	7.19
Premium on redemption of FCCB (Refer Note No. 2.5)	43.32	84.21
Estimated amount of claims against the Group not acknowledged as debts in respect of :		
-Disputed Income Tax matter	8.02	5.75
-Disputed Sales Tax matter	2.12	1.08
-Customer claims	0.37	0.20
-Others**	83.56	18.38

*Except where amount is not ascertainable in respect of acquisition as mentioned in note no.2.4.1

**Includes expenses of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.74 crores (as at March 31, 2010 - ₹ 1.21 crores).

2.3 Qualified Institutional Placement Issue -

During the year, the Parent Company has issued and allotted 2,29,00,099 fully paid-up Equity Shares at a price of ₹ 78.60 per Equity Share (including premium of ₹ 68.60 per Equity Share) aggregating ₹ 179.99 crores on April 7, 2010. These shares rank pari passu with the existing shares of the Parent Company with respect to dividend.

2.4.1 In April 2008, the Parent Company entered into a share purchase agreement with the owners of Locuz Enterprise Solutions Limited, Hyderabad, to acquire the 2,60,000 shares (representing 26% of the paid-up equity capital of Locuz Enterprise Solutions Limited) for a consideration of ₹ 6.93 crores. In November, 2009, the Parent Company acquired further 25% stake in Locuz Enterprise Solutions Limited for a consideration of ₹ 5.32 crores along with a commitment to acquire the balance of the paid-up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue / profitability etc., as per the agreement. In September 2010, the Parent Company acquired further 23% stake in Locuz Enterprise Solutions Limited for a consideration of ₹ 10.55 crores along with a commitment to acquire the balance of the paid-up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue / profitability etc., as per the agreement.

Excess of consideration over the value of the net worth of Locuz is shown as goodwill arising on consolidation.

2.4.2 a) In May 2008, the Parent Company entered into a share purchase agreement with the owners of FinEng Solutions Private Limited, Mumbai to acquire the 60,165 shares (representing 51% of the paid-up equity capital of FinEng Solutions Private Limited) for a consideration of ₹ 17.73 crores. In June 2009, the Parent Company has acquired additional 9% of the paid-up capital of FinEng Solutions Private Limited for a consideration of ₹ 3.67 crores. As agreed in the Share Purchase Agreement, in October 2009 the Parent Company made an upside payment of ₹ 2.71 crores to the Promoter Shareholders of FinEng Solutions Private Limited. In June 2010, the Parent Company acquired the balance 40% stake for a consideration of ₹ 15.86 crores.

b) In July 2010, the Parent Company entered into business purchase agreement with FinEng Solutions Private Limited. The Parent Company has acquired / assumed the assets and liabilities at their respective book values.

2.4.3 The Board of Directors of the Parent Company have approved the amalgamation of J&B Software India Pvt. Ltd. (J&B) with the Parent Company. In this regard, the Parent Company has received an in-principle approval from the Stock Exchange. The Parent Company is now in the process of filing a single petition for J & B in Madras High Court.

2.4.4 a) During the year, the Parent Company has sold its 100% stake in eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) (including its subsidiaries) at a value of ₹ 29.88 crores, out of which ₹ 6.00 crores has been received in the current year and balance consideration of ₹ 23.88 crores will be received as per the terms of agreement before December 2011; and

b) Other receivable amounts of ₹ 25.00 crores from eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) have been converted into Zero Coupon Non Convertible Redeemable Preference Shares, redeemable by December 14, 2015.

2.4.5 During the year, the Parent Company has sold its 100% stake in its subsidiary 3i Infotech Insurance & Reinsurance Brokers Limited for a consideration of ₹ 0.05 crores. The difference between the carrying value of investment and sale proceeds is accounted as loss on sale of investment and charged to Profit and Loss Account.

2.4.6 In February 2010, 3i Infotech (Middle East) FZ LLC, Soft Solutions Ltd, Skye Bank PLC and Unity Bank PLC entered into a joint venture contract for the establishment of Joint Venture Company in Lagos, Nigeria. In pursuance to this, a Joint Venture Company, Process Central Limited was set up in Nigeria in May 2010, wherein the 3i Infotech (Middle East) FZ LLC interest in the equity was 47.50% and other partners having share of 17.5% each. 3i Infotech (Middle East) FZ LLC would have an option to raise its stake to 51% from 47.50% within 3 years.

In July 2010, 3i Infotech (Middle East) FZ LLC has invested USD 285,000 being 60% of the Group's share of interest in Equity of the Joint Venture.

The aggregate amounts of the assets, liabilities, income and expenses related to Group's share were as under:

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Assets	0.91	-
Liabilities	0.26	-

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Income	0.56	-
Expense	1.19	-

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Contingent Liability	-	-
Capital Commitments	-	-

2.5 Foreign Currency Convertible Bonds (FCCB):

The Parent Company has issued Foreign Currency Convertible Bonds (FCCB) at different points of time, the details of such FCCB issues are summarized as follows:

	First Issue	Third Issue	Fourth Issue
Issue currency	USD	EURO	USD
Issue size	50 million	30 million	100 million
Issue date	March 16, 2006	April 02, 2007	July 26, 2007
Maturity date	March 17, 2011	April 03, 2012	July 27, 2012
Coupon rate	Zero coupon	Zero coupon	Zero coupon
Conversion price–post bonus	₹ 115.00	₹ 154.32	₹ 165.94
Fixed exchange rate of conversion	₹ 44.35	₹ 57.60	₹ 40.81
Early redemption option *	Yes	Yes	Yes
Conversions as at – March 31, 2011	29.80 million	NIL	NIL
March 31, 2010	29.80 million	NIL	NIL
Bought back as at – March 31, 2011	NIL	10.00 million	33.63 million
March 31, 2010	NIL	10.00 million	33.63 million
Contingent premium payable as at - (₹ in crores) March 31, 2011	NIL	10.12	33.20
March 31, 2010	14.62	19.45	50.14

Note - The second issue was converted into equity as per the terms of the issue.

Out of USD 50 million of first issue, USD 29.80 million was converted as per the terms of issue and the balance was redeemed and premium of ₹ 36.35 crores has been adjusted from Premium payable on Redemption of FCCB

* Subject to certain criteria as per offer document.

- 2.6 (i) During the previous year, the Parent Company has bought back and cancelled FCCBs (out of the third and the fourth issues) of face value of EURO 6,000,000 and USD 8,500,000 equivalent to ₹ 82.42 crores at a discount resulting in reduction of liability by ₹ 29.19 crores. The same has been shown as exceptional income in the Profit & Loss Account.

- (ii) During the previous year, the Parent Company has incurred an amount of ₹ 1.33 crores towards professional fees in respect of the aforesaid buyback. The same has been shown as exceptional expenditure in the Profit & Loss Account.

2.7 During the previous year, the Parent Company had exited from agreements with various State Governments in respect of setting up and operating Citizen Service Centers and loss of ₹ 260.46 crores thereon was disclosed as 'Impact Of Discontinuing Operations'

2.8 **Goodwill arising on consolidation:**

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Opening balance	1,810.71	1,700.40
Add: Additions during the year	0.48	336.00
Add / (Less): Translation Reserve	22.70	(225.69)
Closing balance	1,833.89	1,810.71

- 2.9 a) In the opinion of the Board, the investments, current assets, loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amount stated.
- b) The accounts of certain Sundry Debtors, Creditors, Loans & Advances and Banks are however, subject to confirmations / reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

2.10 **Leases:**

a) **Operating Lease:**

- (i) The Parent Company has acquired certain Land and Building under a lease arrangement for a period of sixty years at a premium of ₹ 0.50 crores starting from December 4, 2000 for Land and ₹ 15.62 crores starting from March 13, 2000 and ₹ 5.05 crores from March 1, 2003 for building and the same is being amortized over the lease period. All other lease arrangements in respect of properties are renewable / cancelable at the Group's and / or lessors' option as mutually agreed. The future lease rental payment that the Group is committed to make is:

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Within one year	83.25	89.75
Later than one year and not later than five years	107.21	105.24
Later than five years	27.33	25.70

- ii) The Group avails from time to time non-cancelable long-term leases for computers, furniture & fixtures and office equipments. The total of future minimum lease payments that the Group is committed to make is:

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Within one year	106.51	65.78
Later than one year and not later than five years	158.25	116.40
Later than five years	-	-

b) **Financial Lease**

There were no material financial leases entered into by the Group.

2.11 Deferred Taxation:

The break-up of net deferred tax liability / (asset) for the Group is as under:

₹ in crores

Deferred Tax Asset:	As at March 31, 2011	Current Year (Charge) / Credit #	As at March 31, 2010
Unabsorbed losses / depreciation	88.38	27.31	61.26
Expenses allowable on payment & others	31.00	5.83	25.93
Deferred Tax Liability:	119.38	33.14	87.18
Fixed Asset (Depreciation / amortization)	(1.11)	(24.19)	(25.46)
Net Deferred Tax (Liability) / Asset	120.49	8.95	112.65

Excludes exchange gain / loss in respect of foreign subsidiaries.

2.12 Earnings Per Share:

The earnings per share have been computed in accordance with the 'AS 20 – Earnings per share'.

The numerators and denominators used to calculate Basic and Diluted Earnings per Share is as follows:

		For the year ended March 31, 2011	For the year ended March 31, 2010
Profit as per accounts (₹ in crores)		253.57	265.95
Minority shareholder's Interest (₹ in crores)		(1.06)	0.11
Net profit after minority interest (₹ in crores)		252.51	266.06
Less: Dividend on preference shares paid (incl. Corporate taxes) (₹ in crores)		(6.21)	(6.21)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes) (₹ in crores)		(1.20)	(1.22)
Profit attributable to Equity Shareholders (₹ in crores)	A	245.10	258.63
Add: Profit / (Loss) due to Exceptional items and impact of discontinuing operations (₹ in crores)		-	(232.60)
Profit attributable to Equity Shareholders after exceptional items and impact of discontinuing operations (₹ in crores)	B	245.10	26.03
Weighted average number of Equity Shares outstanding (Nos.)	C	19,13,76,215	15,03,19,823
Add: Effect of dilutive issues of options		8,03,053	18,39,361
Diluted weighted average number of Equity Shares outstanding (Nos.)	D	19,21,79,268	15,21,59,184
Nominal value of Equity Shares (₹)		10.00	10.00
Before exceptional items and impact of discontinuing operations			
Basic Earnings Per Share (₹)	A/C	12.81	17.21
Diluted Earnings Per Share (₹)	A/D	12.75	17.00
After exceptional items and impact of discontinuing operations			
Basic Earnings Per Share (₹)	B/C	12.81	1.73
Diluted Earnings Per Share (₹)	B/D	12.75	1.71

2.13 Employee Stock Option Plan (ESOP):

The Parent Company's Employees Stock Option Plan provides for issue of equity option up to 25% of the paid-up Equity Capital to eligible employees. The scheme covers the managing director, whole time directors and the employees of the subsidiaries, the erstwhile holding Company and subsidiaries of the erstwhile holding Company, apart from the employees of the Parent Company. The options vest in a phased manner over three years with 20%, 30% and 50% of the grants vesting at the end of each year from the date of grant and the same can be exercised within ten years from the date of the grant by paying cash at a price determined on the date of grant.

Method used for accounting for the share based payment plan:

The Parent Company has elected to use the intrinsic value method to account for the compensation cost of stock options to employees of the Parent Company. Intrinsic value is the amount by which the quoted market price of the underlying share as on the date of grant exceeds the exercise price of the option.

Summary of the options outstanding under the Employees Stock Option Plan (ESOP) and Weighted Average Exercise Price (WAEP):

	As at March 31, 2011		As at March 31, 2010	
	Options	WAEP (₹)	Options	WAEP (₹)
Options outstanding beginning of the year	2,51,65,924	105.29	2,67,37,126	105.87
Granted during the year	25,000	76.00	9,45,000	83.16
Exercised during the year	(3,26,504)	48.27	(5,09,000)	49.16
Forfeited / lapsed during the year	(26,23,100)	120.16	(20,07,202)	116.88
Options outstanding end of year*	2,22,41,320	104.34	2,51,65,924	105.29
Vested options pending exercise	1,88,58,820	101.58	1,68,00,424	96.25

*Includes 31,87,000 options granted to managing director / whole time directors and non-executive directors (for the year ended March 31, 2010 37,67,000 options).

Weighted average market price of the shares with respect to stock options exercised during the year ended March 31, 2011 is ₹ 60.28 (for the year ended March 31, 2010 is ₹ 76.68).

The following summarizes information about stock options outstanding:

As at March 31, 2011

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (years)	Weighted average exercise price (₹)
₹ 37 to ₹ 50	43,62,010	4	49.30
₹ 57 to ₹ 150	1,78,79,310	6	117.76

As at March 31, 2010

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (years)	Weighted average exercise price (₹)
₹ 37 to ₹ 50	47,20,714	5	48.93
₹ 57 to ₹ 150	2,04,45,210	7	118.33

Fair Value methodology for the option

The fair value of options used to compute net income and earnings per equity share have been estimated on the dates of each grant within the range of ₹ 58.00 to ₹ 143.38 using the Black - Scholes pricing model. The Parent Company estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOP are:

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Dividend yield	1.15% - 2.84%	1.15% - 2.84%
Expected volatility	50.63% - 57.91%	50.63% - 57.91%
Risk-free interest rate	5.71% - 6.36%	5.71% - 6.36%
Expected life of Option	3-10yrs	3-10yrs

Impact of Fair value method on Net profit and EPS and before exceptional items & impact of discontinuing operations

Had the compensation cost for the Parent Company's Stock Option Plan outstanding been determined based on the fair value approach, the Parent Company's net profit income and earnings per share would have been, as indicated below

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Profit attributable to Equity Shareholders	245.10	258.63
Less: Stock based compensation expense determined under fair value based method	4.98	14.70
Net Profit :	240.12	243.93
Basic earning per share (as reported)	12.81	17.21
Basic earning per share (under fair value method)	12.55	16.23
Diluted earning per share (as reported)	12.75	17.00
Diluted earning per share (under fair value method)	12.49	16.03

2.14 Related Party Transactions:

Directors / Key Management Personnel: Mr. V Srinivasan (Managing Director), Mr. Amar Chintopanth (Deputy Managing Director & CFO), Mr. Anirudh Prabhakaran (Executive Director & President – South Asia (till November 2, 2010)).

