3i Infotech®

Innovation • Insight • Integrity

Annual Report **2011-12**

Empowering Business Transformation

3i Infotech
Innovation • Insight • Integrity

Annual Report 2011-12

Company Details

Board of Directors

Mr. Hoshang N. Sinor, Chairman
Dr. Ashok Jhunjhunwala, Director
Mr. Ashok Shah, Director
Dr. Bruce Kogut, Director
Mr. Dileep C. Choksi, Director
Ms. Vishakha Mulye, Director
Mr. N.S. Venkatesh, Nominee Director – IDBI Bank Ltd.
Mr. V. Srinivasan, Managing Director & Global CEO
Mr. Amar Chintopanth, Deputy Managing Director & Chief Financial Officer

Principal Bankers :

ICICI Bank Ltd.
IDBI Bank Ltd.
Standard Chartered Bank

Auditors :

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

Legal Advisors :

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Executive Management

V. Srinivasan, Managing Director and Global CEO

Amar Chintopanth, Deputy Managing Director & Chief Financial Officer

Padmanabhan Iyer, President - Finance

Pankaj Chawla, President – India, Middle East, APAC & Africa

Kumar Ganesan, President – North America & Western Europe and Global Head - IT Services

Shivanand R. Shettigar, Company Secretary and Head - Legal and Compliance

Corporate Office

3i Infotech Limited

Akruti Centre Point, 6th Floor,
MIDC Central Road,
Next to Marol Telephone Exchange,
Andheri (E), Mumbai - 400 093, India
Tel: +91 22 39145700
Fax: +91 22 39145520

Registered Office

3i Infotech Limited

Tower # 5, 3rd to 6th Floors,
International Infotech Park,
Vashi, Navi Mumbai - 400 703, India
Tel: +91 22 67928000
Fax: +91 22 67928098

Financials

Directors' Report

For the Financial Year 2011-12

Dear Shareholders,

Your Directors present the Nineteenth Annual Report of the Company with the Audited Statement of Accounts for the year ended March 31, 2012.

OVERVIEW

a) Financial Highlights:

The year 2011-12 was a challenging year for the Company. While the year started on an optimistic note and even the financial results and operations were growing in line with the projections, the situation started turning adverse by the end of second quarter and in the later half of this financial year and the Company reported a net loss for the year ended March 31, 2012.The downturn was attributable to various internal and external factors, which are discussed in detail in the Management Discussion and Analysis which forms part of this Report. The Financial Highlights for the year ended March 31, 2012 have been stated hereunder.

The global economic downturn resulted in the slowdown of business activities. The tight monetary environment made banks adopt a cautious approach while lending. Further, CRISIL downgraded its ratings on Company's bank facilities and commercial papers to 'CRISIL D/CRISIL D' from 'CRISIL A-/Stable/CRISIL A1'. As a consequence, the Company could not get re-financing facilities from the banks which resulted in severe liquidity crunch for the Company.

During the year, the revenue of the Company declined compared to previous year as the Company had to divest one of its business units in the USA consisting of Regulus group and J&B Software Inc, which were facing continuous decline in revenue. This was divested and the proceeds were used towards reduction of debt to the extent of about ₹580 crores. In India, HCCA Business Services Private Limited, a pay roll processing entity was also divested as part of the strategy to hive off non-core business. Further, due to non-availability of working capital funding from the banks, the Company also exited some of the working capital intensive and low margin businesses. All these factors have resulted in significant reduction in revenue and operations resulting in a loss during the year.

The brief financial highlights of the Company are as under. Though the previous year's figures are given against the current year's figures as a matter of record, you may note that the financials are not comparable with previous year, in view of the reasons mentioned above.

b) Financials of the Company on Consolidated basis:

₹ in crores

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Total Income	**1730.59**	2587.48
Profit/(Loss) from ordinary activities after finance costs but before exceptional items	**(72.54)**	261.21
Exceptional Items	**(181.42)**	-
Profit / (Loss) from ordinary activities before tax	**(253.96)**	261.21

₹ in crores

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Tax Expense	**80.77**	7.64
Profit/(Loss) from ordinary activities after tax	**(334.73)**	253.57
Impact of discontinuing operations	**(22.67)**	-
Minority Interest	**(2.63)**	(1.06)
Profit/(Loss) after tax, minority interest and discontinuing operations	**(360.03)**	252.51
Earnings Per Share (Basic in Rupees) (Before Exceptional items and discontinuing operations)	**(8.51)**	12.81
Earnings Per Share (Basic in Rupees) (After Exceptional items and discontinuing operations)	**(19.14)**	12.81

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

1. Note no. 2.26(D) regarding the financial statements of the Group having been prepared on a going concern basis, the appropriateness of which, interalia, is dependent on successful implementation of the scheme approved by the Corporate Debt Restructuring Cell as also that in the opinion of the management, no impairment is considered necessary.
2. Note no. 2.26(D) regarding exceptional write off/reversal of Unbilled Revenue of ₹137.62 crores and ₹2.91 crores in diminution in value of long term investment and both disclosed as exceptional items.
3. Note no. 2.26(D) regarding carrying amount of ₹27.23 crores for Payment Solution Software Product to be adapted for application in different geographies which in the opinion of the management will be localized in due course of time and commercially exploited thereafter.
4. Note no. 2.30(a) certain long overdue/slow-moving Trade Receivables/Unbilled Revenue aggregating to ₹225.98 crores in respect of which the management is confident of realising the same with concerted efforts in due course of time.
5. Attention is also invited to note no. 2.4.4 in financial statements in respect of Net Deferred Tax Assets recognized in the earlier years of ₹103.82 crores being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of order book on hand and the Restructuring Scheme approved by the CDR Cell. *However, we are unable to express an opinion as to when and to what extent the aforesaid net deferred tax asset would reverse in the near future.*

The Members are requested to refer the relevant notes referred in the above observations which are self explanatory and reflect Board's/Management's response on these matters.

c) Financials of the Company on Standalone basis:

₹ in crores

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Total Income	**540.62**	578.62
Profit/(Loss) from ordinary activities after finance costs but before exceptional items	**(165.25)**	108.15
Exceptional Expenditure/Items	**(87.22)**	-
Profit/(Loss) from ordinary activities before tax	**(252.47)**	108.15
Tax Expense	**59.26**	(11.24)

₹ in crores

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit/(Loss) from ordinary activities after tax	**(311.73)**	119.39
Impact of discontinuing operations	**(14.42)**	-
Profit/(Loss) after tax and discontinuing operations	**(326.15)**	119.39
Earnings Per Share (Basic in Rupees) (Before Exceptional items and discontinuing operations)	**(12.08)**	5.85
Earnings Per Share (Basic in Rupees) (After Exceptional items and discontinuing operations)	**(17.37)**	5.85

The Members may note that the auditors, without qualifying the audit report, have brought to the attention of the Members certain matters. The observations from the Audit Report (on standalone financials) are re-produced below ad verbatim.

1. Note no. 2.21(D) regarding the financial statements of the Company having been prepared on a going concern basis, the appropriateness of which is interalia dependent on successful implementation of the scheme approved by the Corporate Debt Restructuring Cell as also that in the opinion of the management, no impairment provision is considered necessary.
2. Note no. 2.21(D) regarding Exceptional write off of Trade Receivables and reversal of unbilled revenues of ₹75.40 crores and disclosed as exceptional items.
3. Note no. 2.21(D) regarding carrying amount of ₹27.23 crores for Payment Solution Software Product to be adapted for application in different geographies which in the opinion of the management will be localized in due course of time and commercially exploited thereafter.
4. Attention is also invited to note no. 2.8.2 in respect of Net Deferred Tax Assets recognized in the earlier years of ₹103.66 crores being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of order book on hand and the Restructuring Scheme approved by the CDR Cell. *However, we are unable to express an opinion as to when and to what extent the aforesaid net deferred tax asset would reverse in the near future*

The Members are requested to refer the relevant notes referred in the above observations which are self explanatory and reflect Board's/Management's response on these matters.

d) Corporate Debt Restructuring:

During the year, especially by the end of second quarter of the year, due to global economic slowdown when the business environment was gloomy, the bankers were also adopting conservative approach for funding the re-financings. As a result of this, the Company started facing liquidity crunch and it was not able to fulfill some of its repayment obligations. In order to overcome debt repayment obligations, your Company made a reference to the Corporate Debt Restructuring (CDR) cell on December 28, 2011 for restructuring of the debts of the Company through CDR Mechanism envisaged under the Reserve Bank of India (RBI) guidelines dated August 23, 2001 and subsequent amendments thereto. The final restructuring package was approved by CDR empowered group on March 16, 2012. The Master Restructuring Agreement has also been signed with the lenders participating in the CDR package ("CDR Lenders") on March 30, 2012. Some of the salient features of the CDR package are as follows:

- Restructuring of certain debt facilities availed by the Company and business operations of the Company;
- Conversion of 15% of the secured loans and 20% of the unsecured loans into equity;
- Conversion of interest on Term Loan and Working Capital Facilities for first 18 months (i. e from the cut-off date from October 1, 2011 to March 31, 2013) into equity;
- Availing additional debt upto ₹58.37 crores from some of the CDR lenders for certain immediate requirements of the Company;

- Restructuring of short-term loans into long term loans by reset of maturity dates of loans and reset of interest payment dates;
- Restructuring of the outstanding preference shares issued by the Company by conversion into equity shares and/or rollover of the existing preference shares and
- Creation of security over certain assets of the Company and some of its onshore and offshore subsidiaries and enter into certain documents in favour of a security trustee/agent, as may be necessary for the benefit of the CDR lenders in order to secure the obligations of the Company under the CDR Package.

e) **Restructuring of FCCBs:**

During the year, the Company was also facing the challenge of redemption of outstanding Foreign Currency Convertible Bonds (FCCBs). The Directors are happy to inform you that through sustained efforts, the Company was able to restructure its debts and FCCBs and bring in stability to the Company.

There were two series of outstanding FCCBs worth Euro 20 Million (Euro Bonds) and USD 66.367 Million (USD Bonds) which were due in April 2012 and July 2012 respectively. 100% of the Euro Bonds and 96.33% of the USD Bonds were restructured, for their face value plus redemption premium, by issuing new US$ 125,356,000 5% Convertible Bonds due 2017 in exchange thereof. Further, the tenure of the remaining 3.67% of the USD bonds was extended till 2017 with a coupon of 4.75% p.a. payable semi anually.

The details such as the total bonds issued, bonds converted, number of shares allotted, number of bonds repurchased and expected number of shares to be allotted with respect to outstanding FCCBs have been given in detail in Corporate Governance Report at para No. VI(o).

TRANSFER FROM RESERVES

Your Company proposes to transfer ₹37 crores from the general reserve to the Profit and Loss Account. No amount is proposed to carried in General Reserve to the Balance Sheet this year.

DIVIDEND

In view of the financial loss reported during this year, your Directors regret to state their inability to recommend any dividend for the year ended March 31, 2012.

Further, during the year, due to inadequacy of profits, the interim dividend given to the preference shareholders for the period April to July 2012 was reversed and called back by the Board. Further, the Board decided not to declare any dividend to its preference shareholders for the remaining part of the year.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, unclaimed dividend of ₹221/- was transferred to the Investor Education and Protection Fund (IEPF), as required by the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. The Company has also transferred to IEPF an amount of ₹321,900/- which was appearing as refund of application money received at the time of Initial Public Offering of the Company in April 2005.

BUSINESS

Your Company is a global Information Technology company committed to empowering Business Transformation.

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

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

Your Company has a large customer base across the globe and about 71 of them are Fortune 500 customers. The Company has physical presence in 14 countries and 5 geographies, viz. South Asia, Asia Pacific, Middle East and North Africa, Western Europe and North America. Your Company has marketing network around the world, including North America, Western Europe, Middle East and Africa and Asia Pacific.

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

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

AWARDS & ACCOLADES

During the year, the Company has received the following recognitions:

- Retained its 4th position in the lending category of the IBS Sales League table published by IBS Intelligence, UK for the fourth consecutive year (2008-2011);
- Ranked 46th (6th among all Indian IT companies) in the year 2011 in the Fintech 100 list of Financial Services & Technology providers, published by American Banker;
- Locuz Enterprise Solutions Limited, a subsidiary of the Company, won the CRN Xcellence Award 2011;
- Winner of the Systems in the City Award for Best Marketing Material for the 2nd consecutive year, London;
- Award for the Best Takaful Technology Company for the 4th consecutive year at the 5th International Takaful Summit 2011;
- Certified by Wordblu as one of the “Most Democratic Workplaces” for the 2nd consecutive year, 2010 and 2011 and
- Won Technology Vendor of the year Award at the Middle East Insurance Awards.

SUBSIDIARY COMPANIES

As of the date of this Report, the Company has 29 subsidiaries located in 5 geographies.

a) **Mergers and Amalgamations:**

During the year, Fineng Solutions Private Limited and J&B Software India Private Limited, two of the Indian subsidiaries of the Company were merged with the Company. Further, aok in-house Factoring Services Private Limited and aok in-house BPO Services Limited were merged with 3i Infotech BPO Limited, a wholly owned subsidiary of the Company.

b) **Divestment:**

In keeping with the strategy of the Company to concentrate on its niche area, during the current year, the Company divested its entire stake in Regulus Group and J&B Software Inc. to an affiliate of Cerberus Capital Management, L.P, a private investment firm. The proceeds of such divestment were used towards reduction of debt to the extent of about ₹580 crores. As a result of this divestment, Regulus Group LLC, Regulus Integrated Solutions LLC, Regulus West LLC, Regulus Tristate LLC, Regulus America LLC, Regulus Holdings Inc., Regulus Group II LLC and J&B Software Inc. have ceased to be the subsidiaries of your Company. 3i Infotech (Canada) Inc. (formerly known as J&B Software (Canada) Inc., renamed with effect from June 16, 2011), a step down subsidiary of the Company, was dissolved with effect from November 3, 2011.

During the year, the entire stake in HCCA Business Services Private Limited was divested to Hinduja Global Solutions Limited.

As a result of the aforesaid steps of mergers, amalgamations and divestment taken by the Company, the number of subsidiaries were reduced to 29 as on the date of this report from 43 at the beginning of the year.

c) **Investments:**

During the year, the Company has not raised its stake, on its own or through its subsidiaries, in any of the subsidiary companies.

d) **Accounts of the Subsidiaries:**

As per Section 212 of the Companies Act, 1956, your Company is required to attach the Directors’ Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. As per circular no. 5/12/2007-CL-III dated February 8, 2011 issued by Government of India, a general exemption under Section 212 (8) of the Companies Act, 1956 has been granted. As per this Circular, a company need not make an application to the Central Government for seeking exemption from the requirement of attaching the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet, provided the conditions mentioned in the Circular are fulfilled. Your Company has fulfilled these conditions and is eligible for this exemption. Your Directors believe that the audited consolidated accounts present a full and fair picture of the state of affairs and financial conditions of the Company and its subsidiaries. Accordingly, the Annual Report of your Company does not contain separate financial statements of these subsidiaries, but contains audited consolidated financial statements of the Company and its subsidiaries, as is done globally.

However, a statement of the Company's interest in the subsidiaries and a summary of the financials of the subsidiaries are given along with the consolidated accounts. The annual accounts of the subsidiaries, along with the related information, will be made available to the Members seeking such information at any point of time. The annual accounts of the subsidiaries are also available for inspection during business hours except Saturdays and holidays at the Registered Office of the Company and its respective subsidiaries.

CAPITAL

a) Preference Capital:

The Company had 20,00,00,000 6.35% Cumulative Redeemable Preference Shares of ₹5/- each outstanding aggregating to ₹100 crore, which were due for redemption on March 31, 2012. In terms of the CDR package, the Company negotiated with the preference shareholders to rollover/extend or convert the outstanding preference shares into equity. Out of the two shareholders, IDBI Trusteeship Services Limited–(ICICI Strategic Investments Fund) (holding 13,00,00,000 shares of ₹5 each) agreed to extend the tenure of redemption on the following terms:

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

The other shareholder, ICICI Bank Limited (holding 7,00,00,000 shares of ₹5 each) has opted to convert the outstanding preference shares into equity shares as per the conversion price applied to the equity allotments to be made under CDR package. The allotment shall be made upon receipt of approval of the Members through postal ballot.

b) Increase in Authorised Capital:

In order to reduce the leverage and overcome the liquidity crunch, the Company was considering various options of raising funds including by way of issuance of equity. For this purpose, it was necessary to increase the authorised capital of the Company adequately. Hence, vide resolution of the Members dated January 30, 2012, passed through postal ballot, the Authorised Capital of the Company was increased from ₹400 Crores divided into ₹300 Crores, consisting of 30 Crore Equity Shares of ₹10/- each and ₹100 Crores, consisting of 20 Crore Redeemable Preference Shares of ₹5 each, to ₹550 Crores, divided into ₹450 Crores, consisting of 45 Crore Equity Shares of ₹10/- each and ₹100 Crores, consisting of 20 Crore Redeemable Preference Shares of ₹5/- each.

Subsequently, in order to cater to the capital issuance needs under Corporate Debt Restructuring (CDR) package, it was felt necessary to further increase the authorized capital and hence an approval of the Members was sought through postal ballot to increase the authorised share capital of the Companys from ₹550 Crores, divided into ₹450 Crores, consisting of 45 Crore Equity Shares of ₹10/- each and ₹100 Crore, consisting of 20 Crore Redeemable Preference Shares of ₹5 each, to ₹1200 Crores, divided into ₹1100 Crores, consisting of 110 Crore Equity Shares of ₹10/- each and ₹100 Crores, consisting of 20 Crore Redeemable Preference Shares of ₹5/- each.

Further, as per the CDR package, the Company would have to allot equity shares upon conversion of certain portion of outstanding loans and the outstanding and accrued interest thereon. The Company also would have to allot equity shares against conversion of preference shares held by ICICI Bank Limited.

c) Paid-up Capital:

1) ESOS allotments:

No share allotment was done under the Employees Stock Options Schemes (ESOS) during the fiscal year 2012.

2) Foreign Currency Convertible Bonds (FCCBs):

During this year, the Company has not received any conversion notices from the FCCB holders.

During the year under review, the Company did not allot any shares and hence the share capital of your Company is ₹1,91,98,65,490 as on March 31, 2012.

POSTAL BALLOT

During the financial year 2011-12, the Members passed the following resolutions by way of postal ballot, the results of which were declared on January 30, 2012:

a) Enhancing the limit for creation of securities against loan;

b) Raising long term resources through further issue of securities;

c) Increase in the Authorised Capital of the Company;

d) Amendment to the Memorandum of Association of the Company;

e) Amendment to the Articles of Association of the Company and

f) Re-appointment of Mr. Amar Chintopanth as Deputy Managing Director.

Another Notice of Postal Ballot was also sent to the Members for approval of the following proposals by way of Postal Ballot, the results of which would be declared on May 31, 2012:

a) Increase in Authorised Capital and Amendment to the Memorandum of Association of the Company;

b) Amendment to the Articles of Association of the Company;

c) Authorization for restructuring of debts;

d) Allotment of equity shares on preferential basis;

e) Conversion of loans into equity shares and

f) Conversion of certain existing preference shares into equity shares and modification of terms of preference shares.

For more details, please refer Part III, Postal Ballot section in Corporate Governance Report.

PUBLIC DEPOSITS

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

DIRECTORS

In terms of the provisions of the Articles of Association of the Company, Mr. Dileep Choksi and Dr. Bruce Kogut are liable to retire by rotation at the forthcoming 19th Annual General Meeting of the Company. Mr. Dileep Choksi and Dr. Bruce Kogut, being eligible, offer themselves for re-appointment.

During the year, Mr. Samir Kumar Mitter resigned from the Board of Directors of the Company with effect from December 1, 2011.

During the year, Mr. Ashok Shah was appointed as an Additional Director of the Company with effect from December 1, 2011. Mr. Ashok Shah, being an Additional Director, will hold office upto the date of the forthcoming Annual General Meeting of the Company. It is proposed to appoint him as Director of the Company at the ensuing Annual General Meeting.

Mr. Amar Chintopanth, Deputy Managing Director, was re-appointed for a further period of three years with effect from January 17, 2012 vide a resolution passed by the Members through postal ballot.

Mr. N. S. Venkatesh was appointed as a Nominee Director on the Board of the Company by IDBI Bank Limited with effect from May 8, 2012 pursuant to the Master Restructuring Agreement signed with the CDR Lenders on March 30, 2012.

COMMITTEES

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

i. Audit Committee

ii. Board Governance Committee

iii. Shareholders' / Investors' Grievances Committee

The Fund Raising and Acquisitions Committee (FRAC) was discontinued effective October 21, 2011.

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

AUDITORS

M/s Lodha & Co., Chartered Accountants, having their office at 6, Karim Chambers, 40, Ambalal Doshi Marg, Hamam Street, Mumbai - 400 023 and M/s R. G. N. Price & Co., Chartered Accountants, having their office at Simpson's Building, 861, Anna Salai, Chennai - 600 002 were appointed as Joint Statutory Auditors of the Company at the 18th Annual General Meeting and are due for retirement at the conclusion of the 19th Annual General Meeting.

Your Directors, based on the recommendations of the Audit Committee, recommend the re-appointment of M/s Lodha & Co. and M/s R. G. N. Price & Co. as the Joint Statutory Auditors of the Company to hold office from the conclusion of the 19th Annual General Meeting to the conclusion of the 20th Annual General Meeting. The Company has received letters from both the Auditors, wherein they have consented to act as Auditors and have confirmed that they are eligible and qualified to be appointed as Auditors pursuant to the Sections 224(1B) and 226 of the Companies Act, 1956.

CONSERVATION OF ENERGY

Although the operations of the Company are not energy intensive, the management is highly conscious of the criticality of the conservation of energy at all operational levels. The requirement of disclosure of particulars with respect to conservation of energy as prescribed in Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company and hence, are not provided.

