**FORM A**

**Clause 31(a) of the Listing Agreement**

**Annual Audit Report (Standalone)**

| | | |
|---|---|---|
| 1 | Name of the Company | 3i Infotech Limited- Standalone |
| 2 | Annual Financial Statements for the year ended | March 31, 2013 |
| 3 | Type of Audit observation | Matter of emphasis |
| 4 | Frequency of observation | 1. Regarding the proposed scheme of arrangement under Section 391 of the Companies Act, 1956<br>- appearing for the first time.<br><br>2. Regarding impairment analysis<br>- appearing for the first time.<br><br>3. Regarding deferred tax asset<br>- repetitive from the financial year ended March 31, 2012. |
| 5 | Signed by | |
| | • Managing Director& Global CEO | Mr. Madhivanan Balakrishnan |
| | • Executive Director & Global CFO | Mr. Charanjit Attra |
| | • Auditors of the Company | For Lodha & Co.<br>Chartered Accountants<br>Firm Registration No: 301051E<br><br>(R. P. Baradiya)<br>Partner<br>Membership No. 44101 |

3i INFOTECH LIMITED

| | | |
|---|---|---|
| | | For R. G. N. PRICE &Co.<br>Chartered Accountants<br>Firm Registration No: 002785S<br><br>Mahesh Krishnan<br><br>(Mahesh Krishnan)<br>Partner<br>Membership No. 206520 |
| | • Audit Committee Chairman | Mr. Ashok Shah |

3i INFOTECH LIMITED

FORM B

Clause 31(a) of the Listing Agreement

Annual Audit Report (Consolidated)

| | | |
|---|---|---|
| 1 | Name of the Company | 3i Infotech Limited- Consolidated |
| 2 | Annual Financial Statements for the year ended | March 31, 2013 |
| 3 | Type of Audit qualification | Qualified - with respect to Joint Venture in Nigeria and subsidiary in Cyprus whose financial statements have not been audited and opinion was based on the management certificate. |
| 4 | Frequency of qualification | 1. Qualification for Joint Venture i.e Process Central Limited in Nigeria is repetitive from the financial year ended March 31, 2011.<br>2. Qualification for Black Barret Holdings Limited, Cyprus is repetitive from the financial year ended March 31, 2012. |
| | Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report | No specific attention has been drawn on these matters in the financial statements or in the Directors' report in view of Management's response mentioned below. |
| | Additional comments from the board/audit committee chair: | The Cyprus entity is a step-down subsidiary of the Company. This subsidiary has no operations and it is the holding company for our investment in Professional Access Software Development Pvt. Ltd. (PA India). PA India is audited and the audited results have been considered for consolidation. The accounts of the Cyprus subsidiary for the year 2012-13 are also in the process of being audited.<br>The Joint venture in Nigeria has not commenced its operations and therefore, this has no impact on the profit and loss<br>In the opinion of the management, the impact on the financial statements, if any, would be immaterial even after the audit of these entities is done. |

3i INFOTECH LIMITED

| | | |
|---|---|---|
| 5 | Signed by | |
| | • Managing Director & Global CEO | Mr. Madhivanan Balakrishnan |
| | • Executive Director & Global CFO | Mr. Charanjit Attra |
| | • Auditors of the Company | For Lodha & Co.<br>Chartered Accountants<br>Firm Registration No: 301051E<br><br>(R. P. Baradiya)<br>Partner<br>Membership No. 44101 |
| | | For R. G. N. PRICE & Co.<br>Chartered Accountants<br>Firm Registration No: 002785S<br><br>(Mahesh Krishnan)<br>Partner<br>Membership No. 206520 |
| | • Audit Committee Chairman | Mr. Ashok Shah |

3i INFOTECH LIMITED

3i Infotech®

Innovation • Insight • Integrity

# Empowering Business Transformation

ANNUAL REPORT

2012-13

3i Infotech
Innovation • Insight • Integrity

# Annual Report 2012-13

## Board of Directors

Mr. Hoshang N. Sinor, Chairman
Dr. Ashok Jhunjhunwala, Director
Mr. Ashok Shah, Director
Ms. Vishakha Mulye, Director
Mr. N.S. Venkatesh, Nominee Director - IDBI Bank Ltd.
Mr. Madhivanan Balakrishnan, Managing Director & Global CEO
Mr. Charanjit Attra, Executive Director & Global CFO

## Principal Bankers

IDBI Bank Ltd.
ICICI Bank Ltd.
Standard Chartered Bank

## Auditors

Lodha & Co.
R. G. N. Price & Co.

## Registered Office

Tower # 5, 3rd to 6th Floors,
International Infotech Park,
Vashi, Navi Mumbai - 400 703, India
Tel: +91 22 6792 8000
Fax: +91 22 6792 8099

**"Most Preferred Global BusinessTransformation Enabler Delivering Technology Solutions & BPM for Growing Enterprises"**

# CORPORATE FAST FACTS

- 3i Infotech is a global Information Technology Company with a revenue of USD 250 million
- The Company's quality certifications include ISO 9001:2008 for BPO, ISO/IEC 27001:2005 for Data Centre Operations
- More than 9,000 employees
- Over 1500 customers in more than 50 countries across 5 continents
- Offices across 12 countries
- State of the art development centers in Mumbai, Chennai, Bengaluru, Hyderabad, New Delhi, Kuala Lumpur, Sharjah, Riyadh, Thailand, Chengdu, London, Birmingham, Nantwich and Ashby-de-la-Zouch

# Our Global presence


| | Office | Delivery Centers |
|---|---|---|
| **Asia Pacific** | • **Singapore:** Singapore<br>• **Malaysia:** Kuala Lumpur<br>• **Thailand:** Bangkok | Kuala Lumpur, Bangkok |
| **India** | • Mumbai, Bengaluru, Chennai, Hyderabad, New Delhi, Gurgaon, Bhubaneswar | Mumbai, Chennai, Bengaluru, Hyderabad, New Delhi |
| **China** | • **Sichuan:** Chengdu | Chengdu |
| **Middle East & Africa** | • **UAE:** Dubai, Sharjah<br>• **Kenya:** Nairobi<br>• **Kazakhstan:** Almaty | Sharjah |
| **Kingdom of Saudi Arabia** | • **Saudi Arabia**: Dammam, Riyadh<br>• **Bahrain:** Manama | Riyadh |
| **Western Europe** | • London, Birmingham, Nantwich, Ashby-de-la-Zouch | London, Birmingham, Nantwich, Ashby-de-la-Zouch |
| **North America** | • **New Jersey:** Edison<br>• **California:** San Luis Obispo | |

# KEY MANAGEMENT TEAM

## Corporate Office

### Madhivanan Balakrishnan - Managing Director and Global CEO

Mr. Madhivanan Balakrishnan is the Managing Director & Global CEO of 3i Infotech. Prior to joining 3i Infotech, Mr. Madhivanan was the Executive Director at ICICI Prudential Life Insurance Company Ltd. Before joining ICICI Prudential Life, Mr. Madhivanan was the Senior General Manager, ICICI Bank and Head Customer Service & Retail Risk division. He was also in charge of the Internet Banking division for the bank.

### Charanjit Attra - Executive Director & Global Chief Financial Officer

Mr. Charanjit Attra is the Executive Director & Global Chief Financial Officer at 3i Infotech. Prior to joining 3i Infotech, Mr. Charanjit Attra was the Executive Vice President and Chief Financial Officer at ICICI Securities Limited.

### Padmanabhan Iyer - Head of Corporate Strategy & Planning and MD & CEO of 3i Infotech BPO

Mr. Padmanabhan Iyer is the Back Office Operations, Customer Service & Finance professional, with experience across IT Services, Banking, Financial Services, Telecom and Manufacturing. He has been with the organisation for almost a decade, having handled BPO, Product Development & Delivery and Technology Services.

## Human Resource

### Ashish Kakkar - Global Head HR

Ashish is seasoned HR professional with varied experiences; has worked across all aspects of the HR function with specific expertise of building an effective HR delivery model in line with business goals. In his current role, Ashish drives the HR agenda for the organization across all businesses and geographies. He is also part of the Senior Management team and is involved in shaping the strategy for the organization.

# Delivery

### Amit Das - Head Business Intelligence & Analytics

Amit has more than a decade of rich experience in advising clients on strategic issues. He has worked with Fortune 500 clients across the globe, and across industries. His experience ranges from working with the leading Banking and Financial Services clients to Insurance, Retail & FMCG, Healthcare, Airlines, Casinos, and Industrial Manufacturers.

### Krish N - Head, Global Practice & PMO

Krish has been inducted to streamline presales, product & project management & create a vertical based approach where functional & product management is given its due share. A senior professional who has led and managed large assignments across operations, projects & technology.

### Nagaraj GN - Global Service Delivery Head

Nagaraj has rich experience in hands-on development and implementation of technology strategies and initiatives for the next generation banks and financial services companies. As the Global head of Service Delivery Group, he is responsible for ADMS, ITCB & IMS services. In addition to the services business he is responsible for the Kastle CBS & ULS.

### Rakesh Doshi - Global Product Delivery Head

Rakesh has been with the organization for over a decade leading product management, development & delivery; has been closely monitoring product deliveries and working on consolidation of the product business in line with organizational objectives.

# Regions

### Abhay Sinha - Country Head, South Asia (ICICI)

Abhay is MBA in Banking & Finance from Nanyang Business School, Singapore, a Certified Associate of the Indian Institute of Bankers (CAIIB), a Licentiate from Insurance Institute of India, and Professional Member to several leading financial and management institutions.

### Abhijeet Powdwal - Country Head, Asia Pacific

Abhijeet is a services marketing professional with 15 plus years of experience in direct sales, advertising, planning and brand strategy, consumer research etc. He is the business owner & head of APAC region with responsibilities for creation of new markets, business development, delivery and support.

### Arya Pratihar - Country Head, Kingdom of Saudi Arabia

Arya has a long association with the organization with varied expertise in the areas of sales, customer relationship & account management. In his role as Country head, Arya will enlarge the share of our business in the high potential KSA region.

### Kumar Ganesan - Country Head, North America

Kumar has been with the company and ICICI Group since 1998 and has served in various capacities across the globe including Sales and Marketing, Operations, Finance, M&A and Divestments. He is responsible for the developed markets business comprising America and Europe as well as managing the global IT services business of the company.

### Ian Hallam - Country Head, Western Europe

Ian is based in London, Ian Hallam heads the Western European geography. Ian has near 20 years of experience in the Financial IT sector, ranging from strategic application development and senior key account management, through to overseeing product strategy and delivery.

### Narayan V. - Country Head, South Asia (Non ICICI)

Narayan focuses on business from India and neighboring countries. Prior to taking up this role he was the Head of the Middle East Geography since 2007. Prior to that from 2002 till 2006 he was the head of the Customer care function across Middle East and Africa for BFSI and MRD customers. From 1992 till 2001 Narayan was extensively involved in the Delivery of ERP.


# NEW INITIATIVES: 3i Infotech Connect

Every organization needs a medium to communicate effectively and transparently with employees and clients. "**Connect**" is 3i Infotech Ltd.'s collaborative initiative in this direction.

"Connect" is initiated by 3i Infotech's management, Madhivanan Balakrishnan, MD and Global CEO and Charanjit Attra, ED and Global CFO. It's a platform for the management to communicate with clients and employees and vice-versa.

We have been engaging with our **clients** and **employees** continuously through the following "Connect" initiatives.

## Connecting With Clients:

**Connect Mail:** Monthly mailer for our valuable clients, keeping them informed about the latest happenings in the company

**Connect Expo:** A product exhibition where Company displays all its products, product way forward and gives live demos of different products using computers, laptops, pads and phones. It was successfully launched on March 4 & 5, 2013. CXO's from different industries attended and appreciated the expo

**Connect Web:** Webinar sessions on our domain strength and our offerings for our clients

## Connecting With Employees:

**Connect Mail:** Daily motivational and weekly mailer for employees, informing them about the latest happenings in 3i Infotech

**Connect Live:** Face-to-face interaction of employees with the management

**Connect Awards:** Recognising top performers

**Connect Book:** Social networking site within the organization for employees

**Connect Sports:** Sports day in the organization

**Connect Festive:** Celebration of festivals

**Connect ISA:** Information security awareness mailer for employees

**Connect Web:** Webinar sessions on our processes and products for employees

# AWARDS AND ACCOLADES

- Winner of “Most Cost Effective Solution” at “Systems In The City” award, London, June 2012
- Ranked $45^{th}$ in the FinTech 100, 2012 list of Financial Services & Technology providers, published by American Banker, October 2012
- Received the award for the Best Takaful Technology Company for the $5^{th}$ consecutive year, at the $6^{th}$ International Takaful Summit 2012, July 2013
- 3i Infotech ranked $2^{nd}$ in the lending category of the IBS Sales League table 2012 published by IBS Intelligence, UK, March 2013

# CUSTOMERS VOICE

"My Congratulations to the entire team. This is an important milestone in our journey for strengthening AML. Over the next six months we need to continue to work on the remaining upgrades (specially new alert rules). I can see AML being the single most important area which the Audit Committee will look in this year. I am sure we will meet the enhanced expectations. Best wishes."

**Mr. Sandeep Batra, Compliance Head and Company Secretary at ICICI Bank**

"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.**

"We have been using ORION ERP for over 5 years now as primary computing system. The 3i Infotech onsite team is always professional, knowledgeable, and focused on customer satisfaction. Recently we employed the 3i offshore team to complete several critical system modifications and they were delivered timely and with high quality. I look forward to the continuation of our positive and productive working relationship and feel confident that new projects and ongoing support will be met with the same success that we have benefitted from in the past."

**Larry Olijar Senior Program Manager MIS, PMP, USAID | Deliver Project, John Snow, Inc.**

"Rathbones has used the rhymeSIGHT application and its previous incarnation, Quasar, as our back-office system since 1985. The product underpins our entire business process and has evolved to keep pace with significant changes in the maturity of the financial services sector, the regulatory frameworks we operate within, and has been a significant enabler of our impressive growth in all that time."

**Mark Cummins, Head of IT, Rathbones**

"I would like to take take this opportunity to thank 3i Infotech Orion team and Orion project management and delivery team for the commitment and cooperation in ensuring successful implementation and it would give Jagal Group a great pleasure to partner with you in many more similar endeavors with your organization in future."

**Dr. Richard H Jomma, Group Chief Financial Officer, Jagal Group**

# EMPLOYEE SPEAK

I feel a strong sense of pride in working with some really talented colleagues who have set standards and have always been willing to help and have provided continuous encouragement. This journey has truly been a great learning experience with empowerment from leaders to achieve potential.

**Rajesh Raman, North America**

If one would like to work for a company which thinks of an individual as an asset, then I suggest that they should work for 3i Infotech. In the last nine years I have grown with the company both personally and professionally and have learnt on how to focus on customer satisfaction. It is a great place to work where the senior management helps the individuals to grow.

**Pinkesh Shroff, Dubai**

FY13 was quite a tumultuous year for the company as it had to go for corporate debt restructuring followed by a change in management team in Q2. Though the year started on a bad note with lot of uncertainty among employees, things looked up as the year progressed. This was predominantly achieved due to some tough and smart decisions taken by the new management such as renewed focus on our core business strengths in the BFSI segment, which in turn started yielding good results and boosted positivity amongst the employees as well. Under the current leadership with able support from all, I am confident that our goal of 'Back to Growth' is on the right track and hopeful to see the company bounce back and strive for the best in near future.

**Ravikanth Sama, India**

Managing the IT infrastructure and providing technical support for multiple offices in the APAC region are challenging (and sometimes daunting) tasks. But working for 3i Infotech gives a fulfilling and rewarding career, making me endure and continue on for 6 long years. Here, you are given the chance to work with a diverse workforce where ideas, perspectives, and contributions are valued, respected, and supported.

**Carlito Panis, Malaysia**

As an individual, I had a tremendous learning experience in 3i Infotech. My professional journey has been truly challenging right from leading PMO to Internal Systems to heading Quality function now. I have thoroughly enjoyed working in all these profiles and have learnt a lot from my superiors. They have been very supportive and have given me the freedom to think out of box and implement things which have yielded value over time.

**Usha D.R, India**

# IN THE NEWS...

3i Infotech to showcase their innovative product offerings at the Connect-Expo, 2013

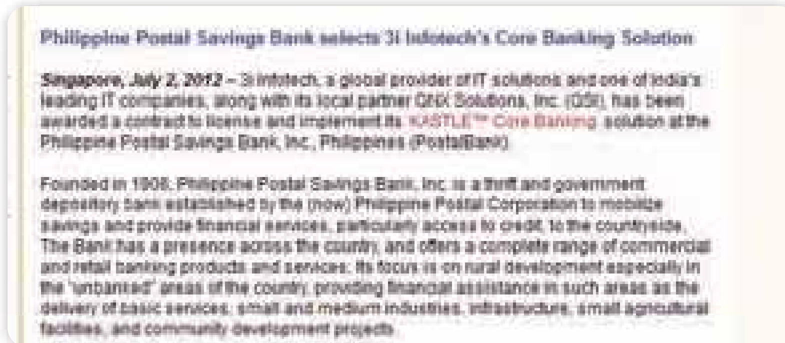
2013-02-26 11:11:35 - A one-of-its-kind bridge building initiative between the customers and the company

3i Infotech, a global provider of IT solutions has announced its very first 'Connect Expo' on March 4, 2013 at the MCA Club, Mumbai. The Connect Expo is a part of 'Connect' in the management team. Mr. Madhivanan Balakrishnan, MD and Global CEO and Mr. Charanjit Attra, Global CFO.

Connect Expo is an exhibition wherein the company will showcase all the big and upgraded BFSI and ERP solutions. ... is an integrated marketing platform to ensure a strong connect between 3i Infotech and their clients.

3i Infotech will provide informative and practical presentations that will spotlight their future plans. The objective of the expo is to establish ... business transformation ...

Mr. Madhivanan Balakrishnan, MD & CEO, 3i Infotech Ltd.



Philippine Postal Savings Bank selects 3i Infotech's Core Banking Solution

**Singapore, July 2, 2012** – 3i Infotech, a global provider of IT solutions and one of India's leading IT companies, along with its local partner QNX Solutions, Inc. (QSI), has been awarded a contract to license and implement its KASTLE™ Core Banking solution at the Philippine Postal Savings Bank, Inc., Philippines (PostalBank).

Founded in 1906, Philippine Postal Savings Bank, Inc. is a thrift and government depository bank established by the (now) Philippine Postal Corporation to mobilize savings and provide financial services, particularly access to credit, to the countryside. The Bank has a presence across the country, and offers a complete range of commercial and retail banking products and services. Its focus is on rural development especially in the "unbanked" areas of the country, providing financial assistance in such areas as the delivery of basic services, small and medium industries, infrastructure, small agricultural facilities, and community development projects.

New 3i Infotech Mgmt Sees Profitability in 6-12 Mths

Tags: work out | Chief financial officer | 3i Infotech

MUMBAI: The new management of 3i Infotech â€" a ICICI-controlled software firm that went in for corporate debt restructuring earlier this year â€" is implementing a plan that is expected to return the company to profitability in the next six to 12 months.

The new CEO Madhivanan Balakrishnan and chief financial officer Charanjit Attra are looking to cut costs by consolidating facilities and reducing unnecessary travel at the Mumbai-based company that was forced to go in for a CDR after defaulting on foreign bond payments.

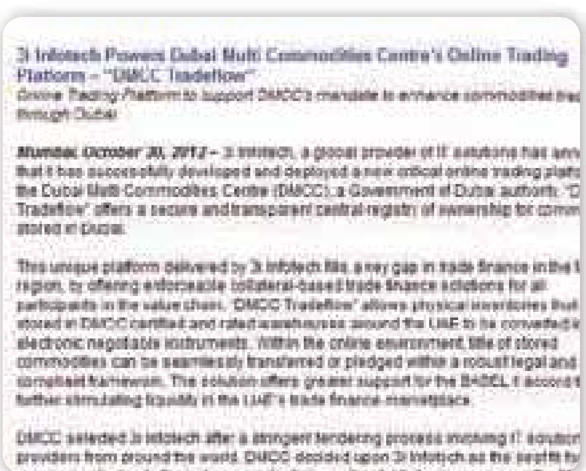


Smaller IT companies hire big

Mumbai, January 31, 2013

Sponsored

While large industry leaders in information technology seem to be going slow on hiring, small and mid-sized companies in the sector are going the other way, firming up big recruitment plans for the year to support their ambitious growth plans — and also to make up for losing their staff to bigger rivals.



3i Infotech Powers Dubai Multi Commodities Centre's Online Trading Platform – "DMCC Tradeflow"

Online Trading Platform to support DMCC's mandate to enhance commodities trade through Dubai

**Mumbai, October 30, 2012** – 3i Infotech, a global provider of IT solutions has announced that it has successfully developed and deployed a new critical online trading platform for the Dubai Multi Commodities Centre (DMCC), a Government of Dubai authority. "DMCC Tradeflow" offers a secure and transparent central registry of ownership for commodities stored in Dubai.

This unique platform delivered by 3i Infotech fills a key gap in trade finance in the region, by offering enforceable collateral-based trade finance solutions for all participants in the value chain. "DMCC Tradeflow" allows physical inventories that are stored in DMCC certified and rated warehouses around the UAE to be converted into electronic negotiable instruments. Within the online environment, title of stored commodities can be seamlessly transferred or pledged within a robust legal and compliant framework. The solution offers greater support for the BASEL II accord, further stimulating liquidity in the UAE's trade finance marketplace.

DMCC selected 3i Infotech after a stringent tendering process involving IT solution providers from around the world. DMCC decided upon 3i Infotech as the ...

3i Infotech's Financial Crime Detection & Management System Goes Live To Underpin Newcastle Building Society's Goal Of Fighting Financial Crime

**Wednesday, January 02, 2013:** Following five years of successful deployment of 3i Infotech's anti-money laundering solution AMLOCK, Newcastle Building Society (NBS) chose in May 2012 to upgrade to the more powerful FCDMS platform which went live on October 4, 2012.

3i Infotech®
Innovation • Insight • Integrity


Corporate Reports



Park 'N Shop selects 3i Infotech's ORION™ Enterprise Solution Suite for their complete end-to-end business solution in retail business.


3i Infotech Leverages converged infrastructure from Hitachi Data Systems to offer ClouT - Testing Services Platform


3i Infotech
Innovation • Insight • Integrity

IT Com Week spoke to Mr. Charanjit Attra, Executive Director, 3i Infotech Ltd. About the current and future plans of the company and his views on the market.


3i Infotech wins "Most Cost Effective Solution" at The Systems in the City Awards

**London, June 14, 2012** – 3i Infotech once again collects a prestigiou[s] annual "Systems in The City" event hosted by Goodacre UK, a leadin[g] consultancy for the securities industry. At the awards ceremony, follo[wing a] select group of industry practitioners and based upon votes cast by [...] Infotech won the award for "Most Cost Effective Solution". This succe[ss ...] the ethos of 3i Infotech to develop and deliver solutions that are both [...] commercially attractive to the Financial Services industry.

In these cost conscious times, when both enhanced regulation and [...] are demanding far more from the industry, software solutions such a[s] "Altimis" continue to be attractive to organisations focusing on Stock[...] Management. Altimis has consistently delivered a breadth of function[...] services the front, middle and back office via a single system, withou[t] complex integration of some competitor solutions.

Piers Farbrother, Director, says "Winning this award has reinforced w[...] over the last few years through the consistent expansion of the Altim[is ...]


3i Infotech Successfully Re-launches Orion ERP In India And Showcases Advanced BFSI Solutions At The Connect-Expo, 2013

**Tuesday, March 12, 2013** 3i Infotech, a global provider of IT solutions showcased its innovative product offerings at the one of its kind, "Connect Expo" on March 4, 2013 and March 5, 2013 at MCA Club, Bandra Mumbai. The Connect Expo was a part of an initiative "Connect" by the management team of 3i Infotech Ltd., Mr.

# OUR OFFERINGS


Domain Capability with Products/Solutions & BPM

1. Application Development & Maintenance
2. IT Infrastructure Management
3. Testing & Compliance
4. Business Intelligence & Data Warehousing
5. Consulting

Business Process Management

Kastle™ Universal Banking Suite | AMLOCK™ Fraud Management | PREMIA™ Core Insurance Suite | RHYME sight Wealth Management | MFund Suite™ Asset Management | ORION™ Enterprise Resource Planning

# FINANCIALS

# Financials


- Directors' Report 01
- Management Discussion and Analysis Report 26
- Consolidated Financial Statements 32
- Summary of Consolidated Financial Statements in US Dollar 68
- Financial Statements of 3i Infotech Limited (Standalone) 70

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR 2012-13

**Dear Shareholders,**

Your Directors present the Twentieth Annual Report of the Company with the Audited Financial Statements for the year ended March 31, 2013.

**OVERVIEW**

a. **Performance of the Company**

The year 2012-13 was a critical year for the Company as this was the first year after the Company had agreed upon a restructuring package with the lender banks in India under the Corporate Debt Restructuring (CDR) Scheme of the Reserve Bank of India. Further, at the beginning of this year, the Company had successfully restructured the Foreign Currency Convertible Bonds (FCCBs) which were due for redemption in the current financial year. Accordingly, as per the restructuring terms agreed with the FCCB holders, the redemption tenure of the FCCBs was rescheduled till 2017. As a result of these restructurings, the debt repayment pressure was eased out which helped the Company focus on the business growth.

The business of the Company during the first quarter ended on June 30, 2012 was largely impacted by the aforesaid restructurings and low sentiment in the financial markets. The Company, under new management and with the re-energized business leaders, has been focusing on the business and achieving the growth targets from the second quarter ended on September 30, 2012. The Company, not only retained its existing customers, but also won new customers during this period. The new management is also looking for various options to infuse liquidity in the Company.

The synopsis of the financials stated below may be read in context of the above review.

b. **Financials of the Company on Standalone and Consolidated basis:**

₹ in Crores

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | **Year ended March 31, 2013** | Year ended March 31, 2012 | **Year ended March 31, 2013** | Year ended March 31, 2012 |
| Total income | **416.19** | 540.62 | **1364.28** | 1730.59 |
| Profit / (Loss) from ordinary activities after finance costs but before exceptional items | **(379.45)** | (165.25) | **(383.58)** | (72.54) |
| Exceptional items | **132.96** | (87.22) | **(86.27)** | (181.42) |
| Profit / (Loss) from ordinary activities before tax | **(246.49)** | (252.47) | **(469.85)** | (253.96) |
| Tax expense | **8.87** | 59.26 | **(14.06)** | (80.77) |
| Profit / (Loss) from ordinary activities after tax | **(255.36)** | (311.73) | **(483.91)** | (334.73) |
| Impact of discontinuing operations | **-** | (14.42) | **(19.57)** | (22.67) |
| Profit / (Loss) after tax and discontinuing operations | **(255.36)** | (326.15) | **(503.48)** | (357.40) |
| Minority interest | **-** | - | **(1.49)** | (2.63) |
| Profit / (Loss) after tax, discontinuing operations and minority interest | **(255.36)** | (326.15) | **(504.97)** | (360.03) |
| Earnings Per Share (basic in ₹) (Before exceptional items and discontinuing operations) | **(8.94)** | (12.08) | **(9.19)** | (8.51) |
| Earnings Per Share (basic in ₹) (After exceptional items and discontinuing operations) | **(5.92)** | (17.37) | **(11.60)** | (19.14) |

c. **Corporate Debt Restructuring:**

The Members are aware that during the year 2011-12, your Company restructured its bank loans under Corporate Debt Restructuring (CDR) mechanism envisaged under the Reserve Bank of India (RBI) guidelines. Accordingly, the Company had entered into a Master Restructuring Agreement (MRA) with the lender banks participating in the CDR package (CDR Lenders).

During the year, the Company has fully implemented the CDR Package and have created security as agreed under the MRA. The details of the encumbrances may be referred in note no. 2.3 of the Standalone Financials on page no. 86 of the Report. Further, the Company has also allotted equity shares against the conversion portion of the outstanding loans and interest (including accrued) for each quarter of the Financial year 2012-13. The details of such allotment have been disclosed under Section c on Page no. 3 of this Report.

## TRANSFER FROM RESERVES

It is not proposed to transfer any amount to General Reserve Account this year.

## DIVIDEND

Your Directors regret their inability to recommend any dividend (equity / preference) for the year ended March 31, 2013.

## BUSINESS

Your Company has a comprehensive set of IP based software solutions (20+), coupled with a wide range of IT Services to address the dynamic requirements of a variety of industry verticals including Insurance, Banking, Capital Markets, Asset & Wealth Management (BFSI), etc. The Company also provides solutions for other verticals such as Government, Manufacturing, Retail, Distribution, Telecom and Healthcare.

Your Company has a large customer base across the globe including Fortune 500 customers. The Company has physical presence in 50 countries and 6 geographies, viz. South Asia, Asia Pacific (APAC), Middle East and Africa (MEA), Kingdom of Saudi Arabia (KSA), Western Europe (WE) and North America (US). Your Company has marketing network around the world, including North America, Western Europe, Middle East and Africa and Asia Pacific.

The business of your Company is majorly divided into Emerging Market and Developed Market. The share of the Emerging Market to total revenue of the Company is about 60%, while that of Developed Market is about 40%.

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

## SUBSIDIARY COMPANIES

As of the date of this Report, the Company has 26 subsidiaries located in 6 different geographies i.e. South Asia, APAC, MEA, KSA, WE and US.

In keeping with the strategy of the Company to concentrate on its core area, during the current year, 3i Infotech (Kazakhstan) LLC, a non-operating step down subsidiary of the Company was sold on June 18, 2012. 3i Infotech (Australia) Pty Limited, a step down subsidiary of the Company was de-registered on May 23, 2012. Further, during the year, 3i Infotech Services (Bangladesh) Private Limited, one of the subsidiaries of the Company was wound up with effect from September 23, 2012.

As a result of the aforesaid steps, the number of subsidiaries was reduced to 26 (twenty six) as on the date of this Report from 29 (twenty nine) at the beginning of the year.

### Accounts of the Subsidiaries

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its circular dated February 8, 2011, has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2013 is included in the annual report. The annual accounts of these subsidiaries and the related information will be made available to any Member of the Company seeking such information and are available for inspection by any such Member at the Registered Office of the Company upto the date of Annual General Meeting on all working days except Saturdays, Sundays and National Holidays. The annual accounts of the said subsidiaries will also be available for inspection at the head offices or Registered Offices of the respective subsidiary companies.

## CAPITAL

**a) Preference Capital:**

As reported in Directors' Report of the previous year, the Company had 20,00,00,000 6.35% Cumulative Redeemable Preference Shares of ₹ 5/- each aggregating to ₹ 100 crores, which were due for redemption on March 31, 2012. In terms of the CDR package, the Company had negotiated with the Preference Shareholders to rollover/extend or convert the outstanding preference shares into Equity Shares. Out of the two Preference Shareholders, IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund), holding 13,00,00,000 Preference Shares of ₹ 5 each agreed to extend the tenure of these Preference Shares on the following terms:

- Tenure: Extended for another 10 (Ten) years i.e. upto March 31, 2022 and
- Dividend rate: Reduced from 6.35% p.a. to 0.01% p.a.

The other Preference Shareholder, ICICI Bank Limited (holding 7,00,00,000 Preference Shares of ₹ 5 each) opted to convert the outstanding Preference Shares into Equity Shares as per the conversion price applied to the Equity allotments made under CDR package. Accordingly, 1,77,30,496 Equity Shares of face value ₹ 10/- each at a premium of ₹ 9.74/- per share have been allotted to ICICI Bank Limited in lieu of the Preference Shares held by them. These Equity Shares are under lock-in upto September 14, 2013 in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The outstanding Preference Shares as on March 31, 2013 are 13,00,00,000 Preference Shares of ₹ 5/- each.

**b) Increase in Authorised Capital:**

In order to issue additional share capital as required under the CDR package, it was felt necessary to increase the authorised share capital of the Company. Pursuant to the approval of the members, obtained through Postal Ballot, dated May 31, 2012, the authorised share capital of the Company was increased from ₹ 550 Crores, (divided into ₹ 450 Crores consisting of 45 Crores Equity Shares of ₹ 10/- each and ₹ 100 Crores, consisting of 20 Crores Redeemable Preference Shares of ₹ 5 each) to ₹ 1200 Crores (divided into ₹ 1100 Crores consisting of 110 Crores Equity Shares of ₹ 10/- each and ₹ 100 Crores consisting of 20 Crores Redeemable Preference Shares of ₹ 5/- each.)

**c) Paid-up Capital:**

**1) ESOS allotments:**

No share allotment was done under the Employees Stock Options Schemes (ESOS) during the period under review. However 1,54,78,000 stock options were granted under ESOS Plan 2013 under existing ESOS Scheme, 2007 to some of its employees & Directors on May 1, 2013.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Corporate Governance Report.

**2) Foreign Currency Convertible Bonds (FCCBs):**

Till the date of this Report, the Company has received 46 conversion notices from the FCCB holders against which 9,71,11,993 Equity Shares of face value of ₹ 10/- each were allotted by the Company at a premium of ₹ 6.50/- per share.

**3) Allotments of Equity Shares under the Corporate Debt Restructuring (CDR) Package:**

28,28,40,922 Equity Shares were allotted under the CDR Package to the CDR lenders the details of which are mentioned below:

| Sr. No. | Date of Allotment | Number of Equity Shares allotted |
|---|---|---|
| 1 | June 29, 2012 | 21,67,32,584 |
| 2 | July 31, 2012 | 2,14,70,504 |
| 3 | October 31, 2012 | 2,15,83,884 |
| 4 | February 15, 2013 | 1,37,38,639 |
| 5 | March 15, 2013 | 89,30,813 |
| 6 | April 23, 2013 | 3,84,498 |
| | **Total** | **28,28,40,922** |

All Equity Shares allotted pursuant to the CDR Package and all the respective pre-preferential allotment holdings of the CDR Lenders are under lock-in as per the requirements of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

As a result of the aforesaid allotments, the paid up equity share capital of your Company stands at ₹ 57,19,39,464 as on the date of this Report.

## PUBLIC DEPOSITS

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

## DIRECTORS

During the year, Mr. V. Srinivasan was re-designated as non-executive director with effect from July 1, 2012. Subsequently, he resigned from the Board of Directors of the Company with effect from December 30, 2012. Mr. Amar Chintopanth, Deputy Managing Director resigned with effect from March 15, 2013.

Further, Mr. Dileep Choksi and Dr. Bruce Kogut, Independent Non-Executive Directors of the Company resigned effective May 13, 2013 and June 19, 2013 respectively.

The Directors placed on record their sincere appreciation towards services rendered by Mr. V. Srinivasan, Mr. Amar Chintopanth, Mr. Dileep Choksi and Dr. Bruce Kogut during their respective tenures as Directors of the Company.

In terms of the provisions of the Articles of Association of the Company, Dr. Ashok Jhunjhunwala and Mr. Hoshang N. Sinor are liable to retire by rotation at the forthcoming Twentieth Annual General Meeting of the Company and being eligible, have offered themselves for re-appointment.

## NEW MANAGEMENT TEAM

During the year under review, Mr. Madhivanan Balakrishnan was appointed as Managing Director & CEO and Mr. Charanjit Attra, presently the Executive Director and Global CFO, was appointed as Executive Director of the Company for a period of 5 years with effect from July 1, 2012 to drive the business of the Company more aggressively. The Company would benefit from their varied experiences in the long term. The Members at the Nineteenth Annual General Meeting of the Company held on August 2, 2012 have approved the appointment of Mr. Madhivanan Balakrishnan and Mr. Charanjit Attra.

