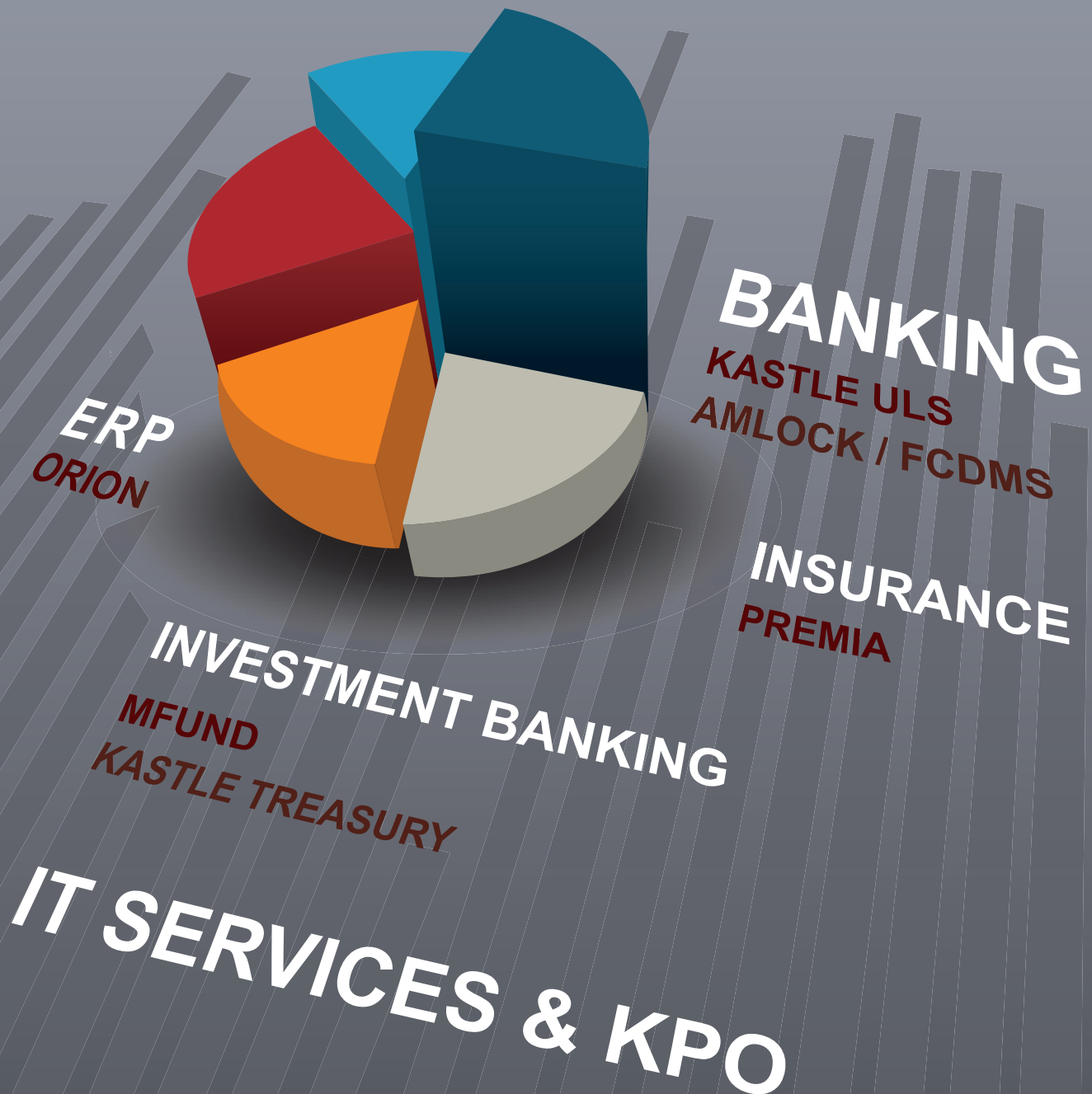


# Empowering Business Transformation

ANNUAL REPORT  
**2014-15**





# **Annual Report**

# **2014-15**



## **Board of Directors**

Mr. Hoshang N. Sinor, Chairman  
Mr. Ashok Shah, Director  
Mr. K. M. Jayarao, Director  
Ms. Sarojini Dikhale, Director  
Mr. Shantanu Prasad, Director  
Dr. Shashank Desai, Director  
Mr. Madhivanan Balakrishnan, Managing Director and Global CEO

## **Principal Bankers**

IDBI Bank Limited  
ICICI Bank Limited  
Standard Chartered Bank

## **Auditors**

Lodha & Co., Chartered Accountants

## **Registered Office**

Tower #5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park,  
Vashi, Navi Mumbai - 400703, India  
Tel :+91 22 6792 8000  
Fax :+91 22 6792 8099

# CORPORATE FAST FACTS

- 3i Infotech is a Global Information Technology Company with revenue of USD 220 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/IEC 27001:2013 for International BPO, ISO 9001:2008 for BPO, ISO/IEC 27001:2013 for Data Centre Operations.
- More than 8500 employees in over 20 offices.
- Over 1000 customers in more than 50 countries across 5 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

	Office	Delivery Centres
<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>	<ul style="list-style-type: none"><li>• Chengdu</li></ul>	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><li>• <b>South Africa:</b> Johannesburg</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</li></ul>	
<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, MD & Global CEO

Padmanabhan Iyer, President & CFO

Ramanan R V, President & COO

Ninad Kelkar, Company Secretary

## Human Resource

Ashish Kakkar, Global Head- HR

## Delivery

Krish N, Global Head- Practice

Rakesh Doshi, Global Head- Products Delivery

Uday Reddy C, Global Head- Delivery

## Regions

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

Bhaskar Pandey, Sales Head- South Asia (ICICI)

Abhishek Shrivastava, Head- Staffing (Non ICICI)

Ashish Dass, Region Head- Europe, Middle East & Africa

Jeelani Basha, Region Head- Kingdom of Saudi Arabia and Bahrain

Ram Sankar, Chief Financial Controller- North America

Amit Panchal, Sales Head- North America

Prasad Bendre, Head IT Consulting Services- North America

# NEW INITIATIVES

- **Orion 11J, the Next Generation ERP Solution**

Orion 11J is a web-based ERP Solution available in a multi-tenant architecture. It has been successfully migrated from the legacy Oracle Forms to the latest J2EE standards. Its Service Oriented Architecture (SOA) allows seamless plug and play of various modules/features. The multi-tenant architecture allows porting the solution on the cloud, both public & private.

Orion On The Cloud provides significant cost savings to our customers and opens up a new revenue channel for the Company, making it a win-win proposition. With major features like Workflow, Enterprise Search, Pivot based Reporting tool, KPI Engine, Tiles based Dashboards, Orion SDK for customizations, Third party API connects it has taken 7 customers live in different regions, within a span of 9 months and earning superlative feedback.

Orion On The Go provides mobile apps for Order Capture, Delivery & Collection process, while for the management it provides apps to review & approve documents, receive exceptional alerts & look at critical MIS information on smart phones.

One of the major initiatives during the year was to launch Orion Cart, our E-Commerce platform which allows our customers to extend their ERP to their Consumers directly. Working closely with Oracle Corporation to embed the Oracle Database along with Orion to tightly bundle Oracle in a Box and ship it as a single solution. This has enabled us to price the solution competitively in the SME segment (on premise).

- **AMLOCK - FATCA Compliance and Mobile Payments Monitoring**

AMLOCK is now FATCA compliant. AMLOCK now facilitates AML monitoring, based on the Unique Customer Identification Code (UCIC). With the increasing popularity of mobile based payments and thereby increased risk through a new channel, AMLOCK now covers AML compliance and financial crime detection and management for Telecom Companies for their mobile payment processes.

- **Process Consultancy**

Information Technology is playing a critical role in enabling organizations to deliver a wider range of services more efficiently to citizens. 3i Infotech partners with organizations, agencies and departments and helps them to use IT to bring in greater responsiveness, flexibility and transparency in their operations.

3i Infotech combines rich domain experience and a world-class pool of talent to provide organizations and departments with a gamut of services that encompass the entire Process Governance life cycle. We have successfully implemented hundreds of Process Consultancy projects across a variety of domains. Our services help organizations and Government agencies to improve operational efficiencies, reduce project costs, speed up implementation cycles and become more user / citizen friendly. This offering is done successfully for many departments of Government of India as well as in Africa.



# AWARDS & CERTIFICATIONS

- Fortune India has declared “The First 500 Comprehensive Ranking of India’s Mid-Sized Companies” in July, 2015. 3i Infotech Ltd. ranked 3rd under “Technology” category.
- 3i Infotech International BPO successfully migrated from “ISO/IEC 27001:2005” to the new standard “ISO/IEC 27001:2013”. Being ISO 27001: 2013 certified means that we comply with best practices that ensure that our customer’s information is secure with us and is under explicit management control, March, 2015
- 3i Infotech’s ETG (Enterprise Technology Group) got certified for Information Security Management System – ISO/IEC 27001:2013 for all its Data centres based at Vashi, Chennai and Bangaluru in January, 2015
- Asia CIO Congress honoured 3i Infotech Ltd. with “The Most Admired IT Company of the Year” award in August, 2014
- Worldwide Achievers Pvt. Ltd. has declared 3i Infotech Ltd. as the winner of “Business Solution for Banking & Financial Sector” category at Business Leadership Awards in August, 2014

# CLIENT SPEAK

- “Team International India Operations Group (IIOG) had taken up an initiative to completely digitise all the papers records of Singapore Retail Operations. This project is now complete and the retrieval can now happen instantaneously. This will help the branch in attending to any query from Auditors as well as from MAS. Moreover, it will help branch compliance team in closing legacy & transaction alerts. Further, Team IIOG has instituted a process to continue the digitisation on an ongoing basis”. - **Anubhuti Sanghai, General Manager, ICICI Bank**
- “3i Infotech continues to be a trusted partner for TransCentra, providing complex software development, mission-critical client-facing professional services, and reliable short-turn BPO services to our organization. The hard work of the 3i Infotech team makes our organization stronger and we appreciate the commitment of the 3i organization in helping us achieve our goals”. - **Scot Kees, Executive Vice President TransCentra, Inc.**
- “Very much appreciate your enthusiastic efforts and team work. Hope to have continued cooperation for the future”. - **Naoki Umemoto, Chief Operating Officer, Alinma Tokio Marine Company**
- Our association with 3i Infotech has been close to a decade and we feel really good about it. The support all these years for our Credit Card outsourcing piece has been phenomenal and this has improved year on year. We truly believe that you will continue to support us in the same manner going forward. - **Clifford Rodrigues, National Operations Head - Retail Assets & Credit Cards, Retail Operations, Kotak Mahindra Bank Ltd.**
- “As we celebrate our new brand identity, we would like to thank you and your team for your outstanding support. We value your commitment towards the closure of activities within the short timelines. Keep up the good work. Looking forward for more success stories in our partnership”. - **Raghavendra Kanchi, General Manager – Distribution Operations, Exide Life Insurance**
- “3i Infotech BPO has been our data processing partner. Very much appreciate your enthusiastic efforts and team work. Hope to have continued cooperation for the future”. - **Krishnan Sarangan, Zonal Credit Head, ICICI Bank**
- “The 3i Infotech team installed a customised data collection and measurement system, accurately reflecting the key drivers of success in our business unit. This will help us to set goals, analyse our performance, reduce variance, serving as a basis for growing culture of accountability and progress. The 3i Infotech team was diligent, driven and focused on achieving our objective- the objective that the committed to achieving. I would recommend the services of 3i Infotech team”. - **Abdul Rehman Jaber, Managing Director, Al Jaber**
- “I would like to express my gratitude to the 3i Infotech for the successful implementation of Orion ERP at our organisation. We are quite satisfied with solution and professional support given by them in achieving smooth Go live in Jun, 2015. We look forward in the continued success of partnership in the years to come”. - **Sameer Parekh, Managing Director, Gandhar Oil Refinery India Ltd.**
- “It is indeed a pleasant experience of working with your team, who displayed high level of professionalism and commitment. It would be our pleasure to continue doing business with 3i Infotech”. - **Milad Jabbour, Chief Executive Officer, Genius Computer Technology**

# EMPLOYEE SPEAK

"It's been 8 years that I have been working in 3i Infotech Ltd. and it has proved to be a good experience for me. I have been able to develop myself both 'personally and professionally'. 3i is a great place to work where colleagues and supervisors are always ready to provide their support." - **Lejith K.B, Principal Program Manager- IT Services (ADMS & Enterprise Applications), 3i Infotech Ltd.**

Being a part of the 3i Infotech family since the last 7 years and this being my first corporate exposure, it would be too less to specify it as just a work experience. 3i Infotech has taught that every facet of life which makes you a true professional. These 7 years have been very enriching, professionally as I have moved through various profiles, personally enriching in interaction with colleagues and seniors which have added all the flavours to my steep growth graph. It has surely been challenging all these years but the values that I have built for myself has surely evolved me as a strong individual.- **Rohitash Mahajan, Senior Manager-Corporate Planning & Strategy, 3i Infotech Ltd.**

"I enjoy working in 3i Infotech as I got very good exposure to develop my technical & managerial skills. I'm recognized for my hard work. I consistently receive support and motivation from my colleagues and management which encourages me to strive for higher goals. We have a friendly working environment. Easy access to Senior Management and open door policy makes our work place an efficient working environment. I'm proud to be part of 3i Infotech family."- **Mahesh T C, Program Manager- Insurance Solutions, 3i Infotech Ltd.**

"Right from 2004, when I was recruited from IIT Madras our organization has provided loads of opportunity and exposure to various arenas. If I look back at the 11 years period wherein I have climbed the echelons from being a software engineer to Deputy Vice President there have been memorable achievements, challenging times - official and personal but organization has been very supportive throughout".- **Kishore Kanna N, DVP, 3i Infotech Ltd.**

"3i Infotech is a ground where an employee can learn, practice and finally lead his/her own team. It gives ample opportunities to try out various school of thoughts and become a season proof professional". - **Jay Shankar, Country Director, 3i Infotech (Thailand) Ltd.**

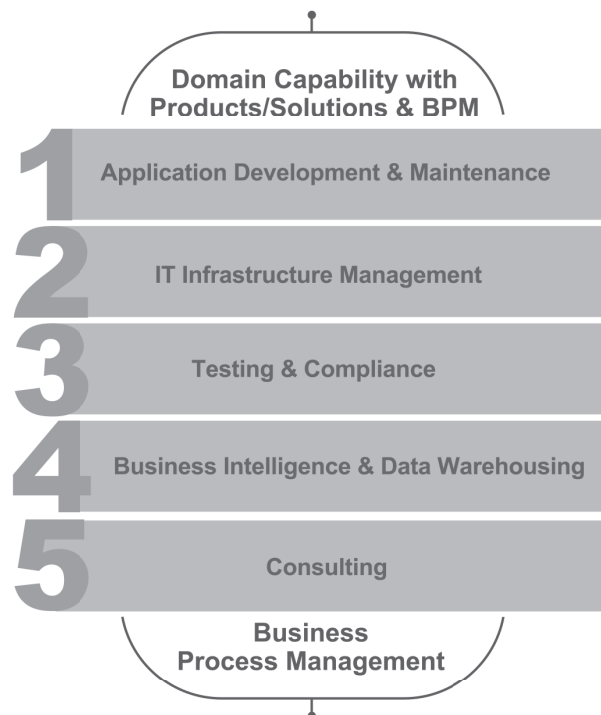
"My journey in 3i Infotech started over a decade back. It has been an excellent, fulfilling and challenging journey. In 3i Infotech, hard work and dedication never go unnoticed and with it comes the career growth and rewards. It is also a place that offers excellent opportunities to work across products, geographies and teams for which I am grateful. 3i Infotech is a great workplace that offers freedom and career satisfaction to all its employees." - **Afzal Lakhani, AVP- Banking & Financial Services (APAC), 3i Infotech Asia Pacific P Ltd.**

"3i Infotech- a place to learn and grow. Positive work environment and Opportunity to excel in career"- **Giri Mohana Krishnan, Senior Manager- Client Services, APAC Insurance, 3i Infotech Sdn Bhd.**

"3i Infotech, a company to explore oneself. This has kept consistently alive during my stint so far of 15 years, from software engineer to Deputy Vice President and still a long way to go. With wide range of opportunities, 3i Infotech guides, enrich and makes oneself competent to bring out the best of his/her abilities". - **Muthu Krishnan L, DVP- PREMIA - Insurance Solutions, 3i Infotech Ltd.**

"3i Infotech is a place where we learn, develop, implement new ideas and deliver to satisfy our customers' needs which in turn helps our Organization's growth. Our Organization treats its employees with care and also provides them with ample growth opportunities to become a good leader."- **Rana Indu, Investment Management Practice, 3i Infotech Ltd.**

# OUR OFFERINGS



**Kastle**™  
Secure Banking Solutions

**AMLOCK**™

**PREMIA**™  
General Insurance

**MFund**™  
Plus

**ORION**™  
Enterprise Resource Planning

# CONTENTS

# Contents

● Directors' Report	1
● Management Discussion and Analysis Report	39
● Consolidated Financial Statements	46
● Summary of Consolidated Financial Statements in US Dollar	94
● Standalone Financial Statements	97
● Notice of 22 <sup>nd</sup> Annual General Meeting	142
● Proxy Form	155

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR 2014-15

**Dear Shareholders,**

Your Directors present the Twenty Second Annual Report (the "Report") of the Company along with the Audited Financial Statements for the year ended March 31, 2015.

#### STATE OF THE COMPANY'S AFFAIRS

**Financial Performance of the Company on Standalone and Consolidated basis:**

₹ in crores

Particulars	Standalone		Consolidated	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Total Income	<b>403.81</b>	395.32	<b>1,348.43</b>	1438.50
Total Expenses	<b>747.37</b>	813.24	<b>1,611.78</b>	1,794.23
Profit/(Loss) before exceptional items and tax	<b>(343.56)</b>	(417.92)	<b>(263.35)</b>	(355.73)
Exceptional items	<b>690.62</b>	35.85	<b>673.17</b>	-
Profit / (Loss) before tax	<b>(1,034.18)</b>	(453.77)	<b>(936.52)</b>	(355.73)
Tax expense	-	-	<b>14.17</b>	15.97
Deferred Tax Expense	-	(17.67)	<b>(3.03)</b>	(18.45)
Tax Expense from earlier years	<b>23.57</b>	4.12	<b>28.40</b>	3.81
Profit/(Loss) after tax	<b>(1,057.75)</b>	(440.22)	<b>(976.06)</b>	(357.06)
Minority interest	-	-	<b>(0.21)</b>	(0.50)
Profit/(Loss) for the period	<b>(1,057.75)</b>	(440.22)	<b>(976.27)</b>	(357.56)
Earnings Per Share (Basic in Rupees) (Before exceptional items)	<b>(6.39)</b>	(7.15)	<b>(5.29)</b>	(6.33)
Earnings per share (Basic in Rupees) (After exceptional items)	<b>(18.25)</b>	(7.78)	<b>(16.85)</b>	(6.33)

#### TRANSFER TO RESERVES

There is no amount proposed to be transferred to general reserve this year due to unavailability of profits.

#### DIVIDEND

The Board of Directors regrets its inability to recommend any dividend (equity or preference) for the year ended March 31, 2015 due to non-availability of profits..

#### BUSINESS

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

The business activities of the Company are broadly divided into two categories viz: IT Solutions and Transaction Services. IT Solutions business comprises of software products and IT enabled services while the transaction services comprise of BPO and KPO services. The Company has good product portfolio and has dominant presence in fast growing emerging economies. The Product Business of the Company has wide base with more than 800 active customers who are satisfactorily using the Company's products.

The contribution to the revenue for the year from IT Solutions was 95% and that of Transaction Services was 5%.

Your Company has presence in 50 countries and seven geographies, viz. South Asia, Asia Pacific (APAC), China, Middle East and Africa (MEA), Kingdom of Saudi Arabia (KSA), Western Europe (WE) and North America (US). Your Company has marketing network around the world, including North America, Western Europe, Middle East and Africa and Asia Pacific.

The business of your Company is largely divided into Emerging Markets and Developed Markets. The share of the Emerging Markets to total revenue of the Company is about 62%, while that of Developed Markets is about 38%.

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

#### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

In terms of the CDR package, the Company was given a mandate to identify its non core business/ assets for sale and utilize the proceeds to deleverage its balance sheet. The Master Restructuring Agreement (MRA) signed with the Lenders had also identified certain such assets. Therefore, as per this mandate, the following subsidiaries were divested during the year:

- i. In August 2014, Professional Access Limited (US) was hived off along with the entire business of Professional Access Software Development Private Limited (India) to Zensar Technologies Limited (including its affiliates).
- ii. In December 2014, 3i Infotech (Western Europe) Limited and 3i Infotech (Flagship - UK) Limited were sold to Objectway UK Limited.

On July 29, 2014, Locuz Inc. was incorporated as a step down subsidiary to tap business opportunities in the U.S. region.

Later, in February 2015, the name of one of the Company's step-down subsidiaries, 3i Infotech Outsourcing Services Limited was changed to "IFRS Cloud Solutions Limited" and its main objects were amended to include "providing solutions on implementation of International Financial Reporting Standards (IFRS) on the cloud platform".

As on March 31, 2015, the number of subsidiaries was reduced to 25 (twenty five) from 27 (twenty seven) at the beginning of the year.

As per the first proviso to Section 129(3) of the Companies Act, 2013 (the "Act") read with Rule 5 of Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures in the prescribed Form AOC-1 is attached to the consolidated financial statements.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

Particulars of loans, guarantees or investments granted/made during the year are given under the notes to standalone financial statements forming part of the Annual Report.

#### **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts / arrangements / transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on related party transactions. The said policy can be viewed on the Company's website by accessing the following link: <http://www.3i-infotech.com/content/investors/investors.asp> under "Corporate Governance"

Details regarding related party disclosure are given under the notes to standalone financial statements which form part of the Annual Report.

#### **REPORT ON CORPORATE GOVERNANCE**

The Corporate Governance Report is appended herewith as *Annexure I* to this Report.

#### **EXTRACT OF ANNUAL RETURN**

In terms of the requirements of Section 92 (3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in the prescribed form MGT- 9 is attached herewith as *Annexure II* and forms part of this Report.



## CAPITAL

### a) Preference Capital:

The Company has not allotted any preference shares during the year and therefore as on March 31, 2015, the preference share capital remains unchanged at ₹65,00,00,000/- (13,00,00,000 Preference Shares of ₹5/- each). All the preference shares are held by IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund).

### b) Paid-up Equity Capital:

#### 1) ESOS allotments:

The Company has not allotted any shares under the Employees Stock Option Schemes (ESOS) during the year.

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

During the year, the Company had received conversion notices from FCCB holders against which 2,96,61,822 Equity Shares of face value of ₹10/- each were allotted by the Company at a premium of ₹6.50/- per share.

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

On December 9, 2014, 14,44,747 Equity Shares of face value ₹10/- each at a premium of ₹9.74/- per Equity Share were allotted to a CDR Lender towards sacrifice as agreed under the CDR Package.

As a result of the aforesaid allotments, the paid-up equity share capital of the Company stands at ₹6,03,75,09,470 as on March 31, 2015.

The Company has neither issued equity shares with differential rights as to dividend, voting or otherwise nor any shares (including sweat equity shares) to the employees of the Company under any Scheme.

## EMPLOYEES STOCK OPTION SCHEMES

As per SEBI Circular (CIR/CFD/POLICY CELL/2/2015) dated June 16, 2015 relating to requirements specified under the SEBI (Share Based Employee Benefits) Regulations 2014, details of the Employee Stock Option Schemes (ESOS) of the Company are given in *Annexure III* to this Report.

## PUBLIC DEPOSITS

During the year, the Company has not invited/accepted any deposit under Section 73 of the Act.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Effective September 1, 2014, IDBI Bank Limited, the Lender and Monitoring Institution under CDR, nominated Mr. Shantanu Prasad as Director on the Board of the Company. Mr. Shantanu Prasad replaced Mr. N. S. Venkatesh, who was a nominee director representing IDBI Bank then. Further, Dr. Ashok Jhunjhunwala, Non-Executive Independent Director also stepped down as Director of the Company with effect from September 15, 2014.

Dr. Shashank Desai and Ms. Sarojini Dikhale were appointed as Additional Directors with effect from November 3, 2014 and July 28, 2015 respectively. It is proposed to appoint Dr. Shashank Desai and Ms. Sarojini Dikhale as Independent Directors for a period of 5 years effective September 23, 2015 at the ensuing Annual General Meeting of the Company.

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, Mr. Hoshang N. Sinor and Mr. Ashok Shah were appointed as Independent Directors at the Annual General Meeting (AGM) of the Company held on September 16, 2014 to hold office for a period effective April 1, 2014 to September 30, 2015. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. They had submitted a declaration that each one of them meets the criteria of independence as provided under Section 149 (6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director.

Mr. Hoshang N. Sinor, who has been on the Board for over 12 years, retires on September 30, 2015. In spirit of the provisions of the corporate governance, he does not offer himself for appointment as Independent Director for a fresh term thereafter. It is proposed to appoint Mr. Ashok Shah as Independent Director on the Board of the Company for a period of 5 years to hold office up to September 30, 2020.

During the year, with effect from November 11, 2014, Mr. Charanjit Attra, Executive Director and Chief Financial Officer, was redesignated as Executive Director – New Business Initiatives, Strategy and Finance, while Mr. Padmanabhan Iyer was appointed as the Chief Financial Officer of the Company on November 11, 2014.

Subsequently, he has resigned from the Board with effect from May 28, 2015 in order to pursue opportunities in other professional areas.

As per the provisions of Section 152 of the Act, Mr. Madhivanan Balakrishnan is liable to retire by rotation at this AGM and being eligible, seeks re-appointment. The Board of Directors recommends these appointments.

As on the date of this Report, the Board of the Company consists of 7 Directors, out of which four are Independent Directors, two are Nominee Directors and one is an Executive Director.

None of the Independent Directors have had any pecuniary relationship or transactions with the Company during Financial Year 2014-15, except to the extent of their directorship. None of the Directors or KMP of the Company is related inter-se.

Five meetings of the Board of Directors were held during the year. The details of the same are given on page no. 9 of the Annual Report.

Mr. Ninad Kelkar, Company Secretary, is the Compliance Officer of the Company and also one of the KMPs of the Company.

### **COMMITTEES**

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

- i. Audit Committee
- ii. Nomination and Remuneration Committee
- iii. Stakeholders' Relationship Committee
- iv. Corporate Social Responsibility Committee

The Company also has an internal committee comprising of the Head-HR and the Compliance Officer of the Company to address the functioning of the vigil mechanism as mandated by the Act and assist the Audit Committee thereunder.

The detailed information regarding the committees of the Board, including composition of the Audit Committee, has been given in the Corporate Governance Report which forms an integral part of the Annual Report.

### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Act and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with (AS) - 23 on Accounting for Investments in Associates and (AS) - 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statements presented by the Company include the financial results of its subsidiary companies, associates and joint ventures and form part of the Annual Report.

### **AUDITORS**

M/s. Lodha & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company at the previous AGM held on September 16, 2014 till the conclusion of the Twenty Fourth AGM of the Company to be held in the year 2017. As per the provisions of Section 139 of the Act, the appointment of Auditor is subject to ratification by members at every AGM. Accordingly, the ratification of the appointment of Auditor has been taken up as an item in the Notice of the forthcoming AGM for the approval of Members.

### **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 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, 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.

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

- Information Security Awareness programmes;
- Strengthened its IPRs through technology innovation and appropriate security controls;
- Improved utilization and delivery productivity by use of LEAN IT techniques for project delivery and
- Partnerships with major technology providers and publishers for win-win relationships and go-to-market strategies.

## RESEARCH AND DEVELOPMENT (R & D)

The solutions offered by the Company for various market segments are continuously developed and upgraded through the Global Development Centers (GDCs).

The GDCs function as the product research and development facility of the Company and focus on developing and expanding the Company's products and IPRs. Besides this, the Company is also in the process of upgrading its varied product lines to standard and latest technological 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	2014-15	2013-14
Revenue Expenditure	5.83	16.34
Capital Expenditure	-	-
Total	5.83	16.34
Total R&D expenditure as a percentage of total standalone revenue	1.44%	4.13%

## FOREIGN EXCHANGE EARNINGS AND OUTGO

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

More than 19.60% of the revenue of the Company is derived from exports.

### b) Foreign Export earnings and expenditure

During the year 2014-15, the expenditure in foreign currencies amounted to ₹ 111.19 crores on account of cost of outsourced services and bought out items, travelling and other expenses and interest. During the same period, the Company earned an amount equivalent to ₹ 78.55 crores in foreign currencies as income from its operations abroad (excluding income from Dubai Branch).

## PERSONNEL

The Company has continued to improve the quality of Human Resource. The key facet has been better levels of productivity as compared to earlier years which has contributed in operating financial parameters showing a strong uplift. Regular interactions and career enhancements by way of bigger roles to talented employees have helped in strengthening the confidence of the employees in the tough financial scenario of the Company. The talent pipeline is looking healthy though attrition and retention remains a challenge for the industry and more so for the Company.

Your Company will continue to focus and build the human potential which would help in improving operating parameters in the coming year.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in a separate annexure forming part of this Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. In terms of Section 136, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Disclosures pertaining to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report as *Annexure IV*.

### Prevention of Sexual Harassment at Workplace

The Company has in place a Policy aiming at prevention of Sexual Harassment at all Company's workplaces in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. An internal

Complaint Committee has been set up in the Company to consider and redress complaints received with respect to sexual harassment. During the year under review, the Complaint Committee has not received any grievances or complaints of the nature covered under the said Act.

### **PERFORMANCE EVALUATION**

The Company's policy relating to appointment and remuneration of Directors, KMPs and other employees, including criteria for determining qualifications, positive attributes and independence of a director are covered under the Corporate Governance Report, which forms a part of this Report.

It is a practice of the Board of Directors to annually evaluate its own performance and that of its committees and individual directors. Details of the process of Board evaluation are also covered under the Corporate Governance Report.

### **QUALITY**

The Company is committed to providing innovative and high quality products and services that meet or exceed customer expectations.

This includes-

- Maintaining a quality focus on continuous improvement to our Products, Process and Services
- Process adherence and governance ensuring lower Defect & On Time delivery

The Company's Quality Management System (QMS) addresses process required for entire Software Development Cycle (SDLC) and Project Management Life Cycle (PMLC) supported with industry standard templates and guidelines to ensure disciplined project execution, there by transforming business from taking corrective & preventive measures to the state of predicting outcomes. This framework is designed based on the CMMi Process framework to enhance productivity and to reduce inefficiencies.

The Company has achieved CMMi Level 3 certification to meet the Company's commitment towards quality & business process.

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

Owing to the losses incurred during the year, the Company has not been able to contribute monetarily towards CSR activities. However, the Company has taken many initiatives to sensitise and encourage its employees to participate in CSR activities at an individual level in order to keep alive in them the noble spirit of giving back to the society.

The Company has reaffirmed its concurrence with the concept of CSR through formulation of a specific policy on CSR and constitution of a CSR Committee, details of which are covered under the Corporate Governance Report.

### **AUDITOR'S REPORT AND SECRETARIAL AUDITOR'S REPORT**

The auditor's report does not contain any qualifications, reservations or adverse remarks. The Company appointed a Woman Director on the Board on July 28, 2015 i.e. after the completion of the audit period. The report of the secretarial auditor, which is annexed herewith as *Annexure V* in accordance with Section 204 of the Act, is qualified to that extent.

### **DISCLOSURE REQUIREMENTS**

Disclosures required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges are shown under the Corporate Governance Report (CGR). The CGR along with auditor's certificate thereon and the Management Discussion and Analysis form part of this Report.

### **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. The business outlook and the initiatives proposed by the management to address its financial risks have been discussed in detail in the Management Discussion and Analysis which forms a part of this Report.

### **FORWARD LOOKING STATEMENTS**

This Report along with its annexures 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 134(5) of the Companies Act, 2013, 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, 2015 and of the loss of the Company for the financial 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Based on the reviews of internal, statutory and secretarial auditors, external consultants, the management and respective committees of the Board, the Board is of the opinion that the Company's system of internal financial controls was adequate and the operating effectiveness of such controls was satisfactory during the financial year 2014-15.

#### **ACKNOWLEDGEMENTS**

The Directors are thankful to the Members 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, 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**

**July 28, 2015 at Navi Mumbai**

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

## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2014-15

### CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company's core values - Innovation, Insight and Integrity imbibe in themselves the Corporate Governance Philosophy. 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 direction and
2. Executive Management consisting of domain and professional experts.

The Board and the Executive Management 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 4 (four) Independent Non-Executive Directors, including the Chairman. The composition of the Board and the directorships held by the Board Members as at the date of this Report 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 (DIN-00074905)	INED	Chairman	1-Apr-14 <sup>^</sup>	-	5	2	3
Dr. Ashok Jhunjhunwala* (DIN-00417944)	INED	Director	19-Oct-06	15-Sep-14	NA	NA	NA
Mr. Ashok Shah (DIN-01194846)	INED	Director	1-Apr-14 <sup>^^</sup>	-	-	-	-
Mr. K.M. Jayarao (DIN-01077289)	ND	Director	24-Mar-14	-	2	-	2
Mr. N.S. Venkatesh* (DIN-01893686)	ND	Director	8-May-12	1-Sep-14	NA	NA	NA
Ms. Sarojini Dikhale <sup>\$</sup> (DIN-02755309)	INED	Director	28-Jul-15	-	1	-	-
Mr. Shantanu Prasad <sup>\$</sup> (DIN-06972253)	ND	Director	16-Sep-14	-	-	-	-
Dr. Shashank Desai <sup>\$</sup> (DIN-00143638)	INED	Director	3-Nov-14	-	3	-	-
Mr. Madhivanan Balakrishnan (DIN-01426902)	ED	Managing Director & Global CEO	01-Jul-12	-	5	1	-
Mr. Charanjit Attra (DIN-05323757)**	ED	Executive Director	01-Jul-12	28-May-15	NA	NA	NA

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

@ Excludes Directorships in private limited companies, foreign companies and companies formed under Section 8 of the Companies Act, 2013 ("the Act").

# Includes Membership/Chairmanship only in the Audit Committee and Stakeholders' Relationship Committee

\* Resigned during the year

\*\* Resigned on May 28, 2015

<sup>\$</sup> Appointed during the year.

<sup>\$</sup> Appointed w.e.f. July 28, 2015.