TECHNOLOGY ABSORPTION

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

- Improved consolidation by usage of cloud technologies: A public cloud SAAS for sale to fulfillment cycles and a private cloud for project management and ERP systems;
- Strengthened its IPRs through technology innovation and appropriate security controls;
- Partnerships with major technology providers and publishers for win-win relationships and go-to-market strategies;
- Improved productivity by usage of advanced cutting edge tools to enhance testing and compliance efficiencies;
- Continual improvements towards SAM (Software Asset Management) compliance derived by the recognition of the certification of BSA (Business Software Alliance), an initiative alongside of FICCI and Government of Maharashtra;
- Through standardization of policies, processes and technology across its Global Development Centers (GDCs), sales and corporate offices, your Company has achieved certifications of: ISO/IEC 27001:2005 & ISO/IEC 9001:2008 for best practices in Data Center and support services and
- As part of our support to Green IT, we have partnered with Ecoreco as a life member to ensure effective scrapping of old assets in a eco-friendly manner.

RESEARCH AND DEVELOPMENT (R & D)

The solutions offered by the Company for various market segments are continuously developed and upgraded through the GDCs.

The GDCs function as the product research and development facility of the Company and focus on developing and expanding the Company's products and IPRs. Besides this, the Company is also in the process of migrating its varied product lines to standard and latest platforms.

With a focus to further enhance the Company's software products, i.e its Intellectual Property, based on market needs, the GDCs work in line with the Company's strategy for growth.

Expenditure on R & D

₹ in crores

Particulars	2011-12	2010-11
Revenue Expenditure	**27.13**	39.90
Capital Expenditure	**-**	-
Total	**27.13**	39.90
Total R&D expenditure as a percentage of total standalone revenue	**5.02%**	6.90%

FOREIGN EXCHANGE EARNING AND EXPENDITURE

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

More than 8% of the revenue of the Company is derived from exports. Your Company has marketing network around the world, including North America, Western Europe, Middle East & Africa and Asia Pacific.

The Registered Office of the Company is located at International Infotech Park, Vashi, Navi Mumbai, India. Some of the software development centers of the Company in India are also registered as Software Technology Parks of India, whereby the Company is required to fulfill its export obligations as laid down by the Government.

b) **Foreign Export earnings and expenditure**

During the year 2011-12, the expenditure in foreign currencies amounted to ₹36.88 Crores on account of import of capital goods, dividend, travelling and other expenses. During the same period, the Company earned ₹101.84 Crores in foreign currencies as income from its exports.

PERSONNEL

Your Company has talented and dedicated professionals to achieve the Company's goal. To retain and develop these employees, human resources group has been working with an objective to enhance employee competence through various initiatives and maximizing employee contribution towards the organizational goals.

The Company has a number of initiatives to attract, retain and develop talent in the organization. Some of them include Reach HR (HR query management system), the employee referral scheme, internal job rotation, training and development programs, overseas assignments, medical insurance, social functions, etc.

The Managing Director has been addressing the employees on a periodic basis to provide information on development of the Company and to understand the concerns of the employees.

Further, in a knowledge based industry, your Company understands that the employees are the main assets of the Company and it is necessary that they feel challenged to use their intellectual skills to the best of their abilities and add value to themselves even as they add value to the Company. To facilitate this, the Company has a feedback mechanism and steps are being taken towards employee growth and sustaining high level of motivation.

During the year, in view of the tough liquidity situation, rating down grading, Corporate Debt Restructuring (CDR), etc. quite a number of senior executives left the Company, which affected the operations of the Company. The Company is addressing this issue by close and transparent working with its employees. The attrition could continue to affect the operations of the Company to some extent in the coming year also.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to all the Members of the Company, excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company and the same will be sent by post.

QUALITY

Your Company is committed to deliver best quality products and services to all its customers first time, every time. In order to meet its commitment, the Company's business processes have been thoughtfully designed to develop solutions that fully meet customer expectations and are in accordance with industry and domain specific standards.

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

Your Company is focused to deliver quality at every stage of operations by driving improvement projects around key business and process metrics and imbibing industry wide best practices.

FUTURE OUTLOOK

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

FORWARD LOOKING STATEMENTS

This Report along with its annexure and Management Discussion & Analysis contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward looking statements. The Company undertakes no obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

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

b) we 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 at the end of the financial year and of the profit of the Company for that period;

c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and

d) we have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors are thankful to the Members and Investors for their confidence and continued support. The Directors are grateful to the Central and State Government, Stock Exchanges, Securities & Exchange Board of India, Reserve Bank of India, Software Technology Park of India, Customs and other government authorities, Lenders, CDR Cell, FCCB holders and last but not the least, its trusted clients for their continued support.

The Directors would like to express their gratitude for the unstinted support and guidance received from alliance partners and vendors.

The Directors would also like to express their sincere thanks and appreciation to all the employees for their commendable teamwork and professionalism.

For and on behalf of the Board

Sd/-	**Sd/-**
Hoshang N. Sinor	**V. Srinivasan**
Chairman	**Managing Director & Global CEO**

Mumbai, May 16, 2012

ANNEXURE TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2011-12

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meeting its stakeholders aspirations and societal expectations. Corporate governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organisation most effectively. A good Corporate Governance process aims to achieve balance between shareholders' interest and corporate goals by providing long term vision for the business and establishing systems that help the Board of Directors ("the Board") in understanding and monitoring risk at every stage of corporate evolution process to enhance the trust and confidence of the stakeholders without compromising on laws and regulations.

CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company's core values - Innovation, Insight and Integrity imbibe in itself the Corporate Governance Philosophy. The Company's governance structure, which is based on this philosophy, is as follows:

1) The Board and its Committees, consisting of professionals of repute who provide strategic planning and direction (Innovation);

2) The Operating Board consisting of professionals having domain knowledge and experience (providing the Insight) and

3) Execution freedom of the Operating Board and the employees in particular within the framework of accountability (Integrity).

The Operating Board is not a Board Level Committee. It consists of the Managing Director, Deputy Managing Director & CFO and the Business and Support Heads.

I. BOARD OF DIRECTORS

a. Size and Composition of the Board:

The total strength of the Board on the date of this Report is 9. The Chairman of the Board is an Independent Non-Executive Director and the Board consists of six Independent Non-Executive Directors constituting more than half of the total strength of the Board. The composition of the Board and the directorships held by the Board members are as under:

Name	Category	Designation	Date of Appointment	Date of Resignation	Number of directorships in other companies @	Number of chairmanships in committees of Board of other companies #	Number of memberships in committees of Boards of other companies #
Hoshang N. Sinor	INED	Chairman	24-Jul-03	-	10	3	5
Ashok Jhunjhunwala	INED	Director	19-Oct-06	-	6	1	4
Ashok Shah**	INED	Director	1-Dec-11	-	-	-	-
Bruce Kogut	INED	Director	22-Apr-05	-	-	-	-

Name	Category	Designation	Date of Appointment	Date of Resignation	Number of directorships in other companies @	Number of chairmanships in committees of Board of other companies #	Number of memberships in committees of Boards of other companies #
Dileep C. Choksi	INED	Director & Chairman-Audit Committee	24-Apr-09	-	7	3	3
N.S. Venkatesh $	ND	Director	8-May-12	-	2	-	1
Samir Kumar Mitter *	INED	Director	28-Oct-05	1-Dec- 11	1	-	-
Vishakha Mulye	NED	Director	25-Jul-07	-	5	-	1
V. Srinivasan	ED	Managing Director & Global CEO	5-Sep-96	-	1	-	-
Amar Chintopanth	ED	Deputy Managing Director & CFO	17-Jan-07	-	5	-	1

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

@ Excluding directorships in private limited companies, foreign companies and Section 25 companies.

Includes Membership/Chairmanship only in the Audit Committee and Shareholders'/Investors' Grievances Committee.

** Inducted during the financial year 2011-12

$ Was inducted after the end of the financial year 2011-12.

* Was a Director only for part of the year.

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

b. Board Meetings:

Among other things, key matters like periodic 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 mobilization efforts are considered and deliberated upon by the Board. 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.

The annual calendar of Board Meetings is agreed upon at the beginning of the year. During the last financial year, the Board met eleven times on April 22, 2011; April 23 & 24, 2011; June 16, 2011; July 21, 2011; July 29, 2011; October 21, 2011; December 1, 2011; December 28, 2011; January 24, 2012; February 27, 2012 and March 28, 2012.

The time gap between any two Meetings of the Board was less than four months.

The Agenda for the Board Meeting and its Committee Meetings are drafted by the Managing Director & Global CEO, the Deputy Managing Director & CFO and the Company Secretary in consultation with the Chairman of the Board or the Committee, as the case may be. The Agenda, along with all information, including statutory information, relevant to the matters to be discussed is always sent well in advance to the Directors. The Members of the Board can also suggest any agenda item to the Chairman, which is taken up as an additional item after the circulated agenda items. Detailed presentations are made at the Board Meetings by the Managing Director & Global CEO and Deputy Managing Director & CFO on various strategic and operational issues. Presentations are also made by the Operating Board Members and Support Heads updating on their respective functions.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director	Number of Meetings attended	
		In person	Through tele conference
Hoshang N. Sinor	11	11	-
Ashok Jhunjhunwala	11	10	-
Ashok Shah[@]	4	4	-
Bruce Kogut	11	5	2[#]
Dileep C. Choksi	11	8	-
N. S. Venkatesh*	-	-	-
Samir Kumar Mitter**	7	6	-
Vishakha Mulye	11	10	-
V. Srinivasan	11	10	1[#]
Amar Chintopanth	11	11	-

[@] Inducted during the Financial Year 2011-12.

* Appointed with effect from May 8, 2012.

**Was a Director only for part of the year.

[#] Treated as absent for the purpose of quorum.

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

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

Appointment:

The Board Governance Committee which also acts as the Compensation cum Nomination Committee and consists exclusively of Independent Non-Executive Directors, identifies, selects, nominates and recommends induction of Additional Directors on the Board excluding nominee directors. Based on the recommendations of this Committee, the Board approves the appointment including re-appointment of Directors on the Board.

Performance Evaluation:

Non-Executive Directors have a very important role in the growth and governance of the Company as they represent various fields with expertise in their respective areas and their positive contribution helps the Company to draw out effective strategies for future growth and enable the Company to achieve its laid down objectives. Executive Directors, in turn, implement the strategies and draw out and monitor the operational strategies, plans, systems and processes to enable the Executive Management of the Company to achieve the goals set by the Board.

The Board Governance Committee evaluates the performance of the Non-Executive Directors on the basis of following criteria:

- quality of participation at the Meeting, regularity and devotion of time;
- strategic direction, inputs, advice and contribution for long-term stability and sustenance of the Company;
- contribution in the Board deliberations utilizing the knowledge, skill, experience and expertise in relation to the business of the Company, industry, international financial/investment banking, domestic/global market and regulatory and other environment and its practical application towards the growth of the Company;
- contribution towards accounting, finance, tax matters, general management practices and matters of international relevance;
- level of commitment towards compliance of legal requirements, codes of conduct and corporate ethics and values;
- working relationships with other Board Members and Senior Management and the Director’s ability to communicate with and listen to others, within and outside the Board;
- sensitivity towards the shareholders’ wealth and interest of Company’s customers, suppliers, employees and partners and
- ability to analyse and review the performance of the management on behalf of and in the interest of the stakeholders and to give concrete suggestions for course corrections.

Performance of the Members of the Board Governance Committee is evaluated by the Board on the same criteria as above.

The performance of the Executive Directors is evaluated by the Board Governance Committee based on the attainment of the top line and bottom line budgets and implementation of the business plans approved by the Board. The Board finalizes the remuneration payable to the Executive Directors, based on the recommendations of the Board Governance Committee.

Age:

The Board has fixed the retirement age of Non-Executive Directors at 75.

Remuneration Policy and details of remuneration/compensation:

The Members of the Company, at their Annual General Meeting held on July 28, 2009, had approved the payment of remuneration by way of commission to the Non-Executive Directors of a sum not exceeding 1% of the Net Profit of the Company in the relevant Financial Year. The approval is valid for the payment of commission for a period of 5 years commencing from April 1, 2009 to March 31, 2014.

In the year 2011-12, the Company has paid remuneration by way of commission to the Non-Executive Directors at 0.28% of net profits for the year 2010-11 amounting to ₹30 Lakhs which was as per the approval granted by the Members on July 28, 2009. In addition to this, sitting fee of ₹20,000 per Meeting for attending each of the Board and Committee Meetings for the financial year 2011-12 was also paid to the Non-Executive Directors. The remuneration, as explained above, was paid as per recommendation of the Board Governance Committee and approval of the Board. The details of the remuneration paid to the Non-Executive Directors during the year are as given below:

Name of the Non-Executive Director	Total Sitting Fees (In ₹)			Commission (In ₹)			Total (In ₹)		
	Gross	TDS	Net	Gross	TDS	Net	Gross	TDS	Net
Hoshang N. Sinor	2,20,000	22,000	1,98,000	5,00,000	50,000	4,50,000	7,20,000	72,000	6,48,000
Ashok Jhunjhunwala	3,20,000	32,000	2,88,000	5,00,000	50,000	4,50,000	8,20,000	82,000	7,38,000
Ashok Shah	1,20,000	12,000	1,08,000	Nil	Nil	Nil	1,20,000	12,000	1,08,000
Bruce Kogut	1,80,000	55,620	1,24,380	5,00,000	1,54,500	3,45,500	6,80,000	2,10,120	4,69,880
Dileep C. Choksi	3,00,000	30,000	2,70,000	5,00,000	50,000	4,50,000	8,00,000	80,000	7,20,000
Samir Kumar Mitter*	3,00,000	30,000	2,70,000	5,00,000	50,000	4,50,000	8,00,000	80,000	7,20,000
Vishakha Mulye*	3,00,000	30,000	2,70,000	5,00,000	50,000	4,50,000	8,00,000	80,000	7,20,000

*The payments made to Mr. Samir Kumar Mitter and Ms. Vishakha Mulye were made to their respective employers as per the mandates received by the Company.

The Non-Executive Directors were not paid any fixed periodic remuneration during the year. If may also be noted that no comnission is long paid to non-executive directors for the financial year 2011-12.

The Company also paid remuneration during the year to its whole time Director, Mr. Amar Chintopanth in accordance with and within the overall limits as per the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 as under:

Salary, allowances, incentives and bonus of ₹2.80 crores, PF and other contributions of ₹0.11 crore and perquisites of ₹0.004 crores, aggregating to ₹2.91 crores.

Mr. V. Srinivasan, Managing Director, a non-resident Indian who is responsible for global operations of the Company, draws his remuneration from wholly owned overseas subsidiaries of the Company. During the year 2011-12, Mr. V. Srinivasan was paid a salary of USD 500,000/-, bonus of USD 100,000/- and other perquisites such as rent, car, telephone, etc. and management incentives as approved earlier from the overseas subsidiariy of the Company.

In view of the tough liquidity situation and the Company having come under CDR Scheme, Mr. Hoshang N. Sinor, Chairman, has relinquished sitting fees payable to him for attending the Board and Committee Meetings with effect from December 28, 2011. Ms. Vishakha Mulye and Mr. N.S. Venkatesh have also relinquished the sitting fees payable to them for attending the Board and Committee Meetings, effective May 16, 2012.

Stock Options and Directors' Shareholdings

A. Employees Stock Option Schemes

The Company has two Employees Stock Option Schemes (ESOS) instituted in the fiscal years 2000 and 2007 to enable the employees and Directors of the Company and its subsidiaries to participate in the future growth and financial success of the Company. Options granted under these schemes vest in a graded manner over a three year period, with 20%, 30% and 50% of the grants vesting in each year, commencing 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 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.

a. The particulars of the options granted and outstanding up to March 31, 2012 are as under:

Particulars	**ESOS 2000**	**ESOS 2007**
Options granted	2,40,45,666	85,45,000
Options vested	1,65,35,621	67,04,750
Options exercised	21,69,347	Nil
Number of shares allotted pursuant to exercise of options	21,69,347	Nil
Options forfeited / lapsed	85,48,709	33,99,500
Extinguishment or modification of options	Nil	Nil
Total number of options in force	1,33,27,610	51,45,500
Amount realized by exercise of options (₹)	11,31,27,838	Nil

b. No stock options were granted to Directors and Senior Management Personnel during the year.

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

c. The following options granted and outstanding as at March 31, 2012 were granted 3 years prior to the IPO to Directors and Senior Management Personnel:

V. Srinivasan, Managing Director -11,96,000 (average exercise price ₹51.75); Padmanabhan Iyer - 1,20,000 (average exercise price ₹50) and Shivanand R. Shettigar - 92,800. (average exercise price ₹55.28)

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

In 3 years prior to IPO

Financial Year	**Amount (in ₹)**
2002-03	(0.09)
2003-04	0.17
2004-05	2.18

Last 5 years

Financial Year	**Amount (in ₹)**
2007-08	6.96 *
2008-09	13.55
2009-10	(7.04)
2010-11	5.83
2011-12	(22.02)

* Post Bonus

e. Since the exercise price of the Company's options is the previous day's closing price on the stock exchange, which recorded the highest trading volume preceding the date of grant of options, there is no compensation cost in fiscal year 2012 based on intrinsic value of options and also based on fair value approach. However, if the Company had used the fair value of options based on the Black–Scholes model, proforma loss after tax would have been ₹333.55 crores. On a proforma basis, the Company's basic and diluted earnings per share would have been ₹(17.37). The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting has been considered as a separate grant for the purpose of valuation. The assumptions used to estimate the fair value are detailed below:

Risk free interest rate	5.71%-6.36%
Expected life of option	3-10 years
Expected volatility	50.63%-57.91%
Expected dividends yield	1.15%-2.84%
Price of the underlying share in the market at the time of option grant	Stock options are granted at the NSE Closing Price on the day prior to grant as explained above

No stock options were granted during the year 2011-12.

f. The number of stock options held by the Directors as on March 31, 2012 are as below:

Hoshang N. Sinor – NIL; Ashok Jhunjhunwala – 90,000 (exercise price ₹90); Ashok Shah – NIL; Bruce Kogut – 1,00,000 (average exercise price ₹57.5); Dileep C. Choksi – 50,000 (average exercise price ₹58); Vishakha Mulye – NIL; V. Srinivasan – 36,96,000 (average exercise price ₹95.21) and Amar Chintopanth – NIL

B. Number of shares held by Directors as on March 31, 2012:

Hoshang N. Sinor – 1,00,000; Ashok Jhunjhunwala – 12,110; Vishakha Mulye - 12,000 and V. Srinivasan – 2,42,040

None of the other Directors hold any shares or convertible instruments of the Company.

CODE OF CONDUCT

The Company has adopted a Code of Conduct for Board of Directors and Senior Management. All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2012.

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

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

As required by SEBI Regulations, the Company has adopted a code for the Prevention of Insider Trading. This Code is applicable to the Directors and employees of the Company and its subsidiaries and their dependent family members.

II. BOARD COMMITTEES

Currently, the Board has three Committees, viz.

a. Audit Committee;

b. Shareholders'/Investors' Grievances Committee and

c. Board Governance Committee.

The Fund Raising and Acquisitions Committee was discontinued by the Board effective October 21, 2011.

The Audit and the Shareholders'/Investors' Grievances Committee consists of a majority of Independent Directors. The Board Governance Committee consists entirely of Independent Directors. Normally, the Committees meet four times a year, except the Board Governance Committee. The quorum for the Meetings is either two Directors or one third of the Members of the Committee, whichever is higher.

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

a. **Audit Committee:**

Brief description of terms of reference:

The Audit Committee reviews, acts and reports to the Board with respect to:

- overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending the appointment/removal of Statutory Auditor(s) & Internal Auditor(s), fixing the audit fee and also approving the payment for any other services;
- reviewing, with the Management, the quarterly/annual financial statements before submission to the Board;
- reviewing with the Management the statement of usage/application of funds raised through public issue, rights issue, preferential issue, etc., the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- reviewing with the Management the adequacy of internal control system and performance of Statutory and Internal Auditors;
- reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit;
- reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with Statutory Auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- discussion with Internal Auditors on any significant findings and follow up thereon;
- reviewing the Company's financial and risk management policies;
- reviewing the functioning of the Whistle Blower mechanism;
- reviewing the financial statements of subsidiary companies and
- looking into reasons for substantial defaults, if any, in the payment to the depositors, debentureholders, shareholders and creditors and approving the appointment of Chief Financial Officer (CFO) before finalization of the same by the management and assessing the qualifications, experience and background etc. of the candidate before approving the appointment.

Consequent to the resignation of Mr. Samir Kumar Mitter from the Board on December 1, 2011, the Committee was re-constituted on December 28, 2011 by induction of Mr. Ashok Shah as member in place of Mr. Samir Kumar Mitter.

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

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

Director	Position	Qualification
Dileep C. Choksi	Chairman	B. Com, LLB, FCA, CWA
Ashok Shah	Member	M.A.
Vishakha Mulye	Member	B. Com, CA
N. S. Venkatesh	Member	CA

The Audit Committee comprises of Non-Executive Directors, majority of them being Independent and having accounting and financial management expertise. The Deputy Managing Director & Chief Financial Officer, Internal Auditors and the Joint Statutory Auditors attend the Meetings of the Audit Committee as invitees.

The Company Secretary is the Secretary to the Committee.

The Committee met five times during 2011-12 on April 21, 2011; July 20, 2011; August 4, 2011; October 20, 2011 and January 23, 2012. 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
Ashok Shah @	1	1
Dileep C. Choksi	5	5
Samir Kumar Mitter *	4	4
Vishakha Mulye	5	5
N. S. Venkatesh #	0	0

@ Inducted during the financial year 2011-12.

* Was a Member only for part of the year.

Was appointed as Member on May 16, 2012.

b. Shareholders' / Investors' Grievances Committee:

This Committee was constituted by the Board to look into the matters relating to investors' servicing and to redress the grievances of the investors.

