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ANNUAL REPORT  
**2013-14**



# Annual Report 2013-14



## Board of Directors

Mr. Hoshang N. Sinor, Chairman  
Dr. Ashok Jhunjhunwala, Director  
Mr. Ashok Shah, Director  
Mr. N.S. Venkatesh, Nominee Director  
Mr. K.M.Jayarao, Nominee Director  
Mr. Madhivanan Balakrishnan, Managing Director and Global CEO  
Mr. Charanjit Attra, Executive Director and 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 -400703, India  
Tel :+91 22 67928000  
Fax :+91 22 67928099



# CORPORATE FAST FACTS

- 3i Infotech is a Global Information Technology Company with a revenue of USD 239 million.
- The Company was promoted in 1993 by the NYSE-listed ICICI Bank, India's largest private sector bank.
- The Company's quality certifications include ISO 9001:2008 for BPO, ISO/IEC 27001:2005 for Data Centre Operations and Capability Maturity Model® Integration (CMMI®) Level 3.
- More than 9000 employees in over 27 offices.
- Over 1500 customers in more than 50 countries across five continents.
- Offices across 12 countries.
- Operational Geos are: Asia Pacific, China, South Asia, Middle East & Africa, Kingdom of Saudi Arabia, Western Europe and North America.

## Our Global presence



	Offices	Delivery Centers
<b>Asia Pacific</b>	<ul style="list-style-type: none"> <li>• <b>Singapore:</b> Singapore</li> <li>• <b>Malaysia:</b> Kuala Lumpur</li> <li>• <b>Thailand:</b> Bangkok</li> </ul>	Kuala Lumpur, Bangkok
<b>India</b>	<ul style="list-style-type: none"> <li>• Mumbai, Bengaluru, Chennai, Hyderabad, New Delhi,</li> </ul>	Mumbai, Bengaluru, Chennai, Hyderabad, New Delhi, Noida
<b>China</b>	Chengdu	Chengdu
<b>Middle East &amp; Africa</b>	<ul style="list-style-type: none"> <li>• <b>UAE:</b> Dubai, Sharjah</li> <li>• <b>Kenya:</b> Nairobi</li> <li>• <b>Kazakhstan:</b> Almaty</li> </ul>	Sharjah
<b>Kingdom of Saudi Arabia</b>	<ul style="list-style-type: none"> <li>• <b>Saudi Arabia:</b> Dammam, Riyadh</li> <li>• <b>Bahrain:</b> Manama</li> </ul>	Riyadh
<b>Western Europe</b>	<ul style="list-style-type: none"> <li>• London, Birmingham, Nantwich, Ashby-de-la-Zouch</li> </ul>	London, Birmingham, Nantwich, Ashby-de-la-Zouch
<b>North America</b>	<ul style="list-style-type: none"> <li>• <b>New Jersey:</b> Edison</li> <li>• <b>California:</b> San Luis Obispo</li> </ul>	



# KEY MANAGEMENT TEAM

## Corporate Office

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

Prior to joining 3i Infotech Ltd., Madhivanan was Executive Director at ICICI Prudential Life Insurance Company Ltd., and earlier was Senior General Manager at ICICI Bank. Over his 12 years tenure, he has worked in various departments for the bank. He was on the RBI Committee on micro-payments and on the Boards of various entities in the financial space.

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

Prior to joining 3i Infotech, Charanjit was Executive Vice President and Chief Financial Officer at ICICI Securities Limited. Charanjit moved to ICICI Securities from ICICI Bank, where he was General Manager and Chief Accountant – Financial Accounting and Reporting Groups. He has worked in areas of Management and Financial Reporting for ICICI bank offices in India and abroad, before which he was with KPMG.

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

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

## Human Resource

### **Ashish Kakkar - Global Head HR**

Ashish is a 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 3i Infotech across all businesses and geographies. He is also part of the Senior Management team and is involved in shaping the strategy for the Company.



## Delivery

### Krish N - Head Global Practice & PMO

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

### Rakesh Doshi - Global Product Delivery Head

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

## Regions

### Abhay Sinha - Region Head, South Asia (Non-ICICI)

Abhay is responsible for Non ICICI Sales and Business operation for South Asia Geography at 3i Infotech. In addition to this, he oversees the Western Europe Sales operations for India Products and Services. Prior to this, Abhay was associated with Dion Global Solutions as Chief Operating Officer. He has rich working experience with LIC, SBI, TCS and E&Y in India and overseas market.

### Abhijeet Powdwal - Country Head, Asia Pacific

Abhijeet is a services marketing professional with experience in direct sales, advertising, brand strategy, consumer research etc. Abhijeet joined us from IDBI Federal Life Insurance Co Ltd where he was the Vice President and Head of Marketing. Prior to this, he has worked with ICICI Bank, JWT, IDBI Bank, Triton Communications, Aptech Internet & DIREM Marketing Services.

### Ashish Dass – Sales Head, Middle East & Africa

Ashish has experience in the Information Technology solutions arena, across Manufacturing, Supply Chain, Logistics, Automobiles, Government, Services and the Banking & Financial services in the Middle East and Africa region. Ashish has also worked with Al Futtaim group and with SAP SI in the Middle East and Africa region.

### Bhaskar Pandey - Region Head, South Asia (ICICI)

Bhaskar handles the ICICI Group relationship for 3i Infotech. In addition to this, he oversees 3i Infotech business in Kingdom of Saudi Arabia (KSA) Region. He was earlier with ICICI Bank as Head - Corporate Alliances & Projects of Remittances Division (International Banking Group). He has also worked with Citi Group, Thermax Culligan Water Tech and BPL Mobile Communications Ltd.

### Ian Hallam - Country Head, Western Europe

Ian heads the Western European geography and has been with the UK operations for over a decade. Prior to this, Ian was associated with ACT Financial Systems. His experience in the Financial IT sector, ranges from strategic application development and senior key account management to creating and directing business & product strategy and delivery.



# NEW INITIATIVES:

## Contemporizing our offerings

1. Launch of 'MFUND PLUS'- 'MFund Plus' is a powerful web based Integrated Investment Management Solution, catering to various sectors like Life Insurance, General Insurance, Asset Management, Portfolio Management, Fund Accounting and Pension Fund Management. The key features of the product include real time limit monitoring, scenario building, comprehensive dashboards, integrated investment systems, better internal controls and seamless flow of data. Its flexible architecture ensures quick & easy interfacing with most of the common core systems. It also provides analytical features such as deal impact analysis & portfolio simulation.
2. Launch of PREMIA 11J- a comprehensive core Insurance solution for Individual and Group Life business. Premia 11j covers end-to-end automation of insurance life cycle across customer acquisition, underwriting, re-insurance, policy administration, distribution management, persistency and claims management. The solution is built on a state of the art Java platform & robust Oracle database to deliver a scalable, stable, functionally & technologically superior product.

## Customer Relationship Management (CRM) Practice

3i Infotech has begun an exciting journey by setting up a practice in the area of CRM. We have partnered with CRMnext. 3i Infotech will benefit from this partnership as this would be an apt solution to be offered to our existing customers in the space of Banking, Insurance and ERP. 3i Infotech will also offer implementation and support services for CRMnext in Asia-Pacific, Middle-east, Africa and the Indian sub-continent which accounts for spends upwards of USD 2.5 billion on CRM solutions.

## Mobility platform Zeus – Enterprise Mobility

Zeus – Enterprise Mobility Framework is a first of its kind, cloud based configuration framework for extending any B2B & B2C processes to mobile devices. Embedded configuration framework as a part of command center extends its reach to cater to all industries. It has been built using 'container approach' which allows enterprises to introduce changes to application in the live environment without any code change or version release. Inbuilt 'Reverse Mobile Device Management (MDM) enables enterprises to embrace Bring Your Own Device (BYOD) without getting concerned about enterprise data security and at the same time allows users to enjoy personal digital lifestyle. Framework has inbuilt support for Insurance, Manufacturing & Corporate / Retail Lending industries.

## Re-engineering of delivery process

1. Conference Room Piloting is introduced in specific projects as rapid implementation model. The preconfigured business processes have reduced the need of having to recreate the standard data sets which have reduced over all implementation life cycle.
2. On time delivery excellence of project delivery by tracking meaningful, measurable and manageable tasks of the Implementation life cycle on daily basis.
3. Customer relationship engagement has been embedded as part of the support process to continuously engage with the customer.

# AWARDS

- CFO India has honored our ED & Global CFO Charanjit Attra with 'CFO100 Roll of Honour' award. Charanjit is receiving this award for the third time for excellence in corporate finance, March 2014.
- 3i Infotech Ltd. bagged the 'Best Overall Sustainable Performance' at 'Africa Leadership Awards 2013' event in Mauritius on Nov 27, 2013.
- 3i Infotech Ltd. ranked 51st in 2013 Fintech 100 Ranking, Nov 2013.
- Empanelment by CERT-In as an IT Security Auditing Organization for Block 2013 – 2015.
- Institute of Public Enterprise recognized Padmanabhan Iyer, MD & CEO 3i Infotech BPO, with 'IPE Corporate Excellence Award (Corporate Excellence)' in Mumbai on Oct 21, 2013.
- Locuz (a subsidiary of 3i Infotech) won 'System Integrator– South'; awarded again by CRN magazine, Sept 2013.
- SiliconIndia recognized 3i Infotech Ltd. as one of the 'Best Company to work for'; Published in SiliconIndia July, 2013 issue.
- Recognized with the 'Best Innovative IT Company Of The Year' award at 'Time Research Business Leadership Awards 2013', July 2013.
- 3i Infotech has once again been presented with an award at the prestigious 'Systems In The City' ceremony for its stockbroking and wealth management solutions; Category: Cost Effective Solution Jun, 2013.
- Ranked 60th in PwC report May, 2013 on top 100 vendors in emerging markets; among one of the 16 Indian companies in the list.
- US Consul General honored 3i Infotech Ltd. with the 'Best Enterprise Resource Planning Solution for MRD and BFSI' Award, May 2013.



# CLIENT SPEAK

"I take this opportunity to thank you for your valuable contribution in AMLOCK Migration Project. I am confident that this achievement is just a pre-cursor to many more milestones that we will work together to achieve. Let's take forward this journey of success and execute all the projects discussed in our last review meeting in a timely and efficient manner. Many thanks once again for your team's excellent contribution in helping us achieve this milestone."

**Abhijit Singh, Head-Retail Business Technology Group, ICICI Bank**

"For over three years, 3i Infotech has been TransCentra's partner of choice for outsourced software development and BPO services. The 3i Infotech team works hand-in-hand with our personnel 365 days a year in order to provide complex solutions and mission-critical services to our customers. We appreciate the hard work of the 3i Infotech team and look forward to the continued success of our partnership in the years to come."

**Scot Kees, Executive Vice President, TransCentra**

"3i's technical expertise and understanding of our business has enabled us to build a very robust, but complex platform that is able to handle the vast range of international securities and bespoke services that set us aside from more conventional stockbrokers. Our clients are already benefitting from this cutting-edge technology and we look forward to developing and enhancing the system with 3i in the coming months."

**Perry Downward, Director of of Operations, Ramsey Crookall**

"I would like to express my sincere gratitude to 3i Infotech for their passionate team with service oriented attitude. With 3 successful ORION ERP implementations in Myanmar, Vietnam and Cambodia in last 2 years, 3i Infotech has proven to be our strategic software solutions partner across globe. What differentiates 3i Infotech from other vendor is their ability to understand and accommodate our unique requirements and deliver the solution that is specific and tailored to our company's need. Thank you and it's an honor to work with 3i Infotech and its team."

**Arun Singh, Director – IT, Mega Group of Companies**

"This is a major milestone, you should all be very proud of yourselves for making this happen. Congratulations and thanks to everyone involved, well done."

**Paul Boots, Director, DMCC (comment on Tradeflow process)**

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

**Bret Armatas, President & CEO, Alvarado Manufacturing Company**

"We would like to place on record our sincere appreciation of the efforts put in by your team in handling the IIB related data. The support of the team has been commendable and this has yielded results as Oriental has achieved the first position among all the Non-Life Insurance Companies (Public and Private) in terms of the quality of Motor data submitted to IIB. The acceptance ratio was found to be over 99%. We would like to thank you and each member of the team for the support and active involvement."

**Anil Srivastava, Deputy General Manager, The Oriental Insurance Company Ltd**



# EMPLOYEE SPEAK

"I have been working with 3i Infotech for the past 14 years and I can't think of working anywhere else. I am able to do my job without being hassled. The mutual trust is encouraging. I have learned so many good practices and processes."- **Gurumurthy Upputuri, India.**

"I am very happy and proud to be a part of the 3i Infotech Thailand team. It has been a great opportunity for me to advance my career and I have enjoyed being part of the team since my first day. During my tenure with 3i Infotech, I have got challenging assignments and was made responsible for the growth of my Group. The support from my direct supervisor as well as the global offices has been instrumental in my achieving success."- **Pattarawan Sopha, Thailand**

"3i Infotech has provided an environment for growth and opportunity for career advancement. It has further enabled us to excel in our field through hard work and perseverance." - **Sachin Sangani, Dubai**

"It's been 6 years since I joined 3i Infotech and the journey till date is extraordinary. Looking back at the time when I joined, it amazes me to see the learning and experience that I have gathered from this Company. Interacting with the senior management is so very simple here and the kind of support that you get from them is amazing. I can very honestly say that 3i Infotech has given me more than I have ever dreamt of from my first job" - **Ashish Agarwal, India**

"When I mention that I have been with the same company for 27 years... it's met with various looks and raised eyebrows. A very positive development over the years is the flexibility we now have in the working environment something 3i Infotech Ltd. tries to embrace where possible. It takes some management but has had very positive impact on my work/life balance. Would I have changed anything? Of course I would, but overall the 27 years have flown by thanks to close friends and colleagues"-- **Sue Barrow, Western Europe**

"Looking back at my 10 years of working at 3i Infotech, 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**

"I cherish every moment of being a 3i Infotech family member ever since I joined 12 years back. For me, the perfect blend of product, people and practice of the organization enabled me to scale up in my career. I aspire for many more heights as the pleasant journey continues"- **Sabarinathan R, South Africa**



# IN THE NEWS...



3i Infotech on NDTV Profit - Mr. Madhivanan Balakrishnan, MD & Global CEO, 3i Infotech Limited.

## 3i Infotech bullish on mid-sized banks, by Sohini Bagchi June 12, 2013

3i Infotech, an IT company founded by ICICI Bank, announced that in the next one year, it will focus on mid-sized banks with end to end core banking, universal lending and factoring solutions to handle large transaction volume. The company is also planning to bring a host of automated solutions for the non-bank financial companies (NBFCs) in the next one year.

Speaking exclusively to CXOtoday, Madhivanan Balakrishnan, Global CEO, 3i Infotech Limited said, "A significant percentage of banks in the mid-sized category, are looking to replace their legacy solutions with more efficient and flexible core banking systems. At the same time, they need to justify their ROI by investing into solutions that are more reasonably priced than the Fincare and other solutions available on the market that are more suitable for larger banks."

## 3i Infotech Successfully Re-launches Orion ERP in India and Showcases Advanced BFSI Solutions at the Connect-Expo, 2013 - Mumbai, Maharashtra, India

18-03-2013 12:07 PM

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. Madhivanan Balakrishnan, MD and Global CEO and Mr. Charanjit Attra, ED and Global CFO.

The 2 days Expo, exhibited 3i Infotech expertise in banking practice, risk practice, insurance practice & financial services practice and served as a strong foothold for the customers to explore its entire range of offerings across Products, IT Services & Business Process Management.

Home > News Analysis > Security

## Security

### 10 steps banks should follow to ensure a robust anti-money laundering process

by Venkatesan Govindaraja & Amit Das, 3i Infotech, July 2, 2013

Venkatesan Govindaraja and Amit Das of 3i Infotech detail a ten-point program that banks should follow to ensure a robust monitoring and anti-money laundering process.

In March 2013, COBRAPOST, an online magazine, carried out a sting operation alleging that employees from three private sector banks had violated some of the money laundering rules and guidelines set by the regulatory authorities.

More Insights

## 3i Infotech wins award for its Wealth Management systems and Stockbroking systems

8 July 2013

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3i Infotech has once again been presented with an award at the prestigious "Systems In The City" ceremony for its stockbroking and wealth management solutions. The awards run annually by Goodacre UK, are judged by an independent panel of respected industry practitioners following an

initial vendor accreditation process earlier in the year. For the second year running 3i Infotech has won the award for "Most Cost Effective Solution", an award that recognises 3i Infotech's commitment to the UK Stockbroking and Wealth Management industry. This commitment is demonstrated by the many long-term relationships it has with its customers and its success in also attracting new customers.



## 3i Infotech bags 'Most Cost Effective Solution' Award

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 dated on: Tuesday, July 24, 2013 By VARINDIA Correspondent

To facilitate its commitment to the UK Stockbroking and Wealth Management industry, 3i Infotech has awarded with the 'Most Cost Effective Solution' award at the "Systems in the City" ceremony for its stockbroking and wealth management solutions. Being honored with the 'Most cost-effective solution' award makes us very proud and encourages us to constantly innovate and provide the best technology solutions to our customers.

Madhivanan Balakrishnan, MD & Global CEO, 3i Infotech said, "This is the second consecutive time we have won this esteemed award for our stockbroking and wealth management solutions. Being honored with the 'Most cost-effective solution' award makes us very proud and encourages us to constantly innovate and provide the best technology solutions to our customers."

Ian Hutton, 3i Infotech Western Europe CEO said, "We are delighted to win this award for the second year running. This achievement reflects customer demand for compelling value-added solutions delivered by mature and committed partners. This award once again highlights 3i Infotech's ability to deliver cost effective solutions to the investment management community."





## 3i Infotech Ltd. bagged the "Best Innovative IT Company Of The Year" award at "Worldwide Achivers Pvt. Ltd. (Erstwhile Time Research Pvt. Ltd.) Business Leadership Awards 2013"

3i Infotech Ltd., a global IT solutions provider, has won the "Best Innovative IT Company Of The Year" award at "Time Research Business Leadership Awards 2013" event on Jul 26, 2013 in Delhi. Erstwhile Time Research Business Leadership Award recognizes 3i Infotech Ltd's credibility and the excellent service offers to their customers. 3i Infotech bagged the award based on the Product capability & organization's credibility, under the criteria of best IT service and product offering and overall contribution to Indian and world's business. The event was held at Hotel Ashoka, New Delhi on Jul 26, 2013. With over 300 people, leaders in their respective service categories and many other eminent guests and the awards were given away by the celebrity of national repute.

## GLOBAL BANKING & FINANCE REVIEW

TOP STORIES INTERVIEWS BANKING BUSINESS FINANCE TECHNOLOGY TRADING NEWS INVESTING

### RETAINING CLIENTS AND WINNING NEW BUSINESS THROUGH CLIENT ONBOARDING

The automation of the client onboarding process has long been discussed, but the technology now exists to change the way wealth managers operate in this area writes Ian Neilson, CEO, 3i Infotech (Western Europe).

complex and often lengthy procedure. Establishing the risk profile usually involves the client manually completing a questionnaire - sometimes in a face-to-face meeting.

It soon becomes evident that if the wealth manager gets the onboarding process correct then there is every likelihood that it will commence the client relationship strongly, with no compliance risks and a clear mutual understanding of the portfolio goals. Getting it right, however, is often not that easy.



## 3i Infotech Ltd. is empanelled by CERT-In for providing information Security Auditing Service

Jan 27, 2014

3i Infotech Ltd., a leading provider of IT products and services for manufacturing, retail, distribution, banking, financial services & insurance (BFSI) industry has been empanelled by CERT-In, for a period of 3 years starting 2013 to 2015. CERT-In is a government of India nodal agency for Cyber Security and is a significant part of the Government of India's Ministry of Communications & Information Technology for responding to computer security

incident as and when the state of affairs is noted to be irregular.

## Congratulations! You have been selected!

### 3i Infotech Ltd : 3i Infotech revives Indo-African business ties by bagging the "Best Overall Sustainable Performance" at Africa Leadership award

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12/02/2013 | 94 48m US/Eastern • Recommend

3i Infotech revives Indo-African business ties by bagging the "Best Overall Sustainable Performance" at Africa Leadership award

India, Mumbai, November 29, 2013: 3i Infotech Ltd., a global IT solutions provider, has won the "Best Overall

## Business Standard

Wednesday, July 16, 2014 | 10:15 AM IST

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Companies » News » News

### 3i to offer CRMNext's solution to its new, existing clients

(Isha Sharma Punni) | Bangalore, November 6, 2013 Last updated at 09:33 IST

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Customer relationship management (CRM) software product company CRMNext has partnered with information technology (IT) solutions provider 3i Infotech to implement CRM solutions in the banking and insurance space.

Companies Overview



**2 NEWS**

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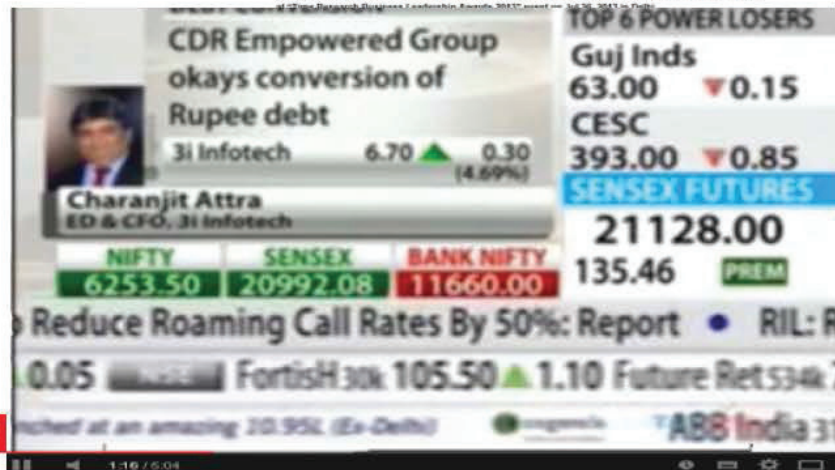
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### Business Wire

## 3i Infotech Ltd. Bagged the 'Best Innovative IT Company of the Year' Award at Business Leadership Awards 2013



3i Infotech Ltd., a global IT solutions provider, has won the "Best Innovative IT Company Of The Year" award at "Time Research Business Leadership Awards 2013" event on Jul 26, 2013 in Delhi.



Charanjit Attra, ED & Global CFO on "Profit Market Check" show in NDTV Profit, Dec 6, 2013

## THE WALL STREET JOURNAL

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INDIA EDITION Tuesday, March 18, 2014 As of 1:51 AM EDT

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PRESS RELEASE | March 18, 2014, 11:51 AM EDT

## 3i Infotech Releases Premia 11j Life Insurance Suite

DUBAI, United Arab Emirates--(BUSINESS WIRE)--March 18, 2014--

3i Infotech, a global provider of IT solutions announced the release of its latest version PREMIA 11j, a comprehensive core Insurance solution for Individual and Group Life business. Premia 11j covers end to end automation of insurance life cycle across customer acquisition, re-insurance, policy administration, persistency and distribution management. The solution is built on a state-of-the-art Java platform & robust Oracle database to deliver a scalable & technologically superior product.

Premia 11j Life Insurance addresses both Conventional and Takaful markets across Asia Pacific, South Asia, Middle East and Africa. The solution provides insurers with unparalleled flexibility to manage product offerings and distribution across a wide spectrum of the sector.

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Computer & Technology

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3i Infotech Logo

3i Infotech Logo

### "Connect" an unique platform of 3i Infotech Ltd.

2013-10-11 15:07:24 - "Connect" an unique platform of 3i Infotech Ltd., addresses dynamic communication between the Company with its clients and employees or vice-versa across globe

3i Infotech Ltd., a global Information Technology company has initiated an unique effective platform to bond with its clients and employees to build a strong foundation in aligning the communication need of the Company. To convert the thoughts into an action 3i Infotech initiated 'Connect' which started with an agenda to break the silos and promote collaborative culture worldwide.

The program is aimed at building a strong medium to communicate effectively and transparently with its employees and clients. 'Connect', initiated by 3i Infotech Ltd.'s management, Madhivanan Balakrishnan, MD and Global CEO and Charanjit Attra, ED and Global CFO. It is the first step of the Company to engage with its clients and employees continuously and to showcase its global industry.

# 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**

**Kaztle**<sup>™</sup>  
Universal Banking Suite

**AMLOCK**<sup>™</sup>  
Fraud Management

**PREMLA**<sup>™</sup>  
Core Insurance Suite

**sight**  
Risk Management

**MFund**<sup>™</sup>  
Asset Management

**ORION**<sup>™</sup>  
Enterprise Resource Planning



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## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR 2013-14

#### Dear Shareholders,

Your Directors present the Twenty First Annual Report (the Report) of the Company along with the Audited Financial Statements for the year ended March 31, 2014.

#### OVERVIEW

##### Performance of the Company

The Company began this year with a two pronged strategy of achieving business growth and reduction of finance cost thereby boosting the net margins and cash flows. The business increased marginally as the revenues earned for the current year were ₹ 1,438.50 crores as compared to ₹ 1,364.28 crores during the previous year. As required under Corporate Debt Restructuring (CDR) package, the Company started servicing interest in cash from the beginning of the Financial Year and the principal from the third quarter of the Financial Year. The business performance and future outlook has been discussed elaborately in the Management Discussion and Analysis Report.

The Company has been constantly working towards cost curtailment, including finance cost. In a measure to reduce interest cost, the Company had placed a proposal before all CDR lenders to convert their respective exposures into foreign currency loans out of FCNR(B) deposits available with them. The debt so converted would bear interest at 3 months LIBOR plus margin of 6.5% per annum. As on the date of this report, about 80% of the total rupee exposure has been converted into foreign exchange loans. The full benefit of these conversions will be witnessed in the Financial Year 2014-15 and onwards.

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

#### Financials of the Company on Standalone and Consolidated basis:

₹ in Crores

Particulars	Standalone		Consolidated	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Total income	395.32	416.19	1438.50	1364.28
Profit/(Loss) from ordinary activities after finance costs but before exceptional items	(417.92)	(379.45)	(355.73)	(383.58)
Exceptional items	35.85	132.96	-	(86.27)
Profit/(Loss) from ordinary activities before tax	(453.77)	(246.49)	(355.73)	(469.85)
Tax expense	-	8.87	(1.33)	(14.06)
Deferred Tax Expense	(17.67)	-	-	-
Tax Expense from earlier years	4.12	-	-	-
Profit/(Loss) from ordinary activities after tax	(440.22)	(255.36)	(357.06)	(483.91)
Impact of discontinuing operations	-	-	-	(19.57)
Profit/(Loss) after tax and discontinuing operations	(440.22)	(255.36)	(357.06)	(503.48)
Minority interest	-	-	(0.50)	(1.49)
Profit/(Loss) after tax, minority interest and discontinuing operations	(440.22)	(255.36)	(357.56)	(504.97)
Earnings Per Share (Basic in Rupees) (Before exceptional items and discontinuing operations)	(7.15)	(8.94)	(6.33)	(9.19)
Earnings Per Share (Basic in Rupees) (After exceptional items and discontinuing operations)	(7.78)	(5.92)	(6.33)	(11.60)

The Members may note that the auditors, without qualifying the audit report, have brought to the attention of the Members certain matters which are re-produced below ad verbatim.

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## **TRANSFER FROM RESERVES**

No amount was transferred to the General Reserve Account this year due to unavailability of profits.

## **DIVIDEND**

Your Directors regret their inability to recommend any dividend (equity and preference) for the year ended March 31, 2014.

## **BUSINESS**

Your Company has a comprehensive set of IP based software solutions 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 ERP solutions for other verticals such as Government, Manufacturing, Retail, Distribution, Telecom and Healthcare.

The business activities of the Company are broadly divided into two categories, viz. Software Products and allied business and Services business. The Company has a good product portfolio and has a dominant presence in fast growing emerging economies and the large BFSI segment, with more than 800 active customers who are satisfactorily using the Company's products.

Your Company has a large customer base across the globe. The Company has physical presence in 50 countries and seven geographies, viz. South Asia, Asia Pacific (APAC), China, Middle East, Africa and South Africa (MEA), Kingdom of Saudi Arabia (KSA), Western Europe (WE) and North America (US).

The business of your Company is broadly divided into Emerging Markets and Developed Markets. The share of Emerging Markets in total revenue of the Company is about 51%, while that of Developed Markets is about 49%.

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

## **SUBSIDIARY COMPANIES**

During the year, 3i Infotech (South Africa) Pty Ltd was incorporated on November 28, 2013 to expand the business in African region.

As a result of the aforesaid incorporation, the number of subsidiaries has increased to 27 (twenty seven) as on the date of this Report from 26 (twenty six) 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, had 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, 2014 is included in this 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 of the Company 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 office or registered office of the respective subsidiary companies.

## **CAPITAL**

### **a) Preference Capital:**

There was no fresh issuance/conversion of preference shares during the year. As on the date of this Report, preference share capital was at ₹ 650,000,000/- (130,000,000 Preference Shares of ₹ 5/- each) held by IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund).

**b) Paid-up Equity Capital:****1) ESOS allotments:**

During the year, no stock options were exercised and therefore there were no allotments towards Employees Stock Options Schemes (ESOS).