<sup>^</sup> Appointment date as per the Act. Mr. H. N. Sinor was appointed as a Director on the Board of the Company originally on July 24, 2003

<sup>^^</sup> Appointment date as per the Act. Mr. Ashok Shah was appointed as a Director on the Board of the Company originally on December 1, 2011

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 Company's positioning in the Indian and global IT scenario and adopts and approves the strategy for medium and long term growth.

During the financial year ended March 31, 2015, the Board met 5 (five) times on May 2, 2014; July 25, 2014; November 11, 2014; December 22, 2014 and February 10, 2015. The time gap between any two Meetings of the Board was less than 120 days.

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 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 / video conference
Mr. Hoshang N. Sinor	5	5	-
Dr. Ashok Jhunjhunwala**	2	2	-
Mr. Ashok Shah	5	5	-
Mr. K.M.Jayarao	5	5	-
Mr. N. S. Venkatesh**	2	0	-
Mr. Shantanu Prasad@	3	3	-
Dr. Shashank Desai@	3	3	-
Mr. Madhivanan Balakrishnan	5	5	-
Mr. Charanjit Attra #	5	5	-

\*\* Resigned during the year.

@ Appointed during the year

# Resigned w.e.f. close of business hours on May 28, 2015

**c. Appointment criteria, 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 criteria:**

The Nomination and Remuneration Committee consists of three Non-Executive Directors and one Nominee Director as on the date of this Report of which half are independent directors as per provisions of the Act. 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.

The Company has also received necessary declarations from the concerned Independent Directors pursuant to Section 149 of the Act, regarding the compliance of independence criteria.

**Remuneration Policy:**

While deciding on the remuneration of 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:**

In the year 2014-15, the Company did not pay remuneration by way of Commission to the Non-Executive Directors of the Company for the year 2013-14. The Nomination and Remuneration Committee evaluates the performance of the Non-Executive Directors every year on the basis of well defined parameters and discussions and the recommendations are placed before the Board. The Board considers the recommendations while deciding the remuneration to be paid to the Non-Executive Directors. The quantum of sitting fee paid to Directors 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 the Act. The details of the sitting fees paid to the Directors during the year 2014-15 are as given below:

Name of the Non-Executive Director	Total Sitting Fees (in ₹)		
	Gross	TDS	Net
Mr. Hoshang N. Sinor \$	-	-	-
Mr. Ashok Shah	500,000	50,000	450,000
Dr. Ashok Jhunjhunwala #	225,000	22,500	202,500
Mr. N. S. Venkatesh #	-	-	-
Dr. Shashank Desai	225,000	22,500	202,500
Mr. Shantanu Prasad^	200,000	20,000	180,000
Mr. K.M. Jayarao^	325,000	32,500	292,500

\$ Considering the financial position of the Company, Mr. Hoshang N. Sinor, has relinquished his right to receive sitting fees for attending the Board and Committee Meetings.

# Resigned during the year

^ The sitting fees in respect of these Nominee Directors is paid to their respective employers as per their terms of appointment.

As per provisions of Section 149(8) of the Act read with Schedule - IV - Code of Independent Directors, performance evaluation of non-independent directors was carried out at the meeting of Independent Directors, which was further reviewed by the Board as a whole.

During the year, the Company paid remuneration to its Whole Time Directors in accordance with and within the overall limits as per the provisions of Section 197 and other applicable provisions of the Act as under:

(₹ in Crores)

Particulars	Salary, Allowances, Incentives & bonus*	PF & contribution	Perquisites	Total
Mr. Madhivanan Balakrishnan	1.664	0.099	0.015	1.778
Mr. Charanjit Attra #	0.896	0.039	0.011	0.946

\* Excluding the retention incentive accrued to whole-time directors as on March 31, 2015.

# Resigned on May 28, 2015

Neither the Managing Director nor any other Whole-time director of the Company received any remuneration or commission from any of its subsidiaries.

d. Number of shares held by Directors as on March 31, 2015 are as under:

Name of the Director	Number of Shares
Mr. Hoshang N. Sinor	1,00,000
Mr. Madhivanan Balakrishnan	34,588

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

e. Code of Conduct

The Company has adopted a Code of Conduct 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. The Code is available on the website of the Company in the Investors section. 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 of Conduct as on March 31, 2015.

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



f. 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 persons of the Company, its subsidiaries and their dependent family members in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The 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;
- c. Nomination and Remuneration Committee and
- d. Corporate Social Responsibility 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 and performance and effectiveness of the 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 thereunder, 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 resignations of Mr. N. S. Venkatesh and Dr. Ashok Jhunjhunwala from the Board effective September 1, 2014 and September 15, 2014 respectively, the Committee was re-constituted vide a board resolution passed on September 30, 2014 by the induction of Mr. Hoshang N. Sinor and Mr. K. M. Jayarao as its Members. The Audit Committee was further reconstituted on November 11, 2014 by way of induction of Dr. Shashank Desai as Chairman and Mr. Shantanu Prasad as Member of the Audit Committee.

The Composition of the Audit Committee as on March 31, 2015 was as under:

Director	Position
Dr. Shashank Desai	Chairman
Mr. Ashok Shah	Member
Mr. Shantanu Prasad	Member

The Audit Committee comprises of Non-Executive Directors, majority of them being Independent. The 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 Act. The Chairman of the Committee is an Independent Director. The Managing Director & Global CEO, CFO, Internal Auditors and Statutory Auditor attend the Meetings of the Audit Committee as invitees. The Company Secretary is the Secretary to the Committee. The Chairman of the Audit Committee had attended the previous Annual General Meeting held on September 16, 2014 to respond to shareholder queries.

The Committee met five times during the year 2014-15 on May 2, 2014; July 25, 2014; November 11, 2014; February 10, 2015 and March 16, 2015. The time gap between any two Meetings was less than four months.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings Attended
Mr. Ashok Shah	5	5
Mr. N. S. Venkatesh*	2	-
Mr. K. M. Jayarao	1	1
Dr. Ashok Jhunjhunwala *	2	2
Dr. Shashank Desai <sup>#</sup>	2	2
Mr. Shantanu Prasad <sup>#</sup>	2	1
Mr. Hoshang N. Sinor <sup>^</sup>	1	1

\* Resigned during the year

<sup>#</sup> Appointed during the year

<sup>^</sup> Committee Member for part of the year

**b. Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee of the Company was constituted by the Board to look into the matters relating to investors' servicing, 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, sub-division, consolidation, transposition and thereupon issue share certificates to the shareholders;
- Lay down suitable procedure and approve issue of duplicate certificates of shares and other securities;
- Decide account(s) to be opened / closed with any bank(s) in India, for the purpose of payment of interest/ dividend or for other purpose 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.

Consequent to resignation of Dr. Ashok Jhunjhunwala from the Board, the Committee was re-constituted vide Board Resolution dated September 30, 2014 by the induction of Mr. K. M. Jayarao as Member. Further, pursuant to changes in the composition of the Board, the Stakeholders' Relationship Committee was reconstituted on November 11, 2014 by way of induction of Dr. Shashank Desai and Mr. Shantanu Prasad as Members of the Committee.

The Composition of the Committee as on March 31, 2015 was as under:

Name of the Director	Position
Mr. Ashok Shah	Chairman
Dr. Shashank Desai	Member
Mr. Shantanu Prasad	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 year 2014-15 on May 2, 2014; July 25, 2014; November 11, 2014 and February 10, 2015.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings Attended
Mr. Ashok Shah	4	4
Dr. Ashok Jhunjhunwala *	2	2
Mr. K. M. Jayarao <sup>^</sup>	1	1
Mr. Charanjit Attra <sup>^</sup>	3	3
Mr. Shantanu Prasad <sup>@</sup>	1	1
Dr. Shashank Desai <sup>@</sup>	1	1

\* Resigned during the year

<sup>^</sup> Committee Member for part of the year.

<sup>@</sup> Appointed during the year

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

	Opening Balance as on April 1, 2014	Received	Processed	Pending as on March 31, 2015
Instructions	0	71	71	0
Grievances	0	3	3	0

**c. Nomination and Remuneration Committee:**

This Committee acts as a Board Governance cum Compensation Committee.

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 boards 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.

On May 2, 2014, Mr. Hoshang N. Sinor stepped down as Chairman of the Committee pursuant to provisions of Section 178 of the Act which mandates that the Chairman of the Board shall not act as a Chairman of this Committee. On the same day, the Board inducted Mr. Ashok Shah and Mr. K.M. Jayarao on the Committee. Further, due to resignation of Dr. Ashok Jhunjhunwala effective September 15, 2014, the Committee was reconstituted on September 30, 2014 by induction of Mr. Hoshang N. Sinor as a Member of the Committee.

The Composition of the Committee as on March 31, 2015 was as under:

Director	Position
Mr. Ashok Shah	Chairman
Mr. Hoshang N. Sinor	Member
Mr. K. M. Jayarao	Member

Ms. Sarojini Dikhale, Additional Director has been appointed as a Member of this Committee on July 28, 2015.

The Committee met twice during the year 2014-15 on May 2, 2014 and February 10, 2015.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings Attended
Mr. Hoshang N. Sinor	2	2
Dr. Ashok Jhunjunwala*	1	1
Mr. Ashok Shah <sup>#</sup>	1	1
Mr. K. M. Jayarao <sup>#</sup>	1	1

\* Resigned during the year

<sup>#</sup> Appointed as Member during the year

All the Members of the Committee are Non-Executive Directors with majority being Independent Directors. The Chairman of the Committee is an Independent Director. The Chairman of the Board is a Member of the Committee but does not chair the Committee.

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

As required under Section 135 of the Act, the Board, at its meeting held on May 2, 2014, constituted a Committee for looking exclusively into the CSR initiatives of the Company.

The composition of the Committee as on March 31, 2015 was as under:

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

\* Resigned on May 28, 2015

Ms. Sarojini Dikhale, Additional Director, has been appointed as a Chairperson of this Committee on July 28, 2015.

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 CSR Policy of the Company from time to time.

During the year, the Committee met once on November 11, 2014. This meeting was attended by all the Members of the Committee.

### III. GENERAL MEETINGS

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

Year	Date and Time	Venue	Special Resolutions passed
2013-14	September 16, 2014 at 11:30 a.m	Arya Samaj Hall, Plot No. 6, Sector 9A, Vashi, Navi Mumbai – 400 703	None
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

#### Attendance of the Directors at the last AGM held on September 16, 2014:

Mr. Hoshang N. Sinor;

Mr. Ashok Shah (Chairman - Audit Committee);

Mr. K. M. Jayarao;

Mr. Madhivanan Balakrishnan and

Mr. Charanjit Attra.

Apart from Directors, Mr. R.P. Baradiya, Partner from Lodha & Company, Statutory Auditor and Mr. Keyoor Bakshi, Scrutinizer were also present at the last AGM.

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

#### Resolutions passed through Postal Ballot

During the year 2014-15 and till the date of this Report, the Company obtained the approval of the Members by way of Postal Ballot pursuant to Section 110 of the Act read with rules thereunder for the following resolutions:

Date of the Notice	Last date for receipt of Postal Ballot Forms	Date of Result	Name of the Scrutinizer	Special Resolutions passed
July 25, 2014	September 18, 2014	September 22, 2014	Mr. Keyoor Bakshi, Partner, KBNT & Associates	<ul style="list-style-type: none"><li>Approval under Section 180(1)(c) of the Companies Act, 2013 for grant of authority to the Board of Directors to borrow sums not exceeding ₹3000 Crores only and</li><li>Approval under Section 180(1)(a) of the Companies Act, 2013 for grant of authority to the Board of Directors for creation of securities against loan.</li></ul>
April 10, 2015	May 28, 2015	June 2, 2015	Mr. Keyoor Bakshi, Partner, BNP & Associates	<ul style="list-style-type: none"><li>Allotment of equity shares on a preferential basis and</li><li>Conversion of loans into equity shares.</li></ul>

Pursuant to Section 110 of the Act read with rules thereunder, Notice of the Postal Ballot was sent through electronic form to all those shareholders whose e-mail ids were registered with the Depository Participant (DP) and Postal Ballot forms along with the Notice were sent through courier/speed post to those who held shares in physical form.

The Results of the Postal Ballots, details of which are given under, were also displayed at the Registered Office of the Company and on its website:.

**a. Postal Ballot Result declared on September 22, 2014:**

Particulars	Resolution No. 1	Resolution No. 2
	Approval under Section 180(1)(c) of the Companies Act, 2013 for grant of authority to the Board of Directors to borrow sums not exceeding ₹3000 Crores only	Approval under Section 180(1)(a) of the Companies Act, 2013 for grant of authority to the Board of Directors for creation of securities against loan
Number of Shares Held	58,06,75,480	58,06,75,480
Number of Votes polled	15,56,96,035	15,57,40,801
Percentage of Votes polled on outstanding shares	26.81	26.82
Number of Votes - in favour	15,54,58,235	15,54,74,406
Number of Votes – against	2,37,800	2,66,395
Percentage of Votes in favour on votes polled	99.85	99.83
Percentage of Votes against on votes polled	0.15	0.17

**b. Postal Ballot Result declared on June 2, 2015:**

Particulars	Resolution No. 1	Resolution No. 2
	Allotment of equity shares on a preferential basis	Conversion of loans into equity shares
Number of Shares Held	60,55,88,650	60,55,88,650
Number of Votes polled	16,22,67,127	16,23,94,406
Percentage of Votes polled on outstanding shares	26.79	26.82
Number of Votes - in favour	16,18,06,013	16,20,64,522
Number of Votes – against	4,61,114	3,29,884
Percentage of Votes in favour on votes polled	99.72	99.80
Percentage of Votes against on votes polled	0.28	0.20

**IV. DISCLOSURE REQUIREMENTS**

**a) Related party transactions**

There were no materially significant transactions with related parties. The details of related party transactions entered into between the Company and its Promoters, Subsidiaries, Directors or their Relatives, etc. have been presented in Notes to Accounts in the Annual Report.

The Board has approved a policy for related party transactions which has been uploaded on the Company website at the following link:

<http://www.3i-infotech.com/content/investors/investors.aspx> under Corporate Governance

**b) Details of non-compliance, penalties, etc.:**

In terms of Clause 49 of the Listing Agreement and Section 149 of the Act, each company was required to appoint a Woman Director on the Board of the Company on or before March 31, 2015. Further, SEBI had also imposed penalty for non-compliance with this provision. The Company was unable to appoint a woman director and could appoint one only by July 28, 2015. As a result, a penalty of ₹50,000/- each was imposed on the Company by NSE & BSE where the Company's equity shares are listed. Except the above, 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 financial years.

**c) Whistle Blower Policy:**

The Company has put in place a Whistle Blower Policy and has established the necessary vigil mechanism to enable the employees and Directors to report concerns on unethical behavior.



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.

The Policy is put up on the website of the Company at the following link

<http://www.3i-infotech.com/content/investors/investors.aspx> under Corporate Governance.

**d) 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

**i. The Board**

The Company provides a car for his official duties.

**ii. Separate Posts of Chairman and CEO**

Mr. Hoshang N. Sinor is the Chairman of the Company and Mr. Madhivanan Balakrishnan is the Managing Director and CEO of the Company. The Company has complied with the requirement of having separate persons for the post of Chairman and CEO.

**e) Other disclosure requirements**

**1. 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. The details of the familiarisation program have been uploaded on the Company website at the following link:

<http://www.3i-infotech.com/content/investors/investors.aspx> under Corporate Governance

**2. Policy for determining material subsidiaries of the Company**

The policy is available on the website of the Company at the following link:

<http://www.3i-infotech.com/content/investors/investors.aspx> under Corporate Governance

**3. Management Discussion & Analysis**

A detailed Management Discussion and Analysis along with risks and concerns is given in a separate section of the Annual Report.

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

The Company's periodic financial results, 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 grievances / queries of the shareholders. In order to enable shareholders to raise queries and grievances, the Company has a separate email ID: [investors@3i-infotech.com](mailto:investors@3i-infotech.com).

**VI. GENERAL SHAREHOLDER INFORMATION**

**a) Details of ensuing AGM:**

Day and Date	Time	Venue
Wednesday, September 23, 2015	4:00 p.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, 2015	July 28, 2015
September 30, 2015	October 30, 2015*
December 31, 2015	January 29, 2016*
March 31, 2016	May 6, 2016*

\*Dates are tentative and subject to change



- c) **Financial Year:** April 1 to March 31
- d) **Date of Book Closure:** Wednesday, September 16, 2015 to Wednesday, September 23, 2015 (Both days inclusive)
- e) **Listing:**  
The Equity Shares are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Annual Listing Fees have been paid to both these Stock Exchanges.
- f) **Stock Exchanges Codes and ISIN (International Securities Identification Number):**

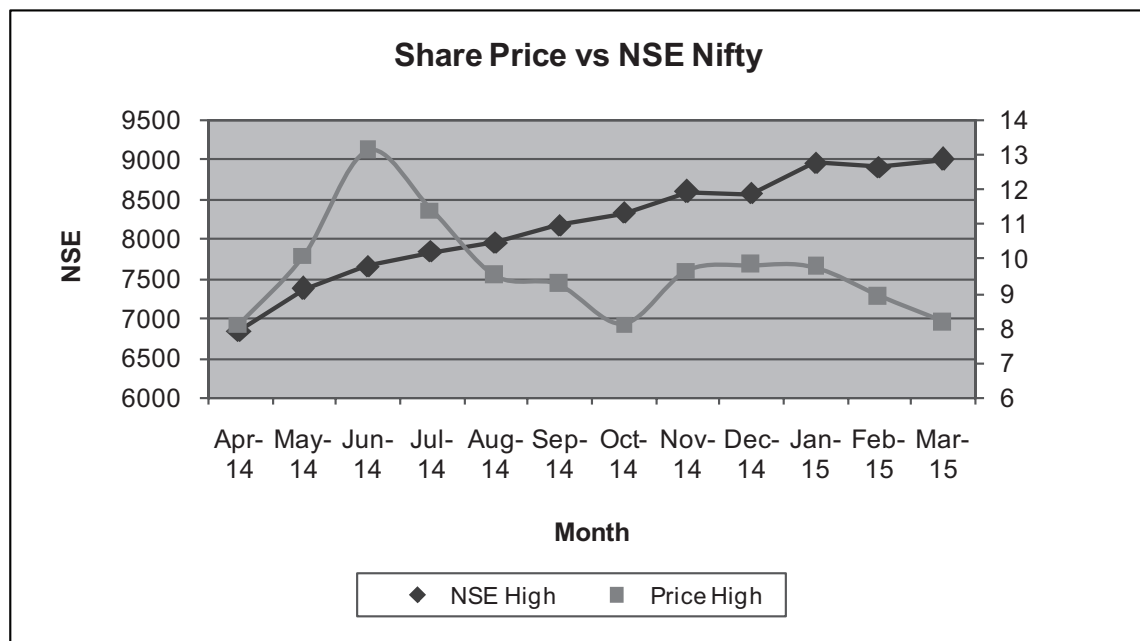
	NSE	BSE
Exchange Code	3IINFOTECH	532628
ISIN in National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) for temporary credit of shares pending receipt of trading approvals from exchanges	IN8748C01011	
ISIN in NSDL & CDSL for permanent credit of shares upon receipt of trading approvals from exchanges	INE748C01020	

g) **Stock Market Data:**

Monthly highs, lows and trading volume for 2014-15:

Month	National Stock Exchange			Bombay Stock Exchange			Total Quantity Traded
	High	Low	Trade Quantity	High	Low	Trade Quantity	
April '14	8.1	7.05	16,464,304	8.12	7.14	7,413,287	23,877,591
May '14	10.1	6.05	61,757,961	10.08	6.07	24,569,963	86,327,924
June '14	13.1	9.05	94,773,937	13.22	9.07	40,108,635	134,882,572
July '14	11.4	8.35	16,602,747	11.4	8.35	5,765,616	22,368,363
August '14	9.5	8.25	15,163,138	9.56	8.33	6,332,394	21,495,532
September '14	9.25	8.05	26,282,539	9.28	8.04	11,267,825	28,904,382
October '14	8.1	7.3	11,367,789	8.11	7.29	4,118,912	15,486,701
November '14	9.65	7.55	38,722,382	9.67	7.54	14,060,082	52,782,464
December '14	9.8	7.1	49,008,121	9.84	7.09	21,361,900	70,370,021
January '15	9.75	8.65	33,230,574	9.80	8.66	11,938,727	45,169,301
February '15	8.9	7.75	25,898,518	8.88	7.75	9,375,192	35,273,710
March '15	8.15	5.65	25,369,554	8.14	5.69	10,230,958	35,600,512

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



**i) Registrar and Transfer Agent:**

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

**j) Share transfer system:**

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

**k) Distribution of Holdings as on March 31, 2015:**

Share holding of nominal value of (₹)	Shareholders		Share Amount	
	Number	Percentage to total (%)	(₹)	Percentage to total (%)
Upto 5000	112,075	71.73	186,866,410	3.10
5001-10000	18,324	11.73	156,285,710	2.59
10001-20000	10,850	6.94	171,664,420	2.84
20001-30000	4,531	2.90	118,962,210	1.97
30001-40000	2,140	1.37	77,770,200	1.29
40001-50000	2,163	1.38	103,813,760	1.72
50001-100000	3,184	2.04	242,340,450	4.02
100001 and above	2,981	1.91	4,979,806,310	82.47
<b>Total</b>	<b>156,248</b>	<b>100.00</b>	<b>6,037,509,470</b>	<b>100.00</b>

**l) Shareholding Pattern as on March 31, 2015:**

Category	Shares	Percentage (%)
Promoter- IDBI Trusteeship Services Ltd. (ICICI Strategic Investments Fund)	39,036,190	6.47
Government Financial Institutions	22,418,772	3.71
Nationalised Banks	81,079,164	13.43
Financial Institutional Investors (FIIs)	93,398	0.02
Overseas Corporate Bodies (OCBs)	-	-
Foreign Banks / Companies	50,324,331	8.34
Non-Residents	19,516,095	3.23
Mutual Funds	-	-
Bodies Corporate	30,945,363	5.12
Other Banks	170,729,613	28.28
Resident Indians	189,608,021	31.40
<b>Total</b>	<b>603,750,947</b>	<b>100</b>
<b>Number of Shareholders</b>	<b>156,248</b>	

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

On March 31, 2015, all the shares of the Company were held in dematerialized mode, except 1,595,101 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 the suspense account as on March 31, 2015	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**

On May 10, 2012, the Ministry of Corporate Affairs (MCA) vide Gazette of India G.S.R. 352(E), notified the “Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012”, wherein companies were asked to file details with the Registrar of Companies (ROC) of unclaimed/unpaid dividend lying with the Company which would be transferred to Investor Education and Protection Fund (IEPF) after a period of seven years of declaration of dividend and to display the details on the website of the Company. Accordingly, the details of unclaimed/unpaid dividend were filed with 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 unpaid / unclaimed amount is 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 ₹ 426,870/- pertaining to year 2006-07 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 details of the outstanding Foreign Currency Convertible Bonds as on March 31, 2015 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 83.943 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	258,395,886	5,98,863

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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, 5<sup>th</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](mailto:co@3i-infotech.com)

**SHARE DEPARTMENT:**

3i Infotech Limited  
Tower # 5, 3<sup>rd</sup> Floor, International Infotech Park,  
Vashi Railway Station Commercial Complex, Vashi,  
Navi Mumbai 400 703, Maharashtra  
Ph: (91-22) 6792 8015/8062  
Fax: (91-22) 6792 8098  
E mail: [investors@3i-infotech.com](mailto:investors@3i-infotech.com)

**Navi Mumbai, July 28, 2015**

## **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, 2015.

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

**July 28, 2015 at Navi Mumbai**

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## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by 3i Infotech Limited ("the Company") for the year ended on March 31, 2015 as stipulated in Clause 49 of the Listing Agreements with National Stock Exchange of India Limited and BSE 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 except for the following:

- (i) clause 49 II (A) (1) in respect of appointment of a woman director has been complied on July 28, 2015;
- (ii) clause 49 II (B) 6 in respect of separate meeting of the independent directors has been held on May 28, 2015 being the first meeting.

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

**Sd/-**  
**(R. P. Baradiya)**  
**Partner**  
**Membership No. 44101**

**Place : Mumbai**  
**Date : July 28, 2015**

## FORM NO. MGT – 9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

CIN	L67120MH1993PLC074411
Registration Date	October 11, 1993
Name of the Company	3i Infotech Limited
Category / Sub-Category of the Company	Public Company / Limited by shares
Address of the Registered Office and contact details	Tower #5, 3 <sup>rd</sup> to 6 <sup>th</sup> Floor, International Infotech Park, Vashi, Navi Mumbai – 400 703 Ph: +91-22-6792 8000
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	The Company has an in-house Share Transfer Department at the registered office address. Contact details – email: <a href="mailto:investors@3i-infotech.com">investors@3i-infotech.com</a> Ph: +91-22-6792 8015/8062

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Computer programming, consultancy and Related activities	620	100

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	3i Infotech Trusteeship Services Limited	U72900MH2001PLC132441	Subsidiary	100	2(87)
2	Professional Access Software Development Private Limited	U72200TN2002PTC048799	- do -	100	2(87)
3	3i Infotech BPO Limited	U74899DL1990PLC039478	- do -	100	2(87)
4	3i Infotech Consultancy Services Limited	U72900MH2007PLC176323	- do -	100	2(87)
5	Locuz Enterprise Solutions Limited	U72200TG1999PLC032881	- do -	74	2(87)
6	IFRS Cloud Solutions Limited (formerly known as “3i Infotech Outsourcing Services Limited”)	U74999MH2011FLC215259	- do -	100	2(87)
7	3i Infotech Inc.	N.A.	- do -	100	2(87)
8	3i Infotech (UK) Limited	N.A.	- do -	100	2(87)
9	3i Infotech Asia Pacific Pte. Limited	N.A.	- do -	100	2(87)
10	3i Infotech (Thailand) Limited	N.A.	- do -	100	2(87)
11	3i Infotech Services SDN BHD	N.A.	- do -	100	2(87)
12	3i Infotech (Western Europe) Holdings Limited	N.A.	- do -	100	2(87)
13	3i Infotech (Western Europe) Group Limited	N.A.	- do -	100	2(87)
14	Rhyme Systems Limited	N.A.	- do -	100	2(87)
15	3i Infotech Holdings Private Limited	N.A.	- do -	100	2(87)
16	3i Infotech Saudi Arabia LLC	N.A.	- do -	100	2(87)
17	3i Infotech Financial Software Inc	N.A.	- do -	100	2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
18	3i Infotech (Africa) Limited	N.A.	Subsidiary	100	2(87)
19	Black-Barret Holdings Limited	N.A.	- do -	100	2(87)
20	3i Infotech (Middle East) FZ LLC	N.A.	- do -	100	2(87)
21	3i Infotech - Framework Limited	N.A.	- do -	100	2(87)
22	3i Infotech SDN BHD	N.A.	- do -	100	2(87)
23	Elegon Infotech Limited	N.A.	- do -	100	2(87)
24	3i Infotech (South Africa) (Pty) Limited	N.A.	- do -	100	2(87)
25	Locuz Inc.	N.A.	- do -	100	2(87)
26	Process Central Limited	N.A.	Associate	47.5	2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Please refer Annexure II A.

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,545.82	978.51	-	2,524.33
ii) Interest due but not paid	38.96	47.60	-	86.56
iii) Interest accrued but not due	-	12.59	-	12.59
<b>Total (i+ii+iii)</b>	<b>1,584.78</b>	<b>1,038.70</b>	-	<b>2,623.48</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition (Principal)	398.85	178.20	-	577.05
• Addition (Interest)	97.11	70.31	-	167.42
• Reduction (Principal)	(439.59)	(142.57)	-	(582.16)
• Reduction (Interest)	(25.53)	(56.32)	-	(81.85)
<b>Net Change</b>	<b>30.84</b>	<b>49.62</b>	-	<b>80.46</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,505.08	1,014.14	-	2,519.22
ii) Interest due but not paid	110.54	62.61	-	173.15
iii) Interest accrued but not due	-	11.57	-	11.57
<b>Total (i+ii+iii)</b>	<b>1,615.62</b>	<b>1,088.32</b>	-	<b>2,703.94</b>

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Please refer Annexure II B.

#### VII. PENALTIES /PUNISHMENT / COMPOUNDING OF OFFENCES

Company:

Type	Section of the Companies Act	Brief Description	Details of Penalties / Punishment / Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

#### Other Officers in Default

Type	Section of the Companies Act, 1956	Brief Description	Details of Penalties / Punishment / Compounding fees imposed	Authority (RD /NCLT / Court)	Appeal made, if any (give details)
Penalty		Nil			
Punishment		Nil			
Compounding #	Section 211 (3A) read with AS-10	Software acquired for sale was capitalized under fixed assets instead of current assets in the notes to accounts forming part of the Accounts for 2008-09, 2009-10, 2010-11	₹10,000	Company Law Board	N. A.
	Part-II of Schedule VI read with Section 211	Mr. V. Srinivasan, Managing Director's (MD) Remuneration drawn from overseas subsidiaries was not disclosed in the accounts for year ended 2008-09 to 2010-11			
	Section 211(1) read with part I and II of Schedule VI	Balance confirmation from debtors, creditors, etc. was not taken for years ended 2009, 2010 & 2011			
	Section 211(3A) read with AS-18	The rent paid to MD for renting his premises were not disclosed in related party transactions in the year 2010-11			

# The Company had submitted compounding application in the year 2012 for its officers in default and has received the compounding order during the year. The officers in default are no longer in the employment of the Company.



**Annexure II A**
**SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL  
BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**
**I. CATEGORY-WISE SHARE HOLDING**

SI No.	Category of shareholders	No. of Shares held at the beginning of the year April 1, 2014				No. of Shares held at the end of the year March 31, 2015				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A</b>	<b>Promoters</b>									
(1)	<b>Indian</b>									
a)	Individual / HUF	-	-	-	-	-	-	-	-	-
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporates	-	-	-	-	-	-	-	-	-
e)	Banks/FI	-	-	-	-	-	-	-	-	-
f)	Any Other - Trust	39,036,190	-	39,036,190	6.82	39,036,190	-	39,036,190	6.47	(0.35)
	<b>Sub-total (A) (1) :-</b>	39,036,190	-	39,036,190	6.82	39,036,190	-	39,036,190	6.47	(0.35)
(2)	<b>Foreign</b>									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporates	-	-	-	-	-	-	-	-	-
d)	Banks/FI	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
	<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	39,036,190	-	39,036,190	6.82	39,036,190	-	39,036,190	6.47	(0.35)
<b>B</b>	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks /FI	255,113,065	-	255,113,065	44.55	251,808,777	-	251,808,777	41.71	(2.84)
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	22,418,772	-	22,418,772	3.91	22,418,772	-	22,418,772	3.71	(0.20)
g)	FII's	99,239	-	99,239	0.02	93,398	-	93,398	0.02	(0.00)
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Other (specify)	-	-	-	-	-	-	-	-	-
	Foreign Banks	38,568,518	-	38,568,518	6.74	40,013,265	-	40,013,265	6.63	(0.11)
	<b>Sub-total (B) (1) :-</b>	316,199,594	-	316,199,594	55.22	314,334,212	-	314,334,212	52.07	(3.15)
(2)	<b>Non-Institutions</b>									
a	Bodies Corp.									
i	Indian	27,859,819	-	27,859,819	4.87	30,945,363	-	30,945,363	5.12	0.26
ii	Overseas	-	-	-	-	-	-	-	-	-
b	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	100,024,148	31,366	100,055,514	17.47	102,928,005	35,986	102,963,991	17.05	(0.42)
ii	Individual shareholders holding nominal share capital in excess of ₹1 lakh	89,473,129	20,000	89,493,129	15.62	106,140,125	20,000	106,160,125	17.58	1.96
c	Others (specify)		-	-	-		-	-	-	-
	Foreign Companies	132	-	132	0.00	8,771,951	1,539,115	10,311,066	1.71	1.71
	<b>Sub-total (B) (2) :-</b>	217,357,228	51,366	217,408,594	37.96	248,785,444	1,595,101	250,380,545	41.46	3.51
	<b>Total Public Shareholding (B) = (B) (1)+(B)(2)</b>	533,556,822	51,366	533,608,188	93.18	563,119,656	1,595,101	564,714,757	93.53	0.35
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	572,593,012	51,366	572,644,378	100.00	602,155,846	1,595,101	603,750,947	100.00	-

## (II) SHAREHOLDING OF PROMOTERS

Sl. No	Shareholder's Name	Shareholding at the beginning of the year 01-Apr-2014			Shareholding at the end of the year 31-Mar-2015			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	39,036,190	6.82	-	39,036,190	6.47	-	-
	Total	39,036,190	6.82	-	39,036,190	6.47	-	-

Note: There is no change in the number of shares held by the promoter. However, the percentage of the shareholding has changed during the year due to allotment of equity shares on account of the allotments made towards conversion of FCCBs and sacrifice under CDR.

## (III) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	39,036,190	6.82	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc):	-	-	-	-
	At the end of the year	39,036,190	6.47	-	-

Note : There is no change in the shareholding of promoter. However, the percentage of the shareholding has changed during the year due to allotment of equity shares on account of the allotments made towards conversion of FCCBs and sacrifice under CDR

## IV) SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Sl No	Top 10 Shareholders <sup>#</sup>	Shareholding at the beginning of the year 01-Apr-2014		Date of change in Shareholding <sup>^</sup>	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	ICICI Bank Limited	113,814,945	19.88	22-Aug-14	(931,462)	Transfer	112,883,483	18.70
2	IDBI Bank Limited	42,117,513	7.35	-	-	-	42,117,513	6.98
3	Standard Chartered Bank	38,568,517	6.74	9-Dec-14	1,444,747	Allotment	40,013,264	6.63
4	Life Insurance Corporation Of India	21,317,921	3.72	-	-	-	21,317,921	3.53
5	Canara Bank-Mumbai	18,381,792	3.21	31-Dec-14	(1,000,000)	Transfer	17,381,792	2.88
6	Allahabad Bank	15,705,676	2.74	13-Feb-15	(2,000)	Transfer	15,703,676	2.60
7	HDFC Bank Limited	9,553,233	1.67	20-Jun-14	(1,167,426)	Transfer	8,385,807	1.39
8	Bank Of India	8,933,208	1.56	-	-	-	8,933,208	1.48
9	Oriental Bank Of Commerce	7,178,003	1.25	-	-	-	7,178,003	1.19
10	Indian Overseas Bank	6,319,600	1.10	-	-	-	6,319,600	1.05

Note:

- <sup>#</sup> 1) There is no change in the names of top 10 Shareholders of the Company at the beginning and end of the year March 31, 2015.
- <sup>^</sup> 2) The shares of the Company are traded on a daily basis. Hence, the date-wise increase/decrease in shareholding is not indicated (except where shares were allotted during the year and where a difference in shareholding was detected as a result of analysis of the weekly benpos provided by the depositories. In the latter case, the date of download of benpos is assumed to be the date of transfer).