Brief description of terms of reference:

- allot to the applicants, shares and other securities issued by the Company from time to time including allotment under Employees Stock Option Schemes, as amended from time to time;
- approve registration of transfer of shares and other securities issued and that may be issued from time to time and approve or reject application for transmission of shares;
- approve / reject applications for dematerialisation, re-materialisation, subdivision, consolidation, transposition and thereupon issue share certificates to the shareholders;
- lay down suitable procedure and approve issue of duplicate certificates of shares and other securities;
- decide the stock exchange(s)/depository(ies) in India or abroad, on which shares or other securities issued by the Company are to be listed or delisted including offering/issuing such shares/securities through depositories;
- fix record date and determine closure of Register of Members and Transfer Books for the purpose of payment of dividend, interest, issue of rights/bonus shares or for such other purpose as the Committee may deem fit;
- redressal of shareholder and investor complaints such as transfer of shares, non-receipt of Annual Reports, non-receipt of dividend declared, etc.;
- report to the Board about important developments in the area of servicing of shareholders and
- take initiatives for better servicing of the shareholders.

Consequent to the resignation of Mr. Samir Kumar Mitter from the Board on December 1, 2011, the Committee was re-constituted on December 28, 2011 by induction of Mr. Ashok Shah as Chairman in place of Mr. Samir Kumar Mitter.

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

Name of the Director	Position
Ashok Shah	Chairman
Ashok Jhunjhunwala	Member
Amar Chintopanth	Member

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

The Committee met four times during the year 2011-12 on April 22, 2011; July 29, 2011; October 21, 2011 and January 24, 2012.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings attended
Ashok Shah@	1	1
Ashok Jhunjhunwala	4	4
Amar Chintopanth	4	4
Samir Kumar Mitter*	3	3

@ Inducted during the financial year 2011-12.

* Was a Member only for part of the year.

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

	Opening Balance as on April 1, 2011	Received	Processed	Pending as on March 31, 2012
Instructions	0	621	620	1
Grievances	0	4	4	0

c. **Board Governance Committee:**

This Committee acts as a Board Governance, Compensation cum Nomination Committee.

Brief description of terms of reference:

- identify the prospective directors, evaluate the current composition and recommend appointment of directors;
- evaluate the current composition, organisation and governance of Board and its committees, boards of its subsidiaries, determine future requirements and make recommendations to the Board for approval;
- evaluate the performance of the Board and its Committees and board of its subsidiaries;
- ensure that the Board and the boards of the subsidiaries are properly constituted to meet its fiduciary obligations, the corporate governance principles and best practices;
- determine as to the Director(s) who shall be liable to retire by rotation;
- formulate various codes of ethics, conduct and governance practices;
- evaluate succession planning and work with the Board for evaluating the potential successors to executive management positions;

- evaluate and recommend to the Board, the compensation plan, policies and programmes for Executive Directors and Senior Management Personnel;
- review performance of Whole-time Directors of the Company and the subsidiaries, nominated by the Company on its Board vis-à-vis Key Performance Areas and to recommend the remuneration payable to them from time to time by way of salary, perquisites, commission, allowances, performance bonus, stock options etc. and
- approve the policy for quantum of bonus payble to the employees.

The current composition of the Committee is as under:

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member
Dileep C. Choksi	Member

All the Members of this Committee are Independent Non-Executive Directors.

The Committee met twice during the year 2011-12 on April 22, 2011 and October 21, 2011.

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
Hoshang N. Sinor	2	2
Bruce Kogut	2	2
Dileep C. Choksi	2	2

Remuneration policy and details of remuneration to all Directors are given on page no. 15 i.e. under the heading - the Board of Directors and sub heading - Appointment, performance evaluation, age and remuneration of the Directors.

d. Fund Raising and Acquisitions Committee

This Committee was constituted by the Board to look into the matters relating to assessment of capital requirements of the Company and subsidiaries and recommendation and approval of fund raising and acquisition proposals.

The Committee met twice during the year 2011-12 on April 22, 2011 and October 21, 2011. As indicated in the Directors' Report above, this Committee has been dissolved on October 21, 2011.

Meetings attended by the Committee Members during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings attended
Hoshang N. Sinor	2	2
Bruce Kogut	2	2
Ashok Jhunjhunwala	2	2
Samir Kumar Mitter	2	2

All the Members of this Committee were Independent Non-Executive Directors.

In view of the changed business circumstances, the Board felt that there was no need for a separate Committee for fund raising and acquisitions as the focus would be to conserve cash, consolidate and grow business organically. Therefore, this Committee has been discontinued on October 21, 2011.

III. GENERAL MEETINGS

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

Year	Date and Time	Venue	Special Resolutions passed
2010-11	July 29, 2011 at 4.00 p.m.	Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 705.	None
2009-10	July 27, 2010 at 4.00 p.m.		Re-appointment of Mr. V. Srinivasan as the Managing Director of the Company.
2008-09	July 28, 2009 at 3.30 p.m.		1. Commission to Non-Executive Directors; 2. Retention Incentives to Executive Directors i.e. Mr. Amar Chintopanth and Mr. Anirudh Prabhakaran; 3. Alteration of Articles of Association of the Company with regard to insertion of clause pertaining to appointment of nominee directors by lenders of the Company.

The Resolutions were passed by show of hands at the above AGMs and none of the Resolutions were passed by way of Poll.

Attendance of the Directors at the last AGM held on July 29, 2011

Name of the Directors:

Hoshang N. Sinor;

Ashok Jhunjhunwala;

Bruce Kogut;

Dileep C. Choksi;

Samir Kumar Mitter;

V. Srinivasan and

Amar Chintopanth.

Mr. Rangarajan from M/s. R. G. N. Price & Company, Statutory Auditors was also present at the last AGM.

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

Postal Ballot

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

Date of the Notice	Last date for receipt of Postal Ballot Forms	Date of Result	Name of the Scrutiniser	Special Resolutions passed
December 1, 2011	January 27, 2012	January 30, 2012	Mr. Nilesh Trivedi	1. Raising long term resources through further issue of securities 2. Amendment to the Articles of Association of the Company and 3. Re-appointment of Mr. Amar Chintopanth as Deputy Managing Director

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

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

The results of the Postal Ballot were announced by the Chairman on January 30, 2012 and were published in the newspapers. The results were also displayed at the Registered Office of the Company and also on the website of the Company at http://www.3i-Infotech.com/content/investors/investors.aspx

Results of the Postal Ballot	**Resolution No. 1**	**Resolution No. 2**	**Resolution No. 3**	**Resolution No. 4**	**Resolution No. 5**	**Resolution No. 6**
Resolution Type	Ordinary	Special	Ordinary	Ordinary	Special	Special
Total Number of Votes cast by the Shareholders by means of valid Postal Ballot forms	4,39,37,305	4,35,44,941	4,35,47,184	4,35,41,458	4,35,41,134	4,35,42,476
Votes against the Resolution	3,74,141	3,49,475	3,49,836	3,38,240	3,43,023	2,09,934
Votes in favour of the Resolution	4,35,63,164	4,31,95,466	4,31,97,348	4,32,03,218	4,31,98,111	4,33,32,542
Percentage of Votes cast in favour	99.15%	99.20%	99.20%	99.22%	99.21%	99.52%

The Company has sought the approval of the Members by way of Postal Ballot Notice dated April 23, 2012 pursuant to Section 192A of the Companies Act, 1956, and Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 for the following resolutions:

Date of the Notice	**Last date for receipt of Postal Ballot Forms**	**Date of Result**	**Name of the Scrutiniser**	**Special Resolution to be Passed**
April 23, 2012	May 30, 2012	May 31, 2012	Mr. Nilesh Trivedi, Partner, KBNT & Associates	1. Amendment to the Articles of Association of the Company; 2. Authorisation for restructuring of debts; 3. Allotment of equity shares on preferential basis; 4. Conversion of loans into equity shares; 5. Conversion of certain existing preference shares into equity shares and modification of terms of preference Shares.

Pursuant to Section 192A of the Companies Act, 1956, the Postal Ballot forms have been sent to all the Members along with Notice and the Explanatory Statement.

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

The results of the Postal Ballot shall be declared on May 31, 2012 and will be displayed on the website of the Company at http://www.3i-infotech.com/content/investors/investors.aspx

IV. DISCLOSURE REQUIREMENTS

a) Management Discussion and Analysis:

The detailed Management Discussion and Analysis long with risks and concerns is given separately in the Annual Report.

b) Disclosure relating to material financial and commercial transactions having a potential conflict of interest:

During the year 2011-12, there were no material financial and commercial transactions, having a potential conflict of interest entered into by the Company with the Directors or Members of Management.

c) Details of non-compliance, penalties, etc.:

The Company was not subject to any non-compliance and no penalties or strictures were imposed on the Company by Stock Exchanges, SEBI or any statutory or other authority on any matters relating to capital markets, during the last three years.

d) Whistle Blower Policy:

The Company has been consistently adopting professional and transparent policies and practices in accordance with the global standards of best practices and governance. As a part of implementing the global best practices, the Company has put in place a Whistle Blower Policy to enable the employees to participate in fostering transparent practices in the organisation. The Policy is put up on the Knowledge Management Portal of the Company, which is an internal portal for the employees.

Under the Policy, employees are free to communicate any matters of concern in areas of accounts, finance, management, operations, employment and other affairs of the Company and its subsidiaries and discuss the same in terms of this policy. Since the date of the Policy, no employee has been denied access to the Audit Committee.

e) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

The Company has complied with all the mandatory requirements.

The Company's status of compliance with the non-mandatory requirements is given below:

1. The Board

As our Chairman is an Independent and Non-Executive Director, the Company maintains an office for him at the Corporate Office and provides a car for his official duties.

2. Remuneration Committee

The Company has a Board Governance Committee, which also functions as the Remuneration Committee. A detailed report on the same is given under point II.c in this Report.

3. **Shareholder Rights**

The quarterly, half yearly and annual declarations of the financial performance are posted on the website of the Company and are also sent to the Stock Exchanges, where the shares of the Company are listed.

4. **Training of Board Members**

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

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

Chairman evaluates the performance of the Non-Executive Directors every year on the basis of well defined parameters and their recommendations are placed before the Board. The Board notes the recommendations while deciding the remuneration to be paid to the Non-Executive Directors.

6. **Whistle Blower Policy**

The Company has laid down a Whistle Blower Policy, the details of which are given above in this Report.

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

The Company's periodic financial results as well as official news releases and presentations made to the institutional investors and analysts are displayed on the web-site of the Company at www.3i-infotech.com. The financial results are published in Free Press Journal, The Financial Express (English) and Navshakti, Mumbai Lakshadeep (regional newspaper).

The Company has an Investor Grievance cell to address the grievances / queries of the shareholders. In order to enable shareholders to raise queries and grievances, the Company has a separate email ID investors@3i-infotech.com.

VI. GENERAL SHAREHOLDER INFORMATION

a) **Details of ensuing AGM:**

Day and Date	Time	Venue
Thursday, August 2, 2012	4 p.m.	Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 705.

b) **Schedule of the Board Meetings for consideration of Financial Results (tentative and subject to change):**

Quarter Ended	Date
June 30, 2012	August 2, 2012
September 30, 2012	November 2, 2012
December 31, 2012	February 1, 2013
March 31, 2013	May 3, 2013

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

d) **Date of Book Closure:** Saturday, July 28, 2012 to Thursday, August 2, 2012 (Both days inclusive)

e) **Registrar and Transfer Agent:**

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

f) Share transfer system:

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

g) Listing:

The shares are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited. (BSE). Annual Listing Fees have been paid to both these Stock Exchanges.

h) Listing on Stock Exchanges and Codes:

ISIN in NSDL & CDSL: INE748C01020

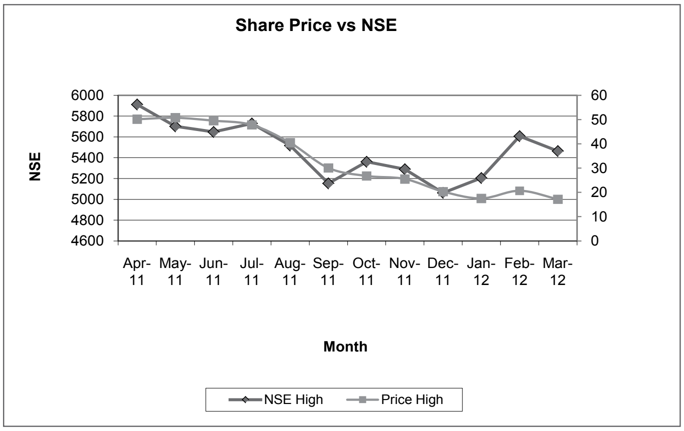
	NSE	BSE
Exchange Code	3IINFOTECH	532628

i) Stock Market Data:

Monthly highs, lows and trading volume for 2011-12:

Month	National Stock Exchange			Bombay Stock Exchange			Total Quantity Traded
	High	Low	Trade Quantity	High	Low	Trade Quantity	
April-11	50.15	43.6	4,49,75,143	50.15	43.7	1,35,26,995	5,85,02,138
May-11	50.75	43.95	5,00,28,969	50.8	44.05	1,41,98,481	6,42,27,450
June-11	49.55	42.7	3,19,41,050	49.5	42.75	80,83,590	4,00,24,640
July-11	47.8	40.75	2,01,77,972	47.8	40.9	49,65,766	2,51,43,738
August-11	40.45	25.45	2,39,98,630	40.45	25.45	73,42,478	3,13,41,108
September-11	30.05	26.25	1,74,85,226	30	26.3	53,86,591	2,28,71,817
October-11	26.75	24.5	1,48,53,060	26.7	24.6	42,29,752	1,90,82,812
November-11	25.5	17.9	2,15,91,394	25.4	17.9	59,99,367	2,75,90,761
December-11	20.3	11.65	5,62,86,060	20.3	11.7	1,58,39,643	7,21,25,703
January-12	17.5	12.05	7,21,05,759	17.48	12.1	2,49,58,160	9,70,63,919
February-12	20.65	16.1	10,17,99,457	20.7	16.1	3,67,24,048	13,85,23,505
March-12	17.15	15.15	3,48,04,823	17.2	15.1	1,55,53,569	5,03,58,392

j) 3i Infotech share prices versus the NSE Nifty:



k) Distribution of Holdings as on March 31, 2012:

Share holding of nominal value of (₹)	Shareholders		Share Amount	
	Number	Percentage to total (%)	(₹)	Percentage to total (%)
Upto 5000	141,078	82.16	22,14,09,880	11.53
5001-10000	15,431	8.99	12,69,70,260	6.61
10001-20000	7,592	4.42	11,79,25,590	6.14
20001-30000	2,655	1.55	6,88,28,210	3.59
30001-40000	1,257	0.73	4,57,61,320	2.38
40001-50000	966	0.56	4,60,32,340	2.40
50001-100000	1,506	0.88	11,19,30,130	5.83
100001 and above	1,219	0.71	1,18,10,07,760	61.52
Total	**171,704**	**100.00**	**1,91,98,65,490**	**100.00**

l) Shareholding Pattern as on March 31, 2012:

Category	Shares	Percentage (%)
Government Financial Institutions	2,24,18,772	11.68
Nationalised Banks	79,17,038	4.12
FIIs	13,21,140	0.69
Overseas Corporate Bodies (OCBs)	0.00	0.00
Foreign Banks / Companies	12,94,790	0.68
Non-Residents	48,42,678	2.51
Mutual Funds	0.00	0.00
Bodies Corporates	2,34,52,165	12.21
IDBI Trusteeship Services Limited (ICICI Strategic Investment Fund)	3,90,36,190	20.33
Other Banks	29,73,022	1.55
Resident Indians	8,87,30,754	46.23
TOTAL	**19,19,86,549**	**100.00**
No. of Shareholders	1,71,704	

m) Dematerialization of shares and liquidity:

On March 31, 2012, all the shares of the Company were held in dematerialized mode, except 53,048 shares, which where held in physical mode.

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

SEBI has vide its circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 amended the listing agreement. It is required for companies to credit the unclaimed shares of the Company, arising out of the public issue, which could not be allotted to the rightful shareholder due to insufficient/incorrect information, to a separate demat suspense account. The Company opened a demat account having account no. IN302902/47834376 for transferring unclaimed shares into the account.

The details of the aforesaid shares are as under:

Particulars	Details
Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year	5 & 674 respectively
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	1
Number of holders to whom shares were transferred from suspense account during the year	1
Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2012	4 & 532 respectively

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

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

As mentioned in the Directors' Report, the Company has successfully restructured its outstanding Foreign Currency Convertable Bonds (FCCBs). The details of outstanding FCCBs due for redemption during the calendar year 2012 was as under:

Particulars	Euro 30 Million Zero Coupon Convertible Bonds due in 2012 (Euro Bonds)	US$ 100 Million Zero Coupon Convertible Bonds due in 2012 (USD Bonds)
ISIN	XSO292985727	XSO308551166
Outstanding Amount of Bonds due for redemption during the calendar year 2012	Euros 20 Million (20,000 Bonds)	US$ 66.367 Million (66,367 Bonds)
Amount of Bonds successfully exchanged with US$ 5% Convertible Bonds due 2017	Euros 20 Million	US$ 63.967 Million
Amount of Bonds outstanding as on May 16, 2012	NIL	US$ 2.4 Million

During the year, the Company exchanged 100% of the outstanding Euro Bonds and 96.33% of the USD Bonds. The terms of the balance 3.67% USD Bonds were amended vide an extraordinary resolution passed by the bondholders at their meeting held on April 24, 2012.

The terms of such amended bonds along with the terms of new US$ 5% convertible bonds issued in exchange for the Euro Bonds and the USD Bonds are given below:

Particulars	**US$ 125.356 Million 5% Convertible Bonds due 2017**	**US$ 2.4 Million 4.75% Convertible Bonds due 2017**
ISIN	XSO769181982	XSO308551166
Outstanding Amount	US$ 125.356 Million	US$ 2.4 Million
Coupon/Yield	5.00% p.a.(first coupon payable on April 25, 2013, thereafter, at semi-annual intervals)	4.75% p.a. (first coupon to be paid at the end of first year and thereafter on semi-annual basis)
Conversion Price	₹16.50	₹165.935
Fixed Exchange Rate	1 US$ = ₹50.7908	1US$ = ₹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	38,58,74,638	5,90,255

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

p) **Plant Locations:**

As the Company is engaged in Information Technology Industry, it does not have any plant.

The addresses of Offices/Global Development Centers (GDCs) of the Company are given below:

1. Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703.
2. Unit No. 601, 6th Floor, Akruti Centre Point, M.I.D.C. Central Road, Next to Marol Telephone Exchange, Andheri (E), Mumbai - 400 093.
3. Unit No.301, 3rd Floor, Akruti Trade Centre, Road No.07, M.I.D.C. Road, Andheri (East), Mumbai – 400 093
4. Unit Nos. 301 and 302, 3rd floor in Campus D, RMZ Centennial, Doddanekundi Village, Krishnarajapuram Hobli, Bangalore- 560 048.
5. 3rd and 5th Floors, Prince Infocity - II, R.S. Nos. 283/3 & 283/4, Door No. 141, Kottivakam Village, Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai – 600 096.
6. Unit No. 4, 2nd floor, Cyberabad, Building No. 9, Madhapur Village, Serilimgampally Mandal Ranga Reddy District, Hyderabad-500 081.
7. 1st Floor, 36, Rani Jhansi Road, Near Jhandenwala Devi Mandir, New Delhi-110 055.
8. Basement, 1st, 2nd, 3rd Floors, 84, District Centre, Chandrasekharpur, Bhubaneswar-751 016.
9. B-56, Sector-57, Gautam Budh Nagar, Noida, UP- 201 301.
10. I Wing 1st and 4th Floors, M Wing Ground Floor, “Tex Centre”, 26-A, Chandivali Road, Off Saki Vihar Road, Andheri (East), Mumbai- 400 072.
11. 1st Floor, Trans Asia Corporate Park, Block I, Seaport-Airport Road, Chittethukara, Kakkanad, Kochi-682 037
12. Par House, CTS No.53, Survey No.3, Hissa No.7, Dindoshi, Goregaon.

q) **Address for correspondence:**

COMPLIANCE OFFICER:
Shivanand R. Shettigar,
Compliance Officer & Company Secretary
3i Infotech Limited, Tower # 5, 3rd to 6th Floors, International Infotech Park,
Vashi, Navi Mumbai 400 703
Ph: (91-22) 6792 8800
Fax: (91-22) 6792 8098
Email:co@3i-infotech.com

INSTITUTIONAL INVESTORS:
Sanjay D`mello,
Head - Corporate Marketing
3i Infotech Limited, Akruti Centre Point, 6th Floor, M.I.D.C Central Road,
Next to Marol Telephone Exchange,
Andheri (East), Mumbai - 400 093
Ph: (91-22) 3914 5782
Fax: (91-22) 3914 5520
E-mail: investor.relations@3i-infotech.com / corporate@3i-infotech.com

IN-HOUSE SHARE DEPARTMENT:
3i Infotech Limited
Tower # 5, 3rd Floor, International Infotech Park,
Vashi Railway Station Commercial Complex, Vashi,
Navi Mumbai 400 703, Maharashtra
Ph: (91-22) 6792 8015/8206
Fax: (91-22) 6792 8098
Email: investors@3i-infotech.com

Mumbai, May 16, 2012.

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, 2012.

V. Srinivasan,
Managing Director & Global CEO,
3i Infotech Limited

May 16, 2012 at Mumbai

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by 3i Infotech Limited for the year ended on March 31, 2012 as stipulated in Clause 49 of the Listing Agreements with National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and based on the representations given by the Management of the Company, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the Management has conducted the affairs of the Company.

