

Audited Consolidated financial results of 3i Infotech Limited and its subsidiaries

(Rupees in million except otherwise indicated)

| Particulars | Quarter ended | | Nine months ended | | Year Ended |
|--|-----------------|-----------------|-------------------|-----------------|-----------------|
| | Dec 31' 2006 | Dec 31' 2005 | Dec 31' 2006 | Dec 31' 2005 | Mar 31' 2006 |
| Income: | | | | | |
| Income from operations | 1,716.35 | 1,119.95 | 4,451.24 | 2,978.29 | 4,178.14 |
| Other Income | 60.63 | 23.65 | 146.83 | 46.32 | 62.33 |
| | 1,776.98 | 1,143.60 | 4,598.07 | 3,024.61 | 4,240.47 |
| Expenditure: | | | | | |
| Cost of revenue | 923.98 | 629.39 | 2,399.39 | 1,683.56 | 2,350.90 |
| Selling, general & admn. Expenses (SGA) | 365.83 | 256.75 | 991.16 | 692.58 | 969.60 |
| | 1,289.81 | 886.14 | 3,390.55 | 2,376.14 | 3,320.50 |
| Profit before interest, depreciation & taxes | 487.17 | 257.46 | 1,207.52 | 648.47 | 919.97 |
| Software Development Cost | 190.86 | 31.91 | 190.86 | 132.81 | 229.09 |
| Less: Transfer to Cwip | - | (31.91) | - | (132.81) | (229.09) |
| Interest | 71.34 | 19.52 | 147.77 | 55.03 | 79.78 |
| Depreciation | 31.49 | 66.09 | 110.70 | 195.63 | 260.53 |
| Depreciation written back due to change in accounting policy | (89.81) | - | - | - | - |
| Profit before taxation | 283.29 | 171.85 | 758.19 | 397.81 | 579.66 |
| Current taxes(Including Fringe Benefit Tax) | 17.17 | (0.30) | 32.41 | 10.69 | 12.97 |
| Deferred taxes | (13.18) | 9.50 | 1.39 | (11.98) | (9.73) |
| Deferred/current tax pertaining to earlier years | - | (1.86) | - | (1.82) | (0.22) |
| Profit after taxation | 279.30 | 164.51 | 724.39 | 400.92 | 576.64 |
| Add:Exceptional items (refer note no. f) | 120.06 | - | 120.06 | - | - |
| Minority interest | 2.83 | 1.71 | 9.10 | 1.71 | 2.27 |
| Profit after minority interest and exceptional items | 396.53 | 162.80 | 835.35 | 399.21 | 574.37 |
| Paid up equity share capital | 534.22 | 528.79 | 534.22 | 528.79 | 530.45 |
| Face value per share (Rs) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earnings per share (Before exceptional Items) | | | | | |
| Basic (Rs) | 4.84 | 2.74 | 12.41 | 6.52 | 9.51 |
| Diluted (Rs) | 4.66 | 2.65 | 11.98 | 6.40 | 9.14 |
| Earnings per share (After exceptional Items) | | | | | |
| Basic (Rs) | 7.08 | 2.74 | 14.66 | 6.52 | 9.51 |
| Diluted (Rs) | 6.82 | 2.65 | 14.15 | 6.40 | 9.14 |
| Items exceeding 10% of the total expenditure: | | | | | |
| Staff cost | 655.55 | 401.78 | 1,680.19 | 958.34 | 1,407.39 |
| Outsourced services & boughtout items | 286.79 | 294.21 | 781.14 | 825.45 | 1,044.81 |