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) Allotments against conversion of Foreign Currency Convertible Bonds (FCCBs):**

During the year, 704,194 Equity Shares of face value of ₹ 10/- each were allotted by the Company at a premium of ₹ 6.50/- per share towards conversion of FCCBs.

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

In terms of the CDR Package, on April 23, 2013, the Company allotted 384,498 Equity Shares of face value of ₹ 10/- each at a premium of ₹ 9.74/- per share to some CDR Lenders towards sacrifice.

As a result of the aforesaid allotments the paid-up equity share capital of the Company stood increased at ₹ 5,726,443,780 as on March 31, 2014.

**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. Dileep Choksi and Dr. Bruce Kogut, Independent Non-Executive Directors and Ms. Vishakha Mulye, Non-Executive Director resigned as Directors of the Company effective May 13, 2013; June 19, 2013 and March 29, 2014 respectively. The Directors place on record their sincere appreciation towards the services rendered by them during their respective tenures as Directors of the Company.

Pursuant to the CDR Package, ICICI Bank Limited, one of the largest CDR lenders appointed Mr. K. M. Jayarao on the Board of Directors of the Company (the "Board") as a Nominee Director effective March 24, 2014.

As on the date of this report, the Board of the Company consists of 7 (seven) Directors, out of which three are Independent Directors, two are Nominee Directors and two are Executive Directors. In classification of directors as independent, the Company has relied upon the declaration of independence given by the director as prescribed under Section 149 of the Act and as placed at the Meeting of the Board of Directors dated May 2, 2014.

The Company has received notices in writing pursuant to Section 160 of the Companies Act, 2013 from members along with requisite amount signifying their intention to propose the candidature of Mr. Hoshang N. Sinor, Dr. Ashok Jhunjunwala and Mr. Ashok Shah as Independent Directors of the Company at the ensuing Annual General Meeting of the Company. Further, pursuant to sections 149, 152 of the Companies Act, 2013, approval of the shareholders has been sought for the appointment of Mr. Hoshang N. Sinor, Dr. Ashok Jhunjunwala and Mr. Ashok Shah as Independent Directors not liable to retire by rotation, effective April 1, 2014 till September 30, 2015.

As per the provisions of the Act, Mr. Charanjit Attra is liable to retire by rotation at this Annual General Meeting (AGM) and being eligible, seeks re-appointment. The Board of Directors recommend his re-appointment.

**COMMITTEES**

As on the date of this Report, the Board has four committees:

- i. Audit Committee;
- ii. Nomination and Remuneration Committee (formerly known as Board Governance Committee)
- iii. Stakeholders' Relationship Committee (formerly known as Shareholders' / Investors' Grievances Committee)
- iv. Corporate Social Responsibility Committee

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

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## **CONSOLIDATED FINANCIAL STATEMENTS**

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

## **AUDITORS**

M/s. Lodha & Co., Chartered Accountants and M/s R. G. N. Price & Co., Chartered Accountants were appointed as the Joint Statutory Auditors of the Company at the previous Annual General Meeting (AGM) held on September 23, 2013 and are due to retire at this AGM.

The Company is in receipt of a special notice in terms of Section 115 and Section 140 (4) of the Act, in respect of appointment of M/s. Lodha & Co., Chartered Accountants, as the Statutory Auditor of the Company. The Company has also received a letter from M/s. Lodha & Co. confirming their eligibility for appointment as Statutory Auditor and their written consent under the provisions of the Act, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section. In view of the above and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on July 25, 2014, proposed the appointment of M/s. Lodha & Co. as the Statutory Auditor of the Company from the conclusion of this AGM till the conclusion of the Twenty Fourth AGM of the Company to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting of the Company.

## **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, is 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.

The Company is Verafirm-Certified, which is a global recognition of the best practices implemented in Software Asset Management (SAM) through the entire life cycle from procurement, inventory management, deployment, license compliance and usage monitoring. Verafirm certification is the first and only industry certification based on ISO SAM standards and is a universally applicable benchmark for organizations to follow when developing and implementing a SAM program. This certification recognizes the Company as a highly ethical company with strong corporate governance and endorses the fact that we follow the best practices in the SAM.

During the year, your Company has also 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 for ensuring the best practices for the customers;
- Information Security Awareness programmes;
- 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;
- 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 for best practices in Data Center and support services;

- 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;
- Your Company has received CMMI Level 3 certification for Banking, Financial Services and Insurance (BFSI) projects executed from Mumbai, Bangalore, Chennai and Hyderabad locations and
- Your Company has also received CMMI Level 3 certification for the eGovernance development projects carried out by ADMS and consulting practice from Bangalore and Noida.

## 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 facilities 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 upgrading its varied product lines to standard and contemporary technology 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	2013-14	2012-13
Revenue Expenditure	16.34	32.71
Capital Expenditure	-	-
<b>Total</b>	<b>16.34</b>	<b>32.71</b>
<b>Total R&amp;D expenditure as a percentage of total standalone revenue</b>	<b>4.13%</b>	<b>7.87%</b>

## FOREIGN EXCHANGE EARNING AND EXPENDITURE

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

More than 12.60% of the standalone revenue of the Company is derived from exports.

The Registered Office of the Company, which is located at International Infotech Park, Vashi, Navi Mumbai, India, is registered as software technology park (STP unit) under the STP scheme of the Government of India.

### b) Foreign Export earnings and expenditure (Standalone)

During the year 2013, the expenditure in foreign currencies on account of cost of outsourced services and bought out items, travelling and other expenses and interest amounted to ₹ 42.14 crores. During the same period, the Company earned ₹ 41.17 crores in foreign currencies as income from its operations abroad (excluding the income from Dubai branch of the company) .

## PERSONNEL

Over the last one year, your Company has enhanced the quality of its Human Resource. The key focus has been to set up a dedicated, competent and highly professional team that would contribute to bring the Company on the growth path. Focused efforts have been made by way of employee engagements to build confidence across the organization. The talent pipeline is looking healthy, though attrition remains a challenge for the industry and more so for the Company.

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Your Company will continue to focus and build the human potential which would help in scaling greater heights as a company.

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 fulfill customer expectations and are in accordance with industry and domain specific standards. Your company has achieved CMMI Level 3 certification.

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

Your company is focused on delivering quality at every stage of its operations by driving improvement around key business and process metrics and imbibing industry wide best practices.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company and its employees wholeheartedly participated in CSR activities during the year through 3i Infotech Foundation. The activities included participation in:

- Give India Payroll programme;
- Donation of one day's gross pay towards rehabilitation work in the state of Uttarakhand following apocalyptic flash floods and landslides;
- "Child Education Sponsorship" campaign in collaboration with NGO, ActionAid;
- An organization wide campaign for donation of old clothes and
- Participation in events organized by Umang Foundation for preparation and distribution of school kits to underprivileged children.

#### **FUTURE OUTLOOK**

The Company will continue to technologically upgrade its 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 more or less at the current level.

#### **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, 2014 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 Parks 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 team work and professionalism.

#### **For and on behalf of the Board**

**Sd/-**  
**Hoshang N. Sinor**  
**Chairman**

**Sd/-**  
**Madhivanan Balakrishnan**  
**Managing Director & Global CEO**

**July 25, 2014 at Mumbai**

## ANNEXURE TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2013-14

#### CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company's core values – Innovation, Insight and Integrity imbibe in themselves the Corporate Governance philosophy of the Company. The Company strives to maintain high standards of business conduct and nurtures long term sustainable relationships with the various stakeholders of the organization. In order to achieve this objective, the Company promotes best practices of governance through the structure as mentioned below:

1. The Board and its committees, consisting of professionals of repute who provide strategic planning and directions. and
2. Executive Management consisting of domain and professional experts.

The Board and the Executive Management hereby support and endorse Corporate Governance practices in accordance with clause 49 of Listing Agreement and ensure that the Company's Code of Conduct is followed in letter and spirit.

#### 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 Board consists of 3 (three) Independent Non-Executive Directors, including the Chairman. The composition of the Board during the year and the directorships held by the Board Members as on March 31, 2014 are as under:

Name	Category	Designation	Date of Appointment	Date of Resignation	Number of directorships in other companies @	Number of chairmanships in committees of Boards of other companies #	Number of Memberships in committees of Boards of other companies #
Mr. Hoshang N. Sinor	INED	Chairman	24-Jul-03	-	10	4	7
Dr. Ashok Jhunjhunwala	INED	Director	19-Oct-06	-	6	1	4
Mr. Ashok Shah	INED	Director & Chairman Audit Committee	1-Dec-11	-	-	-	-
Dr. Bruce Kogut*	INED	Director	22-Apr-05	19-Jun-13	NA	NA	NA
Mr. Dileep C. Choksi*	INED	Director & Chairman-Audit Committee	24-Apr-09	13- May-13	NA	NA	NA
Mr. N.S. Venkatesh	ND	Director	8-May-12	-	-	-	-
Ms. Vishakha Mulye*	NED	Director	25-Jul-07	29-Mar -14	NA	NA	NA
Mr. K.M.Jayarao\$	ND	Director	24-Mar-14	-	3	-	-
Mr. Madhivanan Balakrishnan	ED	Managing Director & Global CEO	01-Jul-12	-	3	1	-
Mr. Charanjit Attra	ED	Executive Director & Global CFO	01-Jul-12	-	3	-	-

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

@ Excludes Directorships in private limited companies, foreign companies and Companies formed under Section 25 of Companies Act, 1956.

# Includes Membership/Chairmanship only in the Audit Committee and Stakeholders' Relationship Committee (formerly known as Shareholders'/Investors' Grievances Committee).

\* Resigned during the year.

\$ Appointed during the year.

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

**b. Board Meetings:**

The Board, among 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 challenges faced by the Company, both short term and long term and devises strategies to overcome those challenges and ensure growth.

During the financial year ended March 31, 2014, the Board met 7 (seven) times on May 13, 2013; July 29, 2013; October 11, 2013; November 1, 2013; November 29, 2013; January 31, 2014 and March 10, 2014. The time gap between any two Meetings of the Board was less than four months.

In order to facilitate informed deliberations at the Meetings, a detailed agenda with necessary enclosures and reports is circulated well in advance of the Meeting. Further, presentations are made by Executive Management on various strategic and operational matters. On some occasions, experts are also invited who provide insights on complex matters.

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	Through tele conference
Mr. Hoshang N. Sinor (DIN :- 00074905)	7	7	-
Dr. Ashok Jhunjhunwala (DIN :- 00417944)	7	6	1*
Mr. Ashok Shah (DIN :- 01194846)	7	6	1*
Dr. Bruce Kogut (DIN :- 00214060)	1	1	-
Mr. Dileep C. Choksi (DIN :- 00016322)	1	1	-
Mr. N. S. Venkatesh (DIN :- 01893686)	7	1	-
Ms. Vishakha Mulye (DIN :- 00203578)	7	7	-
Mr. K. M. Jayarao (DIN :- 01077289)	-	-	-
Mr. Madhivanan Balakrishnan (DIN :- 01426902)	7	7	-
Mr. Charanjit Attra (DIN :- 05323757)	7	6	-

\* Not considered for the purpose of quorum.

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

The policy of the Company for appointment, performance evaluation, age and remuneration of Directors is as mentioned below:

**Appointment:**

The Nomination and Remuneration Committee (formerly known as Board Governance Committee) consists of three Non-Executive Directors as on the date of this Report, of which a majority are independent. The Committee identifies, selects, nominates and recommends induction of additional directors on the Board. Based on the recommendations of this Committee, the Board approves the appointment including re-appointment of Directors on the Board and their remuneration.

**Remuneration Policy:**

While deciding on the remuneration of the Directors, the Board and the Nomination and Remuneration Committee (Committee) take into consideration the performance of the 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:**

During the year 2013-14, the Company did not pay remuneration by way of commission to the Non-Executive Directors of the Company for the year 2012-13. The Non-Executive Directors were paid sitting fees of ₹ 20,000 for attending Meetings of the Board and Committees during 2013-14. The quantum of sitting fees has been increased to ₹ 50,000 per meeting of the Board and ₹ 25,000 per meeting of the Committees of the Board effective May 2, 2014 taking into consideration the increased limits of upto ₹ 100,000 per meeting under Companies Act, 2013. As per the terms of appointment of Nominee Directors, sitting fees payable to them is paid to institution/ bank they are representing. The details of the sitting fees paid to the Directors during the year 2013-14 are as given below:

Name of the Director	Total Sitting Fees (in ₹)		
	Gross	TDS	Net
Mr. Hoshang N. Sinor <sup>\$</sup>	-	-	-
Dr. Ashok Jhunjhunwala	260,000	26,000	234,000
Mr. Ashok Shah	280,000	28,000	252,000
Dr. Bruce Kogut	40,000	8,000	32,000
Mr. Dileep C. Choksi	60,000	6,000	54,000
Ms. Vishakha Mulye <sup>\$</sup>	-	-	-
Mr. N. S. Venkatesh <sup>\$</sup>	-	-	-
Mr .K.M.Jayarao	-	-	-

<sup>\$</sup> Considering the financial position of the Company, Mr. Hoshang N. Sinor, Ms. Vishakha Mulye and Mr. N.S. Venkatesh have relinquished their right to receive sitting fees for attending the Board and Committee Meetings.

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	2.247	0.099	0.002	2.348
Mr. Charanjit Attra	1.165	0.039	0.002	1.205

**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, commencing one year from the date of grant. Options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The price of the options granted is the higher of the face value or the closing market price on the stock exchange which recorded the highest trading volume on the day preceding the date of grant of the options. The pricing of the stock options is in line with SEBI guidelines.

During the year, the Company approved a new ESOS plan (Plan 2013) under the existing ESOS Scheme 2007 under which 16,948,000 stock options were granted to some of the employees and Directors of the Company.

- a. The particulars of the options granted and outstanding up to March 31, 2014 are as under:

Particulars	ESOS 2000	ESOS 2007
Options granted	26,316,926	25,493,000
Options vested	7,066,940	3,102,500
Options exercised	3,480,412	-
Number of shares allotted pursuant to exercise of options	3,480,412	-
Amount realized by exercise of options (₹)	178,573,675	-
Options forfeited / lapsed	15,769,874	7,612,500
Extinguishment or modification of options	-	-
Total number of options in force	7,066,640	17,860,500

- b. Details of stock options granted to Directors and Senior Management Personnel during the year are as follows:

Sr. No.	Name of Director/ Senior Management Personnel	Number of options granted
1	Mr. Madhivanan Balakrishnan	1,500,000
2	Mr. Charanjit Attra	1,000,000
3	Mr. Ashish Kakkar	600,000
4	Mr. Padmanabhan Iyer	210,000

- c. The following options granted and outstanding as at March 31, 2014 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	120,000	50

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

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 ₹)
2009-10	(7.04)
2010-11	5.83
2011-12	(17.37)
2012-13	(5.92)
2013-14	(7.78)

- e. Since the exercise price of the Company's options is the higher of the face value or 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 2014 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 ₹ 440.22 crores. On a proforma basis, the Company's basic and diluted earnings per share would have been ₹ (7.78). 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 higher of face value or the stock exchange Closing Price on the day prior to grant as explained above

The details of stock options granted during the year are as follows:

Date of Grant	Number of options granted	Grant Price (in ₹)
May 1, 2013	15,478,000	10
August 1, 2013	390,000	10
September 1, 2013	510,000	10
October 1, 2013	330,000	10
November 1, 2013	150,000	10
December 1, 2013	90,000	10
<b>Total</b>	<b>16,948,000</b>	<b>-</b>

- f. The number of stock options held by the Directors as on March 31, 2014 are as below:

Name of Director	Number of options	Average Exercise Price (in ₹)
Dr. Ashok Jhunjhunwala	90,000	90
Mr. Madhivanan Balakrishnan	1,500,000	10
Mr. Charanjit Attra	1,000,000	10

**B. Number of shares held by Directors as on March 31, 2014:**

Name of the Director	Number of Shares
Mr. Hoshang N. Sinor	100,000
Dr. Ashok Jhunjhunwala	19,507
Mr. Madhivanan Balakrishnan	34,588

None of the other Directors hold any shares, convertible instruments or options of the Company, except as disclosed above.

**C. Code of conduct**

The Company has adopted a Code of Conduct (Code) for Board of Directors and Senior Management, which aims to inculcate the spirit of corporate governance in the affairs of the Company and promotes ethical conduct. Adherence to this Code is essential and any breach of the same attracts disciplinary action. All the Directors and Senior Management Personnel have affirmed compliance with the Code as on March 31, 2014. A declaration to this effect signed by the Managing Director forms part of this Report.

**D. Code of conduct for prevention of insider trading**

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for Directors and designated employees of the Company and 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. This code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing in the shares of the Company and cautions them of the consequences of violations.

## II. BOARD COMMITTEES

Currently, the Board has four Committees, viz.

- a. Audit Committee;
- b. Stakeholders' Relationship Committee (formerly called the Shareholders'/Investors' Grievances Committee);
- c. Nomination and Remuneration Committee (formerly called the Board Governance Committee) and
- d. Corporate Social Responsibility (CSR) Committee.

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

### a. Audit Committee:

The terms of reference of the Audit Committee, inter alia, include:

- Oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommend the appointment/removal of Statutory Auditor(s) & Internal Auditor(s), fixing the audit fee and also approving the payment for any other services;
- Recommending the terms of appointment of auditors of the Company;
- Review and monitor auditor's independence, performance and effectiveness of audit process;
- Review with the Management, the quarterly/annual financial statements and the auditors' report thereon before submission to the Board;
- Monitor the end use of funds raised through public offer and review with the Management the statement of usage/application of funds raised through an issue (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 make appropriate recommendations to the Board to take up steps in this matter;
- Review with the Management the adequacy of internal control system and performance of External and Internal Auditors;
- Review 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 having post audit discussion to ascertain any area of concern;
- To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with Internal Auditors on any significant findings and follow up thereon;
- Review the Company's financial and risk management policies;
- Evaluation of internal financial controls and risk management systems;
- Review the functioning of the Whistle Blower mechanism;
- Review the financial statements of subsidiary companies;
- Look into reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Approving the appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience and background etc. of the candidate before finalization of the appointment by the management;
- Scrutinise inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;

- Approval or subsequent modification of transactions with related parties and
- To carry out any other function as may be required to be carried out by the Audit Committee under the Companies Act 2013 and the rules thereof, the listing agreement and all other applicable laws (including any statutory modification(s) or re-enactment thereof for the time being in force).

Consequent to the resignation of Mr. Dileep C. Choksi from the Board on May 13, 2013, the Committee was re-constituted on August 26, 2013 by the induction of Dr. Ashok Jhunjunwala. On the same day, the Board also appointed Mr. Ashok Shah as the Chairman of the Audit Committee in place of Mr. Dileep C. Choksi. Later, towards the end of year, Ms. Vishakha Mulye ceased to be a member of the Audit Committee due to her resignation from the Board of Directors of the Company on March 29, 2014.

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

Director	Position	Qualification
Mr. Ashok Shah	Chairman	B.Sc., M.A.
Dr. Ashok Jhunjunwala	Member	B. Tech, M.S. and Ph.D.
Mr. N. S. Venkatesh	Member	C.A.

The Audit Committee comprises of Non-Executive Directors, majority of them being Independent. Qualifications and expertise of the Committee members are in line with requirements of Clause 49 of the listing agreement with stock exchanges read with section 177 of the Companies Act, 2013. The Chairman of the Committee is an Independent Director. 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 the financial year ended March 31, 2014 on May 13, 2013; July 29, 2013; November 1, 2013 and January 31, 2014. 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	Number of Meetings attended
Mr. Ashok Shah	4	4
Mr. Dileep C. Choksi	1	1
Ms. Vishakha Mulye	4	4
Mr. N. S. Venkatesh	4	-
Dr. Ashok Jhunjunwala	2	2

**b. Stakeholders' Relationship Committee (formerly called Shareholders' / Investors' Grievances Committee):**

The Shareholders' / Investors' Grievances Committee of the Company has been renamed as the Stakeholders' Relationship Committee in line with the wider role to be played by this Committee under the Companies Act, 2013. This Committee was constituted by the Board to look into the matters relating to investor services, to redress the grievances of the investors and security holders.

**The terms of reference of this Committee, inter alia, include:**

- 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 printing of share certificates and other securities and lay down procedures for their issue, safe-keeping and proper maintenance, etc.;
- Approve registration of transfer of shares and other securities issued and that may be issued from time to time and approve or reject application for transmission of shares;
- Approve / reject applications for dematerialisation, re-materialisation, subdivision, consolidation, transposition and thereupon issue share certificates to the shareholders;
- Lay down suitable procedure and approve issue of duplicate certificates of shares and other securities;



- Decide account(s) to be opened/closed with any bank(s) in India, for the purpose of payment of interest/dividend or for other purposes relating to shares or 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;
- Consider and resolve the grievances of shareholders, debentureholders, deposit holders and other security holders of the Company;
- Redressal of shareholder and investor complaints such as transfer of shares, non-receipt of Annual Reports, non-receipt of dividend declared, non-payment of interest to debenture holders and deposit holders or any security holders, 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 Committee was reconstituted on May 13, 2013 by the induction of Mr. Charanjit Attra as a Member of the Committee.

The composition of the Committee as on the date of this Report was as under:

Director	Position
Mr. Ashok Shah	Chairman
Dr. Ashok Jhunjhunwala	Member
Mr. Charanjit Attra	Member

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 financial year ended March 31, 2014 on May 13, 2013; July 29, 2013; November 1, 2013 and January 31, 2014.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director	Number of Meetings attended
Mr. Ashok Shah	4	4
Dr. Ashok Jhunjhunwala	4	4
Mr. Charanjit Attra	3	3

The status of Shareholders' instructions and grievances received during the year is as below:

	Opening Balance as on April 1, 2013	Received	Processed	Pending as on March 31, 2014
Instructions	3	116	119	-
Grievances	-	10	10	-

**c. Nomination and Remuneration Committee (formerly known as Board Governance Committee):**

This Committee acts as a Board Governance, Compensation cum Nomination Committee and was renamed on May 2, 2014 in line with the provisions of the Companies Act, 2013.

**The terms of reference of this Committee, inter alia, include:**

- Identify the prospective directors and assist the Board in filling up vacancies in the offices of directors of the Company and its subsidiaries;

- 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 the Director(s) who shall be liable to retire by rotation;
- Oversee the evaluation of the Board and the management;
- Formulate the code of ethics and governance;
- 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 of the terms of reference and annually review its own performance and subject it to assessment by the Board;
- Review performance of Whole-time Directors of the Company and the subsidiaries, nominated by the Company on its Board vis-à-vis Key Performance Areas and to recommend the remuneration payable to them from time to time by way of salary, perquisites, commission, allowances, performance bonus, stock options, etc;
- Approve the policy for quantum of bonus payable to members of the staff;
- Identify persons who may be appointed in senior management in accordance with criteria laid down and recommend to the Board their appointment and removal;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, regarding remuneration for the directors, key managerial personnel and other employees;
- Formulate criteria for evaluation of Independent Directors and the Board;
- Devise a policy on Board diversity;
- To frame/modify the Employees Stock Options Scheme and recommend granting of stock options to the staff and whole-time directors of the Company and the group companies and
- Make recommendations to the Board in respect of the incentive compensation plans.

Following the resignation of Mr. Dileep C. Choksi effective May 13, 2013 and Dr. Bruce Kogut effective June 19, 2013, the Committee was reconstituted on August 26, 2013 by induction of Dr. Ashok Jhunjhunwala and Ms. Vishakha Mulye as Members of the Committee. Ms. Vishakha Mulye stepped down from the Committee post her resignation on March 29, 2014.

On May 2, 2014, Mr. Hoshang N. Sinor stepped down as Chairman of the Committee to comply with the provisions of Section 178 of Companies Act, 2013 which mandates that the Chairman of the Board shall not act as a Chairman of this Committee. On the same day, the Board also inducted Mr. Ashok Shah and Mr. K.M. Jayarao on the Committee.

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

Director	Position
Dr. Ashok Jhunjhunwala	Chairman
Mr. Ashok Shah	Member
Mr. K.M.Jayarao	Member

The Committee met twice during the financial year ended March 31, 2014 on May 13, 2013 and November 1, 2013.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director	Number of Meetings attended
Mr. Hoshang N. Sinor	2	2
Dr. Bruce Kogut	1	1
Mr. Dileep C. Choksi	1	1
Dr. Ashok Jhunjhunwala	1	1
Ms. Vishakha Mulye	1	1

**d. Corporate Social Responsibility (CSR) Committee**

The Board, at its meeting held on May 2, 2014, constituted a Committee for overseeing the CSR initiatives of the Company.

The composition of the Committee is as under:

Director	Position
Mr. Hoshang N. Sinor	Chairman
Mr. Madhivanan Balakrishnan	Member
Mr. Charanjit Attra	Member

**The terms of reference of the CSR Committee, inter alia, include:**

- Consider and formulate the Company's value and strategy with regard to CSR, develop and review the Company's CSR policies and recommend the amount of expenditure to be incurred on activities indicated in the said CSR policies;
- Identify CSR issues and related risks and opportunities relevant to the Company's operations and incorporate the issues or factors into the Company's existing risk management;
- Monitor and oversee the implementation of the Company's CSR policies and practices to ensure compliance with the applicable legal and regulatory requirements;
- Evaluate and enhance the Company's CSR performance and make recommendation to the Board for improvement;
- Review and endorse the Company's annual CSR report for the Board's approval for public disclosure and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

### III. GENERAL MEETINGS

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

Year	Date and Time	Venue	Special Resolutions passed
2012-13	September 23, 2013 at 10:30 a.m.	Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 705	None
2011-12	August 2, 2012 at 4:00 p.m.		1. Appointment of Mr. Madhivanan Balakrishnan as Managing Director & CEO 2. Appointment of Mr. Charanjit Attra as Executive Director
2010-11	July 29, 2011 at 4:00 p.m.		None

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.

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**Attendance of the Directors at the last Annual General Meeting held on September 23, 2013:****Name of the Directors present:**

Mr. Hoshang N. Sinor;

Dr. Ashok Jhunjhunwala;

Mr. Ashok Shah (Chairman - Audit Committee);

Ms. Vishakha Mulye;

Mr. Madhivanan Balakrishnan and

Mr. Charanjit Attra.

Mr. Mahesh Krishnan and Mr. Rangarajan, Partners from M/s. R. G. N. Price & Company and Mr. R.P. Baradiya, Partner from M/s. Lodha & Co., Statutory Auditors were also present at the previous Annual General Meeting.

**No Extraordinary General Meeting was held during the last three years.**

**No Resolution was passed through Postal Ballot during the financial year ended March 31, 2014.**

**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 2013-14, 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 and Directors to participate in fostering transparent practices in the organization. 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 and Directors of the Company and its subsidiaries 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 this Policy came into effect, 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 has also adopted the following non-mandatory requirements as per clause 49 of the Listing agreement.

**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 Nomination and Remuneration Committee (formerly known as the Board Governance Committee). A detailed report on the same is given under point II.c in this Report. All the Members of the

Committee are non executive directors with the Chairman of the Committee being an Independent Director. Mr. Hoshang N.Sinor, who was the Chairman of the Committee at the time of the AGM of the Company in 2013, attended the AGM.

### 3. Training of Board Members

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

### 4. Mechanism for evaluating the performance of Non-Executive Directors

The Board Governance Committee (BGC) (now called the Nomination and Remuneration Committee) evaluates the performance of the Non-Executive Directors every year on the basis of well defined parameters and discussions.

### 5. Whistle Blower Policy

The Company has laid down a Whistle Blower Policy, the details of which have been given earlier in this 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](http://www.3i-infotech.com). 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 queries and grievances of the shareholders. In order to enable shareholders to raise queries and grievances, the Company has a separate email ID [investors@3i-infotech.com](mailto:investors@3i-infotech.com).

## VI. GENERAL SHAREHOLDER INFORMATION

### a) Details of ensuing AGM:

Day and Date	Time	Venue
Tuesday, September 16, 2014	11:30 a.m.	Arya Samaj Hall, Plot No.6, Sector 9A, Vashi, Navi Mumbai- 400 703

### b) Schedule of the Board Meetings for consideration of Financial Results:

Quarter Ended	Date
June 30, 2014	July 25, 2014
September 30, 2014	October 31, 2014*
December 31, 2014	January 30, 2015*
March 31, 2015	May 8, 2015*

\* Dates are tentative and subject to change.