For R. G. N. PRICE & COMPANY
Chartered Accountants
Firm Registration No: 022785S

Sd/-
(Mahesh Krishnan)

Partner
Membership No. 206520

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

Sd/-
(R. P. Baradiya)

Partner
Membership No. 44101

May 16, 2012, Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF CONSOLIDATED OPERATIONS

In continuation to the Management Discussion and Analysis of Financial conditions as provided in the earlier years' annual reports, we provide herewith an analysis which gives an overview, and explanation on the following areas:

- The Company's businesses and the changed focus
- A discussion on the buildup of debt in the Company and the steps taken by the Company to work towards a balanced capital structure
- The year under review covering the main events during the year, challenges faced by the Company, business disruption, steps taken to address these and an analysis of the financial performance of the Company during the year in light of these developments.

Company and its Businesses

The Company provides IT solutions and transaction services for the banking, financial services and insurance industry largely.

Till the previous year, the Transaction services business constituted a significant part of the Company's business (around 32%). As mentioned in the previous year's annual report, the Company in the current year refocused on its IT business and exited from the Transaction Services business.

Consequently, though the Company continues to have two lines of businesses, IT Solutions constitutes a significant percentage roughly 95% and Transaction Services constitutes only a small percentage i.e. 5% of the total business. The Company drives its businesses through its geographic segments, emerging markets constituting approximately 60% and developed markets constituting approximately 40% of revenues.

Through its IT offerings, the Company provides clients with software products covering banking, insurance & financial services, application development & maintenance and IT infrastructure services.

Through its Transaction service offerings, the Company provides clients with services such as back-office operations, account origination services, verification services, scanning and digitization, record management, registrar and transfer agent services, securitization and contact center services.

Discussion on build up of debt

We had discussed in the previous year's report the buildup of debt in the Company. In order to recapitulate and give further analysis on the matter, we discuss below the factors which led to the debt build up and its consequences.

Till the financial year ending March 31, 2008, the Company had been clocking a Compounded Annual Growth Rate of over 30% on an organic basis. All indications at that time showed that there was no risk to those growth rates.

The business model that the Company followed involved significant funding requirements as detailed below:

- The Company has over the years built a portfolio of IT products and also entered into niche services. The strategy was to make good selective acquisitions in these areas and then build up on these businesses. An acquisitive strategy for products and niche services would hasten up the "go to market" time and therefore was considered the right strategy.
- In addition, the Company also entered into the Citizen Services Business which involved setting up of Citizen Service kiosks across the country. The model of this business was to make immediate capital investments which would get recouped over an extended period of time through business growth, as is the case with any retail consumer focused business. Unfortunately, due to delays at various ends, the Company had to exit this business after making significant investments in this business.
- The Company has always had a focus on the emerging markets which is a working capital intensive market. This is due to the fact that a large part of the contracts in this region are milestone based contracts having longer working capital cycle. Working capital funding was therefore required to push growth in these markets.

- Being a Company having focus on the software products business, despite the slowdown in business post September 2008, the Company had to continue to make investments in product R&D to ensure the products are up to date on technology and market requirements.

All the above required major investments to be made by the Company, which it did, funded by a combination of equity, mezzanine finance (FCCB) and debt.

During 2008, when the stock markets were buoyant, part of our mezzanine finance (FCCBs) started to get converted into equity. However, with global economic crisis during 2008 and consequent stock market collapse further conversions could not happen. Thus, we were left with a huge debt burden. Further, due to global economic crisis, the business also became stagnant without much growth.

All the above factors resulted in the Company facing a situation of a huge debt on its books, servicing of which could not be supported by the cash flows of the Company.

The year under review

The financial year ended March 31, 2012 was a very difficult period for the Company arising out of the liquidity crisis the Company had to face. This crisis led to management focusing significant time and effort on managing the immediate issues arising out of this situation. This also had its impact on the businesses of the Company.

Before getting into the analysis of the financials for the year, we discuss below how the year panned out for us, what steps we took and finally an analysis of the financials in light of the above. We discuss this under the following classifications:

The period upto September 30, 2011;

The period between October to December 2011;

The period between January to March 2012.

The period upto September 30, 2011:

The Company began the year on an optimistic note and made estimates for business operations for the year with a concrete plan to achieve the estimates. The Company's sales are spread globally and over the years, the sales and delivery teams have been performing consistently, ensuring growth. The Company, therefore had the normal confidence of achieving a growth on the previous year's numbers. The Company had also decided to focus on core IT business and exit the Transaction Services business and had set in place a process for hiving off the Transaction Services business in the USA.

Simultaneously, the Company put in place a funding plan to ensure that it met all its financial commitments falling due between the period April 1, 2011 and September 30, 2012 (an 18 month period). This was required since substantial liabilities were falling due for payment during this period both on the rupee loans and the Foreign Currency Convertible Bonds (FCCBs). The Company had since inception met all its commitments on all the financial obligations and wanted to continue maintaining this standard.

Having proceeded with both the above plans, the sales and delivery teams ensured that the Company had a good growth in the order book and it delivered projects on time. The result of this was that in the first half of last year the Company had a good growth both in revenues and profits. This was in line with estimates. The Company also successfully concluded two transactions for exit from Transactions Services business in the USA and in India by divesting its Payment Solutions business in the USA and a Payroll processing business in India.

On the funding plan, the Company made significant progress upto July and in August was ready to launch an international offering of long term foreign currency bonds of a significant amount which would have covered the entire obligations for the 18 months period referred to above, with internal accruals funding growth. However, due to an unexpected turn of events in the European financial markets, the Company was advised by the bankers that the fund raising plan could not be executed. Coupled with this the first signs of scarcity of Dollars in the Indian financial markets and the Rupee liquidity showing signs of tightening ensured that the Company could not put in place an alternate funding plan.

Therefore, at the end of the first half of last year while the Company made good progress on the business front, it was at the threshold of a serious liquidity problem.

Period between October to December 2011:

While the sales and delivery teams continued the job of scouting for new business and delivering on time on the existing projects, the financial problem started to grow big as the Company was not able to get timely refinance due to the factors mentioned above. This led to a building of over dues with the lenders and a start of a vicious cycle. Internal accruals were being used to keep financial commitments and business slowly started getting starved of cash for funding growth. With business being 60% focused towards the emerging markets which is highly working capital intensive, the starving of cash here led to an impact on business.

While the Company was still trying to find solutions to the problems with the banking system, it unfortunately had to face in December 2011 a rating down grade by CRISIL from “A (-) with stable outlook” to “D” being a default rating. This quite naturally put an end to whatever attempts were being made to find a solution through the banking system. This was followed by some bad press coverage the Company received. These two factors moved the problem from a pure funding problem to a major business problem. What was being perceived as a pure liquidity problem now had to be viewed as a composite problem covering business and funding. This was compounded by the fact that this period saw an exit of some very senior people from the Company affecting both product and services deliveries.

The rating downgrade and the press coverage got widely publicized raising serious concerns in the minds of employees, customers, banks and other stake holders. Management’s immediate attention then turned from growth to fire fighting. It had to ensure employee concerns were addressed, customers were given comfort that this was a temporary issue and simultaneously solve the default situation.

A significant composition of orders are won in the last month of a quarter and with the fiasco the Company had to face in December, decisions by customers on major system integration, software products businesses, etc. got delayed. Customers did not want to place orders till they were convinced of the Company’s financial viability, while awarded orders on system integration business could not be accepted owing to the need of Security guarantees etc which limits the banks had frozen.

This period, therefore, saw the Company’s revenue fall by a third and the EBIDTA being a break even EBIDTA as compared to normal EBIDTA of around 19.5%.

On the funding side, the Board felt that the only way to get the funding structure correct would be to have the rupee debts restructured and hence the Company was referred to the Corporate Debt Restructuring (CDR) Cell on December 28, 2011. Simultaneously, it was felt that the FCCB issue also needs to be taken up immediately and hence the Company started discussions with leading bankers to work out a possible solution.

This period therefore was of extreme stress both on the business and financial side.

Period between January and March 2012:

This period saw a sustained effort to ensure customer confidence is regained, orders which were delayed get awarded, employees were reassured that the problem is a temporary one caused by a liquidity issue. This was done through several rounds of discussions and communication by senior management with customers, employees etc and these steps saw confidence in the Company returning. The proof of this being the growth in the order book.

The CDR process which was started went as per time lines and at the CDR Empowered Group Meeting on March 16, 2012 the restructuring package was approved and the whole package got implemented by the Master Restructuring Agreement having got signed on March 30, 2012. The Company got a good support from all its bankers.

The Company launched an exchange offer of new FCCBs for the existing FCCBs on March 22, 2012. This exchange offer was also concluded successfully with almost all the existing FCCB holders exchanging their old FCCBs for the new FCCBs. This process got concluded in the later part of April 2012.

With this, the liquidity issues faced by the Company arising out of the debt problem were largely addressed.

Analysis of financials:

With the background of all the above, the results of operations for the year ending March 31, 2012 are discussed below:

₹ in crores

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Total Income	**1,730.59**	2,587.48
Total Expenditure	**1,461.06**	2,045.01
Profit before Finance Cost, Depreciation, Taxes	**269.53**	542.47
Finance Cost	**232.90**	180.76
Depreciation & Amortisation	**109.17**	100.50
Profit Before Taxation	**(72.54)**	261.21
Tax	**80.77**	7.64
Profit After Taxation & Before Exceptional Items and Impact of discontinuing operations	**(153.31)**	253.57

For the financial year ended March 31, 2012, consolidated revenue was at ₹1,730.59 crores, comprising 95% of IT solutions and 5% of transaction services revenue. Revenue contribution from the emerging markets stood at 60% while the developed markets were at 40%.

Compared to the total revenue for the year ended March 31, 2011 (excluding the revenue from the Payments Solutions business), revenue decline for the current year was 4.5%. The liquidity issue faced by the Company, the rating downgrade and negative press articles adversely affected customer confidence in the Company. This delayed their decisions to award business to the Company. Traditionally around 40% to 50% of new orders are won in the last month of every quarter, which got affected in the third quarter of the current financial year. The freezing of bank limits made us incapable of bidding for projects and also led to withdrawal from projects requiring working capital.

Decline in business volumes and billing rates in the US has affected the mid-sized IT companies, particularly those in the BFSI space. Moreover, the ongoing financial crisis in the developed markets, particularly the UK, has affected the demand for the Company's products. The growth in the emerging markets was also below the expectations. This resulted in the investment decisions by clients getting delayed. There was a reduction in the number of fresh contracts for system integration and IT infrastructure management business in India due to Company's inability to bid for working capital intensive projects.

All the above factors resulted in a decline in total revenue of the Company.

In spite of the liquidity stress and the negative media articles, the Company did not lose any existing customer contracts. Steps were taken by the Company to build confidence amongst the customers through proactive communication.

Operational Expenses:

Major Components of expense	FY12	FY11
	% of Total Cost	% of Total Cost
Employee and Outsourced costs	**80.60%**	82.50%
Utilities	**8.10%**	7.20%
Travel and Communication	**6.30%**	4.80%
Total operating expense	**95.00%**	94.50%
Other Costs	**5.00%**	5.50%
Total	**100.00%**	100.00%

Employee and outsourced costs, utilities, travel and communication together constitutes almost 95% of the total operating expense of the Company. There is no significant change in the pattern of cost compared to the previous year.

Operating Margin:

Operating Margin for the current financial year was at 15.6% compared to 21% for the previous year. While there was a significant decline in sales due to the environment as mentioned above, the operating costs could not be brought down immediately. Since the employees constitute trained manpower, the Company has not very significantly reduced workforce as it expects revenue to stabilize and grow over a period of time.

Finance cost and Depreciation:

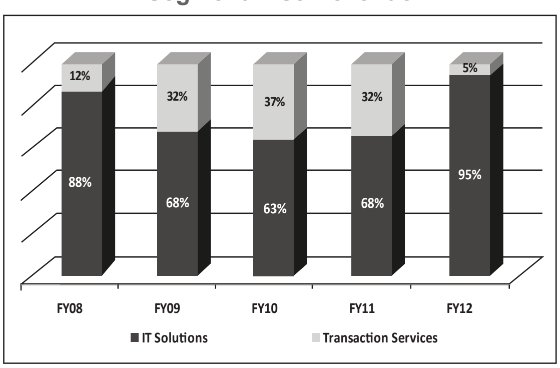
Finance cost for the financial year FY 2012 was at ₹232.90 crores compared to ₹180.76 crores in the previous year. The movement in the interest expenses was mainly due to the following factors:

- Increase in borrowing by the Company during FY 2012, net of loan repaid from the consideration by the sale of payments solutions business,
- Classification of leases into financial lease during FY 2012 and
- Impact of CDR whereby a part of loans have got converted to equity.

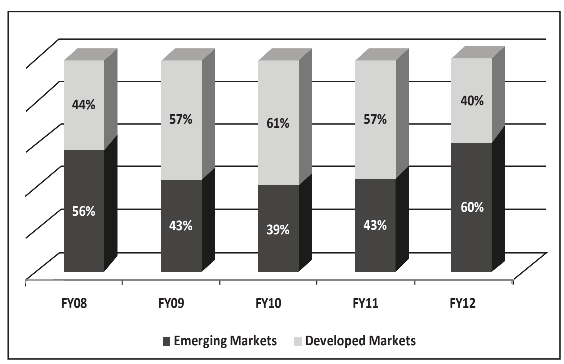
Depreciation for the financial year ended FY 2012 was at ₹109.17 crores compared to ₹100.50 crores in the previous year. The increase in depreciation was mainly due to the classification of leases into financial lease.

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

Segment wise Revenue

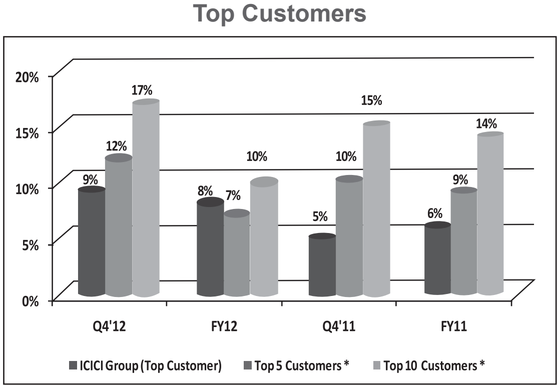


Market wise Revenue

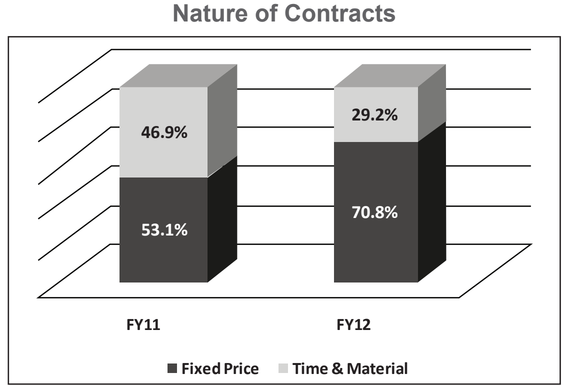


Customer Concentration

Top Customers



Nature of Contracts



* excluding ICICI Group

Analysis of Balance Sheet

₹ in crores

Particulars	As on March 31, 2012	As on March 31, 2011
I. EQUITY AND LIABILITIES		
1. Shareholders' funds	**818.52**	1,290.16
2. Share application money pending allotment	**344.76**	-
3. Minority interest	**4.03**	1.40
4. Non-current liabilities	**1,906.48**	1,607.91
5. Current liabilities	**990.75**	1,352.25
	4,064.54	4,251.72
II. ASSETS		
1. Non-current assets		
(a) Fixed assets	**987.59**	341.30
(b) Goodwill arising on consolidation	**1,500.06**	1,833.89
(c) Non current investments	**25.11**	28.63
(d) Deferred tax assets	**105.48**	122.61
(e) Long term loans and advances and Other non-current assets	**292.58**	533.23
2. Current assets	**1,153.72**	1,392.06
	4,064.54	4,251.72

Shareholders' fund and Share Application Money:

This has got impacted by the following:

- Shares being issued to the lenders as part of the CDR process
- Losses during the year

Non-current and current liabilities:

The movement in non-current and current liabilities is given below:

₹ in crores

Particulars	As on March 31, 2012	As on March 31, 2011
Non-current liabilities		
(a) Long term borrowings	**1,701.59**	1,450.33
(b) Deferred tax liabilities	**1.66**	2.12
(c) Other long term liabilities	**203.23**	155.46
	1,906.48	1,607.91
Current liabilities		
(a) Short term borrowings	**287.03**	548.97
(b) Trade payables	**347.36**	280.25
(c) Other current liabilities	**323.58**	459.45
(d) Short term provisions	**32.78**	63.58
	990.75	1,352.25

The increase in long term borrowings is mainly due to the extension of maturity of the loans as per CDR and reclassification of leases into financial lease. Moreover, foreign currency loans have been reinstated at a higher rate due to almost 15% depreciation in Rupee. Other long term liabilities have increased due to cash flow hedging liability and increase in premium payable on redemption of FCCB.

There is a decrease in short term borrowings and other current liabilities due to the earlier unsecured term loans now reclassified as secured term loans with extended maturity as per CDR.

Fixed Assets

This has gone up due to the following:

- Normal additions
- Re-classification of lease into financial lease
- Certain IPRs

Other Assets

This mainly consists of the trade receivables, unbilled and loans and advances.

Total receivables including unbilled revenue amounted to ₹859.26 crores for the financial year ended March 31, 2012, compared to ₹993.17 crores for the previous year ended March 31, 2011. The total receivables days has increased to 181 days compared to 140 days for the previous year. This increase is mainly due to the Company's increased focus in the emerging markets. More fixed price contracts and long working capital cycle are the nature of projects in the emerging markets, which in turn results in higher number of receivable days. Further delays in realization was also due to execution delays on account of people exit.

Loans and advances consist mainly of advance taxes, prepaid expenses, capital and other advances. There is a reduction of ₹246.52 crores as compared to the previous year arising mainly out of reduction in capital and other advances and MAT credit receivable.

The main components of loans and advances are as follows:

₹ in crores

Particulars	**As on March 31, 2012**	As on March 31, 2011
Capital Advances	**2.63**	60.65
Security Deposits (Includes lease rent deposits)	**73.67**	88.95
Advances recoverable in cash or in kind or for value to be received	**231.40**	372.35
Receivable towards Sale of Fixed Asset	**7.76**	-
Prepaid expenses	**33.72**	53.13
MAT Credit receivable	**35.11**	70.40
Advance tax and tax deducted at source (net of provision for taxes)	**93.52**	78.62
Loans to Staff	**0.12**	0.35
Total	**477.93**	724.45

Internal Control Systems

The Company exercises internal controls through a formalized process of an authorization matrix from the Board to the operating levels. 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.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis 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 Statement

AUDITORS' REPORT

To
The Board of Directors of 3i Infotech Limited

1. We have audited the attached Consolidated Balance Sheet of 3i Infotech Limited (the 'Parent Company'), its Subsidiaries and a Joint Venture collectively referred to as 'the 3i Infotech Group' as at March 31, 2012, the Consolidated Statement of Profit & Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Parent Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

   b) We have not audited the financial statements of 3 subsidiaries included in the consolidated financial results whose financial statements reflect total assets of ₹1,142.17 crores as at March 31, 2012; as well as the total revenue of ₹544.75 crores for the year ended March 31, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of such other auditors.

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

5. Without qualifying attention is drawn to the following :

   (a) note no. 2.26(D) regarding the financial statements of the Group having been prepared on a going concern basis, the appropriateness of which, interalia, is dependent on successful implementation of the scheme approved by the Corporate Debt Restructuring Cell as also that in the opinion of the management, no impairment is considered necessary.

   (b) note no. 2.26(D) regarding exceptional write off Trade Receivables/reversal of Unbilled Revenue of ₹137.62 crores and ₹2.91 crores in diminution in value of long term investment and both disclosed as exceptional items.

   (c) note no. 2.26(D) regarding carrying amount of ₹27.23 crores for Payment Solution Software Product to be adapted for application in different geographies which in the opinion of the management will be localized in due course of time and commercially exploited thereafter.

   (d) note no. 2.30(a) certain long overdue/slow-moving Trade Receivables/Unbilled Revenue aggregating to ₹225.98 crores in respect of which the management is confident of realising the same with concerted efforts in due course of time.

6. Attention is also invited to note no. 2.4.4 in financial statements in respect of Net Deferred Tax Assets recognized in the earlier years of ₹103.82 crores being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of order book on hand and the Restructuring Scheme approved by the CDR Cell. *However, we are unable to express an opinion as to when and to what extent the aforesaid net deferred tax asset would reverse in the near future.*

7. We report that the consolidated financial statements have been prepared by the Parent Company's management in accordance with the requirements of the Accounting Standards (AS) 21 - Consolidated Financial Statements and AS 27 - Reporting of Interests in Joint Ventures prescribed by Companies (Accounting Standards) Rules, 2006 as amended from time to time.

8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, the said financial statements read together with para 4 and 5 and *subject to what is stated in para 6 above, the impact whereof on the loss for the year ended on March 31,2012 and reserves and assets as at that date is presently not ascertainable,* we are of the opinion that the attached Consolidated Financial Statements read together with Accompanying Notes give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of Consolidated Balance Sheet, of the state of affairs of the 3i Infotech Group as at March 31, 2012;

   (ii) in the case of Consolidated Statement of Profit and Loss, of the loss of the 3i Infotech Group for the year ended on that date; and

   (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the 3i Infotech Group for the year ended on that date.