**V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):**

SI No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase/ Decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):		Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the Company			No.of Shares	% of total shares of the company
1	Mr. Hoshang N Sinor	100,000	0.02	-	-	100,000	0.02
2	Mr. Ashok Shah	-	-	-	-	-	-
3	Mr. K.M. Jayarao	-	-	-	-	-	-
4	Mr. Shantanu Prasad	-	-	-	-	-	-
5	Dr. Shashank Desai	-	-	-	-	-	-
6	Mr. Madhivanan Balakrishnan	34,588	0.01	-	-	34,588	0.01
7	Mr. Charanjit Attra*	-	-	-	-	-	-
8	Mr. Padmanabhan Iyer	1,920	0.00	-	-	1,920	0.00
9	Mr. Ninad Kelkar	100	0.00	-	-	100	0.00

\* Resigned on May 28, 2015.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Madhivanan Balakrishnan	Mr. Charanjit Attra*	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,66,41,300	89,59,668	2,56,00,968
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	1,53,055	1,12,179	2,65,234
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	10,50,000	7,20,000	17,70,000
3	Sweat Equity	-	-	-
4	Commission			
	- as a % of profit	-	-	-
	- others, specify	-	-	-
5	Others: PF and Pension Fund contribution	993,528	388,224	13,81,752
	<b>Total (A)\$</b>	<b>1,77,87,883</b>	<b>94,60,071</b>	<b>2,72,47,954</b>
	<b>Ceiling as per the Act</b>	As per Schedule V, Part II of the Companies Act, 2013		

\* Resigned w.e.f. close of business hours of May 28, 2015

\$ Excluding the retention incentive accrued to Whole-Time Directors as on March 31, 2015.

## B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount
1	<b>Independent Directors</b>				
	Mr. Hoshang N. Sinor	-	-	-	-
	Dr. Shashank Desai	2,25,000	-	-	2,25,000
	Mr. Ashok Shah	5,00,000	-	-	5,00,000
	<b>Total (1)</b>	<b>7,25,000</b>			<b>7,25,000</b>
2	<b>Other Non-Executive Directors</b>				
	Mr. Shantanu Prasad <sup>#</sup>	2,00,000	-	-	2,00,000
	Mr. K.M. Jayarao <sup>#</sup>	3,25,000	-	-	3,25,000
	<b>Total (2)</b>	<b>5,25,000</b>			<b>5,25,000</b>
	<b>Total (B) = (1+2)</b>	<b>10,50,000</b>			<b>10,50,000</b>
	<b>Total Managerial Remuneration</b>				<b>2,82,97,954</b>
	<b>Overall Ceiling as per the Act</b>	₹1,00,000 for attending each Board Meeting			

<sup>#</sup> The sitting fees in respect of these Nominee Directors are paid to their respective employers as per their terms of appointment.

**C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager**

In ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Padmanabhan Iyer, CFO <sup>^</sup>	Mr. Ninad Kelkar, Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	37,44,114	18,37,002	55,81,116
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	28,800	-	28,800
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	3,00,000	90,000	390,000
3	Sweat Equity	-	-	-
4	Commission			
	- as a % of profit	-	-	-
	- others, specify	-	-	-
5	Others: PF and Pension Fund contribution	114,814	76,816	191,630
	<b>Total</b>	<b>38,87,728</b>	<b>19,13,818</b>	<b>58,01,546</b>

<sup>^</sup> Includes salary & retention incentive for part of the year w.e.f. November 11, 2014. Mr. Charanjit Attra was the CFO of the Company before Mr. Padmanabhan Iyer was designated as CFO.

**EMPLOYEES STOCK OPTION SCHEMES (ESOS)****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. The options granted under these schemes vest in a graded manner over a three year period, with 20%, 30% and 50% of the grants vesting in each year, commencing one year from the date of grant. Options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The price of the options granted after the IPO was lower of the face value or the closing market price on the stock exchange which recorded the highest trading volume preceding the date of grant of the options. The pricing of the stock options is in line with SEBI guidelines.

During the year, the Company approved a new plan (Plan 2014) under the existing ESOS Scheme 2007. As per the Plan 2014, the options granted would vest over a period of 3 years from the date of grant in the ratio of 33%, 33% and 34% at the end of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year respectively. During the year, 11,569,000 stock options were granted under existing ESOS Scheme 2007 to some of the employees and Directors of the Company.

- a. The particulars of the options granted and outstanding up to March 31, 2015 are as under:

Particulars	ESOS 2000	ESOS 2007
Options granted	26,316,926	37,062,000
Options vested	4,736,200	7,246,425
Options exercised	3,480,412	-
Number of shares allotted pursuant to exercise of options	3,480,412	-
Options forfeited / lapsed	18,061,364	11,134,120
Extinguishment or modification of options	-	-
Total number of options in force	4,775,150	25,927,880
Amount realized by exercise of options (₹)	178,573,675	-

- b. 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 ₹)
2010-11	5.83
2011-12	(17.37)
2012-13	(5.92)
2013-14	(7.78)
2014-15	(18.25)

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

Date of Grant	Number of options granted	Grant Price (in ₹)
April 1, 2014	360,000	10
July 15, 2014	9,279,000	10
November 1, 2014	120,000	10
December 1, 2014	1,000,000	10
January 2, 2015	300,000	10
February 2, 2015	210,000	10
March 2, 2015	300,000	10
Total	11,569,000	10

- c. The number of stock options held by the Directors as on March 31, 2015 are as below:

Name of Director	Number of options	Average Exercise Price (in ₹)
Mr. Hoshang N. Sinor	NIL	N. A.
Mr. Ashok Shah	NIL	N. A.
Mr. K M. Jayarao	NIL	N.A.
Mr. Madhivanan Balakrishnan	25,50,000	10
Mr. Charanjit Attra*	17,20,000*	10

\* Resigned on May 28, 2015

- d. Details related to Employees Stock Options Scheme (ESOS)

Particulars	ESOS Scheme 2000	ESOS Scheme 2007
Date of shareholders' approval	January 28, 2000 further amended on July 22, 2005	July 25, 2007
Total number of options approved under ESOS	13,261,213	62,725,513
Vesting Requirements	The options granted vest in a phased manner over three years	
Exercise price or pricing formula	₹10/-	₹10/-
Maximum term of options granted	10 years from the date of grant or 5 years from the date of vesting of options whichever is later	
Source of shares (primary, secondary or combination)	Primary	
Variation in terms of options	As per ESOS Scheme, 2000, the limit for grant of maximum number of Options to any Eligible Employee in a financial year was not in excess of 5% of the issued equity shares of the Company at the time of grant of the Options. The aggregate limit of all such Options granted to all the Eligible Employees was upto 25% of the aggregate number of issued equity shares of the Company as at the time of grant of the options.	As per ESOS Scheme, 2007, the aggregate limit of all Options granted to all the Eligible Employees was upto 25% of the aggregate number of issued equity shares of the Company as at the time of grant of the options. from time to time subject to a maximum of 50 million shares of ₹10/- each (excluding the stock options granted as on July 25, 2007), which shall increase or decrease proportionately in the ratio of any further split, consolidation, bonus issue of shares or any other corporate action that has the effect of alteration of the share capital from time to time.
Method used to account for ESOS	Intrinsic Value Method	

- e. Movement for each ESOS during the year

Particulars	ESOS Scheme 2000	ESOS Scheme 2007
Number of options outstanding at the beginning of the period	7,016,740	17,860,500
Number of options granted during the year	-	11,569,000
Number of options forfeited / lapsed during the year	2,438,840	3,554,020
Number of options vested during the year	-	5,184,420
Number of options exercised during the year	-	-
Number of shares arising as a result of exercise of options	-	-
Money realized by exercise of options (INR), if scheme is implemented directly by the company	-	-
Loan repaid by the Trust during the year from exercise price received	-	-
Number of options outstanding at the end of the year	4,577,900	25,875,480
Number of options exercisable at the end of the year	-	5,184,420

- f. Employee Wise Details of options granted to-

Sr. No.	Name	Number of options granted during the year	Exercise Price (in ₹)	Designation
	<b>Senior Managerial Personnel</b>			
1	Mr. Abhay Sinha	210,000	10	Region Head- South Asia (Non-ICICI) & Asia Pacific
2	Mr. Abhijeet Powdwal *	210,000	10	Region Head - APAC
3	Mr. Amit Panchal	150,000	10	Sales Head- North America
4	Mr. Ashish Kakkar	420,000	10	Global Head Human Resources
5	Mr. Ashish Dass	360,000	10	Region Head- Europe, Middle East & Africa
6	Mr. Bhaskar Pandey	210,000	10	Sales Head - ICICI
7	Mr. Jeelani Basha	150,000	10	Region Head- Kingdom of Saudi Arabia and Bahrain
8	Mr. Krish Narayanswami	210,000	10	Global Practice Head
9	Mr. Ninad Kelkar	90,000	10	Company Secretary
10	Mr. Padmanabhan Iyer	300,000	10	President and Chief Financial Officer
11	Mr. Prasad Bendre	150,000	10	Head IT Consulting Services- North America
12	Mr. Rakesh Doshi	300,000	10	Global Head - Product Delivery
	<b>Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and</b>			
1	Mr. Madhivanan Balakrishnan	1,050,000	10	Managing Director & Global CEO
2	Mr. Charanjit Attra *	720,000	10	Executive Director - New Business Initiatives, Strategy and Finance
	<b>Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.</b>			
	None			

\* Resigned during the year



**DETAILS RELATING TO REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**
**i. Ratio of the remuneration of each director to the median Employees' Remuneration**

Name of Director	Designation	Ratio of remuneration to median employees' remuneration for FY 2014-15
Madhivanan Balakrishnan	Managing Director & Global CEO	35.55
Charanjit Attra*	Executive Director – New Business Initiatives, Strategy and Finance	18.92

\* Resigned on May 28, 2015

**ii. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year**

Name	Designation	Percentage increase/ (decrease) in remuneration
Madhivanan Balakrishnan	Managing Director & Global CEO	(24%)
Charanjit Attra*	Executive Director – New Business Initiatives, Strategy and Finance#	(21%)
Padmanabhan Iyer ^	Chief Financial Officer (with effect from November 11, 2014)	8%
Ninad Kelkar	Company Secretary	12%

\* Resigned on May 28, 2015

# Designation changed from Executive Director and Chief Financial Officer with effect from November 11, 2014

^ Chief Financial Officer for part of the year

The Managing Director and Global CEO, Executive Director and the Chief Financial Officer have deferred to FY 2015-16, their right to receive the retention incentive of ₹ 1.50 crores, ₹ 0.70 crores and ₹ 0.33 crores respectively, owing to present business exigencies of the Company. Accordingly, the same have been excluded hereinabove.

**iii. The percentage increase in the median remuneration of employees in the financial year**

The percentage decrease in the median remuneration of employees in the financial year is 3%. The Company has undertaken a human resource rationalization initiative during the year, consequent to which, due to streamlining of processes and synergies in delivery mechanism, significant cost reduction has been achieved in terms of reduction in headcount.

**iv. The number of permanent employees on the rolls of company**

The number of permanent employees on the rolls of the Company as at March 31, 2015 was 2,649.

**v. The explanation on the relationship between average increase in remuneration and company performance**

The revenue of the Company has increased by 23% as compared to the previous financial year and the Operating EBIDTA has increased by 42%. The average decrease in Employee Remuneration vis a vis the previous financial year is 2%.

**vi. Comparison of the remuneration of the KMP against the performance of the company**

Aggregate remuneration of KMP in FY-2015 (₹ in crores)	3.48
Revenue (₹ in crores)	1,344.00
Remuneration of KMPs (as % of revenue)	0.26%
Earnings before interest, depreciation and tax (EBIDTA) (₹ in crores)	176.08
Remuneration of KMPs (as % of EBIDTA)	1.98%

- vii. **Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer**

	March 31, 2015	March 31, 2014
Market Capitalization (₹ crores)	353.19	444.94
Price / Earnings multiple	-ve	-ve
Market Quotation (₹)	5.85	7.77
Decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer (Adjusted for 1:1 bonus in 2007)	-88%	-84%

- viii. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

On an average, employees received an annual increase of 5%. The individual increments varied from 3% to 10% based on individual performance. The average decrease in the remuneration of the KMP is 18%.

- ix. **Comparison of each remuneration of the KMP against the performance of the company**

Name of KMP	Designation	Comparison against performance of the Company	
		% of Revenue	% of EBIDTA
Madhivanan Balakrishnan	Managing Director & Global CEO	0.13	1.01
Charanjit Attra*	Executive Director – New Business Initiatives, Strategy and Finance	0.07	0.54
Padmanabhan Iyer^	Chief Financial Officer	0.04	0.32
Ninad Kelkar	Company Secretary	0.01	0.10

\* Resigned on May 28, 2015

^ Designated as the Chief Financial Officer on November 11, 2014

- x. **The key parameters for any variable component of remuneration availed by the directors**

There is no variable component in the remuneration of directors.

- xi. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year**

There are no employees who receive remuneration in excess of the highest paid director during the year.

- xii. **Affirmation that the remuneration is as per the remuneration policy of the company.**

Remuneration is as per the remuneration policy of the Company.

**SECRETARIAL AUDIT REPORT**For the financial year ended 31<sup>st</sup> March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
3i Infotech Limited  
Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park,  
Vashi,  
Navi Mumbai – 400703

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by 3i Infotech Limited (hereinafter called 'the Company') for the audit period covering the financial year ended on 31<sup>st</sup> March, 2015. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Company has, during the audit period generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (v) The following Regulations and Guidelines, to the extent applicable, prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

During the period under review, provisions of the following regulations were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- (iii) Secretarial Standards issued by The Institute of Company Secretaries of India related to meetings and minute (since not approved by the Central Government)

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. However, the Company had not appointed Woman Director as required under the second proviso to Section 149(1) of the Act read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

**We further report that –**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that during the audit period, the Company has:**

1. Introduced Employees Stock Option Plan – 2014 under the same Employee Stock Option Scheme 2007 to grant stock options upto 1,21,90,000 to certain key employees of the Company.
2. Allotted 14,44,747 equity shares of ₹10/- each at a price of ₹ 19.74/- per share on preferential basis to Standard Chartered Bank against conversion of sacrifice interest liability as per the terms of Corporate Debt Restructuring (CDR) Scheme.
3. Allotted 2,96,61,822 equity shares of ₹ 10/- each at a price of ₹ 16.50/- pursuant to conversion of Foreign Currency Convertible Bonds (FCCBs) as per notices received from bondholders during the year.

**For BNP & Associates**  
Company Secretaries

Keyoor Bakshi  
Partner

Place: Mumbai  
Date: July 28, 2015

FCS 1844 / CP No. 2720

## 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').

### Global IT and Services

The current fiscal year FY2015 brought in overall optimism for the Indian IT-BPM industry which is estimated to have grown in line with the guidance for the year. The industry continued to evolve over the year and prioritized on enhancing efficiency, enabling transformation and agility and partnering for digital initiatives. The year also witnessed hyper-growth in the technology start-up and product landscape and India is already ranked as the 4<sup>th</sup> largest startup hub in the world with over 3,100 startups in the country. The Company operates in three out of the five IT business categorizations as per NASSCOM, viz. (a) IT Services, (b) BPM and (c) Packaged Software, Engineering & R&D and product development and has both well-known customers as well as reputed product brands in its repertoire.

In FY2016, NASSCOM expects the industry to add revenues of USD 20 billion to the existing industry revenues of USD 146 billion. Export revenues for FY2016 is projected to grow by 12 to 14% and reach USD 110-112 billion. Domestic revenues (including e-commerce) for the same period will grow at a rate of 15-17% percent and is expected to reach USD 55-57 billion during the year.

### Overview

3i Infotech is a global Information Technology company based out of Mumbai, India. A comprehensive set of 20+ IP based software solutions, coupled with a wide range of IT services, uniquely positions the Company to address the dynamic requirements of a variety of industry verticals, predominantly Banking, Insurance, Capital Markets, Asset & Wealth Management (BFSI). The company also provides solutions for other verticals such as Government, Manufacturing, Distribution, Telecom and Healthcare. 3i Infotech has over 1,000 customers, in more than 50 countries across 5 continents. The Company's quality certifications include ISO 9001:2008 for BPO and ISO/IEC 27001:2013 for Data Centre Operations.

The Company's Global Delivery Model provides for optimal resources, to be drawn from its vast talent pool across the globe, to offer best fit solutions, by integrating its products and services to create customized solutions facilitating customers to undertake technology-based business transformation that enables reorganization in line with today's dynamic digital business environment. The Company, which has won many awards and recognitions globally, operates in two main business lines viz. IT solutions and Transaction services. Its IT Solutions business comprises of Software Products contributing 21% and IT services contributing 74% of the total operating revenue. Transaction Services comprises of BPO and KPO services and contributes 5% of the total operating revenue.

IT Solutions segment includes sale of IT products developed by 3i Infotech and providing IT services to varied companies on an outsourcing business model. IT product business includes packaged applications for the BFSI space and an ERP suite. 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.

On the products front, the Company has reputed products covering a spectrum of business applications including Anti-Money Laundering / Financial Crime Detection and Management (Amlock / FCDMS), Investment Management (MFund), Corporate and Retail Lending (Kastle ULS), Life Insurance (Premia Life), General Insurance (Premia General Insurance) and Enterprise Resource Planning (Orion). The Company also packages its general purpose products such as Data Scanning (DataScan) and Data Management (DataFlow) products along with the aforementioned products to suit specific customer requirements. Each of the aforementioned products is well established in its respective area of application and is being used by a large number of customers satisfactorily.

On the services front, the Company has well known customers, both in India as well as abroad, for whom the Company is a vendor of choice, offering a range of services, which is possible due to the spectrum of domain and technology skills that the Company possesses. The Company also carries out Staff Augmentation business, with a major contribution to its revenues from the US market. Bespoke application development and maintenance as well as Testing are also services which are the forte of the Company.

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. The Company's major thrust in the Transaction Services space is in the activities of Digitization, Customer On-boarding, Credentials Validation and Payment Management.

### **Vision and Strategies**

The Company's strategy is to have a good spread between developed and emerging markets, as well as a spread between IT products and IT services. The BPM practice continues to be closely integrated to the Services offering. The Core of the Company continues to be its strong portfolio of software product offerings in the BFSI and ERP segment with Middle East and APAC as its primary markets wherein on the Services front India and North America are major contributors.

All efforts are aimed at a differentiated offering with Product as the arrowhead and Services and BPM as wrap around, with BFSI customers as the core target segment. At every possible opportunity, the Company has tried to invest on IT offerings aligned with next Gen BFSI trends e.g. Retail Banking, P&C Insurance, Asset Management and Compliance and regulatory solutions.

On the services side, the Company's endeavor has been to build on the rich domain strength in the BFSI segment, thereby offering IT services across Application development and maintenance and Infrastructure management services across both the developed and emerging markets.

On the operations front, the measures implemented to improve the performance of the Company and the 3 phase approach of Protect-Consolidate-Grow has borne fruit as can be seen from the operating results later in this note.

The Company continues to re-align its delivery approach based on market requirements and has focused on its core competence thereby deriving higher value for costs incurred. Since admittance to CDR, the Company has been continuously striving to retain its customer base and acquire new customers despite the constraints that it is facing. The thrust on mining existing customers and increasing wallet share continues to be the prime driver for increase in revenue, considering the challenges and delays faced by the Company in acquiring new customers owing to the CDR status. One of the key strengths of the Company is its domain rich resource pool and the Company is acutely aware of the need to retain this pool and restrict attrition, to the maximum extent possible. The Company is focused on sustaining its business model and thereby protecting the value inherent in its operations to its stakeholders. However, the challenges faced in the market due to the Company's CDR status, exacerbated by cash flow constraints, have been obstacles to achieving potential growth.

In the current financial year, the Company undertook a multi-pronged program covering stringent delivery governance, increase in resource utilization, optimisation of delivery teams and considerable cost reduction, with the objective of maximizing margins. The Company has seen positive results in this program as evident in the financials described further in this section. Sales efforts on the products license revenue front have been strengthened with a view to address the setback faced in the previous financial year. The Company's revenue and margins during the current year has therefore seen an overall improvement on multiple fronts including increased wallet share from existing customers, improved license revenue, reduction in costs and accelerated projects closures. However, it is important to highlight that the challenges faced in terms of delays in closing new orders as well as loss of prospective orders due to CDR status, continue to adversely impact the Company.

The Company constantly strives to improve the quality and utilization of its human resources. Resources in the Product Group have a healthy vintage, thereby amassing considerable domain and product knowledge, which is serving the Company well in its endeavours to tailor solutions to specific customers' needs. In the Services and BPM Groups, the Company has taken measures to strengthen processes and controls, thereby facilitating multi-skilling of resources as well as repeatability of scalable solutions. The Company has taken positive measures of regular engagement and career enhancements by way of larger roles to retain resources. Despite this, attrition continues to be a challenge at a rate greater than the industry. As on March 31, 2015, the Company had 2,649 full time employees.

On the debt front, the Company has made multiple attempts to re-align the debt, first through conversion of loans into SBLC in December 2012 and through the FCNR (B) option in November 2013. The evaluation of the SBLC option was delayed considerably and could not be implemented. The conversion of rupee debt, into foreign currency debt despite CDR Empowered Group's (CDR-EG) approval was implemented by the CDR lenders only in Q4-2014 and that too not by all



its CDR lenders. The Company made every possible attempt to service interest and principal during the current financial year. Further, as per the mandate received from the CDR-EG, the Company has, during the current financial year, divested two identified subsidiaries, viz. Professional Access Limited, US and 3i Infotech (Western Europe) Limited and 3i Infotech (Flagship – UK) Limited, UK. Concurrently, all efforts are being made by the Joint Lenders Forum of the Company to arrive at an amicable resolution for the debt that the Company is burdened with. Seeking a strategic partner for the Company or for any specific part of the Company is one of the options being evaluated collectively by all Banks along with other feasible options.

### Operations during the year

The table below shows the Profit and Loss account of the Group for the year ended March 31, 2015:

Particulars	Year ending	
	March 31, 2015 (₹ In cr)	March 31, 2014 (₹ In cr)
<b>Revenue</b>		
IT Solutions	1280.26	1,230.66
Transaction Services	63.74	77.23
Other Income	4.43	130.61
<b>Total Income</b>	<b>1348.43</b>	<b>1,438.50</b>
<b>Expenses</b>		
Staff costs	1002.27	1,028.62
Other Expenses	169.01	188.09
<b>Total Expenses</b>	<b>1171.28</b>	<b>1,216.71</b>
Profit / (Loss) before Depreciation and Interest	177.15	221.79
Depreciation	229.10	256.42
Interest	211.40	321.10
Profit / (Loss ) before exceptional items	(263.35)	(355.73)
Exceptional Items	(673.17)	0.00
<b>Net profit / (Loss)</b>	<b>(936.52)</b>	<b>(355.73)</b>

The net loss of the Company increased to ₹ 936.52 crores for the year ending March 31, 2015 (FY2015) from ₹ 355.73. crores for the year ending March 31, 2014 (FY2014) primarily due to the following:

- During Q2-FY2015, the Group had sold its e-Commerce business, consisting of the entity Professional Access Limited, US and the business undertaking of Professional Access Software Development Private Limited, India. The said transaction has resulted in profit of ₹ 97.05 crores. Consequent to the sale of the business, goodwill arising on consolidation amounting to ₹ 262.27 crores and credit pertaining to the said Goodwill in translation reserve amounting to ₹ 69.13 crores has been adjusted against the aforesaid profit, resulting in loss of ₹ 96.09 crores, which has been shown separately as Exceptional item.
- During Q3-FY2015, the Group sold its Wealth Management business, consisting of the step down subsidiaries, viz, 3i Infotech (Western Europe) Limited and 3i Infotech (Flagship – UK) Limited. The said transaction has resulted in profit of ₹ 76.99 crores. Consequent to the sale of the business, Goodwill arising on Consolidation amounting to ₹ 312.84 crores and credit pertaining to the said Goodwill in translation reserve amounting to ₹ 44.30 crores has been adjusted against the aforesaid profit, resulting in loss of ₹ 191.55 crores, which has been included in Exceptional item.
- In line with the impairment analysis carried out annually by the Company of its Cash Generating Units / Long term investments, during this financial year FY2015 the Company impaired ₹ 350 crores worth of Goodwill in consolidated financial statements.

### Total Income

Income from IT solutions has increased to ₹ 1,280.26 crores in FY2015 from ₹ 1,230.66 crores in FY2014. This is despite the sale of two subsidiaries during FY2015

The revenue from transaction services was at ₹ 63.74 crores in FY2015 as compared to ₹ 77.23 crores in FY2014.

Other Income includes Interest income, Foreign exchange gain / (loss) and other non-operating income.

## Total Expenses

### Staff Costs

The staff cost stands at ₹1,002.27 crores in FY2015 as compared to ₹ 1,028.62 crores in FY2014.

### Other Costs

The breakup of the other costs is given in the table below.

Particulars	For the year ended March 31, 2015 (₹ In cr)	For the year ended March 31, 2014 (₹ In cr)
Rent	43.05	63.00
Travel	31.38	32.69
Office and other expenses	1.83	1.95
Outsourced cost	26.28	25.75
Communication	10.93	15.72
Foreign exchange loss (net)	3.37	-
Utilities	23.22	24.96
Others	32.32	24.04
<b>Total</b>	<b>169.01</b>	<b>188.09</b>

The Company has been successful in carrying out various cost optimization measures reducing other costs from ₹ 188.09 crores in FY2014 to ₹ 169.01 crores in FY2015.

Profit before depreciation and interest, excluding Other Income (Operating Profit) for the current financial year was at ₹ 172.72 crores as compared to ₹ 91.18 crores for the previous year.

## Analysis of Balance Sheet

Particulars	As on March 31, 2015 (₹ In cr)	As on March 31, 2014 (₹ In cr)
<b>EQUITIES &amp; LIABILITIES</b>		
Share Capital (including minority interest)	674.99	643.66
Share application money pending allotment	33.50	-
Reserves and Surplus	(1,053.00)	(41.91)
Borrowings	2,025.00	2,344.66
Deferred tax liabilities	-	0.92
Trade payables (including other liabilities & provisions)	974.81	855.89
<b>Total</b>	<b>2,655.30</b>	<b>3,803.22</b>
<b>ASSETS</b>		
Fixed Assets	1,230.64	1,328.97
Goodwill on consolidation	710.56	1,632.60
Non current investments	25.16	25.16
Deferred tax assets	125.84	123.84
Loans & Advances and Other non-current assets	183.71	214.14
Cash & Bank balance	22.88	61.21
Inventories	1.44	1.36
Trade receivables and Unbilled	355.07	415.94
<b>Total</b>	<b>2,655.30</b>	<b>3,803.22</b>



## Equities and Liabilities

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

The Authorised capital of the Company is ₹1,200 crores divided into 110 crore equity shares of ₹ 10 each and ₹ 20 crores cumulative redeemable preference shares of ₹ 5 each.

The issued, subscribed and paid-up capital stood at ₹ 668.75 crores as at March 31, 2015 compared to ₹ 637.64 crores at March 31, 2014.

An amount of ₹ 33.50 crores appearing as share application money pending allotment is in respect of equity shares to be allotted to DBS Bank Limited as per approval from members received through Postal Ballot on June 2, 2015.

### 2. Reserves and Surplus

The Reserves and Surplus declined to ₹(1,053) crores as at March 31, 2015 from ₹ (41.91) crores in March 31, 2014, majorly due to impact of sale of subsidiaries and impairment as mentioned above.

### 3. Borrowings

The net movement in the borrowings from ₹ 2,344.66 crores as at March 31, 2014 to ₹ 2,025 crores as at March 31, 2015 is due to repayments made out of sales proceeds of subsidiaries.

### 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 due to interest accrued and due on borrowings.

## Assets

### 1. Fixed Assets

As at March 31, 2015, the fixed assets of the Company stand at ₹ 1,230.64 crores, which includes tangible assets of ₹ 258.28 crores and Intangible assets of ₹ 972.33 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. During this financial year (FY2015), the company impaired ₹ 350 crores worth of Goodwill in consolidated financial statements.

### 3. Non-Current Investments

Non-current investments consist of unquoted / non-trade long term investments.

### 4. Loans & Advances and other Non-current assets

There is a decrease in long term loans & advances, the amount reduced from ₹ 214.14 crores as at March 31, 2014 to ₹ 183.71 crores as at March 31, 2015.

### 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 receivables and Other Current assets

Total receivables including unbilled revenue reduced from ₹ 415.94 crores as at March 31, 2014 to ₹ 355.07 crores as at March 31, 2015.

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**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.

# **Consolidated Financial Statements**

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# INDEPENDENT AUDITORS' REPORT

To  
The Members 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 Group, which comprise the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement 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

The Parent Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 internal financial control relevant to the Parent Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Parent Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the consolidated state of affairs of the group as at March 31, 2015, and their consolidated loss and their consolidated 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 restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond holders with respect to its obligations. Post the debts restructuring, there have been substantial delays in repayment of Principal and payment of Interest in respect of CDR lenders as well as for the interest on the Foreign Currency Convertible Bonds, which may be construed as Default as per the Master Restructuring Agreement (MRA) and the terms of FCCB. The Parent Company is negotiating with the aforesaid lenders as also with the lease financiers to restructure the debt and is reasonably certain to renegotiate and meet its financial obligations. (Refer note no.2.32.1 to the consolidated financial statements)

(i) 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, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis with the assistance of an independent expert valuer and accordingly during the year has made provision for impairment loss of ₹ 350 crores.

Pending negotiations with lenders and restructuring of business, the Parent Company has prepared the consolidated financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with lenders, restructuring of business and infusion of funds. (Refer note no. 2.32.2 to the consolidated financial statements)

b. In respect of justification of carrying the deferred tax asset of ₹125.84 crores as at 31<sup>st</sup> March, 2015 (previous year ₹ 123.84 crores), the management based on the confirmed order book on hand and relying on the restructuring scheme as mentioned in para (a) (ii) above, is confident of having sufficient taxable income in the foreseeable future, enabling reversal of the said deferred tax asset. (Refer Note no.2.13 to the consolidated financial statements)

**Other Matters:**

(a) We did not audit the financial statements of 4 subsidiaries (3 subsidiaries for the year ended March 31, 2014), whose financial statements reflect total assets of ₹ 1,288.04 crores as at March 31, 2015 (as at March 31, 2014 ₹ 1,405.10 crores), total revenues of ₹ 535.99 crores for the year ended March 31, 2015 (total revenues of ₹ 422.44 crores for the year ended March 31, 2014).

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of 7 subsidiaries and a joint venture, whose financial statements reflect total assets of ₹ 98.85 crores as at March 31, 2015; in case of 5 subsidiaries total revenues of ₹3.63 crores for the quarter ended March 31, 2015 and in case of 2 subsidiaries and a joint venture total revenue of ₹ Nil for the year ended March 31, 2015.

These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

- (C) The financial statements of 2 subsidiaries, in which the Group has sold its stake/sold the Business during the year, whose financial statements reflect total assets of ₹ 301.15 crores as at date of sale (₹ 301.13 as at March 31, 2014) and total revenue of ₹ 114.68 crores for the period ended on date of sale (₹330.14 crores for the year ended March 31, 2014) have been jointly audited by other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Parent Company and its subsidiary Companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the Parent Company as on march 31, 2015 taken on records by the Board of directors of the Parent Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Group has disclosed the impact of pending litigations on the consolidated financial position in the aforesaid consolidated financial statements. Refer Note 2.29 to the consolidated financial statement.
    - (ii) The Group has made provision as required under the applicable law or accounting standards for material foreseeable losses on long-term contracts including derivatives contracts.
    - (iii) There has been no delay in amounts required to be transferred to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies incorporated in India.

