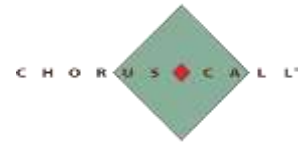




“3i Infotech Limited
Investors Conference Call”
April 05, 2024



MANAGEMENT: CA UTTAM PRAKASH AGARWAL – NON-EXECUTIVE INDEPENDENT DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS MR. AVTAR SINGH MONGA – NON-EXECUTIVE INDEPENDENT DIRECTOR AND CHAIRMAN OF NOMINATION AND REMUNERATION COMMITTEE MR. HARISH SHENOY – CHIEF OPERATING OFFICER, PROFESSIONAL SERVICES AND CHIEF RISK OFFICER MR. SANJAY RAWA – CHIEF FINANCIAL OFFICER MRS. VARIKA RASTOGI – COMPANY SECRETARY

MODERATOR: MS. ASHA GUPTA – E&Y LLP - INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to the 3i Infotech Limited Investors Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the initial remarks concludes. Should you need assistance during the conference call, please signal the operator by pressing star, then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from E&Y IR. Thank you and over to you, ma'am.

Asha Gupta: Thank you, Sagar. Good evening to all of you. Welcome to the Investors Conference Call of 3i Infotech Limited.

As you are aware, this is a 30-minute call to discuss the recent changes of senior management. To answer your questions, we have top management of 3i Infotech Limited represented by CA Uttam Prakash Agarwal, Non-Executive Independent Director and Chairman of the Board of Directors; Mr. Avtar Singh Monga, Non-Executive Independent Director and Chairman of Nomination and Remuneration Committee; Mr. Harish Shenoy, Chief Operating Officer, Professional Services and Chief Risk Officer; Mr. Sanjay Rawa, Chief Financial Officer and Ms. Varika Rastogi, Company Secretary and Head Legal.

Mr. Uttam will start the call briefing you all about the recent updates and then we will open the floor for Q&A session. As usual, I would like to remind you that anything that is said on this call that reflects any outlook for the future or which can be construed as forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospective file with the study and subsequent annual report that you can find on our website.

With this, I will now hand over the floor to Mr. Uttam, over to you, sir.

CA Uttam Agarwal: Good evening, respected shareholders and investors. I extend my gratitude to all of you for joining us today for our investor call. Your presence and engagement are deeply appreciated as we navigate through significant development and chart the course for the future of your 3i Infotech Limited.

For those who may not be familiar with me, I am CA Uttam Prakash Agarwal, the former President of the Institute of Chartered Accountants of India, newly appointed Non-Executive Chairman of the Company, assuming this role from December 10, 2023. This marks the first occasion I have the privilege to address our esteemed shareholders, and I do so with a profound sense of responsibility and commitment to our collective success.

Firstly, I would like to address the recent transition in our senior management team. We have witnessed significant departures, including exit of the former MD & Global CEO Thompson, Sax Krishna, Chief Operating Officer – Value Business, our former Chairman Ashok Shah, and one Non-Executive Director Mr. Sriram V. While acknowledging their contributions, it is imperative to recognize that their performance did not meet the expectations set by the board. As custodians of shareholders' values, the independent board of 3i Infotech remains committed to upholding high standards of performance and accountability throughout the organization.

We firmly believe that the decisive actions taken by the board will position us for strong performance and improved execution in the future. I assure you that succession planning is a top priority, and we are committed to ensure stability in the leadership role during this transitional phase. In light of the recent development, the board has constituted an Executive Management Committee led by Harish Shenoy, who is a very senior part of the company, CFO Sanjay Rawa, and CS Varika Rastogi. They will oversee the company's operations until the appointment of a new CEO. Additionally, we have extended our board with the appointment of technocrat Mr. Umesh Mehta as a Non-Executive Director, bringing invaluable expertise and vision to our team.