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

Mahesh Krishnan
Partner
Membership No. 206520

Place: Mumbai
Date: May 16, 2012

For Lodha & Co.
Firm Registration No: 301051E
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date: May 16, 2012

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

₹ in crores

	Schedule	**As at March 31, 2012**	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	**291.99**	291.99
(b) Reserves and surplus	2.2	**526.53**	998.17
Share application money pending allotment (Refer Note 2.26A)		**344.76**	-
Minority interest		**4.03**	1.40
Non-current liabilities			
(a) Long term borrowings	2.3.1	**1,701.59**	1,450.33
(b) Deferred tax liabilities	2.4.2	**1.66**	2.12
(c) Other long term liabilities	2.5.1	**203.23**	155.46
Current liabilities			
(a) Short term borrowings	2.3.2	**287.03**	548.97
(b) Trade payables		**347.36**	280.25
(c) Other current liabilities	2.5.2	**323.58**	459.45
(d) Short term provisions	2.6	**32.78**	63.58
		4,064.54	4,251.72
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.7	**355.01**	178.71
(ii) Intangible assets	2.7	**632.58**	162.59
(b) Goodwill arising on consolidation	2.29	**1,500.06**	1,833.89
(c) Non current investments	2.8	**25.11**	28.63
(d) Deferred tax assets	2.4.1	**105.48**	122.61
(e) Long term loans and advances	2.9.1	**292.13**	511.82
(f) Other non-current assets	2.10.1	**0.45**	21.41
2. Current assets			
(a) Inventories	2.11	**1.60**	4.86
(b) Trade receivables	2.12	**455.72**	643.36

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

₹ in crores

	Schedule	**As at March 31, 2012**	As at March 31, 2011
(c) Cash and Bank Balances	2.13	**107.51**	202.81
(d) Short term loans and advances	2.9.2	**185.80**	212.63
(e) Other current assets	2.10.2	**403.09**	328.40
		4,064.54	4,251.72

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

Schedules referred to above form an integral part of the financial statements

As per our attached report of even date

For Lodha & Co.	**For R.G.N. Price & Co.**	**For and on behalf of the Board**	
Chartered Accountants	**Chartered Accountants**		
		V. Srinivasan	**Dileep C. Choksi**
		Managing Director	**Director & Chairman of Audit Committee**
R P Baradiya	**Mahesh Krishnan**	**Amar Chintopanth**	**Shivanand R. Shettigar**
Partner	**Partner**	**Deputy Managing Director & CFO**	**Company Secretary**

Mumbai, May 16, 2012

3i INFOTECH LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ in crores

	Schedule	For the year ended March 31, 2012	For the year ended March 31, 2011
I. Revenue from operations	2.14	1,681.02	2,569.75
II.Other income	2.15	49.57	17.73
III. Total Revenue (I + II)		1,730.59	2,587.48
IV. Expenses:			
Employee benefits expense & Cost of Revenue	2.16	1,177.99	1,687.03
Finance costs	2.17	232.90	180.76
Depreciation and amortization expense	2.7	109.17	100.50
Other expenses	2.18	283.07	357.98
Total expenses		1,803.13	2,326.27
V. Profit/(Loss) before exceptional items and tax - (III-IV)		(72.54)	261.21
VI. Exceptional items	2.19	(181.42)	-
VII. Profit/(Loss) before tax (V- VI)		(253.96)	261.21
VIII. Tax expense:	2.21	80.77	7.64
IX Profit/(Loss) for the year (VII-VIII)		(334.73)	253.57
X Profit/(Loss) from discontinuing operations	2.20	(22.67)	-
XI Profit (Loss) for the year (IX - X)		(357.40)	253.57
XII Minority Interest		(2.63)	(1.06)
XIII Profit/(Loss) after Minority Interests (XI - XII)		(360.03)	252.51
XIV Earnings per equity share of face value of ₹ 10each:	2.31		
Before Exceptional items			
(1) Basic		(8.51)	12.81
(2) Diluted		(8.51)	12.75
After Exceptional items			
(1) Basic		(19.14)	12.81
(2) Diluted		(19.14)	12.75
Significant Accounting Policies and accompanying Notes on Financial Statements	1 & 2		

As per our attached report of even date

For Lodha & Co.	**For R.G.N. Price & Co.**	**For and on behalf of the Board**	
Chartered Accountants	**Chartered Accountants**		
		V. Srinivasan	**Dileep C. Choksi**
		Managing Director	**Director & Chairman of Audit Committee**
R P Baradiya	**Mahesh Krishnan**	**Amar Chintopanth**	**Shivanand R. Shettigar**
Partner	**Partner**	**Deputy Managing Director & CFO**	**Company Secretary**

Mumbai, May 16, 2012

3i INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in crores

		For the year ended March 31, 2012	For the year ended March 31, 2011
A	**Cash Flow from Operating Activities :**		
	Profit/(Loss) before Exceptional items & Taxation	**(72.54)**	261.21
	Adjustments for:		
	Depreciation/Amortization	**109.17**	100.50
	Foreign Exchange loss/(gain) (net)	**(26.78)**	(2.99)
	Loss on sale/discarding of fixed assets (net)	**3.42**	0.82
	(Profit) on sale of long term investment (net)	**(8.03)**	-
	Dividend Income on Current Investments	**(0.02)**	(0.77)
	Interest received	**(5.66)**	(5.60)
	Interest and Finance Charges	**232.90**	180.76
	Diminuition in Value of Long term Investments	**2.91**	-
	Provision for doubtful debts	**13.40**	13.07
	Operating Profit before Working Capital Changes	**248.77**	547.00
	Adjustments for:		
	Trade and Other Receivables	**(555.63)**	(379.67)
	Inventories	**0.55**	(0.98)
	Trade Payables and Other Liabilities	**200.00**	179.41
		(355.08)	(201.24)
	Cash generated from Operations	**(106.31)**	345.76
	Income Taxes (including FBT (paid)/refund received)	**(48.15)**	(46.61)
	Net cash from Operating Activities - A	**(154.46)**	299.15
B	**Cash Flow from Investing Activities :**		
	Acquisitions/earnout paid	**-**	(74.35)
	(Purchase)/Sale of fixed assets(including Capital Work-in-Progress & advances)	**(61.69)**	(63.80)
	Purchase of Current Investments	**-**	(310.00)
	Sale of subsidiary companies	**551.29**	325.05
	Dividend Income on Current Investments	**0.02**	0.77
	Loans and advances (given)/received back	**-**	(0.07)
	Interest received	**5.66**	5.60
	Net cash used in Investing Activities - B	**495.28**	(116.80)

3i INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in crores

		For the year ended March 31, 2012	For the year ended March 31, 2011
C	**Cash Flow from Financing Activities :**		
	Proceeds from issue of Equity Share Capital	**0.00**	1.58
	Proceeds from issue of QIP	**-**	179.99
	QIP issue expenses	**-**	(15.08)
	Proceeds from/(Repayment of) borrowings -net	**(215.53)**	(148.22)
	Dividends paid (including taxes)	**(34.06)**	(40.96)
	Interest paid	**(134.70)**	(182.31)
	Net Cash from Financing Activities - C	**(384.29)**	(205.00)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(43.47)**	(22.64)
	Cash and Cash Equivalents as at beginning	**157.92**	180.56
	Less: In respect of Sold Subsidiary Companies	**26.08**	-
	Revised Cash and Cash Equivalents as at beginning	**131.84**	180.56
	Cash and Cash Equivalents as at end	**88.37**	157.92

Notes :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements'' prescribed by the Companies (Accounting Standard) Rules, 2006.
2. Refer note no. 2.28 regarding Discontinuing operations.
3. Previous years' figures have been regrouped/rearranged wherever necessary to conform to the current years' presentation.

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

For Lodha & Co.	For R.G.N. Price & Co.	For and on behalf of the Board	
Chartered Accountants	Chartered Accountants		
		V. Srinivasan	Dileep C. Choksi
		Managing Director	Director & Chairman of Audit Committee
R P Baradiya	Mahesh Krishnan	Amar Chintopanth	Shivanand R. Shettigar
Partner	Partner	Deputy Managing Director & CFO	Company Secretary

Mumbai, May 16, 2012

3i INFOTECH LIMITED

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Overview of the Group

3i Infotech Limited ('Parent') was promoted by erstwhile ICICI limited. The Parent 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 historical cost convention, on the accrual basis of accounting, in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required 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 management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements are made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

1.4 Principles of consolidation

The consolidated financial statements include the financial statements of "The Parent" and all its Subsidiaries, Joint Venture have been prepared in accordance with the consolidation procedures laid down in AS 21- 'Consolidated Financial Statements', AS – 27 'Financial Reporting of Interests in Joint Ventures'.

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

- The financial statements of the Parent and the Subsidiaries/Joint Venture 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 recoverable value of related assets is lower than their cost to the Group.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent for its standalone financial statements.
- The consolidated financial statements are prepared using uniform accounting policies across the Group.
- Goodwill arising on consolidation - The excess of cost to the Parent Company, of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made, is recognized in the financial statements as goodwill and in the case where equity exceeds the cost; the same is being adjusted in the said goodwill. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.
- Entities acquired during the year have been consolidated from the respective dates of their acquisition. (Refer note 2.22 for entities consolidated)

1.5 Revenue recognition

a) Revenue from IT solutions:

Revenue from IT solutions comprises of revenue from Software Products, IT Services and Sale of Hardware/ Outsourced Software.

i) Revenue from Software Products across all geographies is recognized on delivery/installation or as considered appropriate by the management on the basis of facts in specific cases, whichever is lower. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

ii) Revenue from IT Services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant contracts. Revenue on Time and Material Contracts is recognized as and when services are performed. Revenue on Fixed-Price Contracts is recognized on the percentage of completion method. Provision for estimated losses, if any, on such uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

iii) Revenue from Supply of Hardware/Other Material and Sale of Third Party Software License/Term License/ Other Materials incidental to the aforesaid services recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

b) Revenue from Transaction Services:

Revenue from Transaction Services and Other Service contracts is recognized based on transactions processed or manpower deployed.

1.6 Unbilled and Unearned Revenue:

Revenue recognized over and above the billings on a customer is classified as "unbilled revenue" while billing over and above the revenue recognized in respect of a customer is classified as "unearned revenue".

1.7 a) Fixed Assets

Intangible:

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

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

c) Business & Commercial Rights are capitalized at the acquisition price.

Tangible:

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

Advances given towards acquisition of fixed assets and the cost of assets not ready for use as at the balance sheet date are disclosed as capital advances under Long Term Loans & Advances.

b. Depreciation/Amortization:

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

Business & Commercial Rights are amortized at lower of the period the benefits arising out of these are expected to accrue and ten years while Software Products – Others and Goodwill arising on merger/acquired Goodwill is amortized over a period of five years.

Software Products (Meant for sale) are amortized over a period of 10 years.

Depreciation on other fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In the case of some subsidiary companies, it is provided on straight line basis over the estimated useful life of the assets given herein below:

Fixed Asset	Useful life in years
Leasehold improvements	1 – 5
Furniture, Fixtures and Equipment	3 – 8
Vehicles	3 – 8
Computers	1 – 6

1.8 Investments

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

Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value. Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment.

1.9 Accounting for Taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the period/year in accordance with the specific applicable laws.

MAT credit asset pertaining to the Parent and its Indian subsidiary company 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 reasonable/virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

The deferred tax assets/liabilities and tax expenses are determined separately for the Parent and each subsidiary company, as per their applicable laws and then aggregated.

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 transactions. Current assets, current liabilities and borrowings denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain/loss are recognized in the Statement of Profit and Loss. Overseas equity investments are recorded at the rate of exchange in force on the date of allotment/acquisition.

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" and 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. Other Foreign operations are classified as integral and 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 average rate and the resulting exchange differences are accounted in 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 loan liabilities and highly probable forecast transactions. The Parent Company designates these 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 Statement of Profit and Loss.

1.12 Accounting of Employee Benefits

Employee Benefits in India

a) Gratuity

(i) Parent

The Parent Company provides for gratuity, a defined benefit retirement plan, covering eligible employees. Liability under gratuity plan is determined on actuarial valuation done by the Life Insurance Corporation of India (LIC), based upon which, the Parent Company contributes to the Scheme with LIC. The Parent Company also provides for the additional liability over the amount contributed to LIC based on the 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 the actuarial valuation at the half year/year end.

b) Superannuation

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

c) Provident fund

(i) Parent

Eligible employees receive benefits from a provident fund, which is a defined contribution plan to the Trust/ Government administered Trust. In the case of Trust aggregate contribution along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the Parent Company make monthly contribution to the 3i Infotech Provident Fund Trust equal to a specified percentage of the covered employee's salary. The Parent Company also contributes to a Government administered pension fund on behalf of its employees.

The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The Parent has an obligation to make good the shortfall, if any, between the return from investments of the trust and the notified interest rate. Such shortfall is charged to Statement of Profit and Loss in the year it is determined.

(ii) Subsidiaries

Contribution is made to the state administered fund as a percentage of the covered employees' salary.

d) Liability for leave encashment/entitlement for employees being long term in nature is provided on the basis of the actuarial valuation at the year end and based on estimates, for interim financials.

Employee Benefits in the Foreign Branch

In respect of employees in foreign branches, necessary provision has been made based on the applicable laws. Gratuity/leave encashment for employees in the foreign branches is provided on the basis of the actuarial valuation at the year end and based on estimates for interim financials.

Employee Benefits in Foreign Subsidiary Companies

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

i) 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.

ii) 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.

iii) Contingent Assets are neither recognized nor disclosed in the 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 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 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 a) Securities issue expenses

Securities issue expenses, Issue expenses including expenses incurred on increase in authorized share capital and premium payable on securities are adjusted against Securities Premium Account.

b) Premium payable on redemption of FCCB

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

1.17 Lease

Where the Group has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of fair value or present value of minimum lease payment and liability is created for an equivalent amount. Each lease rental paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

Where significant portion of risks and reward of ownership of assets acquired under lease are retained by lessor, leases are classified as Operating lease. Equalized lease rentals for such leases are charged to Profit & Loss account.

1.18 Earnings per share

In determining the earnings per share, the Group considers the net profit/loss after tax and post tax effect of any extra-ordinary/exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also 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. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

1.19 Inventories

Inventories consist of postage, paper, envelopes, hardware and supplies, and are stated at cost (computed on first in first out or weighted average basis as the case may be) or net realizable value, whichever is lower.

1.20 Asset Held for Sale / Discontinuing Operations

'Assets held for sale' or 'Discontinuing Operation' is a component of the Group that either has been disposed of or that is classified as held for sale and (a) represents a separate major line of business or geographical area of operations and (b) is a part of a single coordinated plan to dispose off a separate major line of business or geographical area of operations. Assets held for sale and discontinuing operations are carried at the lower of carrying amount or fair value. Any gain or loss from disposal of such units, together with the results of the operations until the date of disposal, is reported separately as 'Discontinuing Operations'.

2 Notes forming part of the Consolidated Financial Statements

2.1 Share Capital

i)

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Authorised		
45,00,00,000 Equity shares of ₹10 each	**450.00**	300.00
(30,00,00,000 Equity shares of ₹10 each as on March 31, 2011)		
20,00,00,000 6.35% Cumulative Redeemable Preference shares of ₹5 each	**100.00**	100.00
	550.00	400.00
Issued, Subscribed & Paid-up		
Equity shares of ₹10 each at the beginning of the year	**191.99**	168.76
Add:		
Shares Issued under Employees Stock Option Scheme (ESOS)	**-**	0.33
Shares Issued under Qualified Institutional Placement (QIP)	**-**	22.90
	191.99	191.99
6.35% Cumulative Redeemable Preference shares of ₹5 each	**100.00**	100.00
	100.00	100.00
	291.99	291.99

The Parent Company has only one class of equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share. Of the total number of Equity shares issued, 8,47,88,331 Equity shares were allotted as fully paid-up Bonus shares, of which 2,00,00,700 equity shares were issued in July 1999 and 6,47,87,631 equity shares in August 2007, by capitalization of Securities Premium Account and Accumulated Profits.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Parent Company, after distribution of all preferential amounts including in respect of Preference shares issued. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Preference Shares redeemable at par on expiry of nine years from the date of allotment i.e. March 31, 2003 were due on March 31, 2012. The Parent Company is in the process of obtaining equity shareholders approval for amending in terms and conditions with respect to one of the Preference shareholder viz., IDBI Trusteeship Services Limited and conversion into equity in respect of the other.

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

ii) a) Details of members holding more than 5 percent Equity shares are as follows:

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	%	No. of Shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Funds)	**39,036,190**	**20.33**	39,036,190	20.33
Life Insurance Corporation Of India (including its Schemes)	**21,317,921**	**11.10**	21,317,921	11.10

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

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	**%**	No. of Shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Funds)	**13,00,00,000**	**65.00**	13,00,00,000	65.00
ICICI Bank Limited	**7,00,00,000**	**35.00**	7,00,00,000	35.00

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

	In Numbers	
	As at March 31, 2012	As at March 31, 2011
Equity shares of ₹10 each		
Equity shares as at beginning of the year	**19,19,86,549**	16,87,59,946
Add:		
Shares Issued under ESOS	-	3,26,504
Shares Issued under QIP	-	2,29,00,099
Equity shares as at end of the year	**19,19,86,549**	19,19,86,549
6.35% Cumulative Redeemable Preference shares of ₹5 each		
Preference shares as at beginning of the year	**20,00,00,000**	20,00,00,000
Preference shares as at end of the year	**20,00,00,000**	20,00,00,000

iv) Employee Stock Option Scheme (ESOS) –

The Parent Company's Employees Stock Option Scheme provides for issue of equity option up to 25% of the paid-up Equity Capital to eligible employees. The Scheme covers the managing director, whole time directors and the employees of the subsidiaries, the erstwhile holding Company and subsidiaries of the erstwhile holding Company, apart from the employees of the Parent Company. The options vest in a phased manner over three years with 20%, 30% and 50% of the grants vesting at the end of each year from the date of grant and the same can be exercised within ten years from the date of the grant by paying cash at a price determined on the date of grant. One option is available for conversion to one equity share.

Method used for accounting for the share based payment plan:

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

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	Options	**WAEP (₹)**	Options	WAEP (₹)
Options outstanding at the beginning of the year	**2,22,41,320**	**104.34**	2,51,65,924	105.29
Granted during the year	-	-	25,000	76.00
Exercised during the year	-	-	3,26,504	48.27
Forfeited/lapsed during the year	**37,68,210**	**107.16**	26,23,100	120.16
Options outstanding at the end of year*	**1,84,73,110**	**103.30**	2,22,41,320	104.34
Vested options pending exercise	**1,62,02,610**	**99.79**	1,88,58,820	101.58

*Includes 31,37,000 options granted to managing director/whole time directors and non-executive directors (as at March 31, 2011 - 31,87,000 options).

Weighted average market price of the shares with respect to stock options exercised during the period ended March 31, 2012 is ₹33.75 (for the year ended March 31, 2011 is ₹60.28).

The following summarizes information about stock options outstanding:

As at March 31, 2012

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

As at March 31, 2011

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹37 to ₹50	43,62,010	4	49.30
₹57 to ₹150	1,78,79,310	6	117.76

Fair Value methodology for the option

The fair value of options used to compute net income and earnings per equity share have been estimated on the dates of each grant within the range of ₹37.00 to ₹150.00 using the Black - Scholes pricing model. The Parent Company estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOS are:

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Dividend yield	**1.15% - 2.84%**	1.15% - 2.84%
Expected volatility	**50.63% - 57.91%**	50.63% - 57.91%
Risk-free interest rate	**5.71% - 6.36%**	5.71% - 6.36%
Expected life of Option	**3 – 10 yrs**	3 – 10 yrs

Employee Stock Option Scheme (ESOS):

Impact of Fair value method on Net Profit/(Loss) and after Exceptional Items and Impact of Discounting Operations

Had the compensation cost for the Parent Company's Stock Option Scheme outstanding been determined based on the fair value approach, the Parent Company's net profit income and earnings per share would have been, as indicated below:

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Profit/(Loss) attributable to Equity Shareholders after Exceptional Items and Discontinuing Operations	**(367.43)**	245.10
Less: Stock based compensation expense determined under fair value based method	**-**	4.98
Net Profit/(Loss) :	**(367.43)**	240.12
Basic earning per share (as reported)	**(8.51)**	12.81
Basic earning per share (under fair value method)	**(19.14)**	12.55
Diluted earning per share (as reported)	**(8.51)**	12.75
Diluted earning per share (under fair value method)	**(19.14)**	12.49

2.2 Reserves and Surplus

₹ in crores

		As at March 31, 2012	As at March 31, 2011
a.	**Securities Premium Account**		
	Opening balance	**544.22**	470.46
	Add : Received on allotment of equity shares under ESOS	**-**	1.25
	Add : Received during the year on QIP issue	**-**	157.09
	Less : Expenses on QIP issue	**-**	(15.08)
	Less : (Utilised) towards premium payable on redemption of FCCB	**(35.42)**	(69.50)
		508.80	544.22
b.	**General Reserve**		
	Opening balance	**37.00**	31.00
	Add/Less: Transferred from/(to) Statement of Profit and Loss	**(37.00)**	6.00
		-	37.00
c.	**Translation Reserve**		
	Opening balance	**-**	-
	Add: Movement during the year	**19.64**	8.00
		19.64	8.00
	(Less):Adjusted against Statement of Profit and Loss (contra)	**(19.64)**	(8.00)
		-	-
d.	**Cash Flow Hedging Reserve Account**		
	Recognised during the year	**(15.36)**	-
e.	**Surplus - Statement of Profit and Loss**		
	Opening balance	**416.95**	223.25
	Add : Net Profit/(Loss) for the year	**(360.03)**	252.51
	Add/(Less):		
	Transfer from/(to) General Reserve	**37.00**	(6.00)
	Proposed Dividend - Equity Shares	**-**	(28.80)
	Proposed Dividend - Preference Shares	**-**	(1.03)
	Interim Dividend - Preference Shares	**-**	(5.32)
	Residual Dividend Paid	**-**	(3.46)
	Corporate Dividend Tax	**(0.60)**	(6.20)
	Translation reserve adjusted (contra)	**19.64**	(8.00)
	On account of Sale of Subsidiaries	**(79.87)**	-
	(Refer note no. 2.28)		
		33.09	416.95
		526.53	998.17

2.3.1 Long Term Borrowings

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Secured Loans		
Term Loans from:		
- Banks	**736.71**	880.95
- Others	**1.31**	1.45
	738.02	882.40
Unsecured Loans		
Foreign Currency Convertible Bonds (FCCB) (Refer Note No. 2.26 B)	**482.45**	428.23
Term Loans from Banks	**326.27**	139.70
	808.72	567.93
Finance Lease obligations	**154.85**	-
Total	**1,701.59**	1,450.33

2.3.2 Short Term Borrowings

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Secured Loans		
Term Loans from Banks	**-**	53.00
Cash Credit	**260.09**	214.97
	260.09	267.97
Unsecured Loans		
Term Loans from Banks	**21.94**	281.00
	21.94	281.00
Inter Corporate Deposits	**5.00**	-
Total	**287.03**	548.97

2.4.1 Deferred Tax Asset**

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Deferred Tax Asset:		
Unabsorbed losses/depreciation	**74.62**	88.25
Expenses allowable on payment and others	**28.47**	29.70
	103.09	117.95
Deferred Tax Liability:		
Fixed Assets (Depreciation/Amortization)	**(2.39)**	(4.66)

₹ in crores

	As at March 31, 2012	As at March 31, 2011
	(2.39)	(4.66)
Net Deferred Tax Asset* *as a matter of prudence, not recognised	**105.48**	122.61

** Excludes exchange gain/loss in respect of foregin subsidiaries.

2.4.2 Deferred Tax Liability**

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Deferred Tax Asset:		
Unabsorbed losses/depreciation	**-**	0.13
"Expenses allowable on payment and others"	**0.46**	1.30
	0.46	1.43
Deferred Tax Liability:		
Fixed Assets (Depreciation/Amortization)	**2.12**	3.55
	2.12	3.55
Net Deferred Tax Liability	**1.66**	2.12

** Excludes exchange gain/loss in respect of foregin subsidiaries.

2.4.3 Deferred tax balance in respect of companies merged / business purchased during the year is included.

2.4.4 In respect of Net Deferred Tax Asset of ₹103.82 crores (as at March 31, 2011 ₹120.49 crores) being carry 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.