Enterprise in which relative of key managerial personnel has substantial interest – Cadenza Solutions Private Limited

The following transactions were carried out with the related parties in the ordinary course of business during the year

For the year ended March 31, 2011

₹ in crores

	Salary & other allowances	PF & other contributions	Perquisites	Total
V Srinivasan	8.78	-	-	8.78
Amar Chintopanth	3.41	0.12	0.01	3.54
Anirudh Prabhakaran **	1.79	0.02	0.01	0.82

For the year ended March 31, 2010

₹ in crores

	Salary & other allowances	PF & other contributions	Perquisites	Total
V Srinivasan*	13.87	-	-	13.87
Amar Chintopanth	3.10	0.11	0.01	3.22
Anirudh Prabhakaran	1.54	0.03	0.01	1.58

* Includes ₹ 4.93 crores being Employee share based payment.

** Includes ₹ 0.33 crores severance compensation.

** Till November 2, 2010.

	₹ in crores	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Directors, Key Management Personnel and their relatives:		
Expenses	0.33	0.62
Enterprise in which relative of key managerial personnel has substantial interest:		
Income	-	0.09

	₹ in crores	
	Outstanding balance as at March 31, 2011	Outstanding balance as at March 31, 2010
Enterprise in which relative of key managerial personnel has substantial interest	-	0.02

Related party as identified by the management and relied upon by the auditors.

No balances in respect of the related parties have been provided for / written back / written off except as stated above.

2.15 Disclosures pursuant to AS 17 – Segment Reporting:

- The Parent Company has started reporting two Operating Segments, "IT Solutions" and "Transaction Services" from this year as against to the segments "IT Products", "IT Services" and "Transaction Services" hitherto being reported.
- As the Parent Company has increasingly commenced providing bundled solutions to clients, combining products & services, the management is viewing the entire IT business as a solution based segment. The change in reporting segment is in line with this change in the business offering.

	₹ in crores	
	For the year ended March 31, 2011	For the year ended March 31, 2010
c) Segment Revenues:		
IT Solutions	1,749.81	1,533.02
Transaction Services	819.94	915.52
Total Revenues	2,569.75	2,448.54
d) Segment Results (Gross Profit):		
IT Solutions	807.65	703.31
Transaction Services	245.81	289.83
Total Segment Results	1,053.46	993.14
Unallocable expenses:		
Operating, Selling and Other expenses	549.35	510.21
Interest	160.13	144.83
Depreciation & Amortization	100.50	81.41
Operating Profit	243.48	256.69
Other Income	17.73	20.21
Profit Before Taxation	261.21	276.90
Less : Taxes	7.64	10.95
Profit After Taxation	253.57	265.95
Add: Exceptional items and impact of discontinuing operations	-	(232.60)
Profit After Taxation, Exceptional items and impact of discontinuing operations	253.57	33.35
Less : Minority Shareholder's interest	1.06	(0.11)
Net Profit after Minority Interest, Exceptional items and impact of discontinuing operations	252.51	33.46

Note: The segment operating profit is arrived at before allocating certain expenses to segments and such unallocable expenses are separately disclosed as 'Operating, Selling and Other expenses'.

- e) Considering the nature of the Group's business, the assets and liabilities cannot be identified to any specific business segment.
- f) Disclosure of details of Secondary segments, being geographies, is as under:

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Revenues		
- South Asia	706.01	614.20
- Unites States of America	1,328.00	1,369.12
- Middle East, Africa, Russia and CIS	262.99	217.10
- APAC	119.70	91.34
- Western Europe	153.05	156.78
Total Revenues	2,569.75	2,448.54

- 2.16** Residual Dividend represents dividend on shares issued (entitled to previous year dividend) between the date of proposed dividend and record date.

Residual dividend of ₹ 4.03 crores (inclusive of tax ₹ 0.57 crore) (for the year ended March 31, 2010 ₹ 0.02 crores (inclusive of tax ₹ 0.00 crore)), is appropriated out of Profit & Loss Account.

- 2.17** Amount of exchange difference (net) credited to Profit & Loss Account during the year ended March 31, 2011 is ₹ 2.99 crores (for the year ended March 31, 2010 credited ₹ 8.46 crores).

- 2.18** a) Figures for the previous year have been re-grouped / re-arranged, wherever considered necessary to conform to current year's presentation.
- b) ₹ 0.00 crores denotes figures less than ₹ 50,000.

Signatures to Schedules "I" to "XIII"

For and on behalf of the Board

V. Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman of Audit
Committee

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R. Shettigar
Company Secretary

Dubai, April 22, 2011

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

Sr. No.	Name of Subsidiary Company	Financial year of subsidiary ended on	Number of equity shares held by 3i Infotech Limited and / or its subsidiaries	Extent of interest of 3i Infotech Limited in the capital of the subsidiary	Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of 3i Infotech Limited and is not dealt with in the accounts of 3i Infotech Limited		Net aggregate amounts of profits/ losses of the subsidiary so far as it concerns the members of 3i Infotech Limited dealt with or provided for in the accounts of 3i Infotech Limited	
					For the financial year ended on March 31, 2011	For the financial year ended on March 31, 2010	For the financial year ended on March 31, 2011	For the financial year ended on March 31, 2010
1	3i Infotech Inc., (USA)	March 31, 2011	267,953,792 Class A Shares of USD 0.30 each & 1,000,000 Class B Shares of USD 0.01 each	\$100%	USD 0.32 Million	USD 2.20 Million	-	-
2	3i Infotech Holdings Private Limited, (Mauritius)	March 31, 2011	5,995,238,228 Ordinary Shares of MUR 1 each	100%	USD (0.13) Million	USD 0.07 Million	-	-
3	3i Infotech Financial Software Inc., (USA)	March 31, 2011	280,556 Ordinary Shares of USD 1 each	\$100%	USD 1.21 Million	USD 0.35 Million	-	-
4	3i Infotech (Africa) Limited, (Kenya)	March 31, 2011	100 Shares of 1000 Kenya Shillings each	@100%	KES 4.51 Million	KES 21.66 Million	-	-
5	Black Barret Holdings Limited, (Cyprus)	March 31, 2011	1,710 Class A Shares of 1 Cyprus Pound each & 138 Class B Shares of 1 Cyprus Pound each	\$100%	-	-	-	-
6	Professional Access Software Development Pvt Limited, (India)	March 31, 2011	860,000 Equity Shares of Rs. 10/- each	#100%	INR 25.41 Crore	INR 28.84 Crore	-	-
7	Professional Access Limited, (USA)	March 31, 2011	139 Shares of USD 1 each	\$100%	USD 0.43 Million	USD (0.08) Million	-	-
8	3i Infotech (Kazakhstan) LLC., (Kazakhstan)	March 31, 2011	Share Contribution of KZT 530,000 (No FV)	\$100%	-	-	-	-
9	J&B Software Inc., (USA)	March 31, 2011	1,560,000 Ordinary Shares of USD 0.01 each	**100%	USD 1.05 Million	USD (0.42) Million	-	-
10	J&B Software (Canada) Inc., (Canada)	March 31, 2011	1,000,000 Shares of Canadian \$0.000001 each	^100%	USD 0.15 Million	USD (0.02) Million	-	-
11	J&B Software India Pvt. Limited, (India)	March 31, 2011	162,195 Equity Shares of Rs. 10/- each	100%	-	-	-	-
12	3i Infotech Asia Pacific Pte. Ltd., (Singapore)	March 31, 2011	1,792,302 Ordinary Shares of SGD 1 each	100%	SGD 0.17 Million	SGD 0.18 Million	-	-
13	3i Infotech SDN BHD, (Malaysia)	March 31, 2011	5,000,000 Ordinary Shares of MYR 1 each	*100%	MYR (0.91) Million	MYR 7.66 Millon	-	-
14	3i Infotech (Thailand) Limited, (Thailand)	March 31, 2011	100,000 Ordinary Shares of THB 100 each	*100%	THB (0.33) Million	THB 10.45 Million	-	-
15	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD), (Malaysia)	March 31, 2011	555,000 ordinary Shares of MYR 1 each	*100%	MYR (0.01) Million	MYR (0.01) Million	-	-
16	3i Infotech (Middle East) FZ LLC., (UAE)	March 31, 2011	500 Shares of AED 1,000 each	\$100%	AED 3.92 Million	AED 5.00 Million	-	-
17	3i Infotech (Australia) Pty. Ltd., (Australia)	March 31, 2011	50,000 Ordinary Shares of AUD 1 each	*100%	AUD (0.17) Million	AUD 0.01 Million	-	-
18	3i Infotech (UK) Limited, (England)	March 31, 2011	3,226,308 Equity Shares of GBP 1 each	100%	GBP 0.73 Million	GBP 0.53 Million	-	-
19	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (England)	March 31, 2011	1,884,000 Equity Shares of GBP 1 each	##100%	GBP (0.23) Million	GBP 0.92 Million	-	-
20	aok In-house BPO Services Limited, (India)	March 31, 2011	30,900 Ordinary Shares of Rs.100/- each	****100%	INR 0.19 Crore	INR 0.08 Crore	-	-
21	aok In-house Factoring Services Private Ltd., (India)	March 31, 2011	52,650 Ordinary Shares of Rs.10/- each	****100%	INR 0.18 Crore	INR 0.48 Crore	-	-
22	HCCA Business Services Private Limited, (India)	March 31, 2011	52,932 Ordinary Shares of Rs.10/- each	****100%	INR 2.35 Crore	INR 2.66 Crore	-	-
23	3i-Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.), (India)	March 31, 2011	100,000 Ordinary Shares of Rs.10/- each	100%	INR 0.76 Crore	INR (0.03) Crore	-	-
24	3i Infotech Trusteeship Services Limited (India)	March 31, 2011	5,569,762 Ordinary Shares of Rs. 10/- each	100%	INR 0.98 Crore	INR 0.37 Crore	-	-
25	3i Infotech Saudi Arabia LLC., (Saudi Arabia)	March 31, 2011	500 Ordinary Shares of SAR 1000 each	100%	SAR (0.69) Million	SAR 6.36 Million	-	-
26	3i Infotech Services (Bangladesh) Pvt. Ltd., (Bangladesh)	March 31, 2011	347,630 Ordinary Shares of Taka 10 each	100%	BDT (10.27) Million	BDT (1.55) Million	-	-
27	3i Infotech Consultancy Services Limited, (India)	March 31, 2011	48,05,211 Shares of Rs. 10/- each	100%	INR 3.17 Crore	INR 6.29 Crore	-	-
28	FinEng Solutions Private Limited, (India)	March 31, 2011	117,970 Ordinary Shares of Rs. 10/- each	100%	INR (1.05) Crore	INR 3.57 Crore	-	-
29	Locuz Enterprise Solutions Limited, (India)	March 31, 2011	740,000 Ordinary Shares of Rs. 10/- each	74%	INR 5.13 Crore	INR 0.47 Crore	-	-
30	Elegon Infotech Limited, (China)	December 31, 2010	Capital not held in the form of shares	100%	CNY 7.3 Million	CNY 0.17 Million	-	-
31	Regulus Holdings Inc., (USA)	March 31, 2011	100,000 Class A Shares of USD 0.01 each & 16,250 Class B non-voting Shares of USD 0.01 each	**100%	USD (0.72) Million	USD 6.85 Million	-	-
32	Process Central Limited++	March 31, 2011	7,125,000 Shares of NGN 1 each	@@47.50%	NGN (43.77) Million	-	-	-

\$ Held by 3i Infotech Holdings Private Limited, (Mauritius)

* Held by 3i Infotech Asia Pacific Pte. Ltd., (Singapore)

** Held by 3i Infotech Financial Software Inc. and details include its subsidiaries viz., Regulus America LLC., Regulus Group LLC., Regulus Group II LLC., Regulus Integrated Solutions LLC., Regulus Tristate LLC. & Regulus West LLC.

Held by Black Barret Holdings Ltd.

Held by 3i Infotech (UK) Limited and details include its subsidiaries viz., 3i Infotech (Western Europe) Group Limited, 3i Infotech (Western Europe) Limited, Rhyme Systems Limited, 3i Infotech (Flagship - UK) Limited (formerly known as Exact Technical Services) and 3i Infotech Framework Limited.

^ Held by J&B Software Inc.

**** Held by 3i Infotech BPO Ltd.

@Held by 3i Infotech (Middle East) FZ LLC and 3i Infotech (UK) Limited

@@Held by 3i Infotech (Middle East) FZ LLC.