Moreover, I would like to highlight our proactive approach towards addressing compliance issues and cost optimization costs across the organization. We have initiated comprehensive review and implemented measures to streamline operations, enhance efficiency, and drive profitability. Furthermore, our investments in product development are expected to yield positive returns, bolstering our cash flow in the coming quarters. I am pleased to report that our forensic and operational audits are progressing as planned, underscoring our commitment to transparency, integrity, and compliance. While specific details cannot be disclosed at this time, let us assure that we are fully committed to addressing any identified issues and strengthening our internal control and governance framework. Regarding concerns raised about the promoter perspective, I want to assure you that under the reconstituted board and new management, we are focused on stabilizing operations before considering any changes in the ownership structure.

In conclusion, I reaffirm our unwavering commitment to delivering value for our shareholders and upholding the highest standards of corporate governance. Despite the challenges, I am confident in our company's potential for success, and I am grateful for your continued support. Thank you for your attention. I will now pass the floor to the operator for the question and answer session. Thank you very much.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Purushottam S., who is an individual investor. Please go ahead.

Purushottam S: Thanks for the opportunity. See, the question I wanted to ask is for the last three years since Thompson took over, we kept hearing about legacy issues. And earlier also, legacy issues have always clouded performance of 3i. Now, any legacy issues, I understand the responsible management will take probably two quarters, three quarters and resolve it. So what I'm wondering is, and even now, if we talk about there is a forensic audit, findings of that are pending.

So I want to understand when is it that we come out of these legacy issues and how long we'll continue to keep hearing about legacy issues. You must appreciate that shareholders' wealth has been destroyed like anything because of the stories we keep hearing. So I wanted some confidence from your side. When will we close the legacy issues? Because I'm sure everything is resolvable. When will we close the legacy issues and move forward and show some sort of improvements in performance?

CA Uttam Agarwal: Mr. Purshottam, thank you for your concern. Let me tell you that Sub-committee on Legacy Matters has conducted 13 meetings and there are issues, not one or two related with the income

tax, related with the GST, related with the SEBI compliance, related with the FEMA, related with the foreign subsidiary, related with the ED, related with the service tax, even internal various issues. So, the committee has gone through. They have found out something which is not in the interest of the shareholders. Therefore, no regulator has advised us to do the forensic audit. So, our board has taken this initiative to come before the investors before anything to bring on record. So, I can assure you that, in this one quarter, we will be able to do it. Some of the development has taken place, which I cannot explain today. We are in touch with the company but what is happening is that, the new management is unable to get a lot of database. In absence of that, we have called all the former directors, chairmen, company secretary, auditors, internal auditors. So, we are doing the full proof process before we bring to any regulatory authority or even the shareholder.

So it should not be perception of my shareholder that this committee has been formed for last one and a half year, and nothing has come out. A lot of things have come out. We have rectified and, improved. That is the reason also that we have initiated the operational audit also, that has come out from that only. That issue, which the legacy sub-committee is looking after, is a pile over for last 27 years, that cannot be resolved in a one year or one and a half year, but that is not stopping us for the growing of our business.

Purushottam S: Yes. So, I appreciate your revert on this. What I'm trying to ask is, when will we get transparency what is the overall impact of legacy issues? Because that's something which we as shareholders are really concerned about. We don't know how much it is going to impact and when it is going to improve. Somewhere, someday, we need to know what is the overall impact on business of the legacy issues.

CA Uttam Agarwal: So, Purushottamji good time will come very shortly?

Purushottam S: Okay, sir. Yes, we hope that.

CA Uttam Agarwal: Yes.

Purushottam S: Thank you.

Moderator: Thank you. The next question comes from the line of Siddharth Gupta from Voyager Capital. Please go ahead.

Siddharth Gupta: Good evening, Sir. to be completely honest, the developments over the past few months have been slightly concerning because a spate of top management resigning. Also, I'm not very clear whether it's the board who asked them to resign or whether they were self-called for resignations are very concerning to long-term investors. What I would like to hear from you would be a few things.

First, there have been obviously some business plans that were laid out over the past couple of years which were told to investors. A lot of their targets were not met, but we were told we are heading towards profitability, growing businesses, etcetera. Are we staying on track or is there going to be an overhaul in the way we are approaching our businesses? Are we planning on cutting back, selling because there is a complete change at the top?

Second, is it going to affect any of our ongoing projects? And third, sir, as you said, it's fair that 27 years of issues can't be resolved in one, one and a half years. But what has happened, The suspicion on behalf of investors comes in because we've been again and again told this quarter, this is one of the last things that have been told. This will solve everything.