## COMMITTEES

As on date of this Report, the Board has three committees-

i. Audit Committee

ii. Board Governance Committee

iii. Shareholders' / Investors' Grievances Committee

During the year, an internal committee known as Operations Committee was constituted to take decisions on operational matters including matters related to bank account operations, etc. of the Company.

Detailed information regarding the committees of the Board has been given in the Corporate Governance Report.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard AS 21 form part of this Annual Report.

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies, associates and joint ventures.

## AUDITORS

M/s. Lodha & Co., Chartered Accountants and M/s R. G. N. Price & Co., Chartered Accountants, retire as Joint Statutory Auditors of the Company and have given their consent for re-appointment. The Members would be required to appoint Auditors for the current year and fix their remuneration.

As required under the provisions of Section 224 (1B) of the Companies Act, 1956, the Company has obtained a written certificate from both the Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

## 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, ADOPTION AND INNOVATION

The Company continues to use the latest technologies for improving the productivity and quality of its services and products.

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

- External Global SAM (Software Asset Management) engagement was taken up for the customers on usage of the Company's IPRs & third party for ensuring the best practices for the customers;
- 5S initiative was taken up to ensure a green and organized place;
- Information security awareness programs;
- 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;
- Improved productivity by usage of advanced cutting edge tools to enhance testing and compliance efficiencies;
- Continual improvements towards SAM compliance derived by the recognition of the certification of BSA (Business Software Alliance), an initiative alongside of FICCI and Government of Maharashtra;
- Through standardization of policies, processes and technology across its Global Development Centers (GDCs), sales and corporate offices, your Company has achieved certifications of: ISO/IEC 27001:2005 & ISO/IEC 9001:2008 for best practices in Data Center and support services and
- As part of our support to Green IT, we have partnered with Ecoreco as a life Member to ensure effective scrapping of old assets in an eco-friendly manner.

## 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 i.e. 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

| Particulars | 2012-13 | 2011-12 |
|---|---|---|
| Revenue Expenditure | **32.71** | 27.13 |
| Capital Expenditure | **-** | - |
| **Total** | **32.71** | 27.13 |
| **Total R&D expenditure as a percentage of total standalone revenue** | **7.87%** | 5.02% |

## 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**

Approximately 12% 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 2012-13, the expenditure in foreign currencies amounted to ₹ 2.68 Crores on account of import of capital goods, travelling and other expenses. During the same period, the Company earned ₹ 40.60 Crores in foreign currencies as income from its exports.

## PERSONNEL

Your Company has over the last few years created a team of talented and dedicated professionals to achieve the Company's goal. To retain and develop these employees, human resources group along with the senior management team has been working with an objective to enhance employee competence through various initiatives and maximizing employee contribution towards the organisational goals.

The Company has continued rolling out a number of initiatives to attract, retain and develop talent in the organisation. Since August 2012, your Company has launched "Connect" platforms through which all employees are being appraised of the situation and the steps being taken by your Company towards ensuring delivery of organisational goals. The Whole Time Directors alongwith the Head – HR and other senior management members have been addressing the employees on a 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 the 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, the Company has a feedback mechanism and steps are being taken towards employee growth and sustaining high level of motivation.

Your Company has engaged with partners to ensure that the talent pipeline is made more robust and the employee upskilling programs lead to achievement of a better value output from its employees.

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.

## QUALITY

Your Company is committed to deliver best quality products and services to all its customers. 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 Capability Maturity Model Integration (CMMI) process framework. It has been objectively designed to standardise 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.

## FUTURE OUTLOOK

The Company will continue to technologically upgrade the products and concentrate on the Software Products, IT services and IT enabled Services for its growth. However, in view of the general market outlook for developed markets and in view of the Company specific issues mentioned in earlier paragraphs, the outlook for the next year will be subdued.

## 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, your Directors, hereby, confirm that:

a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) they 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 as at March 31, 2013 and of the loss of the Company for the year ended on that date;

c) they 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) they 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, Lenders, CDR Cell, FCCB holders 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 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/-** | **Sd/-** |
| **Hoshang N. Sinor** | **Madhivanan Balakrishnan** |
| **Chairman** | **Managing Director & Global CEO** |

**July 29, 2013 at Navi Mumbai**

# ANNEXURE TO THE DIRECTORS' REPORT

## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2012-13

### CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company's core values - Innovation, Insight and Integrity imbibe in themselves 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 Key Management consisting of professionals having domain knowledge and experience (providing the Insight) and
3. Execution freedom of the management and the employees in particular within the framework of accountability (Integrity).

### I. BOARD OF DIRECTORS

**a. Size and Composition of the Board:**

The total strength of the Board on the date of this Report is 7 (Seven). The Chairman of the Board is an Independent Non-Executive Director and the Board consists of four 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 are as under:

| Name | Category | Designation | Date of Appointment | Date of Resignation | Number of directorships in other companies @ | Number of chairmanships in committees of Board of other companies# | Number of Memberships in committees of Boards of other companies# |
|---|---|---|---|---|---|---|---|
| Mr. Hoshang N. Sinor | INED | Chairman | 24-Jul-03 | - | 10 | 3 | 7 |
| Dr. Ashok Jhunjhunwala | INED | Director | 19-Oct-06 | - | 6 | 1 | 4 |
| Mr. Ashok Shah | INED | Director | 1-Dec-11 | - | - | - | - |
| Dr. Bruce Kogut | INED | Director | 22-Apr-05 | 19-Jun-13 | - | - | - |
| Mr. Dileep C. Choksi | INED | Director & Chairman-Audit Committee | 24-Apr-09 | 13- May-13 | 7 | 3 | 4 |
| Mr. N.S. Venkatesh$ | ND | Director | 8-May-12 | - | 3 | - | 1 |
| Ms. Vishakha Mulye | NED | Director | 25-Jul-07 | - | 6 | - | 1 |
| Mr. V. Srinivasan* | NED | Director | 5-Sep-96 | 30-Dec-12 | 1 | - | - |
| Mr. Amar Chintopanth** | ED | Deputy Managing Director | 17-Jan-07 | 15-Mar-13 | - | - | - |
| Mr. Madhivanan Balakrishnan$ | ED | Managing Director & Global CEO | 1-Jul-12 | - | 3 | - | - |
| Mr. Charanjit Attra$ | ED | Executive Director & Global CFO | 1-Jul-12 | - | 3 | - | - |

Legend : INED - Independent Non-executive Director, NED - Non-executive Director, ND - Nominee Director, 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.

$ Inducted during the financial year 2012-13.

* a Director only for part of the year. He was Managing Director & Global CEO till June 30, 2012 and Non-executive Director for rest of his tenure during the year.

** a Director only for part of the year. He was Chief Financial Officer (CFO) till November 2, 2012.

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

**b. Board Meetings:**

The Board, amongst other things, reviews key matters like 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 mobilisation efforts, etc. 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.

During the last financial year, the Board met eight times on April 27, 2012; May 16, 2012; June 26, 2012; July 21, 2012; August 2 and adjourned for August 11, 2012; September 25, 2012; November 2, 2012 and February 1, 2013. The time gap between any two Meetings of the Board was less than four months.

The Agenda, along with all information, relevant to the matters to be discussed at the Board Meeting is sent well in advance to the Directors. Detailed presentations are made at the Board Meeting(s) by the Managing Director & Global CEO and Executive Director & Global CFO on various strategic and operational issues.

Details of the Meetings attended by the Directors during the year:

| Director | Number of Meetings held during the tenure of the Director | Number of Meetings attended in person |
|---|---|---|
| Mr. Hoshang N. Sinor | 8 | 8# |
| Dr. Ashok Jhunjhunwala | 8 | 8# |
| Mr. Ashok Shah | 8 | 7 |
| Dr. Bruce Kogut | 8 | 2 |
| Mr. Dileep C. Choksi | 8 | 6 |
| Mr. N. S. Venkatesh* | 7 | 4 |
| Ms. Vishakha Mulye | 8 | 8 |
| Mr. V. Srinivasan * | 7 | 7# |
| Mr. Amar Chintopanth * | 8 | 6 |
| Mr. Madhivanan Balakrishnan* | 5 | 5 |
| Mr. Charanjit Attra* | 5 | 5 |

* Were Director(s) for the part of the year.

\# Were not present at the adjourned Board Meeting held on August 11, 2012

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

The policy of the Company for appointment, performance evaluation, age 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 Directors on the Board, excluding Nominee Directors. Based on the recommendations of this Committee, the Board approves the appointment, including re-appointment of Directors on the Board.

**Remuneration Policy:**

While deciding on the remuneration for Directors, the Board and the Board Governance Committee (Committee) takes into consideration the performance of your Company, the current trends in the industry, the qualification of the appointee(s), their experience, past performance and other relevant factors. The Board/Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries. This information is used to review the Company's remuneration policy(ies) from time to time.

**Details of remuneration/compensation:**

In the year 2012-13, the Company did not pay remuneration by way of Commission to the Non-Executive Directors of the Company for the year 2011-12. The Non-Executive Directors are paid Sitting fees of ₹ 20,000 for attending Meetings of the Board and Committees. The details of the sitting fees paid to the Non-Executive Directors during the year are as given below:

| Name of the Non-Executive Director | Total Sitting Fees (In ₹) | | |
|---|---|---|---|
| | Gross | TDS | Net |
| Mr. Hoshang N. Sinor $ | - | - | - |
| Dr. Ashok Jhunjhunwala | 260,000 | 26,000 | 234,000 |
| Mr. Ashok Shah | 320,000 | 32,000 | 288,000 |
| Dr. Bruce Kogut | 60,000 | 18,540 | 41,460 |
| Mr. Dileep C. Choksi | 240,000 | 24,000 | 216,000 |
| Mr. N. S. Venkatesh $* | 20,000 | 2,000 | 18,000 |
| Ms. Vishakha Mulye $* | 60,000 | 6,000 | 54,000 |
| Mr. V. Srinivasan | 80,000 | 20,540 | 59,460 |

$ Considering the financial position of the Company, Mr. Hoshang N. Sinor, Chairman relinquished his right to receive sitting fees for attending the Board and Committee Meetings with effect from December 28, 2011. Further, Ms. Vishakha Mulye and Mr. N.S. Venkatesh also relinquished their right to receive sitting fees with effect from June 26, 2012.

* The payments to Ms. Vishakha Mulye and Mr. N.S. Venkatesh were made to their respective employers as per the mandate received by the Company upto June 26, 2012.

The Company also paid remuneration during the year to its Whole Time Directors 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 under:

(₹ in Crores)

| Name of the Director | Salary, allowances, incentives & bonus | PF & other contribution | Perquisites | Total |
|---|---|---|---|---|
| Mr. Madhivanan Balakrishnan | 1.25 | 0.08 | 0.006 | 1.34 |
| Mr. Charanjit Attra | 0.67 | 0.03 | 0.002 | 0.70 |
| Mr. Amar Chintopanth | 0.75 | 0.11 | 0.003 | 0.86 |

Mr. V. Srinivasan, was in employment as Managing Director for part of the year i.e. upto June 30, 2012. Mr. Srinivasan, a non-resident Indian who was responsible for global operations of the Company, drew his remuneration from a wholly owned overseas subsidiary of the Company. During the year 2012-13, Mr. V. Srinivasan was paid remuneration as mentioned below.

| Name of the Director | Salary (In $) | Bonus (In $) | Other Perquisites (In $) | Total (In $) |
|---|---|---|---|---|
| Mr. V. Srinivasan (Upto June 30, 2012) | 1,25,000 | - | - | 1,25,000 |

Apart from Salary, he was paid an amount of $ 72,673 as Leave encashment and $ 69,717 as Gratuity.

**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 after 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 Initial Public Offering (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.

The Company has approved a new plan (Plan 2013) under the existing ESOS scheme 2007. As per the Plan 2013, the options granted would vest over a period of 3 years from the date of grant in ratio of 33%, 33% and 34% on the end of the 1st, 2nd and 3rd year respectively. The Company has also introduced the facility of nomination for the employees in respect of the stock options granted to them. However, no stock options have been issued by the Company during the financial year 2012-13. Subsequently, on May 1, 2013, 1,54,78,000 stock options were granted under ESOS Plan 2013 under existing ESOS Scheme, 2007 to some of its employees and Directors.

a. The particulars of the options granted and outstanding up to March 31, 2013 are as under:

| Particulars | ESOS 2000 | ESOS 2007 |
|---|---|---|
| Options granted | 2,35,26,116 | 85,45,000 |
| Options vested | 84,82,440 | 35,90,000 |
| Options exercised | 21,29,147 | - |
| Number of shares allotted pursuant to exercise of options | 21,29,147 | - |
| Options forfeited / lapsed | 1,29,14,829 | 49,42,500 |
| Extinguishment or modification of options | - | - |
| Total number of options in force | 84,82,140 | 36,02,500 |
| Amount realized by exercise of options (₹) | 10,91,07,838 | - |

b. Details of stock options granted to Directors and Senior Management Personnel exceeding 1% of the issued capital of the Company is as follows:

The Options granted to Mr. V. Srinivasan, Managing Director during the year 2004-05 (5,70,000– average exercise price: ₹ 49.38/-) exceeded 1% of the issued Capital of the Company at the time of grant.

c. The following options granted and outstanding as at March 31, 2013 were granted 3 years prior to the IPO to Directors and Senior Management Personnel:

| Name of Director/ Senior Management Personnel | Number of options | Average Exercise Price (in ₹) |
|---|---|---|
| Mr. Padmanabhan Iyer | 1,20,000 | 50 |
| Mr. Shivanand R. Shettigar | 92,800 | 55.28 |

d. Diluted Earnings Per Share (EPS) pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard AS20:

**In 3 years prior to IPO**

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

**Last 5 years**

| Financial Year | Diluted EPS (in ₹) |
|---|---|
| 2008-09 | 13.55 |
| 2009-10 | (7.04) |
| 2010-11 | 5.83 |
| 2011-12 | (17.37) |
| 2012-13 | (5.92) |

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 2013 based on intrinsic value of options and also based on fair value approach. However, if the Company had used the fair value of options based on the Black–Scholes model, proforma loss after tax would have been ₹ 0.15 crores. On a proforma basis, the Company's basic and diluted earnings per share would have been ₹ (5.92). 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 as explained above |

No stock options were granted during the year 2012-13.

f. The number of stock options held by the Directors as on March 31, 2013 are as below:

| Name of Director | Number of options | Average Exercise Price (in ₹) |
|---|---|---|
| Mr. Hoshang N. Sinor | - | N. A. |
| Dr. Ashok Jhunjhunwala | 90,000 | 90 |
| Mr. Ashok Shah | - | N. A. |
| Dr. Bruce Kogut | 1,00,000 | 57.5 |
| Mr. Dileep C. Choksi | 1,00,000 | 58 |
| Mr. N.S.Venkatesh | - | N. A. |
| Ms. Vishakha Mulye | - | N. A. |
| Mr. Madhivanan Balakrishnan | - | N. A. |
| Mr. Charanjit Attra | - | N. A. |

**B. Number of shares held by Directors as on March 31, 2013:**

| Name of the Director | No. of Shares |
|---|---|
| Mr. Hoshang N. Sinor | 1,00,000 |
| Dr. Ashok Jhunjhunwala | 15,110 |
| Ms. Vishakha Mulye | 12,000 |
| Mr. Madhivanan Balakrishnan | 34,588 |

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 the 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, 2013.

A Declaration to this effect signed by the Managing Director forms part of this Report.

## CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its Directors and designated employees of the Company, its subsidiaries and their dependent family Members in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing in shares of the Company and cautions them of the consequences of violations.

## RISK MANAGEMENT

Your Company has a well-defined risk management framework in place. Further, your Company has established procedures to periodically place before the Board, the risk assessment and minimisation processes being followed by the Company and steps taken by it to mitigate these risks.

## II. BOARD COMMITTEES

Currently, the Board has three Committees, viz.

a. Audit Committee;

b. Shareholders'/Investors' Grievances Committee and

c. Board Governance Committee.

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), fixing the audit fee and also approving 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 and
- 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.

The Committee was reconstituted on May 16, 2012 by induction of Mr. N.S. Venkatesh as Member of Audit Committee.

The Composition of the Audit Committee as on March 31, 2013 was as under-

| Director | Position | Qualification |
|---|---|---|
| Mr. Dileep C. Choksi * | Chairman | B. Com, LLB, FCA, CWA |
| Mr. Ashok Shah | Member | MA |
| Mr. N. S. Venkatesh | Member | CA |
| Ms. Vishakha Mulye | Member | B.Com, CA |

* Resigned from the Company effective May 13, 2013

The Audit Committee comprises of Non-Executive Directors, majority of them being Independent and having accounting and financial management expertise. The Managing Director & Global CEO, Executive Director & Global CFO, 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 2012-13 on May 14 adjourned till May 16, 2012; August 2 adjourned till August 11, 2012; November 2, 2012 and February 1, 2013. 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 |
|---|---|---|
| Mr. Ashok Shah | 4 | 3* |
| Mr. Dileep C. Choksi$ | 4 | 3 |
| Mr. N. S. Venkatesh# | 3 | 1 |
| Ms. Vishakha Mulye | 4 | 4 |

# appointed as Member on May 16, 2012.

* not present at the Meeting held on May 14, 2012. However, he attended the adjourned Meeting held on May 16, 2012.

$ Resigned from the Company effective May 13, 2013.

**b. Shareholders' / Investors' Grievances Committee:**

This Committee was constituted by the Board to look into the matters relating to 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, as 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, sub-division, 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.

The Composition of the Committee as on March 31, 2013 was as under-

| Director | Position |
|---|---|
| Mr. Ashok Shah | Chairman |
| Dr. Ashok Jhunjhunwala | Member |
| Mr. Amar Chintopanth * | Member |

* Resigned from the Company effective March 15, 2013

The Committee was reconstituted on May 13, 2013 by induction of Mr. Charanjit Attra as Member of the Committee.

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

The Committee met four times during the year 2012-13 on April 27, 2012; August 2, 2012; November 2, 2012 and February 1, 2013.

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 |
|---|---|---|
| Mr. Ashok Shah | 4 | 4 |
| Dr. Ashok Jhunjhunwala | 4 | 4 |
| Mr. Amar Chintopanth* | 4 | 4 |

* Resigned from the Company effective March 15, 2013.

The status of Investors' & Shareholders' complaints received during the year is as below:

| | Opening Balance as on April 1, 2012 | Received | Processed | Pending as on March 31, 2013 |
|---|---|---|---|---|
| Instructions | 1 | 221 | 219 | 3 |
| Grievances | - | 5 | 5 | - |

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, boards 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 boards 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 programmes 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. and
- Approve the policy for quantum of bonus payable to the employees.

The Composition of the Committee as on March 31, 2013 was as under-

| Director | Position |
|---|---|
| Mr. Hoshang N. Sinor | Chairman |
| Dr. Bruce Kogut * | Member |
| Mr. Dileep C. Choksi $ | Member |

* Resigned from the Company effective June 19, 2013

$ Resigned from the Company effective May 13, 2013

Mr. Sinor is an Independent Non-Executive Director.

The Committee met thrice during the year 2012-13 on April 27, 2012, September 25, 2012 and November 26, 2012.

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 |
|---|---|---|
| Mr. Hoshang N. Sinor | 3 | 3 |
| Dr. Bruce Kogut* | 3 | 1 |
| Mr. Dileep C. Choksi# | 3 | 3 |

* Resigned from the Company effective June 19, 2013.

# Resigned from the Company effective May 13, 2013.

**d. Operations Committee**

Pursuant to the approval granted by the Board of Directors at their Meeting held on February 1, 2013, an internal committee known as Operations Committee was constituted to take decisions on matters related to Bank account operations, etc., in the name of the Company.

**Brief description of terms of reference:**

- Open, operate and close various bank accounts in the name of the Company;
- Issue various instructions to the banks relating to such operations including authorising the officials of the Company to operate bank accounts;
- Decide short and medium term financial projections and cash flows and
- Any other item as may be decided by the Board.

The current composition of the Committee is as under:

| Name | Position |
|---|---|
| Mr. Charanjit Attra | Chairman |
| Mr. Padmanabhan Iyer | Member |
| Mr. Unnikrishnan Nair | Member |

## III. GENERAL MEETINGS

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

| Year | Date and Time | Venue | Special Resolutions passed |
|---|---|---|---|
| 2011-12 | August 2, 2012 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 | 1. Appointment of Mr. Madhivanan Balakrishnan as Managing Director & CEO<br>2. Appointment of Mr. Charanjit Attra as an Executive Director |
| 2010-11 | July 29, 2011 at 4.00 p.m. | | None |
| 2009-10 | July 27, 2010 at 4.00 p.m. | | Re-appointment of Mr. V. Srinivasan as the Managing Director of the Company |

Resolutions were passed by majority (by way of 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 Annual General Meeting held on August 2, 2012 :**

**Name of the Directors :**

Hoshang N. Sinor;
Ashok Jhunjhunwala;
Ashok Shah;
Dileep C. Choksi;
N.S. Venkatesh;
Vishakha Mulye;
V. Srinivasan;
Amar Chintopanth;
Madhivanan Balakrishnan and
Charanjit Attra

Apart from Directors, Mr. Mahesh Krishnan and Mr. Rangarajan from M/s. R. G. N. Price & Company, Statutory Auditors were also present at the last Annual General Meeting.

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

**Postal Ballot**

During the year under review, the Company sought the approval of the Members by way of Postal Ballot pursuant to Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 for the following resolutions:

| Date of the Notice | Last date for receipt of Postal Ballot Forms | Date of Result | Name of the Scrutiniser | Special Resolutions passed |
|---|---|---|---|---|
| April 23, 2012 | May 30, 2012 | May 31, 2012 | Mr. Nilesh Trivedi, Partner, KBNT & Associates | 1. Increase in Authorised Capital and Amendment to the Memorandum of Association of the Company<br>2. Amendment to the Articles of Association of the Company;<br>3. Authorisation for restructuring of debts;<br>4. Allotment of equity shares on preferential basis;<br>5. Conversion of loans into equity shares<br>6. Conversion of certain existing preference shares into equity shares and modification of terms of preference shares. |

Pursuant to Section 192A of the Companies Act, 1956, postal ballot forms were sent to all the Members along with Notice and the Explanatory Statement.

The Board of Directors appointed Mr. Nilesh Trivedi, Practicing Company Secretary and Partner, KBNT & Associates as the Scrutiniser for conducting the Postal Ballot.

The results of the Postal Ballot were announced by the Chairman on May 31, 2012 and were published in the newspapers. The results were also displayed at the Registered Office of the Company and its website at http://www.3i-Infotech.com/content/investors/investors.aspx.

| Results of the Postal Ballot | Resolution No. 1 | Resolution No. 2 | Resolution No. 3 | Resolution No. 4 | Resolution No. 5 | Resolution No. 6 |
|---|---|---|---|---|---|---|
| Resolution Type | Ordinary | Special | Special | Special | Special | Special |
| Total Number of Votes cast by the Shareholders by means of valid Postal Ballot forms | 4,22,10,196 | 4,13,45,988 | 4,13,48,359 | 4,13,44,425 | 4,13,46,333 | 4,13,43,637 |
| Votes against the Resolution | 1,06,248 | 94,453 | 92,532 | 1,05,045 | 1,17,850 | 1,17,668 |
| Votes in favour of the Resolution | 4,21,03,948 | 4,12,51,535 | 4,12,55,827 | 4,12,39,380 | 4,12,28,483 | 4,12,25,969 |
| Percentage of Votes cast in favour | 99.75% | 99.77% | 99.78% | 99.75% | 99.71% | 99.72% |

## IV. DISCLOSURE REQUIREMENTS

a) **Management Discussion and Analysis:**

The detailed Management Discussion and Analysis 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 2012-13, there were no material financial and commercial transactions, having a potential conflict of interest entered into by the Company with the Directors or the 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 had also adopted the following non-mandatory requirements as given below:

1. **The Board**

   As our Chairman is an Independent and Non-Executive Director, the Company provides a car for his official duties.

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 website of the Company and are also sent to the Stock Exchanges, where the shares of the Company are listed.

4. **Training of Board Members**

   A new Director, on being inducted on the Board, is familiarised 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.

5. **Mechanism for evaluating the performance of Non-Executive Directors**

   The Chairman 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 while deciding the remuneration to be paid to the Non-Executive Directors.

6. **Whistle Blower Policy**

   The Company has laid down a Whistle Blower Policy, the details of which are given under point IV.(d) in this Report.

f) **Disclosure of transactions with Related Parties**

The details of related party transactions entered into between the Company and its Promoters, Directors or the Management, Subsidiaries or Relatives etc. have been presented in Notes to Accounts in Annual Report.

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

The Company's periodic financial results, whitepapers, factsheets and official news releases made to the investors and analysts are displayed on the website of the Company at www.3i-infotech.com. The financial results are also published in The Financial Express (English) and Mumbai Lakshadeep (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 |
|---|---|---|
| Monday, September 23, 2013 | 10.30 a.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:**

| Quarter Ended | Date * |
|---|---|
| September 30, 2013 | November 1, 2013 |
| December 31, 2013 | January 31, 2014 |
| March 31, 2014 | May 2, 2014 |

* Above dates are tentative and subject to change.

c) **Financial Year:** April 1 - March 31

d) **Date of Book Closure:** Monday, September 16, 2013 to Monday, September 23, 2013 (Both days inclusive)

e) **Listing:**

The Equity 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.

f) **Stock Exchanges Codes and International Securities Identification Number (ISIN):**

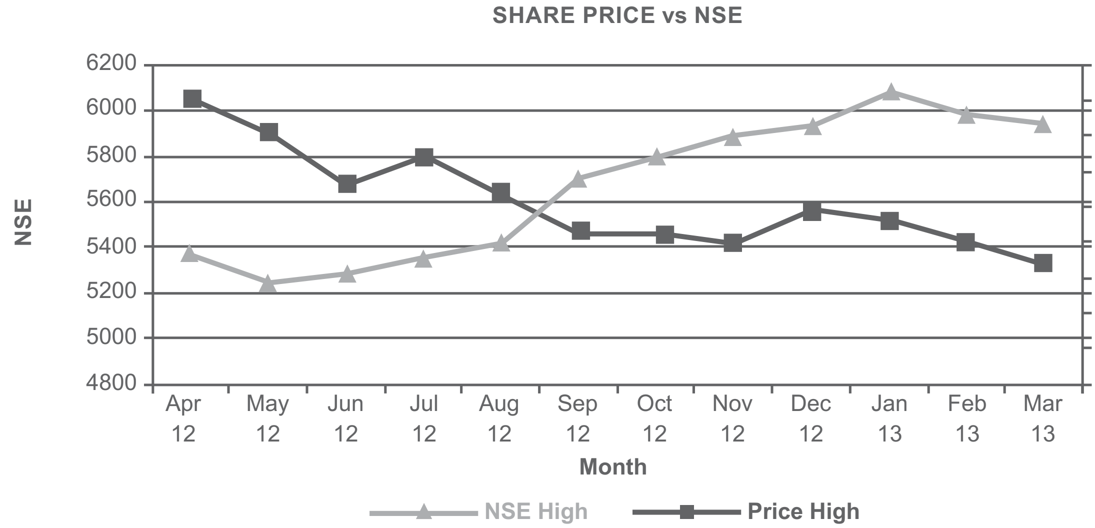
| | NSE | BSE |
|---|---|---|
| Exchange Code | 3IINFOTECH | 532628 |
| ISIN in National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) | INE748C01020 | |

g) **Stock Market Data:**

Monthly highs, lows and trading volume for 2012-13:

| Month | National Stock Exchange | | | Bombay Stock Exchange | | | Total Quantity Traded |
|---|---|---|---|---|---|---|---|
| | High | Low | Trade Quantity | High | Low | Trade Quantity | |
| April-12 | 16.15 | 14.1 | 1,96,04,901 | 16.2 | 14.05 | 84,20,065 | 2,80,24,966 |
| May-12 | 14.35 | 11.25 | 2,06,39,429 | 14.4 | 11.23 | 70,29,508 | 2,76,68,937 |
| June-12 | 11.45 | 8.6 | 5,00,66,966 | 11.49 | 8.57 | 2,03,40,365 | 7,04,07,331 |
| July-12 | 12.85 | 9.65 | 8,26,15,659 | 12.87 | 9.76 | 3,33,73,689 | 11,59,89,348 |
| August-12 | 10.8 | 7.65 | 2,07,61,254 | 10.81 | 7.69 | 1,10,70,880 | 3,18,32,134 |
| September-12 | 8.7 | 7.5 | 1,62,30,326 | 8.73 | 7.5 | 83,93,674 | 2,46,24,000 |
| October-12 | 8.4 | 7.5 | 1,50,55,583 | 8.42 | 7.52 | 68,94,580 | 2,19,50,163 |
| November-12 | 8.1 | 7.1 | 1,70,19,565 | 8.11 | 7.1 | 67,14,678 | 2,37,34,243 |
| December-12 | 9.9 | 7.85 | 3,19,18,927 | 10.04 | 7.89 | 2,23,33,534 | 5,42,52,461 |
| January-13 | 9.2 | 7.65 | 1,75,39,237 | 9.29 | 7.66 | 83,90,378 | 2,59,29,615 |
| February-13 | 8.05 | 6.45 | 1,42,04,077 | 8.06 | 6.45 | 68,31,144 | 2,10,35,221 |
| March-13 | 6.95 | 5.1 | 1,87,85,689 | 6.91 | 5.18 | 4,20,333 | 1,92,06,022 |

h) **3i Infotech share prices versus the NSE Nifty:**




i) **Registrar and Transfer Agent:**

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

j) **Share transfer system:**

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

k) **Distribution of Holdings as on March 31, 2013:**

| Share holding of nominal value of (₹) | Shareholders | | Share Amount | |
|---|---|---|---|---|
| | Number | Percentage to total (%) | (₹) | Percentage to total (%) |
| Upto 5000 | 1,33,757 | 74.88 | 21,91,80,740 | 3.83 |
| 5001-10000 | 19,492 | 10.91 | 16,34,57,590 | 2.86 |
| 10001-20000 | 11,244 | 6.29 | 17,64,03,090 | 3.09 |
| 20001-30000 | 4,407 | 2.47 | 11,46,71,940 | 2.01 |
| 30001-40000 | 2,171 | 1.22 | 7,90,90,270 | 1.38 |
| 40001-50000 | 1,887 | 1.06 | 9,00,51,950 | 1.58 |
| 50001-100000 | 2,994 | 1.68 | 22,45,80,610 | 3.93 |
| 100001 and above | 2,666 | 1.49 | 4,64,81,13,470 | 81.32 |
| **Total** | **1,78,618** | **100.00** | **5,71,55,49,660** | **100.00** |

l) **Shareholding Pattern as on March 31, 2013:**

| Category | Shares | Percentage (%) |
|---|---|---|
| Promoter-IDBI Trusteeship Services Ltd. (ICICI Strategic Investments Fund) | 3,90,36,190 | 6.83 |
| Government Financial Institutions | 2,24,18,772 | 3.92 |
| Nationalised Banks | 7,62,82,637 | 13.35 |
| Financial Institutional Investors (FIIs) | 9,22,664 | 0.16 |
| Overseas Corporate Bodies (OCBs) | - | - |
| Foreign Banks / Companies | 4,53,66,835 | 7.94 |
| Non-Residents | 1,03,90,120 | 1.82 |
| Mutual Funds | - | - |
| Bodies Corporate | 3,22,88,759 | 5.65 |
| Other Banks | 17,81,46,330 | 31.17 |
| Resident Indians | 16,67,02,659 | 29.16 |
| **TOTAL** | **57,15,54,966** | **100.00** |
| **Number of Shareholders** | **1,78,618** | - |

m) **Dematerialization of shares and liquidity:**

On March 31, 2013, all the shares of the Company were held in dematerialised mode, except 96,01,215 shares, which where held in physical mode.

n) **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 | 4 shareholders and 532 shares |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year | - |
| Number of holders to whom shares were transferred from suspense account during the year | - |
| Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2013 | 4 shareholders and 532 shares |

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

o) **Transfer to Investor Education and Protection Fund**

During the year, Ministry of Corporate Affairs (MCA) issued a circular, notified in the Gazette of India G.S.R. 352(E) dated May 10, 2012, notifying the Rule “Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012” wherein, Companies were asked to file details of unclaimed/unpaid dividend lying with the Company which would be transferred to Investor Education and Protection Fund (IEPF) after a period of seven years of its declaration and to display the details on the website of the Company. Accordingly, the details of unclaimed/unpaid dividend were filed with the Registrar of Companies (ROC) and they are also displayed on the website of the Company.

Those Shareholders who have not claimed their dividend are hereby advised to claim their unclaimed/ unpaid amount due to them by making a request to the Company giving their particulars before the same are transferred to the IEPF. Once unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof, either with the Company or the IEPF.

Further, the unclaimed dividend of ₹ 1,08,321/- pertaining to year 2004-05 was transferred to IEPF, as required by the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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

As mentioned in the Directors’ Report, the Company has successfully restructured its Foreign Currency Convertible Bonds (FCCBs) outstanding as on March 31, 2012, which consisted of Euro 20 Million (Original Face Value-Euro 30 Million) Zero Coupon Convertible Bonds due in 2012 (Euro Bonds) and USD 66.367 Million (Original Face Value-USD 100 Million) Zero Coupon Convertible Bonds due in 2012 (USD Bonds).

This was done by exchanging 100% of the Euro Bonds and 96.33% of the USD Bonds for USD 125.356 Million 5% Convertible Bonds due 2017 (new Bonds). The terms of the balance 3.67% USD Bonds were amended vide an extraordinary resolution passed by the Bondholders at their Meeting held on April 24, 2012.

The terms of such amended bonds along with the terms of new Bonds issued in exchange for the Euro Bonds and the USD Bonds and their position as on March 31, 2013 are given below:

| Particulars | USD 125.356 Million 5% Convertible Bonds due 2017 | USD 2.435 Million 4.75% Convertible Bonds due 2017 |
|---|---|---|
| ISIN | XSO769181982 | XSO308551166 |
| Outstanding Amount | USD 93.808 Million | USD 2.435 Million |
| Coupon/Yield | 5.00% p.a.(first coupon paid on April 25, 2013 and thereafter, payable at semi-annual intervals) | 4.75% p.a. (first coupon paid on July 27, 2013 and thereafter, payable at semi-annual intervals) |
| Conversion Price | ₹ 16.50 | ₹ 165.935 |
| Fixed Exchange Rate | 1 USD = ₹ 50.7908 | 1 USD = ₹ 40.81 |
| Maturity Date | April 26, 2017 | July 27, 2017 |
| Redemption Price | 100% of the principal amount | 100% of the principal amount |
| Expected number of shares to be issued | 28,87,62,628 | 5,98,863 |

Apart from these, there are no other GDRs/ADRs/Warrants or any other convertible instruments of the Company, which are outstanding. Besides these convertible securities, the Company is bound to issue shares on exercise of stock options issued under its Employees Stock Option Schemes.