2.5.1 Other Long Term Liabilities

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Cash Flow Hedging Liability	**15.36**	-
Premium payable on Redemption of FCCB	**187.87**	152.45
Deposits - subleased	**-**	3.01
	203.23	155.46

2.5.2 Other current Liabilities

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Current maturities of long term loans		
Secured Loans		
- Term Loans From Banks	**50.34**	114.27
- Term Loans From Others	**0.62**	0.53
Unsecured Loans		
- Term Loans From Banks	**8.40**	268.30
- Term Loans From Others	**1.39**	
- Finance lease obligations	**38.01**	-
Overdue Loan including finance lease	**92.01**	-
Total (A)	**190.77**	383.10
Other Liabilities		
- Interest accrued but not due	**0.06**	0.38
- Interest accrued and due	**7.21**	-
- Application Money Due For Refund	**0.03**	0.03
- Unclaimed Dividend	**0.46**	0.32
- Advances received from customers (Including Unearned Revenue)	**37.99**	34.77
- Other Payables (includes statutory payments to Government authorities)	**87.06**	40.85
Total Other Liablities (B)	**132.81**	76.35
Total Other Current Liabilities (A + B)	**323.58**	459.45

2.6 Short Term Provisions

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Proposed Dividend (includes Dividend Distribution Tax)	**-**	34.66
Provision for Employee benefits	**32.78**	28.91
	32.78	63.58

2.7 Fixed Assets

As on March 31, 2012

₹ in crores

	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
Particulars	As at April 1, 2011	Adj. during the year[3]	Additions during the year	Ded / (Adj) during the year	Upto March 31, 2012	As at March 31, 2011	Adj. during the year[3]	Dep. for the year	Ded / (Adj) during the year	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible assets												
Land - Leasehold	0.52	-	-	(0.00)	0.52	0.09	-	0.01	0.00	0.10	0.42	0.43
- Freehold	2.08	-	-	-	2.08	-	-	-	-	-	2.08	2.08
Buildings - Owned	0.77	-	33.87	(0.03)	34.66	0.28	-	0.02	0.02	0.28	34.38	0.48
- Leasehold[1]	31.81	-	-	11.48	20.33	5.63	-	2.49	3.59	4.53	15.80	26.18
Leasehold Improvements	60.66	(31.28)	2.22	(0.95)	32.55	23.57	(7.08)	0.78	(0.08)	17.36	15.20	37.10
Plant & Equipment/ Electrical Installations	27.61	(9.19)	0.07	1.52	16.97	10.90	(3.42)	0.82	0.76	7.54	9.43	16.70
Furniture & Fixtures	37.87	(9.43)	0.76	0.11	29.09	16.43	(0.80)	2.71	0.09	18.25	10.83	21.43
Vehicles	11.61	(0.87)	0.99	3.10	8.63	3.21	(0.14)	1.03	0.55	3.55	5.08	8.39
Office Equipment	23.36	(4.81)	0.48	(0.81)	19.84	12.74	(2.84)	1.59	(0.72)	12.21	7.63	10.62
Computers	184.93	(42.91)	14.39	1.76	154.66	129.64	(42.07)	23.05	(0.01)	110.63	44.03	55.30
Asset under Finance Lease[4]	-	-	239.00	-	239.00	-	-	28.87	(0.00)	28.87	210.13	-
	381.22	**(98.49)**	**291.78**	**16.18**	**558.33**	**202.49**	**(56.35)**	**61.37**	**4.20**	**203.32**	**355.01**	**178.71**
Previous Year	354.46	-	41.71	14.95	381.22	163.65	-	52.14	13.30	202.49	178.71	-
Intangible assets												
Goodwill	1.79	-	-	-	1.79	1.79	-		-	1.79	(0.00)	-
Software Products - Meant for sale	7.94	-	699.11	253.75	453.30	2.17	-	16.08	(5.18)	23.43	429.87	5.77
Software Products - Others	254.38	(40.61)	31.71	(0.02)	245.49	114.92	(33.62)	20.46	55.00	46.76	198.73	139.46
Business and Commercial Rights	49.26	(3.75)	-	(0.00)	45.51	31.90	(1.63)	11.26	(0.00)	41.53	3.98	17.36
	313.37	**(44.36)**	**730.82**	**253.73**	**746.09**	**150.78**	**(35.25)**	**47.80**	**49.82**	**113.51**	**632.58**	**162.59**
Previous Year	290.09	-	28.05	4.77	313.37	106.81	-	48.36	4.39	150.78	162.59	-
Total Tangible and Intangible	**694.59**	**(142.85)**	**1,022.60**	**269.91**	**1,304.42**	**353.27**	**(91.60)**	**109.17**	**54.01**	**316.83**	**987.59**	**341.30**
Previous Year	644.55	-	69.76	19.72	694.59	270.46	-	100.50	17.69	353.27	341.30	-

Notes :

1. Buildings - Leasehold include :

   (i) ₹20.33 crores (as at March 31, 2011 ₹20.85 crores), Accumulated Depreciation - ₹4.53 crores (as at March 31, 2011 ₹3.58 crores) and Net Value ₹15.80 crores (as at March 31, 2011 ₹17.27 crores) being lease premium paid in respect of building taken on lease for sixty years.

   (ii) ₹Nil crores (as at March 31, 2011 ₹11.49 crores), Accumulated Depreciation ₹Nil crores (as at March 31, 2011 ₹3.49 crores) and Net Value ₹Nil crores (as at March 31, 2011 ₹8.00 crores) being lease premium paid in respect of building taken on lease for ninety nine years.

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

3. Includes effect of Sale of Subsidiary Companies ₹142.85 crores (as at March 31, 2011 ₹Nil) in Gross Block; ₹91.60 crores in Accumulated Depreciation (as at March 31, 2011 ₹Nil).

4. Assets under Finance Leases as on March 31, 2012 included in the above schedule are as follows:

Asset Type	Gross Block	Depreciation / Amort sation for the year	New Block
Computers	159.81	17.23	142.58
Plant & Equipment/Electrical Installations	2.12	0.98	1.14
Furniture & Fixtures	67.97	9.45	58.53
Leaseholod Improvements	9.10	1.21	7.88
	239.00	**28.87**	**210.13**

2.8 Non Current Investments

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Long term Non Trade Investments **a) Unquoted at Cost**		
Investment in Equities, Preference Capital		
2,00,000 Equity Shares of Sri Lankan Rupee 10 each of First Capital Asset Management Co. Ltd.	**0.10**	0.10
37,500 Equity Shares of Egyptian Pounds 100 each fully paid up of Nile Information Technology (37,500 Equity Shares as at March 31, 2011)	**2.91**	3.52
Less: Provision for diminution in the value thereof	**(2.91)**	-
	(0.00)	3.52
8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA	**2.10**	2.10
Less: Provision for diminution in the value thereof	**(2.10)**	(2.10)
2,50,00,000 Redeemable Non Convertible Zero Coupon Preference Shares of ₹10 each fully paid up of eMudhra Consumer Services Ltd. (as at March 31,2011 - 2,50,00,000 shares) redeemable by December 14, 2015	**25.00**	25.00
b) Other Investments		
National Savings Certificates	**0.01**	0.01
	25.11	28.63
(a) Aggregate amount of **Unquoted** investments;	**27.21**	30.73
(b) Aggregate provision for **diminution** in value of investments	**5.01**	2.10

2.9.1 Long Term Loans and advances

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Capital Advances	**2.63**	60.65
Security Deposits (Includes lease rent deposits	**58.78**	35.43
Advances recoverable in cash or in kind or for value to be received	**184.16**	322.35
Prepaid expenses	**11.45**	22.99
MAT Credit receivable	**35.11**	70.40
	292.13	511.82

2.9.2 Short Term Loans and Advances

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Loans and advances		
Unsecured, considered good		
Security Deposits (Includes lease rent deposits	**14.89**	53.52
Advances recoverable in cash or in kind or for value to be received	**47.24**	50.00
Receivable towards Sale of Fixed Asset	**7.76**	-
Loans to Staff	**0.12**	0.35
Prepaid expenses	**22.27**	30.14
Advance tax and tax deducted at source (net of provision for taxes)	**93.52**	78.62
	185.80	212.63

2.10.1 Other Non Current Assets

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Long Term Trade Receivables	**0.45**	2.26
Unbilled Revenue	**-**	19.15
	0.45	21.41

2.10.2 Other Current Assets

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Receivable towards sale of intellectual property rights in respect of software products meant for sale	**259.70**	-
Receivable towards sale of Investments	**-**	14.88
Unbilled Revenue	**143.39**	313.52
	403.09	328.40

2.11 Inventories

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Hardware and Supplies	**1.60**	4.86
	1.60	4.86

2.12 Trade receivables

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Unsecured Considered Good	**455.72**	643.36
	455.72	643.36

2.13 Cash and Bank Balances

₹ in crores

	As at March 31, 2012	As at March 31, 2011
1) Cash and Cash Equivalent		
-in current accounts	**87.64**	155.33
-in EEFC accounts	**0.08**	0.07
Cheques on hand	**0.52**	2.35
Cash on hand	**0.13**	0 .17
Total (A)	**88.37**	157.92
2) Other Bank Balances		
-in margin money accounts	**14.41**	44.54
-in escrow accounts (Refer note no. 2.27.2)	**4.24**	-
-in dividend accounts and equity share refund accounts	**0.49**	0.35
Total (B)	**19.14**	44.89
Total (A+B)	**107.51**	202.81

2.14 Revenue from operations

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
IT Solutions	**1,589.80**	1,749.81
Transaction Services	**91.22**	819.94
	1,681.02	2 ,569.75

2.15 Other Income

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest income	**5.66**	5.60
Dividend on Current Investment (Non Trade)	**0.02**	0.77
Net gain on foreign exchange translation	**26.78**	2.99
Net gain on sale of long term investments (Refer note no. 2.27.2)	**8.03**	-
Other non-operating income	**9.08**	8.37
	49.57	17.73

2.16 Employee benefit expenses and Cost of Revenue

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and wages	**924.00**	1,206.36
Contribution to provident funds and other funds	**28.07**	27.03
Cost of third party products / outsourced services	**225.92**	453.64
	1,177.99	1,687.03

2.17 Finance cost

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest expense	**187.58**	160.13
Other borrowing costs	**45.32**	20.63
	232.90	180.76

2.18 Other Expenses

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Power and fuel	**14.78**	16.08
Rent Expenses	**103.96**	131.39
Repairs to buildings	**1.50**	6.92
Insurance	**7.71**	11.93
Travelling and conveyance	**68.83**	70.88
Rates and taxes	**4.41**	9.68
Communication expenses	**22.73**	28.29
Loss on sale/discarding of Fixed Assets (net)	**3.42**	0.82
Printing and stationery	**3.02**	12.27
Directors' Sitting Fees	**0.17**	0.15
Directors' Commission	**-**	0.30
Legal and Professional charges	**9.81**	22.00
Selling and distribution expenses	**5.68**	16.72
Bad debts written off	**25.19**	16.94
Less: Provision withdrawn	**(25.19)**	(16.94)
Provision for doubtful Trade receivables	**13.40**	13.07
Miscellaneous expenses	**23.65**	17.48
	283.07	357.98

2.19 Exceptional Items

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Disputed customer claims & related losses	**(29.07)**	-
Exceptional write off of trade receivable, reversal of unbilled revenue and others (Refer note 2.26 D)	**(140.53)**	-
CDR expenses (Merchant banker,Lawyer Fees,etc.) (Refer note 2.26 A)	**(11.82)**	-
	(181.42)	-

2.20 Discontinuing Operations

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Loss on sale of subsidiaries (Refer note 2.28 b)	**(8.25)**	
Loss in respect of e-governance projects discontinued in the year 2009-10	**(14.42)**	
	(22.67)	-

2.21 Tax Expense

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Current Taxes:		
Income tax	**46.74**	47.78
MAT credit entitlement	**-**	(28.74)
Income tax pertaining to earlier years written off/(back)	**16.31**	(2.45)
	63.05	16.59
Deferred tax asset reversed (net)	**17.71**	(8.95)
	80.77	7.64

2.22 Members of the Group:

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

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition / establishment
1	3i Infotech Inc. **(e)**	USA	100% held by 3i Infotech Holdings Private Limited	Jan 7, 2000
2	3i Infotech Asia Pacific Pte Ltd.	Singapore	100% held by Parent Company	Nov 8, 2000
3	3i Infotech SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Ltd	Sep 26, 2002
4	3i Infotech (UK) Ltd.	UK	100% held by Parent Company	Apr 1, 2005
5	3i Infotech (Thailand) Ltd.	Thailand	100% held by 3i Infotech Asia Pacific Pte Ltd	May 12, 2005
6	3i Infotech Services SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Ltd	May 11, 2006
7	3i Infotech Trusteeship Services Ltd.	India	100% held by Parent Company	Aug 31, 2006
8	3i Infotech (Western Europe) Holdings Ltd.	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
9	3i Infotech (Western Europe) Group Ltd.	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
10	Rhyme Systems Ltd.	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
11	3i Infotech (Western Europe) Ltd.	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
12	3i Infotech Holdings Pvt. Ltd.	Mauritius	100% held by Parent Company	Nov 20, 2006
13	3i Infotech Financial Software Inc. **(d)**	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) Ltd.	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
16	Black Barret Holdings Ltd.	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition / establishment
17	Professional Access Software Development Pvt. Ltd.	India	100% held by Black Barret Holdings Limited	May 8, 2007
18	Professional Access Ltd.	USA	100% held by 3i Infotech Holdings Private Ltd.	May 8, 2007
19	aok In-house BPO Services Ltd.	India	Merged with 3i Infotech BPO Ltd. w.e.f 01/04/2010	May 28, 2007
20	aok In-house Factoring Services Pvt. Ltd.	India	Merged with 3i Infotech BPO Ltd. w.e.f 01/04/2010	May 28, 2007
21	3i Infotech Kazakhstan LLC.	Kazakhstan	100% held by 3i Infotech Holdings Private Limited	Jun 28, 2007
22	3i Infotech (Middle East) FZ LLC. **(b)**	UAE	100% held by 3i Infotech Holdings Private Limited	Sep 25, 2007
23	HCCA Business Services Pvt. Ltd. **(f)**	India	100% held by 3i Infotech BPO Ltd. (upto August 12, 2011)	Aug 29, 2007
24	J&B Software Inc. **(c) & (e)**	USA	100% held by 3i Infotech Financial Software Inc. (upto June 30, 2011)	Nov 6, 2007
25	3i Infotech (Canada) Inc. (formerly known as J&B Software (Canada) Inc.) **(e)**	Canada	100% held by 3i Infotech Inc (w.e.f. March 1, 2011)	Nov 6, 2007
26	3i Infotech Consultancy Services Ltd.	India	100% held by Parent Company	Nov 30, 2007
27	3i Infotech BPO Ltd.	India	100% held by Parent Company	Dec 3, 2007
28	3i Infotech (Flagship-UK) Ltd.	UK	100% held by 3i Infotech (Western Europe) Ltd.	Jan 29, 2008
29	3i Infotech Framework Ltd.	UK	100% held by 3i Infotech (Western Europe) Ltd	Feb 8, 2008
30	3i Infotech (Australia) Pty. Ltd.	Australia	100% held by 3i Infotech Asia Pacific Pte Ltd	Feb 5, 2008
31	3i Infotech Services (Bangladesh) Pvt. Ltd.	Bangladesh	100% held by Parent Company	Mar 4, 2008
32	Locuz Enterprise Solutions Ltd. **(a)**	India	74% held by Parent Company	May 8, 2008
33	J&B Software India Pvt. Ltd.	India	Merged with Parent Company w.e.f 01/04/2010	Nov 6, 2007
34	FinEng Solutions Pvt. Ltd.	India	Merged with Parent Company w.e.f 01/04/2010	Jun 9, 2008
35	Regulus Group LLC. **(c)**	USA	100% held by Regulus Holdings Inc (upto June 30, 2011)	Jun 10, 2008
36	Regulus Integrated Solutions LLC. **(c)**	USA	100% held by Regulus Group LLC (upto June 30, 2011)	Jun 10, 2008
37	Regulus West LLC. **(c)**	USA	100% held by Regulus Group LLC (upto June 30, 2011)	Jun 10, 2008
38	Regulus America LLC. **(c)**	USA	100% held by Regulus Group LLC (upto June 30, 2011)	Jun 10, 2008
39	Regulus Tristate LLC. **(c)**	USA	100% held by Regulus Group LLC (upto June 30, 2011)	Jun 10, 2008
40	Elegon Infotech Ltd.	China	100% held by Parent Company	July 10, 2008
41	Regulus Holdings Inc. **(c) & (d)**	USA	100% held by 3i Infotech Financial Software Inc (upto June 30, 2011)	Oct 31, 2008

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition / establishment
42	Regulus Group II LLC. **(c)**	USA	100% held by Regulus Holdings Inc. (upto June 30, 2011)	Jun 30, 2009
43	3i Infotech Outsourcing Services Limited **(d)**	India	100% held by 3i Infotech Financial Software Inc.	Mar 24, 2011

Investment in joint venture is listed below:

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition / establishment
1	Process Central Limited (JV in Nigeria) **(b)**	Nigeria	47.50% held by 3i Infotech (Middle East) FZ LLC	May 17, 2010

(a) Refer note no. 2.23.2.c)

(b) Refer note no. 2.27.1

(c) Refer note no. 2.28

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

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

(f) Refer note no. 2.27.2

2.23.1 Contingent Liabilities to the extent not provided for:

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Outstanding guarantees	**20.81**	20.40
Premium payable on redemption of FCCB (Refer Note no.2.26 B)	**-**	43.32
Arrears of Cummulative Preference Dividend (including dividend distribution tax)	**7.40**	-
Estimated amount of claims against the Group not acknowledged as debts in respect of :		
- Disputed Income Tax matter	**51.66**	8.02
- Disputed Sales Tax matter	**2.47**	2.12
- Disputed Service Tax Matter (excluding interest as applicable)	**175.66**	-
- Customer claims	**4.26**	68.30
- Others**	**14.32**	15.63

**Includes expenses of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of ₹1.27 crores (as at March 31, 2011 - ₹0.74 crores).

2.23.2 Commitments

Capital Commitments

		As at March 31, 2012	As at March 31, 2011
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**3.49**	2.11
b)	Uncalled capital pertaining to joint Venture	**0.97**	0.85

c) The Parent Company has, upto previous year, acquired 74% of the equity of Locuz Enterprise Solutions Ltd. for aggregate consideration of ₹22.80 crores. As per the share purchase agreement, the Parent Company has committed to acquire the balance stake at a future date for additional. consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement. However given the current liquidity constraints, the company is exploring divestment of its interest in Locuz..The excess of consideration over the value of the networth of Locuz is shown as Goodwill arising on consolidation.