So, we would like to hear from you in terms of any assurances in terms of what the committee has found or by when can we expect certain disclosures or if the copy of the audit report would be shared with shareholders, what would your perspective be?

CA Uttam Agarwal:

Siddharthji, first of all, let me thank you because you are our old shareholder. You are in touch with our team, people who understand about the company. But in short, I can tell you that whatever the new professionally managed board is very, very concerned for the value of our shareholders. If you will see that the quarter-to-quarter, the financial statement, what you are getting it, it is a cleaning of the company. I can say that is an outcome of meetings of our committee on legacy matters, where we have seen wherever we are satisfied that yes, this thing was not proper. We have already done that exercise in our financial statement.

But there are a lot of things which is related with the FEMA, related with the subsidiary company, related with the income tax. I can tell you the huge amount that was pending for the TDS reconciliation. That also we have recovered from the department.

So just give us some time. We have formed two committees. It's a product innovation committee. And the second one, the investment committee.

Earlier, what we found that this current Board, that whatever the stake sale or whatever disinvestment was done, that was again not in the proper way. So therefore, the SOP has been designed by the investment committee. Even our two important directors, they are very experienced in the IT One Mr. Avtar Singh Monga and second one very senior former IAS officer, Former secretary to the Information Technology Ministry, Dr. Aruna Sharmaji. They have evaluated all the products and I'm hopeful on behalf of the Board and also assure my shareholders that again as Purushottamji has said the good day will come. I can say we will not give the commitment which we are not able to fulfil. Seriously, even though we are independent directors, but most of my Board members are contributing a lot, looking to the expectations of my shareholders. You all people are part of that. and we also feel proud to serve you as a director of the Board.

Siddharth Gupta:

Thank you so much for your words, Mr. Agarwal. This was very nice to hear. But it didn't answer one of my first questions that whether we are evaluating a complete change in the direction of what we are going forward with or broadly are we sticking to what our goals were in terms of where the business is heading. I'm separating it into two parts. The first part is the legacy issues. That is something that you've addressed that we have a committee. We are evaluating all the issues that have come back.

Going forward, are we sticking to the plan that we've already laid out and the targets that we've set for ourselves or are we in the process of re-evaluating and planning on cutting back certain businesses, certain divisions, certain departments? How are we looking at it?

- CA Uttam Agarwal:** Yes, Siddharthji, that's true. Let me tell you, as of today, whatever my former MD on behalf of the Board has committed, we are continuing with that. But when the Board evaluated the performance and even some of the products and services, therefore we formed these two committees.
- Siddharth Gupta:** Okay.
- CA Uttam Agarwal:** If we find it is in the interest of the shareholders, certainly we will continue otherwise, we will come back to the shareholder and tell them what was the problem, why we are not able to continue. Ultimately, the Board concern will be to ensure enhanced revenue.
- Siddharth Gupta:** Fair. I understood. Thank you, sir. I'll go back to the line and let other investors ask you questions. Thank you.
- CA Uttam Agarwal:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Sanjyot Khare, who's an individual investor. Please go ahead.
- Sanjyot Khare:** Thank you for the opportunity. So, Mr. Chairman, I've been a long-term investor and just for reinvestment, it's very important to know when our company is going to be profitable and when company is going to be having enough cash to run the business. It's like every quarter for the last three, four years, we have been hearing that, okay, next quarter is going to be probably profitable. We are working on generating the cash and we'll be having enough cash to run the business.
- So, there's two important things. What is really happening? Actually, when will we be seeing the profit, which quarter will be seeing the profit and what are the steps management is taking to generate the cash? That's the first one. And second one about what is the timeline you're looking at to get the new CEO? Is it going to be one quarter, two quarter and how things will be set up?
- CA Uttam Agarwal:** Yes. First, I'll go to the second question, Mr. Sanjyot. Thank you very much for your concern. We have identified some of the good consultancy firms who are already working with the top IT company, and we are having a discussion and maximum 90 days, we will be able to have the good CEO of your company.
- The second thing, what you have asked, the commitment about when the company will turn into the cash. If one line answer you want, then I can say straight away the exit of the various three, four people from the company is the result of that. That the Board was not happy. What has been committed to the shareholders, was not being achieved? hence, we decided to take a very serious step. Whatever commitment has been done to the shareholders, from quarter-to-quarter for last two, three years even after the carve out, we were not able to fulfill what is expected by the shareholders. So the outcome of all the exercise at the Board level, you can see the exit of the three, four people.