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

### d) Date of Book Closure: Tuesday, September 9, 2014 to Tuesday, September 16, 2014 (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 ISIN (International Securities Identification Number):

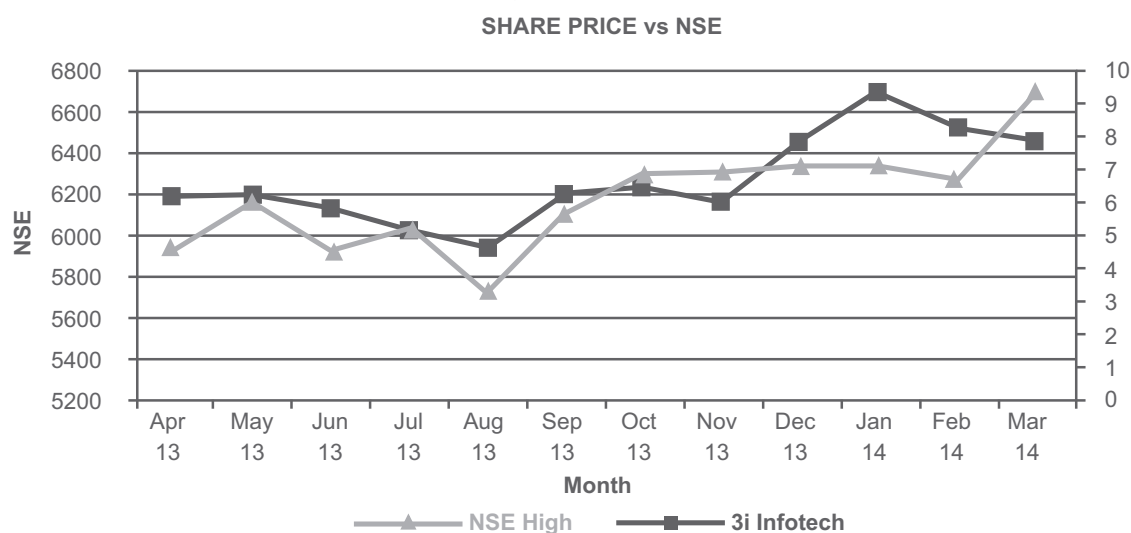
	NSE	BSE
Exchange Code	3IINFOTECH	532628
ISIN in National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL)	INE748C01020	

**g) Stock Market Data:**

Monthly highs, lows and trading volume for financial year 2013-14:

Month	National Stock Exchange			Bombay Stock Exchange			Total Quantity Traded
	High	Low	Trade Quantity	High	Low	Trade Quantity	
April-13	6.20	5.55	10,471,751	6.20	5.55	3,926,076	14,397,827
May-13	6.20	5.00	17,915,799	6.23	5.00	6,167,754	24,083,553
June-13	5.85	4.70	14,058,475	5.82	4.73	5,211,669	19,270,144
July-13	5.25	3.90	15,947,291	5.27	3.90	5,855,520	21,802,811
August-13	4.65	3.70	12,533,425	4.64	3.73	5,629,327	18,162,752
September-13	6.30	4.00	21,433,132	6.27	4.01	9,527,035	30,960,167
October-13	6.45	5.25	18,500,220	6.44	5.22	9,925,185	28,425,405
November-13	6.05	5.45	8,085,878	6.07	5.46	3,662,795	11,748,673
December-13	7.90	5.60	20,354,734	7.99	5.57	11,744,756	32,099,490
January-14	9.40	7.00	17,217,529	9.04	7.01	9,491,658	26,709,187
February-14	8.30	6.65	6,415,112	8.29	6.63	3,350,446	9,765,558
March-14	7.90	7.00	18,667,793	7.91	7.01	8,167,171	26,834,964

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



**i) Registrar and Transfer (R&T) 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, 2014:**

Shareholding of nominal value of (₹)	Shareholders		Share Amount	
	Number	Percentage to total (%)	(₹)	Percentage to total (%)
Upto 5000	122,442	74.04	200,924,640	3.51
5001-10000	18,242	11.03	153,500,720	2.68
10001-20000	10,543	6.38	165,703,480	2.89
20001-30000	4,353	2.63	113,487,060	1.98
30001-40000	2,125	1.29	77,352,670	1.35
40001-50000	1,860	1.12	89,018,200	1.56
50001-100000	3,067	1.85	231,056,090	4.03
100001 and above	2,752	1.66	4,695,400,920	82.00
<b>Total</b>	<b>165,384</b>	<b>100.00</b>	<b>5,726,443,780</b>	<b>100.00</b>

**l) Shareholding Pattern as on March 31, 2014:**

Category	Shares	Percentage (%)
Promoter- (IDBI Trusteeship Services Ltd. (ICICI Strategic Investments Fund))	39,036,190	6.82
Government Financial Institutions	22,418,772	3.91
Nationalised Banks	76,667,135	13.39
FII's	99,239	0.02
Overseas Corporate Bodies (OCBs)	-	-
Foreign Banks / Companies	38,568,650	6.74
Non-Residents	12,596,892	2.20
Mutual Funds	-	-
Bodies Corporate	27,859,819	4.86
Other Banks	178,445,930	31.16
Resident Indians	176,951,751	30.90
<b>Total</b>	<b>572,644,378</b>	<b>100.00</b>
<b>Number of Shareholders</b>	<b>165,384</b>	

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

On March 31, 2014, all the shares of the Company were held in dematerialized mode, except 51,366 shares, which were held in physical mode.

**n) Unclaimed Shares lying in Demat Suspense Account:**

SEBI had, vide its circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009, amended the listing agreement. As per the requirements of this amendment, 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 has 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	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year	4	532
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, 2014	4	532

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**

As per the requirements of the circular issued by Ministry of Corporate Affairs (MCA) dated May 10, 2012, the details of unclaimed/unpaid dividend were filed with Registrar of Companies (ROC) and they are also displayed on the website of the Company.

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 in respect thereof, shall lie with the Company.

Further, the unclaimed dividend of ₹ 208,086/- pertaining to year 2005-06 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:**

The outstanding foreign currency Convertible Bonds as on the date of this report 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 90.970 Million	USD 2.435 Million
Coupon/Yield (payable at Semi-annual intervals)	5.00% p.a.	4.75% p.a.
Conversion Price	₹ 16.50	₹ 165.935
Fixed Exchange Rate	1 USD = ₹ 50.7908	1USD = ₹ 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	280,026,610	598,863

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

**q) Plant Locations:**

As the Company is engaged in Information Technology Industry, it does not have any plant. The Company operates from various offices in India and abroad.



r) **Address for correspondence:**

**COMPLIANCE OFFICER:**

Company Secretary & Compliance Officer

3i Infotech Limited,

CIN No: L67120MH1993PLC074411

Tower # 5, 3<sup>rd</sup> Floor, International Infotech Park,

Vashi, Navi Mumbai 400 703, Maharashtra

Ph: (91-22) 6792 8000

Fax: (91-22) 6792 8098

Email: co@3i-infotech.com

**SHARE DEPARTMENT:**

3i Infotech Limited

Tower # 5, 3<sup>rd</sup> Floor, International Infotech Park,

Vashi, Navi Mumbai 400 703, Maharashtra

Ph: (91-22) 6792 8015/8062

Fax: (91-22) 6792 8098

Email: investors@3i-infotech.com

**July 25, 2014 at Mumbai**

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## **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, 2014.

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

**July 25, 2014 at Mumbai**

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## **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, 2014 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 25, 2014 at Mumbai**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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.

### Overview

3i Infotech is a global information technology (IT) company and provides a range of IT products and services to various industry verticals such as banking, financial services and insurance industries (BFSI) across the globe. It operates in two main business lines viz. IT solutions and transaction services. Its IT Solutions business comprises of IT Products and IT Services segment and contributes about 94% of total consolidated revenue of the company.

IT Solutions segment includes sale of IT products developed by 3i Infotech and providing IT infrastructure services to varied companies on an outsourcing business model. IT product business includes packaged applications for the BFSI and an ERP suite of applications. IT services include customized software development & maintenance, system integration, IT consulting, and offshore & onsite support through its BPO operations. Through IT service offerings, 3i Infotech provides clients with application development and maintenance, IT infrastructure services, e-governance services, retail e-commerce, business intelligence, document management service, business process management and data warehousing.

Transaction Services segment covers management of back office operations for BFSI clients. Through transaction service offerings, 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.

Transaction services business comprises back office operation and contributes about 6% of total consolidated revenue of the Company.

### Vision and Strategies

The Company is focused on enhancing its brand in the Domestic and Global markets and increase stakeholder value for all those who are standing with and supporting the Company. The Company is capitalizing on the groundwork that has been laid out in the past two years, since it opted for Corporate Debt Restructuring. The Company has a suite of products which get augmented with the services that it offers around these products. The Company has prudently invested in upgrading and adding new features to its existing core products. Additionally, to expand the reach and make its products contemporary and competitive in the market place, the Company has been entering into partnerships with entities specializing in latest market demands such as mobile computing, to ensure that business opportunities are capitalized on without the need for investment. Acceleration in Revenues and improvement in margins will be achieved primarily by farming the business of existing clients of the Company, spread across the globe. The Company has reevaluated its solution offerings and has created a bouquet of solutions that dovetail with its core competence. It is taking steps to offer the spectrum of these robust solutions to its customers where quicker deal conversions are expected. The cost reduction measures initiated in earlier years is being sustained to enable constant improvement in margins. On the financial front, the Company has initiated steps to reduce its burden by transformation of its debt to cheaper options.

The Company has got opportunities from existing customers as well as acquiring new customers in line with the investment that has been done in upgrading and adding new features to its existing products and the expertise it has developed in the services segments. This has resulted in positive response from the market of its offerings. In the current environment in the IT industry, the Company addresses the risk of attrition of key resources by means of challenging and fulfilling roles to retain such resources, which has shown positive outcome in the current year. The Company constantly engages with its existing customers both from the perspective of increased business as well as to counter the threat of competition undermining the Company's capabilities. The Company has also taken steps to rationalize as well as strengthen its resource pool in a focused manner to give an added thrust to its product business growth in the coming year.

### Global IT Services

According to leading research firms, the share in national GDP of the IT sector is 8.1% spearheading the Indian MNC story.

Exports are expected to account for 100 percent of incremental growth during 2014 with an estimated increase in growth of 13% from US and greater than 14% from Europe. The India IT - BPM services export revenue is expected to grow to USD 100 billion in FY 2015 i.e a growth of 15% over FY 2015. Domestic revenues are expected to be USD 23 billion in FY 2015 which is growth of about 12% over FY 2015. The IT industry is expected to have added 166 million people in FY 2014 which is an increase of greater than 6% .

The IT industry with companies focusing typically on either products or services is moving towards and investing in areas such as cloud computing and mobile computing.

### Operations during the year

The table below shows the profit and loss account of the Company for the year ended March 31, 2014

(₹ in Crores)		
	Year ending	
	March 31, 2014	March 31, 2013
<b>Revenue</b>		
IT Solutions	<b>1,230.66</b>	1,231.03
Transaction services	<b>77.23</b>	80.33
Other Income	<b>130.61</b>	52.92
Total Income	<b>1,438.50</b>	1,364.28
<b>Expenses</b>		
Staff costs	<b>1,028.62</b>	985.44
Other Expenses	<b>188.09</b>	223.98
Total Expenses	<b>1,216.71</b>	1,209.42
Profit / (loss) before Depreciation and Interest	<b>221.79</b>	154.86
Depreciation	<b>256.42</b>	230.82
Interest	<b>321.10</b>	307.62
Profit / (loss) before exceptional items	<b>(355.73)</b>	(383.58)
Exceptional Items	<b>0.00</b>	(86.27)
Net profit / (loss)	<b>(355.73)</b>	(469.85)

The net loss of the Company decreased to ₹ 355.73 crores for the year ending March 31, 2014 (FY-2014) from ₹ 469.85 crores for the year ending March 31, 2013 (FY-2013) crores primarily due to -

- Increase in total income to ₹ 1,438.50 in FY-2014 from ₹ 1,364.28 in FY-2013, with no material increase in total expenses.
- Partially offset by, increase in depreciation to ₹ 256.42 crores in FY-2014 crores from ₹ 230.82 crores in FY-2013 primarily attributable to amortization of certain intangibles due to technological obsolescence and accelerated depreciation charged on certain tangible capital assets.
- Increase in Interest expense to ₹ 321.10 crores in FY-2014 from ₹ 307.62 crores in FY-2013 is primarily due to additional borrowings amounting to ₹ 177 crores.

### Total Income

Increase in total income to ₹ 1,438.50 in FY-2014 from ₹ 1,364.28 in FY-2013 primarily due to increase in foreign exchange gain mainly attributable to consolidation of US subsidiaries as integral operations effective April 1, 2013.

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.

The Income from IT services has remained constant at ₹ 1,230.66 crores in FY-2014 as compared to ₹ 1,231.03 crores in FY-2013.

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. The Company is establishing relations with partners to handle delivery so as to reduce delivery cost and achieve higher correlation between own resource costs and revenue generated.

The revenue from transaction services was at ₹ 77.23 crores in FY-2014 as compared to ₹ 80.33 crores in FY-2013.

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

### Total Expenses

#### Staff Costs

The staff cost stands at ₹1,028.62 crores in FY-2014 as compared to ₹ 985.44 crores in FY-2013. The breakup of the other costs is given in the table below.

Particulars	₹ In Crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Rent	63.00	47.65
Travel	32.69	51.49
Office and other expenses	1.95	2.74
Outsourced cost	25.75	30.54
Communication	15.72	18.34
Utilities	24.96	25.40
Others	24.04	47.82
<b>Total</b>	<b>188.09</b>	<b>223.98</b>

The Company has been successful in maintaining its various cost optimization measures reducing the other costs from ₹ 223.98 crores in FY-2013 to ₹ 188.09 crores in FY- 2014.

The profit before depreciation and interest for the current financial year was at ₹ 221.79 crores as compared to ₹ 154.86 crores for the previous year.

### Analysis of Balance Sheet

Particulars	₹ In Crores	
	As on March 31, 2014	As on March 31, 2013
<b>EQUITIES &amp; LIABILITIES</b>		
Share Capital (including minority interest)	643.66	642.07
Share application money pending allotment	-	-
Reserves and Surplus	(41.91)	278.03
Borrowings	2,344.66	2,151.36
Deferred tax liabilities	0.92	1.47
Trade payables (incl other liabilities & prov)	867.79	702.05
<b>Total</b>	<b>3,815.12</b>	<b>3,774.98</b>
<b>ASSETS</b>		
Fixed Assets	1,328.96	1,420.55
Goodwill on consolidation	1,632.60	1,546.66
Non current investments	25.16	25.17
Deferred tax assets	123.84	105.87
Loans & Advances and Other non- current assets	214.14	217.54
Cash & Bank balance	61.22	51.09
Inventories	1.36	1.12
Trade receivables and Unbilled	427.84	406.98
<b>Total</b>	<b>3,815.12</b>	<b>3,774.98</b>

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## 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 redeemable preference shares of ₹ 5 each.

The issued, subscribed and paidup capital stood at ₹ 637.64 crores as at March 31, 2014 compared to ₹ 636.55 crores at March 31, 2013.

### 2. Reserves and Surplus

The Reserves and Surplus declined to ₹ (41.91) crores as at March 31, 2014 from ₹ 278.03 crores in March 31, 2013, due to current year losses.

### 3. Borrowings

The net movement in the borrowings from ₹ 2,151.36 crores as at March 31, 2013 to ₹ 2,344.66 crores as at March 31, 2014 is due to additional funding.

### 4. Deferred Tax Asset / liability

Deferred tax asset primarily comprises of deferred taxes on fixed assets and other expenses allowable on payments.

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

### 5. Trade payables and other liabilities

Trade payables and other current liabilities consist of trade liabilities, short term provisions for employee benefits and other liabilities. The movement during the year is substantially due to advance payments received from customers and interest accrued and due on borrowings.

## Assets

### 1. Fixed Assets

As at March 31, 2014 the fixed assets of the company is ₹ 1,328.96 crores which includes tangible assets of ₹ 252.55 crores, Intangible assets of ₹ 1,060.91 crores and Intangible assets under development of ₹ 14.74 crores. The decrease in fixed assets is attributable to amortization of intangible assets.

### 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 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 consist of unquoted / non trade long term investments.

### 4. Loans & Advances and other Noncurrent assets

There is a marginal decrease in long term loans & advances, the amount reduced from ₹ 217.54 Crores as at March 31, 2013 to ₹ 214.14 Crores as at March 31, 2014.

### 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 ₹ 427.84 crores as at March 31, 2014 from ₹ 406.98 crores as at March 31, 2013.

**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.

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# INDEPENDENT AUDITORS' REPORT

To

The Board of Directors of  
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 31st March, 2014, 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") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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 but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. 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.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 31st March, 2014;
- (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 Matter:

Without qualifying, we draw attention to the following:

### (a) Going Concern and Impairment analysis:

During the financial year 2011-12, the Parent Company undertook to restructuring of its debts through CDR cell and also renegotiated with the FCCB holders with respect to its obligations. Post the debts restructuring and, as explained,



the Parent Company is confident of successful implementation of the CDR package and meeting its FCCB obligations. The consolidated financial statements, therefore, have been prepared on a going concern basis.

The Parent 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, prescribed under Companies (Accounting Standard) Rules 2006, has carried out an impairment analysis on 31st December, 2013 of its Cash Generating Units / Long term Investments in order to ascertain the extent of impairment. The said analysis as carried out by an independent expert valuer did not reveal any impairment. The same has been relied upon by the auditors being a technical matter. (Refer note no. 2.34.1 & 2.34.2 of the consolidated financial statements)

**(b) Deferred tax assets**

In respect of justification of carrying the deferred tax asset of ₹ 123.84 crores (previous year ₹ 105.87 crores), the management, based on the confirmed order book on hand and relying on the Restructuring Scheme approved by the CDR Cell, is confident of having sufficient taxable income in foreseeable future, which would enable reversal of such deferred tax asset. (Refer note no. 2.34.3 of the consolidated financial statements)

**Other Matters:**

- (i) The financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 301.13 crores as at 31st March, 2014 (₹ 240.42 crores as at 31st March, 2013) and total revenue of ₹ 330.14 crores for the year ended 31st March, 2014 (₹ 193.32 crores for the year ended 31st March, 2013) have been jointly audited with other auditors.
- (ii) We have not audited the financial statements of 3 subsidiaries included in the consolidated financial statements whose financial statements reflect total assets of ₹ 1,405.10 crores as at 31st March, 2014 (₹ 1,013.05 crores as at 31st March, 2013) as well as the total revenue of ₹ 422.44 crores for the year ended 31st March, 2014 (₹ 440.43 crores for the year ended 31st March, 2013). 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**

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

**Mahesh Krishnan**  
**Partner**  
**Membership No. 206520**  
**Place : Mumbai.**  
**Date : May 2, 2014**

**R.P. Baradiya**  
**Partner**  
**Membership No. 44101**  
**Place : Mumbai.**  
**Date : May 2, 2014**

**3i INFOTECH LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014**

		₹ crores	
	Notes	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	637.64	636.55
Reserves and surplus	2.2	(41.91)	278.03
<b>Minority interest</b>		6.02	5.52
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	2,058.89	2,002.02
Deferred tax liabilities	2.4	0.92	1.47
Other long-term liabilities	2.5	14.83	25.05
<b>Current liabilities</b>			
Short-term borrowings	2.6	285.77	149.34
Trade payables	2.7	184.68	203.59
Other current liabilities	2.8	640.46	446.78
Short-term provisions	2.9	27.82	26.63
		<b>3,815.12</b>	<b>3,774.98</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>	2.10		
(i) Tangible assets		252.55	324.77
(ii) Intangible assets		1,060.91	1,063.07
(iii) Capital work-in-progress		0.76	-
(iv) Intangible assets under development		14.74	32.71
Goodwill arising on consolidation	2.11	1,632.60	1,546.66
Non-current investments	2.12	25.16	25.17
Deferred tax asset	2.13	123.84	105.87
Long-term loans and advances	2.14	188.56	198.03
Other non-current assets	2.15	25.58	19.51
<b>Current assets</b>			
Inventories	2.16	1.36	1.12
Trade receivables	2.17	209.85	216.05
Cash and bank balances	2.18	61.22	51.09
Short-term loans and advances	2.19	85.13	57.67
Other current assets	2.20	132.86	133.26
		<b>3,815.12</b>	<b>3,774.98</b>

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

As per our attached report of even date

For Lodha & Co.  
Chartered Accountants  
Regn. No: 301051E

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

For and on behalf of the Board

R. P. Baradiya  
Partner  
Membership No. 44101

Mahesh Krishnan  
Partner  
Membership No. 206520

Madhivanan Balakrishnan  
Managing Director & Global CEO

Charanjit Attra  
Executive Director & Global CFO

Place : Mumbai  
Date : May 2, 2014

R. Unnikrishnan Nair  
Senior Vice President  
(Finance and Accounts)

Ninad Kelkar  
Company Secretary

**3i INFOTECH LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

₹ crores			
	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>INCOME</b>			
I. Revenue from operations	2.21	1,307.89	1,311.36
II. Other income	2.22	130.61	52.92
<b>III. Total Revenue (I + II)</b>		<b>1,438.50</b>	<b>1364.28</b>
<b>IV. EXPENSES</b>			
Employee benefits expense & Cost of Revenue	2.23	1,028.62	985.44
Finance costs	2.24	321.10	307.62
Depreciation and amortization expense	2.10	256.42	230.82
Other expenses	2.25	188.09	223.98
<b>Total expenses</b>		<b>1,794.23</b>	<b>1,747.86</b>
<b>V. Profit/(Loss) before exceptional items and tax (III-IV)</b>		<b>(355.73)</b>	<b>(383.58)</b>
VI. Exceptional items	2.26	-	(86.27)
<b>VII. Profit/(Loss) before tax (V-VI)</b>		<b>(355.73)</b>	<b>(469.85)</b>
VIII. Tax expense	2.27	1.33	14.06
<b>IX. Profit/(Loss) from continuing operations (VII-VIII)</b>		<b>(357.06)</b>	<b>(483.91)</b>
X. Profit/(Loss) from discontinued operations (after tax)	2.28	-	(19.57)
<b>XI. Profit/(Loss) for the year (IX+X)</b>		<b>(357.06)</b>	<b>(503.48)</b>
XII. Minority interest		0.50	1.49
<b>XIII. Profit/(Loss) after Minority interest (XI - XII)</b>		<b>(357.56)</b>	<b>(504.97)</b>
<b>XIV Earnings per equity share of face value of ₹ 10 each:</b>	2.39		
<b>Before exceptional items and discontinued operations</b>			
(1) Basic		(6.33)	(9.19)
(2) Diluted		(6.33)	(9.19)
<b>After exceptional items and discontinued operations</b>			
(1) Basic		(6.33)	(11.60)
(2) Diluted		(6.33)	(11.60)

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

As per our attached report of even date

For Lodha & Co.  
Chartered Accountants  
Regn. No: 301051E

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

For and on behalf of the Board

R. P. Baradiya  
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Mahesh Krishnan  
Partner  
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Madhivanan Balakrishnan  
Managing Director & Global CEO

Charanjit Attra  
Executive Director & Global CFO

Place : Mumbai  
Date : May 2, 2014

R. Unnikrishnan Nair  
Senior Vice President  
(Finance and Accounts)

Ninad Kelkar  
Company Secretary

**3i INFOTECH LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>A. Cash Flow from/(used in) Operating Activities</b>		
Profit/(Loss) before exceptional items and tax	(355.73)	(383.58)
<i>Adjustments for:</i>		
Depreciation / amortization	256.42	230.82
Foreign exchange (gain)/Loss (net)	(103.01)	(34.97)
(Gain)/Loss on sale/discarding of fixed assets (net)	(8.74)	1.69
Interest income	(3.91)	(2.88)
Finance cost	321.10	307.62
Provision for doubtful debts made/(written back)	9.18	19.80
Liability/provision written back	-	(17.80)
<b>Operating Profit/(loss) before working capital changes</b>	<b>115.31</b>	<b>120.70</b>
<i>Adjustments for:</i>		
Trade and other receivables	47.62	(16.32)
Inventories	(0.24)	0.48
Trade payables and other liabilities	(88.47)	(23.82)
	<b>(41.09)</b>	<b>(39.66)</b>
<b>Cash Generated from/(used in) Operations</b>	<b>74.22</b>	<b>81.04</b>
Income taxes paid	(24.46)	(31.56)
<b>Net cash from/(used in) Operating Activities - A</b>	<b>49.76</b>	<b>49.48</b>
<b>B. Cash Flow from/(used in) Investing Activities :</b>		
Purchase of/addition to Fixed Assets (including Capital Works in Progress)	(22.91)	(42.56)
Purchase of Non-Current Investments	0.01	(0.06)
Interest received	3.92	2.86
<b>Net cash from/(used in) Investing Activities - B</b>	<b>(18.98)</b>	<b>(39.76)</b>

**3i INFOTECH LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>C. Cash Flow from/(used in) Financing Activities :</b>		
Payment towards FCCB expenses	-	(16.42)
Proceeds from/(Repayment of) borrowings (net)	238.03	9.35
Interest paid	(254.80)	(53.28)
<b>Net Cash from/(used in) Financing Activities - C</b>	<b>(16.77)</b>	<b>(60.35)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>14.01</b>	<b>(50.63)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>37.74</b>	<b>88.37</b>
<b>Cash and Cash Equivalents at end of the year</b>	<b>51.75</b>	<b>37.74</b>

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's presentation

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

As per our attached report of even date

**For Lodha & Co.**  
Chartered Accountants  
Regn. No: 301051E

**For R.G.N. Price & Co.**  
Chartered Accountants  
Regn. No: 002785S

**For and on behalf of the Board**

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

**Mahesh Krishnan**  
Partner  
Membership No. 206520

**Madhivanan Balakrishnan**  
Managing Director & Global CEO

**Charanjit Attra**  
Executive Director & Global CFO

Place : Mumbai  
Date : May 2, 2014

**R. Unnikrishnan Nair**  
Senior Vice President  
(Finance and Accounts)

**Ninad Kelkar**  
Company Secretary

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## 3i INFOTECH LIMITED

### NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2014

#### 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:

- (a) 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.
- (b) 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.
- (c) The consolidated financial statements are prepared using uniform accounting policies across the Group.
- (d) 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).

- (e) Minority interest is that part of the net results of operations and of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiary(ies), by the Parent Company.

## 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 “advances received from customers” and included in other liabilities.

## 1.7 Fixed assets and depreciation/amortisation

### 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. 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”.

### 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.

### 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 a period, the benefits arising out of these are expected to accrue 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 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:

<b>Fixed Asset</b>	<b>Useful life in years</b>
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 there from 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 year 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 rates 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 "hedged" 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.

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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 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.

#### **1.20 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 issues.

## 2. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2014

### 2.1 Share Capital

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Authorised:</b>		
1,100,000,000 Equity shares of ₹ 10 each (1,100,000,000 Equity shares of ₹ 10 each as at March 31, 2013)	<b>1,100.00</b>	1,100.00
200,000,000 6.35% Cumulative Redeemable Preference shares of ₹ 5 each (200,000,000 shares of ₹ 5 each as at March 31, 2013)	<b>100.00</b>	100.00
	<b>1,200.00</b>	1,200.00
<b>Issued, Subscribed &amp; Paid - up</b>		
Equity shares of ₹ 10 each fully paid up at the beginning of the year	<b>571.55</b>	191.99
Add: Issued towards conversion of FCCB	<b>0.70</b>	97.10
Add: Issued under CDR towards conversion of preference shares	-	17.73
Add: Shares issued under CDR towards Sacrifice	<b>0.39</b>	-
Add: Issued under CDR towards conversion of loan and interest payable	-	264.73
	<b>572.64</b>	571.55
0.01% Cumulative Redeemable Preference shares of ₹ 5 each at the beginning of the year	<b>65.00</b>	100.00
Less: Converted to equity shares under CDR	-	35.00
	<b>65.00</b>	65.00
<b>Total</b>	<b>637.64</b>	636.55

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.

The Company has not issued any class of shares as fully paid up shares pursuant to contract(s) without payment being received in cash and bonus shares during the period of 5 years immediately preceding the Balance Sheet date.

The company has not bought back any class of shares during the period of 5 years immediately preceding the Balance Sheet date.

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, 2014		As at March 31, 2013	
	No. of shares	%	No. of shares	%
ICICI Bank Limited	113,814,945	19.88	113,814,945	19.91
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	39,036,190	6.82	39,036,190	6.83
IDBI Bank Limited	42,117,513	7.35	42,117,513	7.37
Standard Chartered Bank	38,568,517	6.74	38,568,517	6.75

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

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of shares	%	No. of shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	130,000,000	100.00	130,000,000	100.00

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

Particulars	In Numbers	
	As at March 31, 2014	As at March 31, 2013
<b>Equity shares of ₹ 10 each</b>		
Equity shares as at beginning of the year	571,554,966	191,986,549
Add:		
Shares issued towards conversion of FCCB	704,914	97,111,993
Shares issued under CDR towards conversion of Preference shares	-	17,730,496
Shares issued under CDR towards Sacrifice	384,498	-
Shares issued under CDR towards conversion of loan and interest payable	-	264,725,928
<b>Equity shares as at end of the year</b>	<b>572,644,378</b>	<b>571,554,966</b>
<b>0.01% Cumulative Redeemable Preference shares of ₹ 5 each</b>		
Preference shares as at beginning of the year	130,000,000	200,000,000
Less: Converted into equity during the year	-	(70,000,000)
Preference shares as at end of the year	<b>130,000,000</b>	<b>130,000,000</b>

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

The Company's Employee Stock Option Schemes are applicable to "Eligible Employees" as defined in the scheme which includes directors and employees of the Company and its subsidiaries.

They provide for issue of equity options up to 25% of the paid-up equity capital to eligible employees. Currently, the Parent Company has 2 schemes, ESOS 2000 and ESOS 2007 (as amended).

The options granted under the ESOS scheme 2000 and 2007 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 or five years from the date of vesting of options whichever is later by paying cash at a price determined on the date of the grant. One Stock option if converted will be equivalent to one equity share.