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, Tower # 6, 6th Floor, International Infotech Park, Vashi, Navi Mumbai - 400 703
2. 3rd Floor, Plot No. 10, Akruti Trade Centre, Road No.07, M.I.D.C. Road, Marol, Bhim Nagar, Andheri (East), Mumbai – 400 093
3. Ground Floor and Two Upper Floors, Vishveshwar Nagar, Par House, Goregaon, Mumbai - 400 063
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. 3rd Floor, 'D' Block, RMZ Centennial, Plot No.8D, Doddanakundi Industrial Area, ITPL Road, Mahadevapura Post, Bangalore- 560 048
6. ICICI Towers, Plot No. 12, Tower III, South Wing, 5th Floor, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032
7. B - 56, Sector 57, Goutam Budh Nagar, Near Hyundai Work Shop, Noida, Uttar Pradesh – 201 301
8. 59, 3rd Floor, M. M. House, Rani Jhansi Road, New Delhi – 110 002
9. Ground, 1st, 2nd, 3rd Floor & Basement No. 79, Udyog Vihar, Gurgaon, Haryana – 500 081
10. Basement, 1st, 2nd, 3rd Floors, Kiran Plaza, 84-District Centre, Chandrasekharpur, Bhubaneswar- 751 016

r) **Address for correspondence:**

**COMPLIANCE OFFICER:**

Company Secretary & Compliance Officer
3i Infotech Limited, Tower # 5, 5th Floor, International Infotech Park,
Vashi, Navi Mumbai 400 703
Ph: (91-22) 6792 8000
Fax: (91-22) 6792 8099
Email:co@3i-infotech.com

**INSTITUTIONAL INVESTORS:**

Head - Corporate Marketing
3i Infotech Limited,
Tower # 5, 6th Floor, International Infotech Park,
Vashi Railway Station Commercial Complex, Vashi,
Navi Mumbai 400 703, Maharashtra
Ph: (91-22) 6792 8000
Fax: (91-22) 6792 8098
E-mail: investor.relations@3i-infotech.com / marketing@3i-infotech.com

**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
Email: investors@3i-infotech.com

**July 29, 2013 at Navi Mumbai**

# CERTIFICATE FROM MANAGING DIRECTOR & GLOBAL CEO FOR COMPLIANCE OF CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

This is to certify that 3i Infotech Limited has put in place the 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, 2013.

**Madhivanan Balakrishnan,**
**Managing Director & Global CEO,**
**3i Infotech Limited**

**July 29, 2013 at Navi Mumbai**

# 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, 2013 as stipulated in Clause 49 of the Listing Agreements with National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

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**

**For LODHA & COMPANY**
Chartered Accountants
**Firm Registration No: 301051E**

**Sd/-**
**(R. P. Baradiya)**

**Partner**
**Membership No. 44101**

**July 29, 2013**

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Overview**

The year that passed saw the Company working towards overcoming the challenges that were set upon it in the second half of the previous year. The new management that took charge in July 2012 adopted a strategy of Protect, Consolidate and Grow. The first step in this strategy was to protect existing business and avoid customer and key employees' attrition, followed by consolidation of high margin businesses and high volume customers. Concurrent synergies in deliveries and stringent cost reduction measures were adopted with the aim of achieving growth of business and margins by higher existing customer penetration and prudent account management. The impact of this strategy is seen in the successful closure of projects, enhanced employee morale and improvement of margins quarter on quarter during the year. The new management also focused on addressing the tight cash flow issues that it faced, by financial prudence, cost reduction and ongoing prioritization of cash flows. The Company is now poised to accelerate on the consolidation path, capitalizing on its extensive products and services offerings, prestigious customer base and the potential opportunities in the growing Global IT and Services industry.

**Global IT and services**

According to leading research firms, the IT market will continue to grow more than double that of GDP. IT & ITes sector will experience 14-15 percent growth in the medium term, driven by cost pressures in developed countries. Increased penetration of off shoring in non core markets such as BRIC, small and medium businesses and high growth verticals such as government, Infrastructure etc. will contribute to the growth. In 2013 the world IT spending will exceed $ 2.1 trillion, up by 5.7 percent from 2012 spending. The spending towards IT services is projected to increase from $ 0.06 trillion in 2013 to $ 0.07 trillion in 2016, whereas the spending towards IT products is projected to be $ 0.24 trillion in 2013 to 0.27 trillion in 2016. The IT spending in India is projected to total $.07 trillion in 2013, a 7.7 percent increase from the $.066 trillion forecasted for 2012. In emerging markets the IT spending will grow by percent including the central and Eastern Europe, Middle East and Africa, Latin America, Asia Pacific.

**Industry performance**

According to NASSCOM, Revenue growth during the year remained firm while margins have fallen slightly. The major revenue drivers in Geography continue to be APAC and Europe and in Verticals BFSI, Retail, Utility still contributes to a major share. New clients' addition increases, while fixed price contracts sees renewed vigor. Attrition levels are at its lowest in the last 3 years though hiring continues at a very slow pace.

Technology has become a critical enabler in achieving the paradigm shift in the business arena. Since basic products and services are becoming commoditized, in order to sustain IT companies can only differentiate in terms of quality of service.

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.

**The year under review**

The financial year ended March 31, 2013 was a challenging period for the Company. The restructuring under the aegis of the corporate debt restructuring forum was implemented, which helped the Company handle its liquidity issues, however it had a significant impact on the business particularly with respect to addition of new customers.

**Operations during the year**

The table below shows the profit and loss account of the Company for the year ended March 31, 2013

(₹ in Crores)

| | Year ending | |
|---|---|---|
| | **March 31, 2013** | March 31, 2012 |
| Revenue | | |
| IT Solutions | **1,231.03** | 1,589.80 |
| Transaction services | **80.33** | 91.22 |
| Other Income | **52.92** | 49.57 |
| Total Income | **1,364.28** | 1,730.59 |
| Expenses | | |
| Staff costs (includes third party products & outsourced services) | **989.90** | 1,141.08 |
| Other Expenses | **219.52** | 319.98 |
| Total Expenses | **1,209.42** | 1,461.06 |
| Profit / (loss) before depreciation and Interest | **154.86** | 269.53 |
| Depreciation | **230.82** | 109.17 |
| Interest | **307.62** | 232.90 |
| Profit / (loss) before exceptional items | **(383.58)** | (72.54) |
| Exceptional Items | **(86.27)** | (181.42) |
| Net profit / (loss) | **(469.85)** | (253.96) |

The net loss of the Company increased to ₹ 469.85 crores for the year ending March 31, 2013 (FY-2013) from ₹ 253.96 crores for the year ending March 31, 2012 (FY-2012) crores primarily due to -

- Decrease in total income to ₹ 1,364.28 in FY-2013 from ₹ 1,730.59 in FY-2012, partially offset by a decrease in total expenses to ₹ 1209.42 crores in FY-2013 from ₹ 1,461.06 crores in FY-2012.
- Increase in depreciation to ₹ 230.82 crores in FY-2013 crores from ₹ 109.17 crores in FY-2012 is primairly due to increase in the softwares available for sale developed by the Company.
- Increase in Interest expense to ₹ 307.62 crores in FY-2013 from ₹ 232.90 crores in FY-2012 is primarily due to reclassification of the operating leases into financial leases and the increased interest rates as per the CDR. An amount of ₹ 174.98 crores of Interest payable to the CDR holders were issued in the form of equity shares as per the CDR scheme and the same has been shown in the profit and loss acccount as interest expense.
- The above was partially offset by a decrease in the exceptional items to ₹ 86.27 crores in FY-2013 from ₹ 181.42 crores in FY-2012. The exceptional item of ₹ 86.27 crores arises due to :

  Effective 1st April 2006, expenditure on Intangible Assets viz. internally developed Software Products (meant for sale) was recognized in the Statement of profit and loss. However, on a review of the performance of these products which resulted in economic benefits of an enduring nature, such costs were capitalized during the years from FY 2006-07 up to FY 2011-12. The software development costs so capitalized have been amortized at the lower of 10 years or the estimated economic useful life of each of these products from the date of their being put to use. Consequently, the product development expenses, aggregating to ₹ 160.43 crores (net of amortization) charged off in the earlier years (FY 2006-07 up to FY 2011-12) have been capitalized during the current year.The Company also has provided for/ reversed certain slow moving trade receivables and unbilled revenue amounting to ₹ 241.13 crores during the year which have arisen largely due to the tight liquidity situation, resource constraints etc. faced by the Group in the last one year.

**Total Income**

The Total income of the Company decreased to ₹ 1,364.28 crores in FY-2013 from ₹ 1,730.59 crores in FY-2012 primarily due to decrease in Income from IT services to ₹ 1,231.03 crores in FY-2013 from ₹ 1,589.80 crores in FY-2012.

The Income from IT Solutions includes income from sale of IT products developed by the Company and Income from IT services provided by the Company to its customers. IT product business includes packaged applications for the Banking, Financial Services & the Insurance ('BFSI') industry and an ERP suite of applications. The IT service offerings of the Company include application development and maintenance, IT infrastructure services, e-governance services, e-commerce, business intelligence, document management service, business process management and data warehousing.

The Income from IT services declined to ₹ 1,231.03 crores in FY-2013 from ₹ 1,589.80 crores in FY-2012 due to the Company's strategy to exit the Low margin, high working capital intensive business lines to achieve the twin objectives of enhancing profitability and prudent utilisation of available cash flows.

The income from Transaction Services covers management of back office operations for BFSI clients. The Company provides clients with services such as remittance, cheque processing, human resources and payroll management services, account origination, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact center services. The transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries.

The Company has a large customer base spanning the globe and a physical presence in 50 countries across 5 Continents. The customers are distributed across Emerging markets and Developed markets with a healthy spread, thereby diversifying the business as well as currency risks. Delivery Centers mainly located in India render services to all customers, thereby achieving standardisation and predictability which serves the Company in good stead in its relationships. During the year, the Company has achieved significant synergies in deliveries to accelerate project completion and facilitate cash flows.

The revenue from transaction services was at ₹ 80.33 crores in FY-2013 as compared to ₹ 91.22 crores in FY-2012.

Other Income includes Interest income, Foreign exchange gain and other non operating income.

**Total Expenses**

*Staff Costs*

The staff costs reduced by 13 % to ₹ 989.90 crores in FY-2013 as compared to ₹ 1,141.08 crores in FY-2012 is primairly due to rationalisation of manpower to increase operational efficiency and in line with the strategy of the management to exit out of certain high capital incentive and low margin business. In FY-2013 there were no performance bonus declared as compared to FY-2012. The break up of the other costs is given in the table below.

₹ In Crores

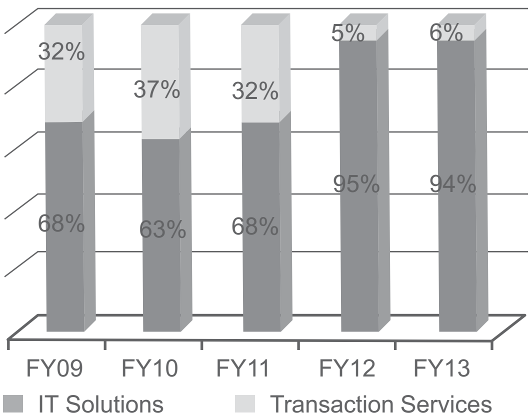
| **Particulars** | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Rent | **43.37** | 105.46 |
| Travel | **51.49** | 68.83 |
| Office and other expenses | **2.74** | 3.02 |
| Outsourced cost | **19.25** | 9.81 |
| Communication | **18.34** | 22.73 |
| Utilities | **25.40** | 26.90 |
| Others | **58.93** | 83.22 |
| **Total** | **219.52** | 319.98 |

The Company achieved an overall reduction of 31% by adoptiong various cost optimization techniques.

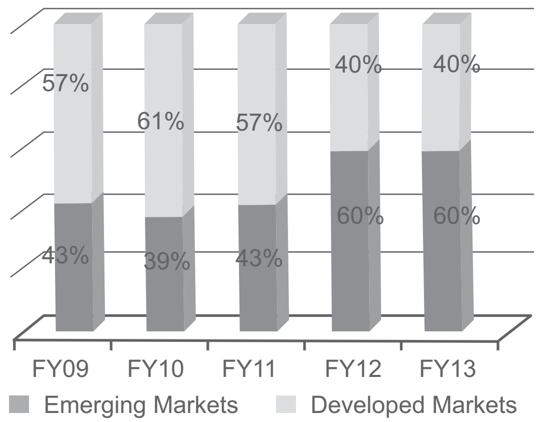
The profit before depreciation and interest for the current financial year was at ₹ 154.86 crores as compared to ₹ 269.53 crores for the previous year. However, the Company has shown a quarter on quarter improvement in Operating Results with EBIDTA (profit before depreciation, interest and exceptional items) in Q1-2013 which was ₹ 6.06 crores rising to ₹ 61.21 crores in Q4-2013. The Company has taken stringent cost reductions measures during the year to improve operational efficiencies. However, since a significant portion of the employees constitute specialized manpower, the Company has been very selective in its resource optimisation initiatives whereby reduction of resources has been focused on less remunerative lines of business and achieving more effective span of control and at the same time, redeployment of domain skills to more productive use.

A snapshot of the segment wise and market wise revenue for the past five years is given below:

**SEGMENT WISE REVENUE**




**MARKET WISE REVENUE**




**Analysis of Balance Sheet**

₹ In Crores

| Particulars | As on March 31, 2013 | As on March 31, 2012 |
|---|---|---|
| **EQUITIES & LIABILITIES** | | |
| Share Capital (including minority interest) | **642.07** | 296.02 |
| Share application money pending allotment | **-** | 344.76 |
| Reserves and Surplus | **278.03** | 526.53 |
| Borrowings | **2,083.69** | 2,122.54 |
| Deferred tax liabilities | **1.47** | 1.66 |
| Trade payables (incl. other liabilities & prov) | **769.72** | 773.04 |
| **Total** | **3,774.98** | 4,064.54 |
| **ASSETS** | | |
| Fixed Assets | **1,420.55** | 987.59 |
| Goodwill on consolidation | **1,546.66** | 1,500.06 |
| Non current investments | **25.17** | 25.11 |
| Deferred tax assets | **105.87** | 105.48 |
| Loans & Advances and Other non-current assets | **275.21** | 470.62 |
| Cash & Bank balance | **51.09** | 107.51 |
| Inventories | **1.12** | 1.60 |
| Trade receivables and Other Current assets | **349.31** | 866.56 |
| **Total** | **3,774.98** | 4,064.54 |

**Equities and Liabilities**

1. **Share Capital (including minority interest)**

   The Authorised capital of the Company is ₹ 1,200.00 crores divided into 110 crore equity shares of ₹ 10 each and 20 crores cumulative redemable preference shares of ₹ 5 each.

   The issued, subscribed and paidup capital stood at ₹ 636.55 crores as at March 31, 2013 compared to ₹ 291.99 crores at March 31, 2012.

   The increase in the issued, subscribed and paid up share capital is due to shares being issued to the CDR lenders in lieu of interest and a part of principal for FY-2013 and to certain foreign currency convertible bonds holders for converting their holding to equity shares.

2. **Share application money pending allotment**

During the year the company allotted shares at a premium against the share application money pending allotment as at March 31, 2012 to the CDR lenders amounting to ₹ 344.76 crores.

3. **Reserves and Surplus**

The Reserves and Surplus declined to ₹. 278.03 crores as at March 31, 2013 from ₹ 526.53 crores in March 31, 2012, primarily due to net loss of the Company in FY-2013 offset by the premium received on shares issued to CDR lenders and FCCB holders.

4. **Borrowings**

The movement in the borrowings from ₹ 2,122.54 crores as at March 31, 2012 to ₹ 2,083.69 crores as at March 31, 2013 is due to priority loan funding which took place in the current financial year of ₹ 57.45 crores.

5. **Deferred Tax Asset / liability**

Deferred tax asset primarily comprises of deferred taxes on fixed assets and other provisions which are not tax deductible in the current year.

The likelyhood that the deferred tax asset will be recovered from future taxable income is assessed anually.

6. **Trade payables and other liabilities**

Trade payables and other current liabilities consists of trade liabilities, short term provisions for employee benefits and other liaibilities. The movement during the year is substantially due to advance payments recevied from customers, increase in finance lease obligations, and decrease in the liability towards the premium payable on redemption of FCCB's consequent to issue of new series of FCCB's to the existing bond holders .

**Assets**

1. **Fixed Assets**

As at March 31, 2013 the fixed assets of the company is ₹ 1,420.55 crores which includes tangible assets of ₹ 324.77 crores , Intangible assets of ₹ 1,063.07 crores and Intangible assets under development of ₹ 32.71 crores . The increase in the gross value of fixed asset is mainly attributable to capitalization of software development expenses.

2. **Goodwill on consolidation**

Goodwill on consolidation represents the excess of purchase consideration over the net asset value on the date of such acquisitions. The movement in goodwill is due to foreign exchange fluctuations. The Company annually carries out an impairment analysis of its Cash Generating Units / Long term investments, in order to ascertain the extent of impairment, if any, in their carrying values.

3. **Non-Current Investments**

Non current investments consists of unquoted / non trade long term investments.

4. **Loans & Advances and other Non current assets**

Long term loans & advances reduced from ₹ 292.13 Crores as at March 31, 2012 to ₹ 105.51 Crores as at March 31, 2013 majorly due to the decrease in capital advances and other advances.

5. **Cash and Bank balance**

The bank balance includes current accounts maintained in India and abroad.

6. **Inventories**

Inventories consist of hardware and supplies and are stated at cost or net realizable value whichever is lower.

7. **Trade receivable and Other Current assets**

Total receivables including unbilled revenue amounted to ₹ 348.52 crores as at March 31, 2013 from ₹ 599.11 crores as at March 31, 2012. The fall in trade receivables and unbilled revenue is due to provision made for doubtful debts / reversal of unbilled revenue during the current financial year and increased collection made during the year.

**Internal Control Systems**

The Company exercises internal controls through a formalized process of an authorization matrix approved by the Board. 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.

Major risks identified include geographic and client concentration, attrition, managing of contractual obligations, etc. 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.

**Safe Harbour**

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.

# INDEPENDENT AUDITORS' REPORT

**To**
**The Board of Directors**
**3i Infotech Limited**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of 3i Infotech Limited ("the Parent Company"), its Subsidiaries and a Joint Venture collectively referred to as "the 3i Infotech Group" which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

***Basis of Qualified Opinion***

*The financial statements of subsidiary in Cyprus and a joint venture in Nigeria (representing 47.5 percentage share of the joint venture), whose financial statements reflect total assets of ₹ 0.20 crores as at March 31, 2013 (as at March 31, 2012 ₹ 0.53 crores;) and total revenue of ₹ Nil for the year ended March 31 , 2013 (for the year ended on March 31, 2012 ₹ 0.34 crores), has not been audited. Our opinion is solely based on the management certificate provided to us.*

***Qualified Opinion***

In our opinion and to the best of our information and according to the explanations given to us *except for what is stated in the Basis of Qualified Opinion paragraph above,* the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date, and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matters**

Without qualifying, we draw attention to Note no. 2.34 of financial statements regarding the proposed scheme of arrangement under section 391 of the Companies Act, 1956, impairment analysis and justification of carrying deferred tax asset.

**Other Matters :**

(i) The financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 240.42 crores as at March 31, 2013 (as at March 31, 2012 ₹ 262.72 crores) and total revenue of ₹ 193.32 crores for the year ended March 31, 2013 (for the year ended on March 31, 2012 ₹ 185.55 crores) have been jointly audited with other auditor.

(ii) We have not audited the financial statements of 3 subsidiaries included in the consolidated financial statements whose financial statements reflect total assets of ₹ 1,013.05 crores as at March 31, 2013 (as at March 31, 2012 ₹ 1,142.17 crores) as well as the total revenue of ₹ 440.43 crores for the year ended March 31, 2013 (for the year ended March 31, 2012 ₹ 544.75 crores). 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.

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

**Mahesh Krishnan**
**Partner**
**Membership No. 206520**
**Place : Mumbai.**
**Date : May 13, 2013**

**For LODHA & CO.**
**Firm Registration No : 301051E**
**Chartered Accountants**

**R.P. Baradiya**
**Partner**
**Membership No. 44101**
**Place : Mumbai.**
**Date : May 13, 2013**

# 3i INFOTECH LIMITED
## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

₹ crores

| | Notes | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 2.1 | 636.55 | 291.99 |
| Reserves and surplus | 2.2 | 278.03 | 526.53 |
| **Share application money pending allotment** | | - | 344.76 |
| **Minority interest** | | 5.52 | 4.03 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 2.3 | 1,970.56 | 2,002.88 |
| Deferred tax liabilities | 2.4 | 1.47 | 1.66 |
| Other long-term liabilities | 2.5 | 32.52 | 203.23 |
| **Current liabilities** | | | |
| Short-term borrowings | 2.6 | 113.13 | 119.66 |
| Trade payables | 2.7 | 249.92 | 230.26 |
| Other current liabilities | 2.8 | 460.65 | 306.76 |
| Short-term provisions | 2.9 | 26.63 | 32.78 |
| | | 3,774.98 | 4,064.54 |
| **II. ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | 2.10 | | |
| (i) Tangible assets | | 324.77 | 355.01 |
| (ii) Intangible assets | | 1,063.07 | 632.58 |
| (iii) Intangible assets under development | | 32.71 | - |
| Goodwill arising on consolidation | 2.11 | 1,546.66 | 1,500.06 |
| Non current investments | 2.12 | 25.17 | 25.11 |
| Deferred tax asset | 2.13 | 105.87 | 105.48 |
| Long-term loans and advances | 2.14 | 105.51 | 292.13 |
| Other non-current assets | 2.15 | 19.51 | 0.45 |
| **Current assets** | | | |
| Inventories | 2.16 | 1.12 | 1.60 |
| Trade receivables | 2.17 | 216.05 | 455.72 |
| Cash and bank balances | 2.18 | 51.09 | 107.51 |
| Short-term loans and advances | 2.19 | 150.19 | 178.04 |
| Other current assets | 2.20 | 133.26 | 410.85 |
| | | 3,774.98 | 4,064.54 |
| **Significant Accounting Policies and Notes on Consolidated Financial Statements** | 1 & 2 | | |

**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**

**R P Baradiya**
**Partner**

**Mahesh Krishnan**
**Partner**

**Madhivanan Balakrishnan**
**Managing Director & Global CEO**

**Charanjit Attra**
**Executive Director & Global CFO**

**Place : Mumbai**
**Date : May 13, 2013**

**R. Unnikrishnan Nair**
**Deputy General Manager**
**(Finance and Accounts)**

**Shivanand R Shettigar**
**Company Secretary**

## 3i INFOTECH LIMITED
## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

₹ crores

| | Notes | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|---|
| **Income** | | | |
| I. Revenue from operations | 2.21 | 1,311.36 | 1,681.02 |
| II. Other income | 2.22 | 52.92 | 49.57 |
| **III. Total Revenue (I+II)** | | 1,364.28 | 1,730.59 |
| **IV. Expenses** | | | |
| Employee benefits expense & Cost of Revenue | 2.23 | 989.90 | 1,141.08 |
| Finance costs | 2.24 | 307.62 | 232.90 |
| Depreciation and amortization expense | 2.10 | 230.82 | 109.17 |
| Other expenses | 2.25 | 219.52 | 319.98 |
| **Total expenses** | | 1,747.86 | 1,803.13 |
| **V. Profit/(Loss) before exceptional items and tax (III-IV)** | | (383.58) | (72.54) |
| VI. Exceptional items | 2.26 | (86.27) | (181.42) |
| **VII. Profit/(Loss) before tax (V-VI)** | | (469.85) | (253.96) |
| VIII. Tax expense | 2.27 | (14.06) | (80.77) |
| **IX. Profit/(Loss) from continuing operations (VII-VIII)** | | (483.91) | (334.73) |
| X. Profit/(Loss) from discontinued operations (after tax) | 2.28 | (19.57) | (22.67) |
| **XI. Profit/(Loss) for the year (IX-X)** | | (503.48) | (357.40) |
| XII. Minority interest | | (1.49) | (2.63) |
| **XIII. Profit/(Loss) after Minority interest (XI-XII)** | | (504.97) | (360.03) |
| **XIV. Earnings per equity share of face value of ₹ 10 each :** | 2.39 | | |
| **Before exceptional items and discontinued operations** | | | |
| (1) Basic | | (9.19) | (8.51) |
| (2) Diluted | | (9.19) | (8.51) |
| **After exceptional items and discontinued operations** | | | |
| (1) Basic | | (11.60) | (19.14) |
| (2) Diluted | | (11.60) | (19.14) |
| **Significant Accounting Policies and Notes on Consolidated Financial Statements** | 1 & 2 | | |

**As per our attached report of even date**

**For Lodha & Co.**
**Chartered Accountants**

**R P Baradiya**
**Partner**

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

**Mahesh Krishnan**
**Partner**

**For and on behalf of the Board**

**Madhivanan Balakrishnan**
**Managing Director & Global CEO**

**Charanjit Attra**
**Executive Director & Global CFO**

**R. Unnikrishnan Nair**
**Deputy General Manager**
**(Finance and Accounts)**

**Shivanand R Shettigar**
**Company Secretary**

**Place : Mumbai**
**Date : May 13, 2013**

**3i INFOTECH LIMITED**

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

| | | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|---|
| | | | ₹ crores |
| A | **Cash Flow from Operating Activities :** | | |
| | Profit/(Loss) before exceptional items and tax | **(383.58)** | (72.54) |
| | *Adjustments for :* | | |
| | Depreciation/amortization | **230.82** | 109.17 |
| | Foreign exchange (Gain)/Loss (net) | **(34.97)** | (26.78) |
| | (Gain)/Loss on sale/discarding of fixed assets (net) | **1.69** | 3.42 |
| | Loss on disposal of investments (net) | **-** | (8.03) |
| | Dividend income on current investments (non-trade) | **-** | (0.02) |
| | Interest income | **(2.88)** | (5.66) |
| | Finance cost | **307.62** | 232.90 |
| | Diminution in value of long-term Investments | **-** | 2.91 |
| | Provision for doubtful debts | **19.80** | 13.40 |
| | Liability/provision written back | **(17.80)** | - |
| | **Operating Profit before working capital changes** | **120.70** | 248.77 |
| | *Adjustments for :* | | |
| | Trade and other receivables | **(16.32)** | (555.63) |
| | Inventories | **0.48** | 0.55 |
| | Trade payables and other liabilities | **(23.82)** | 200.00 |
| | | **(39.66)** | (355.08) |
| | **Cash Generated from Operations** | **81.04** | (106.31) |
| | Income taxes paid | **(31.56)** | (48.15) |
| | **Net cash from Operating Activities - A** | **49.48** | (154.46) |
| B | **Cash Flow from Investing Activities :** | | |
| | Purchase/addition of fixed assets | **(42.56)** | (61.69) |
| | Purchase of Non-Current Investments | **(0.06)** | - |
| | Sale of subsidiary companies | **-** | 551.29 |
| | Dividend received | **-** | 0.02 |
| | Interest received | **2.86** | 5.66 |
| | **Net cash from Investing Activities - B** | **(39.76)** | 495.28 |

## 3i INFOTECH LIMITED
## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

₹ crores

| | | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|---|
| C | **Cash Flow from Financing Activities :** | | |
| | Payment towards FCCB expenses | **(16.42)** | - |
| | Proceeds from/(Repayment of) borrowings (net) | **9.35** | (215.53) |
| | Dividends paid (including taxes) | **-** | (34.06) |
| | Interest paid | **(53.28)** | (134.70) |
| | **Net Cash from Financing Activities - C** | **(60.35)** | (384.29) |
| | **Net Decrease in Cash and Cash Equivalents (A + B + C)** | **(50.63)** | (43.47) |
| | **Cash and Cash Equivalents at beginning of the year** | **88.37** | 157.92 |
| | Less : In respect of sold subsidiary companies | **-** | 26.08 |
| | **Revised Cash and Cash Equivalents at beginning of the year** | **88.37** | 131.84 |
| | **Cash and Cash Equivalents at end of the year** | **37.74** | 88.37 |

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard (AS) - 3 on "Cash Flow Statements" prescribed by the Companies (Accounting Standards) Rules, 2006.
2. Previous year’s figures have been regrouped / rearranged wherever necessary to conform to the current year presentation.

**Significant Accounting Policies and Notes on Consolidated Financial Statements 1&2**

**As per our attached report of even date**

| | | | |
|---|---|---|---|
| **For Lodha & Co.**<br>**Chartered Accountants** | **For R.G.N. Price & Co.**<br>**Chartered Accountants** | **For and on behalf of the Board** | |
| **R P Baradiya**<br>**Partner** | **Mahesh Krishnan**<br>**Partner** | **Madhivanan Balakrishnan**<br>**Managing Director & Global CEO** | **Charanjit Attra**<br>**Executive Director & Global CFO** |
| **Place : Mumbai**<br>**Date : May 13, 2013** | | **R. Unnikrishnan Nair**<br>**Deputy General Manager**<br>**(Finance and Accounts)** | **Shivanand R Shettigar**<br>**Company Secretary** |

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Overview of the Group

3i Infotech Limited (the "Parent Company") was promoted by erstwhile ICICI Limited. The Parent Company and its subsidiaries/joint venture 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 the 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') prescribed by the 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 requires 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 the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of the consolidated financial statements. The recognition, measurement, classification or disclosures of an item or information in the consolidated financial statements are made relying on these estimates. Any revision to these accounting estimates is recognized prospectively.

### 1.4 Principles of consolidation

The consolidated financial statements which include the financial statements of the Parent Company, its subsidiaries and a joint venture have been prepared in accordance with the consolidation procedures laid down in Accounting Standard (AS) 21- "Consolidated Financial Statements" and Accounting Standard (AS) 27– "Financial Reporting of Interests in Joint Ventures".

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

The financial statements of the Parent Company, its subsidiaries and joint venture (consolidated proportionately) 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 the 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 Company 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 at the respective dates on which the investment in subsidiaries was made, is recognized in the financial statements as goodwill and in case where the portion of equity exceeds the cost; the same is being reduced from 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. (Refer note no. 2.29)

### 1.5 Revenue recognition

**a) Revenue from IT solutions :**

Revenue from IT solutions comprises of revenue from the sale of software products, providing IT services and sale of hardware and third party software.

Revenue from Software Products is recognized on delivery/installation, as per the predetermined/laid down policy across all geographies or a lower amount as considered appropriate in terms of the contract. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

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 contracts. 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.

Revenue from Supply of Hardware/Other Material and Sale of Third Party 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.

**1.6 Unbilled and unearned revenue**

Revenue recognized over and above the billings on a customer is classified as “unbilled revenue” and advance billing to customer is classified as “advance from customer/unearned revenue” and included in other liabilities.

**1.7 Fixed assets and depreciation/amortisation**

**Intangible :**

“Software products (meant for sale)” are products licensed to customers. Costs that are directly associated with such products whether acquired or developed or upgraded in partnership with others, and have a probable economic benefit exceeding one year are recognized as software products (meant for sale).

Costs related to further development of existing “software products meant for sale” are capitalized only if the costs results in a software product whose life and value in use is in excess of its originally assessed standard of performance, can be measured reliably, technological feasibility has been established, future economic benefits of each of such product is probable and the Parent Company intends to complete development and to use the software.

Software Products-Others : Purchased software meant for in-house consumption and significant upgrades thereof which have a probable economic benefit exceeding one year are capitalized at the acquisition price.

Business and Commercial Rights are capitalized at the acquisition price.

**Tangible :**

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

**Depreciation/Amortization :**

Leasehold land, leasehold building and improvements thereon and other leased assets are amortized over the period of lease or its life, whichever is lower.

Business and Commercial Rights are amortized over a period, the benefits arising out of these are expected to accrue or ten years whichever is lower while Software Products - Others is amortized over a period of five years.

Software Products (meant for sale) are amortized over a period of 10 years after taking into consideration residual value.

Depreciation on other fixed assets is provided applying straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. In case of some subsidiaries, depreciation 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 |

## 1.8 Investments

Trade investments are the investments made to enhance the Group'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 a provision is made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at lower of the cost or fair value and a provision is made to recognize any decline in the carrying value.

Cost of overseas investments represents the Indian Rupee equivalent of the consideration paid for the investment.

## 1.9 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.

## 1.10 Translation of Foreign Currency Items other than hedged transactions

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transaction. Exchange differences in respect of all current monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/losses arising therefrom are recognised in the Consolidated Statement of Profit and Loss.

Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are accounted as below :

- In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and
- In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortised over the balance period of such long term asset/liability.

Foreign operations carried out with a significant degree of autonomy are classified as "non-integral operations'' as per the provisions of Accounting Standard (AS) 11 "Effects of changes in foreign exchange rates". 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".

Foreign operations other than "non-integral" operations are classified as integral. All monetary assets and liabilities are translated at closing rates while non monetary assets are translated at historical rates and income and expenses are translated at the average rate for the year and the resulting exchange differences are accounted in the Consolidated Statement of Profit and Loss.

## 1.11 Hedge Accounting

The Parent Company enters into foreign currency cum interest rate swap contracts to hedge its risks associated with foreign currency fluctuations relating to its loan liabilities and highly probable forecast transactions. The Parent Company designates these derivative instruments as "hedges" and records the gain or loss on effective cash flow hedges in the "Hedging Reserve Account" until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the Consolidated Statement of Profit and Loss.

**1.12 Accounting of Employee Benefits**

**Employee Benefits in Parent Company/Indian Subsidiaries**

**Gratuity**

**(i) Parent Company**

The Parent Company provides for gratuity, a defined benefit retirement plan, covering eligible employees and the liability under the plan is determined based on 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 an actuarial valuation.

**Superannuation**

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

**Provident fund**

**(i) Parent Company**

Eligible employees receive benefits from a provident fund, which is a defined contribution plan under which the contribution is made to a Trust/Government administered Trust. In case of the Trust, the 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 contributions 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 Company 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 the Statement of profit and loss in the year it is determined.

**(ii) Subsidiaries**

Contributions are made to a state administered fund as a percentage of the covered employee's salary.

**Leave encashment/entitlement**

Liability for leave encashment/entitlement for employees is provided on the basis of the actuarial valuation done at half yearly intervals and based on estimates, for interim financial reporting.

**Employee Benefits in Foreign Branch**

In respect of employees in foreign branch, necessary provisions are made based on the applicable laws. Gratuity/leave encashment as applicable for employees in the foreign branch, is provided on the basis of an actuarial valuation and based on estimates for interim financial reporting.

**Employee Benefits in Foreign Subsidiaries**

In respect of employees in foreign subsidiary companies, contributions to defined contribution pension plans are recognized as an expense in the Statement of profit and loss as incurred as per laws applicable to the respective subsidiaries.

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

**1.13 Provisions, Contingent Liabilities and Contingent Assets**

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.

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.

Contingent assets are neither recognized nor disclosed in the consolidated 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 Consolidated Statement of profit and loss.

**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 Consolidated Statement of profit and loss 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 Securities issue expenses**

Securities issue expenses, including expenses incurred on increase in authorized share capital are adjusted against the balance in Securities premium account.

**1.17 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 Securities premium account.

**1.18 Lease**

Finance leases, which effectively transfer to the Parent Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Consolidated Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leased assets are depreciated on a straight-line basis over the useful life of the asset or the useful life as per Schedule XIV of the Companies Act, 1956, whichever is lower.

Leases, where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

**1.19 Earnings per share**

In determining the earnings per share, the Group considers the net profit/loss after tax and the post tax effect of any extra-ordinary, exceptional items and discontinuing operations on earnings per share 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 is the aggregate of weighted average number of shares used for deriving the basic earnings per share and 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 and ESOS. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued.