2.24 Derivative Instruments:

i) During the year, the Parent Company entered into a foreign currency cum interest rate swap to the tune of USD 26mn (₹115 crores). The Company designates this instrument as cash flow hedge against its forecasted foreign currency inflows. The difference in the fair value of the instrument from the date of inception is recognized in Cash Flow Hedging Reserve Account. Accordingly ₹15.36 crores has been debited to Cash Flow Hedging Reserve Account.

ii) The movement in Hedging Reserve Account during the year ended March 31, 2012 for derivatives designated as Cash Flow Hedge is (debit) ₹15.36 crores.

iii) Also refer note no. 2.25 below

2.25 Leases:

a) Operating Lease:

(i) The Parent 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 and ₹15.62 crores starting from March 13, 2000 and ₹5.05 crores from March 1, 2003 for building and the same is being amortized over the lease period. All other lease arrangements in respect of properties are renewable/cancellable at the Group's and/or lessors' option as mutually agreed. The future lease rental payment that the Group is committed to make is:

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Within one year	**27.87**	83.25
Later than one year and not later than five years	**47.87**	107.21
Later than five years	**23.77**	27.33

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

Computers, office equipment & furniture

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Within one year	**4.78**	106.51
Later than one year and not later than five years	**4.25**	158.25
Later than five years	**-**	-

b. Financial Lease (Read with note no.2.7 and 2.25)

Future Minimum Lease payments in respect of the above assets as on 31 March, 2012 are summarised below:

₹ in crores

	Minimum lease payments	**Finance charge**	**Present value of Minimum lease payments**
- within one year	**40.44**	3.00	37.44
- later than one year and not later than five years	**300.44**	128.76	171.67
- later than 5 years	**-**	-	-

2.26 Debt Restructure

A. Corporate Debt Restructure :

During the year several external factors such as melt down in overseas financial markets, RBI monetary policy, ECB guidelines etc impacted the group's ability to refinance its debts in a timely manner. This led to severe liquidity challenges arising out of a mismatch of loan maturities vis-à-vis the cash flows to the group which then impacted the timely payment of its loans and interest. As a result of this, the Group filed an application with Corporate Debt Restructuring cell ("CDR") to recast its debt obligations. A Letter of Approval was issued by the CDR on March 29, 2012, based on which all the lenders connected with the proposal signed a Master Restructure Agreement ("MRA") dated March 30, 2012. The significant highlights of the package are as under:

a Out of the total loans of ₹1,674.12 crores, the CDR package covered ₹1,560.34 crores.

b. 15% of the secured loans amounting to ₹130.86 crores and 20% of the unsecured loans amounting to ₹122.69 crores, to get converted into equity shares.

c. A common pool of security to be created and the lenders to have charge on those assets in a structured manner as enumerated in the MRA.

d. The principal payments to start after a moratorium of 2 years from the cutoff date, which is October 1, 2011, over 96 structured monthly installments. The interest accrued from the cutoff date till 18 months shall be converted into equity shares at the beginning of every quarter.

e. The rate of interest has been fixed at 14.75% pa from October 1, 2011 till March 31, 2013 and to be reset at the beginning of every year, thereafter.

f. Additional funding in the form of Terms loans to the tune of ₹58.37 crores to be extended by the lenders.

The financial impact arising out of CDR are as under:

a. Upto March 2012, ₹344.76 crores have been taken under Share application money. Interest payable for 2012-13 will be converted into equity capital in terms of CDR package.

b. Share application money of ₹344.76 crores represents principal portion of loan and interest payable from cutoff date till March 2012, to be converted into equity capital for which necessary approval from shareholders is being obtained. The lenders would be allotted 17,58,97,959 equity shares of ₹10 each at a premium of ₹9.60 per share.The Parent Company has adequate Authorised Share Capital for the aforesaid issue.

c. Expenses ₹11.82 crores relating to the above restructuring exercise has been shown under exceptional item.

B. Foreign Currency Convertible Debt ('FCCB'):

The Parent Company has issued four series of Foreign Currency Convertible Bonds (FCCBs) at different points of time; out of the above the details of outstanding FCCBs issues are summarized as follows:

	Third Issue	**Fourth Issue**
Issue currency	EURO	USD
Issue size	30 million	100 million
Issue date	April 02, 2007	July 26, 2007
Maturity date	April 03, 2012	July 27, 2012
Coupon rate	Zero coupon	Zero coupon
Fixed exchange rate of conversion	₹57.60	₹40.81
Conversion price–post bonus	₹154.32	₹165.94
Number of Convertible Equity Shares as on		
March 31, 2012	**74,65,248**	**1,63,22,273**
March 31, 2011	74,65,248	1,63,22,273
Early redemption option*	Yes	Yes
Conversions / Redemption as at – (in Euro and USD)		
March 31, 2012	**NIL**	**NIL**
March 31, 2011	NIL	NIL
Bought back as at – (in Euro and USD)		
March 31, 2012	**10.00 million**	**33.63 million**
March 31, 2011	10.00 million	33.63 million
Outstanding as at - (in Euro and USD)		
March 31, 2012	**20.00 million**	**66.37 million**
March 31, 2011	20.00 million	66.37 million
Outstanding as at - (₹ in crores)		
March 31, 2012	**138.32**	**344.13**
March 31, 2011	127.68	300.55
Contingent premium payable as at - (₹ in crores)		
March 31, 2012	-	-
March 31, 2011	10.12	33.20

* Subject to certain criteria as per offer document.

On March 22, 2012 the Parent Company launched an Exchange Offer for the Third and Fourth series of FCCBs whereby the Company offered a new series of FCCBs to the existing bond holders on surrender of the earlier series of FCCBs. Out of the Third Issue, 100% of the bond holders and out of the Fourth Issue, 96.33% of the bond holders have surrendered the earlier series of the FCCBs in exchange for the new series of FCCBs, which is effective from April 25, 2012. Consequent to this the group cancelled 100% of the bonds under the Third Issue and 96.33% of the bonds under the Fourth Issue and replaced them with the new series of FCCBs ('Fifth Issue').

The terms of the Fifth series of FCCBs are as follows:

	US$ 125.356 Million **5% Convertible Bonds**
Outstanding Amount	US$ 125.356 Million
Coupon / Yield	5.00% (first coupon payable on April 25 2013, thereafter, at semi-annual intervals)
Conversion Price	₹16.50
Fixed Exchange Rate	1 US$ = ₹50.7908
Maturity Date	April 26, 2017
Redemption Price	100%

Further at a meeting of the Bond holders held on April 24, 2012, the terms of the Fourth Issue have been amended as detailed below. This will be applicable to the 3.67% of the bonds under the Fourth Issue.

	US$ 2.435 Million **4.75% Convertible Bonds**
Outstanding Amount	US$ 2.435 Million
Coupon / Yield	4.75% (first coupon payable on July 27, 2013, thereafter, at semi-annual intervals computed on the notional value)
Conversion Price	₹165.94
Fixed Exchange Rate	1 US$ = ₹40.81
Maturity Date	July 27, 2017
Redemption Price	100%

C. Leases

The Parent Company also approached certain leasing companies to reassess the existing leases, and reschedule the same in order to ensure payment obligations match with the cash flows of the Parent Company. Arising out of the restructuring, the lease liabilities have been re-estimated and considering the characteristics of these leases, they are treated as finance leases effective from October 1, 2011.

Consequently, the assets are capitalized at their respective fair value so assessed as at October 1, 2011 aggregating to ₹239 crores. As a result, the depreciation for the year stands increased by ₹28.87 crores and the interest and financial charges stand increased by ₹8.08 crores.

The documentation in respect of certain leases are in the process of being executed.

D. Going Concern & Impairment:

During the year, the group underwent various challenges in form of increase in interest rates, non availability of financial assistance at certain crucial time, attrition of senior members etc. All these led to drop in revenues and profit therefrom in the last two quarters of this financial year.

As explained earlier, the Parent Company undertook to restructuring of its debts through CDR cell and also renegotiated with the bond holders with respect of its FCCB. Post the debts restructuring, the group is confident of successful implementation of the CDR package and is also confident of meeting its FCCB obligation. Therefore it has prepared the financial statements on a going concern basis.

Besides, the management has also written off certain unrealizable debts/ reversal of unbilled revenue aggregating to ₹137.62 crores and provided for diminution of its certain long term investment of ₹2.91 crores, included in exceptional items.

Impairment Analysis of Cash Generating Units (CGUs):

The parent company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – Impairment of Assets as per Companies Accounting Standard Rules 2006, had carried out an impairment analysis of the Cash Generating Units in its IT and Transaction Processing Segments operating in the developed and emerging markets in order to ascertain the extent of impairment, if any, in their carrying values.

The valuation analysis was carried out by an independent expert valuer who has reckoned the projections as considered in the Scheme approved by the CDR Cell, to assess the values generated by these CGUs on a going concern basis for the above purpose and such exercise did not reveal any impairment.

Besides the above, the Group is also carrying a payment solution software product of ₹27.23 Crores, to be adapted for application in different geographies which is pending for quite some time due to manpower/financial constraints. The management is confident of localizing the product in due course of time and commercially exploit thereafter.

In view of the above, no provision thereof is considered necessary.

Changes in estimates:

Hitherto, some of the foreign subsidiaries and foreign branch were considered as non- integral operations in terms of AS-11 “Accounting for Changes in the Exchange Rates” which on business restructuring during the year is being considered as integral w.e.f. January 1, 2012. Consequently, loss for the year is stated lower by ₹11.32 crores. Further,there has been changes in leave policies of the parent company resulting in leave entitlement provision being lower by ₹6.52 crores.

2.27.1 In February 2010, 3i Infotech (Middle East) FZ LLC, Soft Solutions Ltd, Skye Bank PLC and Unity Bank PLC entered into a joint venture contract for the establishment of Joint Venture Company in Lagos, Nigeria. In pursuance to this, a Joint Venture Company, Process Central Limited was set up in Nigeria in May 2010, wherein 3i Infotech (Middle East) FZ LLC interest in the equity was 47.50% and other partners having share of 17.5% each. 3i Infotech (Middle East) FZ LLC would have an option to raise its stake to 51% from 47.50% within 3 years.

In July 2010, 3i Infotech (Middle East) FZ LLC has invested USD 285,000 being 60% of the Group’s share of interest in Equity of the Joint Venture.

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

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Assets	**0.52**	0.91
Liabilities	**0.44**	0.26

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Income	**0.16**	0.56
Expense	**0.76**	1.19

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Contigent Liability	**-**	-
Capital Commitments	**-**	-

2.27.2 In August 2011, the Parent Company has sold its 100% stake in HCCA Business Services Pvt. Ltd. for a consideration of ₹38.50 crores and recognised Net gain of ₹8.03 crores, which has been included in Other Income. As per terms of agreement ₹4.24 crores has been deposited in Joint Escrow Account to be released within a year. Accordingly, value carried in ‘Goodwill on Consolidation’ to the extent of ₹10.25 crores has been derecognised.

2.28 **a)** In June 2011, the Group has sold 100% interest in certain subsidiaries involved in international transaction processing business and related payment solution business. Consequently, the financials of these entities have been classified as 'discontinuing operations'. Discontinuing operations were presented partly under Business segment 'IT Solutions' and partly under 'Transaction Services' and Geographic segment under 'United States of America' in previous year. The figures for the current year and previous year, included in the financials as Continuing operations then, are stated below:

₹ in crores

Particulars	**For the period ended March 31, 2012**	For the year ended March 31, 2011
Income from Operations	**178.59**	774.88
Operating, Selling and Other Expenses	**172.29**	695.51
Profit before Interest, Depreciation and Amortisation	**6.30**	79.37
Interest	**3.43**	0 .68
Depreciation	**5.76**	23.81
Profit before Taxes	**(2.89)**	54.88
Income Tax Expense	**(0.27)**	(3.59)
Profit after Taxes	**(3.16)**	51.29
Total Assets:		
Goodwill on Consolidation	**-**	496.65
Fixed Assets	**-**	63.39
Net Current Asset	**-**	119.84
Deferred Tax Asset (Net)	-	0 .99
Total Liabilities:		
Secured Loans	-	11.73
Deferred Tax Liabilities (Net)	-	-

The entities sold are as given below:

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

b) Loss on account of Discontinuing Operations in the current year in respect of the above is as under:

Particulars	₹ in crores	₹ in crores
Sale Proceeds (net of investment & inter company exposure)		67.07
Less:		
- Legal & professional fees	33.16	
- Class B shares redeeemed	13.71	
- Other expenses (including prepayment charges)	7.30	54.17
Profit on Sale of Discontinuing operations		12.90
Less: Provision for Tax		5.68
Net profit from Sale of Discontinuing operations		7.22
Profit/loss from Discontinuing operations (net of tax) for the period April - June 2011		(3.16)
Reduction in sale proceeds on receipt of money in advanced against future receivable as was stipulated in agreement		(12.31)
Profit/(Loss) after Tax		(8.25)

2.29 Goodwill arising on consolidation:

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Opening balance	**1 ,833.89**	1,810.71
Add: Additions during the year	**-**	0 .48
Less: Movement during the year which interalia includes impact due to sale of subsidiaries and foreign currency fluctuation	**(333.83)**	2 2.70
Closing balance	**1 ,500.06**	1,833.89

*Refer note no. 2.27.2 and 2.28

2.30 **(a)** In view of the business circumstances under which the Parent Company is presently operating, certain trade receivables/unbilled revenue aggregating to ₹225.98 crores have become long overdue/are slow moving. The management is confident of recovering these balances with concerted efforts in due course, and has accordingly classified these as good and recoverable

(b) In the opinion of the Board, 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.

(c) The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/ adjustments.

2.31 Earnings Per Share:

The earnings per share have been computed in accordance with the 'AS 20 – Earnings per share'.

The numerators and denominators used to calculate Basic and Diluted Earnings per Share:

		For the year ended March 31, 2012	For the year ended March 31, 2011
Profit before exceptional items and discontinuing opration as per statement of Profit and Loss (₹ in crores)		**(153.31)**	253.57
Minority shareholder's Interest (₹ in crores)		**(2.63)**	(1.06)
Net profit after minority interest (₹ in crores)		**(155.94)**	252.51
Less: Dividend on preference shares paid (incl. corporate taxes) (₹ in crores)		**-**	(6.21)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes) (₹ in crores)		**(7.40)**	(1.20)
Profit attributable to Equity Shareholders (₹ in crores)	**A**	**(163.34)**	245.10
Add: Loss due to Exceptional items and Discontinuing operations (₹ in crores)		**(204.09)**	-
Profit attributable to Equity Shareholders after Exceptional items (₹ in crores)	**B**	**(367.43)**	245.10
Weighted average number of Equity Shares outstanding (Nos.)	**C**	**19,19,86,549**	19,13,76,215
Add: Effect of dilutive issues of options		**-**	803,053
Diluted weighted average number of Equity Shares outstanding (Nos.)	**D**	**19,19,86,549**	19,21,79,268
Nominal value of Equity Shares (₹)		**10.00**	10.00
Before Exceptional items			
Basic Earnings Per Share (₹)	**A/C**	**(8.51)**	12.81
Diluted Earnings Per Share (₹)	**A/D**	**(8.51)**	12.75
After Exceptional items			
Basic Earnings Per Share (₹)	**B/C**	**(19.14)**	12.81
Diluted Earnings Per Share (₹)	**B/D**	**(19.14)**	12.75

2.32 Related Party Transactions:

a) Directors/Key Management Personnel:

Directors/Key Management Personnel/Enterprise	**Designation**
1. Mr. V. Srinivasan	Managing Director
2. Mr. Amar Chintopanth	Deputy Managing Director & CFO
3. Mr. Anirudh Prabhakaran	Executive Director & President - South asia (till November 2, 2010)
4. Cadenza Solutions Private limited, India.	Enterprise in which relative of key managerial personnel has substantial interest

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

₹ in crores

	For the year ended March 31	Salary & other allowances	PF & other contributions	Perquisites	Total
V. Srinivasan #*	**2012**	**7.69**	**-**	**-**	**7.69**
	2011	8.78	-	-	8.78
Amar Chintopanth*	**2012**	**2.80**	**0.11**	**0.00**	**2.91**
	2011	3.41	0.12	0.01	3.54
Anirudh Prabhakaran**	**2012**	**-**	**-**	**-**	**-**
	2011	1.79	0.02	0.01	1.82

*Includes Retention Incentive amount payble to Managing Director as at March 31, 2012 ₹5.33 crores (as at March 31, 2011 ₹2.67 crores) and Deputy Managing Director and CFO as at March 31, 2012 ₹1.83 crores (as at March 31, 2011 ₹0.92 crores) and not yet paid.

#During the year, on sale of Regulus Holding Inc.(Regulus), Managing Director received ₹2.64 crores towards Class B shares held by him in Regulus. Total consideration towards Class A and Class B shares was received by 3i Infotech Ltd and payment pertaining to Class B shares were paid by 3i Infotech Ltd to Class B shareholders, including Managing Director.

** Till November 2, 2010 includes ₹0.33 crores severance compensation.

c) **Other Transactions:**

₹ in crores

	For the period ended March 31, 2012	For the period ended March 31, 2011
Enterprise in which relative of key managerial personnel has substantial interest		
Income	**0.18**	0.00
Expenses	**0.14**	0.08

d) **Outstanding Balances in respect of above related parties:**

₹ in crores

	Nature of Balances	Outstanding balance as at March 31, 2012	Outstanding balance as at March 31, 2011
1. Cadenza Solution Private Limited, India	Receivable	**0.05**	-
2. Director's Remuneration			
V. Srinivasan	Payable	**5.53**	2.67
Amar Chintopanth	Payable	**1.89**	0.92

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

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

2.33 Disclosures pursuant to AS 17 – Segment Reporting:

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

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
b) Segment Revenues:		
IT Solutions	**1,589.80**	1,749.81
Transaction Services	**91.22**	819.94

	For the year ended March 31, 2012	For the year ended March 31, 2011
Total Revenues	**1,681.02**	2,569.75
c) Segment Results (Gross Profit):		
IT Solutions	**563.51**	807.65
Transaction Services	**28.28**	245.81
Total Segment Results	**591.79**	1,053.46
Unallocable expenses:		
Operating, Selling and Other expenses	**371.83**	528.72
Finance Cost	**232.90**	180.76
Depreciation & Amortization	**109.17**	100.50
Operating Profit/(Loss)	**(122.12)**	243.48
Other Income	**4 9.57**	17.73
Profit/(Loss) Before Taxation	**(72.54)**	261.21
Less : Taxes	**80.77**	7.64
Profit/(Loss) After Taxation	**(153.31)**	253.57
Less : Exceptional items	**(181.42)**	-
Less: Discontinuing operations	**(22.67)**	-
Profit/(Loss) After Taxation and Exceptional items	**(357.40)**	253.57
Less : Minority Shareholder's interest	**(2.63)**	(1.06)
Net Profit/(Loss) after Minority Interest and Exceptional items	**(360.03)**	252.51

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.

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

₹ in crores

Segment Revenue	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Emerging Market	979.63	1088.70
Developed Market	701.39	1481.05
Total Revenue	**1,681.02**	2,569.75

2.34 Residual Dividend represents dividend on shares issued (entitled to previous year dividend) between the date of proposed dividend and record date.

Residual dividend of ₹Nil (inclusive of tax ₹Nil) (for the year ended March 31, 2011 ₹4.03 crores (inclusive of tax ₹0.57 crore)), is appropriated out of Profit & Loss Statement.

2.35 (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 current quarter/period and those made during the previous year.

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

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

V. Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, May 16, 2012

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

Sr. No.	Name of Subsidiary Company	Financial year of subsidiary ended on	Number of equity shares held by 3i Infotech Limited and / or its subsidiaries	Extent of interest of 3i Infotech Limited in the capital of the sub-sidiary	Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of 3i Infotech Limited and is not dealt with in the accounts of 3i Infotech Limited		Net aggregate amounts of profits/ losses of the subsidiary so far as it concerns the members of 3i Infotech Limited dealt with or provided for in the accounts of 3i Infotech Limited	
					For the financial year ended on March 31, 2012	For the financial year ended on March 31, 2011	For the financial year ended on March 31, 2012	For the financial year ended on March 31, 2011
1	3i Infotech Inc., (USA)	March 31, 2012	100,138, 406 Class A Common Stock Shares of USD 0.30 each & 1,000,000 Class B Common Stock Shares of USD 0.01 each	[$]100%	USD (22.23) Million	USD 0.32 Million	-	-
2	3i Infotech Holdings Private Limited, (Mauritius)	March 31, 2012	6,250,256,328 Ordinary Shares of MUR 1 each	100%	USD (4.41) Million	USD (0.13) Million	-	-
3	3i Infotech Financial Software Inc., (USA)	March 31, 2012	280,556 Common Stock Shares of USD 1 each	[$]100%	USD (5.63) Million	USD 1.21 Million	-	-
4	3i Infotech (Africa) Limited, (Kenya)	March 31, 2012	100 Shares of 1000 Kenyan Shillings each	[@]100%	KES (48.08) Million	KES 4.51 Million	-	-
5	Black Barret Holdings Limited, (Cyprus)	March 31, 2012	1,710 Class A Ordinary Shares of Euro 1 each & 138 Class B Ordinary Shares of Euro 1 each	[$]100%	-	-	-	-
6	Professional Access Software Development Pvt Limited, (India)	March 31, 2012	860,000 Equity Shares of ₹10/- each	[#]100%	INR 14.47 Crore	INR 25.41 Crore	-	-
7	Professional Access Limited, (USA)	March 31, 2012	139 Common Stock Shares of no par value	[$]100%	USD (0.64) Million	USD 0.43 Million	-	-
8	3i Infotech Kazakhstan LLC., (Kazakhstan)	March 31, 2012	Share Contribution of KZT 530,000 (No Face Value)	[$]100%	-	-	-	-
9	3i Infotech Asia Pacific Pte. Ltd., (Singapore)	March 31, 2012	5,346,202 Ordinary Shares of SGD 1 each	100%	SGD (4.88) Million	SGD 0.17 Million	-	-
10	3i Infotech SDN BHD, (Malaysia)	March 31, 2012	5,000,000 Ordinary Shares of RM 1 each	*100%	MYR (15.61) Million	MYR (0.91) Millon	-	-
11	3i Infotech (Thailand) Limited, (Thailand)	March 31, 2012	100,000 Ordinary Shares of THB 100 each	*100%	THB (53.87) Million	THB (0.33) Million	-	-
12	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD), (Malaysia)	March 31, 2012	555,000 Ordinary Shares of RM 1 each	*100%	-	MYR (0.01) Million	-	-
13	3i Infotech (Middle East) FZ LLC., (UAE)	March 31, 2012	46,174 Equity Shares of AED 1,000 each	[$]100%	AED (22.68) Million	AED 3.92 Million	-	-
14	3i Infotech (Australia) Pty. Ltd., (Australia)	March 31, 2012	50,000 Ordinary Shares of AUD 1 each	*100%	-	AUD (0.17) Million	-	-
15	3i Infotech (UK) Limited, (UK)	March 31, 2012	3,226,308 Equity Shares of GBP 1 each	100%	GBP (0.04) Million	GBP 0.73 Million	-	-
16	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (UK)	March 31, 2012	1,500,000 A Ordinary Shares of 10 p each and 384,000 B Ordinary Shares of 10 p each	[##]100%	-	-	-	-
17	3i Infotech (Western Europe) Group Limited (formerly Rhyme Systems Group Limited), (UK)	March 31, 2012	1,940,000 Ordinary Shares of 10p each	100%	GBP (0.01) Million	-		
18	Rhyme Systems Limited (formerly known as Rhymesis Limited), (UK)	March 31, 2012	200,000 Ordinary Shares of GBP 1 each	[*$]100%	-	-		
19	3i Infotech (Western Europe) Limited (formerly Rhyme Systems Limited), (UK)	March 31, 2012	20,00,000 Ordinary Shares of GBP 1 each	[*$]100%	GBP (5.28) Million	GBP 0.59 Million		
20	3i Infotech (Flagship-UK) Limited (formerly known as Exact Technical Services Ltd), (UK)	March 31, 2012	100 Ordinary Shares of GBP 1 each	[#$]100%	GBP 0.52 Million	GBP 0.10 Million		
21	3i Infotech-Framework Limited, (UK)	March 31, 2012	1000 Ordinary Shares of GBP 1 each	[#$]100%	GBP 1.69 Million	GBP (0.81) Million		
22	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India)	March 31, 2012	100,000 Equity Shares of ₹10/- each	100%	INR 1.13 Crore	INR 0.76 Crore	-	-
23	3i Infotech Trusteeship Services Limited (India)	March 31, 2012	5,569,762 Equity Shares of ₹10/- each	100%	INR 0.11 Crore	INR 0.98 Crore	-	-
24	3i Infotech Saudi Arabia LLC., (Saudi Arabia)	March 31, 2012	500 Ordinary Shares of SAR 1000 each	100%	SAR (3.28) Million	SAR (0.69) Million	-	-
25	3i Infotech Services (Bangladesh) Pvt. Ltd., (Bangladesh)	March 31, 2012	347,630 Equity Shares of BDT 10 each	100%	BDT (0.82) Million	BDT (10.27) Million	-	-
26	3i Infotech Consultancy Services Limited, (India)	March 31, 2012	48,05,211 Equity Shares of ₹10/- each	100%	INR 1.51 Crore	INR 3.17 Crore	-	-
27	Locuz Enterprise Solutions Limited, (India)	March 31, 2012	740,000 Equity Shares of ₹10/- each	74%	INR 4.98 Crore	INR 5.13 Crore	-	-
28	Elegon Infotech Limited, (China)	March 31, 2012	USD 2,500,056.45 Registered Capital (Capital not held in the form of shares)	100%	CNY (4.73) Million	CNY 7.3 Million	-	-
29	Process Central Limited, (Nigeria)++	March 31, 2012	7,125,000 Ordinary Shares of NGN 1 each	[@]47.50%	NGN (19.62) Million	NGN (43.77) Million	-	-