++ Joint Venture of 3i Infotech (Middle East) FZ LLC with Soft Solutions Ltd, Skye Bank PLC and Unity Bank PLC

Statement relating to Subsidiary Companies as on March 31, 2011

	Entity	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
1	3i Infotech Inc., (USA) [§]	404.17	291.93	1,019.39	1,019.39	-	367.25	18.41	16.95	1.46	-
2	3i Infotech Holdings Private Limited, (Mauritius) [§]	1,378.83	0.88	1,464.44	1,464.44	1,354.31	-	(0.58)	-	(0.58)	-
3	3i Infotech Financial Software Inc., (USA) [§]	138.47	48.49	794.83	794.83	146.79	41.03	3.52	(1.98)	5.50	-
4	3i Infotech (Africa) Limited, (Kenya) [§]	0.01	0.80	8.94	8.94	-	5.61	0.45	0.21	0.24	-
5	Black Barret Holdings Limited, (Cyprus) [§]	0.01	0.00	0.01	0.01	-	-	-	-	-	-
6	Professional Access Software Development Pvt. Limited, (India)	0.86	103.34	109.20	109.20	-	82.32	25.70	0.29	25.41	-
7	Professional Access Limited, (USA) [§]	0.01	(0.20)	105.56	105.56	-	140.33	2.13	0.20	1.93	-
8	3i Infotech (Kazakhstan) LLC., (Kazakhstan) [^]	0.02	(0.55)	-	-	-	-	-	-	-	-
9	J&B Software Inc., (USA) [§]	69.04	(51.14)	55.79	55.79	-	103.02	8.45	3.68	4.77	-
10	J&B Software (Canada) Inc., (Canada) [§]	0.01	0.98	0.01	0.01	-	2.92	0.69	-	0.69	-
11	J&B Software India Pvt. Ltd., (India)	0.16	7.55	7.72	7.72	-	-	-	-	-	-
12	3i Infotech Asia Pacific Pte. Ltd., (Singapore) ^{§§}	6.43	18.66	31.26	31.26	1.89	39.27	0.81	0.20	0.61	-
13	3i Infotech SDN BHD, (Malaysia)*	7.48	36.97	68.25	68.25	-	37.52	(1.36)	(0.00)	(1.36)	-
14	3i Infotech (Thailand) Limited, (Thailand)**	1.49	5.11	8.84	8.84	-	13.79	(0.05)	-	(0.05)	-
15	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD), (Malaysia)*	0.83	0.25	1.08	1.08	-	-	(0.01)	-	(0.01)	-
16	3i Infotech (Middle East) FZ LLC., (UAE) ^{§§}	0.62	74.24	301.76	301.76	4.82	155.66	4.83	-	4.83	-
17	3i Infotech (Australia) Pty. Ltd., (Australia) ^{^^}	0.23	(0.85)	(0.57)	(0.57)	-	-	(0.81)	-	(0.81)	-
18	3i Infotech (UK) Limited, (England) [£]	23.42	131.36	301.45	301.45	154.52	13.02	5.32	-	5.32	-
19	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (England) [£]	13.97	3.09	337.04	337.04	-	143.23	(4.59)	(2.86)	(1.73)	-
20	aok In-house BPO Services Limited, (India)	0.31	4.79	14.84	14.84	-	45.82	0.73	0.55	0.18	-
21	aok In-house Factoring Services Private Ltd., (India)	0.05	1.64	3.96	3.96	-	7.77	0.34	0.16	0.18	-
22	HCCA Business Services Private Limited, (India)	0.05	13.43	24.05	24.05	-	26.43	3.51	1.16	2.35	-
23	3i-Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.), (India)	0.10	54.13	64.53	64.53	-	21.08	0.76	(0.01)	0.77	-
24	3i Infotech Trusteeship Services Limited, (India)	5.57	(2.55)	6.62	6.62	-	3.35	1.39	0.41	0.98	-
25	3i Infotech Saudi Arabia LLC., (Saudi Arabia) [†]	0.60	10.28	50.29	50.29	-	28.84	(0.64)	0.20	(0.84)	-
26	3i Infotech Services (Bangladesh) Pvt. Ltd., (Bangladesh)*	0.21	(0.79)	0.31	0.31	-	-	(0.63)	-	(0.63)	-
27	3i Infotech Consultancy Services Limited, (India)	4.81	15.60	50.41	50.41	-	72.49	2.53	(0.64)	3.17	-
28	FinEng Solutions Private Limited, (India)	0.12	12.71	12.83	12.83	-	1.79	(1.01)	0.04	(1.05)	-
29	Locuz Enterprise Solutions Limited, (India)	1.00	9.54	65.53	65.53	-	129.42	7.13	2.00	5.13	-
30	Elegon Infotech Ltd., (China) [†]	11.79	(3.92)	14.20	14.20	-	17.81	3.72	(1.31)	5.03	-
31	Regulus Holdings Inc., (USA) [§]	0.01	46.23	464.17	464.17	-	666.47	(3.45)	(0.18)	(3.27)	-
32	Process Central Limited ^{††}	2.61	-	1.88	1.88	-	1.10	(1.27)	-	(1.27)	-

\$ Converted to Indian Rupees at the Exchange rate, 1 USD = 45.2854

S\$ Converted to Indian Rupees at the Exchange rate, 1 SGD = 32.1979

£ Converted to Indian Rupees at the Exchange rate, 1 GBP = 72.5993

* Converted to Indian Rupees at the Exchange rate, 1 MYR = 14.953

** Converted to Indian Rupees at the Exchange rate, 1 THB = 1.4904

Converted to Indian Rupees at the Exchange rate, 1 SAR = 12.0732

\$\$ Converted to Indian Rupees at the Exchange rate, 1 AED = 12.3278

& Converted to Indian Rupees at the Exchange rate, 1 KES = 0.5356

^ Converted to Indian Rupees at the Exchange rate, 1 KZT = 0.3065

^^ Converted to Indian Rupees at the Exchange rate, 1 AUD = 46.6852

¤ Converted to Indian Rupees at the Exchange rate, 1 CNY = 6.8926

+ Converted to Indian Rupees at the Exchange rate, 1 BDT = 0.6129

++ Converted to Indian Rupees at the Exchange rate, 1 NGN = 0.2897

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

USD in million

	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS		
1. Shareholders' Funds :		
A. Share Capital	64.48	59.68
B. Reserves and Surplus	220.44	160.94
	<u>284.92</u>	<u>220.62</u>
2. Minority Interest	0.31	1.82
3. Loan Funds :		
A. Secured Loans	280.17	212.00
B. Unsecured Loans	245.97	267.46
	<u>526.14</u>	<u>479.46</u>
4 Premium payable on Redemption of FCCB	33.67	27.48
	<u>845.04</u>	<u>729.38</u>
II. APPLICATION OF FUNDS		
1. Goodwill arising on consolidation	405.00	402.11
2. Fixed Assets :		
A. Gross Block	153.40	143.14
B. Less : Depreciation	78.02	60.06
C. Net Block	75.38	83.08
D. Capital Work-in-Progress	13.40	8.75
E. Assets held for disposal	-	3.33
	<u>88.78</u>	<u>95.16</u>
3. Investments	6.32	2.24
4. Deferred Tax Asset (net)	26.61	25.02
5. Current Assets, Loans and Advances		
A. Current Assets :		
a. Inventories	1.07	0.86
b. Sundry Debtors	142.08	120.50
c. Unbilled Revenues	73.97	63.16
d. Cash and Bank Balances	44.79	42.11
	<u>261.91</u>	<u>226.63</u>

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	USD in million	
	As at March 31, 2011	As at March 31, 2010
B. Loans and Advances	149.88	111.81
	411.79	338.44
Less: Current Liabilities and Provisions :		
A. Current Liabilities	79.42	120.34
B. Provisions	14.04	13.25
	93.46	133.59
Net Current Assets	318.33	204.85
	845.04	729.38

Note: The above Balance Sheet is just the conversion of Consolidated Balance Sheet of 3i Infotech Limited (prepared as per Indian GAAP) in ₹ in crores. The conversion has been done at exchange rate of ₹ 45.28 as at March 31, 2011 and ₹ 45.03 as at March 31, 2010.

3i INFOTECH LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

USD in million

	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME:		
Income from Operations	563.29	512.89
Other Income	3.89	4.23
Total Income	567.18	517.12
EXPENDITURE:		
Operating, Selling & other expenses	452.79	411.73
Total Expenditure	452.79	411.73
Profit before interest, depreciation and amortisation	114.39	105.39
Interest	35.10	30.34
Depreciation and amortisation	22.03	17.05
Profit Before Taxation	57.26	58.00
Provision for Taxes		
- Deferred Taxes (net)	(1.96)	(1.28)
- Current Taxes	10.47	9.03
- Mat Credit Entitlement	(6.30)	(5.70)
- Pertaining to earlier years written off	(0.54)	0.24
Profit After Taxation & Before Exceptional items and impact of discontinuing operations	55.59	55.71
Add : Exceptional Income	-	5.83
(Less) : Impact of Discontinuing Operations	-	(54.56)
(Less) / Add: Minority Shareholders' Interest	(0.23)	0.03
Net Profit After Minority Interest	55.36	7.01
Add: Balance of profit brought forward	48.94	62.67
(Less) : Reversal of profit on sale of IPR	-	(3.83)
Add : FCCB redemption reserve written back	-	49.05
Profit available for appropriation	104.30	114.90
Translation Reserve adjusted	(1.75)	(47.88)

3i INFOTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

USD in million

	For the year ended March 31, 2011	For the year ended March 31, 2010
Less: Appropriations	102.55	67.02
- General Reserve		
- FCCB Redemption Reserve	1.32	1.26
- Proposed Dividend - Equity Shares	-	11.24
- Residual Dividend Paid	6.31	5.30
- Proposed Dividend - Preference Shares	0.76	0.00
- Interim Dividend - Preference Shares	0.23	0.22
- Corporate Dividend Tax	1.17	1.11
	1.36	1.13
	11.15	20.26
Balance carried over to Balance Sheet	91.40	46.76

Note: The above Profit and Loss Account is just the conversion of Consolidated Profit and Loss of 3i Infotech Limited (prepared as per Indian GAAP) in ₹ in crores. The conversion has been done at exchange rate of ₹ 45.62 for the year ended March 31, 2011 and ₹ 47.74 for the year ended March 31, 2010.

AUDITORS' REPORT

To
The Members of
3i Infotech Limited

1. We have audited the attached Balance Sheet of 3i Infotech Limited ("the Company") as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those 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 presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as "the Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
 - v) On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with "Significant Accounting Policies and Notes to Accounts" in Schedule XIV and other notes appearing in the said Schedule and those appearing elsewhere in the accounts 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For R.G.N. Price & Co.
Chartered Accountants
Firm Registration No: 002785S

For Lodha & Co.
Chartered Accountants
Firm Registration No: 301051E

Mahesh Krishnan
Partner
Membership No. 206520

R.P. Baradiya
Partner
Membership No. 44101

Place: Dubai
Date: April 22, 2011.

Place: Dubai
Date: April 22, 2011.

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2011 OF 3i INFOTECH LIMITED

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified (including electronic verification) by the management during the year in accordance with the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. The phased programme is considered reasonable having regard to the size of the Company and nature of its business.
- (c) During the year, the Company has not sold / disposed off substantial portion of its fixed assets.
- (ii) The Company is a service company, primarily rendering information technology services. Accordingly, it does not hold any physical inventories. Hence, paragraph 4(ii) of the Order, is not applicable.
- (iii) As informed, the Company has not granted / taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and sale of services are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register required to be maintained under Section 301 of the Act.
- (vi) The Company has not accepted any public deposits within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for the services rendered by the Company. Accordingly, paragraph 4(viii) of the Order is not applicable.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of Income tax, Sales Tax Wealth tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute except the following :

Name of the Statute	Nature of Demand	Period to which amount relates	Amount (In ₹)	Forum where dispute is pending
Karnataka VAT Act, 2003	Sales Tax	2008-09	1,07,79,920	Asst. Commissioner of Commercial Taxes

- (x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (xii) In our opinion and according to the information and explanations given to us, and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks and financial institutions, are not, prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, in our opinion, the funds raised on short term basis have, prima facie, not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act except employees stock options allotted to the directors of the Company as per Employees Stock Scheme approved by the shareholders of the Company.
- (xix) The Company has not issued any debentures during the year or in the recent past.
- (xx) The Company has not raised any money by public issues during the year or in the recent past.
- (xxi) During the course of our examination of the books of accounts and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have been informed of such case by the management.

For R.G.N. Price & Co.
Chartered Accountants
Firm Registration No: 002785S

Mahesh Krishnan
Partner
Membership No. 206520

Place: Dubai
Date: April 22, 2011.

For Lodha & Co.
Chartered Accountants
Firm Registration No: 301051E

R.P. Baradiya
Partner
Membership No. 44101

Place: Dubai
Date: April 22, 2011.

3i INFOTECH LIMITED
BALANCE SHEET AS AT MARCH 31, 2011

₹ in crores

	Schedule	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
1. Shareholders' Funds :			
A. Share Capital	I	291.99	268.76
B. Reserves and Surplus	II	776.25	626.34
		<u>1,068.24</u>	<u>895.10</u>
2. Loan Funds :			
A. Secured Loans	III	720.49	401.82
B. Unsecured Loans	IV	1,122.16	1,206.28
		<u>1,842.65</u>	<u>1,608.10</u>
3. Premium payable on Redemption of FCCB		152.45	123.73
		<u>3,063.34</u>	<u>2,626.93</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets :			
A. Gross Block	V	440.13	408.91
B. Less : Depreciation		222.30	179.06
C. Net Block		<u>217.83</u>	<u>229.85</u>
D. Capital Work-in-Progress		0.22	1.38
E. Assets held for disposal		-	15.00
		<u>218.05</u>	<u>246.23</u>
2. Investments	VI	1,969.78	1,724.84
3. Deferred Tax Asset (net)		103.66	92.35
4. Current Assets, Loans and Advances	VII		
A. Current Assets :			
a. Sundry Debtors		199.10	250.07
b. Unbilled Revenues		51.79	67.55
c. Cash and Bank Balances		108.87	44.74
d. Other Current Assets		21.67	-
		<u>381.43</u>	<u>362.36</u>
B. Loans and Advances		<u>597.25</u>	<u>419.33</u>
		<u>978.68</u>	<u>781.69</u>
Less : Current Liabilities and Provisions:	VIII		
A. Current Liabilities		149.01	162.62
B. Provisions		57.82	55.56
		<u>206.83</u>	<u>218.18</u>
Net Current Assets		<u>771.85</u>	<u>563.51</u>
		<u>3,063.34</u>	<u>2,626.93</u>

Significant Accounting Policies and Notes to Accounts

XIV

Schedules referred to above form an integral part of the financial statements

As per our attached report of even date

For Lodha & Co.

For R.G.N. Price & Co.