**1.20 Inventories**

Inventories 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 FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2013

### 2.1 Share Capital

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Authorised :** | | |
| 1,10,00,00,000 Equity shares of ₹10 each (45,00,00,000 Equity shares of ₹ 10 each as at 31st March, 2012) | **1,100.00** | 450.00 |
| 20,00,00,000 6.35% Cumulative Redeemable Preference shares of ₹ 5 each | **100.00** | 100.00 |
| | **1,200.00** | 550.00 |
| **Issued, Subscribed & Paid - up** | | |
| Equity shares of ₹ 10 each fully paid up at the beginning of the year | **191.99** | 191.99 |
| Add : Issued towards Conversion of FCCB | **97.10** | - |
| Add : Issued under CDR towards conversion of Preference shares | **17.73** | - |
| Add : Issued under CDR towards conversion of Loan and interest payable | **264.73** | - |
| | **571.55** | 191.99 |
| 0.01% (P.Y. 6.35%) Cumulative Redeemable Preference shares of ₹ 5 each at the beginning of the year | **100.00** | 100.00 |
| Less : Converted to equity shares under CDR | **35.00** | - |
| | **65.00** | 100.00 |
| **Total** | **636.55** | 291.99 |

The Parent Company has only one class of equity shares having a par value of ₹ 10 each. Each shareholder has a right to vote in respect of such share, on every resolution placed before the Parent Company and his voting right on a poll shall be in proportion to his share of the paid-up equity capital of the Parent Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Group after payments of preferential in proportion to their shareholding. (Of the total number of equity shares issued, 8,47,88,331 equity shares were allotted as fully paid-up Bonus shares of which 2,00,00,700 equity shares were issued in July 1999 and 6,47,87,631 equity shares in August 2007, by capitalization of Securities Premium Account and accumulated profits).

The preference shares are redeemable at 6% premium payable on the expiry of ten years from the date of allotment i.e. March 31, 2012.

Also Refer note no. 2.33 A in respect on Corporate Debt Restructuring (CDR).

**a) Details of members holding more than 5 percent equity shares are as follows :**

| Name of the shareholder | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | No. of shares | % | No. of shares | % |
| ICICI Bank Limited | **11,38,14,945** | **19.91** | | - |
| IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund) | **3,90,36,190** | **6.83** | 3,90,36,190 | 20.33 |
| IDBI Bank Limited | **4,21,17,513** | **7.37** | | - |
| Standard Chartered Bank | **3,85,68,517** | **6.75** | | - |
| Life Insurance Corporation of India (including its schemes) | **-** | **-** | 2,13,17,921 | 11.10 |

**b) Details of members holding more than 5 percent Preference shares are as follows :**

| Name of the shareholder | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | No. of shares | % | No. of shares | % |
| IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund) | **13,00,00,000** | **100.00** | 13,00,00,000 | 65.00 |
| ICICI Bank Limited | **-** | **-** | 7,00,00,000 | 35.00 |

c) **Reconciliation of the number of shares outstanding at the beginning and at the end of the year is as follows :**

| | In Numbers | |
|---|---|---|
| | **As at March 31, 2013** | As at March 31, 2012 |
| **Equity shares of ₹ 10 each** | | |
| Equity shares as at beginning of the year | **19,19,86,549** | 19,19,86,549 |
| Add : | | |
| Shares issued towards conversion of FCCB | **9,71,11,993** | - |
| Shares issued under CDR towards conversion of Preference shares | **1,77,30,496** | - |
| Shares issued under CDR towards conversion of loan and interest payable | **26,47,25,928** | - |
| **Equity shares as at end of the year** | **57,15,54,966** | 19,19,86,549 |
| **0.01% (P.Y. 6.35 %) Cumulative Redeemable Preference shares of ₹ 5 each** | | |
| Preference shares as at beginning of the year | **20,00,00,000** | 20,00,00,000 |
| Add : Issued during the year | **-** | - |
| Less : Converted into equity during the year | **(7,00,00,000)** | - |
| Preference shares as at end of the year | **13,00,00,000** | 20,00,00,000 |

d) **Employee Stock Option Scheme (ESOS)**

The Parent Company's Employee Stock Option Schemes provide for issue of equity options up to 25% of the paid-up equity capital to eligible employees. The schemes cover the directors and the employees of the subsidiaries, the erstwhile holding company and the 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 the 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 the grant. One option is available for conversion to one equity share.

**Method used for accounting for the share based payment scheme**

The Parent Company has elected to use the intrinsic value method to account for the compensation cost of stock options to eligible employees. 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 ESOS and the Weighted Average Exercise Price (WAEP) :

| | **As at March 31, 2013** | | As at March 31, 2012 | |
|---|---|---|---|---|
| | **Options** | **WAEP (₹)** | Options | WAEP (₹) |
| Options outstanding at the beginning of the year | **1,84,73,110** | **103.30** | 2,22,41,320 | 104.30 |
| Granted during the year | **-** | **-** | - | - |
| Exercised during the year | **-** | **-** | - | - |
| Less : Forfeited/lapsed during the year | **63,88,170** | **101.69** | 37,68,210 | 107.16 |
| Options outstanding at the end of the year * | **1,20,84,940** | **104.15** | 1,84,73,110 | 103.30 |
| Vested options pending to be exercised | **1,20,72,440** | **104.18** | 1,62,02,610 | 99.79 |

* Includes NIL options granted to managing director and 2,90,000 options granted to non-executive directors (As at March 31, 2012 - 36,96,000 options granted to former managing director and 13,22,600 options granted to former whole time directors and non-executive directors).

The following summarizes information about outstanding stock options :

**As at Mar 31, 2013**

| Range of exercise price | Number of shares arising out of options | Weighted average remaining life (in years) | Weighted average exercise price (₹) |
|---|---|---|---|
| **₹ 45 to ₹ 50** | **25,98,340** | **2** | **49.31** |
| **₹ 57 to ₹ 144** | **94,86,600** | **4** | **119.17** |

As at March 31, 2012

| Range of exercise price | Number of shares arising out of options | Weighted average remaining life (in years) | Weighted average exercise price (₹) |
|---|---|---|---|
| ₹ 45 to ₹ 50 | 39,59,360 | 3 | 49.32 |
| ₹ 57 to ₹ 150 | 1,45,13,750 | 5 | 118.02 |

If the Parent Company had determined the Stock Compensation cost based on the fair value approach, the Parent Company's net profit/(loss) and earnings per share would have been, as indicated below :

**₹ crores**

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Profit/(Loss) attributable to equity shareholders after exceptional items and discontinuing operations (₹ crores) | **(509.78)** | (367.43) |
| Less : Stock based compensation expense determined under fair value based method (₹ crores) | **0.15** | 0.81 |
| Net Profit/(Loss) for the year : (₹ crores) | **(509.93)** | (368.24) |
| Basic earnings per share (as reported) (₹) | **(11.60)** | (19.14) |
| Basic earnings per share (under fair value method) (₹) | **(11.60)** | (19.18) |
| Diluted earnings per share (as reported) (₹) | **(11.60)** | (19.14) |
| Diluted earnings per share (under fair value method)(₹) | **(11.60)** | (19.18) |

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 ₹ 45.00 to ₹ 144.00 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 ESOS are :

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| 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 years** | 3-10 years |

## 2.2 Reserves and Surplus

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **a. Foreign Currency Translation Difference Account** | | |
| Opening Balance | **-** | - |
| Add : Recognised during the year (Refer note no. 2.42) | **(31.60)** | - |
| | **(31.60)** | - |
| **b. Securities Premium Account** | | |
| Opening balance | **508.80** | 544.22 |
| Add : On allotment of equity shares under FCCB Conversion | **63.12** | - |
| Add : On allotment of equity shares under CDR towards Preference Shares conversion | **17.27** | - |
| Add : On allotment of equity shares under CDR towards Loan and Interest conversion | **257.84** | - |
| Less : Premium payable on Redemption of Preference Shares | **(3.90)** | - |
| Less : Utilised towards FCCB issue expenses | **(16.42)** | - |
| Less : Utilised towards premium payable on redemption of FCCB | **(0.10)** | (35.42) |
| | **826.61** | 508.80 |
| **c. Cash Flow Hedging Reserve Account** | | |
| Opening Balance | **(15.36)** | - |
| Add : Recognised during the year (Refer note no. 2.31) | **(6.03)** | (15.36) |
| | **(21.39)** | (15.36) |
| **d. General Reserve** | | |
| Opening balance | **-** | 37.00 |
| Add/Less : Transferred from/(to) Statement of profit and loss | **-** | (37.00) |
| | **-** | - |
| **e. Translation Reserve** | | |
| Opening balance | **-** | - |
| Add : Movement during the year | **(23.70)** | 19.64 |
| | **(23.70)** | 19.64 |
| Less : Adjusted against Statement of profit and loss (contra) | **23.70** | (19.64) |
| | **-** | - |
| **f. Surplus/(Deficit) Statement of Profit and Loss** | | |
| Opening balance | **33.09** | 416.95 |
| Add : Net Profit/(Loss) for the year | **(504.97)** | (360.03) |
| Add/(Less) : | | |
| On account of Sale of Subsidiaries (Refer note no. 2.36) | **-** | (79.87) |
| Translation reserve adjusted (contra) | **(23.70)** | 19.64 |
| Transferred from/(to) General Reserve | **-** | 37.00 |
| Corporate Dividend Tax | **-** | (0.60) |
| | **(495.59)** | 33.09 |
| **Total** | **278.03** | 526.53 |

### 2.3 Long term borrowings

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Secured Loans** | | |
| Term Loans : | | |
| From banks | **1,285.43** | 1,309.47 |
| From others | **0.86** | 1.31 |
| | **1,286.29** | 1,310.78 |
| **Unsecured Loans** | | |
| Foreign Currency Convertible Bonds (FCCB) (Refer note no. 2.33 B) | **523.13** | 482.45 |
| Term Loans : | | |
| From others | **6.28** | - |
| | **529.41** | 482.45 |
| Finance Lease Obligations | **154.86** | 209.65 |
| **Total** | **1,970.56** | 2,002.88 |

### 2.4 Deferred tax liability

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Deferred tax asset :** | | |
| Expenses allowable on payment and others | **(0.54)** | (0.46) |
| | **(0.54)** | (0.46) |
| **Deferred tax liability :** | | |
| Fixed Assets (Depreciation/Amortization) | **2.01** | 2.12 |
| | **2.01** | 2.12 |
| **Net deferred tax liability** | **1.47** | 1.66 |

### 2.5 Other long term liabilities

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Cash flow hedging liability (Refer note no. 2.31) | **23.14** | 15.36 |
| Premium payable on redemption of FCCB | **5.48** | 187.87 |
| Premium payable on redemption of preference shares | **3.90** | - |
| **Total** | **32.52** | 203.23 |

### 2.6 Short Term Borrowings

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Secured Loans** | | |
| Working capital loans | **110.95** | 110.07 |
| | **110.95** | 110.07 |
| **Unsecured Loans** | | |
| Term Loans : | | |
| From banks | **2.18** | - |
| Acceptances | **-** | 4.59 |
| Inter corporate deposits | **-** | 5.00 |
| | **2.18** | 9.59 |
| **Total** | **113.13** | 119.66 |

## 2.7 Trade payables

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Trade Payables | **249.92** | 230.26 |
| **Total** | **249.92** | 230.26 |

## 2.8 Other current liabilities

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Current maturities of long term loans and finance lease obligations** | | |
| **Secured term loans** | | |
| From banks | **50.48** | 50.34 |
| From others | **0.61** | 0.62 |
| **Unsecured term loans** | | |
| From banks | **6.60** | 8.40 |
| From others | **2.46** | 1.39 |
| Finance lease obligations | **86.98** | 21.19 |
| Overdue finance lease obligations | **5.04** | 16.25 |
| Overdue on other borrowings | **110.66** | 75.76 |
| **Total (A)** | **262.83** | 173.95 |
| **Other Liabilities** | | |
| Interest accrued but not due on borrowings | **25.95** | 0.06 |
| Interest accrued and due on borrowings/acceptances | **21.59** | 7.21 |
| Unclaimed dividend | **0.44** | 0.46 |
| Application money due For refund | **-** | 0.03 |
| Advances received from customers * | **81.77** | 37.99 |
| Advances received from associate * | **29.62** | - |
| Other payables | **38.45** | 87.06 |
| **Total Other Liablities (B)** | **197.82** | 132.81 |
| | | |
| **Total Other Current Liabilities (A + B)** | **460.65** | 306.76 |

* Includes unearned revenue

## 2.9 Short term provisions

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Provision for Employee benefits | **26.63** | 32.78 |
| **Total** | **26.63** | 32.78 |

## 2.10 Fixed Assets

₹ crores

| | GROSS BLOCK (at Cost) | | | | | DEPRECIATION / AMORTIZATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2012 | Adj. during the year[3] | Additions during the year | Ded/ (Adj) during the year | Upto March 31, 2013 | As at April 1, 2012 | Adj. during the year[3] | Dep for the year | Ded/ (Adj) during the year | Upto March 31, 2013 | As at March 31, 2013 | As at Mar 31, 2012 |
| **Tangible assets** | | | | | | | | | | | | |
| Land - Leasehold | 0.52 | - | - | - | 0.52 | 0.10 | - | 0.00 | (0.01) | 0.11 | 0.41 | 0.42 |
| - Freehold | 2.08 | - | - | (0.01) | 2.09 | - | - | - | - | - | 2.09 | 2.08 |
| Buildings - Owned | 34.66 | - | - | 0.03 | 34.63 | 0.28 | - | 3.56 | 0.10 | 3.74 | 30.89 | 34.38 |
| - Leasehold [1] | 20.33 | - | - | (12.01) | 32.34 | 4.53 | - | 1.50 | (11.40) | 17.43 | 14.91 | 16.92 |
| Leasehold Improvements | 32.55 | - | 2.53 | 0.76 | 34.32 | 17.36 | - | 3.25 | 8.97 | 11.64 | 22.68 | 14.08 |
| Plant & Equipment / Electrical Installations | 16.97 | - | - | 0.45 | 16.52 | 7.54 | - | 0.77 | 0.05 | 8.26 | 8.26 | 9.43 |
| Furniture & Fixtures | 29.09 | - | 1.69 | 7.91 | 22.87 | 18.25 | - | 4.84 | 7.37 | 15.72 | 7.15 | 10.84 |
| Vehicles | 8.63 | - | 0.53 | 3.61 | 5.55 | 3.55 | - | 0.90 | 2.47 | 1.98 | 3.57 | 5.08 |
| Office Equipment | 19.84 | - | 1.23 | 0.37 | 20.70 | 12.21 | - | 1.40 | 0.38 | 13.23 | 7.47 | 7.63 |
| Computers | 154.66 | - | 6.11 | 56.02 | 104.75 | 110.63 | - | 26.37 | 67.50 | 69.50 | 35.25 | 44.03 |
| Asset on Finance Lease [4] | 239.00 | - | 35.73 | - | 274.73 | 28.87 | - | 53.77 | - | 82.64 | 192.09 | 210.13 |
| | **558.33** | **-** | **47.82** | **57.13** | **549.02** | **203.32** | **-** | **96.36** | **75.43** | **224.25** | **324.77** | **355.01** |
| Previous year | 381.22 | (98.49) | 291.78 | 16.18 | 558.33 | 202.49 | (56.35) | 61.37 | 4.20 | 203.32 | 355.01 | - |
| **Intangible assets** | | | | | | | | | | | | |
| Goodwill | 1.79 | - | - | - | 1.79 | 1.79 | - | - | - | 1.79 | - | - |
| Software Products - Meant for sale | 453.30 | - | 477.79 | (203.26) | 1,134.35 | 23.43 | - | 85.76 | (48.41) | 157.60 | 976.75 | 429.87 |
| Software Products - Others | 245.49 | - | 3.46 | (24.77) | 273.72 | 46.76 | - | 45.64 | (105.37) | 197.77 | 75.95 | 198.73 |
| Business and Commercial Rights | 45.51 | - | - | 0.89 | 44.62 | 41.53 | - | 3.06 | 10.34 | 34.25 | 10.37 | 3.98 |
| | **746.09** | **-** | **481.25** | **(227.14)** | **1,454.48** | **113.51** | **-** | **134.46** | **(143.44)** | **391.41** | **1,063.07** | **632.58** |
| Previous year | 313.37 | (44.36) | 730.82 | 253.73 | 746.09 | 150.78 | (35.25) | 47.80 | 49.82 | 113.51 | 632.58 | |
| | | | | | | | | | | | | |
| **Total Tangible and Intangible assets** | **1,304.42** | **-** | **529.07** | **(170.01)** | **2,003.50** | **316.83** | **-** | **230.82** | **(68.01)** | **615.66** | **1,387.84** | **987.59** |
| Previous year | 694.59 | (142.85) | 1,022.60 | 269.91 | 1,304.42 | 353.27 | (91.60) | 109.17 | 54.02 | 316.83 | 987.59 | - |

1. Buildings - Leasehold include :
   (i) Gross Block of ₹ 20.85 crores (as at March 31, 2012 ₹ 20.85 crores), Accumulated Depreciation ₹ 4.27 crores (as at March 31, 2012 ₹ 3.93 crores) and Net Block of ₹ 16.58 crores (as at March 31, 2012 ₹ 16.92 crores) being lease premium paid in respect of building taken on lease for sixty years.
   (ii) Gross Block of ₹ 11.49 crores (as at March 31, 2012 ₹ NIL), Accumulated Depreciation ₹ 4.72 crores (as at March 31, 2012 ₹ NIL) and Net Block of ₹ 6.77 crores (as at March 31, 2012 ₹ NIL) being lease premium paid in respect of building taken on lease for ninety nine years, and the title deed is yet to be received.
2. ₹ 0.00 crores denotes figures less than ₹ 50,000
3. Includes effect of sale of subsidiary ₹ NIL (as at March 31, 2012 ₹ 142.85 crores) in Gross Block; ₹ NIL in Accumulated Depreciation (as at March 31, 2012 ₹ 91.60)

4. ** Tangible Assets under finance lease included in the schedule of fixed assets are as follows :

**As at March 31, 2013**

**₹ crores**

| **Asset type** | **Gross Block** | **Accumulated Depreciation** | **Net Block** |
|---|---|---|---|
| Computers | **188.18** | **50.84** | **137.34** |
| Plant & Equipment/Electrical Installations | **2.31** | **2.05** | **0.26** |
| Furniture & Fixtures | **74.00** | **26.62** | **47.38** |
| Leasehold Improvements | **10.24** | **3.13** | **7.11** |
| **Total** | **274.73** | **82.64** | **192.09** |

As at March 31, 2012

**₹ crores**

| Asset type | Gross Block | Accumulated Depreciation | Net Block |
|---|---|---|---|
| Computers | 159.80 | 17.23 | 142.57 |
| Plant & Equipment/Electrical Installations | 2.12 | 0.98 | 1.14 |
| Furniture & Fixtures | 67.98 | 9.45 | 58.53 |
| Leasehold Improvements | 9.10 | 1.21 | 7.89 |
| **Total** | 239.00 | 28.87 | 210.13 |

**2.11 Goodwill arising on consolidation**

**₹ crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **Opening balance** | **1,500.06** | **1,833.89** |
| Add : Additions during the year | **-** | - |
| Add/(Less) : Impact due to sale of subsidiaries and foreign currency fluctuation | **46.60** | (333.83) |
| **Closing balance** | **1,546.66** | 1,500.06 |

## 2.12 Non-Current Investments

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Unquoted at Cost and Non Trade Investments(Long term)** | | |
| (i) Investment in Equities, Preference Capital | | |
| 2,00,000 Equity shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co.Ltd | **0.10** | 0.10 |
| 55,000 Equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited | **0.06** | - |
| 37,500 Equity shares of Egyptian Pounds 100 each fully paid up of Nile Information Technology (37,500 Equity shares as at March 31, 2012) | **2.91** | 2.91 |
| Less : Provision for diminution in the value thereof | **(2.91)** | (2.91) |
| | **-** | (0.00) |
| 8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA | **2.10** | 2.10 |
| Less : Provision for diminution in the value thereof | **(2.10)** | (2.10) |
| | **-** | - |
| 2,50,00,000 Redeemable Non Convertible Zero Coupon Preference shares of ₹ 10 each fully paid up of eMudhra Consumer Services Ltd. redeemable by December 14, 2015 (as at March 31, 2012 - 2,50,00,000 shares) | **25.00** | 25.00 |
| (ii) National Savings Certificates | **0.01** | 0.01 |
| | **25.17** | 25.11 |
| (a) Aggregate amount of **Unquoted** investments | **30.12** | 30.12 |
| (b) Aggregate provision for **diminution** in value of investments | **5.01** | 5.01 |

## 2.13 Deferred tax asset

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Deferred tax asset :** | | |
| Unabsorbed losses /depreciation | **75.76** | 74.62 |
| Expenses allowable on payment and others (including provision for doubtful debts) | **27.13** | 28.47 |
| Fixed assets (Depreciation / Amortization) | **2.98** | 2.39 |
| **Net deferred tax asset (Refer note no. 2.34.4)** | **105.87** | 105.48 |

## 2.14 Long term loans and advances

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Unsecured, considered good** | | |
| Capital Advances | **0.66** | 2.63 |
| Security Deposits (includes lease rent deposits) | **41.63** | 58.78 |
| Advances recoverable in cash or in kind or for value to be received | **0.04** | 184.16 |
| MAT Credit receivable | **35.39** | 35.11 |
| Prepaid expenses | **20.14** | 11.45 |
| Advance tax and tax deducted at source (net of provision for tax) | **7.65** | - |
| **Total** | **105.51** | 292.13 |

## 2.15 Other non-current assets

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Long Term Trade Receivables (including trade receivables on deferred credit terms) | **-** | 0.45 |
| Unbilled Revenue | **12.97** | - |
| Unamortised borrowing cost | **6.15** | - |
| Bank balance in margin money accounts | **0.39** | - |
| **Total** | **19.51** | 0.45 |

## 2.16 Inventories

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Hardware and Supplies | **1.12** | 1.60 |
| **Total** | **1.12** | 1.60 |

## 2.17 Trade receivables

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Unsecured Considered Good * | **216.05** | 455.72 |
| **Total** | **216.05** | 455.72 |

* Includes receivables from associate of ₹ 14.12 crores

## 2.18 Cash and bank balances

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| in current accounts | **37.48** | 87.64 |
| in EEFC accounts | **-** | 0.08 |
| Cheques on hand | **0.09** | 0.52 |
| Cash on hand | **0.17** | 0.13 |
| **Total (A)** | **37.74** | 88.37 |
| Other Bank Balances | | |
| in margin money accounts | **11.35** | 14.41 |
| in escrow accounts | **1.56** | 4.24 |
| in dividend accounts and equity share refund accounts | **0.44** | 0.49 |
| **Total (B)** | **13.35** | 19.14 |
| | | |
| **Total (A+B)** | **51.09** | 107.51 |

## 2.19 Short term loans and advances

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Unsecured, considered good** | | |
| Security Deposits (includes lease rent deposits) | **15.59** | 14.89 |
| Less : Provision for Deposits forfeited | **(3.52)** | - |
| | **12.07** | 14.89 |
| **Other loans and advances** | | |
| Advance tax and tax deducted at source (net of provision for tax) | **102.52** | 93.52 |
| Prepaid expenses | **10.93** | 22.27 |
| Loans to Staff | **-** | 0.12 |
| Advances recoverable in cash or in kind or for value to be received | **24.67** | 47.24 |
| **Total** | **150.19** | 178.04 |

## 2.20 Other current assets

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Unbilled Revenue * | **132.47** | 143.39 |
| Receivable towards sale of Intellectual Property Rights in respect of Software products meant for sale | **-** | 259.70 |
| Receivable towards sale of fixed assets | **-** | 7.76 |
| Unamortised borrowing cost | **0.77** | - |
| Interest accrued but not due on deposits | **0.02** | - |
| **Total** | **133.26** | 410.85 |

* Includes ₹ 4.38 crores from associate.

## 2.21 Revenue from operations

₹ crores

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| IT Solutions | **1,231.03** | 1,589.80 |
| Transaction Services | **80.33** | 91.22 |
| **Total** | **1,311.36** | 1,681.02 |

## 2.22 Other income

₹ crores

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| Gain on sale of long term investments (net) | **-** | 8.03 |
| Interest income | **2.88** | 5.66 |
| Dividend income on current investment (non trade) | **-** | 0.02 |
| Foreign exchange gain (net) * | **34.97** | 26.78 |
| Other non-operating income | **15.07** | 9.08 |
| **Total** | **52.92** | 49.57 |

* Includes gain on foreign exchange translation

### 2.23 Employee benefit expenses

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Salaries and wages | **727.42** | 903.89 |
| Contribution to provident funds and other funds | **14.34** | 28.08 |
| Staff welfare expenses | **11.12** | 14.95 |
| Cost of third party products / outsourced services | **237.02** | 194.16 |
| **Total** | **989.90** | 1,141.08 |

### 2.24 Finance cost

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Interest expense | **291.51** | 187.58 |
| Other borrowing costs | **16.11** | 45.32 |
| **Total** | **307.62** | 232.90 |

### 2.25 Other expenses

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Power and fuel | **13.14** | 14.78 |
| Rent * | **40.79** | 103.96 |
| Repairs to buildings | **2.58** | 1.50 |
| Insurance | **5.35** | 7.71 |
| Travelling and conveyance | **51.49** | 68.83 |
| Rates and taxes | **6.91** | 4.41 |
| Communication expenses | **18.34** | 22.73 |
| Loss on sale/discarding of Fixed Assets (net) | **1.69** | 3.42 |
| Printing and stationery | **2.74** | 3.02 |
| Directors' Sitting Fees | **0.11** | 0.17 |
| Legal and Professional charges | **19.25** | 9.81 |
| Selling and distribution expenses | **7.38** | 5.68 |
| Bad debts written off | **2.12** | 25.19 |
| Less : Provision for doubtful debts withdrawn | **(2.12)** | (25.19) |
| Provision for doubtful Trade receivables/Unbilled Revenue | **19.80** | 13.40 |
| Miscellaneous expenses | **29.95** | 60.56 |
| **Total** | **219.52** | 319.98 |

*Includes write - back of ₹ 12.77 crores

### 2.26 Exceptional items – Income/(Expenses)

₹ crores

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| Provision for customer claims & rexpected losses | - | (29.07) |
| Reduction in liability of on issue of fresh FCCB | 3.30 | - |
| Rental deposits forfeited | (8.87) | - |
| Net adjustment under proposed scheme of business reconstruction (Refer note no. 2.38) | (80.70) | - |
| Exceptional write off of trade receivable, reversal of unbilled revenue and others | - | (140.53) |
| CDR expenses (Merchant banker,Lawyer Fees,etc.) | - | (11.82) |
| **Total** | **(86.27)** | (181.42) |

### 2.27 Tax expenses

₹ crores

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| Current taxes : | | |
| Income tax | 2.92 | 46.75 |
| MAT credit entitlement | (0.19) | - |
| Income tax pertaining to earlier years written off | 10.75 | 16.31 |
| | 13.48 | 63.06 |
| Deferred tax asset reversed (net) | 0.58 | 17.71 |
| **Total** | **14.06** | 80.77 |

### 2.28 Discontinued operations

₹ crores

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| Loss on sale of subsidiaries (Refer note no. 2.36) | (19.57) | (8.25) |
| Loss in respect of e-governance projects discontinued in the year 2009-10 | - | (14.42) |
| **Total** | **(19.57)** | (22.67) |

### 2.29 Members of the Group

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

| Sr No. | Particulars | Country of incorporation | Percentage of holding | Date of acquisition / establishment |
|---|---|---|---|---|
| 1 | 3i Infotech Inc. (b) | USA | 100% held by 3i Infotech Holdings Private Limited | Jan 7, 2000 |
| 2 | 3i Infotech Asia Pacific Pte Ltd. | Singapore | 100% held by the 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 the Parent Company | Apr 1, 2005 |
| 5 | 3i Infotech (Thailand) Ltd. | Thailand | 100% held by 3i Infotech Asia Pacific Pte Ltd | May 12, 2005 |
| 6 | 3i Infotech Services SDN BHD | Malaysia | 100% held by 3i Infotech Asia Pacific Pte Ltd | May 11, 2006 |
| 7 | 3i Infotech Trusteeship Services Ltd. | India | 100% held by the Parent Company | Aug 31, 2006 |
| 8 | 3i Infotech (Western Europe) Holdings Ltd. | UK | 100% held by 3i Infotech (UK) Limited | Oct 20, 2006 |

| Sr No. | Particulars | Country of incorporation | Percentage of holding | Date of acquisition / establishment |
|---|---|---|---|---|
| 9 | 3i Infotech (Western Europe) Group Ltd. | UK | 100% held 3i Infotech (Western Europe) Holdings Limited | Oct 20, 2006 |
| 10 | Rhyme Systems Ltd. | UK | 100% held by 3i Infotech (Western Europe) Group Limited | Oct 20, 2006 |
| 11 | 3i Infotech (Western Europe) Ltd. | UK | 100% held by 3i Infotech (Western Europe) Group Limited | Oct 20, 2006 |
| 12 | 3i Infotech Holdings Pvt. Ltd. | Mauritius | 100% held by the Parent Company | Nov 20, 2006 |
| 13 | 3i Infotech Financial Software Inc. (c) | USA | 100% held by 3i Infotech Holdings Private Limited | Dec 18, 2006 |
| 14 | 3i Infotech Saudi Arabia LLC. | Saudi Arabia | 100% held by the Parent Company | Dec 24, 2006 |
| 15 | 3i Infotech (Africa) Ltd. | Kenya | 100% held by 3i Infotech (Middle East) FZ LLC | Apr 27, 2007 |
| 16 | Black Barret Holdings Ltd. | Cyprus | 100% held by 3i Infotech Holdings Private Limited | May 8, 2007 |
| 17 | Professional Access Software Development Pvt. Ltd. | India | 100% held by Black Barret Holdings Limited | May 8, 2007 |
| 18 | Professional Access Ltd. | USA | 100% held by 3i Infotech Holdings Private Limited | May 8, 2007 |
| 19 | 3i Infotech (Middle East) FZ LLC | UAE | 100% held by 3i Infotech Holdings Private Ltd. | Sep 25, 2007 |
| 20 | 3i Infotech Consultancy Services Ltd. | India | 100% held by the Parent Company | Nov 30, 2007 |
| 21 | 3i Infotech BPO Ltd. | India | 100% held by the Parent Company | Dec 3, 2007 |
| 22 | 3i Infotech (Flagship-UK) Ltd. | UK | 100% held by 3i Infotech (Western Europe) Ltd. | Jan 29, 2008 |
| 23 | 3i Infotech Framework Ltd. | UK | 100% held by 3i Infotech (Western Europe) Ltd | Feb 8, 2008 |
| 24 | Locuz Enterprise Solutions Ltd. | India | 74% held by the Parent Company | May 8, 2008 |
| 25 | Elegon Infotech Ltd. | China | 100% held by the Parent Company | Jul 10, 2007 |
| 26 | 3i Infotech Outsourcing Services Limited (c) | India | 100% held by 3i Infotech Financial Software Inc. | Mar 24, 2011 |

The details of our investment in the joint venture are listed below :

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

(a) Refer note no. 2.35

(b) In June 2011, J&B Software Inc has sold its investment in J&B Software (Canada) Inc to 3i Infotech Inc.

(c) In June 2011, Regulus Holding Inc has sold its investment in 3i Infotech Outsourcing Services Limited (formerly known as Regulus BPO Limited) to 3i Infotech Financial Software Inc.

**2.30.1 Contingent Liabilities (to the extent not provided for)**

**₹ crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Outstanding guarantees | **21.25** | 20.81 |
| Arrears of Cumulative Preference Dividend (including dividend distribution tax thereon) | **4.82** | 7.40 |
| **Estimated amount of claims against the Group not acknowledged as debts in respect of :** | | |
| Disputed Income Tax matters | **112.54** | 51.66 |
| Disputed Sales Tax matters | **4.26** | 2.47 |
| Disputed Service Tax matters (excluding interest as applicable) | **10.75** | 175.66 |
| Customer claims | **15.66** | 4.26 |
| Others* | **12.86** | 14.32 |
| **Total** | **228.91** | 276.58 |

* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 2.00 crores (as at March 31, 2012 - ₹ 1.27 crores).

During the year, due to financial crunch, the Group is not regular in payment of statutory dues and also has unpaid dues. Further, there are delays/defaults in payment to lenders and others as per the payment schedule. The delayed payment/defaults of statutory dues, in payment to lenders and others may result into consequential additional liability, as may arise, on such delays/defaults, amount whereof is not presently ascertainable

**2.30.2 Capital Commitments**

₹ **crores**

| | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| a) | Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | **11.46** | 3.49 |
| b) | Uncalled capital pertaining to Joint Venture | **1.02** | 0.97 |

**2.31 Derivative Instruments**

During the previous year, the Parent Company had entered into a cross currency interest rate swap to the tune of USD 26 mn (₹ 115 crores).The Parent Company has designated this instrument as cash flow hedge against its forecasted foreign currency inflows. For hedge transactions, the Parent Company identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter. For the year ended March 31, 2013, the Parent Company recognized ₹ 6.03 crores (for the year ended March 31, 2012 ₹ 15.36 crores) in 'Cash flow hedge reserve account' as effective fair value changes on derivative under cash flow hedge accounting. The balance of the cash flow hedge reserve as at March 31, 2013 was negative ₹ 21.39 crores (as at March 31, 2012 negative ₹ 15.36 crores). As at March 31, 2013, the fair values of outstanding derivatives designated under cash flow hedge accounting was ₹ 23.14 crores (as at March 31, 2012 ₹ 15.36 crores), presented in the balance sheet under 'Other long term liabilities'.

**2.32 Leases**

**a) Operating Lease :**

(i) The Group 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, ₹ 15.62 crores starting from March 13, 2000 and ₹ 5.23 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 :

₹ **crores**

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Within one year | **33.03** | 28.05 |
| Later than one year and not later than five years | **57.86** | 47.87 |
| Later than five years | **30.10** | 23.77 |

(ii) The Group avails from time to time non-cancellable long-term leases for computers, furniture and fixtures and office equipment. The total future minimum lease payments committed :

₹ **crores**

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Within one year | **3.07** | 3.74 |
| Later than one year and not later than five years | **9.43** | 2.81 |
| Later than five years | **-** | - |

b) **Finance Lease :**

Future minimum lease payments in respect of assets on finance lease

**As at March 31, 2013**

**₹ crores**

| | **Minimum Lease Payment** | **Finance Charges** | **Present Value of Minimum lease payments** |
|---|---|---|---|
| **within one year** | **108.71** | **16.69** | **92.02** |
| **later than one year and not later than five years** | **233.09** | **78.23** | **154.86** |
| **later than five years** | **-** | **-** | **-** |

As at March 31, 2012

**₹ crores**

| | Minimum Lease Payment | Finance Charges | Present Value of Minimum lease payments |
|---|---|---|---|
| within one year | 40.44 | 3.00 | 37.44 |
| later than one year and not later than five years | 300.44 | 128.76 | 209.65 |
| later than five years | - | - | - |

### 2.33 Debt Restructuring

The Parent Company had restructured its Debt and Foreign Currency Convertible Bonds during the previous year ended March 31, 2012. The details of the restructuring are as under :

**A. Corporate Debt Restructuring :**

In line with the CDR scheme and Master Restructuring Agreement (MRA) entered into with certain lenders, during the year the Parent Company has allotted 26,47,25,928 equity shares of ₹ 10 each at a price of ₹ 19.74 against of principal outstanding of ₹ 252.81 crores and interest of ₹ 269.76 crores accrued for the period October 1, 2011 to March 31, 2013.