**For Lodha & Company**  
**Chartered Accountants**  
**Firm Registration No. 301051E**

**Place: Mumbai**  
**Date : 28<sup>th</sup> May, 2015**

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

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF 3i INFOTECH LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit and based on the reports of the other auditors of subsidiaries incorporated in India, we state that:

1. In respect of the fixed assets of the Parent Company and its subsidiaries incorporated in India:
  - a) The respective entities has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets except one of the subsidiary which is in the process of updating its fixed asset register.
  - b) During the year, the management of the Parent Company in accordance to a phased programme has physically verified Furniture & Fixtures, Office equipment, Plant and equipment and Computers at five locations and the Management of subsidiaries companies, except one of the subsidiary company where no physical verification has been carried out, has carried out physical verification of all the assets, which in our opinion and the opinion of other auditors, is reasonable. According to information and explanation given to us and based on the other auditors report, the discrepancies noticed in such verification have been dealt with in the books of accounts.
2. In respect of inventories of the Parent Company and its subsidiary companies incorporated in India:
  - a) As explained to us and based on the auditors’ reports issued in accordance with the Order on one of the subsidiary, the inventories (hardware held for rendering services) were physically verified at reasonable interval during the year by Management.
  - b) In our opinion and according to the information and explanation given to us and based on the auditors’ report issued in accordance with the order on one of the subsidiary, the procedure of the physical verification followed by the Management were reasonable and adequate in relation to the size of the Subsidiary Company.
  - c) In our opinion and according to the information and explanation given to us and based on the auditors’ report issued in accordance with the order on one of the subsidiary, the respective entity have maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. During the year, the Parent Company and its subsidiaries incorporated in India has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us and based on the auditors reports issued in accordance with the order on the subsidiaries incorporated in India, having regard to the explanation that some of the items purchased and sold are of the special nature in respect of which suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the Parent Company and its subsidiaries incorporated in India and nature of its business for purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control systems.
5. In our opinion and according to the information and explanations given to us and based on the auditors reports issued in accordance with the order on the subsidiaries incorporated in India, the parent Company and its subsidiaries incorporated in India has not accepted any public deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act and rules framed there under.
6. In our opinion and according to the information and explanations given to us and based on the auditors reports issued in accordance with the order on the subsidiaries incorporated in India, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act for the nature of services rendered by the Parent Company and its Indian subsidiaries incorporated in India. Accordingly, paragraph 3(vi) of the Order is not applicable.
7. According to information and explanation given to us and based on the auditors’ report issued in accordance with the order on the subsidiaries incorporated in India:
  - a) The respective entities 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 ₹ 1.52 lacs and Profession Tax of ₹ 9.07 lacs.
  - b) According to the records of the respective entities, there are no dues of Income Tax, Sales Tax, Service tax, Duty of Customs, Wealth Tax, Duty of Excise, Value Added Tax, Cess which have not been deposited on account of any dispute except the following :

**(i) In respect of Parent Company:**

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, 2006-07, 2009-10	32.77	Sales Tax Officer
UP VAT Act, 2008	Sales Tax	Financial Year 2009-10 and 2010-11	0.10	The Assistant Commissioner, Commercial Taxes
AP VAT Act, 2005	Sales Tax	Financial Year 2009-10 and 2010-11	0.68	Appellate Deputy Commissioner
Income Tax Act, 1961	Income Tax	Assessment Year 2004-05	1.00	Commissioner of Income Tax (Appeals)
		Assessment Year 2008-09	5.19	Income Tax Appellate Tribunal
		Assessment Year 2007-08	2.83	
		Assessment Year 2006-07	0.18	
Finance Act, 1994	Service Tax	Financial year 2004-05 to 2009-10, 2011-12, 2012-13	158.99	Commissioner of Service Tax
		Financial year 2010-11	19.47	Assistant Commissioner of Service Tax

**(ii) In respect of subsidiaries incorporated in India :**

Name of Statute	Nature of Demand	Period to which amount Relates	₹ in crores	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2009-10	1.16	Commissioner of Income Tax (Appeals)
		2011-12	0.87	Commissioner of Income Tax (Appeals)
Employees' State Insurance Act, 1948	Employee State Insurance (ESIC)	Financial Year 2006-2007	0.05	Tis Hazeri Court, New Delhi
Finance Act, 1994	Service Tax	Financial Year 2006-2007	0.11	Commissioner of Service tax, New Delhi
Income Tax				
		Act, 1961	Income Tax	Asst. Year 2010-11
		Asst. Year 2011-2012	0.31	Commissioner of Income tax Appeals

c) There were no delays in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company and its subsidiary Companies incorporated in India in accordance with the relevant provision of the Companies Act, 1956 and Rules made thereunder.

8. The Parent Company's accumulated losses as 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.



The subsidiary Companies incorporated in India have no accumulated losses at the end of the financial year which has exceeded 50% of their net-worth except an Indian subsidiary which has accumulated losses exceeding 50% of its net-worth. However, no subsidiary incorporated in India has incurred cash losses in the current year under review and in the immediately preceding financial year.

9. In our opinion and according to the information and explanations given to us and based on the auditors reports issued in accordance with the order on the subsidiary Companies incorporated in India, and based on the documents and records produced before us, there have been defaults in repayment of dues to the banks, financial institutions and debenture holders as per the details hereunder :

Particulars	Principal		Interest	
	Amount (₹ in crores)	Delay in months	Amount (₹ in crores)	Delay in months
Banks	101.45	1-17	123.46	1-12
Finance Lease (Banks)	29.99	1-44	6.72	1-44
Debenture holders- FCCB	Nil	Nil	14.59	5-8

10. In our opinion and according to the information and explanations given to us and based on the auditors reports issued in accordance with the Order on the subsidiary Companies incorporated in India, the terms and conditions on which the Parent Company/Subsidiary Companies incorporated in India had given guarantee for loans taken by subsidiary Companies/parent Company from banks and financial institutions are, prima facie, not prejudicial to the interest of the parent Company/subsidiary Companies.
- 11.. In our opinion and according to the information and explanations given to us and based on the auditors reports issued in accordance with the order on the subsidiary Companies incorporated in India, the term loans were applied for the purposes for which they were obtained by the Parent Company and its subsidiary Companies incorporated in India.
12. In our opinion and according to the information and explanations given to us and based on the auditors reports issued in accordance with the order on the subsidiary Companies incorporated in India, we have neither come across any instance of fraud on or by the Parent Company and its subsidiary Companies incorporated in India, noticed or reported during the year, nor have we been informed of such case by the management.

**For Lodha & Company**  
**Chartered Accountants**  
**Firm Registration No. 301051E**

**Place: Mumbai**  
**Date : 28<sup>th</sup> May, 2015**

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

**3i INFOTECH LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015**

		₹ crores	
	Notes	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	668.75	637.64
Reserves and surplus	2.2	(1,053.00)	(41.91)
Share application money pending allotment	2.39	33.50	-
<b>Minority interest</b>		6.24	6.02
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	1,860.33	2,058.89
Deferred tax liabilities	2.4	-	0.92
Other long-term liabilities	2.5	18.01	14.83
<b>Current liabilities</b>			
Short-term borrowings	2.6	164.67	285.77
Trade payables	2.7	211.36	184.68
Other current liabilities	2.8	716.31	628.56
Short-term provisions	2.9	29.13	27.82
		<b>2,655.30</b>	<b>3,803.22</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.10		
(i) Tangible assets		258.28	252.56
(ii) Intangible assets		972.33	1,060.91
(iii) Capital work in Progress		0.03	0.76
(iv) Intangible assets under development		-	14.74
Goodwill arising on consolidation	2.11	710.56	1,632.60
Non current investments	2.12	25.16	25.16
Deferred tax asset	2.13	125.84	123.84
Long-term loans and advances	2.14	173.83	188.56
Other non-current assets	2.15	9.88	25.58
<b>Current assets</b>			
Inventories	2.16	1.44	1.36
Trade receivables	2.17	179.28	209.85
Cash and bank balances	2.18	22.88	61.21
Short-term loans and advances	2.19	75.55	73.23
Other current assets	2.20	100.24	132.86
		<b>2,655.30</b>	<b>3,803.22</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

R. P. Baradiya

Partner

Membership No. 44101

For and on behalf of the Board

Madhivanan Balakrishnan

Managing Director and Global CEO

DIN No. 01426902

Charanjit Attra

Executive Director – New Business

Initiatives Strategy and Finance

DIN No. 05323757

Place: Mumbai

Date: May 28, 2015

Padmanabhan Iyer

Chief Financial Officer

Ninad Kelkar

Company Secretary

**3i INFOTECH LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

		₹ crores	
	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>INCOME</b>			
I. Revenue from operations	2.21	<b>1,344.00</b>	1,307.89
II. Other income	2.22	<b>4.43</b>	130.61
III. <b>Total Revenue (I + II)</b>		<b>1,348.43</b>	1,438.50
<b>IV. EXPENSES</b>			
Employee benefits expense & Cost of Revenue	2.23	<b>1,002.27</b>	1,028.62
Finance costs	2.24	<b>211.40</b>	321.10
Depreciation and amortization expense	2.10	<b>229.10</b>	256.42
Other expenses	2.25	<b>169.01</b>	188.09
<b>Total expenses</b>		<b>1,611.78</b>	1,794.23
V. <b>Profit/(Loss) before Exceptional items &amp; tax - (III- IV)</b>		<b>(263.35)</b>	(355.73)
VI. Exceptional Items - Income/ ( Expenses)	2.26	<b>(673.17)</b>	-
VII. Profit/(Loss) before tax (V+VI)		<b>(936.52)</b>	(355.73)
VIII. <b>Tax expense</b>	2.27	<b>39.54</b>	1.33
IX. <b>Profit/(Loss) for the year (VII-VIII)</b>		<b>(976.06)</b>	(357.06)
X. Minority interest		<b>0.21</b>	0.50
XI. <b>Profit/(Loss) after Minority interest (IX-X)</b>		<b>(976.27)</b>	(357.56)
<b>Earnings per equity share of face value of ₹10 each:</b>			
<b>Before exceptional items and discontinued operations</b>			
(1) Basic		<b>(5.29)</b>	(6.33)
(2) Diluted		<b>(5.29)</b>	(6.33)
<b>After exceptional items and discontinued operations</b>			
(1) Basic		<b>(16.85)</b>	(6.33)
(2) Diluted		<b>(16.85)</b>	(6.33)

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 and on behalf of the Board

R. P. Baradiya  
Partner  
Membership No. 44101

Madhivanan Balakrishnan  
Managing Director and Global CEO  
DIN No. 01426902

Charanjit Attra  
Executive Director – New Business  
Initiatives Strategy and Finance  
DIN No. 05323757

Place: Mumbai  
Date: May 28, 2015

Padmanabhan Iyer  
Chief Financial Officer

Ninad Kelkar  
Company Secretary

### 3i INFOTECH LIMITED

#### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>A Cash Flow from / (used in) Operating Activities</b>		
Profit/(Loss) before exceptional items and tax	(263.35)	(355.73)
<i>Adjustments for:</i>		
Depreciation/amortization	229.10	256.42
Foreign exchange (gain) / loss (net)	3.37	(103.01)
(Gain)/loss on sale/discarding of fixed assets (net)	(0.09)	(8.74)
Interest income	(1.76)	(3.91)
Finance cost	211.40	321.09
Provision for doubtful debts made / (written back)	14.07	9.18
<b>Operating Profit / (Loss) before working capital changes</b>	<b>192.74</b>	<b>115.30</b>
<i>Adjustments for:</i>		
Trade and other receivables	(81.92)	47.62
Inventories	(0.08)	(0.24)
Trade payables and other liabilities	(126.07)	(88.47)
	<b>(208.07)</b>	<b>(41.09)</b>
<b>Cash Generated from/(used in) Operations</b>	<b>(15.33)</b>	<b>74.22</b>
Income taxes paid	(35.99)	(24.46)
<b>Net cash from / (used in) Operating Activities - A</b>	<b>(51.32)</b>	<b>49.76</b>
<b>B Cash Flow from / (used in) Investing Activities :</b>		
Sale/(Purchase) of fixed assets (including Capital Work in Progress)	8.85	(22.91)
Purchase of non-current investments	-	0.01
Proceeds from Sale of Subsidiary	303.67	-
Interest received	1.16	3.92
<b>Net cash from / (used in) Investing Activities - B</b>	<b>313.68</b>	<b>(18.98)</b>

**3i INFOTECH LIMITED**
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>C Cash Flow from / (used in) Financing Activities :</b>		
Proceeds from/(Repayment of) borrowings	(204.65)	238.03
Interest paid	(97.99)	(254.80)
<b>Net Cash from / (used in) Financing Activities - C</b>	<b>(302.64)</b>	<b>(16.77)</b>
 <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	 <b>(40.28)</b>	 <b>14.01</b>
 <b>Cash and Cash Equivalents at beginning of the year</b>	 <b>51.75</b>	 <b>37.74</b>
 <b>Cash and Cash Equivalents at end of the year</b>	 <b>11.47</b>	 <b>51.75</b>

- The above Cash Flow Statement has been prepared under "Indirect Method" set out in Accounting Standard - 3 on "Cash Flow Statements" as prescribed in Section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- Previous period/year figures have been regrouped / rearranged wherever necessary to conform to the current period/ quarter 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

R. P. Baradiya  
Partner  
Membership No. 44101

Place: Mumbai  
Date: May 28, 2015

For and on behalf of the Board

Madhivanan Balakrishnan  
Managing Director and Global CEO  
DIN No. 01426902

Padmanabhan Iyer  
Chief Financial Officer

Charanjit Attra  
Executive Director – New Business  
Initiatives Strategy and Finance  
DIN No. 05323757

Ninad Kelkar  
Company Secretary

## 3i INFOTECH LIMITED

### NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 Overview of the Group

3i Infotech Limited ('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') as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). 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.
- e) Minority interest in the net assets of consolidated financial statements consists of amount of equity attributable to the minority shareholders as on the date on which investment in the subsidiary companies are made and further movement in their share in the equity, subsequent to the date of investment.

Entities acquired during the year have been consolidated from the respective dates of their acquisition (Refer note no. 2.28).

## 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, wherein license value represents total value of contract 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 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.

### c) Interest / Dividend Income:

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

Dividend Income is recognized as and when right to receive the same is established.

## 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 assets:

Fixed assets except leasehold building 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.

Leasehold Building has been revalued and are reinstated at updated revalued amount.

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 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, which can be measured reliably, technological feasibility thereof has been established, future economic benefits of each of such products are 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 and leasehold building and improvements thereon and other leased assets are amortized over the primary 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 residual value.

Depreciation on other fixed assets is systematic allocation of the depreciable amount over its useful life. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. The useful life of an asset is the period over which an asset is expected to be available for use, or the number of production or similar units expected to be obtained from the asset.

Depreciation on Tangible assets is provided on Straight Line Method (SLM) over the useful lives of assets determined based on internal technical assessments which are as follows :

Category of Assets	Useful lives adopted by Group	Useful Lives prescribed under Schedule II of the Act
Computers	1-6 years	3-6 years
Plant and Machinery, Electrical Installation	5 years	15 years
Office Equipment	1-5 years	5 years
Furniture and Fixtures	3-10 years	10 years
Vehicles	3-8 years	10 years

For these classes of assets, based on internal technical assessment, the Management believes that the useful lives as given above best represent the period over which assets are expected to be used.

**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 taxable income for the year in accordance with the Income Tax Act, 1961 and relevant Income Tax Rules.

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 "hedges" and records the gain or loss on effective cash flow hedges in the "Hedging Reserve Account" until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the Consolidated Statement of Profit and Loss.

### **1.12 Accounting of Employee Benefits**

Employee Benefits in Parent Company/Indian Subsidiaries

#### **Gratuity**

##### **(i) Parent Company**

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

##### **(ii) Subsidiaries**

Liability for gratuity for employees is provided on the basis of an actuarial valuation.

#### **Superannuation**

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

#### **Provident fund**

##### **(i) Parent Company**

Retirement benefit in the form of Provident Fund and 'Employer-Employee Scheme' are defined contribution schemes. The company's contributions paid/payable to the fund are charged to the Statement of Profit and Loss for the year when the contributions are due. The company has no obligation other than the contributions payable to the provident fund.

##### **(ii) Subsidiaries**

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

#### **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 are provided on the basis of actuarial valuation and based on estimates for interim financial reporting.

### **Employee Benefits in Foreign Subsidiaries**

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

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

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

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

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

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

### **1.14 Borrowing Costs**

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

### **1.15 Impairment of assets**

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

### **1.16 Securities issue expenses**

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

### **1.17 Premium payable on redemption of Foreign Currency Convertible Bonds (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 prescribed under Part A in Schedule II of the Act, whichever is lower.

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

### **1.19 Earnings per share**

In determining 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 equity shares considered in computing basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of equity shares considered for computing diluted

earnings per share is the aggregate of the weighted average number of equity 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 equity shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

## 1.20 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

## 1.21 Cash Flow Statement

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

## 1.22 Inventories

Inventories are stated at cost computed on first in first out or net realizable value, whichever is lower.

## 2. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015.

### 2.1 Share Capital

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Authorised:</b>		
1,100,000,000 Equity shares of ₹ 10 each (1,100,000,000 shares as at March 31, 2014)	<b>1,100.00</b>	1,100.00
200,000,000 Cumulative Redeemable Preference shares of ₹ 5 each (2,00,000,000 shares as at March 31, 2014)	<b>100.00</b>	100.00
	<b>1,200.00</b>	1,200.00
<b>Issued, Subscribed &amp; Paid - up</b>		
Equity share capital of ₹ 10 each fully paid up, as at the beginning of the year	<b>572.64</b>	571.55
Add: Issued towards conversion of FCCB	<b>29.66</b>	0.70
Add: Issued under Corporate Debt Restructuring (CDR) Scheme	<b>1.45</b>	0.39
Equity share capital of ₹ 10 each fully paid up, as at the end of the year	<b>603.75</b>	572.64
0.01% Cumulative Redeemable Preference share capital of ₹ 5 each fully paid up at the beginning of the year	<b>65.00</b>	65.00
	<b>65.00</b>	65.00
<b>Total</b>	<b>668.75</b>	637.64

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. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Group after distribution of preferential amounts, in proportion to their shareholding.

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

The Parent Company 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.

In the absence of profits, the Company has not declared dividend to the preference shareholders since more than two years. This may entitle the concerned preference shareholder for the rights under Section 47 of the Companies Act, 2013.

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

Name of the shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of shares	%	No. of shares	%
ICICI Bank Limited	112,883,483	18.70	113,814,945	19.88
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	39,036,190	6.47	39,036,190	6.82
IDBI Bank Limited	42,117,513	6.98	42,117,513	7.35
Standard Chartered Bank	40,013,264	6.63	38,568,517	6.74

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

Name of the shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of shares	%	No. of shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	130,000,000	100.00	130,000,000	100.00

**d) 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, 2015	As at March 31, 2014
<b>Equity shares of ₹ 10 each</b>		
Equity shares as at beginning of the year	572,644,378	571,554,966
Add:		
Shares issued on conversion of FCCB	29,661,822	704,914
Shares issued under CDR scheme	1,444,747	384,498
Equity shares as at end of the year	603,750,947	572,644,378
<b>0.01% Cumulative Redeemable Preference shares of ₹ 5 each</b>		
Preference shares as at beginning of the year	130,000,000	130,000,000
Preference shares as at end of the year	130,000,000	130,000,000

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

The Parent Company's Employee Stock Option Schemes are applicable to "Eligible Employees" as defined in the scheme which includes directors and employees of the Parent 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 year ended March 31, 2013, 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 for the year ended March 31, 2014.

During the year, the Board of Directors of the Parent Company approved ESOS Plan-2014 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 for the year ended March 31, 2015.

The options granted under ESOS Plan -2013 and under ESOS Plan -2014 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.

The existing options (other than those granted under ESOS plan-2013 & ESOS plan-2014) would continue to be governed by the existing terms.

During the year ended March 31, 2015, the Parent Company granted 11,569,000 (16,948,000 during year ended March 31, 2014), options to the employees of the Company and its Key Managerial Personnel at an exercise price of ₹ 10 each.

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Options	WAEP (₹)	Options	WAEP (₹)
Options outstanding at the beginning of the year	24,927,140	48.27	12,084,940	104.15
Granted during the year *	11,569,000	10.00	16,948,000	10.00
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	6,042,760	31.49	4,105,800	54.75
Options outstanding at the end of the year **	30,453,380	36.22	24,927,140	48.27
Vested options pending to be exercised as at the end of the year	12,099,240	76.00	10,169,440	103.81

\*During the year ended March 31, 2015, 1,050,000 options (for the year ended March 31, 2014 1,500,000 Options) granted to Managing Director and Global CEO and 720,000 options (for the year ended March 31, 2014 1,000,000 Options) granted to Executive Director.

\*\*Includes 4,360,000 options granted to Managing Director/Executive Director and Non-Executive Directors (for the year ended March 31, 2014, 2,590,000 options).

In view of the losses, the potential number of equity shares; which could arise on exercise of stock options granted under ESOS scheme are anti dilutive.

The following tables summarize information about outstanding stock options:

**As at March 31, 2015**

Range of exercise price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹ 45 to ₹ 50	-	-	-
₹ 57 to ₹ 144	7,550,400	2	115.76
₹ 10	22,902,980	9	10.00

**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

## 2.2 Reserves and Surplus

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>a. Securities Premium Account</b>		
Opening balance	823.54	826.61
Add : On allotment of equity shares under FCCB conversion	19.28	0.46
Add : On allotment of equity shares under CDR	1.41	0.37
Less: Premium payable on redemption of preference shares	(3.90)	(3.90)
	840.33	823.54
<b>b. Revaluation Reserve</b>		
Opening balance	-	-
Add: Movement during the year (Refer note no. 2.10.1)	125.50	-
	125.50	-
<b>c. Foreign Currency Monetary Items Translation Difference Account</b>		
Opening Balance	(24.55)	(31.60)
Add: Recognised /(amortized) during the year (Refer note no. 2.38)	4.23	7.05
	(20.32)	(24.55)
<b>d. Cash Flow Hedging Reserve Account</b>		
Opening Balance	(22.60)	(21.39)
Add : Recognised during the year (Refer note no. 2.30)	22.60	(1.21)
	-	(22.60)
<b>e. Translation Reserve</b>		
Opening balance	-	-
Add: Movement during the year	(187.23)	34.85
	(187.23)	34.85
(Less): Adjusted against Surplus/(Deficit) in Statement of profit and loss (contra)	187.23	(34.85)
	-	-
<b>f. Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	(818.30)	(495.59)
Add: Transitional Depreciation for the year (Refer note no. 2.10)	(16.71)	-
Add: Net Profit/ (Loss) for the year	(976.27)	(357.56)
Add: Translation reserve adjusted (contra)	(187.23)	34.85
	(1,998.51)	(818.30)
<b>Total</b>	<b>(1,053.00)</b>	<b>(41.91)</b>

## 2.3 Long-term borrowings

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Secured Loans</b>		
Term loans from banks		
Rupee term loan	241.65	521.31
Foreign currency loan from banks	1,015.39	827.76
Term loan from others	-	0.38
	<b>1,257.04</b>	<b>1,349.45</b>
<b>Unsecured Loans</b>		
From bank	-	-
Foreign currency convertible bonds (FCCB) (Refer Note No. 2.3.1)	540.12	573.76
Term loans:		
From others	3.67	5.28
Finance lease obligations	59.50	130.40
	<b>603.29</b>	<b>709.44</b>
<b>Total</b>	<b>1,860.33</b>	<b>2,058.89</b>

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

**As at March 31, 2015**

₹ crores

Particulars	Type	Interest rate range %	Amount	Repayment Schedule		
				0-1 yr	1-3 yrs	> 3 yrs
				Included in Other Current Liabilities	Including in Long Term Borrowings	
Secured Loan	Rupee Term loans from banks	13	2.28	2.28	-	-
		3.50	24.66	24.66	-	-
		6.75	282.54	40.89	96.63	145.02
	Foreign Currency Term loans from banks	Libor + 6	104.67	7.33	62.80	34.54
		Libor + 6.5	1,097.37	179.32	534.72	383.33
Unsecured Loan	Vehicle Loan	11.75	0.13	0.13	-	-
	Term loan from Others	-	5.50	1.83	3.67	-
	FCCB	4.75-5.00	540.12	-	540.12	-
	Finance lease obligations	12.95-15.12	208.52	149.02	59.50	-
<b>Total</b>			<b>2,265.79</b>	<b>405.46</b>	<b>1,297.44</b>	<b>562.89</b>

**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	Including in Long Term Borrowings	
Secured Loan	Rupee Term loans from banks	13	3.25	3.25	-	-
		3.50	26.09	26.09	-	-
		14.75	549.78	28.47	-	521.31
	Foreign Currency Term loans from banks	Libor + 6.5	885.69	57.93	307.90	519.86
Unsecured Loan	Vehicle Loan	11.75	0.60	0.22	0.38	-
	Term loan from Others	10.00-14.75	7.14	1.86	5.28	-
	Term loan from banks		40.00	40.00	-	-
	FCCB	4.75-5.00	573.76	-	573.76	-
	Finance lease obligations	12.95-15.12	211.23	80.83	123.56	6.84
<b>Total</b>			<b>2,297.54</b>	<b>238.65</b>	<b>1,010.88</b>	<b>1,048.01</b>



**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) dated March 30, 2012 (as amended by Amendment Agreements dated July 25, 2012 and January 9, 2014) signed for this purpose, the Company and certain of its subsidiaries identified for the purpose ("Obligors") 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, 2015**

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

Sr. No.	Tranche Name	Facility	Amount (₹ in crores)	
			As at March 31, 2015	As at March 31, 2014
1	A	Term loan facility (FCNR Loan)	174.92	167.44
2	B	Term loan facility (FCNR Loan)	244.40	234.62
3	C	Fund based facility (FCNR Loan)	49.55	47.60
		Non fund based facility	2.77	2.77
4	D & F	Term loan facility (FCNR Loan)	107.49	104.64
5	E	Fund based facility (FCNR Loan)	98.81	96.20
		Non fund based facility	60.00	60.00
6	G	Term loan facility	-	20.67
7	H	Term loan facility (FCNR Loan)	33.78	12.52
8	I	Fund based facility	18.81	5.13
9	J	Non fund based facility	2.00	2.00
		Term loan facility	-	13.68
10	K	Term loan facility (FCNR Loan)	107.89	103.48
11	L	Term loan facility (FCNR Loan)	101.30	97.26
12	Priority Loans	Term loan facility	114.02	44.73
13	Others	Term loan facility	325.87	317.65
<b>Total</b>			<b>1,441.61</b>	<b>1,330.39</b>

**Facilities covered by the security created:****A. Security created:**

Sr. No.	Security	First Charge to	Second Charge to
1.	A charge and mortgage on all the present and future immovable and movable tangible fixed assets (except leased assets) of the Company.	Lenders of Tranches A and D	All CDR Lenders (other than the lenders of Tranches A and D) and the Additional Foreign Currency Facility Lender.
2	A charge on all the Receivables and stocks of the Company.	Lenders of Tranches 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 the Development Bank of Singapore (DBS).	All CDR Lenders (other than the lenders of Tranches E, G, I and K) and the Additional Foreign Currency Facility Lender.



Sr. No.	Security	First Charge to	Second Charge to
3	A charge on all the present and future current assets (except 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 DBS.  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 (other than the lender of Tranche I) and the Additional Foreign Currency Facility Lender.
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.  In respect of other IPRs, all CDR Lenders and the Additional Foreign Currency Facility Lender.	Not Applicable

#### 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 and the Additional Foreign Currency Lender. Each Corporate Guarantee shall be secured/ credit enhanced by security interest over assets of the relevant material subsidiary providing the Corporate Guarantee, as permitted under applicable laws in the relevant jurisdictions, as detailed in the table below and shall have the ranking as mentioned against each security.

Sr. No.	Security	First Charge to	Second Charge to
Charge on assets of 3i Infotech Inc			
1	A charge on all the present and future movable fixed assets and current assets of 3i Infotech Inc.	Lender of Tranche B.  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 (₹28.14 Crores).	All CDR Lenders (other than the lender of Tranche B) and the Additional Foreign Currency Facility Lender.
Charge on assets of 3i Infotech (Middle East) FZ LLC			
2	A charge on all the present and future movable fixed assets and current assets (except Receivables and the collection account) of 3i Infotech (Middle East) FZ LLC.	All CDR Lenders and the Additional Foreign Currency Facility Lender.  First ranking pari passu security interest has been created over collection account of 3i Infotech (Middle East) FZ LLC to secure USD 17 million (₹106.30 Crores) Structured Trade Finance (STF) facility and guarantee facility by Standard Chartered Bank, Dubai.	Not Applicable
3	A charge on all the Receivables of 3i Infotech (Middle East) FZ LLC.	Not Applicable	All CDR Lenders and the Additional Foreign Currency Facility Lender.
Charge on assets of 3i Infotech Asia Pacific Pte Limited			

Sr. No.	Security	First Charge to	Second Charge to
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 and the Additional Foreign Currency Facility Lender.  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 (₹12.51 Crores) provided by Standard Chartered Bank, Singapore.	Not Applicable
5	A charge on all the Receivables and stocks of 3i Infotech Asia Pacific Pte Limited.	Not Applicable  First charge has been created to secure the cash credit facility of USD 2 million ₹12.51 Crores provided by Standard Chartered Bank, Singapore.	All CDR Lenders and the Additional Foreign Currency Facility Lender.
Charge on assets of 3i Infotech (Western Europe) Holdings Limited, 3i Infotech (UK) Ltd., 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited.			
6	A charge on all the present and future movable assets including current assets of 3i Infotech (Western Europe) Holdings Limited, 3i Infotech (UK) Ltd, 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited, except current assets of 3i Infotech BPO Limited	All CDR Lenders and the Additional Foreign Currency Facility Lender.	Not Applicable
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 and the Additional Foreign Currency Facility Lender.

### 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 and the Additional Foreign Currency Lender, ICICI Bank Limited. 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 and the Additional Foreign Currency Facility of ₹215 crores availed from ICICI Bank Limited.

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
3i Infotech Asia Pacific Pte Limited.	3i Infotech SDN BHD	5,000,000 shares of RM 1 each

Pledgor (I)	Company whose shares have been pledged (II)	Details of shares pledged (III)
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:**

1. ₹ 0.13 crores (as at March 31, 2014 of ₹ 0.60 crores) loan is secured by way of hypothecation of certain Company owned vehicles in favour of Kotak Mahindra Bank.
2. Exclusive charge by way of hypothecation on the entire current assets of Locuz Enterprise Solutions Limited, both present and future, to secure credit facilities of ₹ 34 crores granted by IDBI Bank Limited to Locuz Enterprise Solutions Limited. Cash credit Facility outstanding as on 31<sup>st</sup> March 2015 is ₹ 6.21 Crores ( as at 31<sup>st</sup> March 2014 – 6.78 Crores)

**2.3.1 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	2.44 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 2015</b>	<b>Nil</b>	9.64 million
31 Mar 2014	Nil	0.23 million
<b>Bought back as at - (USD)</b>		
<b>31 Mar 2015</b>	<b>Nil</b>	<b>Nil</b>
31 Mar 2014	Nil	Nil
<b>Outstanding as at - (USD)</b>		
<b>31 Mar 2015</b>	<b>2.44 million</b>	<b>83.94 million</b>
31 Mar 2014	2.44 million	93.58 million
<b>Outstanding as at - (₹ Crores)</b>		
<b>31 Mar 2015</b>	<b>15.22</b>	<b>524.90</b>
31 Mar 2014	14.55	559.21

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

**2.4 Deferred tax liability**

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax asset:</b>		
Expenses allowable on payment and others	-	(0.33)
	-	(0.33)
<b>Deferred tax liability:</b>		
Fixed Assets (Depreciation / Amortization)	-	1.25
	-	1.25
<b>Net deferred tax liability</b>	-	0.92

## 2.5 Other long-term liabilities

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
Cash flow hedging liability (Refer note no.2.30)	-	-
Premium payable on redemption of FCCB	6.31	6.03
Premium payable on redemption of preference shares	11.70	7.80
Payable towards rent in terms of the settlement agreement	-	1.00
<b>Total</b>	<b>18.01</b>	<b>14.83</b>

## 2.6 Short-term borrowings

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Secured Loans</b>		
Term Loans:		
From banks	15.44	-
Working capital loans	83.06	133.95
	<b>98.50</b>	<b>133.95</b>
<b>Unsecured Loans</b>		
Term Loans:		
From banks	1.65	4.00
From others	9.50	7.65
Bank Overdraft	2.57	-
Acceptances from an Associate	52.45	140.17
	<b>66.17</b>	<b>151.82</b>
<b>Total</b>	<b>164.67</b>	<b>285.77</b>

## 2.7 Trade payables

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Due to:</b>		
Associate	-	0.07
Others	211.36	184.61
<b>Total</b>	<b>211.36</b>	<b>184.68</b>

As at March 31, 2015, the Parent Company and subsidiaries incorporated India 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 Parent Company and subsidiaries incorporated India, on request made to all vendors.

As at March 31, 2015, the Group has no outstanding dues on Joint venture (refer note no. 2.33).

## 2.8 Other current liabilities

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<b>Current maturities of long term loans &amp; finance lease obligations</b>		
<b>Secured term loans</b>		
Rupee term loan from banks	22.78	51.44
Foreign currency loan from banks	109.11	57.93
Vehicle Loan	0.13	0.22
Other overdue borrowings from banks	135.18	47.89
<b>Unsecured term loans</b>		
From banks	-	-
From others	1.83	1.86
Finance lease obligations	74.21	62.44
Overdue finance lease obligations	74.81	18.39
Overdue on other borrowings from Banks	-	61.86
<b>Total (A)</b>	<b>418.05</b>	<b>302.03</b>
<b>Other Liabilities</b>		
Overdue borrowing from bank - short term secured	1.50	-
Interest accrued but not due on borrowings	12.53	12.64
Interest accrued and due on borrowings/acceptances	165.90	79.35
Payable towards interest sacrifice	6.20	7.89
Unclaimed dividend *	0.37	0.42
Advances received from customers (includes unearned revenue)	83.44	107.55
Other payables	28.32	96.08
Cash flow hedging liability (Refer note no.2.29)	-	22.60
<b>Total Other Liabilities (B)</b>	<b>298.26</b>	<b>326.53</b>
<b>Total Other Current Liabilities (A + B)</b>	<b>716.31</b>	<b>628.56</b>

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

## 2.9 Short-term provisions

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee benefits	29.13	27.82
<b>Total</b>	<b>29.13</b>	<b>27.82</b>

## 2.10 Fixed assets

As at March 31, 2015

₹ crores

Particulars	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2014	Additions during the year	Ded/ (Adj) during the year	As at March 31, 2015	As at April 1, 2014	Dep for the year	Ded/ (Adj) during the year	As at March 31, 2015	As at March 31, 2015
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.12	-	0.00	0.12	0.40
- Freehold	-	-	-	-	-	-	-	-	-
Buildings - Owned	33.86	-	33.86	-	16.96	7.11	24.07	-	-
- Leasehold 1	20.85	-	(125.50)	146.35	4.62	1.27	0.01	5.88	140.47
Plant & Equipment / Electrical Installations	14.89	0.15	11.06	3.98	7.75	0.33	4.39	3.69	0.29
Furniture & Fixtures	26.08	0.51	14.21	12.38	19.33	1.81	11.47	9.67	2.71
Vehicles	4.54	0.07	1.02	3.59	1.89	0.68	(0.03)	2.60	0.99
Office Equipment	19.46	1.46	6.02	14.90	12.88	2.41	2.39	12.90	2.00
Computers	112.25	2.76	34.22	80.79	86.85	15.81	31.15	71.51	9.28
Leasehold Improvements	23.82	2.16	2.40	23.58	14.70	1.73	(2.39)	18.82	4.76
Asset on Finance Lease 2.10.3	275.59	-	3.98	271.61	114.20	64.01	3.98	174.23	97.38
	<b>531.86</b>	<b>7.11</b>	<b>(18.73)</b>	<b>557.70</b>	<b>279.30</b>	<b>95.16</b>	<b>75.04</b>	<b>299.42</b>	<b>258.28</b>
<b>Intangible assets</b>									
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-
Software Products - Meant for sale	1,257.28	-	(46.48)	1,303.76	256.65	103.84	-0.01	360.50	943.26
Software Products - Others	238.26	0.11	3.93	234.44	186.94	28.65	2.71	212.88	21.56
Business and Commercial Rights	44.62	-	7.26	37.36	35.66	1.45	7.26	29.85	7.51
	<b>1,541.95</b>	<b>0.11</b>	<b>(35.29)</b>	<b>1,577.35</b>	<b>481.04</b>	<b>133.94</b>	<b>9.96</b>	<b>605.02</b>	<b>972.33</b>
<b>Total Tangible and Intangible</b>	<b>2,073.81</b>	<b>7.22</b>	<b>(54.02)</b>	<b>2,135.05</b>	<b>760.34</b>	<b>229.10</b>	<b>85.00</b>	<b>904.44</b>	<b>1,230.61</b>

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	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	32.34	-	11.49	20.85	8.98	1.15	5.50	4.62	16.23
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
Leasehold Improvements	34.32	1.47	11.97	23.82	20.09	6.03	11.43	14.70	9.12
Asset on Finance Lease 2.10.3	274.73	28.88	28.02	275.59	82.64	59.58	28.02	114.20	161.39
	<b>549.02</b>	<b>36.05</b>	<b>53.23</b>	<b>531.86</b>	<b>224.25</b>	<b>100.42</b>	<b>45.38</b>	<b>279.30</b>	<b>252.56</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 assets</b>	<b>2,003.50</b>	<b>89.17</b>	<b>18.88</b>	<b>2,073.81</b>	<b>615.66</b>	<b>256.42</b>	<b>111.75</b>	<b>760.34</b>	<b>1,313.47</b>

2.10.1 Pursuant to the Act coming into effect from April 1, 2014, based on internal technical evaluation, the management reassessed the remaining useful life of tangible assets with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives of tangible fixed assets are as below:

Category of Assets	Existing useful life (Years)	Revised useful life (Years)
Computer	1-6	1-6
Plant and Machinery, Electrical Installation	21	5
Office Equipments	1-21	1-5
Furniture and Fixtures	3-16	3-10
Vehicles	3-11	3-8

Consequently, in case of assets which have completed their useful life, the carrying value (net of residual value) as at 1<sup>st</sup> April, 2014 amounting to ₹ 16.71 crores has been adjusted to the Opening Deficit in Statement of Profit and Loss.