For and on behalf of the Board

Chartered Accountants

Chartered Accountants

V Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman
of Audit Committee

R P Baradiya
Partner

Mahesh Krishnan
Partner

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R Shettigar
Company Secretary

Dubai, April 22, 2011

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3i INFOTECH LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

		₹ in crores	
	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME :			
Income from Operations	IX	550.25	519.99
Other Income	X	28.37	14.48
Total Income		578.62	534.47
EXPENDITURE :			
Operating, Selling and Other expenses	XI	295.91	263.15
Total Expenditure		295.91	263.15
Profit before interest, depreciation / amortisation and taxation		282.71	271.32
Interest	XII	122.81	94.33
Depreciation and Amortisation		51.75	40.50
Profit before taxation		108.15	136.49
Provision for Taxes	XIII	(11.24)	3.50
Profit after taxation before Exceptional items and Impact of Discontinuing Operations		119.39	132.99
Add / (Less) : Exceptional Items (Refer Note no.2.7)		-	27.86
Less : Impact of Discontinuing Operations (Refer Note no. 2.8)		-	(260.46)
Profit / (Loss) after taxation and Exceptional items and Impact of Discontinuing Operations		119.39	(99.61)
Add : Balance of profit brought forward		122.03	84.21
Add : FCCB redemption reserve written back		-	234.16
Profit available for appropriation		241.42	218.76
Appropriations :			
General Reserve		6.00	6.00
FCCB Redemption Reserve		-	53.66
Proposed Dividend - Equity Shares		28.80	25.32
Residual Dividend paid		3.46	0.02
Proposed Dividend - Preference Shares		1.03	1.03
Interim Dividend - Preference Shares		5.32	5.32
Corporate Dividend Tax		6.20	5.38
Balance carried over to Balance Sheet		190.61	122.03
		241.42	218.76

3i INFOTECH LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

₹ in crores

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
Earnings per Share			
Equity shares, par value ₹ 10 each (Refer note no.2.14)			
Before Exceptional items			
Basic (₹)		5.85	8.35
Diluted (₹)		5.83	8.25
After Exceptional items			
Basic (₹)		5.85	(7.12)
Diluted (₹)		5.83	(7.04)

Significant Accounting Policies and Notes to Accounts XIV

Schedules referred to above form an integral part of the financial statements

As per our attached report of even date

For Lodha & Co.
Chartered Accountants

For R.G.N. Price & Co.
Chartered Accountants

For and on behalf of the Board

V Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman
of Audit Committee

R P Baradiya
Partner

Mahesh Krishnan
Partner

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R Shettigar
Company Secretary

Dubai, April 22, 2011

3i INFOTECH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
A Cash Flow from Operating Activities :		
Profit before taxation & exceptional items	108.15	136.49
<i>Adjustments for:</i>		
Depreciation / Amortization	51.75	40.50
Sale of Autodeal business	(2.00)	-
Foreign Exchange loss / (gain)	(4.58)	(2.08)
Loss / (Profit) on sale / discarding of fixed assets	2.07	1.45
Loss / (Profit) on sale of investments	1.92	-
Dividend Income	(0.77)	(1.32)
Interest received	(3.99)	(2.25)
Interest Paid	122.81	94.33
Provision for doubtful debts	7.60	4.68
Impairment of acquired software & losses on foreclosure of contracts	1.92	-
Operating Profit before Working Capital Changes	284.88	271.80
<i>Adjustments for:</i>		
Trade and Other Receivables	(221.64)	(126.84)
Trade Payables and Other Liabilities (Refer note no 5.)	222.43	171.05
	0.79	44.21
Cash generated from Operations	285.67	316.01
Income Taxes paid	(16.25)	(121.21)
Net cash from Operating Activities - A	269.42	194.80
B Cash Flow from Investing Activities :		
Purchase of fixed assets (Including Capital Work-in-Progress & advances)	(19.95)	(129.66)
Sale of fixed assets	20.70	2.12
Investment / transfer of shares in subsidiary companies / application money ³	(186.88)	(280.79)
Purchase of Investments / application money	(310.00)	(237.40)
Sale / transfer of Investments	325.05	256.04
Dividend received	0.77	1.32
Loans (given) / received back - subsidiaries	13.36	0.12
Interest received	3.99	2.25
Net cash used in Investing Activities - B	(152.96)	(386.00)
C Cash Flow from Financing Activities :		
Proceeds from issue of Equity Share Capital	1.58	2.50
Proceeds from issue of QIP	179.99	317.81
Payment towards QIP expenses	(15.08)	(10.53)
Payment towards FCCB Buy Back	-	(54.55)
Premium paid on FCCB redemption	(36.35)	
Proceeds from / (Repayment of) borrowings - net	(13.43)	58.91
Dividends paid (including taxes)	(40.96)	(30.37)
Interest paid	(122.81)	(94.32)
Net Cash from Financing Activities - C	(47.06)	189.45
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	69.40	(1.75)
Cash and Cash Equivalents as at beginning	34.28	36.03
Cash and Cash Equivalents as at end ²	103.68	34.28

3i INFOTECH LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Notes :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements" prescribed by the Companies (Accounting Standard) Rules, 2006.
2. Margin money of ₹ 5.19 crores (as at March 31, 2010 - ₹ 10.46 crores) and monies lying in escrow account of ₹ 0.00 crores (as at March 31, 2010 - ₹ 0.00 crores) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.
3. Comprises of amounts (paid) / received for investments / application money for the year March 31, 2011:

Subsidiary name	Amount (₹ in crores)	Reference note in schedule
3i Infotech Holdings Private Limited	(196.28)	-
Redeembale Preference Shares of 3i Infotech Holdings Private Limited	82.76	
Fineng Solutions Private Limited	(15.86)	2.4.2
3i Infotech (UK) Limited	(8.76)	-
HCCA Business Services Private Limited	(21.97)	2.4.7
3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.)	(50.60)	2.4.3 (a)
Locuz Enterprise Solutions Limited	(10.55)	2.4.1
3i Infotech Consultancy Services Limited	(28.95)	-
Preference Shares of eMudhra Consumer Services Limited	(25.00)	2.4.3(c)
3i Infotech Consumer Services Limited	29.88	2.4.3(c)
3i Infotech Insurance & Re-insurance Brokers Limited	2.68	2.4.5
Delta Services (India) Private Limited	26.13	2.4.3(b)
Stex Software Pvt. Ltd.	9.56	2.4.4
E-Enable Technologies Pvt. Ltd.	12.27	2.4.4
KNM Services Pvt Ltd.	2.92	2.4.4
aok In-house Factoring Services Private Ltd.	4.88	
Total	(186.88)	

4. Refer note no. 2.8 regarding discontinuing of operations.
5. Trade payables and other liabilities includes borrowings payable within 3 months ₹ 248 crores (as at March 31, 2010 - ₹ 190 crores)
6. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

Significant Accounting Policies and Notes to Accounts (Refer Schedule No XIV)

Schedules referred to above form an integral part of the financial statements

As per our attached report of even date

For Lodha & Co.
Chartered Accountants

For R.G.N. Price & Co.
Chartered Accountants

For and on behalf of the Board

V Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman
of Audit Committee

R P Baradiya
Partner

Mahesh Krishnan
Partner

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R Shettigar
Company Secretary

Dubai, April 22, 2011

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
I Share Capital		
Authorised		
30,00,00,000 Equity shares of ₹ 10 each	300.00	300.00
(as at March 31, 2010 - 30,00,00,000 of ₹ 10 each)		
20,00,00,000 Cumulative Preference shares of ₹ 5 each	100.00	100.00
	<u>400.00</u>	<u>400.00</u>
Issued, Subscribed & Paid - up		
19,19,86,549 Equity shares of ₹ 10 each ¹	191.99	168.76
(as at March 31, 2010 - 16,87,59,946 of ₹ 10 each)		
20,00,00,000 6.35 % Cumulative Preference shares of ₹ 5 each ²	100.00	100.00
	<u>291.99</u>	<u>268.76</u>

Notes :

- Of the above, 8,47,88,331 Equity shares are allotted as fully paid-up Bonus shares (as at March 31, 2010 - 8,47,88,331 shares) by capitalisation of Securities Premium Account and accumulated profits. Also refer note no. 2.2 regarding shares issued on conversion of QIP, note no.2.15 regarding ESOP and note no.2.6 regarding FCCB.
- Preference Shares are redeemable at par on expiry of nine years from the date of allotment i.e. March 31, 2003.

II Reserves and Surplus

a. Capital Reserve (on merger)

Balance as per last Balance Sheet	0.06	0.06
-----------------------------------	------	------

b. Securities Premium Account

Balance as per last Balance Sheet	470.46	212.95
Add : Received on allotment of equity shares under ESOP	1.25	1.99
Add : Received during the year on Qualified Institutional Placement issue (QIP)	157.09	280.31
Less : Expenses on Qualified Institutional Placement issue (QIP)	(15.08)	(10.53)
Add / (Less) : Utilised towards premium payable on redemption of FCCB	(69.50)	(14.26)
	<u>544.22</u>	<u>470.46</u>

c. General Reserve

Balance as per last Balance Sheet	31.00	25.00
Add: Transfer from Profit and Loss Account	6.00	6.00
	<u>37.00</u>	<u>31.00</u>

d. Translation Reserve

Opening balance	2.79	13.18
Movement during the year	0.24	(10.39)
	<u>3.03</u>	<u>2.79</u>
(Less): Adjusted against Profit and Loss Account balance as per contra	<u>(3.03)</u>	<u>(2.79)</u>
	-	-

e. FCCB Redemption Reserve

Balance as per last Balance Sheet	-	180.50
Add: Transfer from Profit and Loss Account	0.00	53.66
Less: Transfer to Profit and Loss Account	(0.00)	(234.16)
	<u>-</u>	<u>-</u>

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	₹ in crores	
	As at March 31, 2011	As at March 31, 2010
f. Profit and Loss Account		
Balance as per annexed account	190.61	122.03
Add. Arising on merger	1.33	-
Add: Transfer from Translation Reserve as per contra	3.03	2.79
	<u>194.97</u>	<u>124.82</u>
Total	<u>776.25</u>	<u>626.34</u>
III Secured Loans		
a. From Banks:		
Term Loans	543.00	221.67
Cash Credit	175.50	178.47
b. Other Bodies Corporate	1.99	1.68
	<u>720.49</u>	<u>401.82</u>

Notes :

- Security and terms and conditions for Term Loans :
 - ₹ 250 crores (as at March 31, 2010 - ₹ NIL) secured by first pari passu charge over all movable tangible fixed assets and immovable fixed assets of the Company located at its offices at Navi Mumbai & Goregaon. A part of this loan (₹ 125 crores) is further secured by pledge of the shares held by the Company in its subsidiary, 3i Infotech (UK) Ltd.
 - ₹ 125 crores (as at March 31, 2010 - ₹ 125 crores) is secured by subordinated charge over all movable tangible fixed assets and immovable fixed assets of the Company located at its offices at Navi Mumbai & Goregaon.
 - ₹ 53 crores (as at March 31, 2010 - ₹ 53 crores) loan is secured by way of pari passu charge on book debts
 - ₹ 115 crores (as at March 31, 2010 - ₹ NIL) secured by hypothecation charge over the Intellectual Property Rights of our software products namely Orion and Premia.
 - ₹ NIL (as at March 31, 2010 - ₹ 43.55 crores) loan is secured / to be secured by way of Equitable Mortgage of certain properties of the Company situated at Navi Mumbai.
- Certain non-fund facilities of ₹ 46.83 crores (as at March 31, 2010 - ₹ 40.04 crores) and Cash Credit are secured by way of floating charge on book debts.
- Security and terms and conditions for Other Bodies Corporate :
 - ₹ 1.99 crores (as at March 31, 2010 - ₹ 1.80 crores) loan is secured by way of hypothecation on certain Company owned vehicles

IV Unsecured Loans*

Foreign Currency Convertible Bonds (Refer note no.2.6)	428.23	510.99
Rupee Loans from banks	688.49	691.51
From Subsidiaries	5.21	3.25
From Others	0.23	0.53
	<u>1,122.16</u>	<u>1,206.28</u>

*Repayable within one year

548.74

648.01

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

V. Fixed Assets

Particulars	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
	As at April 1, 2010	Additions on Business purchase / merger*	Additions during the year	Ded / (Adj) during the year	As at March 31, 2011	Upto March 31, 2010	Additions on Business purchase / merger *	Depreciation for the year	Ded / (Adj) for the year	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Intangible assets												
Goodwill	42.73	-	24.75	-	67.48	32.46	-	13.30	-	45.76	21.72	10.27
Software Products												
- Meant for sale	7.94	-	-	-	7.94	2.17	-	-	-	2.17	5.77	5.77
- Others	111.92	1.03	1.61	-	114.56	40.09	0.52	17.23	-	57.84	56.72	71.83
Business & Commercial Rights	44.62	-	-	-	44.62	27.76	-	3.81	-	31.57	13.05	16.86
Tangible assets												
Land - Leasehold	0.52	-	-	-	0.52	0.09	-	0.01	-	0.10	0.42	0.43
- Freehold	2.09	-	-	-	2.09	-	-	-	-	-	2.09	2.09
Buildings - Owned	0.77	-	-	-	0.77	0.14	-	0.01	-	0.15	0.62	0.63
- Leasehold ¹	32.34	-	-	-	32.34	6.63	-	0.41	-	7.04	25.30	25.71
Leasehold Improvements	28.73	-	0.18	6.45	22.46	10.80	-	2.45	4.20	9.05	13.41	17.93
Plant & Machinery / Electrical Installations	16.94	-	0.59	0.59	16.94	6.35	-	0.77	0.28	6.84	10.10	10.59
Computers	88.62	0.54	16.12	1.59	103.69	38.51	0.38	11.92	0.62	50.19	53.50	50.11
Furniture & Fixtures	16.85	0.06	-	3.19	13.72	9.19	0.02	0.88	2.34	7.75	5.97	7.66
Office Equipment	7.70	0.16	0.85	1.95	6.76	3.03	0.03	0.33	1.45	1.94	4.82	4.67
Vehicles	7.14	-	0.55	1.45	6.24	1.84	-	0.63	0.57	1.90	4.34	5.30
Total	408.91	1.79	44.65	15.23	440.13	179.06	0.95	51.75	9.46	222.30	217.83	229.85
Previous Year	542.75	-	195.58	329.42	408.92	162.48	-	40.51	23.92	179.07	229.85	-
Capital Work - in - Progress (including Capital Advances) ²	1.38	-	8.56	9.72	0.22	-	-	-	-	-	0.22	1.38

* Refer Note 2.4

Notes :

1 Buildings- Leasehold include:

- ₹ 20.85 crores (as at March 31, 2010 ₹ 20.85 crores), Accumulated Depreciation - ₹ 3.58 crores (as at March 31, 2010 ₹ 3.22 crores) and Net Value ₹ 17.27 crores (as at March 31, 2010 ₹ 17.63 crores) being lease premium paid in respect of building taken on lease for sixty years.
- ₹ 11.49 crores (as at March 31, 2010 ₹ 11.49 crores), Accumulated Depreciation ₹ 3.49 crores (as at March 31, 2010 ₹ 2.05 crores) and Net Value ₹ 8.00 crores (as at March 31, 2010 ₹ 9.44 crores) being lease premium paid in respect of building taken on lease for ninety nine years.