**B. Foreign Currency Convertible Bonds (FCCB) :**

The Parent Company had issued four series of Foreign Currency Convertible Bonds (FCCBs) at different points of time and details of outstanding FCCBs issued are summarized as follows

| | **Third Issue** | **Fourth Issue** | **Fifth Issue** |
|---|---|---|---|
| Issue currency | EURO | USD | USD |
| Issue size | 30 million | 2.43 million ** | 125.36 million |
| Issue date | April 02, 2007 | April 25, 2012 | April 25, 2012 |
| Maturity date | April 03, 2012 | July 27, 2017 | April 26, 2017 |
| Coupon rate | Zero coupon | 4.75% | 5% |
| Fixed exchange rate of conversion | ₹ 57.60 | ₹ 40.81 | ₹ 50.79 |
| Conversion price-post bonus | ₹ 154.32 | ₹ 165.94 | ₹ 16.50 |
| **Conversions/Redemptions as at - (USD and Euro)** | | | |
| **31 Mar 2013** | **Nil** | **Nil** | **31.55 million** |
| 31 Mar 2012 | Nil | Nil | - |
| **Bought back as at - (USD and Euro)** | | | |
| **31 Mar 2013** | **10.00 million** | **Nil** | **Nil** |
| 31 Mar 2012 | 10.00 million | 33.63 million | - |
| **Outstanding as at - (USD and Euro)** | | | |
| **31 Mar 2013** | **Nil** | **2.43 million** | **93.81 million** |
| 31 Mar 2012 | 20.00 million | 66.37 million | - |

| | Third Issue | Fourth Issue | Fifth Issue |
|---|---|---|---|
| **Outstanding as at - (₹ Crores)** | | | |
| **31 Mar 2013** | **Nil** | **13.24** | **509.89** |
| 31 Mar 2012 | 138.32 | 344.13 | - |

** Represents 3.67% of the original issue size of USD 100 million issued on July 26, 2007.

On March 22, 2012, the Parent Company launched an Exchange Offer for the Third and Fourth series of outstanding FCCBs (subsequent to buy back) of USD 20 million and USD 66.37 million respectively, whereby the Parent Company offered a new series of FCCBs to the existing bond holders on surrender of the earlier series of FCCBs for a value including the premium payable on those FCCBs. Out of the Third Issue, 100% of the bond holders and out of the Fourth Issue, 96.33% of the bond holders have surrendered the earlier series of the FCCBs in exchange for the new series of FCCBs, which is effective from April 3, 2012. Consequent to this, during the year the Parent Company cancelled 100% of the bonds under the Third Issue and 96.33% of the bonds under the Fourth Issue and replaced them with a new series of FCCBs (‘Fifth Issue’). The terms of the remaining FCCBs under the Fourth Issue have been amended by the Parent Company.

During the year, the Parent Company allotted 9,71,11,993 equity shares of ₹ 10 each against conversion of 31,548 numbers of above mentioned FCCBs amounting to ₹ 160.22 crores (equivalent to USD 3,15,48,000). The conversion price as per the Offering Circular dated March 22, 2012 was ₹ 16.50 per share.

**2.34.1 Proposed plan for capital restructuring**

The Board of Directors of the Parent Company at its meeting held on November 2, 2012 resolved in principle to approach the High Court of Mumbai with regard to a Re-organisation Scheme which inter-alia includes capital re-organisation under section 100 read with section 391/394 of the Companies Act, 1956 subject to necessary approvals of the shareholders, CDR Cell, creditors and other agencies. The Parent Company is in the process of evaluating the same.

**2.34.2 Going Concern and Impairment**

During the previous year, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the FCCB holders with respect to its obligation. Post the debts restructuring, the Parent Company is confident of successful implementation of the CDR package and is also confident of meeting its FCCB obligations. Accordingly, the financial statements have been prepared on a going concern basis.

**2.34.3 Impairment analysis of Cash Generating Units (CGUs)**

The Group, as per its accounting policy and in accordance with the requirements of the Accounting Standard (AS) 28 – “Impairment of Assets and Accounting Standard” (AS) 13 - “Accounting for Investments”, as per Companies Accounting Standard Rules 2006, had carried out an impairment analysis of its Cash Generating Units / Long term investments, in order to ascertain the extent of impairment, if any, in their carrying values.

The valuation analysis carried out by an independent expert valuer was used to assess the values generated by these CGUs / Long term investments on a going concern basis for the above purpose. Based on the valuation exercise so carried out, current year’s performance and the future earnings estimates of the Group, there is no impairment revealed.

**2.34.4 Deferred tax asset**

In respect of net deferred tax asset of ₹ 104.40 crores (as at March 31, 2012 ₹ 103.82 crores) being carried forward, the management, based on the order book on hand and relying on the Restructuring Scheme approved by the CDR Cell, is confident of having taxable income in foreseeable future, which would enable reversals of deferred tax assets already recognized in the earlier years.

**2.35** 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 3i Infotech (Middle East) FZ LLC’s interest in the equity was 47.50% and the other joint venture partners having a share of 17.5% each. 3i Infotech (Middle East) FZ LLC would have an option to raise its equity stake to 51% from 47.50% within a period of 3 years.

In July 2010, 3i Infotech (Middle East) FZ LLC had invested USD 2,85,000, being 47.50% of the Group's share of interest in equity of the joint venture.

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

₹ **crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Assets | **0.53** | 0.52 |
| Liabilities | **0.46** | 0.44 |

₹ **crores**

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Income | **-** | 0.16 |
| Expenses | **0.005** | 0.76 |

₹ **crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Contingent Liability | **-** | - |
| Commitments | **-** | - |

**2.36 Discontinued operations**

a) In June 2011, the Group has sold 100% interest in certain subsidiaries involved in international transaction processing business and related payment solution business. Consequently, the financials of these entities have been classified as 'discontinued operations'. The figures for the financial year ended March 31, 2012, included in the financial statements as Continuing operations then, are stated below :

₹ **crores**

| | For the year ended March 31, 2012 |
|---|---|
| Income from operations | 178.59 |
| Operating, selling and other expenses | 172.29 |
| Profit before interest, depreciation and amortisation | 6.30 |
| Interest | 3.43 |
| Depreciation | 5.76 |
| Profit before taxes | (2.89) |
| Income tax expense | (0.27) |
| Profit after taxes | (3.16) |
| **Total Assets :** | |
| Goodwill on consolidation | - |
| Fixed Assets | - |
| Net current assets | - |
| Deferred tax asset (net) | - |
| **Total Liabilities :** | |
| Secured loans | - |
| Deferred tax liability (net) | - |

The details of entities that were sold during the year ended March 31, 2012 are given below :

| **Name of the entity** | **Held by** | **% of holding** | **Location of entity** |
|---|---|---|---|
| J&B Software Inc. | 3i Infotech Financial Software Inc. | 100% | USA |
| Regulus Holdings Inc. | 3i Infotech Financial Software Inc | 100% | USA |
| Regulus Group LLC. | Regulus Holdings Inc | 100% | USA |
| Regulus Integrated Solutions LLC. | Regulus Group LLC | 100% | USA |
| Regulus West LLC. | Regulus Group LLC | 100% | USA |
| Regulus America LLC. | Regulus Group LLC | 100% | USA |
| Regulus Tristate LLC. | Regulus Group LLC | 100% | USA |
| Regulus Group ll LLC. | Regulus Holdings Inc. | 100% | USA |

b) Profit/(Loss) on account of Discontinued Operations due to sale of subsidiaries is as under :

**₹ crores**

| | | For the year ended March 31, 2012 |
|---|---|---|
| Sale proceeds (net of investment & inter company exposure) | | 67.07 |
| Less : | | |
| Legal & professional fees | 33.16 | |
| Class B shares redeeemed | 13.71 | |
| Other expenses (including prepayment charges) | 7.30 | 54.17 |
| Profit on sale of discontinued operations | | 12.90 |
| Less : Provision for tax | | 5.68 |
| Net profit from sale of discontinued operations | | 7.22 |
| Profit/(Loss) from discontinued operations (net of tax) for the period April - June 2011 | | (3.16) |
| **Profit from discontinued operations due to sale of subsidiaries for the quarter ended June 30, 2011** | | 4.06 |
| Reduction in sale proceeds on receipt of money in advance against future receivables as was stipulated in the agreement | | (12.31) |
| **Loss on discontinued operations due to sale of subsidiaries for the year ended March 31, 2012** | | (8.25) |

c) During the year, in terms of the Transition Service Agreement entered at the time of sale of its subsidiary in the previous year, expected estimated loss of ₹ 19.57 crores has been provided and the same has been reported as ‘’loss from discontinued operations”.

**2.37** a) In the opinion of the Board of Directors of the Parent Company, investments, current and non-current assets, long term and short term 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 provisions for all known and determined liabilities are adequate and not in excess of the amounts stated.

b) The accounts of certain Trade receivables, Trade payables, Loans and advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. However, the management does not expect any material difference affecting the current year’s financial statements on such reconciliation/adjustments.

**2.38 Exceptional items**

a) Effective 1st April 2006, expenditure on Intangible Assets viz. internally developed Software Products (meant for sale) was recognized in the Statement of profit and loss, as the Parent Company perceived such costs were bringing in innovation in base products and not new products. However, on a review of the performance of these products which resulted in economic benefits of an enduring nature from those respective years of usage, over and above the originally estimated benefits of the base software, the management felt it appropriate to capitalize such costs incurred during the years from FY 2006-07 up to FY 2011-12 in terms of Accounting Standard (AS) 26 - “Intangible Assets”. The software development costs so capitalized have been amortized at the lower of 10 years or the estimated economic useful life of each of these products from the date of their being put to use in terms of the accounting policy followed by the Parent Company. Consequently, the product development expenses, aggregating to ₹ 160.43 crores (net of amortization) charged off in the earlier years (FY 2006-07 up to FY 2011-12) have been capitalized during the current year.

b) The Group has provided for/reversed certain slow moving trade receivables and unbilled revenue amounting to ₹ 241.13 crores during the year which have arisen largely due to the tight liquidity situation, resource constraints etc. faced by the Group in the last one year.

c) The items referred to above in (a) and (b) have been disclosed as a net adjustment in the Statement of profit and loss as an exceptional item. This net adjustment is proposed to be part of the Re-organisation as referred to in Note no. 2.34.1.

**2.39 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 :

| | | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|---|
| Profit/(Loss) before exceptional items and discontinued operations and after tax as per Statement of profit and loss (₹ crores) | | **(397.64)** | (153.31) |
| Add/Less : Minority interest (₹ crores) | | **(1.49)** | (2.63) |
| Profit/(Loss) after minority interest (₹ crores) | | **(399.12)** | (155.94) |
| Less : Dividend on preference shares accrued but not paid (including Corporate taxes) (₹ crores) | | **4.82** | 7.40 |
| Profit/(Loss) attributable to equity shareholders before exceptional items and impact of discontinued operations (₹ crores) | A | **(403.94)** | (163.34) |
| Add : Profit/(Loss) due to exceptional items and impact of discontinued operations (₹ crores) | | **(105.84)** | (204.09) |
| Profit/(Loss) attributable to equity shareholders after exceptional items and impact of discontinued operations (₹ crores) | B | **(509.78)** | (367.43) |
| Weighted average number of equity shares outstanding during the year (Nos.) | C | **43,95,18,498** | 19,19,86,549 |
| Add : Effect of dilutive issues of options (Nos.) | | **-** | - |
| Diluted weighted average number of equity shares outstanding during the year (Nos.) | D | **43,95,18,498** | 19,19,86,549 |
| Nominal value of equity shares (₹) | | **10.00** | 10.00 |
| **Before exceptional items and impact of discontinued operations** | | | |
| Basic Earnings Per Share (₹) | A/C | **(9.19)** | (8.51) |
| Diluted Earnings Per Share (₹) | A/D | **(9.19)** | (8.51) |
| **After exceptional items and impact of discontinued operations** | | | |
| Basic Earnings Per Share (₹) | B/C | **(11.60)** | (19.14) |
| Diluted Earnings Per Share (₹) | B/D | **(11.60)** | (19.14) |

**2.40 Related Party Transactions**

**a) Directors/Key Management Personnel :**

Following are the details of Key Management Personnel/Related Parties of the Group :

| **Key Management Personnel/Related Party** | **Designation/Details** |
|---|---|
| 1. Mr. Madhivanan Balakrishnan | Managing Director & CEO |
| 2. Mr. Amar Chintopanth | Deputy Managing Director (upto March 15, 2013) |
| 3. Mr. Charanjit Attra | Executive Director & Global CFO |
| 4. Mr. V. Srinivasan | Managing Director & Global CEO (upto June 30, 2012) |
| 5. Cadenza Solutions Private Limited, India | Enterprise in which relative of key managerial personnel has substantial interest (upto June 30, 2012) |
| 6. ICICI Bank Limited | Associate (from April 2012) |

With effect from July 1, 2012, Mr. Madhivanan Balakrishnan was appointed as the Managing Director and CEO. Mr. V. Srinivasan stepped down as the Managing director & CEO on June 30, 2012.

Mr. Charanjit Attra was appointed as an Executive Director on July 1, 2012 and was later appointed as the Global CFO with effect from November 1, 2012. Mr. Amar Chintopanth stepped down as the Deputy managing Director on March 15, 2013.

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

₹ **crores**

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| **Directors / KMP- Mr. V. Srinivasan # *** | | |
| Remuneration ** | **0.68** | 7.69 |
| **Directors / KMP - Mr. Amar Chintopanth *** | | |
| Remuneration | **3.97** | 2.91 |
| Expenses | **-** | 0.14 |
| **Directors / KMP - Mr. Charanjit Attra** | | |
| Remuneration | **1.03** | NA |
| **Directors / KMP - Mr. Madhivanan Balakrishnan** | | |
| Remuneration | **2.79** | NA |
| **Cadenza Solutions Private Limited, India** | | |
| Income | **0.04** | 0.18 |
| Expenses | **0.05** | 0.14 |
| **ICICI Bank Limited** | | |
| Income | **115.11** | NA |
| Expenses | **73.38** | NA |
| Advances Received | **28.06** | NA |
| Issue of Share Capital (including securities premium) ## | **224.67** | NA |
| Loan taken | **27.89** | NA |

* Includes Retention Incentive payable to the Managing Director and Global CEO for the year ended March 31, 2012 ₹ 5.53 crores and payable to the Deputy Managing Director & CFO for the year ended March 31, 2012 ₹ 2.75 crores.

** Paid from overseas subsidiary.

\# During the previous year ended March 31, 2012, on sale of Regulus Holding Inc.(Regulus), Managing Director received ₹ 2.64 crores towards Class B shares held by him in Regulus. Total consideration towards Class A and Class B shares was received by 3i Infotech Financial Software Inc.USA and payment pertaining to Class B shares was paid by 3i Infotech Financial Software Inc.USA to Class B shareholders, including the Managing Director and Global CEO.

\## Allotment of equity shares at a premium, towards part conversion of Cumulative Redeemable Preference shares and loans and in lieu of payment of interest.

Note : Managerial Remuneration excludes contribution to the gratuity fund and provision for leave entitlement, since it is determined for the Company as a whole but includes the monetary value of the perquisites computed as per the Income Tax Rules, wherever relevant.

c) **Outstanding Balances in respect of above related parties are given below :**

₹ **crores**

| | **Nature of Balances** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|---|
| ICICI Bank Limited | | | |
| | Trade Receivables | **9.63** | NA |
| | Trade Payables | **0.07** | NA |
| | Unbilled Revenue | **4.59** | NA |
| | Advances Payable | **29.62** | NA |
| | Borrowings | **496.47** | NA |
| Cadenza Solutions Private Limited, India | Receivable | **NA** | 0.05 |
| Directors' Remuneration | | | |
| Mr. Madhivanan Balakrishnan * | Payable | **1.60** | NA |
| Mr. Charanjit Attra * | Payable | **0.41** | NA |
| Mr. V Srinivasan | Payable | **NA** | 5.53 |
| Mr. Amar Chintopanth * | Payable | **NA** | 1.89 |

* Represents retention incentive amount.

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

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

**2.41 Disclosures pursuant to AS 17 – Segment Reporting**

a) The Parent Company has two Operating Segments, viz “IT Solutions” and “Transaction Services”.

₹ **crores**

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| **Segment Revenues :** | | |
| IT Solutions | **1,231.03** | 1,589.80 |
| Transaction Services | **80.33** | 91.22 |
| **Total Revenues** | **1,311.36** | 1,681.02 |
| **Segment Results (Gross Profit) :** | | |
| IT Solutions | **335.84** | 563.51 |
| Transaction Services | **17.69** | 28.28 |
| **Total Segment Results** | **353.53** | 591.79 |
| **Unallocable expenses :** | | |
| Operating, Selling and Other expenses | **251.60** | 371.83 |
| Finance Cost | **307.62** | 232.90 |
| Depreciation & Amortization | **230.82** | 109.17 |
| Operating Profit/(Loss) | **(436.50)** | (122.12) |
| Other Income | **52.92** | 49.57 |
| **Profit/(Loss) before tax** | **(383.58)** | (72.54) |
| Less : Taxes | **(14.06)** | 80.77 |
| **Profit/(Loss) after tax** | **(397.64)** | (153.31) |
| Less : Exceptional items | **(86.27)** | (181.42) |
| Less : Discontinued operations | **(19.57)** | (22.67) |
| **Profit/(Loss) after tax, exceptional items and discontinued operations** | **(503.48)** | (357.40) |
| Less : Minority interest | **(1.49)** | (2.63) |
| **Net Profit/(Loss) after minority interest, exceptional items and discontinued operations** | **(504.97)** | (360.03) |

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

b) Considering the nature of the Group's business, the assets and liabilities cannot be identified to any specific business segment.

c) Disclosure of details of Secondary segments, being geographies, is as under :

₹ **crores**

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Emerging Markets | **775.88** | 979.63 |
| Developed Markets | **535.48** | 701.39 |
| **Total Revenue** | **1,311.36** | 1,681.02 |

**2.42 Foreign Currency Monetary Item Translation Difference Account :**

During the year, in compliance with Accounting Standard (AS) 11 - "The Effects of Changes in Foreign Exchange Rates," exchange loss of ₹ 23.53 crores arising on FCCBs (which hitherto was charged to Statement of profit and loss) and exchange loss of ₹ 15.69 crores on long term foreign currency loan being long term monetary liability/ asset, has been debited to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of the liability/asset. In accordance with the clarification in AS-11, the amount of exchange loss amortized during the year is ₹ 7.62 crores.

**2.43** (i) 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, interalia, to the extent of divestments made during the previous year.

(ii) ₹ 0.00 crores denote figures less than ₹ 50,000.

**Signatures to Notes 1 & 2**
**For and on behalf of the Board**

**Madhivanan Balakrishnan**
**Managing Director & Global CEO**

**Charanjit Attra**
**Executive Director & Global CFO**

**R Unnikrishnan Nair**
**Deputy General Manager**
**(Finance and Accounts)**

**Shivanand R. Shettigar**
**Company Secretary**

**Mumbai, May 13, 2013**

## 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, 2013 | For the financial year ended on March 31, 2012 | For the financial year ended on March 31, 2013 | For the financial year ended on March 31, 2012 |
| 1 | 3i Infotech Inc., (USA) | March 31, 2013 | 10,01,38,406 Class A Common Stock Shares of USD 0.30 each & 10,00,000 Class B Common Stock Shares of USD 0.01 each | [$]100% | USD (23.69) Million | USD (22.23) Million | - | - |
| 2 | 3i Infotech Holdings Private Limited, (Mauritius) | March 31, 2013 | 6,25,83,71,598 Ordinary Shares of MUR 1 each | 100% | USD (41.92) Million | USD (4.41) Million | - | - |
| 3 | 3i Infotech Financial Software Inc., (USA) | March 31, 2013 | 2,80,556 Common Stock Shares of USD 1 each | [$]100% | USD (5.44) Million | USD (5.63) Million | - | - |
| 4 | 3i Infotech (Africa) Limited, (Kenya) | March 31, 2013 | 100 Shares of 1000 Kenyan Shillings each | [@]100% | KES (152.96) Million | KES (48.08) Million | - | - |
| 5 | Black Barret Holdings Limited, (Cyprus) | March 31, 2013 | 1,710 Class A Ordinary Shares of Euro 1 each & 138 Class B Ordinary Shares of Euro 1 each | [$]100% | USD (0.02) Million | - | - | - |
| 6 | Professional Access Software Development Pvt Limited, (India) | March 31, 2013 | 8,60,000 Equity Shares of ₹10/- each | [#]100% | INR (5.98) Crore | INR 14.47 Crore | - | - |
| 7 | Professional Access Limited, (USA) | March 31, 2013 | 139 Common Stock Shares of no par value | [$]100% | USD 0.84 Million | USD (0.64) Million | - | - |
| 8 | 3i Infotech Asia Pacific Pte. Ltd., (Singapore) | March 31, 2013 | 53,46,202 Ordinary Shares of no par value | 100% | SGD (2.06) Million | SGD (4.88) Million | - | - |
| 9 | 3i Infotech SDN BHD, (Malaysia) | March 31, 2013 | 50,00,000 Ordinary Shares of RM 1 each | *100% | MYR 9.77 Million | MYR (15.61) Million | - | - |
| 10 | 3i Infotech (Thailand) Limited, (Thailand) | March 31, 2013 | 1,00,000 Ordinary Shares of THB 100 each | *100% | THB (12.18) Million | THB (53.87) Million | - | - |
| 11 | 3i Infotech Services SDN BHD, (Malaysia) | March 31, 2013 | 5,55,000 ordinary Shares of RM 1 each | *100% | MYR 0 Million | - | - | - |
| 12 | 3i Infotech (Middle East) FZ LLC, (UAE) | March 31, 2013 | 46,174 Equity Shares of AED 1,000 each | [$]100% | AED (110.8) Million | AED (22.68) Million | - | - |
| 13 | 3i Infotech (UK) Limited, (UK) | March 31, 2013 | 32,26,308 Equity Shares of GBP 1 each | 100% | GBP (0.02) Million | GBP (0.04) Million | - | - |
| 14 | 3i Infotech (Western Europe) Holdings Limited, (UK) | March 31, 2013 | 15,00,000 A Ordinary Shares of 10 p each and 3,84,000 B Ordinary Shares of 10 p each | [##]100% | GBP 0 Million | - | - | - |
| 15 | 3i Infotech (Western Europe) Group Limited, (UK) | March 31, 2013 | 19,40,000 Ordinary Shares of 10 p each | [$$]100% | GBP (0.11) Million | - | | |
| 16 | Rhyme Systems Limited, (UK) | March 31, 2013 | 2,00,000 Ordinary Shares of 1 GBP each | [*$]100% | GBP 0 Million | - | | |
| 17 | 3i Infotech (Western Europe) Limited, (UK) | March 31, 2013 | 20,00,000 Ordinary Shares of 1 GBP each | [*$]100% | GBP (0.12) Million | GBP (5.28) Million | | |
| 18 | 3i Infotech (Flagship-UK) Limited, (UK) | March 31, 2013 | 100 Ordinary Shares of GBP 1 each | [#$]100% | GBP 0.24 Million | GBP 0.52 Million | | |
| 19 | 3i Infotech-Framework Limited, (UK) | March 31, 2013 | 1,000 Ordinary Shares of GBP 1 each | [#$]100% | GBP (1.51) Million | GBP 1.69 Million | | |
| 20 | 3i Infotech BPO Limited, (India) | March 31, 2013 | 1,00,000 Equity Shares of ₹10/- each | 100% | INR 1.24 Crore | INR 1.13 Crore | - | - |
| 21 | 3i Infotech Trusteeship Services Limited (India) | March 31, 2013 | 55,69,762 Equity Shares of ₹10/- each | 100% | INR (0.81) Crore | INR 0.11 Crore | - | - |
| 22 | 3i Infotech Saudi Arabia LLC., (Kingdom of Saudi Arabia) | March 31, 2013 | 500 Ordinary Shares of SAR 1000 each | 100% | SAR (27.93) Million | SAR (3.28) Million | - | - |
| 23 | 3i Infotech Consultancy Services Limited, (India) | March 31, 2013 | 48,05,211 Equity Shares of ₹10/- each | 100% | INR 0.73 Crore | INR 1.51 Crore | - | - |
| 24 | Locuz Enterprise Solutions Limited, (India) | March 31, 2013 | 7,40,000 Equity Shares of ₹10/- each | 74% | INR 5.7 Crore | INR 4.98 Crore | - | - |
| 25 | Elegon Infotech Limited, (China) | March 31, 2013 | USD 2,50,556.45 Registered Capital (Capital not held in the form of shares) | 100% | CNY (0.54) Million | CNY (4.73) Million | - | - |
| 26 | 3i Infotech Outsourcing Services Limited (India) | March 31, 2013 | 50,000 Equity Shares of ₹ 10 each | [@@]100% | INR 0 Crore | INR 0 Crore | | |
| 27 | Process Central Limited[++], (Nigeria) | March 31, 2013 | 71,25,000 Ordinary Shares of NGN 1 each | [@]47.50% | NGN (0.05) Million | NGN (19.62) Million | - | - |

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

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

# Held by Black Barret Holdings Ltd. , (Cyprus)

## Held by 3i Infotech (UK) Limited, (UK)

$$ Held by 3i Infotech (Western Europe) Holdings Limited, (UK)

*$ Held by 3i Infotech (Western Europe) Group Limited, (UK)

#$ Held by 3i Infotech (Western Europe) Limited, (UK)

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

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

@@ Held by 3i Infotech Financial Software Inc, (USA)

## STATEMENT RELATING TO SUBSIDIARY COMPANIES AS ON MARCH 31, 2013

₹ in crores

| | Entity | Issued and Subscribed Share Capital | Reserves | Total Assets | Total Liabilities | Investments | Turnover | Profit/(Loss) before Exceptional Items/Prior period items and Tax | Exceptional Items | Profit/ (Loss) before Taxation | Provision for Taxation | Profi t/ (Loss) after Taxation | Proposed Dividend |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 3i Infotech Inc., (USA)[$] | 485.12 | 100.76 | 769.84 | 769.84 | - | 223.36 | (127.81) | - | (127.81) | 0.97 | (128.78) | - |
| 2 | 3i Infotech Holdings Private Limited, (Mauritius)[$] | 1,187.95 | (250.82) | 1,716.93 | 1,716.93 | 1,655.50 | - | (227.88) | - | (227.88) | - | (227.88) | - |
| 3 | 3i Infotech Financial Software Inc., (USA)[$] | 166.21 | (1.98) | 168.25 | 168.25 | 0.06 | 43.79 | (28.94) | 0.96 | (29.90) | (0.35) | (29.55) | - |
| 4 | 3i Infotech (Africa) Limited, (Kenya)[&] | 0.01 | (11.28) | 3.99 | 3.99 | - | 1.20 | (4.58) | 5.01 | (9.59) | - | (9.59) | - |
| 5 | Black Barret Holdings Limited, (Cyprus)[$] | 0.01 | (0.52) | 0.01 | 0.01 | 0.00 | - | (0.13) | - | (0.13) | - | (0.13) | - |
| 6 | Professional Access Software Development Pvt Limited, (India) | 0.86 | 111.83 | 121.94 | 121.94 | - | 55.18 | (6.88) | - | (6.88) | (0.90) | (5.98) | - |
| 7 | Professional Access Limited, (USA)[$] | 0.00 | 0.82 | 120.17 | 120.17 | - | 138.25 | 4.73 | - | 4.73 | 0.18 | 4.55 | - |
| 8 | 3i Infotech Asia Pacific Pte. Ltd., (Singapore)[S$] | 23.42 | (7.61) | 49.90 | 49.90 | 3.39 | 34.57 | (0.96) | 8.07 | (9.03) | 0.03 | (9.06) | - |
| 9 | 3i Infotech SDN BHD, (Malaysia)* | 8.72 | 32.95 | 72.02 | 72.02 | - | 37.27 | 16.60 | (0.39) | 16.99 | (0.05) | 17.04 | - |
| 10 | 3i Infotech (Thailand) Limited, (Thailand)** | 1.84 | (4.48) | 7.64 | 7.64 | - | 10.93 | 1.07 | 3.28 | (2.21) | (0.03) | (2.24) | - |
| 11 | 3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD), (Malaysia)* | 0.97 | 0.29 | 1.26 | 1.26 | - | - | - | - | - | - | - | - |
| 12 | 3i Infotech (Middle East) FZ LLC., (UAE)[$$] | 68.31 | (108.38) | 958.50 | 958.50 | 0.01 | 155.78 | (10.36) | 153.57 | (163.93) | - | (163.93) | - |
| 13 | 3i Infotech (UK) Limited, (UK)[£] | 26.64 | 308.38 | 335.63 | 335.63 | 175.72 | 3.22 | 2.28 | 1.17 | 1.10 | 1.28 | (0.18) | - |
| 14 | 3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (UK)[£] | 16.12 | (1.09) | 17.21 | 17.21 | 16.02 | - | - | - | - | - | - | - |
| 15 | 3i Infotech (Western Europe) Group Limited (formerly Rhyme Systems Group Limited), (UK)[£] | 16.02 | (27.71) | (11.69) | (11.69) | 167.74 | - | - | - | - | 0.92 | (0.92) | - |
| 16 | Rhyme Systems Limited (formerly known as Rhymesis Limited), (UK)[£] | 1.65 | 0.29 | 1.95 | 1.95 | - | - | - | - | - | - | - | - |
| 17 | 3i Infotech (Western Europe) Limited (formerly Rhyme Systems Limited), (UK)[£] | 16.51 | 75.30 | 140.40 | 140.40 | 66.01 | 109.77 | (1.68) | 1.01 | (2.68) | (1.73) | (0.95) | - |
| 18 | 3i Infotech (Flagship-UK) Limited (formerly known as Exact Technical Services Ltd), (UK)[£] | 0.00 | 10.38 | 11.21 | 11.21 | - | 3.88 | 1.96 | - | 1.96 | - | 1.96 | - |
| 19 | 3i Infotech-Framework Limited, (UK)[£] | 0.01 | (23.96) | (21.60) | (21.60) | - | 9.50 | (7.48) | 4.39 | (11.86) | 0.62 | (12.48) | - |
| 20 | 3i-Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India) | 0.10 | 34.68 | 52.32 | 52.32 | - | 67.04 | 2.33 | - | 2.33 | 1.09 | 1.24 | - |
| 21 | 3i Infotech Trusteeship Services Limited, (India) | 5.57 | (3.25) | 3.77 | 3.77 | - | 1.26 | (0.57) | - | (0.57) | 0.24 | (0.81) | - |
| 22 | 3i Infotech Saudi Arabia LLC., (Saudi Arabia)[#] | 0.72 | (32.87) | 16.63 | 16.63 | - | 35.12 | (45.18) | (3.50) | (41.68) | (1.24) | (40.44) | - |
| 23 | 3i Infotech Consultancy Services Limited, (India) | 4.81 | 17.84 | 48.77 | 48.77 | - | 53.72 | 1.21 | - | 1.21 | 0.48 | 0.73 | - |
| 24 | Locuz Enterprise Solutions Limited, (India) | 1.00 | 20.22 | 77.54 | 77.54 | - | 173.47 | 9.27 | - | 9.27 | 3.57 | 5.70 | - |
| 25 | Elegon Infotech Ltd., (China)[¤] | 14.80 | (9.47) | 8.47 | 8.47 | - | 4.89 | (0.47) | - | (0.47) | - | (0.47) | - |
| 26 | 3i Infotech Outsourcing Services Limited (India) | 0.05 | - | 0.05 | 0.05 | - | - | - | - | - | - | - | - |
| 27 | Process Central Limited, (Nigeria)[++] | 0.50 | (0.84) | 0.19 | 0.19 | - | - | (0.00) | - | (0.00) | - | (0.00) | - |

$ Converted to Indian Rupees at the Exchange rate, 1 USD = 54.355
S$ Converted to Indian Rupees at the Exchange rate, 1 SGD = 43.8124
£ Converted to Indian Rupees at the Exchange rate, 1 GBP = 82.5614
* Converted to Indian Rupees at the Exchange rate, 1 MYR = 17.4319
** Converted to Indian Rupees at the Exchange rate, 1 THB = 1.8416
# Converted to Indian Rupees at the Exchange rate, 1 SAR = 14.4745
$$ Converted to Indian Rupees at the Exchange rate, 1 AED = 14.7945
& Converted to Indian Rupees at the Exchange rate, 1 KES = 0.627
¤ Converted to Indian Rupees at the Exchange rate, 1 CNY = 8.6531
++ Converted to Indian Rupees at the Exchange rate, 1 NGN = 0.3382

## 3i INFOTECH LIMITED
## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

| | | USD million |
|---|---|---|
| | **As at March 31, 2013** | As at March 31, 2012 |
| **I. EQUITY AND LIABILITIES** | | |
| **Shareholders' funds** | | |
| Share capital | **117.11** | 56.31 |
| Reserves and surplus | **51.15** | 101.54 |
| **Share application money pending allotment** | **-** | 66.49 |
| **Minority interest** | **1.02** | 0.78 |
| **Non-current liabilities** | | |
| Long-term borrowings | **362.54** | 386.27 |
| Deferred tax liabilities | **0.27** | 0.32 |
| Other long-term liabilities | **5.98** | 39.19 |
| **Current liabilities** | | |
| Short-term borrowings | **20.81** | 23.08 |
| Trade payables | **45.98** | 44.41 |
| Other current liabilities | **84.76** | 59.16 |
| Short-term provisions | **4.90** | 6.32 |
| | **694.52** | 783.87 |
| **II. ASSETS** | | |
| **Non-current assets** | | |
| Fixed assets | | |
| (i) Tangible assets | **59.75** | 68.47 |
| (ii) Intangible assets | **195.58** | 122.00 |
| (iii) Intangible assets under development | **6.02** | - |
| Goodwill arising on consolidation | **284.55** | 289.30 |
| Non current investments | **4.63** | 4.84 |
| Deferred tax asset | **19.48** | 20.34 |
| Long-term loans and advances | **19.41** | 56.34 |
| Other non-current assets | **3.59** | 0.09 |
| **Current assets** | | |
| Inventories | **0.21** | 0.31 |
| Trade receivables | **39.75** | 87.89 |
| Cash and bank balances | **9.40** | 20.73 |
| Short-term loans and advances | **27.63** | 34.34 |
| Other current assets | **24.52** | 79.22 |
| | **694.52** | 783.87 |

Note : The above Balance Sheet is just the conversion of Consolidated Balance Sheet of 3i Infotech Limited (prepared as per Indian GAAP) in ₹ crores. The conversion has been done at exchange rate of ₹ 54.355 for the year ended March 31, 2013 and ₹ 51.8521 for the year ended March 31, 2012.