Audited financial results of 3i Infotech Limited

(Rupees in million except otherwise indicated)

| Particulars | Quarter ended | | Nine months ended | | Year Ended |
|--|---------------|---------------|-------------------|-----------------|-----------------|
| | Dec 31' 2006 | Dec 31' 2005 | Dec 31' 2006 | Dec 31' 2005 | Mar 31' 2006 |
| Income: | | | | | |
| Income from operations | 785.45 | 696.05 | 2,368.92 | 2,066.65 | 2,760.34 |
| Other Income | 69.29 | 20.89 | 150.51 | 44.67 | 59.02 |
| | 854.74 | 716.94 | 2,519.43 | 2,111.32 | 2,819.36 |
| Expenditure: | | | | | |
| Cost of revenue | 364.15 | 360.10 | 1,100.88 | 1,117.54 | 1,444.49 |
| Selling, general & admn. Expenses | 253.08 | 175.24 | 688.03 | 498.05 | 661.66 |
| | 617.23 | 535.34 | 1,788.91 | 1,615.59 | 2,106.15 |
| Profit before interest, depreciation & taxes | 237.51 | 181.60 | 730.52 | 495.73 | 713.21 |
| Software Development Cost | 166.95 | 31.92 | 166.95 | 132.81 | 222.41 |
| Less: Transfer to Cwip | - | (31.92) | - | (132.81) | (222.41) |
| Interest | 52.91 | 13.80 | 117.39 | 47.57 | 66.41 |
| Depreciation | 35.15 | 64.99 | 95.19 | 174.79 | 236.77 |
| Depreciation written back due to change in accounting policy | (88.81) | - | - | - | - |
| Profit before taxation | 71.31 | 102.81 | 350.99 | 273.37 | 410.03 |
| Current taxes(Including Fringe Benefit Tax) | 2.80 | (1.08) | 7.60 | 9.63 | 9.83 |
| Deferred taxes | (12.05) | 9.52 | 2.96 | 6.60 | 8.29 |
| Deferred/current tax pertaining to earlier years | - | (1.85) | - | (1.82) | (0.22) |
| Profit after taxation | 80.56 | 96.22 | 340.43 | 258.96 | 392.13 |
| Add:Exceptional items (refer note no. f) | 287.25 | - | 287.25 | - | - |
| Minority interest | - | - | - | - | - |
| Profit after minority interest and exceptional items | 367.81 | 96.22 | 627.68 | 258.96 | 392.13 |
| Paid up equity share capital | 534.22 | 528.79 | 534.22 | 528.79 | 530.45 |
| Face value per share (Rs) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Reserves excluding revaluation reserves | - | - | - | - | 2,191.74 |
| Earnings per share (Before exceptional Items) | | | | | |
| Basic (Rs) | 1.17 | 1.48 | 5.37 | 3.79 | 5.99 |
| Diluted (Rs) | 1.12 | 1.43 | 5.18 | 3.72 | 5.76 |
| Earnings per share (After exceptional Items) | | | | | |
| Basic (Rs) | 6.55 | 1.48 | 10.76 | 3.79 | 5.99 |
| Diluted (Rs) | 6.30 | 1.43 | 10.39 | 3.72 | 5.76 |
| Items exceeding 10% of the total expenditure: | | | | | |
| Staff cost | 224.95 | 221.08 | 720.98 | 600.06 | 741.57 |
| Outsourced services & boughtout items | 139.73 | 157.16 | 408.61 | 548.59 | 722.11 |

Consolidated Segment Reporting

(Rupees in million)