During the previous year, the Board of Directors of the Parent Company approved ESOS Plan-2013 under the existing scheme ESOS 2007. The plan consists of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees in or after 2013. The existing options would continue to be governed by the existing terms. The options granted as per ESOS Plan-2013 would vest in a phased manner over three years with 33%, 33% and 34% 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 grant of options or five years from the date of vesting of options, whichever is later.

During the year, the Parent Company granted 16,948,000 options to the employees of the Parent Company and its Whole-Time Directors at an exercise price of ₹ 10 under Employee Stock Option Plan, 2013.

**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):

Particulars	As at March 31, 2014		As at March 31, 2013	
	Options	WAEP (₹)	Options	WAEP (₹)
Options outstanding at the beginning of the year	12,084,940	104.15	18,473,110	103.30
Granted during the year *	16,948,000	10.00	-	-
Exercised during the year	-	-	-	-
Less: Forfeited/lapsed during the year	4,105,800	54.75	6,388,170	101.69
Options outstanding at the end of the year **	24,927,140	48.27	12,084,940	104.15
Vested options pending to be exercised	10,169,440	103.81	12,072,440	104.18

\* During the year ended March 31, 2014, 1,500,000 options (for the year ended March 31, 2013, Nil options) granted to the Managing Director and Global CEO and 1,000,000 (for the year ended March 31, 2013, Nil options) options granted to Executive Director and Global CFO.

\*\* Includes 2,590,000 options granted to non-executive directors (for the year ended March 31, 2013, 290,000 options granted to non-executive directors)

The following summarizes information about outstanding stock options:

**As at March 31, 2014**

Range of exercise price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹ 45 to ₹ 50	2,218,290	1	49.44
₹ 57 to ₹ 144	7,950,850	3	118.99
₹ 10	14,758,000	9	10.00

**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	2,598,340	2	49.31
₹ 57 to ₹ 150	9,486,600	4	119.17

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

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Profit/(Loss) attributable to equity shareholders after exceptional items and discontinued operations (₹ crores)	(362.39)	(509.78)
Less: Stock based compensation expense determined under fair value based method (₹ crores)	-	0.15
Net Profit/(Loss) for the year (₹ crores)	(362.39)	(509.93)
Basic earnings per share (as reported) (₹)	(6.33)	(11.60)
Basic earnings per share (under fair value method) (₹)	(6.33)	(11.60)
Diluted earnings per share (as reported) (₹)	(6.33)	(11.60)
Diluted earnings per share (under fair value method) (₹)	(6.33)	(11.60)

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 ₹ 10.00 to ₹ 144.00 using the Black - Scholes pricing model. The Group

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, 2014	As at March 31, 2013
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		
Particulars	As at March 31, 2014	As at March 31, 2013
<b>a. Foreign Currency Monetary Items Translation Difference Account</b>		
Opening Balance	(31.60)	-
Add: Recognised / amortised during the year (Refer note no. 2.42)	7.05	(31.60)
	(24.55)	(31.60)
<b>b. Securities Premium Account</b>		
Opening balance	826.61	508.80
Add : On allotment of equity shares under FCCB conversion	0.46	63.12
Add : On allotment of equity shares under CDR towards Preference shares conversion	0.37	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)	(3.90)
Less : Utilised towards FCCB issue expenses	-	(16.42)
Less: Utilised towards premium payable on redemption of FCCB	-	(0.10)
	823.54	826.61
<b>c. Cash Flow Hedging Reserve Account</b>		
Opening Balance	(21.39)	(15.36)
Add : Recognised during the year (Refer note no. 2.31)	(1.21)	(6.03)
	(22.60)	(21.39)
<b>d. Translation Reserve</b>		
Opening balance	-	-
Add: Movement during the year	34.85	(23.70)
	34.85	(23.70)
Less: Adjusted against Statement of profit and loss (contra)	(34.85)	23.70
	-	-
<b>e. Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	(495.59)	33.09
Add: Net Profit/(Loss) for the year	(357.56)	(504.97)
Add/(Less):		
Translation reserve adjusted (contra)	34.85	(23.70)
	(818.30)	(495.59)
<b>Total</b>	<b>(41.91)</b>	<b>278.03</b>



### 2.3 Long-term borrowings

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans</b>		
Term Loans from banks		
Ruppee Term Loan	521.31	1,277.39
Foreign Currency Loan	827.76	-
Term Loan from others	0.38	0.75
	<b>1,349.45</b>	<b>1,278.14</b>
<b>Unsecured Loans</b>		
Foreign Currency Convertible Bonds (FCCB) (Refer Note No. 2.33 B)	573.76	523.13
Term Loans:		
From others	5.28	6.28
Finance Lease Obligations	130.40	194.47
	<b>709.44</b>	<b>723.88</b>
<b>Total</b>	<b>2,058.89</b>	<b>2,002.02</b>

### 2.4 Deferred tax liability

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Deferred tax asset:</b>		
Expenses allowable on payment and others	(0.33)	(0.54)
	<b>(0.33)</b>	<b>(0.54)</b>
<b>Deferred tax liability:</b>		
Fixed Assets (Depreciation / Amortization)	1.25	2.01
	<b>1.25</b>	<b>2.01</b>
<b>Net deferred tax liability</b>	<b>0.92</b>	<b>1.47</b>

### 2.5 Other long-term liabilities

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Cash flow hedging liability (Refer note no. 2.31)	-	15.67
Premium payable on redemption of FCCB	6.03	5.48
Premium payable on redemption of preference shares	7.80	3.90
Payable towards rent in terms of settlement agreement	1.00	-
<b>Total</b>	<b>14.83</b>	<b>25.05</b>

### 2.6 Short-term borrowings

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans</b>		
Working capital loans	133.95	119.10
	<b>133.95</b>	<b>119.10</b>
<b>Unsecured Loans</b>		
Term Loans:		
From banks	11.65	2.18
Acceptances from an Associate	140.17	28.06
	<b>151.82</b>	<b>30.24</b>
<b>Total</b>	<b>285.77</b>	<b>149.34</b>

## 2.7 Trade payables

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Due to:		
Associate	0.07	0.07
Others	184.61	203.52
<b>Total</b>	<b>184.68</b>	<b>203.59</b>

## 2.8 Other current liabilities

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Current maturities of long-term loans &amp; finance lease obligations</b>		
<b>Secured term loans</b>		
Rupee Term Loan from Banks	51.44	50.52
Foreign Currency Loan from Banks	57.93	-
Term Loan from others	0.22	0.57
Overdue borrowings from Banks	47.89	51.07
<b>Unsecured term loans</b>		
From banks	-	6.60
From others	1.86	2.46
Finance lease obligations	62.44	47.37
Overdue finance lease obligations	18.39	5.04
Overdue borrowings from Banks	61.86	59.59
<b>Total (A)</b>	<b>302.03</b>	<b>223.22</b>
<b>Other Liabilities</b>		
Interest accrued but not due on borrowings	12.64	25.95
Interest accrued and due on borrowings/acceptances	91.25	12.94
Payable towards interest sacrifice	7.89	8.65
Unclaimed dividend *	0.42	0.44
Advances received from customers (includes unearned revenue)	107.55	83.34
Other payables	96.08	84.76
Cash flow hedging liability (Refer note no.2.31)	22.60	7.48
<b>Total Other Liabilities (B)</b>	<b>338.43</b>	<b>223.56</b>
<b>Total Other Current Liabilities (A+B)</b>	<b>640.46</b>	<b>446.78</b>

\* There are no amounts which are due to be transferred to Investor Education and Protection Fund.

## 2.9 Short-term provisions

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Provision for Employee benefits	27.82	26.63
<b>Total</b>	<b>27.82</b>	<b>26.63</b>

## 2.10 Fixed assets

As at March 31, 2014

₹ crores

Particulars	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2013	Additions during the year	Ded/(Adj) during the year	As at March 31, 2014	As at April 1, 2013	Dep for the year <sup>4</sup>	Ded/(Adj) during the year	As at March 31, 2014	As at March 31, 2014
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.11	0.01	-	0.12	0.40
- Freehold	2.09	-	2.09	-	-	-	-	-	-
Buildings - Owned	34.63	-	0.77	33.86	3.74	15.77	2.55	16.96	16.90
- Leasehold <sup>1</sup>	32.34	-	11.49	20.85	8.98	1.15	5.50	4.62	16.23
Leasehold Improvements	34.32	1.47	11.97	23.82	20.09	6.03	11.43	14.70	9.12
Plant & Equipment / Electrical Installations	16.52	0.33	1.96	14.89	8.26	1.08	1.59	7.75	7.14
Furniture & Fixtures	22.87	1.61	(1.60)	26.08	15.72	2.05	(1.56)	19.33	6.75
Vehicles	5.55	0.10	1.11	4.54	1.98	0.50	0.59	1.89	2.65
Office Equipment	20.70	1.00	2.26	19.46	13.23	1.70	2.05	12.88	6.58
Computers	104.75	2.66	(4.84)	112.25	69.50	12.56	(4.79)	86.85	25.40
Asset on Finance Lease <sup>3</sup>	274.73	28.89	28.02	275.60	82.64	59.58	28.00	114.22	161.38
	<b>549.02</b>	<b>36.06</b>	<b>53.23</b>	<b>531.87</b>	<b>224.25</b>	<b>100.42</b>	<b>45.36</b>	<b>279.32</b>	<b>252.55</b>
<b>Intangible assets</b>									
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-
Software Products - Meant for sale	1,134.35	49.05	(73.88)	1,257.28	157.61	114.46	15.42	256.65	1,000.63
Software Products - Others	273.72	4.07	39.53	238.26	197.76	40.13	50.95	186.94	51.32
Business and Commercial Rights	44.62	-	0.00	44.62	34.25	1.41	(0.00)	35.66	8.96
	<b>1,454.48</b>	<b>53.12</b>	<b>(34.35)</b>	<b>1,541.95</b>	<b>391.41</b>	<b>156.00</b>	<b>66.37</b>	<b>481.04</b>	<b>1,060.91</b>
<b>Total Tangible and Intangible</b>	<b>2,003.50</b>	<b>89.18</b>	<b>18.88</b>	<b>2,073.82</b>	<b>615.66</b>	<b>256.42</b>	<b>111.73</b>	<b>760.36</b>	<b>1,313.46</b>

As at March 31, 2013

Particulars	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2012	Additions during the year	Ded/(Adj) during the year	As at March 31, 2013	As at April 1, 2012	Dep for the year	Ded/(Adj) during the year	As at March 31, 2013	As at March 31, 2013
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.10	0.00	(0.01)	0.11	0.41
- Freehold	2.08	-	(0.01)	2.09	-	-	-	-	2.09
Buildings - Owned	34.66	-	0.03	34.63	0.28	3.56	0.10	3.74	30.89
- Leasehold <sup>1</sup>	20.33	-	(12.01)	32.34	4.53	1.50	(11.40)	17.43	14.91
Leasehold Improvements	32.55	2.53	0.76	34.32	17.36	3.25	8.97	11.64	22.68
Plant & Equipment / Electrical Installations	16.97	-	0.45	16.52	7.54	0.77	0.05	8.26	8.26
Furniture & Fixtures	29.09	1.69	7.91	22.87	18.25	4.84	7.37	15.72	7.15
Vehicles	8.63	0.53	3.61	5.55	3.55	0.90	2.47	1.98	3.57
Office Equipment	19.84	1.23	0.37	20.70	12.21	1.40	0.38	13.23	7.47
Computers	154.66	6.11	56.02	104.75	110.63	26.37	67.50	69.50	35.25
Asset on Finance Lease <sup>3</sup>	239.00	35.73	-	274.73	28.87	53.77	-	82.64	192.09
	<b>558.33</b>	<b>47.82</b>	<b>57.13</b>	<b>549.02</b>	<b>203.32</b>	<b>96.36</b>	<b>75.43</b>	<b>224.25</b>	<b>324.77</b>
<b>Intangible assets</b>									
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
Software Products - Others	245.49	3.46	(24.77)	273.72	46.76	45.64	(105.37)	197.77	75.95
Business and Commercial Rights	45.51	-	0.89	44.62	41.53	3.06	10.34	34.25	10.37
	<b>746.09</b>	<b>481.25</b>	<b>(227.14)</b>	<b>1,454.48</b>	<b>113.51</b>	<b>134.46</b>	<b>(143.44)</b>	<b>391.41</b>	<b>1,063.07</b>
<b>Total Tangible and Intangible assets</b>	<b>1,304.42</b>	<b>529.07</b>	<b>(170.01)</b>	<b>2,003.50</b>	<b>316.83</b>	<b>230.82</b>	<b>(68.01)</b>	<b>615.66</b>	<b>1,387.84</b>

1. Building - Leasehold includes:

- Gross Block of ₹ 20.85 crores (as at March 31, 2013 ₹ 20.85 crores), Accumulated Depreciation ₹ 4.62 crores (as at March 31, 2013 ₹ 4.27 crores) and Net Block of ₹ 16.23 crores (as at March 31, 2013 ₹ 16.58 crores) being lease premium paid in respect of building taken on lease for sixty years.
- Gross Block of ₹ Nil (as at March 31, 2013 ₹ 11.49 crores), Accumulated Depreciation ₹ Nil (as at March 31, 2013 ₹ 4.71 crores) and Net Block of ₹ Nil (as at March 31, 2013 ₹ 6.78 crores) being lease premium paid in respect of building taken on lease for ninety years, and the title deed is yet to be received.

2. ₹ 0.00 crores denotes figures less than ₹ 50,000

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

As at March 31, 2014

Asset type	₹ crores		
	Gross Block	Accumulated Depreciation	Net Block
Computers	198.37	81.98	116.39
Plant & Equipment/Electrical Installations	0.32	0.11	0.21
Furniture & Fixtures	66.23	27.78	38.45
Leasehold Improvements	10.67	4.34	6.34
<b>Total</b>	<b>275.59</b>	<b>114.20</b>	<b>161.39</b>

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
<b>Total</b>	<b>274.73</b>	<b>82.64</b>	<b>192.09</b>

4. Depreciation for the year includes loss on sale/discarding of various assets amounting to ₹ 4.36 crores (for the year ended March 31, 2013 ₹ 10.80 crores) and certain intangible assets have been fully amortized having Gross Block of ₹ 15.40 crores (as at March 31, 2013 ₹ Nil), Accumulated Depreciation ₹ 2.66 crores (as at March 31, 2013 ₹ Nil) and Net Block of ₹ 12.74 crores (as at March 31, 2013 ₹ Nil) due to technological obsolescence.

#### 2.11 Goodwill arising on consolidation

₹ crores		
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Opening balance</b>	<b>1,546.66</b>	1,500.06
Add: Additions during the year	-	-
Add/(Less): Impact due to foreign currency fluctuation	<b>85.94</b>	46.60
<b>Closing balance</b>	<b>1,632.60</b>	1,546.66

#### 2.12 Non-Current Investments

₹ crores		
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unquoted at Cost and Non Trade Investments (Long term)</b>		
(i) Investment in Equities, Preference Capital		
200,000 Equity Shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co. Ltd. (as at March 31, 2013 - 200,000 shares)	<b>0.10</b>	0.10
55,000 Equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited (as at March 31, 2013 - 55,000 shares)	<b>0.06</b>	0.06
37,500 Equity Shares of Egyptian Pounds 100 each fully paid up of Nile Information Technology (as at March 31, 2013 - 37,500 shares)	<b>2.91</b>	2.91
Less: Provision for diminution in the value thereof	<b>(2.91)</b>	(2.91)
	-	-
8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA	<b>2.10</b>	2.10
Less: Provision for diminution in the value thereof	<b>(2.10)</b>	(2.10)
	-	-
25,000,000 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, 2013 - 25,000,000 shares)	<b>25.00</b>	25.00
(ii) National Savings Certificates	<b>0.00</b>	0.01
	<b>25.16</b>	25.17
(a) Aggregate amount of <b>Unquoted</b> investments	<b>30.17</b>	30.18
(b) Aggregate provision for <b>diminution</b> in value of investments	<b>5.01</b>	5.01

### 2.13 Deferred tax asset

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Deferred tax asset:</b>		
Unabsorbed losses /depreciation	684.25	538.80
Expenses allowable on payment and others (including provision for doubtful debts)	45.90	44.77
Fixed assets (Depreciation / Amortization)	0.43	0.24
	<b>730.58</b>	<b>583.81</b>
<b>Deferred Tax Liability:</b>		
Fixed Assets (Depreciation / Amortization)	271.15	198.75
	<b>271.15</b>	<b>198.75</b>
	<b>459.43</b>	<b>385.06</b>
Less: Deferred tax assets not recognised as a matter of prudence	<b>335.59</b>	<b>279.19</b>
<b>Net deferred tax asset (Refer note no. 2.34.3)</b>	<b>123.84</b>	<b>105.87</b>

### 2.14 Long-term loans and advances

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Capital Advances	0.03	0.66
Security Deposits (includes lease rent deposits)	17.46	40.29
Advances recoverable in cash or in kind or for value to be received	2.29	0.04
MAT credit receivable	30.90	35.39
Prepaid expenses	12.97	20.14
Advance tax and tax deducted at source (net of provision for tax)	124.91	101.50
	<b>188.56</b>	<b>198.03</b>
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	1.34	1.34
Less: Provision for Deposits forfeited	(1.34)	(1.34)
	-	-
<b>Total</b>	<b>188.56</b>	<b>198.03</b>

### 2.15 Other non-current assets

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Unbilled Revenue (net of provision)	18.77	12.97
Unamortised borrowing cost	6.38	6.15
Bank balance in margin money accounts	0.43	0.39
<b>Total</b>	<b>25.58</b>	<b>19.51</b>

### 2.16 Inventories

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Hardware and Supplies	1.36	1.12
<b>Total</b>	<b>1.36</b>	<b>1.12</b>

## 2.17 Trade receivables

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good (net off provision) *	209.85	216.05
<b>Total</b>	<b>209.85</b>	<b>216.05</b>

\*Includes receivables from associate ₹ 28.22 crores (as at March 31, 2013 ₹ 9.63 crores)

## 2.18 Cash and bank balances

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Cash and Cash Equivalents</b>		
- in current accounts	50.95	35.58
Cheques on hand	0.01	0.09
Remittance in transit	0.66	1.90
Cash on hand	0.13	0.17
<b>TOTAL (A)</b>	<b>51.75</b>	<b>37.74</b>
<b>Other Bank Balances</b>		
- in margin money accounts	8.84	11.35
- in escrow accounts	0.20	1.56
- in dividend accounts	0.42	0.44
<b>TOTAL (B)</b>	<b>9.47</b>	<b>13.35</b>
<b>TOTAL (A+B)</b>	<b>61.22</b>	<b>51.09</b>

## 2.19 Short-term loans and advances

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Capital Advances	0.37	-
Security Deposits (includes lease rent deposits)	11.72	13.41
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	2.18	2.18
Less: Provision for Deposits forfeited	(2.18)	(2.18)
	12.09	13.41
<b>Other loans and advances</b>		
Advance tax and tax deducted at source (net of provision for tax)	12.02	8.66
Prepaid expenses	16.77	10.93
Loans to Staff	0.84	0.94
Interest receivable from banks	11.90	-
Advances recoverable in cash or in kind or for value to be received	31.51	23.73
	73.04	44.26
<b>Total</b>	<b>85.13</b>	<b>57.67</b>



## 2.20 Other current assets

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Unbilled Revenue (net of provision)*	131.01	132.47
Unamortised borrowing cost	1.84	0.77
Interest accrued but not due on deposits	0.01	0.02
<b>Total</b>	<b>132.86</b>	<b>133.26</b>

\* Includes ₹ 10.60 crores (as at March 31, 2013 ₹ 4.59 crores) due from associate.

## 2.21 Revenue from operations

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
IT Solutions	1,230.66	1,231.03
Transaction Services	77.23	80.33
<b>Total</b>	<b>1,307.89</b>	<b>1,311.36</b>

## 2.22 Other income

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest income	3.91	2.88
Gain on sale/discarding of fixed assets (net)	8.74	-
Foreign exchange gain (net) *	103.01	34.97
Other non-operating income	14.95	15.07
<b>Total</b>	<b>130.61</b>	<b>52.92</b>

\* Includes gain on foreign exchange translation

## 2.23 Employee benefit expenses and Cost of Revenue

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries and wages	791.08	724.90
Contribution to provident funds and other funds	34.66	14.34
Recruitment and training expenses	2.60	2.20
Staff welfare expenses	13.10	11.12
Cost of third party products / outsourced services	187.18	232.88
<b>Total</b>	<b>1,028.62</b>	<b>985.44</b>

## 2.24 Finance cost

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense	299.02	291.51
Other borrowing costs	22.08	16.11
<b>Total</b>	<b>321.10</b>	<b>307.62</b>

## 2.25 Other expenses

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Rent *	55.10	40.79
Loss on sale/discarding of fixed assets (net)	-	1.69
Travelling and conveyance	32.69	51.49
Power and fuel	12.26	13.14
Selling and distribution expenses	2.74	7.00
Repairs and Maintenance	7.89	6.86
Insurance	7.12	5.35
Rates and taxes	5.58	6.91
Communication expenses	15.72	18.34
Printing and stationery	1.95	2.74
Directors' Sitting Fees	0.07	0.11
Legal and Professional charges	25.75	30.54
Bad debts written off	29.55	2.12
Less: Provision for doubtful debts withdrawn	(29.55)	(2.12)
Provision for doubtful debts (Trade Receivables / Unbilled Revenue)	9.18	19.80
Miscellaneous expenses	12.04	19.22
<b>Total</b>	<b>188.09</b>	<b>223.98</b>

\* Includes write-back of ₹ Nil (₹ 12.77 crores for the year ended March 31, 2013)

## 2.26 Exceptional items - Income/(Expenses)

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Reduction in liability on issue of fresh FCCB	-	3.30
Rental deposits forfeited	-	(8.87)
Net adjustments under proposed scheme of business reconstruction under section 391 of Companies Act, 1956 (Refer note no. 2.38)	-	(80.70)
<b>Total</b>	<b>-</b>	<b>(86.27)</b>

## 2.27 Tax expenses

	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Current taxes:		
Income tax	16.11	2.92
MAT credit entitlement	(0.14)	(0.19)
Income tax pertaining to earlier years written off	3.81	10.75
	19.78	13.48
Deferred tax asset (reversed) / created (net)	(18.45)	0.58
<b>Total</b>	<b>1.33</b>	<b>14.06</b>

## 2.28 Discontinued operations

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Loss on sale of subsidiaries (Refer Note No. 2.36)	-	(19.57)
<b>Total</b>	-	(19.57)

## 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.	USA	100% held by 3i Infotech Holdings Private Limited	Jan 7, 2000
2	3i Infotech Asia Pacific Pte Limited	Singapore	100% held by the Parent Company	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 the Parent Company	Apr 1, 2005
5	3i Infotech (Thailand) Limited	Thailand	100% held by 3i Infotech Asia Pacific Pte Limited	May 12, 2005
6	3i Infotech Services SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	May 11 2006
7	3i Infotech Trusteeship Services Limited	India	100% held by the Parent Company	Aug 31, 2006
8	3i Infotech (Western Europe) Holdings Limited	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
9	3i Infotech (Western Europe) Group Limited	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
10	Rhyme Systems Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
11	3i Infotech (Western Europe) Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
12	3i Infotech Holdings Private Limited	Mauritius	100% held by the Parent Company	Nov 20, 2006
13	3i Infotech Financial Software Inc.	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) Limited	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
16	Black Barret Holdings Limited	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
17	Professional Access Software Development Private Limited	India	100% held by Black Barret Holdings Limited	May 8, 2007
18	Professional Access Limited	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 Limited	Sep 25, 2007
20	3i Infotech Consultancy Services Limited	India	100% held by the Parent Company	Nov 30, 2007
21	3i Infotech BPO Limited	India	100% held by the Parent Company	Dec 3, 2007
22	3i Infotech (Flagship-UK) Limited	UK	100% held by 3i Infotech (Western Europe) Limited	Jan 29, 2008
23	3i Infotech Framework Limited	UK	100% held by 3i Infotech (Western Europe) Limited	Feb 8, 2008
24	Locuz Enterprise Solutions Limited	India	74% held by the Parent Company	May 8, 2008
25	Elegon Infotech Limited	China	100% held by the Parent Company	Jul 10, 2007
26	3i Infotech Outsourcing Services Limited	India	100% held by 3i Infotech Financial Software Inc.	Mar 24, 2011
27	3i Infotech (South Africa) (Pty) Limited	Republic of South Africa	100% held by 3i Infotech Holding Private Limited	Nov 28, 2013

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 *	Nigeria	47.50% held by 3i Infotech (Middle East) FZ LLC	May 17, 2010

\* Refer note no. 2.35

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

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Outstanding guarantees	9.90	21.25
Arrears of Cumulative Preference Dividend (including dividend distribution tax thereon)	4.83	4.82
<b>Estimated amount of claims against the Group not acknowledged as debts in respect of :</b>		
- Disputed Income Tax matters	50.16	112.54
- Disputed Sales Tax matters	3.79	4.26
- Disputed Service Tax matters (excluding interest as applicable)	181.77	10.75
- Customer claims	19.88	15.66
- Others*	49.86	12.86
<b>Total</b>	<b>320.19</b>	<b>182.14</b>

\* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.85 crores (as at March 31, 2013 - ₹ 0.79 crores).

Due to financial crunch, the Group has not been 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 in consequential additional liability, as may arise, on such delays/defaults, amount whereof is not presently ascertainable.

### 2.30.2 Capital Commitments

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.07	0.31
b) Uncalled capital pertaining to Joint Venture	1.12	1.02

### 2.31 Derivative Instruments:

During the financial year ended March 31, 2012, the Parent Company had entered into a cross currency interest rate swap to the tune of USD 26 million (₹ 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, 2014, the Parent Company recognized ₹ 1.21 crores (for the year ended March 31, 2013 ₹ 6.03 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, 2014 was negative ₹ 22.60 crores (as at March 31, 2013 negative ₹ 21.39 crores).

As at March 31, 2014, the fair values of outstanding derivatives designated under cash flow hedge accounting was ₹ 22.60 crores (as at March 31, 2013 ₹ 23.15 crores), of which ₹ Nil (as at March 31, 2013 ₹ 15.67 crores) is presented in the balance sheet under 'Other long - term liabilities' and the balance ₹ 22.60 crores (as at March 31, 2013 ₹ 7.48 crores) is presented under 'Other current 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 ₹ 5.05 crores from March 1, 2003 for building and the same are being amortized over the lease period. All other lease arrangements in respect of properties are renewable / cancellable at the Group's and/or lessors' option as mutually agreed. The future lease rental payment that the Group is committed to make is as under:

₹ crores		
Particulars	As at March 31, 2014	As at March 31, 2013
Within one year	30.05	33.03
Later than one year and not later than five years	89.18	57.86
Later than five years	27.32	30.10

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

₹ crores		
Particulars	As at March 31, 2014	As at March 31, 2013
Within one year	3.61	3.07
Later than one year and not later than five years	5.82	9.43
Later than five years	-	-

### b) Finance Lease

During the financial year ended March 31, 2012, the Parent Company had approached certain leasing companies to reassess the existing leases and reschedule the same in order to ensure payment obligations match with the cash flows of the Parent Company. Arising out of the restructuring, the lease liabilities had been re-estimated and considering the characteristics of these leases, they were treated as finance leases effective from October 1, 2011.

Consequently, the assets were capitalized at their respective fair value so assessed as at October 1, 2011 aggregating to ₹ 239.00 crores.

The documentation in respect of aforesaid leases treating them as finance leases are yet to be formalised.

Future minimum lease payments in respect of assets on finance lease.

#### As at March 31, 2014

₹ crores			
Particulars	Minimum Lease Payment	Finance Charges	Present Value of Minimum lease payments
Within one year	86.62	5.79	80.83
Later than one year and not later than five years	143.64	13.24	130.40
Later than five years	-	-	-

#### As at March 31, 2013

₹ crores			
Particulars	Minimum Lease Payment	Finance Charges	Present Value of Minimum lease payments
Within one year	81.19	28.78	52.41
Later than one year and not later than five years	235.67	41.20	194.47
Later than five years	-	-	-

### 2.33 Debt Restructuring

The Parent Company had restructured its Debt and Foreign Currency Convertible Bonds during 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 Parent Company has allotted 384,498 equity shares of ₹ 10 each at a price of ₹ 19.74 against the conversion of Sacrifice amount of ₹ 0.76 crore as per the Master Restructuring Agreement in pursuance of the CDR scheme.

During the year ended March 31, 2013, the Parent Company had allotted 264,725,928 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.

During the year ended March 31, 2014, the Underlying ₹ facilities of some of the CDR Lenders of the Parent Company aggregating ₹ 738.81 crores have been converted into equivalent USD 120.26 million pursuant to execution on January 9, 2014 of Amendment Agreement to the Master Restructuring Agreement (MRA) dated March 30, 2012 (as amended by Amendment Agreement dated July 25, 2012) and the Foreign Currency Facility Agreement with the respective banks on various dates. The Security which was offered in terms of the MRA will continue to be applicable as is upon conversion to the aforementioned foreign currency loans.