Also the carrying value of the assets (net of residual value) is being depreciated over the revised remaining useful lives. Consequently, the depreciation and amortization expense for the year ended 31 March, 2015 would have been lower by ₹ 6.55 crores (net of deferred tax of ₹ Nil)

### 2.10.2 Building – Leasehold includes:

During the year, the parent Company has revalued its Leasehold Building (60 years lease period) based on the fair market valuation obtained from an independent expert valuer. Accordingly, ₹ 125.50 crores has been credited to revaluation reserve and incremental depreciation thereon of ₹ 0.91 crores has been included in Depreciation and Amortisation Charge. Also, ₹ 146.35 crores remain substituted for historical cost in the gross block.

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

#### As at March 31, 2015

₹ crores			
Asset type	Gross Block	Accumulated Depreciation	Net Block
Computers	195.14	126.38	68.76
Plant & Equipment/Electrical Installations	0.32	0.19	0.13
Furniture & Fixtures	65.48	41.03	24.45
Leasehold Improvements	10.67	6.63	4.04
<b>Total</b>	<b>271.61</b>	<b>174.23</b>	<b>97.38</b>

#### 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	4.33	6.34
<b>Total</b>	<b>275.59</b>	<b>114.20</b>	<b>161.39</b>

2.10.4 Depreciation for the year includes gain on sale/discarding of various assets amounting to ₹0.09 crores (for the year ended March 31, 2014 loss of ₹4.36 crores) and certain intangible assets have been fully amortized having Gross Block of ₹ 7.26 crores (as at March 31, 2014 ₹ 15.40 crores), Accumulated Depreciation ₹ 6.54 crores (as at March 31, 2014 ₹ 2.66 crores) and Net Block of ₹ 0.72 crores (as at March 31, 2014 ₹ 12.74 crores) due to technological obsolescence/commercial unviability.

### 2.11 Goodwill arising on consolidation

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<b>Opening balance</b>	<b>1,632.60</b>	1,546.66
Less: Due to sale of subsidiaries (refer note 2.41)	(575.11)	-
Less: Due to impairment (refer note 2.32.2)	(350.00)	-
Add/(Less): Impact due to foreign currency fluctuation	3.07	85.94
<b>Closing balance</b>	<b>710.56</b>	1,632.60



## 2.12 Non-Current Investments

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<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, 2014 - 200,000 shares)	0.10	0.10
55,000 equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited. (as at March 31, 2014 - 55,000 shares)	0.06	0.06
37,500 Equity Shares of Egyptian Pounds 100 each fully paid up of Nile Information Technology. (as at March 31, 2014 - 37,500 shares)	2.91	2.91
Less: Provision for diminution in the value thereof	(2.91)	(2.91)
8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA.	2.10	2.10
Less: Provision for diminution in the value thereof	(2.10)	(2.10)
250,00,000 Redeemable Non Convertible Zero Coupon Preference Shares of ₹ 10 each fully paid up of eMudhra Ltd. redeemable by December 14, 2015. (as at March 31, 2014 - 2,50,00,000 shares)	25.00	25.00
	25.16	25.16
(a) Aggregate amount of Unquoted investments	30.17	30.17
(b) Aggregate provision for diminution in value of investments	5.01	5.01

## 2.13 Deferred tax asset

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax asset:</b>		
Unabsorbed losses /depreciation	818.34	684.25
Expenses allowable on payment and others (including provision for doubtful debts)	73.09	45.90
Provision for Diminution in value of Investments / Loss Provided on divestment of step down subsidiaries	212.77	
Fixed assets (Depreciation / Amortization)	0.47	0.43
Others	2.66	
	1,107.33	730.58
Deferred Tax Liability:		
Fixed Assets (Depreciation / Amortization)	315.29	271.15
	315.29	271.15
	792.04	459.43
Less: Deferred tax assets not recognised as a matter of prudence	666.20	335.59
<b>Net deferred tax asset</b>	<b>125.84</b>	<b>123.84</b>

In respect of deferred tax asset of ₹ 125.84 crores (as at March 31, 2014 ₹ 123.84 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.

## 2.14 Long-term loans and advances

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Capital advances	-	0.03
Security deposits (Includes lease rent deposits)	11.32	17.46
MAT credit receivable	8.98	30.90
Prepaid expenses	8.32	12.97
Advance tax and tax deducted at source (net of provision for tax)	145.07	124.91
Advances recoverable in cash or in kind or for value to be received	0.14	2.29
	173.83	188.56
<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>173.83</b>	<b>188.56</b>

## 2.15 Other non-current assets

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured considered good</b>		
Unbilled revenue	3.83	18.77
Unamortised borrowing cost	6.05	6.38
Bank balance in margin money accounts	-	0.43
<b>Total</b>	<b>9.88</b>	<b>25.58</b>

## 2.16 Inventories

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
Hardware and Supplies	1.44	1.36
<b>Total</b>	<b>1.44</b>	<b>1.36</b>

## 2.17 Trade receivables

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Debts outstanding for a period exceeding 6 months from the due date of payment	24.23	39.64
Others	155.05	170.21
	179.28	209.85
Unsecured, considered doubtful	50.15	37.62
Less: Provision for bad and doubtful debts	50.15	37.62
	-	-
<b>Total</b>	<b>179.28</b>	<b>209.85</b>

## 2.18 Cash and bank balances

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Cash and Cash Equivalents</b>		
in current accounts	11.04	50.95
Cheques on hand	-	0.01
Remittance in transit	-	0.66
Cash on hand	0.43	0.13
<b>TOTAL (A)</b>	<b>11.47</b>	<b>51.75</b>
<b>Other Bank Balances</b>		
- in margin money accounts	6.89	8.84
- in escrow accounts	4.15	0.20
- in dividend accounts	0.37	0.42
<b>TOTAL (B)</b>	<b>11.41</b>	<b>9.46</b>
<b>TOTAL (A+B)</b>	<b>22.88</b>	<b>61.21</b>

## 2.19 Short-term loans and advances

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Capital advances	-	0.37
Security deposits (Includes lease rent deposits)	11.39	11.72
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	2.21	2.18
Less: Provision for deposits forfeited	(2.21)	(2.18)
	11.39	12.09
<b>Other loans and advances</b>		
Advance tax and tax deducted at source (net of provision for tax)	7.31	12.02
Prepaid expenses	7.62	16.77
Loans to staff	1.00	0.84
Advances recoverable in cash or in kind or for value to be received	48.23	31.51
	64.16	61.14
<b>Total</b>	<b>75.55</b>	<b>73.23</b>

## 2.20 Other current assets

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Unbilled revenue	97.97	131.01
Unamortised borrowing cost	2.27	1.84
Interest accrued but not due on loans given	-	0.01
<b>Total</b>	<b>100.24</b>	<b>132.86</b>

\* Includes ₹ 8.32 crores from an associate (as at March 31, 2014 ₹ 9.96 crores)

## 2.21 Revenue from operations

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
IT solutions	1,280.26	1,230.66
Transaction services	63.74	77.23
<b>Total</b>	<b>1,344.00</b>	<b>1,307.89</b>

## 2.22 Other income

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income	1.76	3.91
Gain on sale/discarding of fixed assets	0.09	8.74
Foreign exchange gain (net)	-	103.01
Other non-operating income	2.58	14.95
<b>Total</b>	<b>4.43</b>	<b>130.61</b>

## 2.23 Employee benefit expenses and Cost of Revenue

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries and wages	683.73	791.08
Contribution to provident funds and other funds	27.43	34.66
Recruitment and training expenses	2.66	2.60
Staff welfare expenses	9.11	13.10
Cost of third party products / outsourced services	279.34	187.18
<b>Total</b>	<b>1,002.27</b>	<b>1,028.62</b>

## 2.24 Finance cost

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest expense	203.39	299.02
Other borrowing costs	8.01	22.08
<b>Total</b>	<b>211.40</b>	<b>321.10</b>

## 2.25 Other expenses

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Rent	36.45	55.10
Foreign exchange loss (net)	3.37	-
Travelling and conveyance	31.38	32.69
Power and fuel	9.84	12.26
Selling and distribution expenses	1.99	2.74
Repairs and Maintenance	6.59	7.89
Insurance	8.31	7.12
Rates and taxes	5.07	5.58
Communication expenses	10.93	15.72
Printing and stationery	1.83	1.95
Directors' Sitting Fees	0.15	0.07
Legal and Professional charges	26.28	25.75
Bad debts written off	0.75	29.55
Less: Provision for doubtful debts withdrawn	(0.75)	(29.55)
Provision for doubtful debts	14.07	9.18
Miscellaneous expenses	12.75	12.04
<b>Total</b>	<b>169.01</b>	<b>188.09</b>

## 2.26 Exceptional Items:- Income/(Expenses)

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Loss on sale of subsidiaries (Refer Note 2.32.2 & 2.41)	(287.64)	-
Provision for Goodwill Impairment (Refer Note 2.32.2)	(350.00)	-
Old Irrecoverable balances written off	(35.53)	-
<b>Total</b>	<b>(673.17)</b>	<b>-</b>

## 2.27 Tax expenses

	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Current taxes:		
Income tax	13.91	11.99
Minimum Alternate Tax (MAT) credit entitlement written off	21.80	3.98
Income tax pertaining to earlier years written off	6.86	3.81
	42.57	19.78
Deferred tax asset reversed (net)	(3.03)	(18.45)
<b>Total</b>	<b>39.54</b>	<b>1.33</b>

## 2.28 Members of the Group

Parent company's subsidiaries/ Associates/ Joint venture's 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 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 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 (Upto Dec 23, 2014)c ( Refer Note no. 2.41.b)	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
12	3i Infotech Holdings Private Limited	Mauritius	100% held by 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 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 ( Refer Note no. 2.41.a)	India	100% held by Black Barret Holdings Limited	May 8, 2007
18	Professional Access Limited (Upto Aug 14, 2014) ( Refer Note no. 2.41.a)	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 Parent Company	Nov 30, 2007
21	3i Infotech BPO Limited	India	100% held by Parent Company	Dec 3, 2007
22	3i Infotech (Flagship-UK) Limited (Upto Dec 23, 2014) ( Refer Note no. 2.41.b)	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 Parent Company	Jul 10, 2007
26	IFRS Cloud Solutions Limited (formerly known as 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
28	Locuz Inc.	USA	100% held by Locuz Enterprise Solutions Limited	Jul 29, 2014

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

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

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
Outstanding Bank guarantees	3.42	9.90
Arrears of Cumulative Preference Dividend (including dividend distribution tax thereon)	4.83	4.83
<b>Estimated amount of claims against the Group not acknowledged as debts in respect of :</b>		
- Disputed Income Tax matters	52.04	50.16
- Disputed Sales Tax matters	35.23	3.79
- Disputed Service Tax matters (excluding interest as applicable)	181.07	181.77
- Customer claims	15.88	19.88
- Others*	47.61	49.86
<b>Total</b>	<b>340.08</b>	<b>320.19</b>

\* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.78 crores (as at March 31, 2014 - ₹ 0.85 crores).

During the last few years commencing from financial year 2011-12, due to financial crunch, the Group has not been regular in payment of statutory dues and also has other 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 substantial additional liability, as may arise, on such delays/defaults, amount whereof is presently not ascertainable.

The group's pending litigation is in respect of proceedings pending with Tax Authorities and customer claims with various courts. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial statements.

## 2.29.2 Capital Commitments

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.14	0.07
b) Uncalled capital pertaining to Joint Venture	1.17	1.12

## 2.30 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 Mar 31, 2015, the Company recognized ₹ 22.60 crores (for the year ended March 31, 2014 ₹ 1.21 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, 2015 is NIL. (as at March 31, 2014 negative ₹ 22.60 crores).

As at March 31, 2015, the fair values of outstanding derivatives designated under cash flow hedge accounting was Nil (as at March 31, 2014 ₹ 22.60 crores), of which Nil (as at March 31, 2014 Nil) is presented in the balance sheet under 'Other long term liabilities' and the Nil (as at March 31, 2014, ₹ 22.60 ) is presented under "Other current liabilities".

## 2.31 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 group and/or lessors' option as mutually agreed. The future lease rental payment committed is as under:

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
Within one year	18.36	30.05
Later than one year and not later than five years	39.74	89.18
Later than five years	27.97	27.32

- (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:

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
Within one year	4.66	3.61
Later than one year and not later than five years	1.16	5.82
Later than five years	-	-

### b) Finance Lease

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

As at March 31, 2015

Particulars	₹ crores		
	Minimum Lease Payment	Finance Charges	Present Value of Minimum lease payments
Within one year	200.66	51.64	149.02
Later than one year and not later than five years	63.07	3.57	59.50
Later than five years	-	-	-

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	-	-	-

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



### 2.32.1 Going Concern

During the financial year 2011-12, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond (FCCB) holders with respect to its obligations. Post the debts restructuring, there have been substantial delays in repayment of Principal and payment of Interest in respect of CDR lenders as well as for the interest on the FCCB, which may be construed as Default as per the Master Restructuring Agreement (MRA) and the terms of FCCB. The Company is negotiating with the aforesaid lenders as also with the lease financiers to restructure the debt and is reasonably certain to renegotiate and meet its financial obligations

### 2.32.2 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', specified under Section 133 of the Act, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis, with the assistance of an independent expert valuer and accordingly provision for Impairment Loss of ₹350 crores (Previous year ₹ Nil) has been made. Besides, the Company has incurred loss on sale of Subsidiaries of ₹287.64 crores on account of divestment of stake in step down subsidiaries during the year. (Also Refer note 2.41)

### 2.33 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:

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
Assets	0.49	0.46
Liabilities	0.40	0.38

₹ crores		
Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Income	-	-
Expenses	-	-

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
Contingent Liability	-	-
Commitments	-	-

- 2.34 a) In the opinion of the Board, 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.

### 2.35 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, 2015	For the year ended March 31, 2014
Profit/(Loss) before exceptional items and discontinued operations and after tax as per Statement of Profit and Loss (₹ crores)		(302.90)	(357.05)
Add/Less: Minority interest (₹ crores)		0.21	0.50
Profit/(Loss) after minority interest (₹ crores)		(303.11)	(357.55)
Less: Dividend on preference shares accrued but not declared (incl. Corporate Dividend taxes) (₹ crores)		4.83	4.83
Profit/(Loss) attributable to equity shareholders before exceptional items and impact of discontinued operations (₹ crores)	A	(307.94)	(362.38)
Add: Profit/(Loss) due to exceptional items and impact of discontinued operations (₹ crores)		(673.17)	0.00
Profit/(Loss) attributable to equity shareholders after exceptional items and impact of discontinued operations (₹ crores)	B	(981.11)	(362.38)
Weighted average number of equity shares outstanding during the year (Nos.)	C	582,143,397	572,072,722
Add: Effect of dilutive issues of options (Nos.)		0.00	0.00
Diluted weighted average number of equity shares outstanding during the year (Nos.)	D	582,143,397	572,072,722
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	(5.29)	(6.33)
Diluted Earnings Per Share (₹)	A/D	(5.29)	(6.33)
<b>After exceptional items and impact of discontinued operations</b>			
Basic Earnings Per Share (₹)	B/C	(16.85)	(6.33)
Diluted Earnings Per Share (₹)	B/D	(16.85)	(6.33)

## 2.36 Related Party Transactions:

### a) Key Management Personnel and associate:

Following are the details of Key Management Personnel/Related Parties of the Group with whom the transactions have been carried out during the year:

Key Management Personnel/Related Party	Designation/Details
1. Mr. Madhivanan Balakrishnan	Managing Director & Global CEO
2. Mr. Padmanabhan Iyer	Chief Financial Officer (from November 11, 2014)
3. Mr. Charanjit Attra	Executive Director
4. Mr. Ninad Kelkar	Company Secretary
5. 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, 2015	For the year ended March 31, 2014
<b>Directors / KMP - Mr. Charanjit Attra</b>		
Remuneration	0.95	1.58
<b>Directors / KMP - Mr. Madhivanan Balakrishnan</b>		
Remuneration	1.78	3.14
<b>Directors / KMP - Mr. Padmanabhan Iyer</b>		
Remuneration	0.39	-
<b>Directors / KMP - Mr. Ninad Kelkar</b>		
Remuneration	0.19	-
<b>ICICI Bank Limited #</b>		
Income	188.09	144.72
Expenses	2.22	1.69
Old Irrecoverable Balance written Off	1.74	-
Doubtful debt written back	-	0.03

# 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.

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

₹ crores

Particulars	Nature of Balances	As at March 31, 2015	As at March 31, 2014
<b>ICICI Bank Limited</b>	Trade Receivables	0.09	28.22
	Trade Payables	-	0.07
	Advances Payable	58.52	140.17
	Other Deposits Payable	1.55	1.55
	Unbilled Revenue	8.32	9.96
<b>Directors' Remuneration</b>			
Mr. Madhivanan Balakrishnan *	Payable	1.78	1.83
Mr. Charanjit Attra *	Payable	0.85	1.18
Mr. Padmanabhan Iyer *	Payable	0.38	-
Mr. Ninad Kelkar *	Payable	0.01	-

\*includes 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.

**2.37 Disclosures pursuant to AS 17 – Segment Reporting:**

- a) The Group has identified two Operating Segments, viz “IT Solutions” and “Transaction Services”.

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Segment Revenues:		
IT Solutions	1,280.26	1,230.66
Transaction Services	63.74	77.23
Total Revenues	1,344.00	1,307.89
Unallocable expenses:		
Operating, Selling and Other expenses	201.41	202.79
Finance cost	211.40	321.10
Depreciation & Amortization	229.10	256.42
Segment Results (Gross Profit):		
IT Solutions	358.59	281.20
Transaction Services	15.54	12.77
Total Segment Results	374.13	293.97
Operating Profit/(Loss)	(267.78)	(486.34)
Other Income	4.43	130.61
Profit/(Loss) before tax	(263.35)	(355.73)
Less : Taxes	39.54	1.33
Profit/(Loss) after tax	(302.90)	(357.06)
Less : Exceptional items	(673.17)	-
Less: Discontinued operations	-	-
Profit/(Loss) after tax, exceptional items and discontinued operations	(976.06)	(357.06)
Add : Share of Profit in Associate		
Less : Minority interest	0.21	0.50
Net Profit/(Loss) after minority interest, exceptional items and discontinued operations	(976.27)	(357.56)

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, are as under:

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Emerging Markets	828.88	668.93
Developed Markets	515.12	638.96
<b>Total Revenue</b>	<b>1,344.00</b>	<b>1,307.89</b>

Emerging Markets:- South Asia, Asia Pacific, Middle East & Africa Geography entities.

Developed Markets:- U.S & U.K Geography entities.

### 2.38 Foreign Currency Monetary Item Translation Difference Account:

During the year, in compliance with Accounting Standard (AS) 11 – The Effects of Changes in Foreign exchange Rates, exchange loss of ₹ 15.40 crores (for the year ended March 31, 2014 loss of ₹ 52.34 crores) arising on FCCBs and exchange gain of ₹ 2.79 crores (for the year ended March 31, 2014 gain of ₹ 49.88 crores) on long term foreign currency investment in Preference shares/loan, exchange gain of ₹ 0.42 crores (for the year ended March 31, 2014 loss of ₹ 0.42 crores) on foreign currency loan being long term monetary liability/asset and exchange gain of 3i Infotech Holdings Pvt Ltd. of ₹ 21.12 crores (for the year ended March 31, 2014 ₹ Nil crores) on reinstatement of preference share capital pending allotment 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 loss amortized during the year is ₹ 7.35 crores (for the year ended March 31, 2014 ₹ 9.93 crores) and exchange gain of 3i Infotech Holdings Pvt Ltd amortized during the year is ₹ 12.05 crores (for the year ended March 31, 2014 ₹ Nil Crores).

### 2.39 Share Application Money Pending Allotment:

During the year, in line with the CDR Scheme and execution of the Deed of Accession to Master Restructuring Agreement (MRA) with one of the Non CDR lenders, the Company has transferred the Principal outstanding of ₹.16.75 crores and accumulated interest payable for the period from October 1, 2011 to March 31, 2012 of ₹.16.75 crores to “Share Application Money pending allotment”; against which the equity shares are to be issued at a price of ₹.19.74 per equity share.

### 2.40 Employee Benefit Plans

The Company and its subsidiaries in India provide to the eligible employee’s defined benefit plans such as gratuity. In case of Parent Company and subsidiaries incorporated in India, the present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Certain overseas subsidiaries of the Company also provide for retirement benefit plans in accordance with the local laws.

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

##### Change in benefit obligation

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Obligation at the beginning of the year	14.61	13.02
Interest cost	1.37	1.02
Current service cost	2.23	2.68
Benefits paid	(4.44)	(6.16)
Actuarial (gain)/loss in obligations	4.71	4.04
Obligation at year end	18.47	14.60

##### Change in Fair value of Plan assets

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Fair value of plan assets at the beginning of the year	0.01	0.01
Expected return on plan assets	0.00	0.00
Contributions by the employer	-	-
Benefits paid	-	-
Actuarial loss on plan assets	(0.00)	(0.00)
Fair value of plan assets at year end	0.01	0.01

**Expenses recognised in Statement of Profit and loss****₹ crores**

<b>Particulars</b>	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
Current service cost	<b>2.22</b>	2.68
Interest cost	<b>1.36</b>	1.02
Expected return on plan assets	<b>(0.00)</b>	(0.00)
Net actuarial (gain)/loss recognized during the year	<b>4.72</b>	4.04
Expenses recognised in Statement of Profit & Loss	<b>8.30</b>	7.74

**Reconciliation or Present Value of the obligation and the Fair value of the plan assets****₹ crores**

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Liability at year end	<b>18.46</b>	14.60
Fair value of plan assets at year end	<b>0.01</b>	0.01
Liability recognized in the balance sheet	<b>18.45</b>	14.59

**Assumptions**

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Discount Rate	<b>7.90%</b>	9.29% - 9.36% p.a.
Expected Rate of Return on Plan Assets	<b>8.70% p.a.</b>	8.70% p.a.
Salary Escalation Rate	<b>3% for first three years and 2% thereafter</b>	4.00%-6.00%

**Experience Adjustment****₹ crores**

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
On Plan Liabilities (Gain)\Loss	<b>5.18</b>	4.81
On Plan Assets Gain\Loss	<b>(0.00)</b>	(0.00)

The liability recognized with respect to Gratuity within the balance sheet as at March 31, 2015 is ₹ 21.58 crores (as at March 31, 2014 is ₹ 18.98 crores). The liability recognized with respect to leave encashment/entitlement in the balance sheet as at March 31, 2015 is ₹ 3.05 crores (as at March 31, 2014 is ₹ 2.32 crores )

## 2.41 Sale of Subsidiaries :

- a) Professional Access group, which is in the business of providing IT Services, was acquired by 3i Infotech group in 2007.

During the year, Professional Access Software Development Pvt. Ltd., India, a step down subsidiary of Parent Company has sold its entire business undertaking to Zensar Technologies Ltd., India by way of a slump sale in an all cash deal.

Further, in another transaction for the divestment of its stake in Professional Access Ltd., USA, the Parent company has sold its entire shareholding to Zensar Technologies Inc. USA for a cash consideration.

The said transaction has resulted in profit of ₹97.05 crores. Consequent to the sale of the business, Goodwill arising on Consolidation amounting to ₹ 262.27 crores and credit pertaining to the said Goodwill in translation reserve amounting to ₹69.13 crores has been adjusted against the aforesaid profit, resulting in loss of ₹96.09 crores, which has been shown as Exceptional item in Consolidated Statement of Profit & Loss.

- b) During the year, 3i Infotech (Western Europe) Group Limited, UK, step down subsidiary, has sold its shareholding in 3i Infotech (Western Europe) Limited, UK and 3i Infotech (Flagship-UK) Limited, UK (herewith together referred to as "3i Infotech Western Europe") to Objectway Financial Software, UK.

The said transaction has resulted in profit of ₹76.99 crores. Consequent to the sale, Goodwill arising on Consolidation amounting to ₹312.84 crores and credit pertaining to the said Goodwill in translation reserve amounting to ₹44.30 crores has been adjusted against the aforesaid profit, resulting in loss of ₹191.55 crores, which has been shown as exceptional item in Consolidated Statement of Profit & Loss.

Professional Access (PA) Group:- Figures of PA Group for the current year and previous year included in financials are as under

₹ crores

Particulars	For the period ended March 31, 2015	For the year ended March 31, 2014
Income from operation	85.86	230.38
Other Income	1.52	7.45
Operating, selling and other expenses	(73.46)	(196.33)
Profit before interest, Depreciation and amortisation	13.91	41.50
Interest	(0.39)	(1.22)
Depreciation	(0.82)	(3.36)
Profit before taxes	12.70	36.92
income tax expense	(5.16)	(14.19)
Profit after taxes	7.54	22.73
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Total Assets</b>		
Fixed Assets (Net)	-	5.72
Net Current Assets	129.66	93.23
Deferred tax assets (net)	-	1.59
Total Liabilities	-	-
Secured Loans	-	13.66

3i Infotech (Western Europe) Limited & 3i Infotech (Flagship-UK) Limited:- Figures for the current year and previous year included in financials are as under

₹ crores

Particulars	For the period ended March 31, 2015	For the year ended March 31, 2014
Income from operation	82.32	119.12
Operating, selling and other expenses	(74.34)	(104.11)
Profit before interest, Depreciation and amortisation	7.98	15.01
Interest	(1.03)	(1.67)
Depreciation	(0.44)	(0.47)
Profit before taxes	6.51	12.87
income tax expense	-	-
Profit after taxes	6.51	12.87
<b>Total Assets</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Fixed Assets (Net) incl intangible assets under development	-	15.46
Net Current Assets	-	7.07
Deferred tax assets (net)	-	-
Total Liabilities		
Secured Loans	-	(21.90)
Deferred tax Liabilities (net)	-	-

#### 2.42 Statement of Net Assets and Profit or Loss attributable to Owners and Minority Interest:

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated profit or loss	Amount (₹ crores)
<b>Parent</b>	-137%	479.25	38%	(375.73)
<b>Subsidiaries</b>				
<b>Indian :</b>				
Professional Access Software Development Pvt Limited, (India)	-30%	106.79	2%	(24.30)
3i-Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India)	4%	(14.03)	0%	1.44
3i Infotech Trusteeship Services Limited, (India)	1%	(3.74)	0%	0.34
3i Infotech Consultancy Services Limited, (India)	21%	(72.12)	6%	(56.83)
3i Infotech Outsourcing Services Limited (India)	0%	(0.00)	0%	(0.00)
Locuz Enterprise Solutions Limited, (India)	-5%	16.29	0%	(0.11)
<b>Foreign</b>				
3i Infotech Inc., (USA)	-32%	110.67	-3%	24.88
3i Infotech Holdings Private Limited, (Mauritius)	127%	(445.09)	37%	(364.80)
3i Infotech Financial Software Inc., (USA)	7%	(24.55)	-1%	8.64



Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated profit or loss	Amount (₹ crores)
3i Infotech (Africa) Limited, (Kenya)	5%	(18.61)	0%	(1.41)
Black Barret Holdings Limited (Cyprus)	0%	(0.86)	0%	(0.12)
3i Infotech Asia Pacific Pte. Ltd., (Singapore) (Consolidated)	-10%	33.38	-3%	26.24
3i Infotech (Middle East) FZ LLC., (UAE)	43%	(151.19)	1%	(10.98)
3i Infotech (UK) Limited, (UK) (Consolidated)	93%	(325.75)	22%	(216.46)
3i Infotech Saudi Arabia LLC., (Saudi Arabia)	7%	(25.86)	-2%	19.89
Elegon Infotech Ltd., (China)	6%	(19.72)	1%	(6.90)
3i infotech South Africa (PTY) Ltd	0%	(0.07)	0%	(0.02)
<b>Minority Interests in all subsidiaries/Associates (Investment as per the equity method)</b>				
<b>Indian</b>				
Locuz Enterprise Solutions Limited, (India)	-2%	5.72	0%	(0.03)
<b>Foreign</b>	-	-	-	-
<b>Joint Ventures (as per proportionate consolidation/ investment as per the equity method)</b>				
<b>Indian</b>	-	-	-	-
<b>Foreign</b>	-	-	-	-
Process Central Limited, (Nigeria)	0%	(1.26)	0%	-
<b>TOTAL</b>	<b>100%</b>	<b>(350.75)</b>	<b>100%</b>	<b>(976.27)</b>

- 2.43** (i) Figures for the previous year have been re-grouped/re-arranged, wherever considered necessary, to conform to current year's presentation. The current year's figures are not comparable with those of the previous year to the extent of divestments made by the Group during the year.
- (ii) ₹ 0.00 crores denote figures less than ₹ 50,000.