## 3i INFOTECH LIMITED
## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

USD million

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| **Income** | | |
| I. Revenue from operations | **241.44** | 349.24 |
| II. Other income | **9.74** | 10.30 |
| **III. Total Revenue (I+II)** | **251.18** | 359.54 |
| **IV. Expenses** | | |
| Employee benefits expense & Cost of Revenue | **182.26** | 237.07 |
| Finance costs | **56.64** | 48.39 |
| Depreciation and amortization expense | **42.50** | 22.68 |
| Other expenses | **40.42** | 66.47 |
| **Total expenses** | **321.82** | 374.61 |
| **V. Profit/(Loss) before exceptional items and tax (III-IV)** | **(70.63)** | (15.07) |
| VI. Exceptional items | **(15.88)** | (37.69) |
| **VII. Profit/(Loss) before tax (V-VI)** | **(86.51)** | (52.76) |
| VIII. Tax expense | **(2.59)** | (16.78) |
| **IX. Profit/(Loss) from continuing operations (VII-VIII)** | **(89.10)** | (69.54) |
| X. Profit/(Loss) from discontinued operations (after tax) | **(3.60)** | (4.71) |
| **XI. Profit/(Loss) for the year (IX-X)** | **(92.70)** | (74.25) |
| XII. Minority interest | **(0.27)** | (0.55) |
| **XIII. Profit/(Loss) after Minority interest (XI-XII)** | **(92.97)** | (74.80) |

Note : The above Statement of Profit and Loss is just the conversion of Consolidated Statement of Profit and Loss of 3i Infotech Limited (prepared as per Indian GAAP) in ₹ crores. The conversion has been done at exchange rate of ₹ 54.3142 for the year ended March 31, 2013 and ₹ 48.1335 for the year ended March 31, 2012.

# INDEPENDENT AUDITORS' REPORT

**To**
**The Members of**
**3i Infotech Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of 3i Infotech Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter :**

Without qualifying, we draw attention to note no. 2.27.1 of financial statements regarding the proposed scheme of arrangement under section 391 of the Companies Act, 1956 impairment analysis and justification of carrying deferred tax asset of ₹ 103.66 crores.

**Report on Other Legal and Regulatory Requirements**

(1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

(2) As required by section 227(3) of the Act, we report that :

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For R.G.N. PRICE & CO.**
**Chartered Accountants**
**Firm Registration No : 002785S**

**Mahesh Krishnan**
**Partner**
**Membership No. 206520**

**Place : Mumbai**
**Date : May 13, 2013**

**For LODHA & COMPANY**
**Chartered Accountants**
**Firm Registration No : 301051E**

**R.P. Baradiya**
**Partner**
**Membership No. 44101**

**Place : Mumbai**
**Date : May 13, 2013**

## ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF 3i INFOTECH LIMITED

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that :

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) During the year, the Company in accordance to a phased programme has verified Furniture & Fixtures, Office equipment, Plant and equipment and Computers at three locations which in our opinion, is reasonable considering the size of the Company and nature of its fixed assets. The discrepancies noticed on such verification have been dealt with in the books of account.

(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 has during the year, as explained in note no. 2.26 has been facing liquidity stress due to which there were delays in payment of various statutory dues such as provident fund, income tax, sales tax, employee state insurance and service tax. However, as at the close of the year, there were no arrears outstanding for a period of more than six months from the date they become payable except in respect of Tax Deducted at Source of ₹ 0.67 crores, Service Tax of ₹ 0.09 crores (since fully paid), Professional Tax of ₹ 0.11 crores (since fully paid) and Central Sales Tax of ₹ 0.04 crores.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty, Wealth tax, Excise Duty and Cess which have not been deposited on account of any dispute except following :

| Name of Statute | Nature of Demand | Period to which amount Relates | Amount (₹ crores) | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | Assessment Year 1999-00 to 2001-02 & 2006-07 to 2008-09 | 12.98 | Income Tax Appellate Tribunal |
| | | Assessment Year 2003-04 to 2006-07 | 2.95 | Commissioner of Income Tax (Appeals) |
| Finance Act, 1994 | Service Tax | Financial Year 2004-05 to 2010-11 | 10.38 | Central Excise & Service Tax Appellate Tribunal |
| | | Financial Year 2004-05 to 2010-11 | 0.16 | Joint Commissioner of Service Tax |

(x) The Company's accumulated losses at the end of the financial year do not exceed 50% of its net-worth. It has incurred cash losses in the current year under review and in the immediately preceding financial year.

(xi) a) During the year, there have been delays ranging between 1 - 3 months in repayment of dues to the banks - principal amount involved of ₹ 6.30 crores and interest amount involved of ₹ 5.13 crores.

b) In case of certain banks, the Company has defaulted (ranging from 2-18 months) in repaying the principal and interest aggregating to ₹ 12.46 crores.

c) Further, in case of one of the banks who did not opt for Corporate Debt Restructuring (CDR) scheme, the Company has defaulted (ranging from 1 to 18 months) in repaying the principal and interest aggregating to ₹ 112.26 crores.

(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.

(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 account 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 : Mumbai**
**Date : May 13, 2013**

**For LODHA & COMPANY**
**Chartered Accountants**
**Firm Registration No : 301051E**

**R.P. Baradiya**
**Partner**
**Membership No. 44101**

**Place : Mumbai**
**Date : May 13, 2013**

**3i INFOTECH LIMITED**
**BALANCE SHEET AS AT MARCH 31, 2013**

| | Notes | As at March 31, 2013 | ₹ crores As at March 31, 2012 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 2.1 | 636.55 | 291.99 |
| Reserves and surplus | 2.2 | 397.11 | 372.29 |
| **Share application money pending allotment** | | - | 344.76 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 2.3 | 1,958.49 | 1,957.00 |
| Other long term liabilities | 2.4 | 32.52 | 203.23 |
| **Current liabilities** | | | |
| Short-term borrowings | 2.5 | 6.00 | 24.97 |
| Trade payables | 2.6 | 147.57 | 169.66 |
| Other current liabilities | 2.7 | 804.76 | 186.44 |
| Short-term provisions | 2.8 | 20.04 | 26.47 |
| | | 4,003.04 | 3,576.81 |
| **II. ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | 2.9 | | |
| (i) Tangible assets | | 275.30 | 307.77 |
| (ii) Intangible assets | | 1,226.67 | 490.86 |
| (iii) Intangible assets under development | | 32.71 | - |
| Non-current investments | 2.10 | 1,533.88 | 2,019.00 |
| Deferred tax assets | 2.11 | 103.66 | 103.66 |
| Long-term loans and advances | 2.12 | 573.63 | 87.48 |
| Other non-current assets | 2.13 | 6.15 | 0.45 |
| **Current assets** | | | |
| Trade receivables | 2.14 | 97.42 | 82.06 |
| Cash and bank balances | 2.15 | 13.87 | 40.26 |
| Short-term loans and advances | 2.16 | 108.91 | 132.27 |
| Other current assets | 2.17 | 30.84 | 313.00 |
| | | 4,003.04 | 3,576.81 |
| **Significant Accounting Policies and Notes on Financial Statements** | 1 & 2 | | |

**As per our attached report of even date**

| | | | |
|---|---|---|---|
| **For Lodha & Co.**<br>**Chartered Accountants** | **For R.G.N. Price & Co.**<br>**Chartered Accountants** | **For and on behalf of the Board** | |
| **R P Baradiya**<br>**Partner** | **Mahesh Krishnan**<br>**Partner** | **Madhivanan Balakrishnan**<br>**Managing Director & Global CEO** | **Charanjit Attra**<br>**Executive Director & Global CFO** |
| **Place : Mumbai**<br>**Date : May 13, 2013** | | **R. Unnikrishnan Nair**<br>**Deputy General Manager**<br>**(Finance and Accounts)** | **Shivanand R Shettigar**<br>**Company Secretary** |

## 3i INFOTECH LIMITED
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

₹ crores

| | Notes | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|---|
| **Income** | | | |
| I. Revenue from operations | 2.18 | 365.47 | 514.16 |
| II. Other income | 2.19 | 50.72 | 26.46 |
| **III. Total Revenue (I+II)** | | 416.19 | 540.62 |
| **IV. Expenses :** | | | |
| Employee benefit expenses and cost of revenue | 2.20 | 223.29 | 235.72 |
| Finance costs | 2.21 | 284.10 | 206.14 |
| Depreciation and amortization expense | 2.9 | 224.64 | 90.01 |
| Other expenses | 2.22 | 63.61 | 174.00 |
| **Total expenses** | | 795.64 | 705.87 |
| **V. Profit/(Loss) before exceptional items and tax - (III-IV)** | | (379.45) | (165.25) |
| VI. Exceptional items | 2.23 | 132.96 | (87.22) |
| **VII. Profit/(Loss) before tax (V-VI)** | | (246.49) | (252.47) |
| VIII. Tax expense | 2.24 | 8.87 | 59.26 |
| **IX. Profit/(Loss) from continuing operations (VII-VIII)** | | (255.36) | (311.73) |
| X Profit/(loss) from discontinuing operations after tax (in respect of e-governance projects discontinued in 2009-10) | | - | (14.42) |
| **XI Profit/(Loss) for the year (IX-X)** | | (255.36) | (326.15) |
| **XII Earnings per equity share (₹)** | 2.35 | | |
| **Before Exceptional items and discontinuing operations** | | | |
| (1) Basic | | (8.94) | (12.08) |
| (2) Diluted | | (8.94) | (12.08) |
| **After Exceptional items and discontinuing operations** | | | |
| (1) Basic | | (5.92) | (17.37) |
| (2) Diluted | | (5.92) | (17.37) |
| **Significant Accounting Policies and Notes on Financial Statements** | 1&2 | | |

**As per our attached report of even date**

| | | | |
|---|---|---|---|
| **For Lodha & Co.**<br>**Chartered Accountants** | **For R.G.N. Price & Co.**<br>**Chartered Accountants** | **For and on behalf of the Board** | |
| **R P Baradiya**<br>**Partner** | **Mahesh Krishnan**<br>**Partner** | **Madhivanan Balakrishnan**<br>**Managing Director & Global CEO** | **Charanjit Attra**<br>**Executive Director & Global CFO** |
| **Place : Mumbai**<br>**Date : May 13, 2013** | | **R. Unnikrishnan Nair**<br>**Deputy General Manager**<br>**(Finance and Accounts)** | **Shivanand R Shettigar**<br>**Company Secretary** |

## 3i INFOTECH LIMITED
## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

₹ crores

| | | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|---|
| **A** | **Cash Flow from Operating Activities :** | | |
| | Profit/(Loss) before exceptional items and tax | **(379.45)** | (165.25) |
| | *Adjustments for :* | | |
| | Depreciation/amortization | **224.64** | 90.01 |
| | Foreign exchange (gain)/loss (net) | **(42.38)** | (3.62) |
| | (Gain)/loss on sale/discarding of fixed assets (net) | **0.69** | 1.52 |
| | Profit on sale of long term investments | **-** | (16.53) |
| | Dividend income on current investments (non trade) | **-** | (0.02) |
| | Interest income | **(0.30)** | (2.93) |
| | Finance cost | **284.10** | 206.14 |
| | Provision for doubtful debts | **3.77** | 3.00 |
| | Diminution in the value of long term investment | **-** | 0.24 |
| | Liability/Provision written back | **(17.80)** | - |
| | **Operating Profit before Working Capital Changes** | **73.27** | 112.56 |
| | *Adjustments for :* | | |
| | Trade and Other Receivables | **24.70** | (285.73) |
| | Trade Payables and Other Liabilities | **(44.08)** | 124.05 |
| | | **(19.38)** | (161.68) |
| | **Cash generated from Operations** | **53.89** | (49.12) |
| | Income Taxes paid | **(17.44)** | (32.24) |
| | **Net cash from Operating Activities - A** | **36.45** | (81.36) |
| **B** | **Cash Flow from Investing Activities :** | | |
| | Purchase/addition of fixed assets (Including Capital Work-in-Progress) | **(40.76)** | (46.39) |
| | Sale of fixed assets | **0.67** | 12.92 |
| | Investment/transfer of shares in subsidiary companies/application money | **-** | (20.10) |
| | Sale/transfer of investments/business | **-** | 34.27 |
| | Dividend received | **-** | 0.02 |
| | Interest received | **0.30** | 2.93 |
| | **Net cash from Investing Activities - B** | **(39.79)** | (16.35) |

## 3i INFOTECH LIMITED
## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

₹ crores

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| **C Cash Flow from Financing Activities :** | | |
| Payment towards FCCB expenses | **(16.42)** | - |
| Proceeds from/(Repayment of) borrowings (net) | **38.60** | 184.52 |
| Loans and advances (given to)/repaid by subsidiaries | **0.53** | 0.56 |
| Dividend paid (including taxes) | **-** | (34.06) |
| Interest paid | **(37.74)** | (107.67) |
| **Net Cash from Financing Activities - C** | **(15.03)** | 43.36 |
| **Net Decrease in Cash and Cash Equivalents (A + B + C)** | **(18.37)** | (54.36) |
| **Cash and Cash Equivalents at beginning of the year** | 24.39 | 78.75 |
| **Cash and Cash Equivalents at end of the year** | **6.02** | 24.39 |

**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 Standards) Rules, 2006.
2. Previous year figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

**Significant Accounting Policies and Notes on Financial Statements 1 & 2**

**As per our attached report of even date**

| | | | |
|---|---|---|---|
| **For Lodha & Co.**<br>**Chartered Accountants** | **For R.G.N. Price & Co.**<br>**Chartered Accountants** | **For and on behalf of the Board** | |
| **R P Baradiya**<br>**Partner** | **Mahesh Krishnan**<br>**Partner** | **Madhivanan Balakrishnan**<br>**Managing Director & Global CEO** | **Charanjit Attra**<br>**Executive Director & Global CFO** |
| **Place : Mumbai**<br>**Date : May 13, 2013** | | **R. Unnikrishnan Nair**<br>**Deputy General Manager**<br>**(Finance and Accounts)** | **Shivanand R Shettigar**<br>**Company Secretary** |

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2013

### 1. SIGNIFICANT ACCOUNTING POLICIES

**1.1 Basis of preparation of financial statements**

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 prescribed 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.

**1.2 Use of estimates**

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of the 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 these accounting estimates is recognized prospectively.

**1.3 Revenue Recognition**

**a) Revenue from IT solutions :**

Revenue from IT solutions comprises of revenue from the sale of software products, providing IT services and sale of hardware and third party software.

Revenue from Software Products is recognized on delivery/installation, as per the predetermined/laid down policy across all geographies or a lower amount as considered appropriate in terms of the contract. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

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 contracts. 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.

Revenue from Supply of Hardware/Other Material and Sale of Third Party 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.

**1.4 Unbilled and unearned revenue**

Revenue recognized over and above the billings on a customer is classified as "unbilled revenue" and advance billing to customer is classified as "advance from customer/unearned revenue" and included in other liabilities.

**1.5 Fixed assets and depreciation/ amortization**

**Intangible assets :**

"Software products (meant for sale)" are products licensed to customers. Costs that are directly associated with such products whether acquired or developed or upgraded in partnership with others, and have a probable economic benefit exceeding one year are recognized as software products (meant for sale).

Costs related to further development of existing "software products (meant for sale)" are capitalized only if the costs result in a software product whose life and value in use is in excess of its originally assessed standard of performance, can be measured reliably, technological feasibility has been established, future economic benefits of each of such product is probable and the Company intends to complete development and to use the software.

Software Products-Others : Purchased software meant for in-house consumption and significant upgrades thereof which have a probable economic benefit exceeding one year are capitalized at the acquisition price.

Business and Commercial Rights are capitalized at the acquisition price.

**Tangible assets :**

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

Advances given towards acquisition of fixed assets are disclosed as capital advances under “Long Term Loans and Advances” and the costs incurred on assets not ready for use as at the balance sheet date are disclosed as “Capital work in progress”.

**Depreciation/Amortisation :**

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

Business and Commercial Rights are amortized over their estimated useful life or ten years, whichever is lower while Software Products - Others are amortized over a period of five years.

Software Products (meant for sale) are amortized over a period of 10 years after taking into consideration the residual value.

Depreciation on other fixed assets is provided applying straight-line method at the rates and in the manner as prescribed in Schedule XIV of 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 a provision is made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at lower of the cost or fair value and a provision is made to recognize any decline in the carrying value.

Cost of overseas investments represents the Indian Rupee equivalent 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 other than hedged transactions**

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transaction. Exchange differences in respect of all current monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains / losses arising there from are adjusted to the Statement of Profit and Loss.

Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are accounted as below :

- In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and

- In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortised over the balance period of such long term asset/liability.

Foreign operations carried out with a significant degree of autonomy are classified as ''non integral" operations'' as per the provisions of AS 11 "Effects of changes in foreign exchange rates". 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".

Foreign operations other than non-integral operations are classified as integral. All monetary assets and liabilities are translated at closing rates while non monetary assets are translated at historical rates and income and expenses are translated at the average rate for the year and the resulting exchange differences are accounted in the Statement of Profit and Loss.

**1.9 Hedge Accounting**

The Company enters into foreign currency and interest rate swap contracts to hedge its risks associated with foreign currency fluctuations relating to loan liabilities and highly probable forecast transactions. The Company designates these derivative instruments as hedges and records the gain or loss on effective cash flow hedges in the 'Hedging Reserve Account' until the forecasted transaction materializes. Gain or loss on the ineffective portion of cash flow hedges is recognized in the Statement of Profit and Loss.

**1.10 Accounting of Employee Benefits**

**Employee Benefits in India**

**Gratuity**

The Company provides for gratuity, a defined benefit retirement plan, which covers eligible employees and the liability under the plan is determined based on actuarial valuation done by an independent valuer using the projected unit credit method.

**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 a monthly basis. The Company has no further obligations to the scheme beyond its monthly contributions.

**Provident fund**

Eligible employees receive benefits from a provident fund, which is a defined contribution plan under which the contribution is made to a Trust/Government administered Trust. In the case of Trust, the 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. The 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 the Statement of Profit and Loss in the year it is determined.

**Leave entitlement**

Liability for leave entitlement for employees is provided on the basis of actuarial valuation semi-annually and based on estimates for interim financial reporting.

**Employee Benefits in Foreign Branch**

In respect of employees in foreign branch, necessary provisions are made based on the applicable local laws. Gratuity and leave encashment/entitlement as applicable for employees in foreign branch, is provided on the basis of actuarial valuation and based on estimates for interim financial reporting.

**1.11 Provisions, contingent liabilities and contingent assets**

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.

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.

Contingent assets are neither recognized nor disclosed in the financial statements.

**1.12 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 Statement of Profit and Loss.

**1.13 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 Statement of Profit and Loss 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.

**1.14 Securities issue expenses**

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

**1.15 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.

**1.16 Lease**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leased assets are depreciated on a straight-line basis over the useful life of the asset or the useful life as per Schedule XIV of the Companies Act, 1956, whichever is lower.

Leases, where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

**1.17 Earnings per share**

In determining earnings per share, the Company considers the net profit/loss after tax and the post tax effect of any extra-ordinary, exceptional items and discontinuing operations on earnings per share 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 is the aggregate of the weighted average number of shares used for deriving the basic earnings per share and 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 and ESOS. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued.

## 2. NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2013

### 2.1 Share Capital

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Authorised** | | |
| 1,10,00,00,000 Equity shares of ₹10 each (45,00,00,000 as at 31st March, 2012) | **1,100.00** | 450.00 |
| 20,00,00,000 6.35% Cumulative Redeemable Preference shares of ₹ 5 each | **100.00** | 100.00 |
| | **1,200.00** | 550.00 |
| **Issued, Subscribed & Paid - up** | | |
| Equity shares of ₹10 each at the beginning of the year | **191.99** | 191.99 |
| Add : Issued towards Conversion of FCCB | **97.10** | - |
| Add : Issued under CDR towards conversion of Preference shares | **17.73** | - |
| Add : Issued under CDR towards conversion of Loan and interest payable | **264.73** | - |
| | **571.55** | 191.99 |
| 0.01% (P.Y. 6.35%) Cumulative Redeemable Preference shares of ₹ 5 each at the beginning of the year | **100.00** | 100.00 |
| Less : Converted to equity shares under CDR | **35.00** | - |
| | **65.00** | 100.00 |
| **Total** | **636.55** | 291.99 |

The Company has only one class of equity shares having a par value of ₹ 10 each. Each shareholder has right to vote in respect of such share, on every resolution placed before the Company and his voting right on a poll shall be in proportion to his share of the paid up equity capital of the Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after payments of preferential amounts in proportion to their shareholding. (Of the total number of equity shares issued, 8,47,88,331 equity shares were allotted as fully paid-up Bonus shares of which 2,00,00,700 equity shares were issued in July 1999 and 6,47,87,631 equity shares in August 2007, by capitalization of Securities Premium Account and accumulated profits.)

The preference shares are redeemable at 6% premium payable on the expiry of ten years from the date of allotment i.e. March 31, 2012.

Also refer note no. 2.26 A in respect of Corporate Debt Restructuring (CDR).

a) **Details of members holding more than 5 percent equity shares are as follows :**

| Name of the shareholder | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | No. of shares | % | No. of shares | % |
| ICICI Bank Limited | **11,38,14,945** | **19.91** | - | - |
| IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund) | **3,90,36,190** | **6.83** | 3,90,36,190 | 20.33 |
| IDBI Bank Limited | **4,21,17,513** | **7.37** | - | - |
| Standard Chartered Bank | **3,85,68,517** | **6.75** | - | - |
| Life Insurance Corporation of India (including its schemes) | **-** | **-** | 2,13,17,921 | 11.10 |

b) **Details of members holding more than 5 percent preference shares are as follows :**

| Name of the shareholder | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | No. of shares | % | No. of shares | % |
| IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund) | **13,00,00,000** | **100.00** | 13,00,00,000 | 65.00 |
| ICICI Bank Limited | **-** | **-** | 7,00,00,000 | 35.00 |

c) **Reconciliation of the number of shares outstanding at the beginning and at the end of the year is as follows :**

| | In Numbers | |
|---|---|---|
| | **As at March 31, 2013** | As at March 31, 2012 |
| **Equity shares of ₹ 10 each** | | |
| Equity shares as at beginning of the year | **19,19,86,549** | 19,19,86,549 |
| Add : | | |
| Shares issued towards conversion of FCCB | **9,71,11,993** | - |
| Shares issued under CDR towards conversion of Preference shares | **1,77,30,496** | - |
| Shares issued under CDR towards conversion of loan and interest payable | **26,47,25,928** | - |
| Equity shares as at end of the year | **57,15,54,966** | 19,19,86,549 |
| **0.01% (P.Y. 6.35 %)Cumulative Redeemable Preference shares of ₹ 5 each** | | |
| Preference shares as at beginning of the year | **20,00,00,000** | 20,00,00,000 |
| Add : Issued during the year | **-** | - |
| Less : Converted into equity during the year | **(7,00,00,000)** | - |
| Preference shares as at end of the year | **13,00,00,000** | 20,00,00,000 |

d) **Employee Stock Option Scheme (ESOS)**

The Company's Employee Stock Option Schemes provide for issue of equity options up to 25% of the paid-up equity capital to eligible employees. The schemes cover the directors and the employees of the subsidiaries, the erstwhile holding company and the 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 the 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 the grant. One option is available for conversion to one equity share.

**Method used for accounting for share based payment scheme :**

The Company has elected to use the intrinsic value method to account for the compensation cost of stock options to eligible employees. 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 ESOS and the Weighted Average Exercise Price (WAEP) :

| | **As at March 31, 2013** | | As at March 31, 2012 | |
|---|---|---|---|---|
| | **Options** | **WAEP (₹)** | Options | WAEP (₹) |
| Options outstanding at the beginning of the year | **1,84,73,110** | **103.30** | 2,22,41,320 | 104.30 |
| Granted during the year | **-** | **-** | - | - |
| Exercised during the year | **-** | **-** | - | - |
| Less : Forfeited/lapsed during the year | **63,88,170** | **101.69** | 37,68,210 | 107.16 |
| Options outstanding at the end of the year * | **1,20,84,940** | **104.15** | 1,84,73,110 | 103.30 |
| Vested options pending to be exercised | **1,20,72,440** | **104.18** | 1,62,02,610 | 99.79 |

* Includes NIL options granted to managing director and 2,90,000 options granted to non-executive directors (for the year ended March 31, 2012-36,96,000 options granted to former managing director and 13,22,600 options granted to former whole time directors and non-executive directors).

The following tables summarize information about outstanding stock options :

**As at March 31, 2013**

| **Range of exercise price** | **Number of shares arising out of options** | **Weighted average remaining life (in years)** | **Weighted average exercise price (₹)** |
|---|---|---|---|
| **₹ 45 to ₹ 50** | **25,98,340** | **2** | **49.31** |
| **₹ 57 to ₹ 144** | **94,86,600** | **4** | **119.17** |

As at March 31, 2012

| Range of exercise price | Number of shares arising out of options | Weighted average remaining life (in years) | Weighted average exercise price (₹) |
|---|---|---|---|
| ₹ 45 to ₹ 50 | 39,59,360 | 3 | 49.32 |
| ₹ 57 to ₹ 150 | 1,45,13,750 | 5 | 118.02 |

If the Company had determined the stock compensation cost based on the fair value approach, the Company's net profit/(loss) and earnings per share would have been, as indicated below :

**₹ crores**

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Net Profit /(Loss) attributable to equity shareholders after exceptional items and discontinuing operations (₹ crores) | **(260.18)** | (333.55) |
| Less : Stock based compensation expense determined under fair value based method (₹ crores) | **0.15** | 0.81 |
| Net Profit /(Loss) for the year (₹ crores) | **(260.33)** | (334.36) |
| Basic earnings per share (₹ as reported) | **(5.92)** | (17.37) |
| Basic earnings per share (₹ under fair value method) | **(5.92)** | (17.37) |
| Diluted earnings per share (₹ as reported) | **(5.92)** | (17.37) |
| Diluted earnings per share (₹ under fair value method) | **(5.92)** | (17.37) |

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 ₹ 45.00 to ₹ 144.00 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 ESOS are :

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| 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 years** | 3-10 years |

## 2.2 Reserves and surplus

₹ crores

| | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| a. | **Capital Reserve** | | |
| | Opening Balance | **0.07** | 0.06 |
| | Add : Upon merger | **-** | 0.01 |
| | | **0.07** | 0.07 |
| b. | **Foreign Currency Monetary Item Translation Difference Account** | | |
| | Opening balance | **-** | - |
| | Add : Recognised during the year (Refer note no. 2.38) | **(31.60)** | - |
| | | **(31.60)** | - |
| c. | **Securities Premium Account** | | |
| | Opening Balance | **508.80** | 544.22 |
| | Add : On allotment of equity shares under FCCB Conversion | **63.12** | - |
| | Add : On allotment of equity shares under CDR towards Preference Shares conversion | **17.27** | - |
| | Add : On allotment of equity shares under CDR towards Loan and Interest conversion | **257.84** | - |
| | Less : Premium payable on Redemption of Preference Shares | **(3.90)** | - |
| | Less : Utilised towards FCCB issue expenses | **(16.42)** | - |
| | Less : Utilised towards premium payable on redemption of FCCB | **(0.10)** | (35.42) |
| | | **826.61** | 508.80 |
| d. | **Cash Flow Hedging Reserve** | | |
| | Opening balance | **(15.36)** | - |
| | Add : Recognised during the year (Refer note no. 2.25.2 (b)) | **(6.03)** | (15.36) |
| | | **(21.39)** | (15.36) |
| e. | **General Reserve** | | |
| | Opening balance | **-** | 37.00 |
| | Add : Transferred from/(to) Statement of Profit and Loss | **-** | (37.00) |
| | | **-** | - |
| f. | **Translation Reserve** | | |
| | Opening balance | **-** | - |
| | Movement during the year | **-** | (6.53) |
| | Less : Transferred to Statement of Profit and Loss (Contra) | **-** | 6.53 |
| | | **-** | - |
| g. | **Surplus/(Deficit) in Statement of Profit and Loss** | | |
| | Opening balance | **(121.22)** | 194.98 |
| | Add : Net Profit/(Loss) for the year | **(255.36)** | (326.15) |
| | Add/(Less) : | | |
| | FCCB redemption reserve written back upon merger | **-** | (19.92) |
| | Translation reserve adjusted (Contra) | **-** | (6.53) |
| | Transferred from/(to) General Reserve | **-** | 37.00 |
| | Corporate Dividend Tax | **-** | (0.60) |
| | | **(376.58)** | (121.22) |
| **Total** | | **397.11** | 372.29 |

## 2.3 Long term borrowings

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Secured Loans** | | |
| Term loans : | | |
| From banks | **1,275.44** | 1,249.67 |
| From others | **0.75** | 1.31 |
| | **1,276.19** | 1,250.98 |
| **Unsecured Loans** | | |
| Foreign Currency Convertible Bonds (FCCB) (Refer note no. 2.26 B) | **523.13** | 482.45 |
| Term Loans : | | |
| From banks | **-** | 6.60 |
| From subsidiaries | **4.31** | 7.32 |
| Finance lease obligations | **154.86** | 209.65 |
| | **682.30** | 706.02 |
| **Total** | **1,958.49** | 1,957.00 |

The Interest and repayment schedule for long term borrowings is as follows :

**As at March 31, 2013**

₹ crores

| | Type | Interest rate range % | Amount | Repayment Schedule | | |
|---|---|---|---|---|---|---|
| | | | | 0 - 1 year | 1 - 3 years | > 3 years |
| | | | | included in Other Current Liabilities | included in Long Term Borrowings | |
| **Secured Loans** | **Term loans from banks** | **14.75** | **1,297.79** | **22.35** | **413.38** | **862.06** |
| | **Others** | **11.75** | **1.32** | **0.57** | **0.75** | **-** |
| **Unsecured Loans** | **Term loans from banks** | **15.00** | **6.60** | **6.60** | **-** | **-** |
| | **Subsidiaries** | **10.00-14.75** | **4.31** | **-** | **4.31** | **-** |
| | **FCCB** | **4.75-5.00** | **523.13** | **-** | **-** | **523.13** |
| | **Finance lease obligations** | **12.95-15.12** | **241.84** | **86.98** | **154.86** | **-** |
| **Total** | | | **2,074.99** | **116.50** | **573.30** | **1,385.19** |

As at March 31, 2012

₹ crores

| | Type | Interest rate range % | Amount | Repayment Schedule | | |
|---|---|---|---|---|---|---|
| | | | | 0 - 1 year | 1 - 3 years | > 3 years |
| | | | | included in Other Current Liabilities | included in Long Term Borrowings | |
| Secured Loans | Term loans from banks | 14.75 | 1,249.67 | - | 103.94 | 1,145.73 |
| | Others | 11.75 | 1.93 | 0.62 | 1.05 | 0.26 |
| Unsecured Loans | Term loans from banks | 14.75-15.00 | 15.00 | 8.40 | 6.60 | - |
| | Subsidiaries | 10.00-11.00 | 7.99 | 0.67 | 7.32 | - |
| | Others | 11.00 | 1.39 | 1.39 | - | - |
| | FCCB | Nil | 482.45 | - | - | 482.45 |
| | Finance lease obligations | 12.95-15.12 | 230.84 | 21.19 | 131.83 | 77.82 |
| **Total** | | | 1,989.27 | 32.27 | 250.74 | 1,706.26 |

**Note for securities offered under Corporate Debt Restructuring :**

In terms of the Corporate Debt Restructuring (CDR) package agreed with the lenders participating in CDR package (hereinafter referred to as **"CDR Lenders"**) and the Master Restructuring Agreement (MRA) signed for this purpose, the Company and its certain subsidiaries had agreed to offer guarantees and security to the CDR Lenders. During this period, necessary security documentation was executed with the Security Trustee appointed by the CDR Lenders and security was created. In pursuance of the CDR package, it was agreed that those lenders who were holding security prior to CDR package would continue to hold such security with first priority over it and remaining CDR Lenders will hold it with second priority.

**As at March 31, 2013 :**

The Company has created security as envisaged in the CDR package which is given below :

**Facilities covered by the security created :**

| Sr. No. | Tranche Name | Facility | Amount (₹ in crores) | |
|---|---|---|---|---|
| | | | **As at March 31, 2013** | As at March 31, 2012 |
| 1 | A | Term loan facility | **138.74** | 141.07 |
| 2 | B | Term loan facility | **250.00** | 250.00 |
| 3 | C | Fund based facility | **79.86** | 79.86 |
| | | Non fund based facility | **2.77** | 2.77 |
| 4 | D | Term loan facility | **95.00** | 95.00 |
| 5 | E | Fund based facility | **100.22** | 100.00 |
| | | Non fund based facility | **60.00** | 60.00 |
| 6 | F | Term loan facility | **2.75** | 2.75 |
| 7 | G | Term loan facility | **25.00** | 25.00 |
| 8 | H | Term loan facility | **8.37** | 8.37 |
| 9 | I | Fund based facility | **5.22** | 5.22 |
| | | Non fund based facility | **2.00** | 2.00 |
| 10 | J | Term loan facility | **13.68** | 13.68 |
| 11 | K | Term loan facility | **104.06** | 108.63 |
| 12 | L | Term loan facility | **97.75** | 100.42 |
| 13 | Priority Loans | Term loan facility | **57.45** | - |
| 14 | Other Loans | Term loan facility (unsecured pre CDR) | **319.67** | 319.67 |

**A. Security created :**

| Sr. No. | Security | First Charge to | Second Charge to |
|---|---|---|---|
| 1 | A charge and mortgage on all the present and future immovable and movable tangible fixed assets (except leased assets) of the Company. | Lenders of Tranche A and C | All CDR Lenders including lenders of priority loans other than the lenders of Tranches A and C. |
| 2 | A charge on all the Trade receivables and stocks of the Company. | Lenders of Tranche E, G, I and K. First charge shall be pari passu with the existing first charge created in favour of a working capital facility (non fund based) provided by Development Bank of Singapore. | All CDR Lenders including lenders of priority loans other than the lenders of Tranches E, G, I and K. |

| Sr. No. | Security | First Charge to | Second Charge to |
|---|---|---|---|
| 3 | A charge on all the present and future current assets (except trade receivables) of the Company. | Lenders of Tranche I<br>First charge shall be pari passu with the existing first charge created in favour of (i) a working capital facility (non fund based) provided by Development Bank of Singapore.<br>Further, first ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of the Company, to secure Tranche K. | All CDR Lenders including lenders of priority loans other than the lender of Tranche I. |
| 4 | A charge on all the present and future intellectual property rights (other than in respect of ORION and PREMIA) of the Company. | Intellectual property rights in respect of ORION and PREMIA are charged in favour of Tranche L on exclusive basis. All CDR Lenders for other IPRs. | In repect of IPRs, ORION and PREMIA, all CDR Lenders other than lender of Tranche L. |

**B. Corporate guarantees from material subsidiaries :**

Corporate guarantees of each of the material subsidiaries guaranteeing the secured obligations ("Corporate Guarantees"), in favour of all the CDR lenders. Each Corporate Guarantee shall be secured/credit enhanced by security interest over assets of the relevant material subsidiary providing the Corporate Guarantee, as permitted under applicable laws in the relevant jurisdictions, as detailed in the table below and shall have the ranking as mentioned against each security.

| Sr. No. | Security | First Charge to | Second Charge to |
|---|---|---|---|
| **Charge on assets of 3i Infotech Inc** | | | |
| 1 | A charge on all the present and future movable fixed assets and current assets of 3i Infotech Inc. | Lender of Tranche B.<br>First charge shall be pari passu with the existing first charge created in favour of State Bank of India, California to secure line of credit of US$ 4.5 million. | All CDR Lenders including lenders of priority loans other than the lender of Tranche B. |
| **Charge on assets of 3i Infotech (Middle East) FZ LLC** | | | |
| 2 | A charge on all the present and future movable fixed assets and current assets (except receivables and the collection account) of 3i Infotech (Middle East) FZ LLC. | All CDR Lenders including lenders of priority loans. | — |
| 3 | A charge on all the receivables of 3i Infotech (Middle East) FZ LLC. | First ranking pari passu security interest has been created over collection account of 3i Infotech (Middle East) FZ LLC to secure USD 17 million STF facility and guarantee facility by Standard Chartered Bank, Dubai. | All CDR Lenders including lenders of priority loans. |

| Sr. No. | Security | First Charge to | Second Charge to |
|---|---|---|---|
| **Charge on assets of 3i Infotech Asia Pacific Pte Limited** | | | |
| 4 | A charge on all the present and future movable fixed assets and current assets (other than receivables and stocks) of 3i Infotech Asia Pacific Pte Limited. | All CDR Lenders. First ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of 3i Infotech Asia Pacific Pte Limited, to secure the cash credit facility of USD 2 million provided by Standard Chartered Bank, Singapore. | All CDR Lenders including lenders of priority loans to the extent secured for Standard Chartered Facility. |
| 5 | A charge on all the receivables and stocks of 3i Infotech Asia Pacific Pte Limited. | First charge has been created to secure the cash credit facility of USD 2 million provided by Standard Chartered Bank, Singapore. | All CDR Lenders including lenders of priority loans. |
| **Charge on assets of 3i Infotech (Western Europe) Holdings Limited, 3i Infotech (UK) Ltd., 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited.** | | | |
| 6 | A charge on all the present and future movable assets including current assets of 3i Infotech (Western Europe) Holdings Limited, 3i Infotech (UK) Ltd, 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited, except current assets of 3i Infotech BPO Limited | All CDR Lenders including lenders of priority loans. | — |
| 7 | A charge on all the current assets of 3i Infotech BPO Limited | First charge has been created to secure the cash credit facility of ₹ 3 crores provided by Development Credit Bank. | All CDR Lenders including lenders of priority loans to the extent of first charge of Development Credit Bank. |

C. **Pledge of shares :**

Pledge of shares held by the Companies set out in column I of the table below in respect of their respective investments set out in column II and with details of shares mentioned in column III :

The pledge over subject shares (except 3i Infotech (UK) Ltd) have been created as a first ranking charge in favour of CDR Lenders. The amounts realized from enforcement of such pledge over equity shares of 3i Infotech (UK) Ltd shall be utilized first towards satisfaction of Tranche B - to the extent of ₹ 25 crores and Tranche D, and thereafter, towards satisfaction of other Tranches.

| Pledgor (I) | Company whose shares have been pledged (II) | Details of shares pledged (III) |
|---|---|---|
| 3i infotech Limited | 3i Infotech Holdings Private Limited | 6,25,83,71,598 ordinary shares of MUR 1 each |
| | 3i Infotech Asia Pacific Pte Limited | 53,46,202 ordinary shares of SGD 1 each |
| | 3i Infotech (UK) Ltd | 32,26,308 equity shares of GBP 1 each |
| | 3i Infotech BPO Limited | 1,00,000 equity shares of ₹ 10 each |
| 3i Infotech (UK) Limited | 3i Infotech (Western Europe) Holdings Ltd | 15,00,000 A shares and 3,84,000 B shares of 10 p each respectively |
| 3i Infotech Asia Pacific Pte Limited. | 3i Infotech SDN BHD | 50,00,000 shares of RM 1 each |
| 3i Infotech Holdings Private Limited | 3i Infotech Inc | 10,01,38,408 Class A common stock of US$ 0.30 each and 10,00,000 Class B common stock of US$ 0.01 each |
| | 3i Infotech Financial Software Inc | 2,80,556 common stock of US$ 1 each |
| | 3i Infotech (Middle East) FZ LLC | 46,174 shares of AED 1000 each |

D. **Security and terms and conditions for others :**

1. ₹ 1.32 crores (as at March 31, 2012 of ₹ 1.93 crores) loan is secured by way of hypothecation of certain Company owned vehicles.
2. Cash Credit of ₹ 35.76 crores (as at March 31, 2012 of ₹ 35.76 crores) are secured by way of floating charge on Trade receivables.