2 Capital work-in-progress comprises ₹ 0.22 crores (as at March 31, 2010 ₹ 1.38 crores).

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
VI Investments		
Long Term Investments (Unquoted and Fully Paid-up)		
Trade :		
In Subsidiary Companies		
17,92,302 Equity shares of SGD 1 each of 3i Infotech Asia Pacific Pte. Ltd., Singapore (as at March 31, 2010 - 17,92,302 shares)	6.98	6.98
32,26,308 Equity shares of GBP 1 each of 3i Infotech (UK) Ltd. ² (as at March 31, 2010 - 31,01,308 shares)	355.73	346.97
5,99,52,38,228 Ordinary Shares of MUR 1 each of 3i Infotech Holdings Private Limited, Mauritius (as at March 31, 2010 - 4,41,98,74,144 shares)	952.07	697.75
500 Shares of SAR 1,000 each of 3i Infotech Saudi Arabia LLC	0.67	0.67
NIL Equity Shares of ₹ 10 each fully paid up of Delta Services (India) Private Limited ³ (as at March 31, 2010 - 4,00,000 shares)	-	26.13
55,69,762 Equity Shares of ₹ 10 each fully paid up of 3i Infotech Trusteeship Services Limited	0.01	0.01
NIL Equity Shares of ₹ 10 each fully paid up of Stex Software Pvt. Ltd. ³ (as at March 31, 2010 - 51,000 shares)	-	9.56
NIL Equity Shares of ₹ 10 each fully paid up of E-Enable Technologies Pvt. Ltd. ³ (as at March 31, 2010 - 1,52,600 shares)	-	12.27
NIL Equity Shares of ₹ 10 each fully paid up of aok In-house Factoring Services Private Ltd. ³ (as at March 31, 2010 - 52,650 shares)	-	4.88
52,932 Equity Shares of ₹ 10 each fully paid of HCCA Business Services Private Limited ³	21.97	-
NIL Equity Shares of ₹ 10 each fully paid up of KNM Services Pvt. Ltd. ³ (as at March 31, 2010 - 50,000 shares)	-	2.92
1,00,000 Equity Shares of ₹ 10 each fully paid of 3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.) (as at March 31, 2010 - 50,122 shares)	66.71	16.11
3,47,630 Equity Shares of Taka 10 each fully paid of 3i Infotech Services (Bangladesh) Pvt. Ltd. (as at March 31, 2010 - 3,47,630 shares)	0.20	0.20
48,05,211 Equity Shares of ₹ 10 each fully paid of 3i Infotech Consultancy Services Limited (as at March 31, 2010 - 8,40,000 shares)	37.04	8.09
7,40,000 Equity Shares of ₹ 10 each fully paid of Locuz Enterprise Solutions Limited ³ (as at March 31, 2010 - 5,10,000 shares)	22.80	12.25
1,17,970 Equity Shares of ₹ 10 each fully paid of FinEng Solutions Private Limited ³ (as at March 31, 2010 - 70,782 shares)	39.97	24.11
1,62,195 Equity Shares of ₹ 10 each fully paid of J & B Software India Pvt. Ltd. (as at March 31, 2010 - 1,62,195 shares)	0.47	0.47
NIL Equity Shares of ₹ 10 each fully paid of eMudhra Consumer Services Limited (formerly known as 3i Consumer Services Limited). ³ (as at March 31, 2010 - 2,98,77,551 shares)	-	29.88

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Elegon Infotech Ltd., China	11.82	11.82
NIL Equity Shares of ₹ 10 each fully paid of 3i Infotech Insurance & Re-Insurance Brokers Limited (as at March 31, 2010 - 25,00,000 shares)	-	2.68
Redeemable Convertible Preference Shares of 3i Infotech Holdings Private Limited, Mauritius :		
89,16,31,605 Series A - Redeemable Convertible Preference Shares of MUR 1 each (as at March 31,2010 - 89,16,31,605 shares)	127.69	121.18
NIL Series B - Redeemable Convertible Preference Shares of MUR 1 each (as at March 31,2010 - 54,18,85,200 shares)	-	90.96
1,78,03,61,142 Series C - Redeemable Convertible Preference Shares of MUR 1 each (as at March 31,2010 - 1,78,03,61,142 shares)	300.55	298.85
Non-Trade :		
In other Companies		
2,00,000 Equity Shares of Sri Lankan ₹ 10 each of First Capital Asset Management Co. Ltd., Sri Lanka	0.10	0.10
2,50,00,000 Redeemable Non Convertible Zero Coupon Preference Shares of ₹ 10 each of eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) (as at March 31,2010 - NIL shares)	25.00	-
National Savings Certificates ^{\$}	0.00	0.00
Aggregate Value Of Unquoted Investments	1,969.78	1,724.84

Notes:

- During the year, the Company has purchased 3,10,70,256 units (for the year ended March 31, 2010 - 25,60,41,111 units) and sold 3,10,70,256 units (for the year ended March 31, 2010 - 25,60,41,111 units) of Mutual Funds.
- 100% of the equity share capital representing beneficial interest in 6,00,000 shares held by 3i Infotech Inc, USA and 4,00,000 shares in Company's name. Refer note No.1a. under Schedule III of Secured Loan for pledge of shares.
- Refer note no.2.4
\$ ₹ 0.00 crores denotes figures less than ₹ 50,000

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
VII Current Assets, Loans and Advances		
A Current Assets		
a. Sundry Debtors		
(Unsecured, considered good unless otherwise stated)		
- Debts outstanding for more than six months *	23.50	21.48
(net of doubtful debts provided for ₹ 40.12 crores; as at March 31, 2010 - ₹ 36.44 crores)		
- Other debts *	175.60	228.59
(net of doubtful debts provided for ₹ NIL crores; as at March 31, 2010 - ₹ 2.11 crores)		
	199.10	250.07
*Includes amount due from subsidiary companies	83.19	125.80
b. Unbilled Revenues	51.79	67.55
c. Cash and Bank Balances :		
i. Cash on hand	0.04	0.07
ii. Balances with scheduled banks:		
in current accounts*	77.34	17.59
in dividend accounts and equity share refund accounts	0.35	0.23
in EEFC accounts	0.07	0.06
in deposit accounts	24.58	15.02
in margin money accounts**	3.93	8.42
	106.27	41.32
iii. Balances with Non-scheduled banks:		
with HSBC Bank, Deira, UAE	0.56	1.18
(Maximum balance held at any time during the year ₹ 0.015 crores; for the year ended March 31, 2010 - ₹ 1.18 crores)		
with Commerz Bank, Germany	0.05	0.05
(Maximum balance held at any time during the year ₹ 0.04 crores; for the year ended March 31, 2010 - ₹ 0.05 crores)		
with Emirates Bank International, Dubai, UAE	0.69	0.08
(Maximum balance held at any time during the year ₹ 6.70 crores; for the year ended March 31, 2010 - ₹ 5.24 crores)		

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
in margin money accounts : **		
with Emirates Bank International, Dubai, UAE	1.26	2.04
(Maximum balance held at any time during the year ₹ 0.80 crores; for the year ended March 31, 2010 - ₹ 3.09 crores)		
in escrow accounts :		
with Citi Bank Hongkong \$	0.00	0.00
(Maximum balance held at any time during the year ₹ 0.00 crores; for the year ended March 31, 2010 - ₹ 57.35 crores)		
	<u>2.56</u>	<u>3.35</u>
	<u>108.87</u>	<u>44.74</u>
d) Other Current Assets		
Receivable towards sale of Investments (Refer note no 2.4.3(c))	14.88	-
Receivable towards sale of Intellectual Property Rights (Refer note no 2.4.6)	6.79	-
	<u>21.67</u>	<u>-</u>
	<u>381.43</u>	<u>362.36</u>
* Includes cheques on hand and remittances in transit	2.35	0.14
** Towards performance guarantees		
\$ ₹ 0.00 crores denotes figures less than ₹ 50,000		
B Loans and Advances		
(Unsecured, considered good)		
Loans :		
To subsidiary companies	0.54	13.94
To others (including employees)	0.03	-
Advance against Share Capital to subsidiaries (Share Application Money)	38.90	96.95
Advance tax and tax deducted at source	76.53	59.15
(net of provisions of ₹ 29.13 crores; as at March 31, 2010 - ₹ 61.39 crores)		
MAT credit receivable	57.19	58.38
Service tax recoverable	3.09	0.56
VAT recoverable	4.56	1.70
Deposits	63.66	60.77
Advances recoverable from subsidiary companies	243.16	101.67
Other advances recoverable in cash or in kind or for value to be received	109.59	26.21
	<u>597.25</u>	<u>419.33</u>
	<u>978.68</u>	<u>781.69</u>

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
VIII Current Liabilities and Provisions		
A Current Liabilities*		
Acceptances	27.80	23.43
Sundry creditors		
- Dues to Micro, Small and Medium Enterprises (Refer note no.2.5)	-	-
- Others	61.28	78.92
Due to Subsidiaries	33.41	37.89
Advances received from Customers (including unearned income)	2.88	2.27
Interest accrued but not due	-	0.02
Unclaimed dividend	0.35	0.23
Other liabilities	23.29	19.86
	<u>149.01</u>	<u>162.62</u>
* There are no amounts payable to Investors Education and Protection Fund		
B Provisions		
Provision for Employee benefits	23.16	24.74
Proposed dividend (including tax thereon)	34.66	30.82
	<u>57.82</u>	<u>55.56</u>
	<u>206.83</u>	<u>218.18</u>

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

		₹ in crores	
		As at March 31, 2011	As at March 31, 2010
IX	Income from Operations		
	IT Solutions	480.62	425.63
	Transaction Services	69.63	94.36
		<u>550.25</u>	<u>519.99</u>
X	Other Income		
	Interest	3.99	2.25
	(Gross, TDS - ₹ 0.40 crores; previous year ₹ 0.00 crores)		
	Dividend - on current investments (Non Trade)	0.77	1.32
	Excess provision written back	10.66	-
	Profit on sale of investments (Refer note no.2.4.3)	-	4.14
	Foreign exchange gain - net	4.58	2.08
	Rent receipt	4.21	3.33
	Miscellaneous income	4.16	1.36
		<u>28.37</u>	<u>14.48</u>
XI	Operating, Selling and other expenses		
	Salaries, bonus and other allowances	260.89	256.78
	Contribution to provident and other funds	21.33	13.50
	Staff welfare expenses	15.05	19.39
	Recruitment and training expenses	1.48	1.23
	Cost of third party products / outsourced services	128.48	114.14
	Rent	94.89	62.95
	Insurance	1.15	3.79
	Travelling and conveyance	27.95	25.19
	Electricity Charges	12.20	11.34
	Rates and taxes	2.33	3.79
	Communication expenses	9.15	11.51
	Directors sitting fees	0.15	0.15
	Loss on sale / discarding of fixed assets (net)	2.07	1.45
	Printing and stationery	1.38	2.16
	Repairs and maintenance - building	0.79	0.94
	Legal and professional charges	7.11	3.67
	Bank charges and other financial charges	10.57	10.73
	Selling and distribution expenses	1.50	2.03

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Directors' commission	0.30	1.00
Bad debts written off	6.00	11.27
Less - Provision withdrawn	(6.00)	(11.27)
Provision for doubtful debts	7.60	4.68
Loss on sale of investments (Refer note no.2.4.3 and 2.4.5)	1.92	-
Miscellaneous expenses	20.78	17.95
	<u>629.07</u>	<u>568.37</u>
Less : Recovery from subsidiaries		
a. Re-imbursement of costs by subsidiary companies	(291.08)	(263.75)
b. Corporate charges	(42.08)	(41.47)
	<u>295.91</u>	<u>263.15</u>
XII Interest		
- On term loans	100.19	82.58
- Others	22.62	11.75
	<u>122.81</u>	<u>94.33</u>
XIII Taxes		
Provision for Taxes		
- Current Taxes	23.00	22.44
- MAT credit entitlement	(22.97)	(22.41)
- Deferred Taxes (net)	(11.31)	3.03
- Pertaining to earlier years written off	0.04	0.44
	<u>(11.24)</u>	<u>3.50</u>

3i INFOTECH LIMITED

SCHEDULE XIV: SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Method of Accounting

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in accounting policy hitherto in use.