| Particulars | Quarter ended | | Nine months ended | | Year Ended |
|--|-----------------|-----------------|-------------------|-----------------|-----------------|
| | Dec 31' 2006 | Dec 31' 2005 | Dec 31' 2006 | Dec 31' 2005 | Mar 31' 2006 |
| Segment Revenues: | | | | | |
| Products | 916.79 | 527.60 | 2,243.28 | 1,371.27 | 1,951.58 |
| Services | 860.19 | 616.00 | 2,354.79 | 1,653.34 | 2,288.89 |
| | 1,776.98 | 1,143.60 | 4,598.07 | 3,024.61 | 4,240.47 |
| Segment Results (Gross Profit) | | | | | |
| Products | 508.50 | 285.69 | 1,222.59 | 716.70 | 1,022.33 |
| Services | 344.50 | 228.52 | 976.09 | 624.35 | 867.24 |
| | 853.00 | 514.21 | 2,198.68 | 1,341.05 | 1,889.57 |
| Selling, general & admn. Expenses | 365.83 | 256.75 | 991.16 | 692.58 | 969.60 |
| Profit before interest, depreciation & taxes | 487.17 | 257.46 | 1,207.52 | 648.47 | 919.97 |
| Software Development Cost | 190.86 | 31.91 | 190.86 | 132.81 | 229.09 |
| Less: Transfer to Cwip | - | (31.91) | - | (132.81) | (229.09) |
| Interest | 71.34 | 19.52 | 147.77 | 55.03 | 79.78 |
| Depreciation | 31.49 | 66.09 | 110.70 | 195.63 | 260.53 |
| Depreciation written back due to change in accounting policy | (89.81) | - | - | - | - |
| Profit before taxation | 283.29 | 171.85 | 758.19 | 397.81 | 579.66 |
| Current taxes(Including Fringe Benefit Tax) | 17.17 | (0.30) | 32.41 | 10.69 | 12.97 |
| Deferred taxes | (13.18) | 9.50 | 1.39 | (11.98) | (9.73) |
| Deferred/current tax pertaining to earlier years | - | (1.86) | - | (1.82) | (0.22) |
| Profit after taxation | 279.30 | 164.51 | 724.39 | 400.92 | 576.64 |
| Add:Exceptional items (refer note no. f) | 120.06 | - | 120.06 | - | - |
| Minority interest | 2.83 | 1.71 | 9.10 | 1.71 | 2.27 |
| Profit after minority interest and exceptional items | 396.53 | 162.80 | 835.35 | 399.21 | 574.37 |

Notes to segment information:

The group undertakes software development and consulting, IT infrastructure services and IT enabled services which are collectively referred to as 'Services' and sale of software products and services affiliated to these products are referred to as 'Products'. These businesses have been considered as primary segments. The segment results have been arrived at before charging certain expenses which are unallocable in nature and are shown as SGA. Considering the nature of the group's businesses, the assets and liabilities cannot be identified with any specific business segment. Other income has been added under 'Services' revenue & results.

Notes:

- The above audited accounts have been approved by the Board of Directors at their meeting held on January 17, 2007.
- During the quarter, the Company concluded an offering of Foreign Currency Convertible Bonds of Euro 15 million. The bonds have been listed on the Singapore Stock Exchange.
- During the quarter, the Company issued 97,040 shares pursuant to exercise of stock options.
- During the quarter, the Group acquired 51% shares of E-Enable Technologies Pvt. Ltd & all the shares of Rhythmic Systems Holdings Ltd and Stex Software Pvt.Ltd. The Group also acquired the business of Genesis Imaging & Allied Technologies Pvt.Ltd. The consolidated results of operations for the quarter include the results of operations of these companies.
- During the quarter, the following overseas subsidiaries were incorporated:
 - 3i Infotech Holdings Private Limited, Mauritius; and
 - 3i Infotech Saudi Arabia LLC
- Exceptional items in consolidated accounts comprise of re-instatement in value and transfer of investment in / of a subsidiary - Rs 1250.00 million, Software development costs / Software development meant for sale capitalized in earlier years written off (due to change in accounting policy) Rs 1210.27 million, deferred tax liability reversal of Rs. 250.11 million and amount on account of settlement of an arbitration / claims 169.78 million.
- As reported earlier, the Company's US Subsidiary had received an arbitration award against it amounting to USD 2.03 million in respect of a claim pursued by a customer. This Claim and the corresponding legal expenses have been fully provided and disclosed as an exceptional item.
- Due to what is stated in note (d) and (f) above, the results for the current quarter/period are not comparable with the results of the previous quarter/period.
- The Company has filed merger scheme with Bombay High Court for merging its subsidiaries SDG Software Technologies Ltd. and Dalacoas Private Limited, effective April 1, 2006 and May 10, 2006 respectively.
- Number of investor complaints : (i) pending at the beginning of the quarter NIL ; (ii) received during the quarter NIL ; (iii)attended during the quarter NIL ; (iv) pending at the end of the quarter NIL .

Dubai
January 17, 2007

V. Srinivasan
Managing Director & CEO