#### 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:

Particulars	Fourth Issue	Fifth Issue
Issue currency	USD	USD
Issue size	2.43 million **	125.36 million
Issue date	April 25, 2012	April 25, 2012
Maturity date	July 27, 2017	April 26, 2017
Coupon rate	4.75%	5%
Fixed exchange rate of conversion	₹ 40.81	₹ 50.79
Conversion price-post bonus	₹ 165.94	₹ 16.50
<b>Conversions/Redemptions as at - (USD)</b>		
<b>31 Mar 2014</b>	<b>Nil</b>	<b>0.23 million</b>
31 Mar 2013	Nil	31.55 million
<b>Outstanding as at - (USD)</b>		
<b>31 Mar 2014</b>	<b>2.43 million</b>	<b>93.58 million</b>
31 Mar 2013	2.43 million	93.81 million
<b>Outstanding as at - (₹ Crores)</b>		
<b>31 Mar 2014</b>	<b>14.55</b>	<b>559.21</b>
31 Mar 2013	13.24	509.89

\*\* Represents 3.67% of the outstanding portion of USD 100 million as at April 25, 2012.

On 22<sup>nd</sup> March 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 previous year ended March 31, 2013 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 ended March 31, 2014, the Parent Company allotted 704,914 equity shares (for the year ended March 31 2013, 97,111,993 equity shares) of ₹ 10 each against conversion of 229 numbers (for the year ended March 31 2013, 31,548 numbers) of above mentioned FCCBs amounting to ₹ 1.16 crores (for the year ended March 31, 2013 ₹ 160.22 crores equivalent to USD 229,000 (for the year ended March 31, 2013 USD 31,548,000).

The conversion price as per the Offering Circular dated March 22, 2012 was ₹ 16.50 per share.

#### 2.34.1 Going Concern

During the financial year ended March 31, 2012, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the FCCB holders (as mentioned above) 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.

#### 2.34.2 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", prescribed under Companies (Accounting Standard) Rules 2006, has 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 Investment 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.

#### 2.34.3 Deferred tax asset

In respect of deferred tax asset of ₹ 123.84 crores (as at March 31, 2013 ₹ 105.87 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.

#### 2.34.4 Other Income

- a) During the current year, considering the financial / operational integration of two U.S. Subsidiaries, those have been consolidated as 'Integral Operations' effective April 1, 2013. The resultant exchange gain of ₹ 52.29 crores arising on translation has been included in other income. The net profit and shareholders fund for the financial year ended March 31, 2013 would have been higher by ₹ 17.72 crores, had the operations of the two US Subsidiaries were classified as integral foreign operations at the beginning of the financial year ended March 31, 2013 i.e. on April 1, 2012.
- b) Other income for the current year also includes ₹ 8.65 crores gain on sale of immovable properties and ₹ 19.80 crores loss on account of foreign exchange fluctuations.

#### 2.35 Investment in Joint Venture

The Group has 47.50% interest in Process Central Limited, Joint Venture in Nigeria - Jointly Controlled Entity.

The aggregate amounts of assets, liabilities, income and expenses related to the Group's share in Process Central Limited (Joint venture in Nigeria) are as under:

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Assets	0.46	0.53
Liabilities	0.38	0.46

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Income	-	-
Expenses	-	0.01

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Contingent Liability	-	-
Commitments	-	-

### 2.36 Discontinued Operations

During the financial year ended March 31, 2013, in terms of the Transition Service Agreement entered at the time of sale of its subsidiary in the financial year ended March 31, 2012, 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) The Parent Company had during the financial year ended March 31, 2013 capitalized expenditure on Intangible Assets viz. internally developed Software Products (meant for sale) incurred during the years from FY 2006-07 up to FY 2011-12 and as also for the financial year ended March 31, 2013 in terms of Accounting Standard 26 - "Intangible Assets". The software development costs so capitalized after taking into consideration the residual value, 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 financial year ended March 31, 2013.
- b) The Group had provided for/reversed certain slow moving trade receivables and unbilled revenue amounting to ₹ 241.13 crores during the financial year ended March 31, 2013 which have arisen largely due to the tight liquidity situation, resource constraints etc. faced by the Group in the year immediately preceding the financial year ended March 31, 2013.
- c) The items referred above in (a) and (b) have been disclosed as a net adjustment in the Consolidated Statement of Profit and Loss as an exceptional item.



### 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:

Particulars		For the year ended March 31, 2014	For the year ended March 31, 2013
Profit/(Loss) before exceptional items and discontinued operations and after tax as per Statement of Profit and Loss (₹ crores)		(357.06)	(397.64)
Add/Less: Minority interest (₹ crores)		0.50	(1.49)
Profit/(Loss) after minority interest (₹ crores)		(357.56)	(399.12)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes) (₹ crores)		4.83	4.82
Profit/(Loss) attributable to equity shareholders before exceptional items and impact of discontinued operations (₹ crores)	A	(362.39)	(403.94)
Add: Profit/(Loss) due to exceptional items and impact of discontinued operations (₹ crores)		-	(105.84)
Profit/(Loss) attributable to equity shareholders after exceptional items and impact of discontinued operations (₹ crores)	B	(362.39)	(509.78)
Weighted average number of equity shares outstanding during the year (Nos.)	C	572,072,722	439,518,498
Add: Effect of dilutive issues of options (Nos)		-	-
Diluted weighted average number of equity shares outstanding during the year (Nos.)	D	572,072,722	439,518,498
Nominal value of equity shares (₹)		10.00	10.00
<b>Before exceptional items and impact of discontinued operations</b>			
Basic Earnings Per Share (₹)	A/C	(6.33)	(9.19)
Diluted Earnings Per Share (₹)	A/D	(6.33)	(9.19)
<b>After exceptional items and impact of discontinued operations</b>			
Basic Earnings Per Share (₹)	B/C	(6.33)	(11.60)
Diluted Earnings Per Share (₹)	B/D	(6.33)	(11.60)

### 2.40 Related Party Transactions:

#### a) Directors / Key Management Personnel and associate:

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 & Global CEO (from July 1, 2012)
2. Mr.Amar Chintopanth	Deputy Managing Director (upto March 15, 2013)
3. Mr.Charanjit Attra	Executive Director & Global CFO (from July 1, 2012)
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

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

₹ crores		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Directors / KMP - Mr. V. Srinivasan</b>		
Remuneration *	-	3.29
<b>Directors / KMP - Mr. Amar Chintopanth</b>		
Remuneration	-	3.97
<b>Directors / KMP - Mr. Charanjit Attra</b>		
Remuneration	1.20	1.03
<b>Directors / KMP - Mr. Madhivanan Balakrishnan</b>		
Remuneration	2.35	2.79
<b>Cadenza Solutions Private Limited, India</b>		
Income	-	0.04
Expenses	-	0.05
<b>ICICI Bank Limited</b>		
Income	144.72	115.11
Expenses	1.69	1.15
Issue of equity shares (including securities premium) ##	-	224.67
Advances Received	109.35	29.62

\* Paid from overseas subsidiary.

## 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			
Particulars	Nature of Balances	As at March 31, 2014	As at March 31, 2013
ICICI Bank Limited	Trade Receivables	28.22	9.63
	Trade Payables	0.07	0.07
	Advances Payable	136.62	29.62
	Other Payables - Deposit	1.55	1.55
Directors' Remuneration			
Mr. Madhivanan Balakrishnan *	Payable	0.08	1.60
Mr. Charanjit Attra *	Payable	0.09	0.41
Mr. V. Srinivasan	Payable	-	2.64

\* 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		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Segment Revenues:</b>		
IT Solutions	1,230.66	1,231.03
Transaction Services	77.23	80.33
<b>Total Revenues</b>	<b>1,307.89</b>	<b>1,311.36</b>
<b>Segment Results (Gross Profit):</b>		
IT Solutions	281.20	329.89
Transaction Services	12.77	17.69
<b>Total Segment Results</b>	<b>293.97</b>	<b>347.58</b>
<b>Unallocable expenses:</b>		
Operating, Selling and Other expenses	202.79	245.64
Finance cost	321.10	307.62
Depreciation & Amortization	256.42	230.82
<b>Operating Profit/(Loss)</b>	<b>(486.34)</b>	<b>(434.81)</b>
Other Income	130.61	52.92
<b>Profit/(Loss) before tax</b>	<b>(355.73)</b>	<b>(383.58)</b>
Less : Taxes	1.33	14.06
<b>Profit/(Loss) after tax</b>	<b>(357.06)</b>	<b>(397.64)</b>
Less : Exceptional items	-	(86.27)
Less: Discontinued operations	-	(19.57)
<b>Profit/(Loss) after tax, exceptional items and discontinued operations</b>	<b>(357.06)</b>	<b>(503.48)</b>
Less : Minority interest	0.50	1.49
<b>Net Profit/(Loss) after minority interest, exceptional items and discontinued operations</b>	<b>(357.56)</b>	<b>(504.97)</b>

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		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Emerging Markets	668.93	775.88
Developed Markets	638.96	535.48
<b>Total Revenue</b>	<b>1,307.89</b>	<b>1,311.36</b>

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

- (i) During the year, in compliance with Accounting Standard (AS) 11 - The Effects of Changes in Foreign exchange Rates, exchange loss of ₹ 52.34 crores (for the year ended March 31, 2013 loss of ₹ 23.53 crores) arising on FCCBs (which hitherto was charged upto June 30, 2012 to Consolidated Statement of profit and loss) and exchange gain of ₹ 49.88 crores (for the year ended March 31, 2013 loss of ₹ 15.69 crores) on long term foreign currency loan, exchange loss of ₹ 0.42 crores (for the year ended March 31, 2013 ₹ Nil) on foreign currency loan being long term monetary liability/asset, has been debited/credited to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of the liability/asset. The amount of exchange gain amortized during the year is ₹ 9.93 crores (for the year ended March 31, 2013 ₹ 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.
- (ii) 0.00 crores denote figures less than ₹ 50,000.

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

**Madhivanan Balakrishnan**  
Managing Director & Global CEO

**Charanjit Attra**  
Executive Director & Global CFO

**R Unnikrishnan Nair**  
Senior Vice President  
(Finance and Accounts)

**Ninad Kelkar**  
Company Secretary

Mumbai, May 02, 2014

## 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, 2014	For the financial year ended on March 31, 2013	For the financial year ended on March 31, 2014	For the financial year ended on March 31, 2013
1	3i Infotech Inc., (USA)	March 31, 2014	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 (22.08) Million	USD (23.69) Million	-	-
2	3i Infotech Holdings Private Limited, (Mauritius)	March 31, 2014	6,25,83,71,598 Ordinary Shares of MUR 1 each	100%	USD (0.46) Million	USD (41.92) Million	-	-
3	3i Infotech Financial Software Inc., (USA)	March 31, 2014	2,80,556 Common Stock Shares of USD 1 each	\$100%	USD (2.45) Million	USD (5.44) Million	-	-
4	3i Infotech (Africa) Limited, (Kenya)	March 31, 2014	100 Shares of 1000 Kenyan Shillings each	@100%	KES (73.08) Million	KES (152.96) Million	-	-
5	Black Barret Holdings Limited, (Cyprus)	March 31, 2014	1,710 Class A Ordinary Shares of Euro 1 each & 138 Class B Ordinary Shares of Euro 1 each	\$100%	USD (0.02) Million	USD (0.02) Million	-	-
6	Professional Access Software Development Pvt Limited, (India)	March 31, 2014	8,60,000 Equity Shares of ₹10/- each	#100%	INR 19.51Crore	INR (5.98) Crore	-	-
7	Professional Access Limited, (USA)	March 31, 2014	139 Common Stock Shares of no par value	\$100%	USD 0.65 Million	USD 0.84 Million	-	-
8	3i Infotech Asia Pacific Pte. Ltd., (Singapore)	March 31, 2014	53,46,202 Ordinary Shares of no par value	100%	SGD (1.22) Million	SGD (2.06) Million	-	-
9	3i Infotech SDN BHD, (Malaysia)	March 31, 2014	50,00,000 Ordinary Shares of RM 1 each	*100%	MYR 6.79 Million	MYR 9.77 Million	-	-
10	3i Infotech (Thailand) Limited, (Thailand)	March 31, 2014	1,00,000 Ordinary Shares of THB 100 each	*100%	THB (20.29) Million	THB (12.18) Million	-	-
11	3i Infotech Services SDN BHD, (Malaysia)	March 31, 2014	5,55,000 ordinary Shares of RM 1 each	*100%	MYR (0.01) Million	MYR 0 Million	-	-
12	3i Infotech (Middle East) FZ LLC, (UAE)	March 31, 2014	46,174 Equity Shares of AED 1,000 each	\$100%	AED (16.34) Million	AED (110.8) Million	-	-
13	3i Infotech (UK) Limited, (UK)	March 31, 2014	32,26,308 Equity Shares of GBP 1 each	100%	GBP (0.04) Million	GBP (0.02) Million	-	-
14	3i Infotech (Western Europe) Holdings Limited, (UK)	March 31, 2014	15,00,000 A Ordinary Shares of 10 p each and 384,000 B Ordinary Shares of 10 p each	##100%	-	GBP 0 Million	-	-
15	3i Infotech (Western Europe) Group Limited, (UK)	March 31, 2014	19,40,000 Ordinary Shares of 10 p each	\$\$100%	GBP (0.01) Million	GBP (0.11) Million	-	-
16	Rhyme Systems Limited, (UK)	March 31, 2014	2,00,000 Ordinary Shares of 1 GBP each	*\$100%	-	GBP 0 Million	-	-
17	3i Infotech (Western Europe) Limited, (UK)	March 31, 2014	20,00,000 Ordinary Shares of 1 GBP each	*\$100%	GBP (5.28) Million	GBP (0.12) Million	-	-
18	3i Infotech (Flagship-UK) Limited, (UK)	March 31, 2014	100 Ordinary Shares of GBP 1 each	#\$100%	GBP 0.52 Million	GBP 0.24 Million	-	-
19	3i Infotech-Framework Limited, (UK)	March 31, 2014	1000 Ordinary Shares of GBP 1 each	##\$100%	GBP 1.69 Million	GBP (1.51) Million	-	-
20	3i Infotech BPO Limited, (India)	March 31, 2014	1,00,000 Equity Shares of ₹10/- each	100%	INR 1.08 Crore	INR 1.24 Crore	-	-
21	3i Infotech Trusteeship Services Limited (India)	March 31, 2014	55,69,762 Equity Shares of ₹10/- each	100%	INR 0.73 Crore	INR (0.81) Crore	-	-
22	3i Infotech Saudi Arabia LLC., (Kingdom of Saudi Arabia)	March 31, 2014	500 Ordinary Shares of SAR 1000 each	100%	SAR (5.94) Million	SAR (27.93) Million	-	-
23	3i Infotech Consultancy Services Limited, (India)	March 31, 2014	48,05,211 Equity Shares of ₹10/- each	100%	INR (0.53) Crore	INR 0.73 Crore	-	-
24	Locuz Enterprise Solutions Limited, (India)	March 31, 2014	7,40,000 Equity Shares of ₹10/- each	74%	INR 1.94 Crore	INR 5.7 Crore	-	-
25	Elegon Infotech Limited, (China)	March 31, 2014	USD 2,50, 556.45 Registered Capital (Capital not held in the form of shares)	100%	CNY (1.60) Million	CNY (0.54) Million	-	-
26	3i Infotech Outsourcing Services Limited (India)	March 31, 2014	50,000 Equity Shares of ₹ 10 each	@@100%	INR 0 Crore	INR 0 Crore	-	-
27	3i infotech South Africa (PTY) Ltd	March 31, 2014	1 Equity Share of ZAR 1 each	\$100%	ZAR (0.10) Million	-	-	-
28	Process Central Limited++, (Nigeria)	March 31, 2014	71,25,000 Ordinary Shares of NGN 1 each	@47.50%	NGN 0 Million	NGN (0.05) Million	-	-

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

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

# Held by Black Barret Holdings Ltd.

## Held by 3i Infotech (UK) Limited

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

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

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

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

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

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

## STATEMENT RELATING TO SUBSIDIARY COMPANIES AS ON MARCH 31, 2014

														₹ in crores
Sr. No.	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/Prior period items and Tax	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend	
1	3i Infotech Inc., (USA) <sup>\$</sup>	533.34	(21.16)	1,169.38	1,169.38	-	233.93	(131.94)	-	(131.94)	-	(131.94)	-	
2	3i Infotech Holdings Private Limited, (Mauritius) <sup>\$</sup>	1,306.03	(278.48)	1,945.65	1,945.65	1,820.07	-	(38.51)	(35.77)	(2.73)	-	(2.73)	-	
3	3i Infotech Financial Software Inc., (USA) <sup>\$</sup>	182.73	(16.84)	174.19	174.19	0.07	53.08	(13.53)	-	(13.53)	1.14	(14.67)	-	
4	3i Infotech (Africa) Limited, (Kenya) <sup>\$</sup>	0.01	(17.17)	4.39	4.39	-	0.82	(4.96)	-	(4.96)	-	(4.96)	-	
5	Black Barret Holdings Limited (Cyprus) <sup>\$</sup>	0.01	(0.71)	0.01	0.01	-	-	(0.15)	-	(0.15)	-	(0.15)	-	
6	Professional Access Software Development Pvt Limited, (India)	0.86	131.33	142.44	142.44	-	99.71	27.14	-	27.14	7.64	19.51	-	
7	Professional Access Limited, (USA) <sup>\$</sup>	0.00	4.79	158.69	158.69	-	228.43	10.38	-	10.38	6.49	3.89	-	
8	3i Infotech Asia Pacific Pte. Ltd., (Singapore) <sup>SS</sup>	25.37	(17.63)	35.66	35.66	3.67	29.32	(5.81)	-	(5.81)	-	(5.81)	-	
9	3i Infotech SDN BHD, (Malaysia)*	9.16	47.10	69.03	69.03	-	37.84	12.42	-	12.42	(0.01)	12.43	-	
10	3i Infotech (Thailand) Limited, (Thailand)**	1.84	(8.18)	7.13	7.13	-	8.24	(3.69)	-	(3.69)	0.03	(3.72)	-	
11	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD), (Malaysia)*	1.02	0.30	1.29	1.29	-	-	(0.03)	-	(0.03)	-	(0.03)	-	
12	3i Infotech (Middle East) FZ LLC., (UAE) <sup>SS</sup>	75.10	(145.74)	990.11	990.11	0.01	127.88	(26.58)	-	(26.58)	-	(26.58)	-	
13	3i Infotech (UK) Limited, (UK) <sup>£</sup>	32.08	373.05	405.50	405.50	211.60	1.72	1.72	-	1.72	-	1.72	-	
14	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (UK) <sup>£</sup>	19.41	1.31	20.72	20.72	19.29	-	-	-	-	-	-	-	
15	3i Infotech (Western Europe) Group Limited (formerly Rhyme Systems Group Limited), (UK) <sup>£</sup>	19.29	(33.37)	(14.08)	(14.08)	201.99	-	-	-	-	-	-	-	
16	Rhyme Systems Limited (formerly known as Rhymesis Limited), (UK) <sup>£</sup>	1.99	0.35	2.35	2.35	-	-	-	-	-	-	-	-	
17	3i Infotech (Western Europe) Limited (formerly Rhyme Systems Limited), (UK) <sup>£</sup>	19.88	87.14	162.39	162.39	79.48	121.46	(3.24)	-	(3.24)	-	(3.24)	-	
18	3i Infotech (Flagship-UK) Limited (formerly known as Exact Technical Services Ltd), (UK) <sup>£</sup>	0.00	14.34	14.71	14.71	-	1.97	1.84	-	1.84	-	1.84	-	
19	3i Infotech-Framework Limited, (UK) <sup>£</sup>	0.01	(19.50)	(16.59)	(16.59)	-	8.66	9.06	-	9.06	-	9.06	-	
20	3i-Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India)	0.10	35.76	71.30	71.30	-	63.92	1.56	-	1.56	0.48	1.08	-	
21	3i Infotech Trusteeship Services Limited, (India)	5.57	(2.52)	4.25	4.25	-	2.11	0.70	-	0.70	(0.03)	0.73	-	
22	3i Infotech Saudi Arabia LLC., (Saudi Arabia) <sup>#</sup>	0.80	(45.65)	69.53	69.53	-	32.79	(9.46)	-	(9.46)	-	(9.46)	-	
23	3i Infotech Consultancy Services Limited, (India)	4.81	17.30	42.22	42.22	-	61.76	0.60	-	0.60	1.13	(0.53)	-	
24	Locuz Enterprise Solutions Limited, (India)	1.00	22.16	61.53	61.53	-	132.93	(0.13)	-	(0.13)	(2.07)	1.94	-	
25	Elegon Infotech Ltd., (China) <sup>¥</sup>	16.58	(12.16)	7.73	7.73	-	5.63	(1.46)	0.09	(1.55)	-	(1.55)	-	
26	3i Infotech Outsourcing Services Limited (India)	0.05	-	0.05	0.05	-	-	(0.00)	-	(0.00)	-	(0.00)	-	
27	3i infotech South Africa (PTY) Ltd. <sup>+++</sup>	0.00	(0.05)	0.13	0.13	-	-	(0.05)	-	(0.05)	-	(0.05)	-	
28	Process Central Limited, (Nigeria) <sup>++</sup>	3.22	(3.04)	0.97	0.97	-	-	-	-	-	-	-	-	

\$ Converted to Indian Rupees at the Exchange rate, 1 USD = 59.7580

S\$ Converted to Indian Rupees at the Exchange rate, 1 SGD = 47.4462

£ Converted to Indian Rupees at the Exchange rate, 1 GBP = 99.4182

\* Converted to Indian Rupees at the Exchange rate, 1 MYR = 18.3149

\*\* Converted to Indian Rupees at the Exchange rate, 1 THB = 1.8350

# Converted to Indian Rupees at the Exchange rate, 1 SAR = 15.931

\$\$ Converted to Indian Rupees at the Exchange rate, 1 AED = 16.2651

& Converted to Indian Rupees at the Exchange rate, 1 KES = 0.6787

^ Converted to Indian Rupees at the Exchange rate, 1 KZT = 0.3248

^^ Converted to Indian Rupees at the Exchange rate, 1 AUD = 55.2564

▣ Converted to Indian Rupees at the Exchange rate, 1 CNY = 9.6941

+ Converted to Indian Rupees at the Exchange rate, 1 BDT = 0.7579

++ Converted to Indian Rupees at the Exchange rate, 1 NGN = 0.3578

+++ Converted to Indian Rupees at the Exchange rate, 1 ZAR = 5.6464

**3i INFOTECH LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014**

	₹ USD million	
	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	106.70	117.11
Reserves and surplus	(7.01)	51.15
<b>Minority interest</b>	1.01	1.02
<b>Non-current liabilities</b>		
Long-term borrowings	344.54	368.32
Deferred tax liabilities	0.15	0.27
Other long-term liabilities	2.48	4.61
<b>Current liabilities</b>		
Short-term borrowings	47.82	27.48
Trade payables	30.90	37.46
Other current liabilities	107.17	82.20
Short-term provisions	4.66	4.90
	<b>638.42</b>	<b>694.52</b>
<b>II. ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
(i) Tangible assets	42.26	59.75
(ii) Intangible assets	177.53	195.58
(iii) Intangible assets under development	2.47	6.02
(iv) Capital work-in-progress	0.13	-
Goodwill arising on consolidation	273.20	284.55
Non-current investments	4.21	4.63
Deferred tax asset	20.72	19.48
Long-term loans and advances	31.55	36.43
Other non-current assets	4.28	3.59
<b>Current assets</b>		
Inventories	0.23	0.21
Trade receivables	35.12	39.75
Cash and bank balances	10.24	9.40
Short-term loans and advances	14.25	10.61
Other current assets	22.23	24.52
	<b>638.42</b>	<b>694.52</b>

Note : The above Balance Sheet is just the conversion of Consolidated Balance Sheet of 3i Infotech Limited (prepared as Indian GAAP) in ₹ crores. The conversion has been done at exchange rate of ₹ 59.758 for the year ended March 31, 2014 and ₹ 54.355 for the year ended March 31, 2013

### 3i INFOTECH LIMITED

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	₹ USD million	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>INCOME</b>		
I. Revenue from operations	216.97	241.44
II. Other income	21.67	9.43
<b>III. Total Revenue (I + II)</b>	<b>238.64</b>	<b>250.87</b>
<b>IV. EXPENSES</b>		
Employee benefits expense & Cost of Revenue	170.64	181.43
Finance costs	53.27	56.64
Depreciation and amortization expense	42.54	42.50
Other expenses	31.20	40.93
<b>Total expenses</b>	<b>297.65</b>	<b>321.50</b>
<b>V. Profit/(Loss) before exceptional items and tax (III-IV)</b>	<b>(59.01)</b>	<b>(70.63)</b>
VI. Exceptional items	-	(15.88)
<b>VII. Profit/(Loss) before tax (V+VI)</b>	<b>(59.01)</b>	<b>(86.51)</b>
VIII. Tax expense	0.22	2.59
<b>IX. Profit/(Loss) from continuing operations (VII-VIII)</b>	<b>(59.23)</b>	<b>(89.10)</b>
X. Profit/(Loss) from discontinued operations (after tax)	-	(3.60)
<b>XI. Profit/(Loss) for the year (IX+X)</b>	<b>(59.23)</b>	<b>(92.70)</b>
XII. Minority interest	0.08	0.27
<b>XIII. Profit/(Loss) after Minority interest (XI - XII)</b>	<b>(59.31)</b>	<b>(92.97)</b>

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 Indian GAAP) in ₹ crores. The conversion has been done at exchange rate of ₹ 60.2801 for the year ended March 31, 2014 and ₹ 54.3142 for the year ended March 31, 2013



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# 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 31st March, 2014, 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") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 31st March, 2014;
- (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 the following:

### (a) Going Concern and Impairment analysis:

During the financial year 2011-12, the Company undertook to restructuring of its debts through CDR cell and also renegotiated with the FCCB holders with respect to its obligations. Post the debts restructuring and, as explained, the Company is confident of successful implementation of the CDR package and meeting its FCCB obligations. The financial statements, therefore, have been prepared on a going concern basis.

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, prescribed under Companies (Accounting Standard) Rules 2006, has carried out an impairment analysis on 31st December, 2013 of its Cash Generating Units / Long term Investments in order to ascertain the extent of impairment. The said analysis as carried out by an independent expert valuer did not reveal any impairment. The same has been relied upon by the auditors being a technical matter (Refer note no. 2.27.1 & 2.27.2 of the Standalone financial statements).

**(b) Deferred Tax Assets:**

In respect of justification of carrying the deferred tax asset of Rs.121.33 crores (previous year Rs. 103.66 crores), the management, based on the confirmed order book on hand and relying on the Restructuring Scheme approved by the CDR Cell, is confident of having sufficient taxable income in foreseeable future, which would enable reversal of such deferred tax asset (Refer note no. 2.27.3 of the Standalone financial statements).