## 2.4 Other long term liabilities

**₹ crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Cash flow hedging liability (Refer note no. 2.25.2(b)) | **23.14** | 15.36 |
| Premium payable on redemption of FCCB | **5.48** | 187.87 |
| Premium payable on redemption of Preference shares | **3.90** | - |
| **Total** | **32.52** | 203.23 |

## 2.5 Short term borrowings

**₹ crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **Secured Loans** | | |
| Working capital loans (secured against Trade receivables) | **4.00** | 17.50 |
| **Unsecured Loans** | | |
| Term Loans : | | |
| From subsidiaries | **2.00** | 2.47 |
| Inter corporate deposits | **-** | 5.00 |
| **Total** | **6.00** | 24.97 |

The Interest and repayment schedule for short term borrowings is as follows :

**As at March 31, 2013**

| | **Type** | **Interest rate range %** | **0-1 year** |
|---|---|---|---|
| **Secured Loans** | **Working capital loan** | **13.50** | **4.00** |
| **Unsecured loans** | **Subsidiaries** | **16.00** | **2.00** |
| **Total** | | | **6.00** |

As at March 31, 2012

| | **Type** | **Interest rate range %** | **0-1 year** |
|---|---|---|---|
| Secured Loans | Working capital loan | 16.35 | 17.50 |
| Unsecured loans | Inter corporate deposits | 16.75 | 5.00 |
| | Subsidiaries | 15.00 | 2.47 |
| **Total** | | | 24.97 |

## 2.6 Trade payables

**₹ crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Due to : | | |
| Subsidiaries | **54.53** | 51.23 |
| Associate | **0.07** | - |
| Others | **92.97** | 118.43 |
| **Total** | **147.57** | 169.66 |

As at March 31, 2013, 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.

## 2.7 Other current liabilities

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Current maturities of long term loans and finance lease obligations** | | |
| **Secured Term Loans** | | |
| From banks | **22.35** | - |
| From others | **0.57** | 0.62 |
| **Unsecured Term Loans** | | |
| From banks | **6.60** | 8.40 |
| From subsidiaries | **-** | 0.67 |
| From others | **-** | 1.39 |
| Finance lease obligations | **86.98** | 21.19 |
| Overdue subsidiary borrowings | **3.50** | - |
| Overdue finance lease obligations | **5.04** | 16.25 |
| Other overdue borrowings | **95.35** | 75.76 |
| **Total (A)** | **220.39** | 124.28 |
| **Other Liabilities** | | |
| Payable to a subsidiary towards IPR purchase (Net) | **485.97** | 32.74 |
| Earnest Money Deposit from a subsidiary | **5.00** | - |
| Interest accrued but not due on borrowings | **25.92** | 0.06 |
| Interest accrued and due on borrowings/acceptances | **21.36** | 7.21 |
| Unclaimed dividends | **0.44** | 0.46 |
| Application money due for refund | **-** | 0.03 |
| Advances received from customers * | **1.58** | 0.40 |
| Advances received from an associate * | **28.06** | - |
| Statutory dues payable | **13.68** | 18.60 |
| Other payables | **2.36** | 2.66 |
| **Total (B)** | **584.37** | 62.16 |
| | | |
| **Total (A+B)** | **804.76** | 186.44 |

* Includes unearned revenue

**As at March 31, 2013**

₹ crores

| | Type | Interest rate range % | 0-1 year |
|---|---|---|---|
| **Overdue borrowings** | **Secured term loan** | **16.35** | **40.00** |
| | **Cash credit** | **16.35** | **35.76** |
| | **Working capital loan** | **13.50** | **17.49** |
| | **Unsecured Loan** | **15.00** | **2.10** |
| | **Finance lease obligation** | **12.95 - 15.12** | **5.04** |
| | **Subsidiaries** | **10.00-14.75** | **3.50** |
| **Total** | | | **103.89** |

As at March 31, 2012

₹ crores

| | Type | Interest rate range % | 0-1 year |
|---|---|---|---|
| Overdue borrowings | Secured term loan | 16.35 | 40.00 |
| | Cash credit | 16.35 | 35.76 |
| | Finance lease obligation | 12.95-15.12 | 16.25 |
| Total | | | 92.01 |

### 2.8 Short term provisions

₹ crores

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Provision for Employee benefits | **20.04** | 26.47 |
| **Total** | **20.04** | 26.47 |

### 2.9 Fixed Assets

₹ crores

| | GROSS BLOCK | | | | DEPRECIATION/AMORTIZATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **As at April 1, 2012** | **Additions during the year** | **Ded/ (Adj) during the year** | **As at March 31, 2013** | **Upto March 31, 2012** | **Dep. during the year** | **Ded/ (Adj) during the year *** | **Upto March 31, 2013** | **As at March 31, 2013** | **As at March 31, 2012** |
| **Tangible assets** | | | | | | | | | | |
| **Land - Leasehold** | 0.52 | - | - | 0.52 | 0.11 | 0.00 | - | 0.11 | 0.41 | 0.41 |
| - Freehold | 2.09 | - | - | 2.09 | - | - | - | - | 2.09 | 2.09 |
| Buildings - Owned | 0.77 | - | - | 0.77 | 0.16 | 0.02 | - | 0.18 | 0.59 | 0.61 |
| - Leasehold (Refer note no. 2.9.1) | 20.85 | - | (11.49) | 32.34 | 3.93 | 1.50 | (3.55) | 8.98 | 23.36 | 16.92 |
| Leasehold Improvements | 23.13 | 2.21 | 0.43 | 24.91 | 11.22 | 2.20 | 0.43 | 12.99 | 11.92 | 11.91 |
| Plant & Equipment/Electrical Installations | 16.81 | - | 0.43 | 16.38 | 7.51 | 0.76 | 0.04 | 8.23 | 8.15 | 9.30 |
| **Furniture & Fixtures** | 13.86 | 1.28 | 3.92 | 11.22 | 8.52 | 3.21 | 3.91 | 7.82 | 3.40 | 5.34 |
| Vehicles | 5.51 | 0.53 | 1.97 | 4.07 | 1.95 | 0.50 | 1.04 | 1.41 | 2.66 | 3.56 |
| **Office Equipment** | 6.48 | 0.80 | 0.03 | 7.25 | 2.15 | 0.32 | 0.02 | 2.45 | 4.80 | 4.33 |
| Computers | 110.71 | 4.27 | 26.36 | 88.62 | 67.54 | 21.61 | 26.36 | 62.79 | 25.83 | 43.17 |
| Assets under Finance Lease (Refer note no. 2.9.2) | 239.00 | 35.73 | - | 274.73 | 28.87 | 53.77 | - | 82.64 | 192.09 | 210.13 |
| | **439.73** | **44.82** | **21.65** | **462.90** | **131.96** | **83.89** | **28.25** | **187.60** | **275.30** | **307.77** |
| Previous year | 205.53 | 253.51 | 19.31 | 439.73 | 84.96 | 51.94 | 4.94 | 131.96 | 307.77 | |
| **Intangible assets** | | | | | | | | | | |
| **Goodwill** | 67.48 | - | - | 67.48 | 52.63 | 4.95 | - | 57.58 | 9.90 | 14.85 |
| Software Products - Meant for sale | 407.86 | 712.84 | (223.18) | 1,343.88 | 9.10 | 109.74 | (62.75) | 181.59 | 1,162.29 | 398.76 |
| Software Products - Others | 146.30 | 3.29 | - | 149.59 | 78.29 | 22.25 | - | 100.54 | 49.05 | 68.01 |
| Business and Commercial Rights | 44.62 | - | - | 44.62 | 35.38 | 3.81 | - | 39.19 | 5.43 | 9.24 |
| | **666.26** | **716.13** | **(223.18)** | **1,605.57** | **175.40** | **140.75** | **(62.75)** | **378.90** | **1,226.67** | **490.86** |
| Previous year | 234.60 | 691.44 | 259.78 | 666.26 | 137.34 | 38.07 | 0.01 | 175.40 | 490.86 | 97.26 |
| **Total Tangible and Intangible assets** | **1,105.99** | **760.95** | **(201.53)** | **2,068.47** | **307.36** | **224.64** | **(34.50)** | **566.50** | **1,501.97** | **798.63** |
| Previous year | 440.13 | 944.95 | 279.09 | 1,105.99 | 222.30 | 90.01 | 4.95 | 307.36 | 798.63 | |

*Includes additional depreciation of ₹ 10.80 crores in respect of fixed assets discarded

**2.9.1** Buildings - Leasehold include :

(i) Gross Block of ₹ 20.85 crores (March 31, 2012 ₹ 20.85 crores), Accumulated Depreciation ₹ 4.27 crores (as at March 31, 2012 ₹ 3.93 crores) and Net Block of ₹ 16.58 crores (as at March 31, 2012 ₹ 16.92 crores) being lease premium paid in respect of building taken on lease for sixty years.

(ii) Gross Block of ₹ 11.49 crores (as at March 31, 2012 ₹ NIL), Accumulated Depreciation ₹ 4.71 crores (as at March 31, 2012 ₹ NIL) and Net Block of ₹ 6.78 crores (as at March 31, 2012 ₹ NIL) being lease premium paid in respect of building taken on lease for ninety nine years, and the title deed is yet to be received.

**2.9.2** Tangible Assets under Finance lease included in the above note are as follows :

**As at March 31, 2013**

₹ crores

| **Asset type** | **Gross Block** | **Accumulated Depreciation** | **Net Block** |
|---|---|---|---|
| **Computers** | **188.18** | **50.84** | **137.34** |
| **Plant & Equipment/Electrical Installations** | **2.31** | **2.05** | **0.26** |
| **Furniture & Fixtures** | **74.00** | **26.62** | **47.38** |
| **Leasehold Improvements** | **10.24** | **3.13** | **7.11** |
| **Total** | **274.73** | **82.64** | **192.09** |

As at March 31, 2012

₹ crores

| Asset type | Gross Block | Accumulated Depreciation | Net Block |
|---|---|---|---|
| Computers | 159.80 | 17.23 | 142.57 |
| Plant & Equipment/Electrical Installations | 2.12 | 0.98 | 1.14 |
| Furniture & Fixtures | 67.98 | 9.45 | 58.53 |
| Leasehold Improvements | 9.10 | 1.21 | 7.89 |
| Total | 239.00 | 28.87 | 210.13 |

**2.10 Non-current investments**

₹ crores

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **Long Term Trade Investments** | | |
| **(a) Unquoted at Cost** | | |
| **(i) 100% Wholly Owned Subsidiaries** | | |
| 53,46,202 Equity shares of no par value of 3i Infotech Asia Pacific Pte Ltd., Singapore (Refer note no. 2.10.1) (as at Mar 31, 2012 - 53,46,202 shares) | **21.20** | 21.20 |
| 32,26,308 Equity shares of GBP 1 each fully paid up of 3i Infotech (UK) Ltd. (Refer note no. 2.10.1) (as at Mar 31, 2012 - 32,26,308 shares) | **355.73** | 355.73 |
| 6,25,83,71,598 Ordinary Shares of MUR 1 each fully paid up of 3i Infotech Holdings Private Limited, Mauritius (Refer note no. 2.10.1) (as at Mar 31, 2012 - 6,25,02,56,328 shares) | **992.74** | 991.31 |
| 500 Shares of SAR 1,000 each fully paid up of 3i Infotech Saudi Arabia LLC (as at Mar 31, 2012 - 500 shares) | **0.67** | 0.67 |
| 55,69,762 Equity shares of ₹ 10 each fully paid up of 3i Infotech Trusteeship Services Ltd. (as at Mar 31, 2012 - 55,69,762 shares) | **0.01** | 0.01 |
| 1,00,000 Equity shares of ₹ 10 each fully paid of 3i Infotech BPO Ltd. (Refer note no. 2.10.1) (as at Mar 31, 2012 - 1,00,000 shares) | **66.71** | 66.71 |
| NIL Equity Shares of Taka 10 each fully paid up of 3i Infotech Services (Bangladesh) Pvt. Ltd (as at Mar 31, 2012 - 3,47,630 shares) | **-** | 0.20 |
| Less : Provision for diminution in the value of Investment | **-** | (0.20) |
| 48,05,211 Equity shares of ₹ 10 each fully paid of 3i Infotech Consultancy Services Ltd. (as at Mar 31, 2012 - 48,05,211 shares) | **37.04** | 37.04 |

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Elegon Infotech Limited, China | **11.82** | 11.82 |
| Redeemable Convertible Preference shares of 3i Infotech Holdings Private Limited, Mauritius : | | |
| NIL Series A - Redeemable Convertible Preference shares of MUR 1 each fully paid up (as at Mar 31, 2012 - 89,16,31,605 shares) | **-** | 138.33 |
| NIL Series C - Redeemable Convertible Preference shares of MUR 1 each fully paid up (as at Mar 31, 2012 - 1,78,03,61,142 shares) | **-** | 344.13 |
| NIL Series D - Redeemable Convertible Preference shares of MUR 1 each fully paid up (as at Mar 31, 2012 - 2,18,78,720 shares) | **-** | 4.15 |
| **(ii) Other Subsidiaries** | | |
| 7,40,000 Equity shares of ₹ 10 each fully paid of Locuz Enterprise Solutions Ltd. constituting 74% of the share capital (as at Mar 31, 2012 - 7,40,000 shares) | **22.80** | 22.80 |
| **Total Long term trade investments (A)** | **1,508.72** | 1,993.90 |
| **(iii) Investment in Equities, Preference Share Capital (other than Subsidiaries)** | | |
| (i) 2,00,000 Equity shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co. Ltd., Sri Lanka | **0.10** | 0.10 |
| (ii) 2,50,00,000 Redeemable Non Convertible Zero Coupon Preference shares of ₹ 10 each fully paid up of eMudhra Consumer Services Ltd redeemable by December 14, 2015 (as at Mar 31, 2012 - 2,50,00,000 shares) | **25.00** | 25.00 |
| (iii) National Savings Certificates | **-** | 0.00 |
| (iv) 55,000 equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited. | **0.06** | - |
| **Total Non trade investments (B)** | **25.16** | 25.10 |
| **Total investments (A+B)** | **1,533.88** | 2,019.00 |
| Aggregate amount of Unquoted investments | **1,533.88** | 2,019.00 |
| Aggregate provision for diminution in value of investments | **-** | 0.20 |

₹ crores

**2.10.1 Pledge of shares**

Investments in these companies have been pledged as per the Master Restructuring Agreement entered by the Company with CDR Lenders. (Also refer note on securities offered under Corporate Debt Restructuring)

**2.11 Deferred tax asset**

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Deferred tax asset :** | | |
| Unabsorbed losses/depreciation | **73.80** | 73.80 |
| Expenses allowable on payment and others (including provision for doubtful debts) | **27.13** | 27.13 |
| Fixed assets (Depreciation/amortization) | **2.73** | 2.73 |
| **Net deferred tax asset (Refer note no. 2.27.4)** | **103.66** | 103.66 |

## 2.12 Long term loans and advances

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Unsecured, considered good** | | |
| Capital advances | **0.53** | 2.24 |
| Security Deposits (includes lease rent deposits) | **37.49** | 50.89 |
| Loan to a Subsidiary Company * | **501.80** | - |
| MAT credit receivable | **22.97** | 22.97 |
| Prepaid expenses | **10.84** | 11.38 |
| **Total** | **573.63** | 87.48 |

* The Company has converted its investment in redeemable preference shares held in its wholly owned subsidiary, 3i Infotech Holdings Private Limited, Mauritius with effect from July 1, 2012 into unsecured loan receivable at the end of five years, having coupon rate of 5%.

Premium receivable from 3i Infotech Holdings Private Limited, Mauritius, of ₹ 205.31 crores consequent to conversion of preference shares into unsecured long term loan and the interest income on the unsecured long term loan from the date of conversion up to March 31, 2013 of ₹ 18.83 crores, will be recognized as and when the uncertainty as to the realization of both premium and interest income ceases to exist.

## 2.13 Other non-current assets

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Long term trade receivables (including trade receivables on deferred credit terms) | **-** | 0.45 |
| Unamortised borrowing cost | **6.15** | - |
| **Total** | **6.15** | 0.45 |

## 2.14 Trade receivables

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Unsecured, considered good** | | |
| Debts outstanding for a period exceeding 6 months from the due date of payment | **15.51** | 5.23 |
| Others | **81.91** | 76.83 |
| | **97.42** | 82.06 |
| **Unsecured, considered doubtful** | | |
| Doubtful debts exceeding 6 months from the due date of payment | **41.87** | 36.24 |
| Less : Provision for bad and doubtful debts | **(41.87)** | (36.24) |
| | **-** | - |
| **Total *** | **97.42** | 82.06 |

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| * Includes due from : | | |
| Subsidiaries | **43.17** | 3.37 |
| Associate | **8.39** | - |

### 2.15 Cash and bank balances

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| in current accounts | **6.02** | 23.78 |
| in EEFC accounts | **-** | 0.08 |
| Cheques on hand | **-** | 0.52 |
| Cash on hand | **-** | 0.01 |
| **Total (A)** | **6.02** | 24.39 |
| **Other Bank Balances** | | |
| in margin money accounts | **5.85** | 11.14 |
| in escrow accounts | **1.56** | 4.24 |
| in dividend accounts and equity share refund accounts | **0.44** | 0.49 |
| **Total (B)** | **7.85** | 15.87 |
| **Total (A + B)** | **13.87** | 40.26 |

### 2.16 Short term loans and advances

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Unsecured, considered good** | | |
| Security deposits (includes lease rent deposits) | **8.09** | 13.62 |
| Less : Provision for deposits forfeited | **(3.52)** | - |
| | **4.57** | 13.62 |
| **Loans and advances to Related Parties** | | |
| Advance against share application money - subsidiaries/others | **-** | 1.56 |
| **Other loans and advances** | | |
| Advance tax and tax deducted at source (net of Provision for taxes of ₹ 29.14 crores ; as at Mar 31 2012 ₹ 29.14 crores) | **92.29** | 83.72 |
| Prepaid expenses | **5.95** | 18.85 |
| VAT recoverable (net) | **2.43** | 2.45 |
| Other advances recoverable in cash or in kind or for value to be received | **3.67** | 12.07 |
| **Total** | **108.91** | 132.27 |

### 2.17 Other current assets

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Unbilled revenue* | **30.07** | 45.54 |
| Receivable towards sale of Intellectual Property Rights in respect of Software products meant for sale | **-** | 259.70 |
| Receivable towards sale of fixed assets | **-** | 7.76 |
| Unamortised borrowing cost | **0.77** | - |
| **Total** | **30.84** | 313.00 |

* Includes ₹ 3.13 from associate

## 2.18 Revenue from Operations

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| IT solutions | **346.53** | 463.20 |
| Transaction services | **18.94** | 50.96 |
| **Total** | **365.47** | 514.16 |

## 2.19 Other Income

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Gain on sale of long term investments (net) | **-** | 16.53 |
| Interest income | **0.30** | 2.93 |
| Dividend income on current investement (non-trade) | **-** | 0.02 |
| Foreign exchange gain (net) | **42.38** | 3.62 |
| Other non-operating income | **8.04** | 3.36 |
| **Total** | **50.72** | 26.46 |

## 2.20 Employee benefit expenses and Cost of Revenue

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Salaries and wages | **231.44** | 268.95 |
| Contribution to provident funds and other funds | **7.11** | 25.04 |
| Recruitment and training expenses | **1.22** | 2.48 |
| Staff welfare expenses | **7.94** | 14.62 |
| Cost of third party products/outsourced services (Refer note no. 2.33) | **110.41** | 185.24 |
| Less : Recovery from subsidiaries : | | |
| a. Re-imbursement of costs by subsidiary companies | **(121.57)** | (237.39) |
| b. Corporate charges | **(13.26)** | (23.22) |
| **Total** | **223.29** | 235.72 |

## 2.21 Finance cost

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Interest expense | **271.80** | 165.90 |
| Other borrowing costs | **12.30** | 40.24 |
| **Total** | **284.10** | 206.14 |

## 2.22 Other expenses

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Rent* | **7.70** | 74.59 |
| Loss on sale/discarding of fixed assets (net) | **0.69** | 1.52 |
| Travelling and conveyance | **12.26** | 23.53 |
| Power and fuel | **9.70** | 11.85 |
| Office Expenses | **3.58** | 5.86 |
| Repairs to buildings | **0.38** | 0.44 |
| Insurance | **1.95** | 3.10 |
| Rates and taxes | **2.27** | 2.38 |
| Communication expenses | **6.84** | 10.73 |
| Printing and stationery | **1.12** | 1.67 |
| Director's Sitting Fees | **0.10** | 0.17 |
| Legal and Professional charges | **3.09** | 4.73 |
| Bad debts written off | **0.48** | 10.36 |
| Less - Provision withdrawn | **(0.48)** | (10.36) |
| Provision for doubtful debts | **3.77** | 3.00 |
| Provision for diminution in value of investments | **-** | 0.24 |
| Repairs & Maintenance - Others | **3.82** | 6.41 |
| Security Charges | **1.73** | 2.38 |
| Miscellaneous expenses | **4.61** | 21.40 |
| **Total** | **63.61** | 174.00 |

* Includes write-back of ₹ 12.77 crores

## 2.23 Exceptional Items - Income/(Expenses)

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Reduction in liability on issue of fresh FCCB | **3.30** | - |
| Rental deposits forfeited | **(8.87)** | - |
| Exceptional write off of Trade receivables, and reversal of Unbilled Revenue | **-** | (75.40) |
| CDR Expenses (Merchant Banker, lawyer fees, etc.) | **-** | (11.82) |
| Net adjustment under proposed scheme of business reconstruction under section 391 of the Companies Act (Refer note no. 2.31) | **138.53** | - |
| **Total** | **132.96** | (87.22) |

## 2.24 Tax expenses

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Current Taxes : | | |
| Wealth tax | **0.02** | 0.02 |
| MAT credit entitlement reversed | **-** | 34.22 |
| Income tax pertaining to earlier years written off | **8.85** | 25.02 |
| **Total** | **8.87** | 59.26 |

**2.25.1 Contingent liabilities (to the extent not provided for)**

₹ crores

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **Contingent liabilities not provided for in respect of :-** | | |
| Corporate Guarantee on behalf of subsidiaries | **272.40** | 264.13 |
| Outstanding bank guarantees | **0.22** | - |
| Arrears of cumulative preference dividend (including dividend distribution tax thereon) | **4.82** | 7.40 |
| Estimated amount of claims against the company not acknowledged as debts in respect of :- | | |
| Disputed income tax matters | **102.52** | 51.41 |
| Disputed service tax matters (excluding interest as applicable) | **10.54** | 175.55 |
| Disputed sales tax matters | **-** | 1.72 |
| Customer claims | **0.24** | 1.20 |
| Others* | **12.79** | 14.25 |
| **Total** | **403.53** | 515.66 |

* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.79 crores (as at March 31, 2012 - ₹ 1.27 crores).

During the year, due to financial crunch, the Company was not regular in payment of statutory dues and also has unpaid dues. Further, there are delays/defaults in payment to lenders & others as per the payment schedule. The delayed payment/defaults of statutory dues, in payment to lenders & others may result into consequential additional liability, as may arise, on such delays/defaults, amount whereof is not presently ascertainable.

**2.25.2 Commitments**

**(a) Capital Commitments****

₹ crores

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | **0.20** | 3.47 |

** Except where amount is not ascertainable in respect of acquisitions as mentioned in note no.2.29

**(b) Derivative Instruments :**

During the previous year, the Company had entered into a cross currency interest rate swap to the tune of USD 26 mn (₹115 crores).The Company has designated this instrument as cashflow hedge against its forecasted foreign currency inflows. For hedge transactions, the Company identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

For the year ended March 31, 2013, the Company recognized ₹ 6.03 crores (for the year ended March 31, 2012 ₹ 15.36 crores) in Cash flow hedging reserve account as effective fair value changes on derivative under cash flow hedge accounting.

The balance of the Cash flow Hedging Reserve account as at March 31, 2013 was negative ₹ 21.39 crores (as at March 31, 2012 negative ₹ 15.36 crores).

As at March 31 2013, the fair values of outstanding derivatives designated under cash flow hedge accounting was ₹ 23.14 crores (as at March 31, 2012 ₹ 15.36 crores), presented in the balance sheet under 'Other long term liabilities'.

**(c) 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, ₹ 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/ cancellable at the Company's and/or lessors' option as mutually agreed. The future lease rental payment committed is as under :

**₹ crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| within one year | **14.22** | 8.68 |
| later than one year and not later than five years | **29.77** | 11.68 |
| later than five years | **27.55** | 22.78 |

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

**₹ crores**

| | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| within one year | **3.07** | 3.74 |
| later than one year and not later than five years | **9.43** | 2.81 |
| later than five years | **-** | - |

**b. Finance Lease :**

Future minimum lease payments in respect of assets on finance lease

**As at March 31, 2013**

**₹ crores**

| | **Minimum Lease Payment** | **Finance Charges** | **Present Value of Minimum lease payments** |
|---|---|---|---|
| **within one year** | **108.71** | **16.69** | **92.02** |
| **later than one year and not later than five years** | **233.09** | **78.23** | **154.86** |
| **later than five years** | **-** | **-** | **-** |

As at 31st March, 2012

**₹ crores**

| | Minimum Lease Payment | Finance Charges | Present Value of Minimum lease payments |
|---|---|---|---|
| within one year | 40.44 | 3.00 | 37.44 |
| later than one year and not later than five years | 300.44 | 128.76 | 209.65 |
| later than 5 years | - | - | - |

**2.26 Debt Restructuring**

The Company had restructured its debt and Foreign Currency Convertible Bonds in the year ended March 31, 2012. The details of the restructuring are as under :

**A. Corporate Debt Restructuring :**

In line with the CDR scheme and Master Restructuring Agreement (MRA) entered into with certain lenders, during the year the Company has allotted 26,47,25,928 equity shares of ₹ 10 each at a price of ₹ 19.74 against principal outstanding of ₹ 252.81 crores and interest of ₹ 269.76 crores accrued for the period October 1, 2011 to March 31, 2013.

**B. Foreign Currency Convertible Bonds (FCCB) :**

The Company had issued four series of Foreign Currency Convertible Bonds (FCCBs) at different points of time and details of outstanding FCCBs issued are summarized as follows :

| | **Third Issue** | **Fourth Issue** | **Fifth Issue** |
|---|---|---|---|
| Issue currency | EURO | USD | USD |
| Issue size | 30 million | 2.43 million ** | 125.36 million |
| Issue date | April 02, 2007 | April 25, 2012 | April 25, 2012 |
| Maturity date | April 03, 2012 | July 27, 2017 | April 26, 2017 |
| Coupon rate | Zero coupon | 4.75% | 5% |
| Fixed exchange rate of conversion | ₹ 57.60 | ₹ 40.81 | ₹ 50.79 |
| Conversion price-post bonus | ₹ 154.32 | ₹ 165.94 | ₹ 16.50 |
| **Conversions/Redemptions as at - (USD and Euro)** | | | |
| **31 Mar 2013** | **Nil** | **Nil** | **31.55 million** |
| 31 Mar 2012 | Nil | Nil | - |
| **Bought back as at - (USD and Euro)** | | | |
| **31 Mar 2013** | **10.00 million** | **Nil** | **Nil** |
| 31 Mar 2012 | 10.00 million | 33.63 million | - |
| **Outstanding as at - (USD and Euro)** | | | |
| **31 Mar 2013** | **Nil** | **2.43 million** | **93.81 million** |
| 31 Mar 2012 | 20.00 million | 66.37 million | - |
| **Outstanding as at - (₹ Crores)** | | | |
| **31 Mar 2013** | **Nil** | **13.24** | **509.89** |
| 31 Mar 2012 | 138.32 | 344.13 | - |

** Represents 3.67% of the original issue size of USD 100 million issued on July 26, 2007.

On 22nd March 2012, the Company launched an Exchange Offer for the Third and Fourth series of outstanding FCCBs(subsequent to buy back) of USD 20 million and USD 66.37 million respectively, whereby the Company offered a new series of FCCBs to the existing bond holders on surrender of the earlier series of FCCBs for a value including the premium payable on those FCCBs. Out of the Third Issue, 100% of the bond holders and out of the Fourth Issue, 96.33% of the bond holders have surrendered the earlier series of the FCCBs in exchange for the new series of FCCBs, which is effective from April 3, 2012. Consequent to this, during the year the Company cancelled 100% of the bonds under the Third Issue and 96.33% of the bonds under the Fourth Issue and replaced them with a new series of FCCBs ('Fifth Issue'). The terms of the remaining FCCBs under the Fourth Issue have been amended by the Company.

During the year, the Company allotted 9,71,11,993 equity shares of ₹ 10 each against conversion of 31,548 numbers of above mentioned FCCBs amounting to ₹ 160.22 crores (equivalent to USD 3,15,48,000). The conversion price as per the Offering Circular dated March 22, 2012 was ₹ 16.50 per share.

**2.27.1 Proposed plan for capital restructuring**

The Board of Directors of the Company at its meeting held on November 2, 2012 resolved in principle to approach the High Court of Mumbai with regard to a Re-organization Scheme which inter-alia includes capital re-organization under section 100 read with section 391/394 of the Companies Act, 1956 subject to necessary approvals of the shareholders, CDR Cell, creditors and other agencies. The Company is in the process of evaluating the same.

**2.27.2 Going Concern**

During the previous year, the Company undertook restructuring of its debts through CDR cell and also renegotiated with the FCCB holders with respect to its obligations. Post the debts restructuring, the Company is confident of successful implementation of the CDR package and is also confident of meeting its FCCB obligations. Accordingly the financial statements have been prepared on a going concern basis.

**2.27.3 Impairment Analysis of Cash Generating Units (CGUs)**

The Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28- Impairment of Assets and Accounting Standard (AS) -13 “Accounting for Investments”, as per Companies Accounting

Standard Rules 2006, had carried out an impairment analysis of its Cash Generating Units / Long term Investments, in order to ascertain the extent of impairment, if any, in their carrying values.

The valuation analysis carried out by an independent expert valuer was used to assess the values generated by these CGUs / Long Term Investments on a going concern basis for the above purpose. Based on the valuation exercise so carried out, current year’s performance and the future earnings estimates of the Company, there is no impairment revealed.

**2.27.4 Deferred tax asset**

In respect of Net Deferred Tax Asset of ₹ 103.66 crores (as at March 31, 2012 - ₹ 103.66 crores) being carried forward, the management, based on the order book on hand and relying on the Restructuring Scheme approved by the CDR Cell, is confident of having taxable income in foreseeable future, which would enable reversals of deferred tax assets already recognized in earlier years.

**2.28 Employee Benefit Plans**

The following table sets out the status of the gratuity plan as required under AS 15 (Revised) and figures given below are as per actuarial valuation.