1.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

1.3 Revenue Recognition

a) Revenue from IT solutions:

Revenue from IT solutions comprises of revenue from software products, IT services and sale of hardware / outsourced software

- i) Revenue from software products is recognized on delivery / installation, as per the predetermined / laid down policy across all geographies or lower, as considered appropriate by the management on the basis of facts in specific cases. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.
- ii) Revenue from IT services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant agreements. Revenue on time and material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized on the percentage of completion method. Provision for estimated losses, if any, on such uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.
- iii) Revenue from supply of Hardware, Software License / Term License / Other Materials incidental to the aforesaid services is recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

b) Revenue from Transaction Services:

Revenue from transaction services and other service contracts is recognized based on transactions processed or manpower deployed.

1.4 Unbilled and Unearned Revenue

Revenue recognized over and above the billings on a customer is classified as "unbilled revenue" while billing over and above the revenue recognized in respect of a customer is classified as "unearned revenue".

1.5 a) Fixed Assets

Intangible: Purchased software meant for in-house consumption & significant upgrades thereof, Goodwill and Business & Commercial Rights are capitalized at the acquisition price.

Acquired software / products meant for sale are capitalized at the acquisition price.

Tangible: Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing an asset to its working condition for the intended use.

Advances given towards acquisition of fixed assets and the cost of assets not ready for use as at the Balance Sheet date are disclosed under capital work-in-progress.

b) Depreciation / Amortization:

Leasehold land, Leasehold building and improvements thereon are amortized over the period of lease or its life, whichever is lesser.

Business & Commercial Rights are amortized at lower of the period the benefits arising out of these are expected to accrue and ten years, while purchased software meant for in house consumption & significant upgrades thereof and Goodwill arising on merger / acquired Goodwill is amortized over a period of five years.

Acquired software are amortized at lower of the estimated life of the product and five years.

Depreciation on other fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

1.6 Investments

Trade investments are the investments made to enhance the Company's business interest. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value. Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment.

1.7 Accounting for Taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the year in accordance with the Income Tax Act, 1961.

MAT credit asset is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual / reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

1.8 Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets, current liabilities and borrowings denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain / loss are recognized in the Profit & Loss Account. Overseas equity investments are recorded at the rate of exchange in force on the date of allotment / acquisition.

All the activities of the foreign operations are carried out with a significant degree of autonomy. Accordingly, as per the provisions of AS 11 "Effects of changes in foreign exchange rates", these operations have been classified as 'Non integral operations' and therefore all assets and liabilities, both monetary and non-monetary, are translated at the closing rate while the income and expenses are translated at the average rate for the year. The resulting exchange differences are accumulated in the Foreign Currency Translation Reserve.

1.9 Accounting of Employee Benefits

Employee Benefits in India

a) Gratuity

The Company provides for gratuity, a defined benefit retirement plan, covering eligible employees. Liability under gratuity plan is determined on actuarial valuation done by the Life Insurance Corporation of India (LIC) at the beginning of the year, based upon which, the Company contributes to the Scheme with LIC. The Company also provides for the additional liability over the amount contributed to LIC based on the actuarial valuation done by an independent valuer using the Projected Unit Credit Method.

b) Superannuation

Certain employees of the Company are also participants in a defined superannuation contribution plan. The Company contributes to the scheme with Life Insurance Corporation of India on monthly basis. The Company has no further obligations to the scheme beyond its monthly contributions.

c) Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan to the Trust / Government administered Trust. In the case of Trust, aggregate contribution along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contribution to the 3i Infotech Provident Fund Trust equal to a specified percentage of the covered employee's salary. Company also contributes to a Government administered pension fund on behalf of its employees.

The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. Such shortfall is charged to Profit & Loss Account in the year it is determined.

d) Liability for leave encashment / entitlement for employees is provided on the basis of the actuarial valuation at the year end.

e) All actuarial gains / losses are charged to revenue in the year these arise.

Employee Benefits in Foreign Branch

In respect of employees in foreign branches, necessary provision is made based on the applicable local laws. Gratuity and leave encashment / entitlement as applicable for employees in foreign branches is provided on the basis of the actuarial valuation at the year end.

All actuarial gains / losses are charged to revenue in the year these arise.

1.10 Provisions, Contingent Liabilities and Contingent Assets

i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources.

ii) Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

iii) Contingent Assets are neither recognized nor disclosed in the financial statements.

1.11 Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset upto the date of completion. Other borrowing costs are charged to the Profit & Loss Account.

1.12 Impairment of Assets

In accordance with AS 28 on 'Impairment of Assets', where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each Balance Sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the Profit & Loss Account whenever the carrying amount of such assets exceeds its recoverable amount. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to the extent of the carrying value of the asset that would have been determined (net of amortization / depreciation) had no impairment loss been recognized.

1.13 a) Securities issue expenses

Securities issue expenses including expenses incurred on increase in authorized share capital and premium payable on securities are adjusted against Securities Premium Account.

b) Premium payable on FCCB

Premium payable on redemption of FCCB is amortized proportionately till the date of redemption and is adjusted against the balance in Securities Premium Account.

1.14 Lease

Where the Company has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of fair value or present value of minimum lease payment and liability is created for an equivalent amount. Each lease rental paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

Where significant portion of risks and reward of ownership of assets acquired under lease are retained by lessor, leases are classified as Operating lease. Equalized lease rentals for such leases are charged to Profit & Loss Account.

1.15 Earnings per share

In determining the earnings per share, the Company considers the net profit after tax and post tax effect of any extraordinary / exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares which includes potential FCCB conversions. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus share issues.

2. NOTES TO ACCOUNTS

2.1 Capital commitments and contingent liabilities

	₹ in crores	
	As at March 31, 2011	As at March 31, 2010
Capital Commitments * :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1.53	5.86
Contingent Liabilities not provided for in respect of :		
Outstanding guarantees	679.10	664.63
Premium on redemption of FCCB (Refer Note no 2.6)	43.32	84.21
Estimated amount of claims against the Company not acknowledged as debts in respect of:		
- Disputed Income tax matters	6.22	3.07
- Disputed Sales tax matters	1.08	1.08
- Customer Claims	0.37	0.20
- Others**	15.42	18.32

* Except where amount is not ascertainable in respect of acquisitions as mentioned in note no. 2.4.1

**Includes claim in respect of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.74 crores (as at March 31, 2010 - ₹ 1.21 crores).

2.2. Qualified Institutional Placement Issue

During the year, the Company has issued and allotted 2,29,00,099 fully paid-up Equity Shares, at a price of ₹ 78.60 per Equity Share (including premium of ₹ 68.60 per Equity Share), aggregating ₹ 179.99 crores on April 7, 2010. These shares rank pari passu with the existing shares of the Company with respect to dividend.

2.3 Employee Benefit Plans

The following table set out the status of the gratuity plan as required under AS 15 (Revised):

Reconciliation of Benefit Obligations and Plan Assets

₹ in crores

Change in benefit obligation	For the year ended March 31, 2011	For the year ended March 31, 2010
Obligation at the beginning of the year	14.26	13.12
Interest cost	1.14	1.02
Current Service cost	2.79	3.34
Benefits paid	(2.72)	(1.35)
Actuarial (gain) / loss in obligations	(1.85)	(1.87)
Obligation at year end	13.62	14.26

₹ in crores

Change in Fair value of plan assets	For the year ended March 31, 2011	For the year ended March 31, 2010
Fair value of plan assets at the beginning of the year	2.71	3.91
Expected return on the plan assets	0.22	0.30
Contributions by the employer	2.53	-
Benefits paid	(2.72)	(1.35)
Actuarial gain / (loss) on plan assets	0.17	(0.15)
Fair value of plan assets at year end	2.91	2.71

₹ in crores

Expenses recognized in Profit & Loss Account	For the year ended March 31, 2011	For the year ended March 31, 2010
Current service cost	2.79	3.34
Interest cost	1.14	1.02
Expected return on plan assets	(0.22)	(0.30)
Net actuarial (gain) / loss recognized during the year	(2.03)	(1.71)
Expenses recognized in Profit & Loss Account	1.68	2.35

₹ in crores

Reconciliation or Present Value of the obligation and the Fair value of the plan assets	As at March 31, 2011	As at March 31, 2010
Liability at year end	13.62	14.26
Fair value of plan assets at year end	2.91	2.71
Liability recognized in the Balance Sheet	10.71	11.55

₹ in crores

Assumptions	As at March 31, 2011	As at March 31, 2010
Discount Rate	8.50% p.a	8.00% p.a
Expected Rate of Return on Plan Assets	8.25% p.a	8.00% p.a
Salary Escalation Rate	6.00% p.a	6.00% p.a

The liability recognized with respect to Gratuity in the Balance Sheet in respect of Dubai branch employees as on March 31, 2011 is ₹ 5.04 crores (as on March 31, 2010 - ₹ 5.70 crores).

The liability recognized with respect to leave encashment / entitlement in the Balance Sheet as on March 31, 2011 is ₹ 7.41 crores (as on March 31, 2010 - ₹ 7.49 crores).

2.4.1 In April 2008, the Company entered into a share purchase agreement with the owners of Locuz Enterprise Solutions Limited, Hyderabad, to acquire the 2,60,000 shares (representing 26% of the paid-up equity capital of Locuz Enterprise Solutions Limited) for a consideration of ₹ 6.93 crores. In November 2009, the Company acquired further 25% stake in Locuz Enterprise Solutions Limited for a consideration of ₹ 5.32 crores. In September 2010, the Company acquired further 23% stake in Locuz Enterprise Solutions Limited for a consideration of ₹ 10.55 crores, along with a commitment to acquire the balance of the paid-up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue / profitability etc., as per the agreement.

2.4.2 a) In May 2008, the Company entered into a share purchase agreement with the owners of FinEng Solutions Private Limited, Mumbai to acquire the 60,165 shares (representing 51% of the paid up equity capital of FinEng Solutions Private Limited) for a consideration of ₹ 17.73 crores. In September 2009, the Company acquired additional 9% of the paid-up capital of FinEng Solutions Private Limited for a consideration of ₹ 3.67 crores. As agreed in the Share Purchase Agreement, in October 2009 the Company made an upside payment of ₹ 2.71 crores to the Promoter Shareholders of FinEng Solutions Private Limited. In June 2010, the Company acquired the balance 40% stake for a consideration of ₹ 15.86 crores.

b) In July 2010, the Company entered into business purchase agreement with FinEng Solutions Private Limited. The Company has acquired / assumed the assets and liabilities at their respective book values.

2.4.3 a) Profit on sale of investments of ₹ 0.70 crores represents sale of investments in aok Inhouse Factoring Services Private Ltd. (wholly owned subsidiary) to 3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.) (another wholly owned subsidiary), vide agreement dated April 5, 2010.

b) In May 2010, the Company has sold its investments in Delta Services (India) Private Limited to 3i Infotech Consultancy Services Limited at book value of ₹ 26.13 crores.

c) (i) During the current year, the Company has sold its 100% stake in eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) (including its subsidiaries) at a value of ₹ 29.88 crores, out of which ₹ 15.00 crores has been received in the current year and balance consideration of ₹ 14.88 crores will be received as per the terms of the agreement before December 2011;and

(ii) Other receivable amounts of ₹ 25.00 crores from eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) have been converted into Zero Coupon Non Convertible Redeemable Preference Shares, redeemable by December 14, 2015.

2.4.4 Effective April 1, 2010, the Company merged its Wholly owned subsidiaries viz., Stex Software Pvt. Ltd., KNM Services Pvt. Ltd. and E-Enable Technologies Pvt. Ltd. (whose businesses were acquired by the Company in the earlier years) after obtaining the requisite court sanction and filing of necessary forms with Registrar of Companies in the month of March 2011. The amalgamation has been accounted for under the Pooling of interest Method as prescribed in the AS -14 "Accounting for Amalgamations".

Accordingly, the Company's investments of ₹ 24.75 crores in the aforesaid companies has been accounted as Goodwill and is being amortised over a period of 5 years.

- 2.4.5** During the current year, the Company has sold its 100% stake in its subsidiary 3i Infotech Insurance & Reinsurance Brokers Limited for a consideration of ₹ 0.05 crores. The difference between the carrying value of investment and sale proceeds is accounted as loss on sale of investment and charged to Profit and Loss Account.
- 2.4.6** During the current year, the Company has reassigned its Intellectual Property Rights and Marketing rights in certain software products from its subsidiary in China to its subsidiary in Dubai at its carrying value in books of USD 7.50 million. Out of the total consideration, USD 6.00 million has been received in the current year and the balance will be received in due course of time.
- 2.4.7** During the year the company repurchased 100% shares of HCCA Business Services Private Limited from 3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.), for a consideration of ₹ 21.97 crores.
- 2.5** As at March 31 2011, the Company has no outstanding dues to micro, small and medium enterprises. There is no liability towards interest on delayed payments under the Micro, Small and Medium Enterprises Development Act, 2006 during the year.

There is also no amount of outstanding interest in this regard brought forward from the previous year.

The above information is on the basis of intimation received by the Company, on request made to all vendors in the course of vendors' registration under the said Act.

2.6 Foreign Currency Convertible Bonds (FCCB)

The Company has issued Foreign Currency Convertible Bonds (FCCB) at different points of time, the details of such FCCB issues are summarized as follows:

	First Issue	Third Issue	Fourth Issue
Issue currency	USD	EURO	USD
Issue size	50 million	30 million	100 million
Issue date	March 16, 2006	Apr 2, 2007	Jul 26, 2007
Maturity date	March 17, 2011	Apr 3, 2012	Jul 27, 2012
Coupon rate	Zero coupon	Zero coupon	Zero coupon
Conversion price—post bonus	₹ 115.00	₹ 154.32	₹ 165.94
Fixed exchange rate of conversion	₹ 44.35	₹ 57.60	₹ 40.81
Early redemption option *	Yes	Yes	Yes
Conversions as at –			
March 31, 2011	29.80 million	NIL	NIL
March 31, 2010	29.80 million	NIL	NIL
Bought back as at –			
March 31, 2011	NIL	10.00 million	33.63 million
March 31, 2010	NIL	10.00 million	33.63 million
Contingent premium payable as at – (₹ in crores)			
March 31, 2011	NIL	10.12	33.20
March 31, 2010	14.62	19.45	50.14

Note - The second issue was converted into equity as per the terms of the issue.