**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 purposes 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 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - (e) On the basis of the written representations received from the directors as on 31st March 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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 2 , 2014**

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

**R.P. Baradiya**  
**Partner**  
**Membership No. 44101**  
**Place: Mumbai**  
**Date: May 2 , 2014**

**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 THE 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 physically verified Furniture & Fixtures, Office equipment, Plant and equipment and Computers at five 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 of purchase and sale 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) During the year, the Company has been facing liquidity stress due to which there were delays in payment of various statutory dues such as income tax, sales tax, profession tax 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 ₹ 6.42 crores and Service tax of ₹ 0.26 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	₹ in crores	Forum where dispute is pending
MVAT Act, 2002	Sales Tax	Financial Year 2005-06 and 2008-09	2.95	Sales Tax Officer
UP VAT Act, 2008	Sales Tax	Financial Year 2008-09 and 2010-11	0.12	The Assistant Commissioner, Commercial Taxes
AP VAT Act, 2005	Sales Tax	Financial Year 2009-10 to 2010-11	0.02	Appellate Deputy Commissioner
KVAT Act, 2003	Sales Tax	Financial Year 2005-06	0.01	Dept. Commissioner of Commercial Taxes Bangalore

Name of Statute	Nature of Demand	Period to which amount Relates	₹ in crores	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Assessment Year 2004-05	1.00	Commissioner of Income Tax (Appeals)
		Assessment Year 2006-07	0.19	
		Assessment Year 1999-00 to 01-02	0.18	Income Tax Appellate Tribunal
		Assessment Year 2006-07 to 2008-09	8.20	
Finance Act, 1994	Service Tax	Financial year 2004-05 to 2011-12	180.40	Commissioner of Service Tax
		Financial year 2004-05 & 2005-06	0.16	Joint Commissioner of Service Tax

- (x) The Company's accumulated losses at the end of the financial year have exceeded 50% of its net-worth. It has incurred cash losses in the current year under review and in the immediately preceding financial year.
- (xi) During the year, there has been delay of 30-121 days in repayment of dues to the banks in respect of principal of ₹ 23.03 crores and interest of ₹ 124.31 crores. There are also overdues of ₹ 113.21 crores and interest of ₹ 77.78 crores (defaults for the period upto 2 years) including in respect of certain banks who did not opt for CDR scheme. The management, as explained, is negotiating with these banks and confident of an amicable restructuring/settlement
- (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 short term funds of ₹ 128.74 crores have 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 2 , 2014**

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

**R. P. Baradiya**  
**Partner**  
**Membership No. 44101**  
**Place: Mumbai**  
**Date: May 2 , 2014**

**3i INFOTECH LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2014**

		₹ crores	
	Notes	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	637.64	636.55
Reserves and surplus	2.2	(40.34)	397.11
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	2,062.93	2,001.10
Other long term liabilities	2.4	1,002.31	923.25
<b>Current liabilities</b>			
Short-term borrowings	2.5	185.19	34.06
Trade payables	2.6	138.51	159.27
Other current liabilities	2.7	482.14	255.60
Short-term provisions	2.8	20.61	20.04
		<u>4,488.99</u>	<u>4,426.98</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.9		
Tangible assets		217.69	275.30
Intangible assets		1,208.79	1,226.67
Intangible assets under development		-	32.71
Non-current investments	2.10	1,533.88	1,533.88
Deferred tax assets	2.11	121.33	103.66
Long-term loans and advances	2.12	703.22	668.32
Other non-current assets	2.13	6.38	6.15
<b>Current assets</b>			
Trade receivables	2.14	609.96	486.33
Cash and bank balances	2.15	16.50	13.87
Short-term loans and advances	2.16	41.67	49.25
Other current assets	2.17	29.57	30.84
		<u>4,488.99</u>	<u>4,426.98</u>

**Significant Accounting Policies and  
accompanying Notes on Financial Statements**

1 & 2

As per our attached report of even date

For Lodha & Co.  
Chartered Accountants  
Regn. No: 301051E

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

For and on behalf of the Board

R. P. Baradiya  
Partner  
Membership No. 44101

Mahesh Krishnan  
Partner  
Membership No. 206520

Madhivanan Balakrishnan  
Managing Director & Global CEO

Charanjit Attra  
Executive Director & Global CFO

Place : Mumbai  
Date : May 2, 2014

R. Unnikrishnan Nair  
Senior Vice President  
(Finance and Accounts)

Ninad Kelkar  
Company Secretary

**3i INFOTECH LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

		₹ crores	
	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Income</b>			
I. Revenue from operations	2.18	326.50	365.47
II. Other income	2.19	68.82	50.72
III. <b>Total Revenue (I + II)</b>		<b>395.32</b>	<b>416.19</b>
<b>IV. Expenses:</b>			
Employee benefit expenses and cost of revenue	2.20	211.63	211.95
Finance costs	2.21	300.22	284.10
Depreciation and amortization expense [Refer note no. 2.31 (b)]	2.9	236.33	224.64
Other expenses	2.22	65.06	74.95
<b>Total expenses</b>		<b>813.24</b>	<b>795.64</b>
V. <b>Profit (Loss) before exceptional items and tax - (III-IV)</b>		<b>(417.92)</b>	<b>(379.45)</b>
VI. Exceptional items - Income /(Expense)	2.23	(35.85)	132.96
VII. <b>Profit (Loss) before tax (V + VI)</b>		<b>(453.77)</b>	<b>(246.49)</b>
VIII. Tax expense	2.24	(13.55)	8.87
IX. <b>Profit (Loss) for the year (VII - VIII)</b>		<b>(440.22)</b>	<b>(255.36)</b>
X. <b>Earnings per equity share (₹)</b>	2.34		
<b>Before Exceptional items</b>			
(1) Basic		(7.15)	(8.94)
(2) Diluted		(7.15)	(8.94)
<b>After Exceptional items</b>			
(1) Basic		(7.78)	(5.92)
(2) Diluted		(7.78)	(5.92)
<b>Significant Accounting Policies and accompanying</b>	<b>1&amp;2</b>		

**Notes on Financial Statements**

As per our attached report of even date

 For Lodha & Co.  
 Chartered Accountants  
 Regn. No: 301051E

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

For and on behalf of the Board

 R. P. Baradiya  
 Partner  
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 Membership No. 206520

 Madhivanan Balakrishnan  
 Managing Director & Global CEO

 Charanjit Attra  
 Executive Director & Global CFO

 Place : Mumbai  
 Date : May 2, 2014

 R. Unnikrishnan Nair  
 Senior Vice President  
 (Finance and Accounts)

 Ninad Kelkar  
 Company Secretary

**3i INFOTECH LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>A Cash Flow from/(used in) Operating Activities :</b>		
<b>Profit/(Loss) before exceptional items and tax</b>	<b>(417.92)</b>	<b>(379.45)</b>
<i>Adjustments for:</i>		
Depreciation/amortization	236.33	224.64
Foreign exchange (gain)/loss (net)	(51.94)	(42.38)
(Gain)/loss on sale/discarding of fixed assets (net)	(8.65)	0.69
Interest income	(2.21)	(0.30)
Finance cost	300.22	284.10
Provision for doubtful debts made/(writtenback)	(0.81)	3.77
Liability/Provision written back	-	(17.80)
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>55.02</b>	<b>73.27</b>
<i>Adjustments for:</i>		
Trade and Other Receivables	(47.04)	24.70
Trade Payables and Other Liabilities	(57.62)	(44.08)
	<b>(104.66)</b>	<b>(19.38)</b>
<b>Cash generated from/(used in) Operations</b>	<b>(49.63)</b>	<b>53.89</b>
Income Taxes paid	(22.91)	(17.44)
<b>Net cash from Operating Activities - A</b>	<b>(72.54)</b>	<b>36.45</b>
<b>B Cash Flow from/(used in) Investing Activities :</b>		
Purchase/addition of fixed assets (Including Capital Work-in-Progress)	(20.46)	(40.76)
Sale of fixed assets	20.26	0.67
Interest received	2.21	0.30
<b>Net cash from/(used in) Investing Activities - B</b>	<b>2.01</b>	<b>(39.79)</b>

**3i INFOTECH LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>C Cash Flow from/(used in) Financing Activities :</b>		
Payment towards FCCB expenses	-	(16.42)
Proceeds from/(Repayment of) borrowings - net	237.13	38.60
Loans and advances (given to)/repaid by subsidiaries	75.64	0.53
Interest paid	(235.25)	(37.74)
<b>Net Cash from/(used in) Financing Activities - C</b>	<b>77.52</b>	<b>(15.03)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>6.99</b>	<b>(18.37)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>6.02</b>	<b>24.39</b>
<b>Cash and Cash Equivalents at end of the year</b>	<b>13.01</b>	<b>6.02</b>

**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 accompanying Notes on Financial Statements** 1 & 2

As per our attached report of even date

**For Lodha & Co.**  
**Chartered Accountants**  
 Regn. No: 301051E

**For R.G.N. Price & Co.**  
**Chartered Accountants**  
 Regn. No: 002785S

**For and on behalf of the Board**

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

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

**Madhivanan Balakrishnan** **Charanjit Attra**  
**Managing Director & Global CEO** **Executive Director & Global CFO**

**Place : Mumbai**  
**Date : May 2, 2014**

**R. Unnikrishnan Nair**  
**Senior Vice President**  
**(Finance and Accounts)**

**Ninad Kelkar**  
**Company Secretary**



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## 3i INFOTECH LIMITED

### NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2014

#### 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 is recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

###### b) Revenue from Transaction Services:

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

##### 1.4 Unbilled and unearned revenue

Revenue recognized over and above the billings on a customer is classified as "unbilled revenue" 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 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 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/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 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 recognized in 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 amortized 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 rates 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 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 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 retain 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 issues.

## 2. NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2014

### 2.1 Share Capital

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Authorised</b>		
1,100,000,000 Equity shares of ₹10 each (1,100,000,000 as at 31st March, 2013)	<b>1,100.00</b>	1,100.00
200,000,000 Cumulative Redeemable Preference shares of ₹ 5 each (200,000,000 as at 31st March, 2013)	<b>100.00</b>	100.00
	<b>1,200.00</b>	1,200.00
<b>Issued, Subscribed &amp; Paid - up</b>		
Equity shares of ₹10 each at the beginning of the year	<b>571.55</b>	191.99
Add: Issued towards Conversion of FCCB	<b>0.70</b>	97.10
Add: Issued under CDR towards conversion of Preference shares	-	17.73
Add: Issued under CDR towards Sacrifice	<b>0.39</b>	-
Add: Issued under CDR towards conversion of Loan and interest payable	-	264.73
	<b>572.64</b>	571.55
0.01% Cumulative Redeemable Preference shares of ₹ 5 each at the beginning of the year	<b>65.00</b>	100.00
Less: Converted to equity shares under CDR	-	(35.00)
	<b>65.00</b>	65.00
<b>Total</b>	<b>637.64</b>	636.55

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.

The Company has not issued any class of shares as fully paid up shares pursuant to contract(s) without payment being received in cash and bonus shares during the period of 5 years immediately preceding the Balance Sheet date.

The company has not bought back any class of shares during the period of 5 years immediately preceding the Balance Sheet date.

The preference shares are redeemable at amount that would provide the holder of the said shares an internal rate of return 6% per annum excluding the dividend rate on the outstanding amount of the said shares 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, 2014		As at March 31, 2013	
	No. of shares	%	No. of shares	%
ICICI Bank Limited	<b>113,814,945</b>	<b>19.88</b>	113,814,945	19.91
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	<b>39,036,190</b>	<b>6.82</b>	39,036,190	6.83
IDBI Bank Limited	<b>42,117,513</b>	<b>7.35</b>	42,117,513	7.37
Standard Chartered Bank	<b>38,568,517</b>	<b>6.74</b>	38,568,517	6.75

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

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of shares	%	No. of shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	<b>130,000,000</b>	<b>100.00</b>	130,000,000	100.00

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

Particulars	In Numbers	
	As at March 31, 2014	As at March 31, 2013
<b>Equity shares of ₹ 10 each</b>		
Equity shares as at beginning of the year	571,554,966	191,986,549
<b>Add:</b>		
Shares issued towards conversion of FCCB	704,914	97,111,993
Shares issued under CDR towards conversion of Preference shares	-	17,730,496
Shares issued under CDR towards Sacrifice	384,498	-
Shares issued under CDR towards conversion of loan and interest payable	-	264,725,928
Equity shares as at end of the year	572,644,378	571,554,966
<b>0.01% Cumulative Redeemable Preference shares of ₹ 5 each</b>		
Preference shares as at beginning of the year	130,000,000	200,000,000
Less: Converted into equity during the year	-	(70,000,000)
Preference shares as at end of the year	130,000,000	130,000,000

d) Employee Stock Option Scheme (ESOS)

The Company's Employee Stock Option Schemes are applicable to "Eligible Employees" as defined in the scheme which includes directors and employees of the Company and its subsidiaries.

They provide for issue of equity options up to 25% of the paid-up equity capital to eligible employees. Currently, the Company has 2 schemes, ESOS 2000 and ESOS 2007(as amended).

The options granted under the ESOS scheme 2000 and 2007 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 or five years from the date of vesting of options whichever is later by paying cash at a price determined on the date of the grant. One Stock option if converted will be equivalent to one equity share.

During the previous year, the Board of Directors of the Company approved ESOS Plan-2013 under the existing scheme ESOS 2007. The plan consists of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees in or after 2013. The existing options would continue to be governed by the existing terms. The options granted as per ESOS Plan -2013 would vest in a phased manner over three years with 33%, 33% and 34% 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 grant of options or five years from the date of vesting of options, whichever is later.

During the year ended March 31, 2014, the Company granted 16,948,000 options to the employees of the Company and its Whole-Time Directors at an exercise price of ₹ 10 under Employee Stock Option Plan, 2013.

**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's and the Weighted Average Exercise Price (WAEP):

	As at March 31, 2014		As at March 31, 2013	
	Options	WAEP (₹)	Options	WAEP (₹)
Options outstanding at the beginning of the year	12,084,940	104.15	18,473,110	103.30
Granted during the year *	16,948,000	10.00	-	-
Exercised during the year	-	-	-	-
Less: Forfeited/lapsed during the year	4,105,800	54.75	6,388,170	101.69
Options outstanding at the end of the year **	24,927,140	48.27	12,084,940	104.15
Vested options pending to be exercised	10,169,440	103.81	12,072,440	104.18

\* During the year ended March 31, 2014, 1,500,000 options (for the year ended March 31, 2013 Nil Options) granted to Managing Director and Global CEO and 1,000,000 options granted to Executive Director & Global CFO.

\*\* Includes 2,590,000 options granted to non executive directors (for the year ended March 31, 2013, 290,000 options granted to non-executive directors).

The following tables summarize information about outstanding stock options:

**As at March 31, 2014**

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹ 45 to ₹ 50	2,218,290	1	49.44
₹ 57 to ₹ 144	7,950,850	3	118.99
₹ 10	14,758,000	9	10.00

**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	2,598,340	2	49.31
₹ 57 to ₹ 150	9,486,600	4	119.17

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:

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Net Profit / (Loss) attributable to equity shareholders after exceptional items (₹ crores)	(445.05)	(260.18)
Less: Stock based compensation expense determined under fair value based method (₹ crores)	-	0.15
Net Profit / (Loss) for the year (₹ crores)	(445.05)	(260.33)
Basic earnings per share (₹ as reported)	(7.78)	(5.92)
Basic earnings per share (₹ under fair value method)	(7.78)	(5.92)
Diluted earnings per share (₹ as reported)	(7.78)	(5.92)
Diluted earnings per share (₹ under fair value method)	(7.78)	(5.92)

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 ₹ 10.00 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, 2014	As at March 31, 2013
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

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>a. Capital Reserve (As per last balance sheet)</b>	<b>0.07</b>	0.07
<b>b. Foreign Currency Monetary Items Translation Difference Account</b>		
Opening balance	(31.60)	-
Add: Recognised /amortized during the year (Refer note no. 2.38 (a))	7.05	(31.60)
	<b>(24.55)</b>	(31.60)
<b>c. Securities Premium Account</b>		
Opening Balance	826.61	508.80
Add : On allotment of equity shares under FCCB Conversion	0.46	63.12
Add : On allotment of equity shares under CDR towards Preference Shares conversion	0.37	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)	(3.90)
Less : Utilised towards FCCB issue expenses	-	(16.42)
Less : Utilised towards premium payable on redemption of FCCB	-	(0.10)
	<b>823.54</b>	826.61
<b>d. Cash Flow Hedging Reserve</b>		
Opening balance	(21.39)	(15.36)
Add : Recognised during the year (Refer note no. 2.25.2 (b))	(1.21)	(6.03)
	<b>(22.60)</b>	(21.39)
<b>e. Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	(376.58)	(121.22)
Add: Net Profit/(Loss) for the year	(440.22)	(255.36)
	<b>(816.80)</b>	(376.58)
<b>Total</b>	<b>(40.34)</b>	397.11

## 2.3 Long term borrowings

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans</b>		
Term loans from Banks		
Rupee Term Loan	521.23	1,275.44
Foreign Currency Loan	827.76	
Term Loan From others	0.38	0.75
	<b>1,349.37</b>	1,276.19
<b>Unsecured Loans</b>		
Foreign Currency Convertible Bonds (FCCB) (Refer note no. 2.26 B)	573.76	523.13
Term Loans:		
From subsidiaries	9.40	7.31
Finance lease obligations	130.40	194.47
	<b>713.56</b>	724.91
<b>Total</b>	<b>2,062.93</b>	2,001.10



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

As at March 31, 2014

₹ crores

Particulars	Type	Interest rate range %	Amount	Repayment Schedule		
				0 - 1 yr	1 - 3 yrs	> 3 yrs
				Included in Other Current Liabilities	Included in Long Term Borrowings	
Secured Loans	Rupee term loans from banks	14.75	549.78	28.55	168.59	352.64
	Foreign currency term loan from banks	Libor + 6.5%	885.69	57.93	307.90	519.86
	Term loan from Others	11.75	0.60	0.22	0.38	-
Unsecured Loans	Subsidiaries	10.00 - 14.75	9.40	-	9.40	-
	FCCB	4.75 - 5.00	573.76	-	573.76	-
	Finance lease obligations	12.95 - 15.12	192.84	62.44	123.56	6.84
Total			2,212.07	149.14	1,183.59	879.34

As at March 31, 2013

₹ crores

Particulars	Type	Interest rate range %	Amount	Repayment Schedule		
				0 - 1 yr	1 - 3 yrs	> 3 yrs
				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
	Term loan from 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	7.31	-	7.31	-
	FCCB	4.75-5.00	523.13	-	-	523.13
	Finance lease obligations	12.95-15.12	241.84	47.37	194.47	-
Total			2,077.99	76.89	615.91	1,385.19

**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. The 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, 2014:**

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, 2014	As at March 31, 2013
1	A	Term loan facility (FCNR Loan)	167.44	138.74
2	B	Term loan facility (FCNR Loan)	234.62	250.00
3	C	Fund based facility (FCNR Loan)	47.60	79.86
		Non fund based facility	2.77	2.77
4	D & F	Term loan facility (FCNR Loan)	104.64	97.75
5	E	Fund based facility (FCNR Loan)	96.20	100.22
		Non fund based facility	60.00	60.00
6	G	Term loan facility	20.67	25.00
7	H	Term loan facility	12.52	8.37
8	I	Fund based facility	5.13	5.22
9	J	Non fund based facility	2.00	2.00
		Term loan facility	13.68	13.68
10	K	Term loan facility	103.48	104.06
11	L	Term loan facility	97.26	97.75
12	Priority Loans	Term loan facility	44.73	57.45
13	Others	Term loan facility	317.65	319.69
		<b>Total</b>	<b>1,330.40</b>	<b>1,362.57</b>

**A. Security created:**

During the year ended March 31, 2014, the underlying ₹ facilities of some of the CDR Lenders aggregating ₹ 738.81 crores have been converted into equivalent USD 120.26 million pursuant to execution on January 9, 2014 of Amendment Agreement to the Master Restructuring Agreement (MRA) dated March 30, 2012 (as amended by Amendment Agreement dated July 25, 2012) and the Foreign Currency Facility Agreements with the respective banks on various dates. The security which was offered in terms of the MRA will continue to be applicable as is upon conversion to the aforementioned foreign currency loans.

Further, during the year, the Company, upon receipt of necessary approvals from the CDR Lenders, has executed Facility Agreements with ICICI Bank Limited, to avail additional facilities up to ₹ 215 crores (Outstanding as at March 31, 2014 ₹ 172.94 crores). In terms of these Facility Agreements, the additional facility availed shall also be secured by the assets secured with the CDR Lenders in terms of the MRA. The charge so created in favour of ICICI Bank Limited shall be on a first pari passu basis with CDR Lenders. The Company will execute necessary security documents with ICICI Bank Limited for this purpose.

In terms of the Corporate Debt Restructuring package, during the year ended March 31, 2014, the Company has also sold its property situated at Goregaon. The charge on immoveable assets of the Company was released to this extent for the purpose of the aforesaid sale of the Goregaon property.

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.

Sr. No.	Security	First Charge to	Second Charge to
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.
3	A charge on all the present and future current assets (except trade receivables) of the Company.	Lenders of Tranche I  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.  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 respect 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
<b>Charge on assets of 3i Infotech Inc</b>			
1	A charge on all the present and future movable fixed assets and current assets of 3i Infotech Inc.	Lender of Tranche B. 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.
<b>Charge on assets of 3i Infotech (Middle East) FZ LLC</b>			
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.	-

Sr. No.	Security	First Charge to	Second Charge to
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.
<b>Charge on assets of 3i Infotech Asia Pacific Pte Limited</b>			
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.
<b>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.</b>			
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	6,258,371,598 ordinary shares of MUR 1 each
	3i Infotech Asia Pacific Pte Limited	5,346,202 ordinary shares of SGD 1 each
	3i Infotech (UK) Ltd	3,226,308 equity shares of GBP 1 each
	3i Infotech BPO Limited	100,000 equity shares of ₹ 10 each
3i Infotech (UK) Limited	3i Infotech (Western Europe) Holdings Ltd	1,500,000 A shares and 384,000 B shares of 10 p each respectively

Pledgor (I)	Company whose shares have been pledged (II)	Details of shares pledged (III)
3i Infotech Asia Pacific Pte Limited.	3i Infotech SDN BHD	5,000,000 shares of RM 1 each
3i Infotech Holdings Private Limited	3i Infotech Inc	100,138,408 Class A common stock of US\$ 0.30 each and 1,000,000 Class B common stock of US\$ 0.01 each
	3i Infotech Financial Software Inc	280,556 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:**

- ₹ 0.60 crores (as at March 31, 2013 of ₹ 1.32 crores) loan is secured by way of hypothecation of certain Company owned vehicles.
- Working capital loans aggregating to ₹ 35.76 crores (as at March 31, 2013 of ₹ 35.76 crores) are secured by way of floating charge on Trade receivables.

**2.4 Other long term liabilities**

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Payable to step down subsidiary towards IPR purchase	987.48	898.20
Cash flow hedging liability (Refer note no. 2.25.2(b))	-	15.67
Premium payable on redemption of FCCB	6.03	5.48
Premium payable on redemption of Preference shares	7.80	3.90
Payable towards rent	1.00	-
<b>Total</b>	<b>1,002.31</b>	<b>923.25</b>

**2.5 Short term borrowings**

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans</b>		
Term Loans:		
Working capital loans (secured against Trade receivables)	4.57	4.00
<b>Unsecured Loans</b>		
Term Loans: From subsidiaries	44.00	2.00
Acceptances from an Associate	136.62	28.06
<b>Total</b>	<b>185.19</b>	<b>34.06</b>

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

**2.6 Trade payables**

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Due to:		
Subsidiaries	44.76	66.24
Associate	0.07	0.07
Others	93.68	92.96
<b>Total</b>	<b>138.51</b>	<b>159.27</b>

As at March 31, 2014, 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

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Current maturities of long term loans and finance lease obligations</b>		
<b>Secured Term Loans</b>		
Rupee Term Loans From Banks	28.55	22.35
Foreign Currency Loan From Banks	57.93	-
Term loan from others	0.22	0.57
Overdue borrowings from Banks	47.68	35.76
<b>Unsecured Term Loans</b>		
From banks	-	6.60
Finance lease obligations	62.44	47.37
Overdue subsidiary borrowings	3.50	0.50
Overdue finance lease obligations	18.39	5.04
Overdue borrowings from Banks	57.50	59.59
<b>Total (A)</b>	<b>276.21</b>	<b>177.78</b>
<b>Other Liabilities</b>		
Earnest Money Deposit from a subsidiary	5.00	5.00
Interest accrued but not due on borrowings	12.59	25.92
Interest accrued and due on borrowings/acceptances	82.75	10.87
Interest Payable - Subsidiaries	5.92	1.84
Payable towards interest sacrifice	7.89	8.65
Unclaimed dividends *	0.42	0.44
Advances received from customers	12.85	1.58
Statutory dues payable	18.30	13.68
Other payables	1.76	2.36
Payable towards settlement of litigation	35.85	-
Cash flow hedging liability (Refer note no. 2.25.2(b))	22.60	7.48
<b>Total (B)</b>	<b>205.93</b>	<b>77.82</b>
<b>Total (A+B)</b>	<b>482.14</b>	<b>255.60</b>

\* There are no amounts which are due to be transferred to Investor Education and Protection Fund.

## 2.8 Short term provisions

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Provision for Employee benefits	20.61	20.04
<b>Total</b>	<b>20.61</b>	<b>20.04</b>

## 2.9 Fixed Assets

As on March 31, 2014

₹ crores

Particulars	GROSS BLOCK (at cost)				DEPRECIATION/AMORTIZATION				NET BLOCK
	As at April 1, 2013	Additions during the year	Ded/(Adj) during the year	As at March 31, 2014	Upto March 31, 2013	Dep for the year	Ded/(Adj) during the year	As at March 31, 2014	As at March 31, 2014
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.11	-	-	0.11	0.41
- Freehold	2.09	-	2.09	-	-	-	-	-	-
Buildings - Owned	0.77	-	0.77	-	0.18	-	0.18	-	-
- Leasehold (Refer note no. 2.9.1)	32.34	-	11.49	20.85	8.98	1.15	5.51	4.62	16.23
Leasehold Improvements	24.91	0.63	10.48	15.06	12.99	4.99	9.86	8.12	6.94
Plant & Equipment / Electrical Installations	16.38	0.33	1.81	14.90	8.23	1.08	1.56	7.75	7.15
Furniture & Fixtures	11.22	0.04	1.30	9.96	7.82	0.87	1.27	7.42	2.54
Vehicles	4.07	-	0.83	3.24	1.41	0.34	0.29	1.46	1.78
Office Equipment	7.25	0.16	0.99	6.42	2.45	0.71	0.74	2.42	4.00
Computers	88.62	0.44	15.19	73.87	62.79	8.86	15.03	56.62	17.25
Assets under Finance Lease (Refer note no. 2.9.2)	274.73	28.88	28.02	275.59	82.64	59.58	28.02	114.20	161.39
	<b>462.90</b>	<b>30.48</b>	<b>72.97</b>	<b>420.41</b>	<b>187.60</b>	<b>77.58</b>	<b>62.46</b>	<b>202.72</b>	<b>217.69</b>
<b>Intangible assets</b>									
Goodwill	67.48	-	-	67.48	57.58	4.95	-	62.53	4.95
Software Products - Meant for sale (Refer note 2.38(b))	1,343.88	49.05	(73.88)	1,466.81	181.59	130.88	15.39	297.08	1,169.73
Software Products - Others	149.59	2.52	(0.00)	152.11	100.54	20.76	0.03	121.27	30.84
Business and Commercial Rights	44.62	-	-	44.62	39.19	2.16	-	41.35	3.27
	<b>1,605.57</b>	<b>51.57</b>	<b>(73.88)</b>	<b>1,731.02</b>	<b>378.90</b>	<b>158.75</b>	<b>15.42</b>	<b>522.23</b>	<b>1,208.79</b>
<b>Total Tangible and Intangible assets</b>	<b>2,068.47</b>	<b>82.05</b>	<b>(0.91)</b>	<b>2,151.43</b>	<b>566.50</b>	<b>236.33</b>	<b>77.88</b>	<b>724.95</b>	<b>1,426.48</b>

As on March 31, 2013

₹ crores

Particulars	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 for the year	Ded/(Adj) during the year	As at March 31, 2013	As at March 31, 2013
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.11	0.00	-	0.11	0.41
- Freehold	2.09	-	-	2.09	-	-	-	-	2.09
Buildings - Owned	0.77	-	-	0.77	0.16	0.02	-	0.18	0.59
- Leasehold (Refer note no. 2.9.1)	20.85	-	(11.49)	32.34	3.93	1.50	(3.55)	8.98	23.36
Leasehold Improvements	23.13	2.21	0.43	24.91	11.22	2.20	0.43	12.99	11.92
Plant & Equipment/ Electrical Installations	16.81	-	0.43	16.38	7.51	0.76	0.04	8.23	8.15
Furniture & Fixtures	13.86	1.28	3.92	11.22	8.52	3.21	3.91	7.82	3.40
Vehicles	5.51	0.53	1.97	4.07	1.95	0.50	1.04	1.41	2.66
Office Equipment	6.48	0.80	0.03	7.25	2.15	0.32	0.02	2.45	4.80
Computers	110.71	4.27	26.36	88.62	67.54	21.61	26.36	62.79	25.83
Assets under Finance Lease (Refer note no. 2.9.2)	239.00	35.73	-	274.73	28.87	53.77	-	82.64	192.09
	<b>439.73</b>	<b>44.82</b>	<b>21.65</b>	<b>462.90</b>	<b>131.96</b>	<b>83.89</b>	<b>28.25</b>	<b>187.60</b>	<b>275.30</b>
<b>Intangible assets</b>									
Goodwill	67.48	-	-	67.48	52.63	4.95	-	57.58	9.90
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
Software Products - Others	146.30	3.29	-	149.59	78.29	22.25	-	100.54	49.05
Business and Commercial Rights	44.62	-	-	44.62	35.38	3.81	-	39.19	5.43
	<b>666.26</b>	<b>716.13</b>	<b>(223.18)</b>	<b>1,605.57</b>	<b>175.40</b>	<b>140.75</b>	<b>(62.75)</b>	<b>378.90</b>	<b>1,226.67</b>
<b>Total Tangible and Intangible assets</b>	<b>1,105.99</b>	<b>760.95</b>	<b>(201.53)</b>	<b>2,068.47</b>	<b>307.36</b>	<b>224.64</b>	<b>(34.50)</b>	<b>566.50</b>	<b>1,501.97</b>

#### 2.9.1 Buildings - Leasehold include:

- Gross Block of ₹ 20.85 crores (as at March 31, 2013 ₹ 20.85 crores), Accumulated Depreciation ₹ 4.62 crores (as at March 31, 2013 ₹ 4.27 crores) and Net Block of ₹ 16.23 crores (as at March 31, 2013 ₹ 16.58 crores) being lease premium paid in respect of building taken on lease for sixty years.
- Gross Block of ₹ Nil (as at March 31, 2013 ₹ 11.49 crores), Accumulated Depreciation ₹ Nil (as at March 31, 2013 ₹ 4.71 crores) and Net Block of ₹ Nil (as at March 31, 2013 ₹ 6.78 crores) 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 leases included in the note 2.9 above are as follows:**

**As at March 31, 2014**

₹ crores			
Asset type	Gross Block	Accumulated Depreciation	Net Block
Computers	198.37	81.98	116.39
Plant & Equipment/Electrical Installations	0.32	0.11	0.21
Furniture & Fixtures	66.23	27.78	38.45
Leasehold Improvements	10.67	4.34	6.34
<b>Total</b>	<b>275.59</b>	<b>114.20</b>	<b>161.39</b>

**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
<b>Total</b>	<b>274.73</b>	<b>82.64</b>	<b>192.09</b>

- 2.9.3** Depreciation for the year includes loss on sale/discarding of various assets amounting to ₹ 4.36 crores (for the year ended March 31, 2013 ₹ 10.80 crores) and certain intangible assets have been fully amortized having Gross Block of ₹ 15.40 crores (as at March 31, 2013 ₹ Nil crores), Accumulated Depreciation ₹ 2.66 crores (as at March 31, 2013 ₹ Nil crores) and Net Block of ₹ 12.74 crores (as at March 31, 2013 ₹ Nil crores) due to technological obsolescence.