#### Signatures to Notes 1 & 2

For and on behalf of the Board

**Madhivanan Balakrishnan**  
 (Managing Director & Global CEO)  
 DIN No. 01426902

**Charanjit Attra**  
 Executive Director – New Business  
 Initiatives Strategy and Finance  
 DIN No. 05323757

**Padmanabhan Iyer**  
 (Chief Financial Officer)

**Ninad Kelkar**  
 Company Secretary

**Mumbai.**  
**May 28 , 2015.**

**STATEMENT PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT 2013,  
READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 IN THE PRESCRIBED FORM AOC-1 RELATING TO  
SUBSIDIARY COMPANIES/JOINT VENTURE**

Sr. No.	Name of Subsidiary Company	Financial year of subsidiary ended on	Extent of interest of 3i Infotech Limited in the capital of the subsidiary
1	3i Infotech Inc., (USA)	March 31, 2015	\$100%
2	3i Infotech Holdings Private Limited, (Mauritius)	March 31, 2015	100%
3	3i Infotech Financial Software Inc., (USA)	March 31, 2015	\$100%
4	3i Infotech (Africa) Limited, (Kenya)	March 31, 2015	@100%
5	Black Barret Holdings Limited, (Cyprus)	March 31, 2015	\$100%
6	Professional Access Software Development Pvt Limited, (India)	March 31, 2015	#100%
7	Professional Access Limited, (USA)	March 31, 2015	\$100%
8	3i Infotech Asia Pacific Pte. Ltd., (Singapore)	March 31, 2015	100%
9	3i Infotech SDN BHD, (Malaysia)	March 31, 2015	*100%
10	3i Infotech (Thailand) Limited, (Thailand)	March 31, 2015	*100%
11	3i Infotech Services SDN BHD, (Malaysia)	March 31, 2015	*100%
12	3i Infotech (Middle East) FZ LLC, (UAE)	March 31, 2015	\$100%
13	3i Infotech (UK) Limited, (UK)	March 31, 2015	100%
14	3i Infotech (Western Europe) Holdings Limited, (UK)	March 31, 2015	##100%
15	3i Infotech (Western Europe) Group Limited, (UK)	March 31, 2015	\$\$100%
16	Rhyme Systems Limited, (UK)	March 31, 2015	*\$100%
17	3i Infotech (Western Europe) Limited, (UK)	March 31, 2015	*\$100%
18	3i Infotech (Flagship-UK) Limited, (UK)	March 31, 2015	#\$100%
19	3i Infotech-Framework Limited, (UK)	March 31, 2015	#\$100%
20	3i Infotech BPO Limited, (India)	March 31, 2015	100%
21	3i Infotech Trusteeship Services Limited (India)	March 31, 2015	100%
22	3i Infotech Saudi Arabia LLC., (Kingdom of Saudi Arabia)	March 31, 2015	100%
23	3i Infotech Consultancy Services Limited, (India)	March 31, 2015	100%
24	Locuz Enterprise Solutions Limited, (India)	March 31, 2015	74%
25	Elegon Infotech Limited, (China)	March 31, 2015	100%
26	3i Infotech Outsourcing Services Limited (India)	March 31, 2015	@@100%
27	3i infotech South Africa (PTY) Ltd	March 31, 2015	\$100%
28	Process Central Limited++, (Nigeria)	March 31, 2015	@47.50%

\$ 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 PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 IN THE PRESCRIBED FORM AOC-1 RELATING TO SUBSIDIARY COMPANIES/ JOINT VENTURE**

₹ in crores

Sr. No.	Entity	Reporting Currency	Exchange Rate	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	% of Share-holding
1	3i Infotech Inc., (USA)	USD	62.5300	558.08	(158.50)	1,035.24	1,035.24	-	279.59	(136.00)	-	(136.00)	0.33	(136.33)	-	100%
2	3i Infotech Holdings Private Limited, (Mauritius)	USD	62.5300	1,366.62	(729.96)	1,419.26	1,419.26	1,277.82	-	(970.90)	(523.27)	(447.63)	-	(447.63)	-	100%
3	3i Infotech Financial Software Inc., (USA)	USD	62.5300	191.20	(37.29)	159.19	159.19	0.07	64.17	(16.47)	3.20	(19.67)	-	(19.67)	-	100%
4	3i Infotech (Africa) Limited, (Kenya)	KES	0.6641	0.01	(18.59)	2.24	2.24	-	3.64	(0.66)	-	(0.66)	1.13	(1.79)	-	100%
5	Black Barret Holdings Limited (Cyprus)	USD	62.5300	0.01	(0.86)	0.00	0.00	-	-	(0.12)	-	(0.12)	-	(0.12)	-	100%
6	Professional Access Software Development Pvt Limited, (India)	INR	1.0000	0.86	135.79	141.05	141.05	-	28.85	(0.02)	(8.46)	8.44	3.89	4.55	-	100%
7	Professional Access Limited, (USA)	USD	62.5300	0.00	12.78	167.30	167.30	-	89.69	10.86	-	10.86	5.35	5.52	-	100%
8	3i Infotech Asia Pacific Pte. Ltd., (Singapore)	SGD	45.4985	24.32	(7.00)	43.39	43.39	3.52	29.81	9.90	-	9.90	-	9.90	-	100%
9	3i Infotech SDN BHD, (Malaysia)	MYR	16.8371	8.42	49.85	66.03	66.03	-	34.66	7.51	-	7.51	0.96	6.55	-	100%
10	3i Infotech (Thailand) Limited, (Thailand)	THB	1.9162	1.92	(5.83)	9.57	9.57	-	15.94	3.19	0.47	2.72	-	2.72	-	100%
11	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD), (Malaysia)	MYR	16.8371	-	-	-	-	-	-	-	-	-	-	-	-	100%
12	3i Infotech (Middle East) FZ LLC., (UAE)	AED	17.0218	78.60	(172.49)	51.66	51.66	0.01	131.29	(13.34)	6.50	(19.84)	-	(19.84)	-	100%
13	3i Infotech (UK) Limited, (UK)	GBP	92.7563	29.93	243.63	274.75	274.75	93.47	3.23	(0.73)	102.41	(103.14)	-	(103.14)	-	100%
14	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (UK)	GBP	92.7563	18.11	10.50	28.61	28.61	27.27	-	(0.00)	(9.28)	9.28	-	9.28	-	100%
15	3i Infotech (Western Europe) Group Limited (formerly Rhyme Systems Group Limited), (UK)	GBP	92.7563	17.99	(148.41)	(130.79)	(130.79)	-	-	(0.00)	117.28	(117.28)	-	(117.28)	-	100%
16	Rhyme Systems Limited (formerly known as Rhymesys Limited), (UK)	GBP	92.7563	1.86	0.33	2.19	2.19	-	-	-	-	-	-	-	-	100%
17	3i Infotech (Western Europe) Limited (formerly Rhyme Systems Limited), (UK)	GBP	92.7563	-	-	-	-	-	76.52	6.03	9.28	(3.24)	-	(3.24)	-	100%
18	3i Infotech (Flagship-UK) Limited (formerly known as Exact Technical Services Ltd), (UK)	GBP	92.7563	-	-	-	-	-	1.07	0.10	-	0.10	-	0.10	-	100%
19	3i Infotech-Framework Limited, (UK)	GBP	92.7563	0.01	(12.88)	(10.31)	(10.31)	-	7.04	(1.26)	-	(1.26)	-	(1.26)	-	100%
20	3i-Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India)	INR	1.0000	0.10	38.12	69.60	69.60	-	56.01	4.67	(0.07)	4.73	1.89	2.84	-	100%
21	3i Infotech Trusteeship Services Limited, (India)	INR	1.0000	5.57	(2.27)	4.63	4.63	-	1.62	0.37	-	0.37	0.12	0.25	-	100%
22	3i Infotech Saudi Arabia LLC., (Saudi Arabia)	SAR	16.6624	0.83	(39.57)	41.02	41.02	-	41.73	8.56	0.32	8.23	-	8.23	-	100%
23	3i Infotech Consultancy Services Limited, (India)	INR	1.0000	4.81	18.13	48.16	48.16	-	61.43	2.95	-	2.95	1.77	1.18	-	100%
24	Locuz Enterprise Solutions Limited, (India)	INR	1.0000	1.01	22.98	93.61	93.61	-	200.40	1.46	-	1.46	0.61	0.84	-	74%
25	Elegon Infotech Ltd., (China)	CNY	10.1971	17.44	(13.96)	6.68	6.68	-	6.63	(1.16)	-	(1.16)	-	(1.16)	-	100%
26	IFRS Cloud Solutions Limited (formerly known as 3i Infotech Outsourcing Services Limited ) (India)	INR	1.0000	0.05	(0.00)	0.05	0.05	-	-	(0.00)	-	(0.00)	-	(0.00)	-	100%
27	3i infotech South Africa (PTY) Ltd.	ZAR	5.1686	0.00	(0.07)	0.26	0.26	-	-	(0.03)	-	(0.03)	-	(0.03)	-	100%
28	Process Central Limited, (Nigeria)	NGN	0.3110	2.80	(2.65)	0.84	0.84	-	-	-	-	-	-	-	-	47.50%

During the year following entities are sold:-

- 1) Professional Access Limited, USA
- 2) 3i Infotech (Western Europe) Limited, UK
- 3) 3i Infotech (Flagship-UK) Limited, UK

**3i INFOTECH LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015**

	USD million	
	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share capital	106.95	106.70
Reserves and surplus	(168.40)	(7.01)
<b>Share application money pending allotment</b>	5.36	-
<b>Minority interest</b>	1.00	1.01
<b>Non-current liabilities</b>		
Long-term borrowings	297.51	344.54
Deferred tax liabilities	-	0.15
Other long-term liabilities	2.88	2.48
<b>Current liabilities</b>		
Short-term borrowings	26.33	47.82
Trade payables	33.80	30.90
Other current liabilities	114.55	107.17
Short-term provisions	4.66	4.66
	<b>424.64</b>	<b>638.42</b>
<b>II. ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	41.30	42.26
Intangible assets	155.50	177.53
Intangible assets under development	-	2.47
Capital work-in-progress	0.00	0.13
Goodwill arising on consolidation	113.64	273.20
Non-current investments	4.02	4.21
Deferred tax asset	20.12	20.72
Long-term loans and advances	27.80	31.55
Other non-current assets	1.58	4.28
<b>Current assets</b>		
Inventories	0.23	0.23
Trade receivables	28.67	35.12
Cash and bank balances	3.66	10.24
Short-term loans and advances	12.08	14.25
Other current assets	16.04	22.23
	<b>424.64</b>	<b>638.42</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 ₹ 62.53 for the year ended March 31, 2015 and ₹ 59.758 for the year ended March 31, 2014

**3i INFOTECH LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

USD million

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>INCOME</b>		
I. Revenue from operations	220.17	216.97
II. Other income	0.73	21.67
<b>III. Total Revenue (I + II)</b>	<b>220.90</b>	<b>238.64</b>
<b>IV. EXPENSES</b>		
Employee benefits expense & Cost of Revenue	164.19	170.64
Finance costs	34.63	53.27
Depreciation and amortization expense	37.53	42.54
Other expenses	27.69	31.20
<b>Total expenses</b>	<b>264.04</b>	<b>297.65</b>
<b>V. Profit/(Loss) before exceptional items and tax (III-IV)</b>	<b>(43.14)</b>	<b>(59.01)</b>
VI. Exceptional items	(110.28)	-
<b>VII. Profit/(Loss) before tax (V+VI)</b>	<b>(153.42)</b>	<b>(59.01)</b>
VIII. Tax expense	6.48	0.22
<b>IX. Profit/(Loss) from continuing operations (VII-VIII)</b>	<b>(159.90)</b>	<b>(59.23)</b>
X. Profit/(Loss) from discontinued operations (after tax)	-	-
<b>XI. Profit/(Loss) for the year (IX+X)</b>	<b>(159.90)</b>	<b>(59.23)</b>
XII. Minority interest	0.03	0.08
<b>XIII. Profit/(Loss) after Minority interest (XI - XII)</b>	<b>(159.93)</b>	<b>(59.31)</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 ₹ 61.0442 for the year ended March 31, 2015 and ₹ 60.2801 for the year ended March 31, 2014

# **Standalone Financial Statements**

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
3i Infotech Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of 3i Infotech Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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,

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015;
- (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Emphasis of Matter:**

Without qualifying, we draw attention to the following:

- a) Going Concern and Impairment analysis:
  - (i) During the financial year 2011-12, the Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond (FCCB) holders with respect to its obligations. Post the debts restructuring, there have been substantial delays in repayment of Principal and payment of Interest in respect of CDR lenders as well as for the interest on the FCCB, which may be construed as Default as per the Master Restructuring Agreement (MRA) and the terms of FCCB. The Company is negotiating with the aforesaid lenders as also with the lease financiers to restructure the debt and is reasonably certain to renegotiate and meet its financial obligations.
  - (ii) 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, specified under Section 133 of the Act, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis, with the assistance of an independent expert valuer and accordingly provision for diminution in value of long term investments (subsidiaries) of ₹350 crores (Previous year ₹ Nil) has been made. Besides, the Company has provided for ₹305.79 crores on account of divestment of stake in step down subsidiaries during the year. Pending negotiations with lenders and restructuring of business, the Company has prepared the financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with lenders, restructuring of business and infusion of funds.  
(Refer note no.2.26.1 and 2.26.2 of the standalone financial statements)
- b) In respect of justification of carrying deferred tax assets recognized in earlier years of ₹121.33 crores (Previous year ₹121.33 crores), the management based on the confirmed order book on hand and relying on the restructuring scheme as mentioned in para (a) (i) above, is confident of having sufficient taxable income in the foreseeable future enabling reversal of the said deferred tax assets.  
(Refer note no.2.11 of the standalone financial statements)

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor’s Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and 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 it appears from our examination of those books.
  - c) The Balance Sheet, the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the



Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.(Refer note no 2.25.1 of the standalone financial statements).
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contract.
- iii. There were no delays in amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Lodha & Company**  
**Chartered Accountants**  
**Firm Registration No. 301051E**

**Place: Mumbai**  
**Date : 28<sup>th</sup> May, 2015**

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

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF 3i INFOTECH LIMITED ON THE STANDALONE FINANCIAL STATEMENTS**

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

1. 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 accounts.
2. (a) As explained to us, the inventories (hardware held for rendering services) were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. 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 189 of the Act.
4. 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 are adequate internal control systems 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 systems.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.
6. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act for the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
7. a) During the year, the Company has been facing liquidity stress due to which there were substantial 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 ₹ 1.52 lacs.
- 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 the 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, 2006-07, 2009-10	32.77	Sales Tax Officer
UP VAT Act, 2008	Sales Tax	Financial Year 2009-10 and 2010-11	0.10	The Assistant Commissioner, Commercial Taxes
AP VAT Act, 2005	Sales Tax	Financial Year 2009-10 and 2010-11	0.68	Appellate Deputy Commissioner
Income Tax Act, 1961	Income Tax	Assessment Year 2004-05	1.00	Commissioner of Income Tax (Appeals)

Name of Statute	Nature of Demand	Period to which amount Relates	₹ in crores	Forum where dispute is pending
Income Tax Act, 1961		Assessment Year 2008-09	5.19	Income Tax Appellate Tribunal
		Assessment Year 2007-08	2.83	
		Assessment Year 2006-07	0.18	
Finance Act, 1994	Service Tax	Financial year 2004-05 to 2009-10, 2011-12, 2012-13	158.99	Commissioner of Service Tax
		Financial year 2010-11	19.47	Assistant Commissioner of Service Tax

b) There were no delays in amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

8. 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.
9. During the year, there have been defaults in repayment of dues to the banks, , financial institutions and debenture holders as per details hereunder:

Particulars	Principal		Interest	
	Amount (₹ in crores)	Delay in months	Amount (₹ in crores)	Delay in months
Banks	100.59	1-17	123.46	1-12
Finance Lease (Banks)	29.99	1-44	6.72	1-44
Debenture holders- FCCB	Nil	Nil	14.59	4-8

10. 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.
11. 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.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For Lodha & Company**  
**Chartered Accountants**  
**Firm Registration No. 301051E**

**Place: Mumbai**  
**Date : 28<sup>th</sup> May, 2015**

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

# **3I INFOTECH LIMITED** **BALANCE SHEET AS AT MARCH 31, 2015**

₹ crores

	Notes	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	668.75	637.64
Reserves and surplus	2.2	(953.61)	(40.34)
Share application money - Pending allotment	2.36	33.50	-
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	1,995.76	2,062.93
Other long term liabilities	2.4	1,056.32	1,002.31
<b>Current liabilities</b>			
Short-term borrowings	2.5	140.16	185.19
Trade payables	2.6	155.32	138.51
Other current liabilities	2.7	605.61	470.24
Short-term provisions	2.8	21.54	20.61
		<b>3,723.35</b>	<b>4,477.09</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.9		
Tangible assets		251.19	217.69
Intangible assets		1,112.08	1,208.79
Non-current investments	2.10	1,432.55	1,533.87
Deferred tax assets	2.11	121.33	121.33
Long-term loans and advances	2.12	148.13	703.22
Other non-current assets	2.13	6.05	6.38
<b>Current assets</b>			
Trade receivables	2.14	575.19	609.96
Cash and bank balances	2.15	12.34	16.50
Short-term loans and advances	2.16	29.55	29.78
Other current assets	2.17	34.94	29.57
		<b>3,723.35</b>	<b>4,477.09</b>

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

R. P. Baradiya

Partner

Membership No. 44101

For and on behalf of the Board

Madhivanan Balakrishnan

Managing Director and Global CEO

DIN No. 01426902

Charanjit Attra

Executive Director – New Business

Initiatives Strategy and Finance

DIN No. 05323757

Place: Mumbai

Date: May 28, 2015

Padmanabhan Iyer

Chief Financial Officer

Ninad Kelkar

Company Secretary

**3I INFOTECH LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**

₹ crores

	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Income</b>			
I. Revenue from operations	2.18	400.72	326.50
II. Other income	2.19	3.09	68.82
<b>III. Total Revenue (I + II)</b>		<b>403.81</b>	<b>395.32</b>
<b>IV. Expenses:</b>			
Employee benefit expenses and cost of revenue	2.20	217.68	211.63
Finance costs	2.21	194.69	300.22
Depreciation and amortization expense	2.9	222.88	236.33
Other expenses	2.22	112.12	65.06
<b>Total expenses</b>		<b>747.37</b>	<b>813.24</b>
<b>V. Profit (Loss) before exceptional items and tax - (III-IV)</b>		<b>(343.56)</b>	<b>(417.92)</b>
VI. Exceptional items - Income /( Expense )	2.23	(690.62)	(35.85)
<b>VII. Profit (Loss) before tax (V + VI)</b>		<b>(1,034.18)</b>	<b>(453.77)</b>
VIII. Tax expense	2.24	23.57	(13.55)
<b>IX. Profit (Loss) for the year (VII - VIII)</b>		<b>(1,057.75)</b>	<b>(440.22)</b>
<b>X. Earnings per equity share (₹)</b>	2.31		
<b>Before Exceptional items</b>			
(1) Basic		(6.39)	(7.15)
(2) Diluted		(6.39)	(7.15)
<b>After Exceptional items</b>			
(1) Basic		(18.25)	(7.78)
(2) Diluted		(18.25)	(7.78)

Significant Accounting Policies and accompanying  
Notes on Financial Statements

1 &amp; 2

As per our attached report of even date

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

For and on behalf of the Board

R. P. Baradiya  
Partner  
Membership No. 44101

Madhivanan Balakrishnan  
Managing Director and Global CEO  
DIN No. 01426902

Charanjit Attra  
Executive Director – New Business  
Initiatives Strategy and Finance  
DIN No. 05323757

Place: Mumbai  
Date: May 28, 2015

Padmanabhan Iyer  
Chief Financial Officer

Ninad Kelkar  
Company Secretary

**3I INFOTECH LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>A Cash Flow from Operating Activities :</b>		
Profit/(Loss) before exceptional items and tax	(343.56)	(417.92)
<i>Adjustments for:</i>		
Depreciation/amortization	222.88	236.33
Foreign exchange (gain)/loss (net)	42.73	(51.94)
(Gain)/loss on sale/discarding of fixed assets (net)	(0.09)	(8.65)
Interest income	(0.61)	(2.21)
Finance cost	194.69	300.22
Provision for doubtful debts provided for /(written back)	3.77	(0.81)
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>119.81</b>	<b>55.02</b>
<i>Adjustments for:</i>		
Trade and Other Receivables	16.15	(47.04)
Trade Payables and Other Liabilities	(37.17)	(57.62)
	(21.02)	(104.66)
<b>Cash generated from/(used in) Operations</b>	<b>98.79</b>	<b>(49.63)</b>
Income Taxes paid	(24.80)	(22.91)
<b>Net cash from Operating Activities - A</b>	<b>73.99</b>	<b>(72.54)</b>
<b>B Cash Flow from/(used in) Investing Activities :</b>		
Purchase/addition of fixed assets	(3.44)	(20.46)
Sale of fixed assets	0.25	20.26
Loans and advances (repaid)/taken by subsidiaries	-	75.63
Interest received	-	2.20
<b>Net cash from/ used in Investing Activities - B</b>	<b>(3.19)</b>	<b>77.63</b>
<b>C Cash Flow from/(used in) Financing Activities :</b>		
Proceeds from/(Repayment of) borrowings other than Subsidiaries (net)	(165.38)	237.15
Proceeds from/(Repayment of) borrowings from Subsidiaries	155.90	-
Interest paid	(69.84)	(235.25)
<b>Net Cash from Financing Activities - C</b>	<b>(79.32)</b>	<b>1.90</b>

		₹ crores
	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(8.52)</b>	6.99
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>13.01</b>	6.02
<b>Cash and Cash Equivalents at end of the year</b>	<b>4.49</b>	<b>13.01</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" notified by the Act.
2. Previous year's 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

R. P. Baradiya  
Partner  
Membership No. 44101

Place: Mumbai  
Date: May 28, 2015

For and on behalf of the Board

Madhivanan Balakrishnan  
Managing Director and Global CEO  
DIN No. 01426902

Padmanabhan Iyer  
Chief Financial Officer

Charanjit Attra  
Executive Director – New Business  
Initiatives Strategy and Finance  
DIN No. 05323757

Ninad Kelkar  
Company Secretary

## **3I INFOTECH LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015**

#### **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 as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). 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 the accounting policy hitherto in use.

##### **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. Provisions 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.

###### **c) Interest / Dividend Income:**

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

Dividend Income is recognized as and when right to receive the same is established.

##### **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

### Tangible assets:

Fixed assets except leasehold building 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.

Leasehold Building has been revalued and is reinstated at updated revalued amount

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 assets:

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

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

### Depreciation/Amortization:

Leasehold land and 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 systematic allocation of the depreciable amount over its useful life. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. The useful life of an asset is the period over which an asset is expected to be available for use, or the number of production or similar units expected to be obtained from the asset.

Depreciation on Tangible assets is provided on Straight Line Method (SLM) over the useful lives of assets determined based on internal technical assessments which are as follows :

Category of Assets	Useful lives adopted by Company	Useful lives prescribed under Schedule II of the Act
Computers	5 years	3-6 years
Plant and Machinery, Electrical Installation	5 years	15 years
Office Equipment	5 years	5 years
Furniture and Fixtures	5 years	10 years
Vehicles	5 years	10 years

## 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.

Minimum Alternate Tax (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 Item Translation Difference Account ('FCMITDA') 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**

Retirement benefit in the form of Provident Fund and 'Employer-Employee Scheme' are defined contribution schemes. The company's contributions paid/payable to the fund are charged to the Statement of Profit and Loss for the year when the contributions are due. The company has no obligation other than the contributions payable to the provident fund.

**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 are 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 Foreign Currency Convertible Bonds (FCCB)**

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

**1.16 Lease**

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

Leased assets are depreciated on a straight-line basis over the useful life of the asset or the useful life as prescribed under Part A in Schedule II of the Act, 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 equity shares considered in computing basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of equity shares considered for computing diluted earnings per share is the aggregate of the weighted average number of equity 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 equity shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

#### 1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

#### 1.19 Cash Flow Statement

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

## 2. Notes forming part of the Financial Statements as at and for the year ended March 31, 2015

### 2.1 Share Capital

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Authorised</b>		
1,100,000,000 Equity shares of ₹10 each (1,100,000,000 as at 31 <sup>st</sup> March, 2014)	<b>1,100.00</b>	1,100.00
200,000,000 Cumulative Redeemable Preference shares of ₹ 5 each (200,000,000 as at 31 <sup>st</sup> March, 2014)	<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>572.64</b>	571.55
Add: Issued towards Conversion of FCCB	<b>29.66</b>	0.70
Add: Issued under Corporate Debt Restructuring (CDR) Scheme	<b>1.45</b>	0.39
Equity shares of ₹10 each fully paid up as at end of the year	<b>603.75</b>	572.64
0.01% Cumulative Redeemable Preference shares of ₹ 5 each fully paid up at the beginning of the year	<b>65.00</b>	65.00
0.01% Cumulative Redeemable Preference shares of ₹ 5 each fully paid up at the end of the year	<b>65.00</b>	65.00
<b>Total</b>	<b>668.75</b>	637.64

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 dividend recommended by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting.

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.

In the absence of profits, the Company has not declared dividend to the preference shareholders since more than two years. This may entitle the concerned preference shareholder for the rights under Section 47 of the Act.

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

Name of the shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of shares	%	No. of shares	%
ICICI Bank Limited	112,883,483	18.70	113,814,945	19.88
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	39,036,190	6.47	39,036,190	6.82
IDBI Bank Limited	42,117,513	6.98	42,117,513	7.35
Standard Chartered Bank	40,013,264	6.63	38,568,517	6.74

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

Name of the shareholder	As at March 31, 2015		As at March 31, 2014	
	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, 2015	As at March 31, 2014
<b>Equity shares of ₹ 10 each</b>		
Equity shares as at beginning of the year	572,644,378	571,554,966
<b>Add:</b>		
Shares issued towards conversion of FCCB	29,661,822	704,914
Shares issued under CDR Scheme	1,444,747	384,498
Equity shares as at end of the year	603,750,947	572,644,378
<b>0.01% Cumulative Redeemable Preference shares of ₹ 5 each</b>		
Preference shares as at beginning of the year	130,000,000	130,000,000
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 year ended March 31, 2013, 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 for the year ended March 31, 2014.

During the year, the Board of Directors of the Company approved ESOS Plan-2014 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 for the year ended March 31, 2015.

The options granted under ESOS Plan -2013 and under ESOS Plan -2014 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.

The existing options (other than those granted under ESOS plan-2013 & ESOS plan-2014) would continue to be governed by the existing terms.

During the year ended March 31, 2015, the Company granted 11,569,000 (16,948,000 during year ended March 31, 2014), options to the employees of the Company and its Key Managerial Personnel at an exercise price of ₹ 10 each.

**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):

Particulars	As at March 31, 2015		As at March 31, 2014	
	Options	WAEP (₹)	Options	WAEP (₹)
Options outstanding at the beginning of the year	24,927,140	48.27	12,084,940	104.15
Granted during the year *	11,569,000	10.00	16,948,000	10.00
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	6,042,760	31.49	4,105,800	54.75
Options outstanding at the end of the year **	30,453,380	36.22	24,927,140	48.27
Vested options pending to be exercised as at the end of the year	12,099,240	76.00	10,169,440	103.81

\*During the year ended March 31, 2015, 1,050,000 options (for the year ended March 31, 2014 1,500,000 Options) granted to Managing Director and Global CEO and 720,000 options (for the year ended March 31, 2014 1,000,000 Options) granted to Executive Director.

\*\*Includes 4,360,000 options granted to Managing Director/Executive Director and Non-Executive Directors (for the year ended March 31, 2014, 2,590,000 options).

In view of the losses, the potential number of equity shares, which could arise on exercise of stock options granted under ESOS scheme are anti dilutive.

The following tables summarize information about outstanding stock options:

**As at March 31, 2015**

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹ 45 to ₹ 50	-	-	-
₹ 57 to ₹ 144	7,550,400	2	115.763
₹ 10	22,902,980	9	10.00

**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

## 2.2 Reserves and surplus

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>a. Capital Reserve (As per last balance sheet )</b>	<b>0.07</b>	0.07
<b>b. Foreign Currency Monetary Item Translation Difference Account</b>		
Opening balance	(24.55)	(31.60)
Add: Additions/Deductions during the year (Refer note no. 2.35 (a))	(4.84)	7.05
	(29.39)	(24.55)
<b>c. Securities Premium Account</b>		
Opening Balance	823.54	826.61
Add : On allotment of equity shares under FCCB Conversion	19.28	0.46
Add : On allotment of equity shares under CDR	1.41	0.37
Less: Premium payable on Redemption of Preference Shares	(3.90)	(3.90)
	840.33	823.54
<b>d. Cash Flow Hedging Reserve</b>		
Opening balance	(22.60)	(21.39)
Add : Adjusted during the year (Refer note no. 2.25.2 (b))	22.60	(1.21)
	-	(22.60)
<b>e. Revaluation Reserve</b>		
Opening balance	-	-
Add : Recognised during the year (Refer note no. 2.9.2)	125.50	-
	125.50	-
<b>f. Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	(816.80)	(376.58)
Add: Transitional Depreciation for the year (Refer note no. 2.9.1)	(15.57)	-
Add: Net Profit/(Loss) for the year	(1,057.75)	(440.22)
	(1,890.12)	(816.80)
<b>Total</b>	<b>(953.61)</b>	(40.34)



## 2.3 Long term borrowings

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Secured Term Loans;</b>		
Rupee Term Loan from banks	241.65	521.23
Foreign Currency Loan from banks	1,015.39	827.76
Vehicle Loans from Others	-	0.38
	<b>1,257.04</b>	<b>1,349.37</b>
<b>Unsecured Term Loans;</b>		
Foreign Currency Convertible Bonds (FCCB) (Refer note no. 2.3.3)	540.12	573.76
Term Loans From subsidiaries	139.10	9.40
Finance lease obligations	59.50	130.40
	<b>738.72</b>	<b>713.56</b>
<b>Total</b>	<b>1,995.76</b>	<b>2,062.93</b>

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

As at March 31, 2015

₹ 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 Term Loans	Rupee Term loans from banks	13	2.28	2.28	-	-
		6.75	283.70	42.05	96.63	145.02
	Foreign Currency Term loans from banks	Libor + 6	104.67	7.33	62.80	34.54
		Libor + 6.5	1,097.37	179.32	534.72	383.33
	Vehicle Loans from others	11.75	0.13	0.13	-	-
Unsecured Term Loans	FCCB	4.75 - 5.00	540.12	-	540.12	-
	Subsidiaries	10.00 - 14.75	141.60	2.50	139.10	-
	Finance lease obligations	12.95 - 15.12	208.52	149.02	59.50	-
<b>Total</b>			<b>2,378.39</b>	<b>382.63</b>	<b>1,432.87</b>	<b>562.89</b>

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 Term Loans	Rupee Term loans from banks	14.75	654.96	133.73	168.59	352.64
	Foreign Currency Term loans from banks	Libor + 6.5	885.69	57.93	307.90	519.86
	Vehicle Loans from others	11.75	0.60	0.22	0.38	-
Unsecured Term Loans	FCCB	4.75 - 5.00	573.76	-	573.76	-
	Subsidiaries	10.00 - 14.75	12.90	3.50	9.40	-
	Finance lease obligations	12.95 - 15.12	211.23	80.83	123.56	6.84
<b>Total</b>			<b>2,339.14</b>	<b>276.21</b>	<b>1,183.59</b>	<b>879.34</b>



### 2.3.2 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) dated March 30, 2012 (as amended by Amendment Agreements dated July 25, 2012, January 9, 2014); 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, 2015

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

Sr. No.	Tranche Name	Facility	Amount (₹ in crores)	
			As at March 31, 2015	As at March 31, 2014
1	A	Term loan facility (FCNR Loan)	174.92	167.44
2	B	Term loan facility (FCNR Loan)	244.40	234.62
3	C	Fund based facility (FCNR Loan)	49.55	47.60
		Non fund based facility	2.77	2.77
4	D&F	Term loan facility (FCNR Loan)	107.49	104.64
5	E	Fund based facility (FCNR Loan)	98.81	96.20
		Non fund based facility	60.00	60.00
6	G	Term loan facility	-	20.67
7	H	Term loan facility	33.78	12.52
8	I	Fund based facility	18.81	5.13
9	J	Non fund based facility	2.00	2.00
		Term loan facility	-	13.68
10	K	Term loan facility	107.89	103.48
11	L	Term loan facility	101.30	97.26
12	Priority Loans	Term loan facility	114.02	44.73
13	Others	Term loan facility	325.87	317.65
<b>Total</b>			<b>1,441.61</b>	<b>1,330.39</b>

#### Facilities covered by the security created:

##### A. Security created:

Sr. No.	Security	First Charge to	Second Charge to
1.	A charge and mortgage on all the present and future immovable and movable tangible fixed assets (except leased assets) of the Company.	Lenders of Tranches A and D	All CDR Lenders (other than the lenders of Tranches A and D) including lenders of priority loans, and the Additional Foreign Currency Facility Lender.
2	A charge on all the Trade receivables and stocks of the Company.	Lenders of Tranches 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 the Development Bank of Singapore (DBS).	All CDR Lenders (other than the lenders of Tranches E, G, I and K), including lenders of priority loans and the Additional Foreign Currency Facility Lender.

Sr. No.	Security	First Charge to	Second Charge to
3	A charge on all the present and future current assets (except 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 DBS.  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 (other than the lender of Tranche I), including lenders of priority loans and the Additional Foreign Currency Facility Lender.
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.  In respect of other IPRs, all CDR Lenders, including lenders of priority loans and the Additional Foreign Currency Facility Lender.	Not Applicable

**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 (other than the lender of Tranche B), including lenders of priority loans and the Additional Foreign Currency Facility Lender.
<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 and the Additional Foreign Currency Facility Lender.  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.	Not Applicable
3	A charge on all the receivables of 3i Infotech (Middle East) FZ LLC.	Not Applicable	All CDR Lenders, including lenders of priority loans and the Additional Foreign Currency Facility Lender.

Sr. No.	Security	First Charge to	Second Charge to
<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 and the Additional Foreign Currency Facility Lender.  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.	Not Applicable
5	A charge on all the receivables and stocks of 3i Infotech Asia Pacific Pte Limited.	Not Applicable  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 and the Additional Foreign Currency Facility Lender.
<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 and the Additional Foreign Currency Facility Lender.	—
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 and the Additional Foreign Currency Facility Lender.

**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 and the Additional Foreign Currency lender, ICICI Bank Limited. 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 and the Additional Foreign Currency Facility of ₹ 215 crores availed from ICICI Bank Limited.

<b>Pledgor</b>	<b>Company whose shares have been pledged</b>	<b>Details of shares pledged</b>
<b>(I)</b>	<b>(II)</b>	<b>(III)</b>
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
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:**

₹ 0.13 crores (as at March 31, 2014 of ₹ 0.60 crores) loan is secured by way of hypothecation of certain Company owned vehicles.

**2.3.3 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:

<b>Particulars</b>	<b>Fourth Issue</b>	<b>Fifth Issue</b>
Issue currency	USD	USD
Issue size	2.44 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>		
<b>31 Mar 2015</b>	<b>Nil</b>	<b>9.64 million</b>
31 Mar 2014	Nil	0.23 million
<b>Bought back as at - (USD)</b>		
<b>31 Mar 2015</b>	<b>Nil</b>	<b>Nil</b>
31 Mar 2014	Nil	Nil
<b>Outstanding as at - (USD)</b>		
<b>31 Mar 2015</b>	<b>2.44 million</b>	<b>83.94 million</b>
31 Mar 2014	2.44 million	93.58 million
<b>Outstanding as at - (₹ Crores)</b>		
<b>31 Mar 2015</b>	<b>15.22</b>	<b>524.90</b>
31 Mar 2014	14.55	559.21

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

## 2.4 Other long term liabilities

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
Payable to step down subsidiary towards IPR purchase (Refer note no. 2.35 b))	1,038.31	987.48
Premium payable on redemption of FCCB	6.31	6.03
Premium payable on redemption of Preference shares	11.70	7.80
Payable towards rent in terms of settlement agreement	-	1.00
<b>Total</b>	<b>1,056.32</b>	<b>1,002.31</b>

## 2.5 Short term borrowings

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Secured Term Loans</b>		
From Banks	15.44	-
Acceptance from a bank: (secured against Trade receivables)	-	4.57
<b>Unsecured Term Loans;</b>		
From subsidiaries	69.71	44.00
Bank Overdraft	2.57	-
Acceptances from ICICI Bank (an Associate)	52.44	136.62
<b>Total</b>	<b>140.16</b>	<b>185.19</b>

## 2.6 Trade payables

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
<b>Due to:</b>		
Subsidiaries	50.35	44.76
Associate	-	0.07
Others	104.97	93.68
<b>Total</b>	<b>155.32</b>	<b>138.51</b>

As at March 31, 2015, the Company has no outstanding dues to micro, small and medium enterprises. There is no liability towards interest on delayed payments under the Micro, Small and Medium Enterprises Development Act, 2006 during the year. There is also no amount of outstanding interest in this regard brought forward from the previous year.

The above information is on the basis of intimation received by the Company, on request made to all vendors.