Out of USD 50 million of first issue, USD 29.80 million was converted as per the terms of issue and the balance was redeemed and premium of ₹ 36.35 crores has been adjusted from Premium payable on Redemption of FCCB

* Subject to certain criteria as per offer document.

- 2.7** (i) During the previous year, the Company had bought back and cancelled FCCBs (out of the third and the fourth issues) of face value of EUR 6,000,000 and USD 8,500,000 equivalent to ₹ 82.42 crores at a discount resulting in reduction of liability by ₹ 29.19 crores. The same had been shown as exceptional income in the Profit & Loss Account.
- (ii) During the previous year, the Company had incurred an amount of ₹ 1.33 crores towards professional fees in respect of the aforesaid buyback. The same had been shown as exceptional expenditure in the Profit & Loss Account.
- 2.8** During the previous year the Company had exited from agreements with various State Governments in respect of setting up and operating Citizen Service Centers and loss of ₹ 260.46 crores thereon was disclosed as 'Impact Of Discontinuing Operations'.

2.9 Managerial Remuneration:

a) Whole-time Directors *

For the year ended March 31, 2011

₹ in crores

Name of Directors	Salary & other allowances	PF & other contributions	Perquisites	Total
Amar Chintopanth	3.41	0.12	0.01	3.54
Anirudh Prabhakaran**	1.79	0.02	0.01	1.82

For the year ended March 31, 2010

₹ in crores

Name of Directors	Salary & other allowances	PF & other contributions	Perquisites	Total
Amar Chintopanth	3.10	0.11	0.01	3.22
Anirudh Prabhakaran**	1.54	0.03	0.01	1.58

* Excluding contribution to the gratuity fund and provision for leave entitlement, since determined for the Company as a whole but including monetary value of the perquisites computed as per the Income Tax Rules, wherever necessary.

** Includes ₹ 0.33 crores severance compensation.

** Till November 2, 2010.

b) Other than Whole-time Directors

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Commission	0.30	1.00
Sitting fees	0.15	0.15

Computation of Net Profit under Section 198, 309 and 349 of the Companies Act, 1956

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Net Profit / (Loss) as per Profit and Loss Account	119.39	(99.61)
Add : Loss from discontinuing operations*	-	260.46
Net Profit / (Loss) after Taxation as per Profit and Loss Account	119.39	160.85
Add : a. Provision for Current taxes under Income Tax Act, 1961	(11.28)	3.06
b. Directors Commission	0.30	1.00
Net Profit / (Loss) to ascertain commission payable to Director	108.41	164.91
Add : a. Directors Remuneration	5.36	4.80
b. Directors Sitting Fees	0.15	0.15
Net Profit / (Loss) to ascertain remuneration to Directors	113.92	169.86
Percentage of Commission payable to Non whole time directors	0.28%	0.61%
Percentage of Remuneration paid to Directors	4.71%	2.83%

*loss from discontinuing operations have been considered as capital losses for the purpose of this computation, based on an expert opinion obtained.

2.10 Leases:

a) Operating Lease:

- (i) The Company has acquired certain Land and Building under a lease arrangement for a period of sixty years at a premium of ₹ 0.50 crores starting from December 4, 2000 for Land and ₹ 15.62 crores starting from March 13, 2000 and ₹ 5.05 crores from March 1, 2003 for building and the same is being amortized over the lease period. All other lease arrangements in respect of properties are renewable / cancelable at the Company's and / or lessors' option as mutually agreed. The future lease rental payment that the Company is committed to make is:

₹ in crores

	As at March 31, 2011	As at March 31, 2010
- within one year	17.47	19.22
- later than one year and not later than five years	19.16	9.81
- later than 5 years	22.78	23.25

- (ii) The Company avails from time to time non-cancellable long-term leases for computers, furniture & fixtures and office equipments. The total of future minimum lease payments that the Company is committed to make is:

₹ in crores

	As at March 31, 2011	As at March 31, 2010
- within one year	106.51	65.75
- later than one year and not later than five years	158.25	116.34
- later than 5 years	-	-

b) Financial Lease:

There were no financial leases entered into by the Company.

2.11 Auditors' Remuneration:

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Audit Fees	1.71	0.85
Tax Audit Fees	0.09	0.09
Certification Fees*	0.10	0.33
Re-imbursement of out of pocket expenses	0.10	0.11
For Service Tax	0.21	0.14
Total	2.21	1.52

*Includes ₹ 0.3 crores pertaining to QIP issue expenses, debited to Securities Premium Account.

2.12 Cost of third party products / outsourced services includes:

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
IT Outsourced Cost	40.93	38.73
Commission on sales	1.12	1.33
Infrastructure Charges	14.29	13.35
Transaction Processing Charges	12.81	10.88
Non IT - Outsourced cost	32.74	22.53
Purchases – Hardware / Software	19.93	10.54
Repairs & Maintenance – Computers	4.90	2.37
Non IT Facilities Management Rent & Office Expenses	2.02	14.41
Total	128.74	114.14

2.13 Deferred taxation:

The break - up of net deferred tax liability / (asset) is as under:

₹ in crores

	As at March 31, 2011	As at March 31, 2010
Deferred Tax Asset:		
Unabsorbed losses / depreciation	73.80	42.13
Expenses allowable on payment and others (including provision for doubtful debts)	27.13	21.30
	100.93	63.43
Deferred Tax Liability:		
Fixed Assets (depreciation / amortization)	(2.73)	(28.92)
Net Deferred Tax Liability / (Asset)	(103.66)	(92.35)

* Deferred tax balance in respect of companies merged / business purchased during the year is included.

2.14 Earnings Per Share

The earnings per share have been computed in accordance with the 'Accounting Standard 20 – Earnings Per Share'.

The numerators and denominators used to calculate Basic and Diluted Earnings Per Share are as follows:

₹ in crores			
		For the year ended March 31, 2011	For the year ended March 31, 2010
Profit as per accounts (₹ in crores)		119.39	132.99
Less: Dividend on preference shares paid (incl. Corporate taxes) (₹ in crores)		(6.21)	(6.21)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes) (₹ in crores)		(1.20)	(1.22)
Profit attributable to Equity Shareholders before exceptional items and impact of discontinuing operations (₹ in crores)	A	111.98	125.56
Add: Profit / (Loss) due to exceptional items and impact of discontinuing operations (₹ in crores)		-	(232.60)
Profit / (Loss) attributable to Equity Shareholders after exceptional items and impact of discontinuing operations (₹ in crores)	B	111.98	(107.04)
Weighted average number of Equity Shares outstanding during the year (Nos.)	C	19,13,76,215	15,03,19,823
Add : Effect of dilutive issues of options / QIP (Nos.)		8,03,053	18,39,361
Diluted weighted average number of Equity Shares outstanding during the year (Nos.)	D	19,21,79,268	15,21,59,184
Nominal value of Equity Shares (₹)		10	10
Before exceptional items and impact of discontinuing operations Basic EPS (₹)	A/C	5.85	8.35
Diluted EPS ₹)	A/D	5.83	8.25
After exceptional items and impact of discontinuing operations Basic EPS (₹)	B/C	5.85	(7.12)
Diluted EPS (₹)	B/D	5.83	(7.04)

2.15 Employee Stock Option Plan (ESOP)

The Company's Employees Stock Option Plan provides for issue of equity option up to 25% of the paid-up Equity Capital to eligible employees. The scheme covers the managing director, whole time directors and the employees of the subsidiaries, the erstwhile holding Company and subsidiaries of the erstwhile holding Company, apart from the employees of the Company. The options vest in a phased manner over three years with 20%, 30% and 50% of the grants vesting at the end of each year from the date of grant and the same can be exercised within ten years from the date of the grant by paying cash at a price determined on the date of grant.

Method used for accounting for the share based payment plan:

The Company has elected to use the intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted Market price of the underlying share as on the date of grant exceeds the exercise price of the option.

Summary of the options outstanding under the Employees Stock Option Plan (ESOP):

	As at March 31, 2011		As at March 31, 2010	
	Options	Weighted average exercise price (₹)	Options	Weighted average exercise price (₹)
Options outstanding at beginning of the year	2,51,65,924	105.29	2,67,37,126	105.87
Granted during the year	25,000	76.00	9,45,000	83.16
Exercised during the year	(3,26,504)	48.27	(5,09,000)	49.16
Forfeited / lapsed during the year	(26,23,100)	120.16	(20,07,202)	116.88
Options outstanding at end of the year*	2,22,41,320	104.34	2,51,65,924	105.29
Vested options pending exercise	1,88,58,820	101.58	1,68,00,424	96.25

*Includes 31,87,000 options granted to managing director / whole time directors and non-executive directors (for the year ended March 31, 2010 - 37,67,000 options).

Weighted average Market price of the shares with respect to stock options exercised during the year ended March 31, 2011 is ₹ 60.28 (during the year ended March 31, 2010 ₹ 76.68).

The following summarizes information about stock options outstanding:

As at March 31, 2011

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (years)	Weighted average Exercise Price (₹)
₹ 37 to ₹ 50	43,62,010	4	49.30
₹ 57 to ₹ 150	1,78,79,310	6	117.76

As at March 31, 2010

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (years)	Weighted average Exercise Price(₹)
₹ 37 to ₹ 50	47,20,714	5	48.93
₹ 57 to ₹ 150	2,04,45,210	7	118.33

Fair Value methodology for the option

The fair value of options used to compute net income and earnings per equity share have been estimated on the dates of each grant within the range of ₹ 58.00 to ₹ 143.38 using the Black-Scholes pricing model. The Company estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOP are:

	As at March 31, 2011	As at March 31, 2010
Dividend yield	1.15% - 2.84%	1.15% - 2.84%
Expected volatility	50.63% - 57.91%	50.63% - 57.91%
Risk-free interest rate	5.71% - 6.36%	5.71% - 6.36%
Expected life of Option	3 – 10 yrs	3 – 10 yrs

Impact of Fair value method on Net Profit and EPS before exceptional items and impact of discontinuing operations

Had the compensation cost for the Company's Stock Option Plan outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have been, as indicated below:

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Profit attributable to Equity Shareholders	111.98	125.56
Less: Stock based compensation expense determined under fair value based method	4.98	14.70
Net Profit :	107.00	110.86
Basic earnings per share (as reported)	5.85	8.35
Basic earnings per share (under fair value method)	5.59	7.37
Diluted earnings per share (as reported)	5.83	8.25
Diluted earnings per share (under fair value method)	5.57	7.30

- 2.16** Amount of exchange difference (net) credited to Profit & Loss Account during the year ended March 31, 2011 is ₹ 4.58 crores (for the year ended March 31, 2010 credited ₹ 2.08 crores).

2.17 Related Party Transactions:

1. The parties where control exists -

Foreign Subsidiaries -

No.	Name of Subsidiary	Country of Incorporation
1	3i Infotech Inc.	USA
2	3i Infotech Asia Pacific Pte. Ltd.	Singapore
3	3i Infotech SDN BHD	Malaysia
4	3i Infotech (UK) Limited	UK
5	3i Infotech (Thailand) Limited	Thailand
6	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited)	UK
7	3i Infotech (Western Europe) Group Limited	UK
8	3i Infotech (Western Europe) Limited	UK
9	Rhyme Systems Limited	UK
10	3i Infotech Holdings Private Limited	Mauritius
11	3i Infotech Saudi Arabia LLC	Saudi Arabia
12	3i Infotech Financial Software Inc.	USA
13	3i Infotech (Africa) Limited	Kenya
14	Professional Access Limited	USA
15	3i Infotech (Middle East) FZ LLC	Dubai
16	J&B Software Inc.	USA
17	J&B Software (Canada) Inc.	Canada
18	Black Barret Holdings Limited	USA

No.	Name of Subsidiary	Country of Incorporation
19	3i Infotech (Flagship-UK) Limited (formerly known as Exact Technical Services Ltd.)	UK
20	3i Infotech Frameworks Limited	UK
21	3i Infotech (Australia) Pty Ltd.	Australia
22	3i Infotech Services (Bangladesh) Pvt. Ltd.	Bangladesh
23	3i Infotech (Kazakhstan) LLC	Kazakhstan
24	Regulus Group LLC	USA
25	Regulus Integrated Solutions LLC	USA
26	Regulus America LLC	USA
27	Regulus Tristate LLC	USA
28	Regulus West LLC	USA
29	Regulus Holdings Inc.	USA
30	Regulus Group II LLC	USA
31	Elegon Infotech Ltd. #	China
32	3i Infotech Consulting Inc. (Merged with 3i Infotech Inc w.e.f. December 2010)	USA
33	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD)	Malaysia
34	Lantern Systems Inc. (Merged with 3i Infotech Inc w.e.f. December 2010)	USA
35	Objectsoft Group Inc. (Merged with 3i Infotech Inc w.e.f. December 2010)	USA
36	ePower Inc. (Merged with 3i Infotech Inc w.e.f. December 2010)	USA
37	3i Infotech Consulting Services SDN BHD (upto December 2010)	Malaysia

considered as joint venture till September '09.