Sanjyot Khare: Sure. Hope, the action, what you guys are taking, it is going to be a positive for investors and that's what we are looking for and the second thing is, are we exploring any options or opportunities to work or tie-up with other companies or maybe getting merged into other companies? Are we seeing those kinds of options getting evaluated considering the performance is not going up for so many years?

CA Uttam Agarwal: Sanjyotji, let me be with you only because you are concerned for last so many years. I, as a Chairman on the behalf of the Board, really concerned for exactly where my company is standing today and therefore, we have this operational audit and forensic audit. So if I talk to somebody for disinvestment or even merging with some company, due diligence will be a problem. Unless and until what is the value of your company, the Board cannot determine. We are not able to take, and we are not thinking of this line because the team, the human resources with your companies are the top class. Our products are very good, services are very good. So far, I think that situation has not come that we can think over. Let me bring back the company, what it should be as an IT company with a good governance and a profitable company. Then only we can think over whether we will merge with somebody or we will get somebody merge with us. That is all. Again, the time will tell.

Sanjyot Khare: All right. Thank you, Mr. Agarwal. And wishing you all the best.

CA Uttam Agarwal: Thank you very much.

Moderator: Thank you. The next question comes from the line of Shyamda Kumaran, who is an individual investor. Please go ahead.

Shyamda Kumaran: Good evening, Mr. Agarwal. I'm a very old investor, been with the company from almost 2007 onwards and seen all the turbulence, whatever is happening with the company throughout. Because this is a company which has kept on giving a lot of promises, but somehow never able to touch that. Most of the questions which I wanted to ask, most of them have been asked. So what I am doing is to raise the concern.

So this is a company from which now suddenly within three months and four months that four or five top-ranking people have been resigning and still we were given a lot of the colors like that INR1,000 crores company. We are going to be a billion-dollar company and all those things. I know I just heard what all the answers to all that. So please take it as a concern from a longstanding investor, hope you will be able to take the company in the right direction and take hold of the shareholders' interest, Mr. Agarwal.

CA Uttam Agarwal: Shyamdaji, let me thank you. First of all, that the people like you who are the shareholders for last so many years to serve this company on behalf of each one of you. I have already answered your question I want to see that more than INR1,000 crores company is not for a certain period. It should be continued for long.

The way you have been with us since 2007, I think if next call or next to next call, I think there will not be any question mark on the management and as well as on the Board., to showcase the performance.

- Shyamda Kumaran:** Thank you very much, Mr. Agarwal. It is very nice of you that you have taken such a proactive decision to address the concerns of the investor. One more small thing. What is the present state of the railway net?
- CA Uttam Agarwal:** Railway net. That is a RailTel project.
- Shyamda Kumaran:** Yes.
- CA Uttam Agarwal:** Yes. So that again, it's a period of the trading window closure. I'm not able to address this issue, but certainly the progress is out there.
- Shyamda Kumaran:** Thank you very much, Mr. Agarwal and all the best wishes to you to take the company forward.
- CA Uttam Agarwal:** Thank you very much.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Uttam for closing comments.
- CA Uttam Agarwal:** Thank you very much for your attention time is over. If any investor has anything to say, kindly write to our Company Secretary and the email ID given on our website. We will be happy to consider all your advice and suggestions and see that company works towards that direction. Thank you very much.
- Moderator:** Thank you. On behalf of 3i Infotech Limited that concludes today's conference. Thank you for joining us. You may now disconnect your lines.

Disclaimer: *Certain statements made in today's call maybe forward looking in nature. The investor call may contain forward looking statements based on the currently healthy beliefs and assumptions of the management of the company which are expressed in good faith and in their opinion reasonable. This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy. Also, Confirmation is hereby given that no unpublished price sensitive information was shared/discussed in the meeting / call.*