## 2.10 Non current investments

₹ crores		
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Long Term Trade Investments Unquoted at Cost</b>		
<b>(i) 100% Wholly Owned Subsidiaries</b>		
5,346,202 Equity shares of no par value of 3i Infotech Asia Pacific Pte Ltd., Singapore (Refer note no. 2.10.1) (as at Mar 31, 2013 - 5,346,202 shares)	<b>21.20</b>	21.20
3,226,308 Equity shares of GBP 1 each fully paid up of 3i Infotech (UK) Ltd. (Refer note no. 2.10.1) (as at Mar 31, 2013 - 3,226,308 shares)	<b>355.73</b>	355.73
6,258,371,598 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, 2013 - 6,258,371,598 shares)	<b>992.74</b>	992.74
500 Shares of SAR 1,000 each fully paid up of 3i Infotech Saudi Arabia LLC (as at Mar 31, 2013 - 500 shares)	<b>0.67</b>	0.67
5,569,762 Equity shares of ₹ 10 each fully paid up of 3i Infotech Trusteeship Services Ltd. (as at Mar 31, 2013 - 5,569,762 shares)	<b>0.01</b>	0.01
100,000 Equity shares of ₹ 10 each fully paid of 3i Infotech BPO Ltd. (Refer note no. 2.10.1) (as at Mar 31, 2013 - 100,000 shares)	<b>66.71</b>	66.71
4,805,211 Equity shares of ₹ 10 each fully paid of 3i Infotech Consultancy Services Ltd. (as at Mar 31, 2013 - 4,805,211 shares)	<b>37.04</b>	37.04
Elegon Infotech Limited, China	<b>11.82</b>	11.82
<b>(ii) Other Subsidiaries</b>		
740,000 Equity shares of ₹ 10 each fully paid of Locuz Enterprise Solutions Ltd. constituting 74% of the share capital (as at Mar 31, 2013 - 740,000 shares)	<b>22.80</b>	22.80
<b>Total Long term trade investments (A)</b>	<b>1,508.72</b>	1,508.72
<b>(iii) Investment in Equities, Preference Share Capital (other than Subsidiaries)</b>		
(i) 200,000 Equity shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co. Ltd., Sri Lanka	<b>0.10</b>	0.10
(ii) 25,000,000 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, 2013 - 25,000,000 shares)	<b>25.00</b>	25.00
(iii) 55,000 equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited. (as at Mar 31, 2013 - 55,000 shares)	<b>0.06</b>	0.06
<b>Total Non trade investments (B)</b>	<b>25.16</b>	25.16
<b>Total investments (A+B)</b>	<b>1,533.88</b>	1,533.88
<b>Aggregate amount of Unquoted investments</b>	<b>1,533.88</b>	1,533.88

### 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		
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred tax assets</b>		
Unabsorbed losses/depreciation	684.25	536.69
Expenses allowable on payment and others (including provision for doubtful debts)	43.82	44.63
	728.07	581.32
<b>Less: Deferred tax liability</b>		
Fixed assets (Depreciation/amortisation)	271.15	198.75
	456.92	382.57
Less: Deferred tax assets not recognised as a matter of prudence	335.59	278.91
<b>Net deferred tax asset (Refer note no. 2.27.3)</b>	<b>121.33</b>	<b>103.66</b>

### 2.12 Long term loans and advances

₹ crores		
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Capital advances	-	0.53
Security Deposits (includes lease rent deposits)	7.37	37.46
Loan to a Subsidiary Company *	551.68	501.80
Advance tax and tax deducted at source (net of Provision for taxes NIL ;as at March 31 2013 ₹ 29.14 crores)	115.20	92.29
VAT recoverable (net)	2.29	2.43
MAT credit receivable	21.54	22.97
Prepaid expenses	5.14	10.84
	703.22	668.32
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	1.34	1.34
Less: Provision for bad and doubtful security deposits	(1.34)	(1.34)
	0.00	-
<b>Total</b>	<b>703.22</b>	<b>668.32</b>

\* 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 ₹ 230.15 crores (as at March 31, 2013 ₹ 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, 2014 of ₹ 48.29 crores, (upto March 31, 2013 ₹ 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

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Unamortised borrowing cost	6.38	6.15
<b>Total</b>	<b>6.38</b>	<b>6.15</b>

## 2.14 Trade receivables

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Debts outstanding for a period exceeding 6 months from the due date of payment	441.59	90.91
Others	168.37	395.42
	<b>609.96</b>	<b>486.33</b>
<b>Unsecured, considered doubtful</b>		
Doubtful debts exceeding 6 months from the due date of payment	11.87	41.87
Less: Provision for bad and doubtful debts	(11.87)	(41.87)
	-	-
<b>Total *</b>	<b>609.96</b>	<b>486.33</b>

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
* Includes due from:		
Subsidiaries	531.65	467.11
Associate	26.97	0.07

## 2.15 Cash and bank balances

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Cash and Cash Equivalents</b>		
In current accounts	12.34	4.12
Cheques on hand	0.01	-
Remittance in transit	0.66	1.90
Cash on hand	-	-
<b>Total - (A)</b>	<b>13.01</b>	<b>6.02</b>
<b>Other Bank Balances</b>		
In margin money accounts	2.87	5.85
In escrow accounts	0.20	1.56
In dividend accounts	0.42	0.44
<b>Total - (B)</b>	<b>3.49</b>	<b>7.85</b>
<b>Total - (A + B)</b>	<b>16.50</b>	<b>13.87</b>

## 2.16 Short term loans and advances

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Security deposits (includes lease rent deposits)	5.31	4.60
	5.31	4.60
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	2.18	2.18
Less: Provision for bad and doubtful security deposits	(2.18)	(2.18)
	-	-
<b>Other loans and advances</b>		
Unamortized/Prepaid expenses	6.13	5.95
Advances recoverable from subsidiaries	6.48	35.03
Interest receivable from banks	11.90	-
Other advances recoverable in cash or in kind or for value to be received	11.85	3.67
<b>Total</b>	<b>41.67</b>	<b>49.25</b>

## 2.17 Other current assets

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Unbilled revenue* [net of provision of ₹ 19.61 crores (as at March 31, 2013 ₹ 19.61 crores)]	28.81	30.07
Unamortised borrowing cost	0.76	0.77
<b>Total</b>	<b>29.57</b>	<b>30.84</b>

\* Includes ₹ 8.39 crores from an associate (as at March 31, 2013 ₹ 3.13 crores)

## 2.18 Revenue from Operations

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
IT solutions	307.85	346.53
Transaction services	18.65	18.94
<b>Total</b>	<b>326.50</b>	<b>365.47</b>

## 2.19 Other Income

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest income	2.21	0.30
Gain on sale/discarding of fixed assets	8.65	-
Foreign exchange gain (net)	51.94	42.38
Provision for doubtful debts written back	0.81	-
Other non-operating income	5.21	8.04
<b>Total</b>	<b>68.82</b>	<b>50.72</b>

## 2.20 Employee benefits expense and Cost of Revenue

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries and wages	241.27	231.44
Contribution to provident funds and other funds	23.86	7.11
Recruitment and training expenses	0.76	1.22
Staff welfare expenses	7.70	7.94
Cost of third party products/outsourced services (Refer note no. 2.33)	77.73	99.07
Less: Recovery from subsidiaries:		
a. Re-imbursement of costs by subsidiaries	(124.71)	(121.57)
b. Corporate charges	(14.98)	(13.26)
<b>Total</b>	<b>211.63</b>	<b>211.95</b>

## 2.21 Finance cost

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense	281.10	271.80
Other borrowing costs	19.12	12.30
<b>Total</b>	<b>300.22</b>	<b>284.10</b>

## 2.22 Other expenses

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Rent*	20.46	7.70
Loss on sale / discarding of fixed assets (net)	-	0.69
Travelling and conveyance	4.53	12.26
Power and fuel	8.59	9.70
Office Expenses	1.71	3.58
Repairs to buildings	0.39	0.38
Insurance	3.86	1.95
Rates and taxes	2.33	2.27
Communication expenses	4.54	6.84
Printing and stationery	1.01	1.12
Directors Sitting Fees	0.07	0.10
Legal and Professional charges	12.46	14.43
Bad debts written off	29.19	0.48
Less - Provision withdrawn	(29.19)	(0.48)
Provision for doubtful debts	-	3.77
Repairs & Maintenance - Others	2.33	3.82
Security Charges	1.20	1.73
Miscellaneous expenses	1.58	4.61
<b>Total</b>	<b>65.06</b>	<b>74.95</b>

\* Includes writeback of ₹ NIL (₹ 12.77 crores for the year ended March 31, 2013)

## 2.23 Exceptional Items - Income/ (Expenses)

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Reduction in liability on issue of fresh FCCB	-	3.30
Rental deposits forfeited	-	(8.87)
Loss on settlement of litigation (Refer note no. 2.31 (a))	35.85	-
Net adjustment under proposed scheme of business reconstruction under section 391 of the Companies Act (Refer note 2.31 (b)(c)(d))	-	138.53
<b>Total</b>	<b>35.85</b>	<b>132.96</b>

## 2.24 Tax expense

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Current Taxes:		
Wealth tax	-	0.02
Income tax pertaining to earlier years written off	4.12	8.85
Deferred taxes (net) reversed	(17.67)	-
<b>Total</b>	<b>(13.55)</b>	<b>8.87</b>

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

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Contingent liabilities not provided for in respect of:-</b>		
Corporate Guarantee on behalf of subsidiaries (to the extent of outstanding)	157.17	161.25
Outstanding bank guarantees	0.10	0.22
Arrears of cumulative preference dividend (including dividend distribution tax thereon)	4.83	4.82
Estimated amount of claims against the company not acknowledged as debts in respect of:-		
- Disputed income tax matters	38.28	102.52
- Disputed service tax matters (excluding interest as applicable)	181.56	10.54
- Disputed sales tax matters	3.10	-
- Customer claims	0.19	0.24
- Others*	49.80	12.79
<b>Total</b>	<b>435.03</b>	<b>292.38</b>

\* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ` 0.85 crores (as at March 31, 2013 - ` 0.79 crores).

During the year, due to financial crunch, the Company has not been 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.

## 2.25.2 Commitments:

### (a) Capital Commitments\*\*

	₹ crores	
	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	0.20

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

### (b) Derivative Instruments:

During the financial year ended March 31, 2012, the Company had entered into a cross currency interest rate swap to the tune of USD 26 mn (₹115 crores). The Company designated this instrument as cash flow 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, 2014, the Company recognized ₹ 1.21 crores (for the year ended March 31, 2013 ₹ 6.03 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, 2014 was negative ₹ 22.60 crores (as at March 31, 2013 negative ₹ 21.39 crores).

As at March 31 2014, the fair values of outstanding derivatives designated under cash flow hedge accounting was ₹ 22.60 crores (as at March 31, 2013 ₹ 23.15 crores), of which ₹ Nil (as at March 31, 2013 ₹ 15.67 crores) is presented in the balance sheet under 'Other long term liabilities' and the balance ₹ 22.60 crores (as at March 31, 2013 ₹ 7.48 crores) is presented under "Other current 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 March 1, 2003 for building and the same are being amortized over the lease period. All other lease arrangements in respect of properties from are renewable/cancellable at the Company's and/or lessors' option as mutually agreed. The future lease rental payment committed is as under:

	₹ crores	
Particulars	As at March 31, 2014	As at March 31, 2013
- Within one year	11.98	14.22
- Later than one year and not later than five years	31.23	29.77
- Later than five years	21.21	27.55

- (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	
Particulars	As at March 31, 2014	As at March 31, 2013
- Within one year	3.61	3.07
- Later than one year and not later than five years	5.82	9.43
- Later than five years	-	-



**b. Finance Lease:**

Future minimum lease payments in respect of assets on finance lease

**As at March 31, 2014**

Particulars	₹ crores		
	Minimum Lease Payment	Finance Charges	Present Value of Minimum lease payments
- Within one year	86.62	5.79	80.83
- Later than one year and not later than five years	143.64	13.24	130.40
- Later than five years	-	-	-

**As at March 31, 2013**

Particulars	₹ crores		
	Minimum Lease Payment	Finance Charges	Present Value of Minimum lease payments
- Within one year	81.19	28.78	52.41
- Later than one year and not later than five years	235.67	41.20	194.47
- Later than five years	-	-	-

The documentation in respect of aforesaid leases treating them as finance leases are yet to be formalized.

**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 384,498 equity shares of ₹ 10 each at a price of ₹ 19.74 against the conversion of Sacrifice amount of ₹ 0.76 crores as per the Master Restructuring Agreement in pursuance of the CDR scheme.

During the year ended March 31, 2013, the Company allotted 264,725,928 equity shares of ₹ 10 each at a price of ₹ 19.74 against principal outstanding of ₹ 252.81 crores and interest of ₹ 269.76 crores was 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:

	Fourth Issue	Fifth Issue
Issue currency	USD	USD
Issue size	2.43 million **	125.36 million
Issue date	April 25, 2012	April 25, 2012
Maturity date	July 27, 2017	April 26, 2017
Coupon rate	4.75%	5%
Fixed exchange rate of conversion	₹ 40.81	₹ 50.79
Conversion price-post bonus	₹ 165.94	₹ 16.50
<b>Conversions/Redemptions as at - (USD and Euro)</b>		
31 Mar 2014	Nil	0.23 million
31 Mar 2013	Nil	31.55 million
<b>Outstanding as at - (USD)</b>		
31 Mar 2014	2.43 million	93.58 million
31 Mar 2013	2.43 million	93.81 million
<b>Outstanding as at - (₹ Crores)</b>		
31 Mar 2014	14.55	559.21
31 Mar 2013	13.24	509.89

\*\* Represents 3.67% of the then outstanding portion of USD 100 million on April 25, 2012.

On 22<sup>nd</sup> 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 previous year ended March 31, 2013 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 had also been amended by the Company.

During the year ended March 31, 2014, the Company allotted 7,04,914 equity shares (For the year ended March 31 2013, 97,111,993 equity shares) of ₹ 10 each against conversion of 229 numbers (For the year ended March 31 2013, 31,548 numbers) of above mentioned FCCBs amounting to ₹ 1.16 crores (For the year ended March 31, 2013 ₹ 160.22 crores equivalent to USD 2,29,000 (For the year ended March 31, 2013 USD 31,548,000).

The conversion price as per the Offering Circular dated March 22, 2012 was ₹ 16.50 per share.

#### **2.27.1 Going Concern:**

During the financial year 2011-12, the Company undertook to 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. Therefore, financial statements have been prepared on a going concern basis.

#### **2.27.2 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, prescribed under Companies (Accounting Standard) Rules 2006, has 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 Investment 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.

#### **2.27.3 Deferred tax asset:**

In respect of Net Deferred Tax Asset of ₹ 121.33 crores (as at March 31, 2013 ₹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 expected return on plan assets is based on market expectations at the beginning of the year for the returns over the entire life of the related obligations. The estimates for future salary increases considered take into account, inflation, seniority, promotion and other relevant factors.

The following table set 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, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Obligation at the beginning of the year	12.38	17.82	13.62	14.26
Interest cost	1.02	1.56	1.13	1.14
Current service cost	2.43	3.10	2.91	2.79
Benefits paid	(5.93)	(0.10)	(3.09)	(2.72)
Actuarial (gain)/loss in obligations	4.04	(9.99)	3.25	(1.85)
Obligation at year end	13.95	12.38	17.82	13.62

₹ crores

Change in Fair value of Plan assets	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Fair value of plan assets at the beginning of the year	0.01	0.11	2.91	2.71
Expected return on plan assets	0.00	0.01	0.21	0.22
Contributions by the employer	-	-	0.22	2.53
Benefits paid	-	(0.10)	(3.09)	(2.72)
Actuarial loss on plan assets	(0.00)	(0.01)	(0.14)	0.17
Fair value of plan assets at year end	0.01	0.01	0.11	2.91

₹ crores

Expenses recognised in Statement of Profit and loss	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Current service cost	2.43	3.10	2.91	2.79
Interest cost	1.02	1.56	1.12	1.14
Expected return on plan assets	(0.00)	(0.01)	(0.24)	(0.22)
Net actuarial (gain)/loss recognized during the year	4.04	(9.99)	3.43	(2.03)
Expenses recognised in Statement of Profit & Loss	7.49	(5.34)	7.22	1.68

₹ crores

Reconciliation or Present Value of the obligation and the Fair value of the plan assets	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Liability at year end	12.36	12.37	17.82	13.62
Fair value of plan assets at year end	1.58	0.01	0.11	2.91
Liability recognized in the balance sheet	13.94	12.36	17.71	10.71

₹ crores

Assumptions	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Discount Rate	9.36% p.a.	8.25% p.a.	8.75% p.a.	8.50% p.a.
Expected Rate of Return on Plan Assets	8.70% p.a.	8.70% p.a.	8.75% p.a.	8.25% p.a.
Salary Escalation Rate	4.00% p.a.	4.00% p.a.	6.00% p.a.	6.00% p.a.

₹ crores

Experience Adjustmnet	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
On Plan Liabilities (Gain)\Loss	4.81	(7.19)	4.34	1.61
On Plan Assets Gain\Loss	(0.00)	(0.01)	(0.17)	0.17

The liability recognized with respect to Gratuity within the balance sheet as at March 31, 2014 is ₹ 18.45 crores (as at March 31, 2013 is ₹ 18.13 crores)

The liability recognized with respect to leave encashment/entitlement in the balance sheet as at March 31, 2014 is ₹ 2.16 crores (as at March 31, 2013 is ₹ 1.91 crores)

**2.29** The Company had acquired till March 31, 2014, 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 financial statements on such reconciliation/adjustments.

### **2.31 Exceptional items**

**a)** Exceptional item represents "losses on litigation" accounted of ₹ 35.85 crores on settlement reached with Dangold Investments Corporation in connection with dispute relating to acquisitions in subsidiaries.

**b)** The Company had during the financial year ended March 31, 2013 capitalized expenditure on Intangible Assets viz. internally developed Software Products (meant for sale) incurred during the years from FY 2006-07 up to FY 2011-12 as also for the financial year ended March 31, 2013 in terms of Accounting Standard 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 to FY 2011-12) have been capitalised during the Financial Year ended March 31, 2013.

**c)** The Company had provided for/reversed certain slow moving trade receivables and unbilled revenue amounting to ₹ 21.90 crores during the financial year ended March 31, 2013 which have arisen largely due to the tight liquidity situation, resource constraints etc. faced by the Company in the year immediately preceding the financial year ended March 31, 2013.

**d)** The items referred above in (b) and (c) have been disclosed as a net adjustment in the Statement of Profit and Loss as an exceptional item.

### **2.32 Auditors' Remuneration**

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Audit fees	1.89	1.89
Tax audit fees	0.10	0.07
Certification fees	0.06	0.02
Other Matters	0.16	-
Re-imbursement of out of pocket expenses	0.21	0.08
Service tax	0.30	0.26
<b>Total</b>	<b>2.72</b>	<b>2.32</b>

### 2.33 Cost of third party products/outsourced services includes:

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Outsourced services cost :		
IT Solutions	76.39	99.54
Transaction processing charges	2.89	2.90
Purchases - hardware/software	5.77	19.29
Repairs and maintenance - Computers	8.01	7.38
Commission on sales	1.16	0.28
Others	(0.15)	2.39
<b>Sub Total</b>	<b>94.07</b>	<b>131.78</b>
Less : Transferred to intangible assets under development	16.34	32.71
<b>Total</b>	<b>77.73</b>	<b>99.07</b>

### 2.34 Earnings per share

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

The numerators and denominators used to calculate basic and diluted earnings per share are as follows:

Particulars		For the year ended March 31, 2014	For the year ended March 31, 2013
Net Profit/(Loss) after tax as per Statement of Profit and Loss before exceptional items (₹ crores)		(404.37)	(388.32)
Less: Dividend on preference shares paid (incl. Corporate taxes) (₹crores)			-
Less: Dividend on preference shares accrued but not declared (incl. corporate taxes) (₹ crores)		4.83	4.82
Profit/(Loss) attributable to equity shareholders before exceptional items (₹ crores)	A	(409.20)	(393.14)
Add: Exceptional Income/(Expenses) (₹ crores)		(35.85)	132.96
Profit/(Loss) attributable to equity shareholders after exceptional items (₹ crores)	B	(445.05)	(260.18)
Weighted average number of equity shares outstanding during the year (Nos.)	C	572,072,722	439,518,498
Add: Effect of dilutive issues of options (Nos.)		-	-
Diluted weighted average number of equity shares outstanding during the year (Nos.)	D	572,072,722	439,518,498
Nominal value of equity shares (₹)		10.00	10.00
Before exceptional items			
Basic EPS (₹)	A/C	(7.15)	(8.94)
Diluted EPS (₹)	A/D	(7.15)	(8.94)
After exceptional items			
Basic EPS (₹)	B/C	(7.78)	(5.92)
Diluted EPS (₹)	B/D	(7.78)	(5.92)

## 2.35 Related Party Transactions:

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

### Foreign subsidiaries/step down subsidiaries -

No.	Name of subsidiary	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
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
21	3i Infotech (South Africa) (Pty) Limited	Republic of South Africa	100% held by 3i Infotech Holdings Private Limited	Nov 28, 2013

**Indian subsidiaries/step down subsidiaries -**

Sr No.	Name of subsidiary	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:-**

Key Management Personnel/Related Party	Designation/Details
1. Mr.Madhivanan Balakrishnan	Managing Director & CEO (from July 1, 2012)
2. Mr.Charanjit Attra	Executive Director & Global CFO (from July 1, 2012)
3. Mr. V. Srinivasan	Managing Director & CEO (upto June 30, 2012)
4. Mr. Amar Chintopanth	Deputy Managing Director (upto March 15,2013)
5. ICICI Bank Limited	Associate

The following transactions were carried out during the year:

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Subsidiaries - 3i Infotech Inc</b>		
Income	4.62	4.45
Corporate Charges (Royalty Income)	5.84	5.16
<b>Subsidiaries - 3i Infotech Holdings Private Limited, Mauritius</b>		
Investments made in Equity shares	-	1.43
Conversion of Redeemable Convertible Preference Shares into unsecured loan	-	517.49
<b>Subsidiaries - 3i Infotech (UK) Limited and its subsidiaries</b>		
Income	0.88	0.96
Corporate Charges (Royalty Income)	2.62	2.51
<b>Subsidiaries - 3i Infotech (Middle East) FZ LLC</b>		
Income	4.13	12.81
Income from product charge out	3.08	-
Corporate Charges (Royalty Income)	2.58	3.17
Purchase of Intellectual Property Rights (IPR)	-	453.13
<b>Subsidiaries - 3i Infotech Saudi Arabia LLC</b>		
Income	0.67	2.28
Income from product charge out	0.76	-
Corporate Charges (Royalty Income)	0.71	0.82
<b>Subsidiaries - 3i Infotech Asia Pacific Pte Ltd</b>		
Income	1.04	0.95
Corporate Charges (Royalty Income)	0.60	0.45
<b>Subsidiaries - Elegon Infotech Limited</b>		
Income	-	0.38
Corporate Charges (Royalty Income)	0.10	0.10

Particulars	₹ crores	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Subsidiaries - 3i Infotech Consultancy Services Limited</b>		
Income	1.02	-
Purchase of Services	55.71	56.59
Corporate Charges (Royalty Income)	1.54	2.11
Interest Expenses	0.69	-
Earnest Money Deposit taken	-	5.00
Advances taken	-	6.95
<b>Subsidiaries - 3i Infotech BPO Limited</b>		
Income	6.05	7.28
Rent Income	1.56	-
Purchase of Services	1.05	1.18
Loans taken	9.65	15.45
Loans paid	2.00	15.92
Expenses	0.00	-
Interest Expense	2.87	0.71
Purchase of Fixed Assets	-	0.06
<b>Subsidiaries - Locuz Enterprise Solutions Limited</b>		
Income	0.35	-
Rent Income	0.73	0.49
Purchase of Services	2.24	2.54
<b>Subsidiaries - 3i Infotech Financial Software Inc</b>		
Income	0.20	-
<b>Subsidiaries - Others</b>		
Income	1.61	0.63
Corporate Charges (Royalty Income)	0.98	0.69
Income from product charge out	0.02	-
Rent Income	-	0.78
Loans taken	0.75	1.00
Interest Expense	0.96	0.74
<b>ICICI Bank Limited #</b>		
Income	122.47	100.40
Expenses	1.69	1.15
Issue of equity shares (including securities premium)*	-	224.67
Advances received	109.35	28.06
<b>Directors / KMP - Mr. V. Srinivasan</b>		
Remuneration	-	0.68
<b>Directors / KMP - Mr. Amar Chintopanth</b>		
Remuneration	-	3.97
<b>Directors / KMP - Mr. Charanjit Attra</b>		
Remuneration	1.20	1.03
<b>Directors / KMP - Mr. Madhivanan Balakrishnan</b>		
Remuneration	2.35	2.79
<b>Cadenza Solutions Private Ltd.</b>		
Income	-	0.04

# Associate excluding normal banking transactions

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:**

Particulars	₹ crores	
	As at March 31, 2014	As at March 31, 2013
<b>Subsidiaries - 3i Infotech Inc</b>		
Financial / Corporate Guarantees	26.89	24.46
Advance Receivable	0.53	32.50
Trade Receivable	327.66	300.37
<b>Subsidiaries - 3i Infotech Holdings Private Limited, Mauritius</b>		
Investment in Equity Shares	992.74	992.74
Trade Receivable	1.94	1.76
Loan Receivable	551.68	501.80
<b>Subsidiaries - 3i Infotech (UK) Limited and its subsidiaries</b>		
Investment in Equity Shares	355.73	355.73
Advance Receivable	0.26	0.84
Trade Receivable	11.33	17.74
Trade Payable	9.16	7.61
Financial / Corporate Guarantees	21.90	15.59
<b>Subsidiaries - 3i Infotech (Middle East) FZ LLC</b>		
Advance Receivable	0.34	-
Trade Receivable	58.26	41.58
Financial / Corporate Guarantees	59.67	77.38
Payable towards IPR purchase	987.48	898.20
<b>Subsidiaries - 3i Infotech Saudi Arabia LLC</b>		
Investment in Equity Shares	0.67	0.67
Trade Receivable	95.50	82.26
Advance Receivable	0.06	-
<b>Subsidiaries - 3i Infotech Asia Pacific Pte Ltd</b>		
Investment in Equity Shares	21.20	21.20
Advance Receivable	0.12	0.68
Financial / Corporate Guarantees	8.97	8.15
Trade Receivable	1.11	-
<b>Subsidiaries - Elegon Infotech Limited</b>		
Investment in Equity Shares	11.82	11.82
Trade Payable	3.66	3.98
Advance Receivable	0.01	-
<b>Subsidiaries - Locuz Enterprise Solutions Limited</b>		
Investment in Equity Shares	22.80	22.80
Financial / Corporate Guarantees	6.78	6.22
Trade Payable	2.47	2.78
<b>Subsidiaries - 3i Infotech Consultancy Services Limited</b>		
Investment in Equity Shares	37.04	37.04
Trade Payable	19.89	28.48
Interest payable	0.62	-
Earnest Money Deposit	5.00	5.00
Advance Receivable	0.37	-
Financial / Corporate Guarantees	15.17	16.07
<b>Subsidiaries - 3i Infotech BPO Limited</b>		
Investment in Equity Shares	66.71	66.71
Loan Payable	48.34	2.00
Trade Receivable	2.79	-
Trade Payable	-	27.83
Interest payable	2.72	0.15
Financial / Corporate Guarantees	4.00	2.00
<b>Subsidiaries - 3i Infotech Financial Software Inc</b>		
Trade Payable	4.18	-

₹ crores		
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Subsidiaries - Others</b>		
Investment in Equity Shares	0.01	0.01
Financial / Corporate Guarantees	13.79	11.38
Trade Receivable	33.06	23.40
Trade Payable	5.40	(4.44)
Interest Payable	2.58	1.69
Advances Receivable	4.79	1.01
Loan Payable	8.56	7.81
<b>ICICI Bank Limited</b>		
Trade Receivable	26.97	8.39
Trade Payable	0.07	0.07
Advances Payable	136.62	28.06
Other Payable - Deposit	1.55	1.55
Directors / KMP - Mr. Charanjit Attra		
Remuneration Payable *	0.08	0.41
Directors / KMP - Mr. Madhivanan Balakrishnan		
Remuneration Payable *	0.09	1.60

\* Includes 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.