Indian Subsidiaries –

No.	Name of Subsidiary
1	Delta Services (India) Private Limited (Merged with 3i Infotech Consultancy Services Limited)
2	3i Infotech Trusteeship Services Limited
3	E-Enable Technologies Pvt. Ltd. (Merged with 3i Infotech Limited w.e.f. April 1, 2010)
4	aok In-house BPO Services Limited
5	aok In-house Factoring Services Private Ltd.
6	KNM Services Pvt. Ltd. (Merged with 3i infotech Limited w.e.f. April 1, 2010)
7	Professional Access Software Development Pvt. Limited
8	HCCA Business Services Private Limited
9	Manipal Informatics Pvt. Limited (Merged with 3i Infotech Consultancy Services Limited)
10	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.)
11	J&B Software (India) Pvt. Ltd.
12	FinEng Solutions Private Limited (upto July 1, 2010)
13	Locuz Enterprise Solutions Limited
14	3i Infotech Consultancy Services Limited
15	Stex Software Pvt. Ltd. (Merged with 3i Infotech Limited w.e.f. April 1, 2010)
16	Taxsmile.com India Private Limited (upto September 2010)

No.	Name of Subsidiary
17	eMudhra Consumer Services Limited (formerly known as 3i Infotech Consumer Services Limited) (up to September 2010)
18	Access Matrix Technologies Pvt. Ltd. (up to September 2010)
19	CCH Prosystem India Private Limited (formerly known as Antariksh Interactive Pvt. Ltd.) (up to September 2010)
20	3i Infotech Insurance & Reinsurance Brokers Limited (up to December 2010)
21	Regulus BPO Limited (incorporated on March 24, 2011)

2. Other related parties with whom transactions have been entered into in the ordinary course of business:-

Directors / Key Management Personnel: Mr. V Srinivasan (Managing Director), Mr. Amar Chintopanth (Deputy Managing Director & CFO), Mr. Anirudh Prabhakaran (Executive Director & President – South Asia) till 2nd November 2010.

The following transactions were carried out during the year:

	₹ in crores	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Subsidiaries – 3i Infotech Inc		
Income	59.75	33.42
Rent Expense	0.55	0.58
Purchase of Software	(8.93)	27.91
Corporate guarantees given / (released)	(65.97)	135.09
Subsidiaries – 3i Infotech Holdings Private Limited, Mauritius		
Conversion from Preference shares to Equity	92.97	201.83
Investment in Redeemable Convertible Preference Shares	-	68.95
Advances given / (repaid)	0.48	0.96
Share application money pending allotment	(12.91)	51.72
Investments made in Equity shares	162.06	199.70
Subsidiaries – 3i Infotech (UK) Limited and its subsidiaries		
Income	1.03	0.74
Investments made in Equity shares	8.76	
Conversion from Preference shares to Equity	-	116.67
Share application money pending allotment	(9.97)	9.97
Subsidiaries – Delta Services (India) Private Limited		
Advances given / (repaid)	-	(2.82)
Loan granted / (repaid)	-	(0.79)
Corporate guarantee given / (released)	-	(8.70)
Investments sold to 3i Infotech Consultancy Services Ltd.	(26.13)	-
Investment in Equity Shares	-	15.93
Subsidiaries – 3i Infotech (Middle East) FZ LLC		
Income	23.05	13.49
Advances given / (repaid)	-	(41.87)

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Corporate guarantee given / (released)	41.13	
Purchase of Services	-	0.06
Assignment of IPR	34.21	-
Subsidiaries – Taxsmile.com India Private Limited		
Interest income	-	0.98
Income	0.46	0.94
Loans granted / (repaid)	(10.99)	0.74
Advances given / (received)	(3.57)	(2.23)
Investments in Equity Shares	-	(2.08)
Subsidiaries – Elegon Infotech Ltd.		
Investment in Equity Shares	-	8.48
Share application money pending allotment	(35.17)	33.92
Assignment of IPR	(34.21)	-
Purchase of Services	17.02	12.73
Corporate guarantees given / (released)	8.27	-
Subsidiaries –FinEng Solutions Private Limited		
Purchase of Services	-	0.43
Investment in Equity Shares	15.87	6.38
Subsidiaries –3i Infotech Consultancy Services Limited		
Purchase of Services	58.74	-
Investment in Equity Shares	28.95	7.99
Advances given / (repaid)	-	(5.79)
Sale of Investments from Delta Services (India) Private Limited	26.13	-
Subsidiaries –3i Infotech BPO Limited		
Income	2.14	-
Purchase of Services	0.01	-
Loans granted / (repaid)	(0.54)	0.05
Investment in Equity Shares	50.60	-
Advances given / (repaid)	(45.82)	45.20
Interest Expense	-	0.01
Subsidiaries Locuz Enterprise Solutions Limited		
Purchase of Services	2.25	(9.33)
Investment made	10.55	5.32
Advances given / (repaid)	-	10.93
Corporate guarantees given / (released)	17.00	-
Subsidiaries – Others		
Income	23.90	23.50

₹ in crores

	For the year ended March 31, 2011	For the year ended March 31, 2010
Interest Income	-	0.11
Purchase of Services	11.89	76.43
Sale of software	8.93	-
Loans granted / (repaid)	2.93	(0.08)
Investment in Equity Shares	(15.24)	40.35
Advances given / (repaid)	(9.10)	(2.79)
Loans taken / (repaid)	1.96	3.25
Sale of Investments	-	45.01
Corporate guarantees given / (released)	1.20	-
Interest Expense	0.28	1.50
Share Application Money	(0.06)	-
Directors, Key Management Personnel and their relatives		
Remuneration / fees	5.36	4.80
Expenses	0.33	0.62

₹ in crores

	Outstanding balance as at March 31, 2011	Outstanding balance as at March 31, 2010
Subsidiaries – 3i Infotech Inc		
Financial Guarantee	20.38	20.26
Sundry Advances	243.16	82.23
Corporate guarantees outstanding	487.00	552.97
Subsidiaries - 3i Infotech Holdings Private Limited, Mauritius		
Investment in Equity Shares	952.07	697.75
Sundry Advances	1.44	0.96
Investment in Redeemable Convertible Preference Shares	428.23	510.99
Share Application Money	38.81	51.72
Subsidiaries - 3i Infotech (UK) Limited and its subsidiaries		
Investment in Equity Shares	355.73	346.97
Sundry Creditors	6.25	14.79
Share Application Money	-	9.97
Subsidiaries – Delta Services(India) Private Limited		
Investment in Equity Shares	-	26.13
Corporate guarantees outstanding	-	7.85
Subsidiaries - 3i Infotech (Middle East) FZ LLC		
Sundry Advances	-	31.13
Corporate Guarantees Outstanding	108.68	67.55

₹ in crores

	Outstanding balance as at March 31, 2011	Outstanding balance as at March 31, 2010
Sundry Creditors	8.14	-
Subsidiaries - Taxsmile.com India Private Limited		
Loan Granted	-	10.99
Other Advances	-	3.57
Subsidiaries – Elegon Infotech Ltd.		
Investment in Equity Shares	11.82	11.82
Sundry Creditors	7.08	2.55
Corporate Guarantees Outstanding	8.27	-
Share Application Money	-	35.17
Subsidiaries – Locuz Enterprise Solutions Limited		
Investment in Equity Shares	22.80	12.25
Corporate Guarantees Outstanding	29.00	12.00
Sundry Debtors	16.88	10.93
Subsidiaries –3i Infotech Consultancy Services Limited		
Investment in Equity Shares	37.04	8.09
Sundry Creditors	8.49	9.29
Corporate Guarantees Outstanding	6.05	-
Subsidiaries –FinEng Solutions Private Limited		
Investment in Equity Shares	39.97	24.11
Sundry Creditors	12.83	0.15
Subsidiaries –3i Infotech BPO Limited		
Investment in Equity Shares	66.71	16.11
Loan Granted	-	0.54
Other Advances		45.82
Creditors	16.52	-
Subsidiaries – Others		
Investment in Equity Shares	55.29	70.53
Corporate Guarantees Outstanding	5.20	4.00
Loan Granted	5.34	2.41
Other Advances	-	9.10
Sundry Debtors	89.53	43.57
Sundry Creditors	1.23	11.11
Share Application Money	0.04	0.10
Loan Taken	5.21	3.25

3. Related party as identified by the management and relied upon by the auditor.
4. No balances in respect of the related parties have been provided for / written back / written off except as stated above.
5. Maximum balances due from the above parties.

₹ in crores

		Maximum balance outstanding during the year ended March 31, 2011	Maximum balance outstanding during the year ended March 31, 2010
Loans			
a	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.)	0.54	0.54
b	aok In-house BPO Services Limited	-	2.17
c	aok In-house Factoring Services Private Ltd.	-	0.82
Other Advances			
a	3i Infotech Inc.	214.22	-
b	3i Infotech Holdings Private Limited	-	10.20
c	3i Infotech Trusteeship Services Limited	-	2.05
d	3i Infotech (Middle East) FZ LLC	-	152.13
e	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.)	-	47.70
f	Locuz Enterprise Solutions Limited	-	0.08
g	Professional Access Software Development Pvt. Limited	-	0.89
h	3i Infotech Services (Bangladesh) Pvt. Limited.	-	1.66

Note: As at March 31, 2011 none of the above Subsidiaries held any shares in the Parent Company (as at March 31, 2010 NIL).

- 2.18** a) In the opinion of the Board, the investments, current assets, loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amount stated.
- b) The accounts of certain Sundry Debtors, Creditors, Loans & Advances and banks are, however, subject to confirmations / reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

2.19 Quantitative Details:

The Company's operations comprise of Software Development Consultancy, Services and Software Products. The production and sale of software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

- 2.20** a) The Company has started reporting two Operating Segments, 'IT Solutions' and 'Transaction Service' from current year as against to the segments 'IT Products', 'IT Services' and 'Transaction Services' hitherto being reported.
- b) As the Company has increasingly commenced providing bundled solutions to clients, combining products & services, the management is viewing the entire IT business as a solution based segment. The change in reporting segment is in line with this change in the business offering.

2.21 Foreign exchange currency exposures not covered by derivative instruments as at March 31, 2011:-

₹ in crores

Particulars	Currency type	As at March 31, 2011		As at March 31, 2010	
		Amount (Foreign currency in crores)	Amount (₹ in crores)	Amount (Foreign currency in crores)	Amount (₹ in crores)
Foreign Currency Convertible Bonds	USD	6.64	300.55	8.66	389.81
	EUR	2.00	127.69	2.00	121.18
Redeemable Convertible Preference Shares	USD	6.64	300.55	8.66	389.81
	EUR	2.00	127.69	2.00	121.18
Current Assets, Loans and Advances	USD	5.92	267.92	2.19	98.83
	SGD	0.51	18.22	0.29	9.38
	MUR	0.10	1.44	0.63	0.96
	SAR	2.70	32.63	1.28	15.40
	KES	11.18	5.99	5.43	3.28
	AED	-	-	2.55	31.29
	CNY	-	-	0.39	2.55
	BDT	1.39	0.85	3.02	2.01
	GBP	-	-	0.00	0.09
Current Liabilities	GBP	0.09	6.25	0.22	14.79
	AED	0.66	8.14	-	-
	CNY	1.03	7.08	-	-

2.22 Residual Dividend represents dividend on shares issued (entitled to previous year dividend) between the date of proposed dividend and record date.

Residual dividend of ₹ 4.03 crores (inclusive of tax of ₹ 0.57 crores) (for the year ended March 31, 2010 ₹ 0.02 crores (inclusive of tax of ₹ 0.00 crores)), is appropriated out of Profit & Loss Account.

2.23 CIF value of imports & expenditure in foreign currency:

₹ in crores

		For the year ended March 31, 2011	For the year ended March 31, 2010
a)	CIF value of import of:		
	Capital goods	0.07	43.42
b)	Expenditure in foreign currency in respect of:		
	(i) Cost of outsourced services and bought out items	5.86	0.80
	(ii) Travelling and other expenses	5.35	12.04
	(iii) Dubai branch expenses * (net of chargeouts)	8.55	7.47

₹ in crores

		For the year ended March 31, 2011	For the year ended March 31, 2010
c)	Dividend remitted in foreign currency		
	Number of shares	46,34,536	46,34,536
	Dividend for the year	2009-10	2008-09
	Amount remitted	0.69	0.69
d)	Earnings in foreign currency		
	(i) Income from operations	173.91	168.69

*Including Professional and Consultancy charges ₹ 1.61 crores, (for the year ended March 31, 2010 ₹ 1.50 crores) and Commission paid / payable to agents ₹ 0.07 crores (for the year ended March 31, 2010 ₹ 0.04 crores).

- 2.24** a) Figures for the previous year have been re-grouped / re-arranged, wherever considered necessary to conform to current year's presentation.
- b) ₹ 0.00 crores denotes figures less than ₹ 50,000.

Signatures to Schedules "I" to "XIV"

For and on behalf of the Board

V Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R Shettigar
Company Secretary

Dubai, April 22, 2011

3i INFOTECH LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

CIN No	:	U67120MH1993PTC074411	State Code : 11
Balance sheet Date	:	March 31, 2011	

II Capital raised during the year (Amount ₹ in crores)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	22.90
ESOS Allotment	
0.33	

III. Position of Mobilization and Deployment of Funds (Amount ₹ in crores)

Total Liabilities	Total Assets
3,063.34	3,063.34
Source of Funds :	
Paid -up Capital	Reserves and Surplus
291.99	776.25
Secured Loans	Unsecured Loans
720.49	1,122.16
	Deferred Tax Liability
	NIL
Application of funds :	
Net Fixed Assets	Investments
218.05	1,969.78
Net Current Assets	Miscellaneous Expenditure
771.85	NIL
Accumulated Losses	Deferred Tax Asset
NIL	103.66

IV. Performance of Company (Amount ₹ in crores)

Turnover	Total Expenditure
578.62	470.47
Profit Before Tax	Profit After Tax and impact of dis-continuing operations
108.15	119.39
Earning per Share in ₹	Dividend (excluding Tax)
5.85	28.80

V. Generic Name of Principal Product/Service of the Company (as per monetary terms)

Item Code No. : Not applicable

Product and Service Description : IT Enabled Transaction Processing Services
Software Development and Consulting Services
Development and sale of software products and services affiliated to these products
IT Infrastructure Networking & Facilities Management Services
Transaction Services
Others

For and on behalf of the Board

V Srinivasan

Managing Director

Dileep C. Choksi

**Director & Chairman of Audit
Committee**

Amar Chintopanth

Deputy Managing Director & CFO

Shivanand R Shettigar

Company Secretary

Dubai, April 22, 2011

This image shows a single page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins or other markings visible.



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