## 2.7 Other current liabilities

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Current maturities of long term loans and finance lease obligations</b>		
<b>Secured Term Loans</b>		
Rupee Term Loan from banks	22.78	28.55
Foreign Currency Loan from banks	109.11	57.93
Vehicle Loan from others	0.13	0.22
Other overdue borrowings from banks	99.09	47.68
<b>Unsecured Term Loans</b>		
Finance lease obligations	74.21	62.44
Overdue subsidiary borrowings	2.50	3.50
Overdue finance lease obligations	74.81	18.39
Other overdue borrowings from banks	-	57.50
<b>Total (A)</b>	<b>382.63</b>	<b>276.21</b>
<b>Other Liabilities</b>		
Overdue borrowings from Banks - Short term Secured	1.50	-
Overdue subsidiary borrowings - Short term Unsecured	1.75	-
Earnest Money Deposit from a subsidiary	5.00	5.00
Interest accrued but not due on borrowings	11.57	12.59
Interest accrued and due on borrowings/acceptances	166.16	70.85
Interest Payable - Subsidiaries	9.38	5.92
Payable towards interest sacrifice	6.20	7.89
Unclaimed dividends *	0.37	0.42
Advances received from customers	4.61	12.85
Statutory dues payable	14.61	18.30
Other payables	1.83	1.76
Payable towards settlement of litigation	-	35.85
Cash flow hedging liability (Refer note no. 2.25.2(b))	-	22.60
<b>Total (B)</b>	<b>222.98</b>	<b>194.03</b>
<b>Total (A+B)</b>	<b>605.61</b>	<b>470.24</b>

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

## 2.8 Short term provisions

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee benefits	21.54	20.61
<b>Total</b>	<b>21.54</b>	<b>20.61</b>

## 2.9 Fixed Assets

As on March 31, 2015

₹ crores

Particulars	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK
	As at April, 2014	Addns. during the year	Ded/ Adj during the year	As at March 31, 2015	Upto March 31, 2014	Dep. for the year	Ded/ Adj during the year	As at March 31, 2015	As at March 31, 2015
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.11	0.01	-	0.12	0.40
Buildings - Leasehold (Refer note 2.9.2)	20.85	-	(125.50)	146.35	4.62	1.26	-	5.88	140.47
Leasehold Improvements	15.06	1.88	0.03	16.91	8.12	1.27	(4.07)	13.46	3.45
Plant & Equipment / Electrical Installations	14.90	0.15	11.07	3.98	7.75	0.33	4.40	3.68	0.30
Furniture & Fixtures	9.96	-	5.75	4.21	7.42	0.36	3.81	3.97	0.24
Vehicles	3.24	0.07	0.54	2.77	1.46	0.52	(0.24)	2.22	0.55
Office Equipment	6.42	1.07	0.12	7.37	2.42	1.76	(1.54)	5.72	1.65
Computers	73.87	0.27	10.90	63.24	56.62	10.17	10.30	56.49	6.75
Assets under Finance Lease (Refer note no. 2.9.3)	275.59	-	3.98	271.61	114.20	64.01	3.98	174.23	97.38
<b>Sub Total</b>	<b>420.41</b>	<b>3.44</b>	<b>(93.11)</b>	<b>516.96</b>	<b>202.72</b>	<b>79.69</b>	<b>16.64</b>	<b>265.77</b>	<b>251.19</b>
<b>Intangible assets</b>									
Goodwill	67.48	-	-	67.48	62.53	4.95	-	67.48	0.00
Software Products - Meant for sale (Refer note no. 2.35 (b))	1,466.81	-	(46.48)	1,513.29	297.08	120.26	-	417.34	1,095.95
Software Products - Others	152.11	-	-	152.11	121.27	15.78	-	137.05	15.06
Business and Commercial Rights	44.62	-	7.26	37.36	41.35	2.20	7.26	36.29	1.07
<b>Sub Total</b>	<b>1,731.02</b>	<b>-</b>	<b>(39.22)</b>	<b>1,770.24</b>	<b>522.23</b>	<b>143.19</b>	<b>7.26</b>	<b>658.16</b>	<b>1,112.08</b>
<b>Total Tangible and Intangible assets</b>	<b>2,151.43</b>	<b>3.44</b>	<b>(132.33)</b>	<b>2,287.20</b>	<b>724.95</b>	<b>222.88</b>	<b>23.90</b>	<b>923.93</b>	<b>1,363.27</b>

As on March 31, 2014

₹ crores

Particulars	GROSS BLOCK (at cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2013	Addns. 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	-	-	-	-	0.00	-
Buildings - Owned	0.77	-	0.77	-	0.18	-	0.18	0.00	-
- Leasehold									
(Refer note no. 2.9.2)	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. 2.9.3)	274.73	28.88	28.02	275.59	82.64	59.58	28.02	114.20	161.39
<b>Sub Total</b>	<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 no. 2.35 (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>Sub Total</b>	<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>



- 2.9.1** Pursuant to the Act coming into effect from April 1, 2014, based on internal technical evaluation, the management reassessed the remaining useful life of tangible assets with effect from April 1, 2014. Accordingly, the useful lives of certain assets required a change from the previous estimates.

The existing and revised useful lives of tangible fixed assets are as below:

Category of assets	Existing useful life (Years)	Revised useful life (Years)
Computers	6	5
Plant and Machinery, Electrical Installation	21	5
Office Equipment	21	5
Furniture and Fixtures	16	5
Vehicles	11	5

Consequently, in case of assets which have completed their useful lives, the carrying value (net of residual value) as at April 1, 2014 amounting to ₹15.57 crores has been adjusted to the Opening Deficit in Statement of Profit and Loss.

Also the carrying value of the assets (net of residual value) is being depreciated over the revised remaining useful lives. Consequently, the depreciation and amortization expense for the year ended March 31, 2015 would have been lower by ₹ 6.55 crores (net of deferred tax of ₹ Nil).

**2.9.2 Buildings - Leasehold:**

During the year, the Company has revalued its Leasehold Building (60 years lease period) based on the fair market valuation obtained from an independent expert valuer. Accordingly, ₹ 125.50 crores has been credited to revaluation reserve and incremental depreciation thereon of ₹ 0.91 crores has been included in Depreciation and Amortisation Charge. Also, ₹ 146.35 crores remain substituted for historical cost in the gross block.

- 2.9.3** Tangible Assets under Finance leases included in the note 2.9 above are as follows:

**As at March 31, 2015**

**₹ crores**

Asset type	Gross Block	Accumulated Depreciation	Net Block
Computers	195.14	126.38	68.76
Plant & Equipment/Electrical Installations	0.32	0.19	0.13
Furniture & Fixtures	65.48	41.03	24.45
Leasehold Improvements	10.67	6.63	4.04
<b>Total</b>	<b>271.61</b>	<b>174.23</b>	<b>97.38</b>

**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	4.33	6.34
<b>Total</b>	<b>275.59</b>	<b>114.20</b>	<b>161.39</b>

- 2.9.4** Depreciation for the year includes gain on sale/discarding of various assets amounting to ₹0.09 crores (for the year ended March 31, 2014 loss of ₹4.36 crores) and certain intangible assets have been fully amortized having Gross Block of ₹7.26 crores (as at March 31, 2014 ₹15.40 crores), Accumulated Depreciation ₹6.54 crores (as at March 31, 2014 ₹2.66 crores) and Net Block of ₹0.72 crores (as at March 31, 2014 ₹12.74 crores) due to technological obsolescence/commercial unviability.

## 2.10 Non current investments

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Long Term Trade Investments Unquoted at Cost</b>		
<b>(i) 100% Wholly Owned Subsidiaries</b>		
(a) 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 March 31, 2014 - 5,346,202 shares)	21.20	21.20
(b) 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 March 31, 2014 - 3,226,308 shares) Less : Provision for loss on divestment of step down subsidiaries Less : Provision for diminution in value of investment	355.73 (305.79) (30.00)	355.73 - -
(c) 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 March 31, 2014 - 6,258,371,598 shares) Less : Provision for diminution in value of investment	19.94 992.74 (320.00)	355.73 992.74 -
(d) 500 Shares of SAR 1,000 each fully paid up of 3i Infotech Saudi Arabia LLC (as at March 31, 2014- 500 shares)	672.74 0.67	992.74 0.67
(e) 5,569,762 Equity shares of ₹10 each fully paid up of 3i Infotech Trusteeship Services Ltd. (as at March 31, 2014 - 5,569,762 shares)	0.01	0.01
(f) 100,000 Equity shares of ₹10 each fully paid of 3i Infotech BPO Ltd. (Refer note no. 2.10.1) (as at March 31, 2014 - 100,000 shares)	66.71	66.71
(g) 4,805,211 Equity shares of ₹10 each fully paid of 3i Infotech Consultancy Services Ltd. (as at March 31, 2014 - 4,805,211 shares)	37.04	37.04
(h) Elegon Infotech Limited, China	11.81	11.81
<b>(i) Redeemable Convertible Preference Shares of 3i Infotech Holdings Private Limited, Mauritius : (*) (Refer note no. 2.10.2)</b>		
891,631,605 Series A - Zero Coupon Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31,2014 - Nil)	134.48	-
1,780,361,142 Series C - Zero Coupon Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31,2014 - Nil)	414.99	-
21,878,720 Series D - Zero Coupon Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31,2014 - Nil)	5.00	-
<b>(ii) Other Subsidiaries</b>		
(a) 740,000 Equity shares of ₹10 each fully paid of Locuz Enterprise Solutions Ltd. constituting 74% of the share capital (as at March 31, 2014 - 740,000 shares)	22.80	22.80
<b>Total Long term trade investments (A)</b>	<b>1,407.39</b>	<b>1,508.71</b>
<b>(iii) Investment in Equities, Preference Share Capital (other than Subsidiaries)</b>		
(a) 200,000 Equity shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co. Ltd., Sri Lanka (as at March 31, 2014 - 200,000 shares)	0.10	0.10
(b) 25,000,000 Redeemable Non Convertible Zero Coupon Preference shares of ₹10 each fully paid up of eMudhra Ltd redeemable by December 14, 2015 (as at March 31, 2014 - 25,000,000 shares)	25.00	25.00
(c) 55,000 equity shares of ₹10 each fully paid up of Vashi Railway Station Commercial Complex Limited. (as at March 31, 2014 - 55,000 shares)	0.06	0.06
<b>Total Non trade investments (B)</b>	<b>25.16</b>	<b>25.16</b>
<b>Total investments (A+B)</b>	<b>1,432.55</b>	<b>1,533.87</b>
<b>Aggregate amount of Unquoted investments (Gross)</b>	<b>2,088.34</b>	<b>1,533.87</b>
<b>Aggregate Amount of Provision for diminution in value of investments / loss on divestment of step down subsidiaries</b>	<b>(655.79)</b>	<b>-</b>
<b>Aggregate amount of Unquoted investments (Net)</b>	<b>1,432.55</b>	<b>1,533.87</b>

\* Shares yet to be allotted

### 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)

**2.10.2** During the year, pursuant to Board resolution dated May 28, 2015, Company has re-converted its unsecured loan receivable from its wholly owned subsidiary viz. 3i Infotech Holdings Private Limited, Mauritius to investment in zero coupon redeemable preference shares redeemable at a premium with retrospective effect from July 1, 2012. Accordingly, the Company has accounted ₹ 22.80 crores as a debit to FCMITDA being long term monetary asset and ₹ 0.43 crores as additional foreign exchange gain amortized for the period upto March 31, 2015 with respect to the aforesaid amount accounted under FCMITDA.

Further, Premium receivable of ₹226.44 crores (as at March 31, 2014 ₹ 230.15 crores) on aforesaid preference shares will be recognized as income as and when the uncertainty as to the realization ceases to exist.

### 2.11 Deferred tax asset

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unabsorbed losses/depreciation	818.34	684.25
Expenses allowable on payment and others (including provision for doubtful debts)	71.71	43.82
Provision for diminution in value of investments / loss on divestment of step down subsidiaries	212.77	-
	1,102.82	728.07
Fixed assets (Depreciation/amortisation)	315.29	271.15
	787.53	456.92
Less: Deferred tax assets not recognised as a matter of prudence	(666.20)	(335.59)
<b>Net deferred tax asset</b>	<b>121.33</b>	<b>121.33</b>

In respect of Net Deferred Tax Asset of ₹121.33 crores (as at March 31, 2014 ₹121.33 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.

### 2.12 Long term loans and advances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Security Deposits (includes lease rent deposits)	7.82	7.37
Loan to a Subsidiary Company *	-	551.68
Advance tax and tax deducted at source (net of Provision for taxes Nil; as at March 31 2014 Nil)	137.97	115.20
VAT recoverable (net)	0.14	2.29
MAT credit receivable	-	21.54
Prepaid expenses	2.20	5.14
	148.13	703.22
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	1.34	1.34
Less: Provision for bad and doubtful deposits	(1.34)	(1.34)
	-	-
<b>Total</b>	<b>148.13</b>	<b>703.22</b>

\* Refer to Note no. 2.10.2

### 2.13 Other non-current assets

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
Unamortised borrowing cost	6.05	6.38
<b>Total</b>	<b>6.05</b>	<b>6.38</b>

### 2.14 Trade receivables

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Debts outstanding for a period exceeding 6 months from the due date of payment	506.20	441.59
Others	68.99	168.37
	<b>575.19</b>	<b>609.96</b>
<b>Unsecured, considered doubtful</b>		
Doubtful debts exceeding 6 months from the due date of payment	17.25	11.87
Less: Provision for bad and doubtful debts	(17.25)	(11.87)
	-	-
<b>Total *</b>	<b>575.19</b>	<b>609.96</b>
* Includes due from:		
Subsidiaries	531.03	531.65
Associate	-	26.97

### 2.15 Cash and bank balances

₹ crores		
Particulars	As at March 31, 2015	As at March 31, 2014
<b>Cash and Cash Equivalents</b>		
In current accounts	4.49	12.34
Cheques on hand	-	0.01
Remittance in transit	-	0.66
Cash on hand	0.00	-
<b>Total - (A)</b>	<b>4.49</b>	<b>13.01</b>
<b>Other Bank Balances</b>		
In margin money accounts	3.33	2.87
In escrow accounts	4.15	0.20
In dividend accounts	0.37	0.42
<b>Total - (B)</b>	<b>7.85</b>	<b>3.49</b>
<b>Total - (A + B)</b>	<b>12.34</b>	<b>16.50</b>

## 2.16 Short term loans and advances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Security deposits (includes lease rent deposits)	3.83	5.31
	3.83	5.31
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	2.21	2.18
Less: Provision for bad and doubtful deposits	(2.21)	(2.18)
	-	-
<b>Other loans and advances</b>		
Unamortized/Prepaid expenses	10.52	13.87
Advances recoverable from subsidiaries	3.20	6.48
Other advances recoverable in cash or in kind or for value to be received	12.00	4.12
	25.72	24.47
<b>Total</b>	<b>29.55</b>	<b>29.78</b>

## 2.17 Other current assets

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unbilled revenue*	33.85	28.81
Unamortised borrowing cost	1.09	0.76
<b>Total</b>	<b>34.94</b>	<b>29.57</b>

\* Includes ₹ 6.02 crores from an associate (as at March 31, 2014 ₹ 8.39 crores)

## 2.18 Revenue from Operations

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
IT solutions	379.16	307.85
Transaction services	21.56	18.65
<b>Total</b>	<b>400.72</b>	<b>326.50</b>

## 2.19 Other Income

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income	0.61	2.21
Gain on sale/discarding of fixed assets	0.09	8.65
Foreign exchange gain (net)	-	51.94
Provision for doubtful debts written back	-	0.81
Other non-operating income	2.39	5.21
<b>Total</b>	<b>3.09</b>	<b>68.82</b>

## 2.20 Employee benefits expense and Cost of Revenue

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries and wages	207.89	241.27
Contribution to provident funds and other funds	14.22	23.86
Recruitment and training expenses	1.45	0.76
Staff welfare expenses	7.10	7.70
Cost of third party products/outsourced services (Refer note no. 2.30)	99.85	77.73
Less: Recovery from subsidiaries:		
a. Re-imbursement of costs	(97.62)	(124.71)
b. Corporate charges	(15.21)	(14.98)
<b>Total</b>	<b>217.68</b>	<b>211.63</b>

## 2.21 Finance cost

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest expense	189.75	281.10
Other borrowing costs	4.94	19.12
<b>Total</b>	<b>194.69</b>	<b>300.22</b>

## 2.22 Other expenses

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Rent	16.91	20.46
Travelling and conveyance	6.59	4.53
Power and fuel	7.82	8.59
Foreign exchange Loss (net)	42.73	-
Office Expenses	1.37	1.71
Repairs to buildings	0.55	0.39
Insurance	4.63	3.86
Rates and taxes	1.82	2.33
Communication expenses	3.50	4.54
Printing and stationery	1.07	1.01
Directors' sitting fees	0.15	0.07
Legal and professional charges	13.44	12.46
Bad debts written off	-	29.19
Less - Provision withdrawn	-	(29.19)
Provision for doubtful debts	3.77	-
Repairs & Maintenance - Others	3.37	2.33
Security charges	1.46	1.20
Miscellaneous expenses	2.94	1.58
<b>Total</b>	<b>112.12</b>	<b>65.06</b>

## 2.23 Exceptional Items – Income/ (Expenses)

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Provision for diminution in value of investment	350.00	-
Provision for loss on divestment of step down subsidiaries	305.79	-
Compensation towards liquidated damages	10.56	-
Loss on settlement of litigation	-	35.85
Net irrecoverable balances written off	24.27	-
<b>Total</b>	<b>690.62</b>	<b>35.85</b>

## 2.24 Tax expense

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Current Taxes:</b>		
MAT credit entitlement written off	21.54	-
Income tax pertaining to earlier years written off	2.03	4.12
Deferred tax assets recognised	-	(17.67)
<b>Total</b>	<b>23.57</b>	<b>(13.55)</b>

## 2.25 Contingent Liabilities & Commitments (to the extent not provided for)

### 2.25.1 Contingent liabilities

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
Contingent liabilities not provided for in respect of:-		
Corporate Guarantee on behalf of subsidiaries (to the extent of loans outstanding)	90.90	157.17
Outstanding bank guarantees	0.10	0.10
Arrears of cumulative preference dividend (including dividend distribution tax thereon)	4.83	4.83
Estimated amount of claims against the company not acknowledged as debts in respect of:-		
- Disputed income tax matters	37.92	38.28
- Disputed service tax matters (excluding interest as applicable)	180.86	181.56
- Disputed sales tax matters	33.64	3.10
- Customer claims	0.21	0.19
- Others*	47.54	49.80
<b>Total</b>	<b>396.00</b>	<b>435.03</b>

\* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.78 crores (as at March 31, 2014 - ₹ 0.85 crores).

The Company's pending litigation is in respect of proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial statements.

During the last few years commencing from financial year 2011-12, due to financial crunch, the Company has not been regular in payment of statutory dues and also has other unpaid dues. Further, there are delays/defaults in payment to lenders and others as per the payment schedule. The defaults of statutory dues/delays in payment to lenders and others may result into consequential substantial additional liability, as may arise, on such delays/defaults, amount whereof is presently not ascertainable.

## 2.25.2 Commitments:

### (a) Capital Commitments

Capital commitments as at March 31, 2015 ₹ 0.09 crores (₹ Nil as at March 31, 2014)

### (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, 2015, the Company recognized ₹ 22.60 crores (for the year ended March 31, 2014 ₹ 1.21 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 Mar 31, 2015 is Nil. (as at March 31, 2014 negative ₹ 22.60 crores).

As at March 31, 2015, the fair value of outstanding derivative designated under cash flow hedge accounting was ₹ Nil (as at March 31, 2014 ₹ 22.60 crores), of which ₹ Nil (as at March 31, 2014, ₹ 22.60 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:

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
- within one year	9.95	11.98
- later than one year and not later than five years	23.99	31.23
- later than five years	27.97	21.21

- (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:

Particulars	₹ crores	
	As at March 31, 2015	As at March 31, 2014
- within one year	4.66	3.61
- later than one year and not later than five years	1.16	5.82
- later than five years	-	-



**b. Finance Lease:**

Future minimum lease payments in respect of assets on finance lease

**As at March 31, 2015**

₹ crores			
Particulars	Minimum Lease Payment	Finance Charges	Present Value of Minimum lease payments
- Within one year	200.66	51.64	149.02
- Later than one year and not later than five years	63.07	3.57	59.50
- Later than five years	-	-	-

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	-	-	-

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

**2.26.1 Going Concern:**

During the financial year 2011-12, the Company undertook restructuring of its debts through CDR cell and also renegotiated with the FCCB holders with respect to its obligations. Post the debts restructuring, there have been substantial delays in repayments of Principal and payment of Interest in respect of CDR lenders as well as for the interest on FCCBs, which may be construed as Default as per the MRA and the terms of FCCB. The Company is negotiating with the aforesaid lenders as also with the lease financiers to restructure the debt and is reasonably certain to renegotiate and meet its financial obligations.

**2.26.2 Impairment Analyses 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, specified under Section 133 of the Act, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis, with the assistance of an independent expert valuer and accordingly provision for diminution in value of long term investments (subsidiaries) of ₹ 350 crores (Previous year ₹ Nil) has been made. Besides, the Company has provided loss of ₹ 305.79 crores on account of divestment of stake in step down subsidiaries during the year.

**2.27 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

### Change in benefit obligation

₹ crores

Particulars	As at March 31, 2015	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	13.95	12.39	17.82	13.62	14.26
Interest cost	1.31	1.02	1.56	1.13	1.14
Current service cost	2.05	2.43	3.10	2.91	2.79
Benefits paid	(3.97)	(5.93)	(0.10)	(3.09)	(2.72)
Actuarial (gain)/loss in obligations	4.42	4.04	(9.99)	3.25	(1.85)
Obligation at year end	17.76	13.95	12.39	17.82	13.62

### Change in Fair value of Plan assets

₹ crores

Particulars	As at March 31, 2015	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	0.01	0.11	2.91	2.71
Expected return on plan assets	0.00	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)	(0.00)	(0.01)	(0.14)	0.17
Fair value of plan assets at year end	0.01	0.01	0.01	0.11	2.91

### Expenses recognized in Statement of Profit and Loss

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2011
Current service cost	2.05	2.43	3.10	2.91	2.79
Interest cost	1.31	1.02	1.56	1.12	1.14
Expected return on plan assets	(0.00)	(0.00)	(0.01)	(0.24)	(0.22)
Net actuarial (gain)/loss recognized during the year	4.42	4.04	(9.99)	3.43	(0.03)
Expenses recognised in Statement of Profit & Loss	7.78	7.49	(5.34)	7.22	1.68

**Reconciliation or Present Value of the obligation and the Fair value of the plan assets**
**₹ crores**

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Liability at year end	17.76	13.95	12.39	17.82	13.62
Fair value of plan assets at year end	0.01	0.01	0.01	0.11	2.91
Liability recognized in the balance sheet	17.75	13.94	12.38	17.71	10.71

**Assumptions**

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Discount Rate	7.90% p.a.	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.	8.70% p.a.	8.75% p.a.	8.25% p.a.
Salary Escalation Rate	3% for three years and 2% thereafter	4.00% p.a.	4.00% p.a.	6.00% p.a.	6.00% p.a.

**Experience Adjustment**
**₹ crores**

Particulars	As at March 31, 2015	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	4.85	4.81	(7.19)	4.34	1.61
On Plan Assets Gain\ (Loss)	(0.00)	(0.00)	(0.01)	(0.17)	0.17

The liability recognized with respect to Gratuity within the balance sheet as at March 31, 2015 is ₹19.18 crores (as at March 31, 2014 is ₹18.45 crores). The liability recognized with respect to leave encashment/entitlement in the balance sheet as at March 31, 2015 is ₹2.36 crores (as at March 31, 2014 is ₹2.16 crores)

- 2.28 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.
- 2.28 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.

**2.29 Auditors' Remuneration**
**₹ crores**

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Audit fees	1.52	1.89
Tax audit fees	0.24	0.10
Certification fees	0.14	0.06
Other Matters	0.03	0.16
Re-imbursement of out of pocket expenses	0.09	0.21
Service tax	0.16	0.30
<b>Total</b>	<b>2.18</b>	<b>2.72</b>

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

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Outsourced services cost :		
IT Solutions	70.30	76.39
Transaction processing charges	1.48	2.89
Purchases - hardware/software	19.77	5.77
Repairs and maintenance - Computers	7.00	8.01
Commission on sales	1.74	1.16
Others	0.50	0.64
Less: Reimbursed from subsidiaries	(0.94)	(0.79)
<b>Sub Total</b>	<b>99.85</b>	<b>94.07</b>
Less : Transferred to intangible assets under development	-	16.34
<b>Total</b>	<b>99.85</b>	<b>77.73</b>

### 2.31 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, 2015	For the year ended March 31, 2014
Net Profit/(Loss) after tax as per Statement of Profit and Loss before exceptional items (₹ crores)		(367.13)	(404.37)
Less: Dividend on preference shares accrued but not declared (incl. corporate dividend tax) (₹ crores)		4.83	4.83
Profit/(Loss) attributable to equity shareholders before exceptional items (₹ crores)	A	(371.96)	(409.20)
Add: Exceptional Income/(Expenses) (₹ crores)		(690.62)	(35.85)
Profit/(Loss) attributable to equity shareholders after exceptional items (₹ crores)	B	(1,062.58)	(445.05)
Weighted average number of equity shares outstanding during the year (Nos.)	C	582,143,397	572,072,722
Add: Effect of dilutive issues of options (Nos.)		-	-
Diluted weighted average number of equity shares outstanding during the year (Nos.)	D	582,143,397	572,072,722
Nominal value of equity shares (₹)		10.00	10.00
Before exceptional Items			
Basic EPS (₹)	A/C	(6.39)	(7.15)
Diluted EPS (₹)	A/D	(6.39)	(7.15)
After exceptional items			
Basic EPS (₹)	B/C	(18.25)	(7.78)
Diluted EPS (₹)	B/D	(18.25)	(7.78)

## 2.32 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	Rhyme Systems Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
9	3i Infotech Holdings Private Limited	Mauritius	100% held by 3i Infotech Limited	Nov 20, 2006
10	3i Infotech Saudi Arabia LLC	Saudi Arabia	100% held by 3i Infotech Limited	Dec 24, 2006
11	3i Infotech Financial Software Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Dec 18, 2006
12	3i Infotech (Africa) Limited	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
13	3i Infotech (Middle East) FZ LLC	UAE	100% held by 3i Infotech Holdings Private Limited	Sep 25, 2007
14	Black Barret Holdings Limited	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
15	3i Infotech Framework Limited	UK	100% held by 3i Infotech (Western Europe) Limited	Feb 8, 2008
16	Elegon Infotech Limited	China	100% held by 3i Infotech Limited	Jul 10, 2008
17	3i Infotech Services SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	May 10, 2006
18	3i Infotech (South Africa) (Pty) Limited	Republic of South Africa	100% held by 3i Infotech Holdings Private Limited	Nov 28, 2013
19	Locus Inc (w.e.f. July 29, 2014)	USA	100% held by Locuz Enterprise Solutions Limited	July 29, 2014
20	3i Infotech (Western Europe) Limited (Upto Dec 23, 2014)	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
21	Professional Access Limited (Upto Aug 14, 2014)	USA	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
22	3i Infotech (Flagship-UK) Limited (Upto Dec 23, 2014)	UK	100% held by 3i Infotech (Western Europe) Limited	Jan 29, 2008

**Indian subsidiaries/step down subsidiaries:**

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	IFRS Cloud Solutions Limited (formerly known as 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 & Global CEO
2. Mr. Padmanabhan Iyer	Chief Financial Officer (from November 11, 2014)
3. Mr. Charanjit Attra	Executive Director
4. Mr. Ninad Kelkar	Company Secretary
5. ICICI Bank Limited	Associate

**The following transactions were carried out during the year:**

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Subsidiaries – 3i Infotech Inc.</b>		
Income	13.85	4.62
Corporate Charges (Royalty Income)	6.73	5.84
<b>Subsidiaries – 3i Infotech Holdings Private Limited, Mauritius</b>		
Loan Taken	10.94	-
Conversion of Unsecured loan into Redeemable Convertible Preference Shares	554.47	-
<b>Subsidiaries – 3i Infotech (UK) Limited and its subsidiaries</b>		
Income	0.70	0.88
Corporate Charges (Royalty Income)	1.73	2.62
Loan Taken	33.97	-
<b>Subsidiaries – 3i Infotech (Middle East) FZ LLC</b>		
Income	2.84	4.13
Income from product charge out	5.19	3.08
Corporate Charges (Royalty Income)	2.53	2.58
<b>Subsidiaries – 3i Infotech Saudi Arabia LLC</b>		
Income	0.89	0.67
Income from product charge out	2.03	0.76
Corporate Charges (Royalty Income)	0.83	0.71
<b>Subsidiaries – 3i Infotech Asia Pacific Pte Limited</b>		
Income	0.57	1.04
Corporate Charges (Royalty Income)	0.64	0.60
<b>Subsidiaries – Elegon Infotech Limited</b>		
Corporate Charges (Royalty Income)	0.13	0.10
<b>Subsidiaries – Locuz Enterprise Solutions Limited</b>		
Income	-	0.35
Rent Income	0.10	0.73
Purchase of Services	0.02	2.24
Expenses	0.31	-

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Subsidiaries – 3i Infotech Consultancy Services Limited</b>		
Income	0.29	1.02
Purchase of Services	57.11	55.71
Corporate Charges (Royalty Income)	1.54	1.54
Interest Expense	0.14	0.69
Advance Taken	63.08	-
Advance Given	57.34	-
<b>Subsidiaries – 3i Infotech BPO Limited</b>		
Income	8.59	6.05
Rent Income	1.56	1.56
Purchase of Services	1.06	1.05
Loan Taken	3.00	9.65
Advance Taken	48.28	-
Loan Paid	-	2.00
Advance Given	28.79	-
Expenses	-	0.00
Interest Expense	4.23	2.87
<b>Subsidiaries – 3i Infotech Financial Software Inc.</b>		
Income	1.82	0.20
<b>Subsidiaries – Professional Access Software Development Private Limited</b>		
Loan Taken	126.77	-
Interest Expense	10.21	-
Interest Payable written back	10.21	-
<b>Subsidiaries – Others</b>		
Income	10.78	1.61
Corporate Charges (Royalty Income)	1.09	0.98
Income from product charge out	-	0.02
Loan Taken	-	0.75
Interest Expense	0.31	0.96
<b>ICICI Bank Limited#</b>		
Income	159.62	122.47
Expenses	2.22	1.69
Old Irrecoverable Balances Written Off	1.74	-
<b>Director / KMP – Mr. Charanjit Attra</b>		
Remuneration	0.95	1.58
<b>Director / KMP – Mr. Madhivanan Balakrishnan</b>		
Remuneration	1.78	3.14
<b>KMP – Mr. Padmanabhan Iyer</b>		
Remuneration	0.39	-
<b>KMP – Mr. Ninad Kelkar</b>		
Remuneration	0.19	-

# Excluding normal banking transactions

**Notes:**

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

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

**Outstanding balances of related parties:**

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Subsidiaries – 3i Infotech Inc.</b>		
Financial / Corporate Guarantees	-	26.89
Advance Receivable	1.72	0.53
Trade Receivable	354.47	327.66
<b>Subsidiaries – 3i Infotech Holdings Private Limited</b>		
Investment in Equity Shares (Gross)	992.74	992.74
Provision for Diminution in value of Investment	320.00	-
Investment in Redeemable Preference Shares (\$)	554.47	-
Trade Receivable	-	1.94
Loan Payable	10.94	-
Loan Receivable	-	551.68
<b>Subsidiaries – 3i Infotech (UK) Limited and its subsidiaries</b>		
Investment in Equity Shares (Gross)	355.73	355.73
Loss provided on divestment of step down subsidiaries	305.79	-
Provision for Diminution in value of Investment	30.00	-
Advance Receivable	-	0.26
Trade Receivable	8.63	11.33
Trade Payable	-	9.16
Loan Payable	33.97	-
Financial / Corporate Guarantees	-	21.90
<b>Subsidiaries – 3i Infotech (Middle East) FZ LLC</b>		
Advance Receivable	0.74	0.34
Trade Receivable	44.93	58.26
Financial / Corporate Guarantees	37.52	59.67
Payable towards IPR purchase	1,038.31	987.48
<b>Subsidiaries – 3i Infotech Saudi Arabia LLC</b>		
Investment in Equity Shares	0.67	0.67
Trade Receivable	94.58	95.50
Advance Receivable	0.24	0.06
<b>Subsidiaries – 3i Infotech Asia Pacific Pte Limited</b>		
Investment in Equity Shares	21.20	21.20
Advance Receivable	0.15	0.12
Financial / Corporate Guarantees	9.38	8.97
Trade Payable	2.98	-
Trade Receivable	-	1.11
<b>Subsidiaries – Elegon Infotech Limited</b>		
Investment in Equity Shares	11.81	11.81
Trade Payable	2.62	3.66
Advance Receivable	0.03	0.01
<b>Subsidiaries – Locuz Enterprise Solutions Limited</b>		
Investment in Equity Shares	22.80	22.80
Financial / Corporate Guarantees	34.00	6.78
Trade Payable	2.57	2.47
Advance Receivable	0.02	-
Unbilled Revenue	0.00	-



₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Subsidiaries – 3i Infotech Consultancy Services Limited</b>		
Investment in Equity Shares	37.04	37.04
Trade Payable	26.38	19.89
Loan Payable	5.74	-
Interest Payable	0.76	0.62
Earnest Money Deposit	5.00	5.00
Advance Receivable	-	0.37
Unbilled Revenue	0.59	-
Financial / Corporate Guarantees	10.00	15.17
<b>Subsidiaries – 3i Infotech BPO Limited</b>		
Investment in Equity Shares	66.71	66.71
Loan Payable	30.56	48.34
Trade Receivable	-	2.79
Trade Payable	9.46	-
Interest Payable	5.73	2.72
Financial / Corporate Guarantees	-	4.00
Unbilled Revenue	0.65	-
<b>Subsidiaries – 3i Infotech Financial Software Inc.</b>		
Trade Payable	2.58	4.18
<b>Subsidiaries – Professional Access Software Development Private Limited</b>		
Loan Payable	129.60	6.31
Trade Receivable	2.51	2.52
Interest Payable	2.26	2.26
<b>Subsidiaries – Others</b>		
Investment in Equity Shares	0.01	0.01
Financial / Corporate Guarantees	-	13.79
Trade Receivable	25.91	30.54
Trade Payable	3.76	5.40
Interest Payable	0.63	0.32
Advances Receivable	0.23	4.79
Loan Payable	2.25	2.25
Unbilled Revenue	0.03	-
<b>ICICI Bank Limited</b>		
Trade Receivable	-	26.97
Trade Payable	-	0.07
Advances Payable	52.44	136.62
Unbilled Revenue	6.02	7.75
Other Deposits Payable	1.55	1.55
<b>Director / KMP – Mr. Charanjit Attra</b>		
Remuneration Payable *	0.85	1.18
<b>Director / KMP – Mr. Madhivanan Balakrishnan</b>		
Remuneration Payable *	1.78	1.83
<b>KMP – Mr. Padmanabhan Iyer</b>		
Remuneration Payable *	0.38	-
<b>KMP – Mr. Ninad Kelkar</b>		
Remuneration Payable *	0.01	-

\$ Shares yet to be allotted

\* Includes retention incentive amount

- Related parties have been identified by the management and relied upon by the auditors.
- No balances in respect of the related parties have been provided for/written back/written off except for those disclosed above.