**2.36 (A) Foreign currency exposures not covered by derivative instruments are given below:-**

Particulars	Currency type	As at March 31, 2014		As at March 31, 2013	
		Amount in foreign currency (crores)	Amount (₹ crores)	Amount in foreign currency (crores)	Amount (₹ crores)
Foreign Currency Convertible Bonds	USD	9.60	573.76	9.62	523.13
Premium payable on Foreign Currency Convertible Bonds	USD	0.10	6.03	0.10	5.48
Interest Payable on FCCB	USD	0.19	11.61	0.48	25.92
Foreign Currency Loans	USD	14.82	885.69	-	-
Interest Payable on Foreign currency loan	USD	0.10	5.70	-	-
Loan to subsidiaries	USD	9.23	551.68	9.23	501.80
Net current assets	USD	(8.84)	(536.12)	(8.50)	(461.77)
	GBP	0.02	(9.16)	-	-
Bank Account	EUR	0.01	0.43	0.00	0.06
	GBP	-	-	0.00	0.07

**(B) Foreign currency exposures covered by derivative instruments are given below:-**

Particulars	Currency type	As at March 31, 2014		As at March 31, 2013	
		Amount in foreign currency (crores)	Amount (₹ crores)	Amount in foreign currency (crores)	Amount (₹ crores)
Cross currency and interest rate swap (Notional Amount)	USD	1.64	97.75	2.21	97.75

## 2.37 CIF value of imports & expenditure in foreign currency

₹ crores		
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>a. CIF value of import of:</b>		
Capital goods	-	0.95
<b>b. Expenditure in foreign currency in respect of:</b>		
(i) Cost of outsourced services and bought out items	0.43	0.28
(ii) Travelling and other expenses	1.40	1.45
(iii) Interest expenses on FCCB	29.08	25.92
(iv) Interest expenses on FCNR Loan	11.23	-
<b>c. Earnings in foreign currency</b>		
Income from operations (Excludes income from Dubai Branch)	41.17	40.60

## 2.38 Foreign Currency Monetary Item Translation Difference:

- (a) During the year, in compliance with Accounting Standard (AS) 11 - The Effects of Changes in Foreign exchange Rates, exchange loss of ₹ 52.34 crores (for the year ended March 31, 2013 loss of ₹ 23.53 crores) arising on FCCBs (which hitherto was charged upto June 30, 2012 to Statement of profit and loss) and exchange gain of ₹ 49.88 crores (for the year ended March 31, 2013 loss of ₹ 15.69 crores) on long term foreign currency loan, exchange loss of ₹ 0.42 crores (for the year ended March 31, 2013 ₹ Nil) on foreign currency loan being long term monetary liability/asset, has been debited/credited to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of the liability/asset. The amount of exchange gain amortized during the year is ₹ 9.93 crores (For the year ended March 31, 2013 ₹ 7.62 crores).
- (b) The Company has a liability of ₹ 987.48 crores (as at March 31, 2013 ₹ 898.20 crores) towards acquisition of Intellectual Property Rights (IPRs) to its step down subsidiary, 3i Infotech (Middle East) FZLLC, for Company's software products meant for sale in respect of which, the Company has approached Reserve Bank of India (RBI) through authorized dealer during the period to extend the timeline for repayment of the aforesaid liability till March 31, 2017 and is expecting the response shortly. In view of the same, the said liability is considered long term from inception and the resulting foreign exchange translation loss of ₹ 89.28 crores (for the year ended March 31, 2013 ₹ Nil) for the year have been capitalized to the cost of the software, which hitherto was charged up to March 31, 2013 to the Statement of Profit and Loss.

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

### Signatures to Notes 1 and 2

For and on behalf of the Board

Madhivanan Balakrishnan  
Managing Director & Global CEO

Charanjit Attra  
Executive Director & Global CFO

R Unnikrishnan Nair  
Senior Vice President  
(Finance and Accounts)

Ninad Kelkar  
Company Secretary

Mumbai, May 02, 2014

**3i INFOTECH LIMITED****Corporate Identification Number (CIN):** L67120MH1993PLC074411**Registered Office:** Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors, International Infotech Park,  
Vashi, Navi Mumbai - 400 703**Tel No:** (91-22) 6792 8000 **Fax No:** (91-22) 6792 8098**E-mail:** investors@3i-infotech.com **Website:** www.3i-infotech.com**NOTICE**

Notice is hereby given that the Twenty First Annual General Meeting (AGM) of the Members of 3i Infotech Limited will be held on Tuesday, September 16, 2014 at 11:30 a.m. at Arya Samaj Hall, Plot No.6, Sector 9A, Vashi, Navi Mumbai- 400 703 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, 2014 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 Mr. Charanjit Attra (DIN: 05323757), who retires by rotation at this AGM and being eligible, offers himself for re-appointment.
3. 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 139, 140 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time, M/s. Lodha & Co., Chartered Accountants (Firm Registration No. 301051E) in respect of whom the Company has received a special notice, be and is hereby appointed as Statutory Auditor of the Company in place of the retiring Auditors, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Twenty Fourth Annual General Meeting of the Company to be held in the year 2017, subject to ratification of their appointment at every 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 Statutory Auditor.

**SPECIAL BUSINESS**

4. Appointment of Mr. Hoshang N. Sinor as an Independent Director for a period effective April 1, 2014 to September 30, 2015

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED that** pursuant to the provisions of Section 149, 152, 160 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the rules framed thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), Mr. Hoshang N. Sinor (DIN: 00074905), in respect of whom the Company has received a notice under Section 160 of the Act from a Member proposing his candidature as a Director on the Board of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period effective April 1, 2014 to September 30, 2015.

**RESOLVED further that** pursuant to provisions of the Companies Act, 2013, Mr. Sinor shall not be liable to retire by rotation.

5. Appointment of Mr. Ashok Shah as an Independent Director for a period effective April 1, 2014 to September 30, 2015

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED that** pursuant to the provisions of Section 149, 152, 160 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the rules framed thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), Mr. Ashok Shah (DIN: 01194846), in respect of whom the Company has received a notice under Section 160 of the Act from a Member proposing his candidature as a Director on the Board of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period effective April 1, 2014 to September 30, 2015.

**RESOLVED further that** pursuant to provisions of the Companies Act, 2013, Mr. Shah shall not be liable to retire by rotation.

6. Appointment of Dr. Ashok Jhunjunwala as an Independent Director for a period effective April 1, 2014 to September 30, 2015

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED that** pursuant to the provisions of Section 149, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules framed thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), Dr. Ashok Jhunjunwala (DIN: 00417944), in respect of whom the Company has received a notice under Section 160 of the Act from a Member proposing his candidature as a Director on the Board of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period effective April 1, 2014 to September 30, 2015.

**RESOLVED further that** pursuant to provisions of the Companies Act, 2013, Dr. Jhunjunwala shall not be liable to retire by rotation.

By Order of the Board



Ninad Kelkar  
Company Secretary

July 25, 2014  
Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park, Vashi,  
Navi Mumbai - 400 703.

**NOTES:**

- a) The explanatory statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
- b) **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote 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. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/ authority, as applicable. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or shareholder.
- c) Members/Proxies should bring the attendance slip sent herewith, duly filled in, for attending the Meeting.
- d) 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.
- e) E-Voting Facility:
  1. In accordance with provisions of section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its Members. The Company has engaged the services of National Securities Depository Limited ("NSDL") to provide e-voting facilities and for security and enabling the Members to cast their vote in a secure manner. The e-voting facility will be available at the link [https:// www.evoting.nsdl.com](https://www.evoting.nsdl.com) during the following period:  
Commencement of e-voting: Midnight at 12:00 a.m. (IST) of September 10, 2014  
End of e-voting: Midnight at 11:59 p.m. (IST) of September 12, 2014
  2. E-voting shall not be allowed beyond midnight at 11.59 p.m. of September 12, 2014. During the e-voting period, Shareholders of the Company, holding shares either in physical form or in dematerialized form as on the record date may cast their vote electronically. The record date for the purpose of e-voting is August 1, 2014.
  3. Members who have registered their email IDs with the Company/their respective Depository participants are being forwarded the login ID and password for e-voting by e-mail. The instructions for e-voting have been given as under:

- i. Open e-mail received from NSDL and open PDF file viz. “3iinfotech e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
  - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
  - iii. Click on Shareholder - Login.
  - iv. Put user ID and password mentioned in step (i) above. Click Login.
  - v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vi. Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
  - vii. Select “EVEN” (E Voting Event Number) of 3i Infotech Limited.
  - viii. Now you are ready for e-voting as Cast Vote page opens.
  - ix. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - x. Upon confirmation, the message “Vote cast successfully” will be displayed.
  - xi. Please note that once you have voted on the resolution and clicked on “Submit” and “Confirm”, you will not be allowed to modify your vote.
  - xii. Institutional Members (i.e. other than individuals, HUFs, NRIs, etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to [scrutinizer3iinfotechagm@gmail.com](mailto:scrutinizer3iinfotechagm@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
4. For the benefit of Members whose e-mail IDs are not yet registered with the Company or their respective Depository Participants or who have requested for a physical copy of the Notice and the Annual Report, the login ID and password for e-voting are being sent along with physical copy of the notice.

- i. Initial password is provided at the bottom of the Attendance Slip for the AGM in the manner indicated below:

EVEN (E Voting Event Number)	USER ID	PASSWORD

- ii. Please follow all steps from Sr. No. ii to xii above, to caste the vote.
5. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and the e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  6. If you are already registered with NSDL for e-voting, you can use your existing user ID and password/PIN for casting your vote.
  7. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  8. The Company has appointed Mr. Nilesh Trivedi, Practicing Company Secretary as scrutinizer (“the Scrutinizer”) for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
- f) The 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)/Client ID/DP ID 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 Agent. Information captured by the Depository Participants will automatically be updated in the Company’s record.

- g) 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.

- h) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, September 9, 2014 to Tuesday, September 16, 2014 (both days inclusive).
- i) Under the Companies Act, 2013, dividend which is unclaimed for a period of seven years is required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the Central Government. An amount of ₹ 2,08,086/- being unclaimed dividend of the Company for the financial year ended March 31, 2006 was transferred to IEPF and no claim lies against the Company in respect thereof.
- j) Members are requested to note that trading in equity shares of the Company on the Stock Exchanges is permitted only in dematerialized 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 dematerialized.
- k) To support the Green Initiative, the Company delivers the Documents in electronic form to Shareholders whose e-mail addresses are available with the Company. The Documents shall mean all notices/documents including those covered under Section 136 or any other relevant sections read with Section 20 of the Companies Act, 2013. For shareholders whose e-mail addresses are not available, physical copies are being sent.
- Shareholders holding shares in electronic form who have not registered their e-mail address are requested to register the same with their concerned Depository Participant for this purpose and for receiving all such communications from the Company. Shareholders holding shares in physical form may write to the Registrar and Share Transfer Agent.
- l) Pursuant to the requirements of Corporate Governance under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, information about Directors proposed to be appointed/re-appointed has been given in the Annexure to this Notice.
- m) All the documents referred to in the Notice 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 the Meeting.
- n) 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.
- o) 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.
- p) Members may avail of the nomination facility as provided under Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to the Company at its registered address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

By Order of the Board



Ninad Kelkar  
Company Secretary

July 25, 2014  
Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park, Vashi,  
Navi Mumbai - 400 703.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

##### **Item No. 2**

The Board of Directors ("the Board") of the Company, at its Meeting held on June 26, 2012, had approved the appointment of Mr. Charanjit Attra as an Executive Director for a period of 5 (five) years with effect from July 1, 2012 and had also approved the terms for payment of remuneration. Subsequently, such appointment and the terms of remuneration were also approved by the Members at its 19<sup>th</sup> Annual General Meeting (AGM) held on August 2, 2012.

## **Annual Report 13-14**



Pursuant to provisions of Section 152 (6) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Charanjit Attra is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The tenure, terms and conditions of his appointment and remuneration remain the same as approved by the Members of the Company at the AGM held on August 2, 2012.

The details required to be given under Clause 49 of the Listing Agreements with the stock exchanges in respect of the person proposed to be appointed as Director is annexed to this Notice.

Your Directors recommend his re-appointment, as set out in Item No. 2 of the Notice, for your approval.

Except the proposed appointee and his relatives, no Director, Key Managerial Personnel and their relatives are in any way concerned or interested in the Resolution.

#### **Item Nos. 4 to 6**

Mr. Ashok Shah was appointed as an Independent Director at the Annual General Meeting (AGM) held on August 2, 2012 and is liable to retire at the upcoming AGM of the Company as per the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act"), Mr. Ashok Shah, being eligible for re-appointment and having offered himself for re-appointment, is proposed to be appointed as an Independent Director of the Company for a period effective April 1, 2014 to September 30, 2015.

In terms of the same provisions, it is also proposed to appoint Mr. Hoshang N. Sinor, Chairman of the Board and an Independent Non-Executive Director and Dr. Ashok Jhunjhunwala, Independent Non-Executive Director as Independent Directors of the Company for a period effective April 1, 2014 to September 30, 2015.

The Company has received notices along with requisite amount from Members under Section 160 of the Act, proposing the candidature of Mr. Ashok Shah, Mr. Hoshang N. Sinor and Dr. Ashok Jhunjhunwala (the "proposed appointees") as Directors on the Board of the Company. The Company has also received declarations of independence from the proposed appointees to the effect that they meet the criteria of independence as prescribed under Section 149(6) of the Act.

The details required to be given under Clause 49 of the Listing Agreements with the stock exchanges in respect of the persons proposed to be appointed as Directors are annexed to this Notice.

Keeping in view the experience and expertise of the proposed appointees, your Directors recommend the resolution for their appointment, as set out in Item Nos. 4 to 6 of the Notice, for your approval.

Except for the proposed appointees and their relatives to the extent of their proposed appointment, no Director, Key Managerial Personnel and their relatives are in any way concerned or interested in the Resolutions.

#### **Additional Information as required to be disclosed under Clause 49 of the Listing Agreement regarding the Directors proposed to be appointed/re-appointed:**

##### **Mr. Charanjit Attra**

Mr. Charanjit Attra is an Executive Director & Global Chief Financial Officer of the Company. Prior to joining the Company, Mr. Charanjit Attra was the Executive Vice President and Chief Financial Officer of ICICI Securities Limited.

Mr. Attra holds a Bachelors Degree in Commerce from Mumbai University and is a Chartered Accountant and Certified Public Accountant (CP) from American Institute of Certified Public Accountants (Denver, Colorado). He has been co-opted as a member on various committees of Institute of Chartered Accountants of India (ICAI) and was a member of the Expert Advisory Committee and an invitee on the Accounting Standards Board of the ICAI. He has represented his employers on various forums including ICAI, CII, etc.

His association with ICICI group spans 10 years where he has worked in areas of Management and Financial Reporting for ICICI Bank offices in India and abroad. As CFO in ICICI Securities, he was in charge of all strategic financial activities, business planning, forecasting and analysis, management system, setting up the internal control framework and management of all operating funds for working capital of the company. He was also responsible for the Structured Finance group which offers a range of financial services and IFRS advisory services to large corporate groups. Before moving to ICICI Securities, he was a General Manager and Chief Accountant – Financial Accounting and Reporting Groups in ICICI Bank. He was part of the core team involved in planning, budgeting, preparation of various management and financial reports. He was responsible for setting up of US GAAP accounting team at ICICI Bank Group level and preparation of financial statements of the foreign offices of ICICI Bank under their respective GAAPs and IFRS. He was part of core team responsible for merger



of ICICI Limited with ICICI Bank Limited and the public issues (Equity & Debt) of ICICI Bank. He has earlier worked with KPMG as well.

Mr. Charanjit Attra has been awarded the Best CFO in CFO 100 roll of honour for 3 years (2010, 2011 and 2014) in the areas of cost reduction and risk management respectively.

He does not hold any equity shares in the Company as on the date of this Notice.

Mr. Attra is on the Boards of the following Companies/entities:

Name of the Company	Position held
3i Infotech Inc	Director
3i Infotech (UK) Limited	Director
3i Infotech (Thailand) Limited	Chairman
3i Infotech (Western Europe) Holdings Limited	Chairman
3i Infotech (Western Europe) Group Limited	Chairman
3i Infotech (Western Europe) Limited	Chairman
3i Infotech Holdings Private Limited	Director
3i Infotech Saudi Arabia LLC	Director
3i Infotech Financial Software Inc	Director
3i Infotech (Africa) Limited	Chairman
3i Infotech (Middle East) FZ LLC	Director
3i Infotech-Framework Limited	Chairman
3i Infotech (Flagship-UK) Limited	Chairman
3i Infotech SDN BHD	Chairman
Elegon Infotech Limited	Director
3i Infotech BPO Limited	Director
Locuz Enterprise Solutions Limited	Chairman
3i Infotech Outsourcing Services Limited	Chairman
Professional Access Limited	Director
3i Infotech Foundation	Trustee (Treasurer)

#### Mr. Hoshang N. Sinor

Mr. Sinor is a graduate in Commerce & Law and started his banking career in 1965 with Central Bank of India and in 1969, he moved to Union Bank of India where he worked for 28 years. In 1996, he was appointed as Executive Director of Central Bank of India and thereafter joined ICICI Bank in July 1997. Effective June 01, 1998, he took over as Managing Director and CEO of ICICI Bank. Post the merger of ICICI with ICICI Bank in March 2002, he became the Joint Managing Director for domestic business till he retired on May 31, 2003. Thereafter, he joined Indian Banks' Association as the Chief Executive on June 01, 2003 and held this position till July 31, 2008. Currently, he is the Chief Executive of Association of Mutual Funds in India to which post he was appointed on February 24, 2010. Mr. Sinor holds Board position in various Companies. He is also on the Governing Council of Banking Codes and Standards Board of India. He is associated with various charitable and other trusts engaged in social welfare.

Being a veteran banker, Mr. Sinor has worked on a number of Committees at a policy level during his long banking career.

Mr. Hoshang N. Sinor holds 100,000 equity shares in the Company as on the date of this Notice.

Mr. Hoshang N. Sinor is on the Board of the following Companies/Entities:

Name of the Company	Position held
3i Infotech Holdings Private Limited	Chairman
ICICI Venture Funds Management Company Limited	Director
	Member, Audit Committee
	Member, Board Governance and Remuneration Committee
	Member, Corporate Social Responsibility Committee
CRISIL Limited	Director
	Chairman, Audit Committee
	Chairman, Nomination and Remuneration Committee
JM Financial Asset Reconstruction Company Pvt. Ltd.	Director

Name of the Company	Position held
Themis Medicare Limited	Chairman
	Member, Audit Committee
	Chairman, Remuneration Committee
Tata Investment Corporation Limited	Director
	Chairman, Asset Liability Committee
	Chairman, Audit Committee
	Member, Nomination Committee
Tata Motors Finance Limited	Director
	Chairman, Risk Committee
	Chairman, Audit Committee
	Chairman, Asset Liability Committee
	Chairman, Corporate Social Responsibility Committee
	Chairman, Stakeholder's Relationship Committee
	Chairman, Nomination and Remuneration Committee
Zoroastrian Co-operative Bank Limited	Director
Institute for Mutual Fund Intermediaries	Director
Association of Mutual Funds in India (AMFI)	Chief Executive Officer

#### Mr. Ashok Shah

Mr. Ashok Shah holds a bachelor's degree in science with post graduate degree in Economics.

Mr. Ashok Shah joined Life Insurance Corporation of India (LIC) as a direct recruit officer in 1977. In the more than three decades in the Corporation, he has served in all important positions in Operations. He retired as Zonal Manager (Executive Director cadre) at Delhi and was in charge of LIC's premier Zone, Northern Zone, for five years. Subsequently, he went on deputation to the National Insurance Academy, Pune, as Chair Professor. In June 2010, he subsequently joined LIMRA (Life Insurance Marketing and Research Association), a U.S. based entity as Director - India.

Mr. Ashok Shah is not on the Board or a member or chairman of any other Committee of any other company, except the Company. He does not hold any shares in the Company as on July 25, 2014.

#### Dr. Ashok Jhunjunwala

Dr. Jhunjunwala is a Professor at the Department of Electrical Engineering, the Indian Institute of Technology (IIT) Madras. He received his B.Tech degree from IIT, Kanpur, and his MS and Ph.D degrees from the University of Maine. From 1979 to 1981, he was with Washington State University and has been at IIT Madras ever since, where he leads the Telecommunications and Computer Networks group (TeNeT). The group works with industry in the development of telecom, banking, IT and Power Systems (including solar) technologies relevant to India, and has a special focus on rural technologies. It has incubated more than seventy companies in the last twenty years. He chairs IITM Incubation cell, Health Technology Innovation Center (HTIC), co-chairs Rural Technology and Business Incubator (RTBI) at IIT Madras and is professor in-charge of IITM Research Park. He also chairs a MHRD committee called "Quality Enhancement of Engineering Education (QEEE)" focused on 500 Indian engineering colleges, other than IITs and NITs.

Dr. Ashok Jhunjunwala has been awarded Padma Shri in the year 2002. He has been awarded Shanti Swarup Bhatnagar Award in 1998, Dr. Vikram Sarabhai Research Award for the year 1997, Millennium Medal at Indian Science Congress in the year 2000 and H. K. Firodia for "Excellence in Science & Technology" for the year 2002, Shri Om Prakash Bhasin Foundation Award for Science & Technology for the year 2004, Awarded Jawaharlal Nehru Birth Centenary Lecture Award by INSA for the year 2006, IBM Innovation and Leadership Forum Award by IBM for the year 2006, awarded Bernard Low Humanitarian Award in 2009, awarded "Bharat Asmita Vigyaan - Tantragyaa Shresththa Award" for the best use of Science & Technology through Innovation in 2010, and awarded Honorary Doctorates by the Institute of Blekinge Institute of Technology, Sweden in 2008 and University of Maine, USA in 2010. In 2010, he was also awarded JC Bose Fellowship by DST, Government of India, awarded Dronacharya (2011) by TIE and recently awarded Top Innovator of Top 11 in 2011 Innovators Challenge. He is a Fellow of World Wireless Research forum, IEEE and Indian academies including INAE, IAS, INSA and NAS.

Dr. Jhunjunwala holds board positions in various Companies. He is also a board member of several educational institutes and section 25 companies including BIRAC. He was member of Prime Minister's Scientific Advisory Committee from 2004-14.

Dr. Jhunjunwala holds 19,507 equity shares in the Company as on the date of this Notice.

Dr. Ashok Jhunjhunwala is on the Board of the following Companies/Entities as of date:

Name of the Company	Position held
Polaris Software Lab Limited	Director
	Member, Remuneration / Compensation / ESOP Committee
	Member, Audit Committee
	Member, Investor Grievance / Shareholders Committee
Sasken Communications Technologies Limited	Director
	Member, Remuneration / Compensation / ESOP Committee
	Member, Audit Committee
Tata Teleservices (Maharashtra) Limited	Director
	Member, Remuneration / Compensation / ESOP Committee
	Chairman, Audit Committee
	Member, Nomination Committee
Tata Communications Limited	Director
Tejas Networks Limited	Director
	Member, Remuneration / Compensation / ESOP Committee
	Member, Audit Committee
	Chairman, IPO/Investment Committee
Exicom Tele-Systems Limited	Director
	Chairman, Remuneration Committee
Mahindra Reva Electrical Vehicles P Limited	Director
Vishal Bharat Comnet	Director
National Internet Exchange of India	Director
IITM Research Park	Director
Biotechnology Industry Research Assistance Council	Director
IITM Incubation Cell	Director
Scientific Advisory to the Prime Minister of India (SAC-PM)	Member
Institute of Financial Management and Research	Member
Centre for Excellence in Wireless Technology	Member
Rural Technology and Business Incubator	Member
Reliance - IITM Telecom Centre of Excellence	Member
Mobile Payment Forum of India	Chairman & Member
Centre for Indian Knowledge Systems	Member
Ventureast TeNeT Fund II	Member, Investment Committee
Healthcare Technology Innovation Centre (HTIC)	Chairman

By Order of the Board



Ninad Kelkar  
Company Secretary

July 25, 2014  
Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park, Vashi,  
Navi Mumbai - 400 703.



**3i INFOTECH LIMITED**

**Corporate Identification Number (CIN):** L67120MH1993PLC074411

**Registered Office:** Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors, International Infotech Park, Vashi, Navi Mumbai 400 703

**E-mail:** investors@3i-infotech.com, **Website:** www.3i-infotech.com, **Phone:** 022-67928000, **Fax:** 22-67928098

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

21<sup>st</sup> Annual General Meeting on Tuesday, September 16, 2014 at 11:30 a.m. at Arya Samaj Hall, Plot No.6, Sector 9A, Vashi, Navi Mumbai- 400 703

Name of the Member(s): .....

Registered Address: .....

E-mail ID: .....

Folio No./ Client ID No.: .....

DP ID: .....

I/We, ..... being the member(s) holding ..... shares of 3i Infotech Limited, hereby appoint :

(1) Name ..... Address .....

Email Id ..... Signature ..... or failing him/her;

(2) Name ..... Address .....

Email Id ..... Signature ..... or failing him/her;

(3) Name ..... Address .....

Email Id ..... Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company, to be held on Tuesday, September 16, 2014 at 11.30 a.m. at Arya Samaj Hall, Plot No.6, Sector 9A, Vashi, Navi Mumbai- 400 703 and at any adjournment thereof in respect of such resolutions as are indicated below:

a) Ordinary Business

1. Adoption of Accounts for the Financial Year 2013-14

2. Re-appointment of Mr. Charanjit Attra who retires by rotation and being eligible offers himself for re-appointment.

3. Appointment of Statutory Auditor

b) Special Business

4. Appointment of Mr. Hoshang N. Sinor as an Independent Director

5. Appointment of Mr. Ashok Shah as an Independent Director

6. Appointment of Dr. Ashok Jhunjhunwala as an Independent Director

Signed this ..... day of ..... 2014

Member Folio/DP ID-Client ID no ..... Signature of Shareholder(s) .....

Signature of proxy Holder(s) .....

Note:

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the Commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer the Notice of the 21<sup>st</sup> Annual General Meeting.
3. Please complete all details including details of Member(s) before submission.

Affix  
Revenue  
Stamp







E-Mail: [marketing@3i-infotech.com](mailto:marketing@3i-infotech.com)  
Website: [www.3i-infotech.com](http://www.3i-infotech.com)

[www.sapprints.com](http://www.sapprints.com)

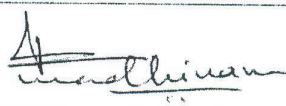
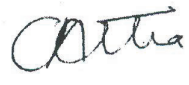
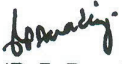
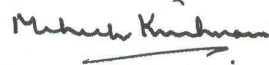
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• Western Europe • North America

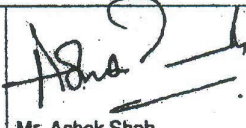
FORM A

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, 2014
3	Type of Audit observation	Matter of emphasis
4	Frequency of observation	<p>1. Note no. 2.27.1 and 2.27.2 of the Standalone Financial Statements with respect to Going Concern and Impairment Analysis - repetitive from the financial year ended March 31, 2013</p> <p>2. Note no. 2.27.3 of the Standalone Financial Statements with respect to Deferred Tax Asset - repetitive from the financial year ended March 31, 2012.</p>
5	Signed by	
	• Managing Director & Global CEO	 Mr. Madhivanan Balakrishnan
	• Executive Director & Global CFO	 Mr. Charanjit Attra
	• Auditors of the Company	For Lodha & Co. Chartered Accountants Firm Registration No: 301051E  (R. P. Baradiya) Partner Membership No. 44101
		For R. G. N. PRICE & Co. Chartered Accountants Firm Registration No: 002785S  (Mahesh Krishnan) Partner Membership No. 206520

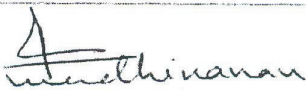


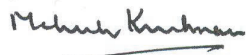


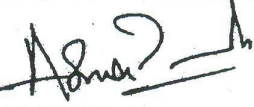
	<ul style="list-style-type: none"><li>Audit Committee Chairman</li></ul>	 Mr. Ashok Shah
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FORM A

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, 2014
3	Type of Audit observation	Matter of emphasis
4	Frequency of observation	<p>1. Note no. 2.34.1 and 2.34.2 of Consolidated Financial Statements with respect to Going Concern and Impairment Analysis- repetitive from the financial year ended March 31, 2013.</p> <p>2. Note no. 2.34.3 of Consolidated Financial Statements with respect to Deferred Tax Asset - repetitive from the financial year ended March 31, 2012.</p>
5	Signed by	
	• Managing Director & Global CEO	 Mr. Madhivanan Balakrishnan
	• Executive Director & Global CFO	 Mr. Charanjit Attra
	• Auditors of the Company	<p>For Lodha &amp; Co. Chartered Accountants Firm Registration No: 301051E</p>  (R. P. Baradiya) Partner Membership No. 44101
		<p>For R. G. N. PRICE &amp; Co. Chartered Accountants Firm Registration No: 002785S</p>  (Mahesh Krishnan) Partner Membership No. 206520

	<ul style="list-style-type: none"><li>• Audit Committee Chairman</li></ul>	 Mr. Ashok Shah
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