**Reconciliation of Benefit Obligations and Plan Assets**

**₹ crores**

| **Change in benefit obligation** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Obligation at the beginning of the year | **17.82** | 13.62 |
| Interest cost | **1.56** | 1.13 |
| Current service cost | **3.10** | 2.91 |
| Benefits paid | **(0.10)** | (3.09) |
| Actuarial (gain)/loss in obligations | **(9.99)** | 3.25 |
| Obligation at year end | **12.38** | 17.82 |

**₹ crores**

| **Change in Fair value of Plan assets** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Fair value of plan assets at the beginning of the year | **0.11** | 2.91 |
| Expected return on plan assets | **0.01** | 0.21 |
| Contributions by the employer | **-** | 0.22 |
| Benefits paid | **(0.10)** | (3.09) |
| Actuarial loss on plan assets | **(0.01)** | (0.14) |
| Fair value of plan assets at year end | **0.01** | 0.11 |

**₹ crores**

| **Expenses recognised in Statement of Profit and Loss** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Current service cost | **3.10** | 2.91 |
| Interest cost | **1.56** | 1.12 |
| Expected return on plan assets | **(0.01)** | (0.24) |
| Net actuarial (gain)/loss recognized during the year | **(9.99)** | 3.43 |
| Expenses recognised in Statement of Profit & Loss | **(5.34)** | 7.22 |

₹ crores

| Reconciliation or Present Value of the obligation and the Fair value of the plan assets | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Liability at year end | **12.37** | 17.82 |
| Fair value of plan assets at year end | **0.01** | 0.11 |
| Liability recognized in the balance sheet | **12.36** | 17.71 |

| Assumptions | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Discount Rate | **8.25% p.a.** | 8.75% p.a. |
| Expected Rate of Return on Plan Assets | **8.70% p.a.** | 8.75% p.a. |
| Salary Escalation Rate | **4.00% p.a.** | 6.00% p.a. |

₹ crores

| Experience Adjustment | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| On Plan Liabilities (Gain)/Loss | **(7.19)** | 4.34 |
| On Plan Assets (Gain)/Loss | **0.01** | 0.17 |

The liability recognized with respect to Gratuity within the balance sheet as at March 31, 2013 is ₹ 18.13 crores (as at March 31, 2012 - ₹ 25.15 crores).

The liability recognized with respect to leave encashment/entitlement in the balance sheet as at March 31, 2013 is ₹ 1.91 crores (as at March 31, 2012 - ₹ 1.32 crores).

**2.29** The Company had acquired till March 31, 2013, 74% of the equity of Locuz Enterprise Solutions Ltd. ('Locuz') for an aggregate consideration of ₹ 22.80 crores. As per the share purchase agreement, the Company was committed to acquire the balance stake at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement. However, given the current liquidity constraints, the Company is exploring divestment options of its current equity interest in Locuz. .

**2.30**

(a) In the opinion of the Board of Directors of the Company, the investments, current and non - current assets, long term and short term 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 Trade Receivables, Trade Payables, Loans and Advances and banks are, however, subject to formal confirmations/reconciliations and consequent adjustments, if any. However, the management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

**2.31 Exceptional items**

(a) Effective 1st April 2006, expenditure on Intangible Assets viz. internally developed Software Products (Meant for sale) was recognized in the Statement of Profit and Loss, as the Company perceived such costs were bringing in innovation in base products and not new products. However, on a review of the performance of these products which resulted in economic benefits of enduring nature from those respective years of usage, over and above the originally estimated benefits of the base software, the management felt it appropriate to capitalize such costs incurred during the years from FY 2006-07 up to FY 2011-12 in terms of Accounting Standard (AS)26 - "Intangible Assets". The software development costs so capitalized have been amortized at the lower of 10 years or the estimated economic useful life of each of these products from the date of their being put to use in terms of the accounting policy followed by the Company. Consequently, the product development expenses, aggregating to ₹ 160.43 crores (net of amortization) charged off in the earlier years (FY 2006-07 up to FY 2011-12) have been capitalized during the year.

(b) The Company has provided for/reversed certain slow moving trade receivables and unbilled revenue amounting to ₹ 21.90 crores during the current year which have arisen largely due to the tight liquidity situation, resource constraints etc. faced by the Company in the last one year.

(c) The items referred above in (a) and (b) have been disclosed as a net adjustment in the Statement of Profit and Loss as an exceptional item. This net adjustment is proposed to be part of the re-organization scheme as referred in note no. 2.27.1

**2.32 Auditors' Remuneration**

**₹ crores**

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Audit fees | **1.89** | 1.84 |
| Tax audit fees | **0.07** | 0.07 |
| Certification fees | **0.02** | 0.06 |
| Others (services rendered in respect of FCCB & CDR) | **-** | 0.51 |
| Re-imbursement of out of pocket expenses | **0.08** | 0.19 |
| Service tax | **0.26** | 0.29 |
| **Total** | **2.32** | 2.96 |

**2.33 Cost of third party products/outsourced services includes**

**₹ crores**

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| Outsourced services cost : | | |
| IT solutions | **110.89** | 99.05 |
| Transaction processing charges | **2.90** | 10.42 |
| Purchases - hardware/software | **19.29** | 60.56 |
| Repairs and maintenance - Computers | **7.38** | 13.78 |
| Commission on sales | **0.28** | 0.70 |
| Others | **2.39** | 0.73 |
| Sub Total | **143.13** | 185.24 |
| Less : Transferred to intangible assets under development | **32.71** | - |
| **Total** | **110.41** | 185.24 |

## 2.34 Earnings per share

The earnings per share have been computed in accordance with the Accounting Standard (AS)20 - "Earnings per share". The numerators and denominators used to calculate basic and diluted earnings per share are as follows :

| | | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|---|
| Profit/(Loss) before exceptional items and discontinuing operations and after tax as per Statement of Profit and Loss (₹ crores) | | **(388.32)** | (224.51) |
| Less : Dividend on preference shares accrued but not declared (including corporate taxes) (₹ crores) | | **4.82** | 7.40 |
| Profit/(Loss)attributable to equity shareholders before exceptional items and impact of discontinuing operations (₹ crores) | A | **(393.14)** | (231.91) |
| Add : Profit/(Loss) due to exceptional items and impact of discontinuing operations (₹ crores) | | **132.96** | (101.64) |
| Profit/(Loss) attributable to equity shareholders after exceptional items and impact of discontinuing operations (₹ crores) | B | **(260.18)** | (333.55) |
| Weighted average number of equity shares outstanding during the year (Nos.) | C | **43,95,18,498** | 19,19,86,549 |
| Add : Effect of dilutive issue of options (Nos.) | | **-** | - |
| Diluted weighted average number of equity shares outstanding during the year (Nos.) | D | **43,95,18,498** | 19,19,86,549 |
| Nominal value of equity shares (₹) | | **10.00** | 10.00 |
| Before exceptional Items and impact of discontinuing operations | | | |
| Basic Earnings Per Share (₹) | A/C | **(8.94)** | (12.08) |
| Diluted Earnings Per Share (₹) | A/D | **(8.94)** | (12.08) |
| After exceptional items and impact of discontinuing operations | | | |
| Basic Earnings Per Share (₹) | B/C | **(5.92)** | (17.37) |
| Diluted Earnings Per Share (₹) | B/D | **(5.92)** | (17.37) |

## 2.35 Related Party Transactions

1. Following is the list of related parties where control exists -

**Foreign subsidiaries/step down subsidiaries -**

| Sr No. | | Country of incorporation | Percentage of holding | Date of acquisition / establishment |
|---|---|---|---|---|
| 1 | 3i Infotech Inc. | USA | 100% held by 3i Infotech Holdings Private Limited | Jan 7, 2000 |
| 2 | 3i Infotech Asia Pacific Pte Limited | Singapore | 100% held by 3i Infotech Limited | Nov 8, 2000 |
| 3 | 3i Infotech SDN BHD | Malaysia | 100% held by 3i Infotech Asia Pacific Pte Limited | Sep 26, 2002 |
| 4 | 3i Infotech (UK) Limited | UK | 100% held by 3i Infotech Limited | Dec 7, 2004 |
| 5 | 3i Infotech (Thailand) Limited | Thailand | 100% held by 3i Infotech Asia Pacific Pte Limited | May 12, 2005 |
| 6 | 3i Infotech (Western Europe) Holdings Limited | UK | 100% held by 3i Infotech (UK) Limited | Oct 20, 2006 |
| 7 | 3i Infotech (Western Europe) Group Limited | UK | 100% held by 3i Infotech (Western Europe) Holdings Limited | Oct 20, 2006 |
| 8 | 3i Infotech (Western Europe) Limited | UK | 100% held by 3i Infotech (Western Europe) Group Limited | Oct 20, 2006 |
| 9 | Rhyme Systems Limited | UK | 100% held by 3i Infotech (Western Europe) Group Limited | Oct 20, 2006 |
| 10 | 3i Infotech Holdings Private Limited | Mauritius | 100% held by 3i Infotech Limited | Nov 20, 2006 |

| Sr No. | | Country of incorporation | Percentage of holding | Date of acquisition / establishment |
|---|---|---|---|---|
| 11 | 3i Infotech Saudi Arabia LLC | Saudi Arabia | 100% held by 3i Infotech Limited | Dec 24, 2006 |
| 12 | 3i Infotech Financial Software Inc. | USA | 100% held by 3i Infotech Holdings Private Limited | Dec 18, 2006 |
| 13 | 3i Infotech (Africa) Limited | Kenya | 100% held by 3i Infotech (Middle East) FZ LLC | Apr 27, 2007 |
| 14 | Professional Access Limited | USA | 100% held by 3i Infotech Holdings Private Limited | May 8, 2007 |
| 15 | 3i Infotech (Middle East) FZ LLC | UAE | 100% held by 3i Infotech Holdings Private Limited | Sep 25, 2007 |
| 16 | Black Barret Holdings Limited | Cyprus | 100% held by 3i Infotech Holdings Private Limited | May 8, 2007 |
| 17 | 3i Infotech (Flagship-UK) Limited | UK | 100% held by 3i Infotech (Western Europe) Limited | Jan 29, 2008 |
| 18 | 3i Infotech Framework Limited | UK | 100% held by 3i Infotech (Western Europe) Limited | Feb 8, 2008 |
| 19 | Elegon Infotech Limited | China | 100% held by 3i Infotech Limited | Jul 10, 2008 |
| 20 | 3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD) | Malaysia | 100% held by 3i Infotech Asia Pacific Pte Limited | May 10, 2006 |

**Indian subsidiaries/step down subsidiaries -**

| Sr No. | | Percentage of holding | Date of acquisition / establishment |
|---|---|---|---|
| 1 | 3i Infotech Trusteeship Services Limited | 100% held by 3i Infotech Limited | Aug 31, 2006 |
| 2 | Professional Access Software Development Private Limited | 100% held by Black Barret Holdings Limited | May 8, 2007 |
| 3 | 3i Infotech BPO Limited | 100% held by 3i Infotech Limited | Dec 3, 2007 |
| 4 | Locuz Enterprise Solutions Limited | 74% held by 3i Infotech Limited | May 8, 2008 |
| 5 | 3i Infotech Consultancy Services Limited | 100% held by 3i Infotech Limited | Nov 30, 2007 |
| 6 | 3i Infotech Outsourcing Services Limited | 100% held by 3i Infotech Financial Software Inc. | Mar 24, 2011 |

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

**Directors / Key Management Personnel (KMP) :** Mr. Madhivanan Balakrishnan and Mr. Charanjit Attra.

With effect from July 1, 2012, Mr. Madhivanan Balakrishnan was appointed as the Managing Director and Global CEO and Mr. Charanjit Attra was appointed as an Executive Director and was later appointed as the Global CFO with effect from November 1, 2012. Mr. V. Srinivasan stepped down as the Managing director and CEO with effect from June 30, 2012 and Mr. Amar Chintopanth stepped down as the CFO with effect from November 1, 2012 and as the Deputy Managing Director with effect from March 15, 2013.

**Enterprise in which relative of key managerial personnel has substantial interest -** Cadenza Solutions Private Limited, India (upto June 30, 2012)

**Associate :** ICICI Bank Limited

The following transactions were carried out during the year :

₹ crores

| | **For the year ended March 31, 2013** | For the year ended March 31, 2012 |
|---|---|---|
| **Subsidiaries - 3i Infotech Inc** | | |
| Income | **4.45** | 13.69 |
| Corporate Charges (Royalty Income) | **5.16** | 13.99 |
| Rent Expense | **-** | 0.14 |
| Purchase/(sale) of Software Meant for sale | **-** | 31.41 |
| Corporate/Financial guarantees given/ (released) | **-** | (468.85) |
| Assignment of Advance Receivable to 3i Infotech (Middle East) FZ LLC | **-** | 279.37 |
| **Subsidiaries - 3i Infotech Holdings Private Limited, Mauritius** | | |
| Investment in Redeemable Convertible Preference Shares | **-** | 3.97 |
| Investments made in Equity shares | **1.43** | 39.24 |
| Conversion of Redeemable Convertible Preference Shares into unsecured loan | **517.49** | |
| Assignment of Advance Receivable to 3i Infotech (Middle East) FZ LLC | **-** | 1.65 |
| **Subsidiaries - 3i Infotech (UK) Limited and its subsidiaries** | | |
| Income | **0.96** | 1.21 |
| Corporate Charges (Royalty Income) | **2.51** | 3.01 |
| Assignment of Advance Payable to 3i Infotech (Middle East) FZ LLC | **-** | 2.60 |
| **Subsidiaries - 3i Infotech (Middle East) FZ LLC** | | |
| Income | **12.81** | 20.16 |
| Corporate Charges (Royalty Income) | **3.17** | 3.41 |
| Corporate/Financial guarantees given/ (released) | **-** | 26.13 |
| Purchase of Intellectual Property Rights (IPR) | **453.13** | 450.10 |
| Assignment of Advance Receivable from various subsidiaries | **-** | 354.11 |
| **Subsidiaries - 3i Infotech Saudi Arabia LLC** | | |
| Income | **2.28** | 1.83 |
| Corporate Charges (Royalty Income) | **0.82** | 0.47 |
| Assignment of Advance Receivable to 3i Infotech (Middle East) FZ LLC | **-** | 57.72 |
| **Subsidiaries - 3i Infotech Asia Pacific Pte Ltd** | | |
| Investment in Equity Shares | **-** | 14.22 |
| Income | **0.95** | 0.79 |
| Corporate Charges (Royalty Income) | **0.45** | 0.86 |
| Corporate / Financial guarantees given/ (released) | **-** | 11.41 |
| Assignment of Advance Receivable to 3i Infotech (Middle East) FZ LLC | **-** | 2.57 |
| **Subsidiaries - Elegon Infotech Limited** | | |
| Income | **0.38** | - |
| Corporate Charges (Royalty Income) | **0.10** | 0.11 |
| Corporate / Financial guarantees given/ (released) | **-** | (8.27) |
| Assignment of Advance Payable to 3i Infotech (Middle East) FZ LLC | **-** | 4.27 |
| **Subsidiaries - 3i Infotech Consultancy Services Limited** | | |
| Purchase of Services | **56.59** | 75.04 |
| Corporate Charges (Royalty Income) | **2.11** | 2.50 |
| Earnest Money Deposit taken | **5.00** | - |
| Advances taken | **6.95** | - |

₹ crores

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| **Subsidiaries - 3i Infotech BPO Limited** | | |
| Income | **7.28** | 1.42 |
| Purchase of Services | **1.18** | 10.33 |
| Loans taken/(repaid) | **15.45** | 21.97 |
| Loans paid | **15.92** | |
| Interest Expense | **0.71** | 0.98 |
| Purchase of Fixed Assets | **0.06** | - |
| **Subsidiaries - Locuz Enterprise Solutions Limited** | | |
| Rent Income | **0.49** | 16.56 |
| Purchase of Services | **2.54** | 6.30 |
| Advances given/(repaid) | **-** | 4.00 |
| Corporate / Financial guarantees given/ (released) | **-** | 3.00 |
| **Subsidiaries - Others** | | |
| Income | **0.63** | 3.53 |
| Corporate Charges (Royalty Income) | **0.69** | 1.37 |
| Purchase of Services | **-** | 0.52 |
| Rent Income | **0.78** | 0.81 |
| Loans granted/(repaid) | | (33.41) |
| Loans taken/(repaid) | **1.00** | 2.77 |
| Corporate / Financial guarantees given/ (released) | **-** | 6.21 |
| Interest Expense | **0.74** | 0.62 |
| Provision for diminution in investment | | 0.20 |
| Share Application money written off | **-** | 0.04 |
| Assignment of Advance Receivable to 3i Infotech (Middle East) FZ LLC | **-** | 19.67 |
| **ICICI Bank Limited** | | |
| Income | **100.40** | - |
| Interest Expense | **73.38** | |
| Issue of equity shares (including securities premium)* | **224.67** | - |
| Loan taken | **27.89** | - |
| Advances received | **28.06** | |
| **Directors / KMP- Mr. V. Srinivasan** | | |
| Remuneration | **0.68** | 7.69 |
| **Directors / KMP - Mr. Amar Chintopanth** | | |
| Remuneration | **3.97** | 2.91 |
| **Directors / KMP - Mr. Charanjit Attra** | | |
| Remuneration | **1.03** | - |
| **Directors / KMP - Mr. Madhivanan Balakrishnan** | | |
| Remuneration | **2.79** | - |
| **Cadenza Solutions Private Limited, India** | | |
| Income | **0.04** | 0.18 |

Note : Managerial Remuneration excludes contribution to the gratuity fund and provision for leave entitlement, since it is determined for the Company as a whole but includes the monetary value of the perquisites computed as per the Income Tax Rules, wherever relevant.

* Allotment of equity shares at a premium, towards part conversion of Cumulative Redeemable Preference shares and loans and in lieu of payment of interest.

**Outstanding balances of related parties :**

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Subsidiaries - 3i Infotech Inc** | | |
| Financial / Corporate Guarantees | **24.46** | 41.48 |
| Trade Receivable | **7.52** | - |
| **Subsidiaries - 3i Infotech Holdings Private Limited, Mauritius** | | |
| Investment in Equity Shares | **992.74** | 991.31 |
| Trade Receivables | **0.03** | - |
| Loan Receivable | **501.80** | - |
| Investment in Redeemable Convertible Preference Shares | **-** | 486.61 |
| Share Application Money | **-** | 1.56 |
| **Subsidiaries - 3i Infotech (UK) Limited and its subsidiaries** | | |
| Investment in Equity Shares | **355.73** | 355.73 |
| Trade Receivable | **7.72** | - |
| Financial / Corporate Guarantees | **22.09** | 22.18 |
| **Subsidiaries - 3i Infotech (Middle East) FZ LLC** | | |
| Financial / Corporate Guarantees | **141.32** | 134.81 |
| Trade Payables | **485.97** | 32.74 |
| **Subsidiaries - 3i Infotech Saudi Arabia LLC** | | |
| Investment in Equity Shares | **0.67** | 0.67 |
| Trade Receivable | **21.84** | - |
| **Subsidiaries - 3i Infotech Asia Pacific Pte Ltd** | | |
| Investment in Equity Shares | **21.20** | 21.20 |
| Financial / Corporate Guarantees | **11.96** | 11.41 |
| Trade Payables | **0.11** | - |
| **Subsidiaries - Elegon Infotech Limited** | | |
| Investment in Equity Shares | **11.82** | 11.82 |
| Trade Receivables | **0.52** | - |
| **Subsidiaries - Locuz Enterprise Solutions Limited** | | |
| Investment in Equity Shares | **22.80** | 22.80 |
| Financial / Corporate Guarantees | **32.00** | 32.00 |
| Trade Payables | **2.78** | 5.85 |
| **Subsidiaries –3i Infotech Consultancy Services Limited** | | |
| Investment in Equity Shares | **37.04** | 37.04 |
| Trade Payables | **23.48** | 22.86 |
| Earnest Money Deposit | **5.00** | - |
| Financial / Corporate Guarantees | **18.55** | 18.55 |
| **Subsidiaries - 3i Infotech BPO Limited** | | |
| Investment in Equity Shares | **66.71** | 66.71 |
| Loan Payable | **2.00** | 2.47 |
| Trade Payables | **27.84** | 22.32 |
| Interest payable | **0.15** | |
| Financial / Corporate Guarantees | **3.00** | 3.70 |
| **Subsidiaries - Others** | | |
| Investment in Equity Shares | **0.01** | 0.01 |
| Financial / Corporate Guarantees | **19.02** | - |
| Trade Receivables | **5.54** | 3.37 |

₹ crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Trade Payables | **0.32** | 0.20 |
| Interest Payable | **1.64** | |
| Loan Payable | **7.81** | 7.99 |
| **ICICI Bank Limited** | | |
| Trade Receivables | **8.39** | - |
| Trade Payables | **0.07** | - |
| Unbilled Revenue | **3.13** | - |
| Advances Payable | **28.06** | - |
| Borrowings | **496.47** | - |
| **Mr. V. Srinivasan** | | |
| Remuneration Payable | **-** | 5.53 |
| **Mr. Amar Chintopanth** | | |
| Remuneration Payable * | **-** | 1.89 |
| **Directors / KMP - Mr. Charanjit Attra** | | |
| Remuneration Payable * | **0.41** | - |
| **Directors / KMP - Mr. Madhivanan Balakrishnan** | | |
| Remuneration Payable * | **1.60** | - |
| **Cadenza Solutions Private Limited, India** | | |
| Receivable | **-** | 0.05 |

* Represents retention incentive amount

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

**2.36 (A) Foreign currency exposures not covered by derivative instruments are given below :-**

| | Currency type | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|---|
| | | **Amount in foreign currency (crores)** | **Amount (₹ crores)** | Amount in foreign currency (crores) | Amount (₹ crores) |
| Foreign Currency Convertible Bonds | USD | **9.62** | **523.13** | 6.64 | 344.13 |
| | EUR | **-** | **-** | 2.00 | 138.32 |
| Premium payable on Foreign Currency Convertible Bonds | USD | **0.10** | **5.48** | 3.62 | 187.87 |
| Loan to subsidiaries | USD | **9.23** | **501.80** | 6.72 | 348.28 |
| | EUR | **-** | **-** | 2.00 | 138.32 |
| Net current assets | USD | **(8.50)** | **(461.77)** | (0.60) | (31.11) |
| Bank Account | EUR | **0.00** | **0.06** | 0.00 | 0.06 |
| | GBP | **0.00** | **0.07** | 0.00 | 0.08 |
| Cash credit | USD | **-** | **-** | 1.20 | 62.22 |

**(B) Foreign currency exposures covered by derivative instruments are given below :-**

| | Currency type | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|---|
| | | **Amount in foreign currency (crores)** | **Amount (₹ crores)** | Amount in foreign currency (crores) | Amount (₹ crores) |
| Cross currency and interest rate swap (Notional Amount) | USD | **2.21** | **97.75** | 2.60 | 115.00 |

**2.37 CIF value of imports and expenditure in foreign currency**

**₹ crores**

| | | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|---|
| a. | **CIF value of import of :** | | |
| | Capital goods | **0.95** | 31.41 |
| b. | **Expenditure in foreign currnecy in respect of :** | | |
| | (i) Cost of outsourced services and bought out items | **0.28** | 1.86 |
| | (ii) Travelling and other expenses | **1.45** | 2.95 |
| c. | **Dividend remitted in foreign currency** | | |
| | Number of shares (nos.) | **-** | 46,34,536 |
| | Dividend for the year | **-** | 2010-11 |
| | Amount remitted | **-** | 0.69 |
| d. | **Earnings in foreign currency** | | |
| | Income from operations (Excludes income from Dubai Branch) | **40.60** | 41.15 |

**2.38 Foreign Currency Monetary Item Translation Difference Account**

During the year, in compliance with Accounting Standard (AS) 11 – “The Effects of Changes in Foreign Exchange Rates”, exchange loss of ₹ 23.53 crores arising on FCCBs (which hitherto was charged to Statement of Profit and Loss) and exchange loss of ₹ 15.69 crores on long term foreign currency loan being long term monetary liability/ asset, has been debited to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of the liability/asset. In accordance with the clarification in AS–11, the amount of exchange loss amortized during the year is ₹ 7.62 crores

**2.39**

**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 denote figures less than ₹ 50,000.

**Signatures to Notes 1 & 2**
**For and on behalf of the Board**

**Madhivanan Balakrishnan**
**Managing Director & Global CEO**

**Charanjit Attra**
**Executive Director & Global CFO**

**R Unnikrishnan Nair**
**Deputy General Manager**
**(Finance and Accounts)**

**Shivanand R. Shettigar**
**Company Secretary**

**Mumbai, May 13, 2013**

# NOTES

3i Infotech®
Innovation • Insight • Integrity

E-Mail: marketing@3i-infotech.com
Website: www.3i-infotech.com

Asia Pacific ● India ● China ● Middle East, Africa ● Kingdom of Saudi Arabia ● Western Europe ● North America

3i Infotech®
Innovation • Insight • Integrity

**3i INFOTECH LIMITED**

**Registered Office:** Tower # 5, 3rd to 6th Floors, International Infotech Park,
Vashi, Navi Mumbai - 400 703 l www.3i-infotech.com

# NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of 3i Infotech Limited will be held on Monday, September 23, 2013 at 10.30 a.m. at Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 705 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended March 31, 2013 and the Balance Sheet as on that date, together with the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Dr. Ashok Jhunjhunwala, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Hoshang N. Sinor, who retires by rotation and being eligible, offers himself for re-appointment.

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   **RESOLVED that** subject to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, 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, who are retiring at the Twentieth Annual General Meeting, together be and are hereby appointed as Joint Statutory Auditors of the Company to hold office from the conclusion of the Twentieth Annual General Meeting until the conclusion of the Twenty-first Annual General Meeting of the Company.

   **RESOLVED further that** the Board of Directors be and is hereby authorized to determine the remuneration to be paid to the Joint Statutory Auditors.

For and on behalf of the Board

Madhivanan

Madhivanan Balakrishnan
Managing Director & Global CEO

July 29, 2013
**Registered Office:**
Tower # 5, 3rd to 6th Floors,
International Infotech Park, Vashi,
Navi Mumbai - 400 703

## NOTES:

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON A POLL, INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY/IES MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

b) Members/Proxies should bring the attendance slip sent herewith, duly filled in, for attending the Meeting.

c) The Members are informed that in case of joint holders attending the Meeting, only such joint holder whose name is higher in the order of names, will be entitled to vote.

d) Members holding shares in physical form are requested to immediately notify any change in their address/name/bank particulars, ECS mandates, nominations, power of attorney under the signature of the Sole/First joint holder to the Company at its Registered Office, quoting their Folio Number(s) in all correspondence and consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.

   Members holding Shares in electronic form shall directly update such details with their respective Depository Participant(s) and not to the Company and/or to its Registrar and Transfer Agents. Information captured by the Depository Participants will automatically be updated in the Company's record.

e) Please note that as per the Securities and Exchange Board of India (SEBI) circular no.MRD/DoP/Cir-05/2009 dated May 20, 2009, it has become mandatory to furnish a copy of PAN card of the transferee/s for registration of transfer of shares in physical form.

f) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, September 16, 2013 to Monday, September 23, 2013 (both days inclusive).

g) Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the Central Government. An amount of ₹ 1,08,321/-, being unclaimed dividend of the Company for the financial year ended March 31, 2005, was transferred to IEPF and no claim lies against the Company in respect thereof.

h) Members are requested to note that trading in equity shares of the Company on the Stock Exchanges is permitted only in dematerialised form as per the notification issued by SEBI. The shares of the Company are available for trading under both the Depository systems in India, i.e. NSDL & CDSL. Members who continue to hold shares in physical form are, therefore, requested to note that they will not be able to trade in the shares of the Company unless the same are dematerialised.

i) Members may avail the nomination facility as provided under Section 109A of the Companies Act, 1956. Members desiring to avail this facility may send their nomination in the prescribed Form No. 2B duly filled in to the Company at the aforementioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

j) Pursuant to the requirements of Corporate Governance under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, the information about the Directors proposed to be appointed/re-appointed has been given in the Annexure to this Notice.

k) All the documents referred to in the Notice and the explanatory statement will be available for inspection by the Members at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days (Except Saturday, Sunday and National Holidays) from the date hereof, up to the conclusion of this Meeting.

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

m) The Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company at least seven days before the Meeting to enable the Company to keep the information ready at the Meeting.

For and on behalf of the Board

Madhivanan Balakrishnan
Managing Director & Global CEO

July 29, 2013

**Registered Office:**
Tower # 5, 3rd to 6th Floors,
International Infotech Park, Vashi,
Navi Mumbai - 400 703

**Important Information for Members**

In the light of Circulars issued by Ministry of Corporate Affairs (MCA), Government of India on "Green Initiative in Corporate Governance", the Company has decided to deliver the Documents in electronic form to the Shareholders whose email addresses are available with the Company. The Documents shall mean all notices/documents including those covered under Section 219 or any other relevant sections read with Section 53 of the Companies Act, 1956.

The Shareholders holding shares in electronic form who have not registered their email address are requested to register the same with their concerned Depository Participant for this purpose. The Shareholders holding shares in physical form may write to the Registrar and Share Transfer Agent.

**The Information as required to be disclosed under Clause 49 of the Listing Agreement regarding the Directors proposed to be re-appointed:**

**Dr. Ashok Jhunjhunwala**

Prof. Dr. Ashok Jhunjhunwala is a Professor at the Department of Electrical Engineering, the Indian Institute of Technology, Madras, based in Chennai, India and was department Chair till recently. He received his B.Tech degree from the Indian Institute of Technology Kanpur and his MS and PhD degrees from the University of Maine. From 1979 to 1981, he was with Washington State University as Assistant Professor. Since 1981, he has been teaching at IIT Madras. Dr. Jhunjhunwala leads the Telecommunications and Computer Networks Group (TeNeT) at IIT Madras. This group is closely working with industry in the development of a number of Telecommunications and Computer Network Systems. It has incubated over 35 companies in the last twenty years. He chairs Rural Technology & Business Incubator (RTBI) at IIT Madras and Mobile Payment Forum of India (MPFI).

Dr. Jhunjhunwala has been awarded Padma Shri in the year 2002. He has been the recipient of the Shanti Swarup Bhatnagar Award in 1998, Dr. Vikram Sarabhai Research Award for the year 1997, the Millennium Medal at Indian Science Congress in the year 2000, the H.K. Firodia Award for Excellence in Science & Technology for the year 2002, the Shri Om Prakash Bhasin Foundation Award for Science & Technology for the year 2004, the Jawaharlal Nehru Birth Centenary Lecture Award by the Indian National Science Academy (INSA) for the year 2006 and the IBM Innovation and Leadership Forum Award by IBM for the year 2006. Dr. Jhunjhunwala has been selected as one of India's 50 most powerful people in the year 2009 by *Business Week*. He has been awarded Bernard Low Humanitarian Award in 2009, "Bharat Asmita Vigyan - Tantragyan Shresththa Award" for the best use of Science & Technology through Innovation in 2010 and Honorary Doctorates by Blekinge Institute of Technology, Sweden in 2008 and University of Maine, USA in 2010. He was also awarded JC Bose Fellowship by DST, Government of India in 2010, Dronacharya (2011) by TiE and the Top Innovator of Top 11 in 2011 Innovators challenge. He is a fellow of World Wireless Research Forum, IEEE.

Dr. Jhunjhunwala is a Fellow of the Indian National Academy of Engineering (INAE), the Indian Academy of Sciences (IAS) and the National Academy of Sciences (NAS), INSA and also a Member of the Prime Minister's Scientific Advisory Committee. He is also on the Advisory Board / Governing Council of the Institute of Financial Management and Research (IFMR) and on the Boards of I-TECH (International Training and Education Center on HIV, India), the Centre of Excellence in Wireless Technology (CEWiT) and the Rural Technology and Business Incubator (RTBI) of IIT Madras.

Dr. Ashok Jhunjhunwala holds 15,110 equity shares in the Company as on the date of this Notice.

Dr. Ashok Jhunjhunwala is on the Boards of the following Companies:

| Name of the Company | Position held |
|---|---|
| Polaris Software Lab Limited | Director<br>Member- Remuneration/Compensation /ESOP Committee<br>Member- Audit Committee<br>Member- Investors' Grievance/ Shareholders Committee |
| Tejas Networks Limited | Director<br>Member- Remuneration /Compensation /ESOP Committee<br>Member- Audit Committee<br>Chairman- IPO/Investment Committee |
| Sasken Communications Technologies Limited | Director<br>Member- Remuneration /Compensation /ESOP Committee<br>Member- Audit Committee |
| Tata Teleservices (Maharashtra) Limited | Director<br>Chairman- Audit Committee<br>Member- Nomination Committee<br>Member- Remuneration /Compensation /ESOP Committee |
| Tata Communications Limited | Director |
| Exicom Tele-Systems Limited | Director<br>Chairman- Remuneration Committee |
| Vishal Bharath Comnet (Sec. 25 Co.) | Director |
| National Internet Exchange of India (Sec. 25 Co.) | Director |
| IITM Research Park (Sec. 25 Co.) | Director |
| Bio-Technology Industry Research Assistance Council (BIRAC) (Sec. 25 Co.) | Director |

**Mr. Hoshang N. Sinor**

Mr. Hoshang N. Sinor is the non-executive Chairman of the Company since July 24, 2003. A graduate in commerce and law, his illustrious career has spanned 43 years in the banking sector. He has had exposure to the working of both public sector and private sector banks and has hence, had the experience of both the phases of nationalisation and liberalisation in this sector. He started his career in 1965 with Central Bank of India and in 1969 moved to Union Bank of India where he worked in various capacities to reach the position of General Manager. In 1996, he was appointed as Executive Director of Central Bank of India. In 1997, he joined as Executive Director of ICICI Bank where he later on took over as Managing Director and CEO in 1998. After the merger of ICICI with ICICI Bank in 2002, he worked as the Joint Managing Director of ICICI Bank and retired from the services of the Bank with effect from May 31, 2003. Mr. Sinor was the Chief Executive of the Indian Banks Association from June 1, 2003 to July 31, 2008. Since February 2010, he is the Chief Executive of Association of Mutual Funds in India (AMFI).

He has worked as a Member on various committees of the Government of India, Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI).

Mr. Hoshang N. Sinor holds 1,00,000 equity shares in the Company as on the date of this Notice.

Mr. Hoshang N. Sinor is on the Boards of the following Companies:

| **Name of the Company** | **Position held** |
|---|---|
| 3i Infotech Holdings Private Limited | Chairman |
| ICICI Lombard General Insurance Co. Limited | Director<br>Member - Audit Committee<br>Member - Board Governance & Remuneration Committee<br>Member - Risk Management Committee |
| ICICI Venture Funds Management Company Limited | Director<br>Member - Audit Committee<br>Member - Board Governance & Remuneration Committee |
| CRISIL Limited | Director<br>Chairman - Audit Committee<br>Member - Compensation Committee |
| JM Financial Asset Reconstruction Company Pvt. Ltd. | Director |
| Themis Medicare Limited | Chairman<br>Member - Audit Committee<br>Chairman - Remuneration Committee |
| Tata Capital Limited | Director<br>Member - Audit Committee<br>Member - Asset Liability Committee<br>Member - Remuneration Committee<br>Member - Nominations Committee<br>Member - ESOP Committee<br>Member - NCD Committee<br>Member - Committee for Review of Policies<br>Member - Executive Committee |
| Tata Capital Financial Services Limited | Director<br>Member - Audit Committee<br>Member - Investment Credit Committee<br>Member - Finance and Asset Liability Committee<br>Member - Nominations Committee<br>Member - Remuneration Committee<br>Member - Shareholders/Investor Grievance Committee<br>Member - Executive Committee of the Board<br>Member - Committee for Review of Policies<br>Member - NCD Committee |
| Tata Motors Finance Limited | Director<br>Chairman - Audit Committee<br>Chairman - Asset Liability Committee<br>Chairman - Risk Committee |
| Tata Investment Corporation Limited | Director<br>Chairman - Audit Committee<br>Chairman - Asset Liability Committee<br>Member - Nomination Committee |
| Tata Securities Limited | Director<br>Member - Audit Committee |
| Zoroastrian Co-operative Bank Limited | Chairman<br>Chairman - Board Governance Committee<br>Member - Credit Committee<br>Member - IT Committee |
| IFMR Rural Channels & Services Private Limited | Chairman |
| Association of Mutual Funds in India (AMFI) | Chief Executive |

Date: July 29, 2013

Place: Navi Mumbai