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

Particulars	Currency type	As at March 31, 2015		As at March 31, 2014	
		Amount in foreign currency (crores)	Amount (₹ crores)	Amount in foreign currency (crores)	Amount (₹ crores)
Foreign Currency Convertible Bonds	USD	8.64	540.12	9.60	573.76
"Premium payable on Foreign Currency Convertible Bonds"	USD	0.10	6.31	0.10	6.03
Interest Payable on FCCB	USD	0.42	26.17	0.19	11.61
Foreign Currency Loans	USD	19.47	1,217.48	14.82	885.69
Interest Payable on Foreign currency loan	USD	1.07	67.05	0.10	5.70
Loan to subsidiaries	USD	-	-	9.23	551.68
Loan from subsidiaries	USD	0.17	10.94	-	-
	GBP	0.34	33.97	-	-
Investment in Redeemable Preference Shares	USD	6.72	419.99	-	-
	EUR	2.00	134.48	-	-
Net current assets/(liabilities)	USD	(9.38)	(591.20)	(8.84)	(536.12)
	GBP	0.12	11.48	0.02	(9.16)
Bank Account	EUR	0.00	0.06	0.01	0.43

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

Particulars	Currency type	As at March 31, 2015		As at March 31, 2014	
		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

**2.34 CIF value of imports and expenditure in foreign currency**

₹ crores

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>a. Expenditure in foreign currency in respect of:</b>		
(i) Cost of outsourced services and bought out items	0.87	0.43
(ii) Travelling and other expenses	5.18	1.40
(iii) Interest expenses on FCCB	28.35	29.08
(iv) Interest expenses on FCNR Loan	76.79	11.23
<b>b. Earnings in foreign currency</b>		
Income from operations (Excludes income from Dubai Branch)	78.55	41.17

**2.35 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 ₹ 15.40 crores (for the year ended March 31, 2014 loss of ₹ 52.34 crores) arising on FCCBs and exchange gain of ₹ 2.79 crores (for the year ended March 31, 2014 gain of ₹ 49.88 crores) on long term foreign currency investment in Preference shares/loan, exchange gain of ₹ 0.42 crores (for the year ended March 31, 2014 loss of ₹ 0.42 crores) 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 loss amortized during the year is ₹ 7.35 crores (for the year ended March 31, 2014 ₹ 9.93 crores).
- (b) The Company has a liability of ₹1038.31 crores (as at March 31, 2014 ₹ 987.48 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 awaiting. In view of the same, the said liability is considered long term from inception and the resulting foreign exchange translation loss of ₹ 46.48 crores (for the year ended March 31, 2014 loss of ₹ 89.28) for the year have been capitalized to the cost of the software.

**2.36 Share Application Money Pending Allotment:**

During the year, in line with the CDR Scheme and execution of the Deed of Accession to Master Restructuring Agreement (MRA) with one of the Non CDR lenders, the Company has transferred the Principal outstanding of ₹16.75 crores and accumulated interest payable for the period from October 1, 2011 to March 31, 2012 of ₹16.75 crores to “Share Application Money pending allotment”; against which the equity shares are to be issued at a price of ₹19.74 per equity share.

- 2.37** 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 & 2**

For and on behalf of the Board

**Madhivanan Balakrishnan**  
Managing Director and Global CEO  
DIN No. 01426902

**Charanjit Attra**  
Executive Director – New Business  
Initiatives Strategy and Finance  
DIN No. 05323757

**Padmanabhan Iyer**  
Chief Financial Officer

**Ninad Kelkar**  
Company Secretary

Place: Mumbai  
Date: May 28, 2015

### 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

**Tel:** 022-6792 8000 **Fax:** 022-6792 8098

#### NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting ("AGM") of the Members of 3i Infotech Limited (the "Company") will be held on Wednesday, September 23, 2015 at 4:00 p.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, 2015 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. Madhivanan Balakrishnan (DIN-01426902), who retires by rotation at this AGM and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

##### **Ratification of appointment of auditors of the Company and to fix their remuneration**

**RESOLVED that** subject to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time, pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company and pursuant to the resolution passed by the Members at the AGM held on September 16, 2014, the appointment of M/s. Lodha & Co., Chartered Accountants (Firm Registration No. 301051E) as the Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the Twenty Third AGM of the Company to be held in the year 2016 be and is hereby ratified and the Board of Directors be and is hereby authorized to determine the remuneration payable to them for the financial year ending March 31, 2016 as may be recommended by the Audit Committee in consultation with the Auditors.

#### SPECIAL BUSINESS

4. **Appointment of Ms. Sarojini Dikhale (DIN-02755309) as an Independent Director for a period of 5 years effective September 23, 2015**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**RESOLVED that** subject to the provisions of Sections 149, 152 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), Ms. Sarojini Dikhale (DIN - 02755309), who was appointed as an additional director of the Company by the Board of Directors with effect from July 28, 2015 and who holds office till the date of this AGM in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose Ms. Sarojini Dikhale as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director for a period of 5 years effective September 23, 2015.

**RESOLVED further that** pursuant to provisions of the Act, Ms. Dikhale shall not be liable to retire by rotation.

5. **Appointment of Dr. Shashank Desai (DIN-00143638) as an Independent Director for a period of 5 years effective September 23, 2015**

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

**RESOLVED that** subject to the provisions of Sections 149, 152 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), Dr. Shashank Desai (DIN-00143638), who was appointed as an additional director of the Company by the Board of Directors with effect from November 3, 2014 and who holds office till the date of this AGM in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose Dr. Shashank Desai as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director for a period of 5 years effective September 23, 2015.

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

**6. Appointment of Mr. Ashok Shah (DIN-01194846) as an Independent Director for a period of 5 years effective October 1, 2015**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**RESOLVED that** pursuant to the provisions of Sections 149, 152 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 of 5 years effective October 1, 2015.

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

**7. Approval for payment of remuneration to Mr. Madhivanan Balakrishnan (DIN-01426902) as the Managing Director & CEO for a period of 2 years effective July 1, 2015**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**RESOLVED that** in furtherance of the resolution passed by the Members at their Annual General Meeting held on August 2, 2012 and subject to the provisions of Section 196, 197 read with Schedule V 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), relevant provisions of the Listing Agreements, the Articles of Association of the Company and subject to the approval of the Central Government, if required and any other sanctions and approvals as may be necessary, the Members do hereby approve payment of remuneration to Mr. Madhivanan Balakrishnan (DIN-01426902) as the Managing Director & CEO of the Company for a period of 2 years, effective July 1, 2015 on the following terms:

**Basic Salary:**

In the range of ₹ 6,00,000/- p.m. to ₹ 12,00,000/- p.m

**Bonus:**

An amount up to 100 % of his annual cost to the Company as may be determined by the Board of Directors or any Committee thereof, based on achievement of such performance parameters as may be laid down from time to time.

**Retention Incentive:**

As per the terms approved vide resolution of the Members dated August 2, 2012, an amount of ₹3 crores will become due and payable in two equal tranches of ₹1.5 crores each at the end of financial years 2015-16 and 2016-17 respectively, subject to Mr. Madhivanan Balakrishnan being in the employment of the Company on the respective due dates. In the event of reorganization, merger, consolidation of the Company or such other similar events, if he is required to be dis-engaged for whatever reasons, the amount of retention bonus due to Mr. Madhivanan Balakrishnan shall be preponed to coincide with the date of such reorganization, merger or consolidation, as the case may be. However, in case of his voluntary resignation from the services of the Company or his services being terminated for cause, the retention bonus will not be payable for subsequent years.

**Perquisites:**

Perquisites (evaluated as per Income Tax Rules, wherever applicable and at actual cost to the Company in other

cases) like benefits of Company's furnished accommodation/house rent allowance, supplementary allowance, gas, electricity, water and furnishings, club fees, personal insurance, use of car and telephone at residence or re-imbursement of expenses in lieu thereof, medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund and gratuity, in accordance with the scheme(s) and rule(s) applicable to the employees of the Company from time to time.

**RESOLVED further that** in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Madhivanan Balakrishnan shall be governed by Section II of Part II of Schedule V of the Act including any modification(s) thereto.

**RESOLVED further that** the Board of Directors of the Company or any Committee thereof be and is hereby authorized to decide at its absolute discretion from time to time, all the terms and conditions of the remuneration (salary, perquisites and bonus) payable to Mr. Madhivanan Balakrishnan, within the terms mentioned above and obtain such approvals of the Central Government as may be necessary for the purpose of payment of such remuneration, during the tenure of his appointment from time to time.

By Order of the Board



Ninad Kelkar  
Company Secretary

**NOTES:**

- a) The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the "Act") 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/ authorisations 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) 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 and 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.
- f) 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 for registration of transfer of shares in physical form.

- g) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 16, 2015 to Wednesday, September 23, 2015 (both days inclusive).
- h) Under the Act, 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 ₹ 426,870/- being unclaimed dividend of the Company for the financial year ended March 31, 2007 was transferred to IEPF on September 2, 2014 and no claim lies against the Company in respect thereof.
- i) 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. National Securities Depository Limited (NSDL) & Central Depository Service Limited (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.
- j) 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 Act. For shareholders whose e-mail addresses are not available, physical copies are being sent.  
  
The 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.
- k) 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.
- l) In compliance with the provisions of Section 108 of the Act and the rules framed thereunder and Clause 35B of the listing agreement, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL on all the resolutions set forth in this Notice. The facility of casting votes by a Member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by NSDL and the items of business as detailed in the Notice may be transacted through remote e-voting. Instructions for using this facility are mentioned under point o) below. The facility for voting, either through electronic voting system or by ballot or polling paper, shall also be made available at the AGM.
- m) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- n) The members can opt for only one mode of voting i.e. either by ballot form or remote e-voting. In case Members cast their votes through both the modes, voting done by remote e-voting shall prevail and votes cast through ballot form shall be treated as invalid. The Resolution(s) passed by the Members through ballot forms or remote e-voting are deemed to have been passed as if they have been passed at the AGM.
- o) The Instructions for remote e-voting are given herein below.

**Remote e-voting Facility:**

1. The remote 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: 9:00 a.m. (IST) on Sunday, September 20, 2015  
End of e-voting: 5:00 p.m. (IST) on Tuesday, September 22, 2015
2. E-voting shall not be allowed beyond 5:00 p.m. (IST) on Tuesday, September 22, 2015. 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 Friday, September 18, 2015.



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 remote 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 remote 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 remote e-voting opens. Click on e-voting: Active Voting Cycles
  - vii. Select "REVEN" (Remote 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).
  - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call Mr. Rajiv Ranjan on +91 - 22 - 2499 4738.
4. For the benefit of the 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:
 

REVEN (Remote E-Voting Event Number)	USER ID	PASSWORD
  - ii. Please follow all steps from Sr. No. ii to xiii above to caste the vote.
5. If you are already registered with NSDL for remote e-voting, you can use your existing user ID and password/ PIN for casting your vote.
6. 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).
7. Login to the remote e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'forgot password' option available on the site to reset the password.



8. The Company has appointed Mr. Keyoor Bakshi, M/s. BNP & Associates, Practicing Company Secretary as scrutinizer ("the Scrutinizer") to scrutinize the voting and remote e-voting in a fair and transparent manner.
- p) The Results of the AGM declared along with the Scrutinizers Report shall be placed on the website of the Company [www.3i-infotech.com](http://www.3i-infotech.com) and on the website of NSDL. The Results shall also be simultaneously submitted to those Stock Exchanges on which the equity shares of the Company are listed.
- q) The Annual Report of the Company circulated to the Members of the Company will be made available on the website of the Company.
- r) 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.
- s) 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.
- t) Members may avail of the nomination facility as provided under Section 72 of the Act. 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.
- u) The Company had obtained approval from the Members vide a Special resolution passed through Postal Ballot on June 2, 2015, to allot upto 1,69,70,618 equity shares to DBS Bank Limited ("DBS") on a preferential basis. The members may note that DBS is the only beneficial owner of these shares as per Regulation 73(i)(e) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The revised pricing certificate from Statutory Auditor after considering Volume Weighted Average Price (VWAP) as per Regulation 76(4) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 will be available for inspection of the Members at the AGM.
- v) 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 i.e. (except Saturday, Sunday and National Holidays) from the date hereof, up to the conclusion of the AGM.

By Order of the Board



Ninad Kelkar  
Company Secretary

July 28, 2015  
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. 3**

M/s. Lodha & Co., Chartered Accountants were appointed as Statutory Auditors by the Members at the previous AGM held on September 16, 2014 to hold office from the conclusion of the 21<sup>st</sup> AGM till the conclusion of 24<sup>th</sup> AGM to be held in year 2017. In terms of Section 139 of the Act ("the Act") the Members are requested to ratify the appointment of M/s. Lodha & Co., Chartered Accountants as Statutory and Branch Auditors for FY 2015-16.

As per the requirement of the Act, M/s. Lodha & Co., Chartered Accountants have confirmed that the appointment would be within the limits specified under Section 141(3)(g) of the Act and they are not disqualified to be appointed as Statutory Auditors in terms of the Act and rules made thereunder.

Your Directors recommend their appointment, as set out in Item No. 3 of the Notice, for necessary ratification.

No Director, Key Managerial Personnel or their relatives are in any way concerned or interested in the Resolution.

### **Item No. 4**

Ms. Sarojini Dikhale was appointed as an Additional Director of the Company pursuant to Section 161 of the Act read with rules thereunder with effect from July 28, 2015 to hold office till the conclusion of this AGM.

The Company has received notice in writing under Section 160 of the Act from a Member along with the requisite deposit proposing the candidature of Ms. Sarojini Dikhale, for her appointment as Independent Director for a period of 5 years effective September 23, 2015

A brief profile of Ms. Sarojini Dikhale is given below:

Ms. Sarojini Dikhale, holds a Bachelor's Degree in Arts and a Master's Degree in Economics from Mumbai University and a post-graduate Diploma in Advance Marketing from the International Institute of Advanced Marketing (IIAM, ACTE approved) certifying her as a Fellow of Advanced Marketing. She is also a law graduate and an Associate of the Insurance Institute of India.

Ms. Dikhale joined Life Insurance Corporation of India (LIC) in 1983 as a Direct Recruit Officer (AAO) of the 12th batch and that marked the start of her career spanning over 32 years. She was given an award "Outstanding Young Indian Award" organised by the Junior Chamber of Indian Jaycees at the hands of the then Honorable Governor of Goa, his Excellency Shri Kedarnath Sahni at Panjim on September 27, 2003.

She was deputed as a faculty member at the National Insurance Academy Pune, which trains senior officials from the life insurance industry. She successfully completed the direct training skills course, design of training and management of training courses conducted by the Government's Training Institute. She received rich accolades as an outstanding trainer at NIA.

Ms. Dikhale has co-authored the book "Tryst with Trust". In the last decade, she made significant contribution in the Micro Insurance vertical, CRM and RTI Department as well. Her last assignment prior deputation to LIC Nomura Mutual Fund Asset Management Company Limited (LIC NMF AMC) was as Executive Director (HRD) and there too she made worthy value additions.

Ms. Sarojini Dikhale is Director & CEO of LIC Nomura Mutual Fund Asset Management Company Limited.

Considering her vast experience, it is proposed to appoint Ms. Sarojini Dikhale as an Independent Director

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 her appointment, as set out in Item No. 4 of the Notice, for your approval.

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

#### Item No. 5

Dr. Shashank Desai was appointed as Additional Director of the Company pursuant to Section 161 of the Act read with rules thereunder with effect from November 3, 2014 to hold office till the conclusion of this AGM.

The Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member along with the requisite deposit proposing the candidature of Dr. Shashank Desai as Independent Director for a period of 5 years effective September 23, 2015.

A brief profile of Dr. Shashank Desai is given below:

Dr. Shashank Desai is a practicing Chartered Accountant in Mumbai, having more than 30 years of practice. He is a founder partner of M/s. Desai Saksena & Associates, Chartered Accountants. He obtained his Graduation in Commerce in 1976 and Bachelor in Law in 1979 from Mumbai University. In 1980, he qualified as a Chartered Accountant from the Institute of Chartered Accountants of India and became a Fellow of the Institute in 1986. In 1981, he set up his practice in Mumbai. His areas of specialization are Valuation, Investigative Audits, Financial Restructuring of companies and Financial Strategies. Based on the extensive experience, he has completed his doctorate from the University of Mumbai in 2003. The subject of his thesis was “Business Strategy for Maximising Shareholder’s Value with Special Emphasis on Financial Strategies”. His work involved analyzing the financial strategies in conjunction with business strategies of over 40 listed FMCG Companies. This has given him a deep understanding of not only how corporates create value but also how the value is to be measured. He has further refined his knowledge on valuation by analyzing the recent methodologies in valuation based on decided cases on valuation in the US and Europe. He has contributed several articles to magazines and newspapers and has been a panel speaker on several forums. He is a visiting faculty in the Certificate Course of Valuation conducted by the Institute of Chartered Accountants of India (ICAI). He has been an expert on several arbitrations which involve issues of valuation. He is the founder director of Orion Capital Services Ltd., which is engaged in fee based financial services.

Dr. Shashank Desai is on the Board of the following companies/entities:

<b>Name of Company</b>	<b>Position held</b>
Orion Capital Services Limited	Director
Accura Recruiters Private Limited	Director
Business & IP Valuation Firm (Section 8 Company)	Director
Elliott Waud & Hill Private Limited	Director

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.

In view of the experience and expertise of the proposed appointee, your Directors recommend his appointment, as set out in Item No. 5 of the Notice, for your approval.

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

#### Item No.6

The Members at the previous AGM had approved appointment of Mr. Ashok Shah as an Independent Director for a term upto September 30, 2015. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 (“the Act”), Mr. Ashok Shah, is eligible for re-appointment and has offered himself for re-appointment as an Independent Director. It is proposed to appoint Mr. Ashok Shah as an Independent Director for a period of 5 years effective October 1, 2015.

The Company has received a notice along with the requisite amount from a Member under Section 160 of the Act, proposing the candidature of Mr. Ashok Shah (the “proposed appointee”) as Director on the Board of the Company. The Company has also received declaration of independence from the proposed appointee to the effect that he meets the criteria of independence as prescribed under Section 149(6) of the Act.

A brief profile of Mr. Ashok Shah is given below:

Mr. Ashok Shah holds a bachelor's degree in Science and a 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 LIC, 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 nor a member or chairman of any other committee of any other company, except the Company.

At the Nomination and Remuneration Committee (NRC) Meeting held on May 28, 2015, the Chairman had done performance evaluation of Mr. Ashok Shah, the summary of which is as follows-

Mr. Ashok Shah, member of the Board and Audit Committee and Chairman of the NRC and the Stakeholders' Relationship Committee strives to be present at each Meeting of the Board and its Committees wherein he is a Member and provides valuable inputs to the Management in the current challenging situations of the Company.

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.

In view of the experience and expertise of the proposed appointee, your Directors recommend the special resolution for his appointment, as set out in Item No. 6 of the Notice, for your approval.

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

#### **Item No. 7**

The Board of Directors ("the Board") of the Company, at its Meeting held on June 26, 2012, had approved the appointment of Mr. Madhivanan Balakrishnan as a Managing Director & CEO for a period of 5 years with effect from July 1, 2012 and had also approved the terms of the remuneration to be paid to Mr. Madhivanan Balakrishnan during his tenure. Subsequently, such appointment and the terms of remuneration were also approved by the Members at the 19<sup>th</sup> Annual General Meeting (AGM) of the Company held on August 2, 2012.

As per the proviso given in Section II of Part II of Schedule V of the Companies Act, 2013 (the "Act"), the Members of the Company may approve payment of remuneration to Whole-time Directors for a period not exceeding 3 years by way of a special resolution. As a result of this provision which became effective post his appointments in 2012, approval of the Members would be required for payment of remuneration to Mr. Madhivanan Balakrishnan for the balance term of 2 years i.e. from July 1, 2015 to June 30, 2017. The terms of remuneration to be paid to Mr. Madhivanan Balakrishnan will remain unchanged as approved by the Members at the time of his appointment at the Annual General Meeting held on August 2, 2012.

The Nomination and Remuneration Committee of the Board, at its Meeting held on May 28, 2015, approved and confirmed the terms of remuneration to be paid to Mr. Madhivanan Balakrishnan as the Managing Director & CEO, which are the same as those approved by the Members in 2012. The same was also approved by the Board at its Meeting held on May 28, 2015, subject to the approval of the Members at the ensuing AGM of 2015. The details of the terms of remuneration are as mentioned in the resolution appearing under item no. 7 above.

#### **Profile of Mr. Madhivanan Balakrishnan**

Mr. Madhivanan Balakrishnan is the Managing Director & Global CEO of the Company. Mr. Madhivanan holds a Bachelor's Degree in Chemistry from Mumbai University and a PGDM in Marketing from Indian Institute of Management - Calcutta.

Prior to joining the Company, Mr. Madhivanan was the Executive Director at ICICI Prudential Life Insurance Company Ltd. Before joining ICICI Prudential Life, Mr. Madhivanan was Senior General Manager, ICICI Bank and Head Customer

Service & Retail Risk division. He was also in charge of the Internet Banking division for ICICI Bank. Further, he was on the RBI Committee on micro-payments and on the Boards of various entities in the financial space. Mr. Madhivanan joined ICICI Bank in 1999 with a strong background in Sales and Marketing. Mr. Madhivanan was a part of the team that launched the ICICI Bank card product and later he was made responsible for all aspects of the card business. Under his leadership ICICI Bank emerged as one of the leading players in the Indian credit card market and the personal loans business.

As the Executive Director of ICICI Prudential Life, he was responsible for providing leadership to the “Service Delivery Center” with varied functions such as Technology, Central Operations, Branch Services, Business Intelligence and Marketing in driving the organization’s objectives of quality, growth, profitability and market leadership.

Mr. Madhivanan Balakrishnan is on the Board of the following companies/entities:

<b>Names of the Company</b>	<b>Position held</b>
3i Infotech (UK) Limited	Chairman
3i Infotech Asia Pacific Pte. Limited	Chairman
3i Infotech Holdings Private Limited	Director
3i Infotech Saudi Arabia LLC	Chairman
3i Infotech (Middle East) FZ LLC	Chairman
Elegon Infotech Limited	Chairman
3i Infotech (South Africa) (Pty) Ltd	Director
3i Infotech Trusteeship Services Limited	Chairman Chairman- Audit Committee
3i Infotech BPO Limited	Chairman
3i Infotech Consultancy Services Limited	Chairman
IFRS Cloud Solutions Limited (Formerly known as 3i Infotech Outsourcing Services Limited)	Chairman
Locuz Enterprise Solutions Limited	Chairman
3i Infotech Foundation	Managing Trustee

**Statement pursuant to clause (iv) under Section II, Part II of Schedule V to the Companies Act, 2013**

<b>I. General Information:</b>	
Nature of industry	Information Technology (IT Solutions and Transaction Services)
Date or expected date of commencement of commercial production	Not Applicable
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable
Financial performance based on given indicators	The details of financial performance of the Company for the years 2013-14 and 2014-15 are provided in the Annual Report 2015 which accompanies this Notice.
Foreign investments or collaborations, if any	There is no direct foreign investment in the Company except to the extent of shares held by Foreign Institutional Investors (FII) acquired through secondary market. There is no foreign collaboration in the Company. The Company has 19 wholly-owned foreign subsidiaries and a joint venture abroad.

<b>II. Information about the appointee:</b>	
Background details	Details are given in the body of the profile of Mr. Madhivanan Balakrishnan appearing above.
Past Remuneration (₹ in crore)	1.78 (excluding the retention incentive accrued as on March 31, 2015) (details are mentioned in the resolution and are the same as approved in 2012 by the shareholders)
Recognition and Awards	Under the leadership of Mr. Madhivanan Balakrishnan, the Company was ranked 3 <sup>rd</sup> under Fortune India's "the First 500 Comprehensive Ranking of India's Mid-Sized Companies" in July 2015. The Company has won similar other accolades under his leadership as mentioned under the Awards and Certification section of the Annual Report 2014-15.
Job profile and his suitability	Mr. Madhivanan Balakrishnan has a strong background in Sales and Marketing and he has been instrumental in pioneering new initiatives in business. Taking this into consideration, the Board has bestowed the leadership of the Company on Mr. Madhivanan Balakrishnan.
Remuneration proposed	Details of proposed remuneration are presented in the resolution above.
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	Commensurate with other organizations of the similar type, size and nature in the IT industry.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Apart from receiving remuneration from the Company in his capacity as the Managing Director & CEO and holding 34,588 equity shares of ₹10 each in the Company, Mr. Madhivanan Balakrishnan does not have any other pecuniary relationship with the Company.
<b>III. Other information:</b>	
Reasons of loss or inadequate profits	The reason for reporting a net loss during this period, in spite of having a positive operating profit (EBIDTA) is due to the huge loan burden that the Company has been carrying since FY2012. The high interest cost, depreciation and other exceptional items are the contributors to the net loss. In spite of the aforesaid burden, the operations of the Company have stabilized sufficiently to demonstrate sustainable operating results. The analysis of the operations is mentioned under the section on Management Discussion and Analysis of the Annual Report.
Steps taken or proposed to be taken for improvement	<p>In the current financial year, the Company undertook a multi-pronged program covering stringent delivery governance, increase in resource utilization, optimisation of delivery teams and considerable cost reduction, with the objective of maximizing margins.</p> <p>Details of the same are covered under the Management Discussion and Analysis section of the Annual Report.</p> <p>The steps so taken have yielded positive results and helped in improving the operational efficiency. Further, the management has been working out a comprehensive solution with lenders in order to address the financial challenges faced by the Company. The outcome of the same will be submitted to the Members along with the financials of the current year.</p>

Expected increase in productivity and profits in measurable terms	Based on the operational efficiencies achieved, the Company is confident of improving its Revenue metrics across personnel, products and services. Further, continued support from our existing customers and the positive response from new customers for its Products and Services has enabled the Company to achieve positive EBIDTA on a quarter on quarter basis. The Company is confident that if the debt gets restructured favorably, it will show a net profit. Retention of our existing customers and our employees, along with a comprehensive solution to the Company's debt burden will remain our primary objective.
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#### IV. Disclosure:

As required, the information is provided under Corporate Governance Section of Annual Report 2014-15.

Your Directors recommend approval of the terms of remuneration to be paid to Mr. Madhivanan Balakrishnan, as set out in Item No.7 of the Notice, by way of Special Resolution.

Except Mr. Madhivanan Balakrishnan, Managing Director & CEO and his relatives, no Director, Key Managerial Personnel and their relatives are in any way concerned or interested in the Resolution.

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

Particulars	Ms. Sarojini Dikhale	Dr. Shashank Desai	Mr. Ashok Shah	Mr. Madhivanan Balakrishnan
Age	55 years	59 years	65 years	46 years
Qualification	MA, LL.B.	B. Com., CA, LL.B.	M.A. (Economics)	B.Sc., PGDM
Number of shares held in the Company as on date of this Notice	0	0	0	34,588
Number of Board Meetings attended during the year	N.A.	3	5	5

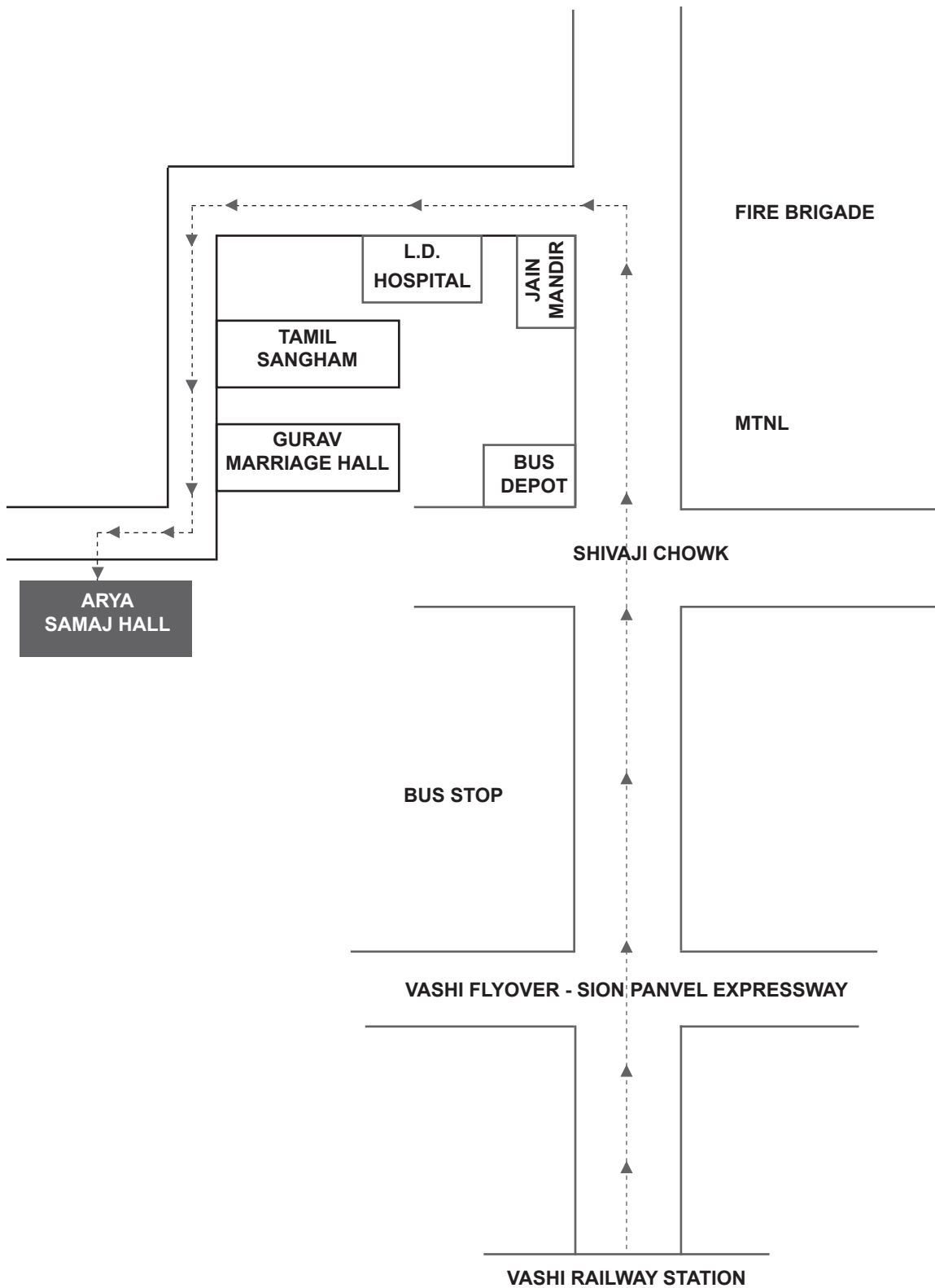
By Order of the Board



Ninad Kelkar  
Company Secretary

July 28, 2015  
Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park, Vashi,  
Navi Mumbai-400 703

# ROAD MAP FOR AGM HALL





**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**Tel:** 022-6792 8000 **Fax:** 022-6792 8098**PROXY FORM**

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

Name of the Member(s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

Email ID : \_\_\_\_\_

Folio No. / Client ID : \_\_\_\_\_

DP ID No. \_\_\_\_\_

I / We, being the member(s) holding \_\_\_\_\_ shares of the abovenamed Company hereby appoint :

1) Name: \_\_\_\_\_ Email ID : \_\_\_\_\_

Address : \_\_\_\_\_

Signature : \_\_\_\_\_

or failing him/her;

2) Name: \_\_\_\_\_ Email ID : \_\_\_\_\_

Address : \_\_\_\_\_

Signature : \_\_\_\_\_

or failing him/her;

3) Name: \_\_\_\_\_ Email ID : \_\_\_\_\_

Address : \_\_\_\_\_

Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company, to be held on Wednesday, September 23, 2015 at 4:00 p.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 :

Resolution No.	Resolutions
<b>Ordinary Business</b>	
1	Adoption of audited Profit and Loss Account for the financial year ended March 31, 2015 and the Balance Sheet as on that date, together with the Reports of the Directors and Auditors thereon.
2	Re-appointment of Mr. Madhivanan Balakrishnan (DIN-01426902), who retires by rotation at this AGM and being eligible, offers himself for re-appointment.
3	Ratification of appointment of auditors of the Company and to fix their remuneration
<b>Special Business</b>	
4	Appointment of Ms. Sarojini Dikhale (DIN-02755309) as an Independent Director for a period of 5 years effective September 23, 2015
5	Appointment of Dr. Shashank Desai (DIN-00143638) as an Independent Director for a period of 5 years effective September 23, 2015
6	Appointment of Mr. Ashok Shah (DIN-01194846) as an Independent Director for a period of 5 years effective October 1, 2015
7	Approval for payment of remuneration to of Mr. Madhivanan Balakrishnan (DIN-01426902) as Managing Director & CEO for a term of 2 years

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Affix  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Shareholder\_\_\_\_\_  
Signature of Proxyholder(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 text of the Resolutions, Explanatory Statement and Notes, please refer the Notice of the 22<sup>nd</sup> Annual General Meeting.
- 3) Please complete all details including details of Member(s) before submission.







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





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Asia Pacific • India • China • Middle East, Africa • Kingdom of Saudi Arabia  
• Western Europe • North America

**FORM A**

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

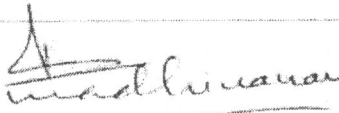

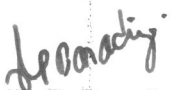

**Annual Audit Report (Standalone)**

1	Name of the Company	3i Infotech Limited- Standalone
2	Annual Financial Statements for the year ended	March 31, 2015
3	Type of Audit observation	Matter of emphasis
4	Frequency of observation	<p>1. Note no. 2.26.1 and 2.26.2 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. 2.11 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
	• CFO	 Mr. Padmanabhan Iyer
	• Auditors of the Company	For Lodha & Co. Chartered Accountants Firm Registration No. 301051E  (R. P. Baradiya) Partner Membership No. 44101
	• Audit Committee Chairman	 Dr. Shashank Desai

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, 2015
3	Type of Audit observation	Matter of emphasis
4	Frequency of observation	<p>1. Note no. 2.32.1 and 2.32.2 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. 2.13 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
	• CFO	 Mr. Padmanabhan Iyer
	• Auditors of the Company	For Lodha & Co. Chartered Accountants Firm Registration No: 301051E  (R. P. Baradiya) Partner Membership No 44101
	• Audit Committee Chairman	 Dr. Shashank Desai