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

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

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

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

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

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

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

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

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

Statement relating to Subsidiary Companies as on March 31, 2012

₹ in crores

Sr. No.	Entity	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before Exceptional Items and Tax	Exceptional Items	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/(Loss) afterTaxation	Proposed Dividend
1	3i Infotech Inc., (USA)$	462.78	218.98	904.47	904.47	-	398.11	(89.99)	31.31	(121.30)	(6.01)	(115.29)	-
2	3i Infotech Holdings Private Limited, (Mauritius)$	1,610.21	(21.88)	1,643.66	1,643.66	1,394.38	0.00	0.45	23.33	(22.88)	-	(22.88)	-
3	3i Infotech Financial Software Inc., (USA)$	158.55	26.30	189.67	189.67	-	40.94	(28.24)	-	(28.24)	0.98	(29.22)	-
4	3i Infotech (Africa) Limited, (Kenya)&	0.01	(1.65)	8.58	8.58	-	3.98	(2.58)	-	(2.58)	-	(2.58)	-
5	Black Barret Holdings Limited (Cyprus)$	0.01	0.00	0.02	0.02	-	-	-	-	-	-	-	-
6	Professional Access Software Development Pvt Limited, (India)	0.86	117.80	146.75	146.75	-	67.43	20.55	-	20.55	6.08	14.47	-
7	Professional Access Limited, (USA)$	0.00	(3.55)	115.98	115.98	-	127.24	(1.53)	-	(1.53)	1.79	(3.32)	-
8	3i Infotech (Kazakhstan) LLC., (Kazakhstan)^	0.02	(0.62)	-	-	-	-	-	-	-	-	-	-
9	3i Infotech Asia Pacific Pte. Ltd., (Singapore)S$	22.05	1.31	55.69	55.69	2.17	39.25	(7.09)	13.08	(20.17)	(0.02)	(20.15)	-
10	3i Infotech SDN BHD, (Malaysia)*	8.45	15.40	50.24	50.24	-	24.84	(4.17)	22.22	(26.39)	0.00	(26.39)	-
11	3i Infotech (Thailand) Limited, (Thailand)**	1.68	(3.29)	4.23	4.23	-	10.27	(4.96)	3.99	(8.95)	0.09	(9.04)	-
12	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD), (Malaysia)*	0.94	0.28	1.20	1.20	-	-	-	-	-	-	-	-
13	3i Infotech (Middle East) FZ LLC., (UAE)$$	65.17	52.99	937.44	937.44	0.01	201.45	24.39	56.39	(32.01)	-	(32.01)	-
14	3i Infotech (Australia) Pty. Ltd., (Australia)^^	0.27	(0.98)	(0.65)	(0.65)	-	-	-	-	-	-	-	-
15	3i Infotech (UK) Limited, (UK)£	26.75	131.36	343.68	343.68	176.44	4.31	2.99	-	2.99	3.33	(0.34)	-
16	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (UK)£	16.18	(43.50)	(27.31)	(27.31)	16.08	-	-	-	-	-	-	-
17	3i Infotech (Western Europe) Group Limited (formerly Rhyme Systems Group Limited), (UK)£	16.08	153.27	169.35	169.35	168.42	-	-	-	-	0.07	(0.07)	-
18	Rhyme Systems Limited (formerly known as Rhymesis Limited), (UK)£	1.66	(1.74)	(0.08)	(0.08)	-	-	-	-	-	-	-	-
19	3i Infotech (Western Europe) Limited (formerly Rhyme Systems Limited), (UK)£	1.66	(91.88)	(1.30)	(1.30)	66.28	134.94	(34.16)	-	(34.16)	9.64	(43.80)	-
20	3i Infotech (Flagship-UK) Limited (formerly known as Exact Technical Services Ltd), (UK) £	0.00	10.35	11.45	11.45	-	4.45	4.34	-	4.34	0.02	4.32	-
21	3i Infotech-Framework Limited, (UK) £	0.01	15.11	17.65	17.65	-	19.22	19.84	-	19.84	5.84	14.00	-
22	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India)	0.10	33.44	49.41	49.41	-	61.76	2.45	-	2.45	1.32	1.13	-
23	3i Infotech Trusteeship Services Limited, (India)	5.57	(2.44)	4.15	4.15	-	2.66	0.18	-	0.18	0.07	0.11	-
24	3i Infotech Saudi Arabia LLC., (Saudi Arabia)#	0.69	7.23	50.74	50.74	-	28.23	(3.51)	-	(3.51)	1.03	(4.54)	-
25	3i Infotech Services (Bangladesh) Pvt. Ltd., (Bangladesh)+	0.22	(0.86)	0.70	0.70	-	-	(0.05)	-	(0.05)	-	(0.05)	-
26	3i Infotech Consultancy Services Limited, (India)	4.81	17.11	50.86	50.86	-	87.57	2.30	-	2.30	0.79	1.51	-
27	Locuz Enterprise Solutions Limited, (India)	1.00	14.51	48.03	48.03	-	139.42	9.05	1.46	7.59	2.61	4.98	-
28	Elegon Infotech Ltd., (China)¤	14.02	(8.53)	8.19	8.19	-	6.40	(2.45)	-	(2.45)	1.43	(3.88)	-
29	Process Central Limited, (Nigeria)++	1.40	-	0.52	0.52	-	0.18	(0.64)	-	(0.64)	-	(0.64)	-

$ Converted to Indian Rupees at the Exchange rate, 1 USD = 51.8521
S$ Converted to Indian Rupees at the Exchange rate, 1 SGD = 41.2385
£ Converted to Indian Rupees at the Exchange rate, 1 GBP = 82.8975
* Converted to Indian Rupees at the Exchange rate, 1 MYR = 16.9031
** Converted to Indian Rupees at the Exchange rate, 1 THB = 1.6775
# Converted to Indian Rupees at the Exchange rate, 1 SAR = 13.8244
$$ Converted to Indian Rupees at the Exchange rate, 1 AED = 14.1144
& Converted to Indian Rupees at the Exchange rate, 1 KES = 0.6147
^ Converted to Indian Rupees at the Exchange rate, 1 KZT = 0.3455
^^ Converted to Indian Rupees at the Exchange rate, 1 AUD = 53.8495
¤ Converted to Indian Rupees at the Exchange rate, 1 CNY = 8.1983
+ Converted to Indian Rupees at the Exchange rate, 1 BDT = 0.623
++ Converted to Indian Rupees at the Exchange rate, 1 NGN = 0.3284

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

USD in million

		As at March 31, 2012	As at March 31, 2011
I.	**EQUITY AND LIABILITIES**		
1.	**Shareholders' Funds :**		
a.	Share Capital	**56.31**	64.48
b.	Reserves and Surplus	**101.54**	220.42
2.	**Share application money pending for allotment**	**66.49**	-
3.	**Minority Interest**	**0.78**	0.31
4.	**Non-current liabilities**	**328.16**	320.26
	(a) Long term borrowings	**0.32**	0.47
	(b) Deferred tax liabilities	**39.19**	34.33
	(c) Other long term liabilities	**-**	-
	(d) Long term provisions		
5.	**Current liabilities**		
	(a) Short term borrowings	**55.36**	121.23
	(b) Trade payables	**67.00**	61.87
	(c) Other current liabilities	**62.40**	101.46
	(d) Short term provisions	**6.32**	14.04
		783.87	938.87
II.	**ASSETS**		
1.	**Non-current assets**		
	(a) Fixed assets		
	(i) Tangible assets	**68.47**	39.46
	(ii) Intangible assets	**122.00**	35.90
	(b) Goodwill arising on consolidation	**289.30**	404.96
	(c) Non current investments	**4.84**	6.32
	(d) Deferred tax assets	**20.35**	27.08
	(e) Long term loans and advances	**56.34**	113.02
	(f) Other non-current assets	**0.09**	4.73
2.	**Current assets**		
	(a) Inventories	**0.31**	1.07
	(b) Trade receivables	**87.89**	142.07
	(c) Cash and Bank Balances	**20.73**	44.79
	(d) Short term loans and advances	**35.83**	46.95
	(e) Other current assets	**77.74**	72.52
		783.87	938.87

Note: The above Balance Sheet is just the conversion of Consolidated Balance Sheet of 3i Infotech Limited (prepared as per Indian GAAP) in ₹ crores. The conversion has been done at exchange rate of ₹51.8521 for the year ended March 31, 2012 and ₹45.2854 for the year ended March 31, 2011.

3i INFOTECH LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

USD in million

		For the year ended March 31, 2012	For the year ended March 31, 2011
I.	Revenue from operations	**349.24**	563.34
II.	Other income	**10.30**	3.89
III.	**Total Revenue (I + II)**	**359.54**	567.23
IV.	**Expenses:**		
	Employee benefits expense & Cost of Revenue	**244.73**	369.83
	Finance costs	**48.39**	39.63
	Depreciation and amortization expense	**22.68**	22.03
	Other expenses	**58.81**	78.48
	Total expenses	**374.61**	509.97
V.	**Profit before exceptional and extraordinary items and tax - (III-IV)**	**(15.07)**	57.26
VI.	Exceptional items	**(37.69)**	-
VII.	**Profit before tax (V- VI)**	**(52.76)**	57.26
VIII.	Tax expense	**16.78**	1.67
IX	**Profit (Loss) for the period (VII-VIII)**	**(69.54)**	55.59
X	Profit/(loss) from discontinuing operations	**(4.71)**	-
XI	**Profit (Loss) for the period (IX - X)**	**(74.25)**	55.59
XII	Minority Interest	**(0.55)**	(0.23)
XIII	**Profit after Minority Interests (XI - XII)**	**(74.80)**	55.36

Note: The above Statement of Profit and Loss is just the conversion of Consolidated Statement of Profit and Loss of 3i Infotech Limited (prepared as per Indian GAAP) in ₹ crores. The conversion has been done at exchange rate of ₹48.1335 for the year ended March 31, 2012 and ₹45.6164 for the year ended March 31, 2011.

Financial Statement of 3i Infotech Limited (Standalone)

AUDITORS' REPORT

To
The Members of
3i Infotech Limited

1. We have audited the attached Balance Sheet of 3i Infotech Limited ("the Company") as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as "the Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable;

   v) On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   vi) Without qualifying attention is drawn to the following :

      (a) note no. 2.21(D) regarding the financial statements of the Company having been prepared on a going concern basis, the appropriateness of which is interalia dependent on successful implementation of the scheme approved by the Corporate Debt Restructuring Cell as also that in the opinion of the management, no impairment provision is considered necessary.

      (b) note no. 2.21(D) regarding Exceptional write off of Trade Receivables and reversal of Unbilled Revenues of ₹75.40 crores and disclosed as exceptional items.

      (c) note no. 2.21(D) regarding carrying amount of ₹27.23 crores for Payment Solution Software Product to be adapted for application in different geographies which in the opinion of the management will be localized in due course of time and commercially exploited thereafter.

   vii) Attention is also invited to note no. 2.8.2 in respect of Net Deferred Tax Assets recognized in the earlier years of ₹103.66 crores being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of order book on hand and the Restructuring Scheme approved by the CDR Cell. *However, we are unable to express an opinion as to when and to what extent the aforesaid net deferred tax asset would reverse in the near future*

viii) Based on our audit and to the best of our information and according to the explanations given to us, the said financial statements read together with para (vi) and *subject to what is stated in para(vii) above, the impact whereof on the loss for the year ended on March 31, 2012 and reserves and assets as at that date is presently not ascertainable* and "accompanying Notes" give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

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

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

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

Mahesh Krishnan
Partner
Membership No. 206520

Place: Mumbai
Date: May 16, 2012

For Lodha & Co.
Chartered Accountants
Firm Registration No: 301051E

R.P. Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date: May 16, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012 OF 3I INFOTECH LIMITED

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

(b) The Company in accordance to a phased programme was during the year required to physically verify Furniture & Fixtures, Office equipment, Plant and equipment and Computers etc.However only computers/IT Assets have been verified. Accordingly, in our opinion, the frequency and the phased programme of physical verification needs to be improved. The discrepancies noticed on such verification have been dealt with in the books of account.

(c) During the year, the Company has not sold/disposed off substantial portion of its fixed assets.

(ii) The Company is a service company, primarily rendering information technology services. Accordingly, it does not hold any physical inventories. Hence, paragraph 4(ii) of the Order, is not applicable.

(iii) As informed, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and sale of services are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.

(v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register required to be maintained under Section 301 of the Act.

(vi) The Company has not accepted any public deposits within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and rules framed thereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for the services rendered by the Company. Accordingly, paragraph 4(viii) of the Order is not applicable.

(ix) (a) The Company during the year, as explained in note no. 2.21 has been facing liquidity stress due to which there were delays in payment of various statutory dues such as Provident fund, income 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 Professional Tax of ₹0.13 crores.

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

Name of Statute	Nature of Demand	Period to which amount Relates	Amount (₹ in crore)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Assessment Year 1999-00, 2000-01,2001-02,2006-07,2007-08	3.19	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	Assessment Year 2003-04, 2004-05,2005-06	2.76	Commissioner of Income Tax (Appeals)
Finance Act,1994	Service Tax	2004-05, 2005-06,2006-07,2007-08 , 2008-09,2009-10 & 2010-11	175.55	Assistany Commissioner of Service Tax
Andhra Pradesh VAT Act, 2005	Value Added Tax	2007-08, 2008-09,2009-10, 2010-11, 2011-12	0.28	Deputy Commissioner (Commercial Tax), Hyderabad
Karnataka VAT Act, 2003	Value Added Tax	2006-07, 2007-08 & 2008-09	0.12	Assistant Commissioner (Commercial Tax), Bangalore

Bombay Sales Tax Act, 1959	Value Added Tax	2004-05	0.69	Deputy Commissioner of Sales Tax, (Assessment), Thane
Central Sales Tax, 1956	Central Sales tax	2007-08, 2008-09, 2009-10, 2010-11	0.14	Commissioner Tax Officer, Hyderabad
Central Sales Tax, 1956	Central Sales tax	2006-07,2007-08, 2008-09	0.17	Assistant Commissioner (Commercial Tax), Audit, Bangalore
Central Sales Tax (Bombay) Rules, 1957	Central Sales tax	2004-05	*0.00	Deputy Commissioner of Sales Tax, (Assessment), Thane

*0.00 crores denotes figures less than ₹50,000

(x) The Company's accumulated losses at the end of the financial year do not exceed 50% of its networth. However,it has incurred cash losses in the current year under review but it did not incurr cash losses in the immediately preceding financial year.

(xi) There have been defaults in repayment of dues to the banks during the year, which have been subsequently either rescheduled by way of Corporate debt restructuring package (CDR) except certain overdues of ₹108.84 crores, including interest of ₹7.21 crores (defaults for the period upto six months) to certain banks who did not opt for CDR scheme. The management, as explained, is negotiating with these banks and confident of an amicable restructuring/settlement.

(xii) In our opinion and according to the information and explanations given to us, and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks and financial institutions, are not, prima facie prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which they were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance sheet and Cash Flow Statement of the Company, in our opinion, the funds raised on short term basis have, prima facie, not been used for long term investment.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) The Company has not issued any debentures during the year or in the recent past.

(xx) The Company has not raised any money by public issues during the year or in the recent past.

(xxi) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have been informed of such case by the management.

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

Firm Registration No: 002785S

Mahesh Krishnan
Partner
Membership No. 206520

Place: Mumbai
Date: May 16, 2012

For Lodha & Co.
Chartered Accountants

Firm Registration No: 301051E

R.P. Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date: May 16, 2012

3i INFOTECH LIMITED
BALANCE SHEET AS AT MARCH 31, 2012

₹ in crores

		Notes	As at March 31, 2012	As at March 31, 2011
I.	**EQUITY AND LIABILITIES**			
	Shareholders' funds			
	(a) Share capital	**2.1**	**291.99**	291.99
	(b) Reserves and surplus	**2.2**	**372.29**	776.25
	Share application money pending allotment (Refer Note 2.21 A)		**344.76**	-
	Non-current liabilities			
	(a) Long-term borrowings	**2.3.1**	**1,693.57**	1,038.82
	(b) Other Long term liabilities	**2.4.1**	**203.23**	155.46
	Current liabilities			
	(a) Short-term borrowings	**2.3.2**	**216.10**	509.29
	(b) Trade payables	**2.4.2**	**257.88**	122.49
	(c) Other current liabilities	**2.4.3**	**172.26**	318.03
	(d) Short-term provisions	**2.5**	**26.47**	57.82
			3,578.55	3,270.15
II.	**ASSETS**			
	Non-current assets			
	(a) Fixed assets	**2.6**		
	Tangible assets		**307.77**	120.57
	Intangible assets		**490.86**	97.26
	(b) Non-current investments	**2.7**	**2,019.00**	1,969.78
	(c) Deferred tax assets (Net)	**2.8**	**103.66**	103.66
	(d) Long-term loans and advances	**2.9.1**	**87.48**	114.67
	(e) Other non-current assets	**2.10.1**	**0.45**	2.26
	Current assets			
	(a) Trade receivables	**2.11**	**82.05**	196.84
	(b) Cash and bank balances	**2.12**	**40.26**	108.86
	(c) Short-term loans and advances	**2.9.2**	**134.02**	482.79
	(d) Other current assets	**2.10.2**	**313.00**	73.46
			3,578.55	3,270.15

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

For Lodha & Co.
Chartered Accountants

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

For and on behalf of the Board

V. Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman of Audit Committee

R P Baradiya
Partner

Mahesh Krishnan
Partner

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, May 16, 2012

3i INFOTECH LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

₹ in crores

		Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
I.	Revenue from operations	2.13	514.16	550.25
II.	Other income	2.14	26.46	28.37
III.	**Total Revenue (I + II)**		540.62	578.62
IV.	**Expenses :**			
	Employee benefits expense and Cost of Revenue	2.15	235.72	94.07
	Finance costs	2.16	206.14	133.38
	Depreciation and amortization expense	2.6	90.01	51.75
	Other expenses	2.17	174.00	191.27
	Total expenses		705.87	470.47
V.	**Profit/(Loss) before exceptional items and tax - (III-IV)**		(165.25)	108.15
VI.	Exceptional items	2.18	(87.22)	-
VII.	**Profit/(Loss) before tax (V - VI)**		(252.47)	108.15
VIII.	Tax expense	2.19	59.26	(11.24)
IX.	**Profit/(Loss) for the year (VII-VIII)**		(311.73)	119.39
X	Profit/(Loss) from discontinuing operations in respect of egovernance projects discontinued in 2009-10		(14.42)	-
XI	**Profit/(Loss) for the year (IX - X)**		(326.15)	119.39
XII	**Earnings per equity share of face value of ₹10 each**	2.28		
	Before Exceptional items and Discontinuing Operations			
	(1) Basic		(12.08)	5.85
	(2) Diluted		(12.08)	5.83
	After Exceptional items and Discontinuing Operations			
	(1) Basic		(17.37)	5.85
	(2) Diluted		(17.37)	5.83

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

For Lodha & Co.
Chartered Accountants

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

For and on behalf of the Board

V. Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman of Audit Committee

R P Baradiya
Partner
Mumbai, May 16, 2012

Mahesh Krishnan
Partner

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R. Shettigar
Company Secretary

3i INFOTECH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

₹ in crores

		For the year ended March 31, 2012	For the year ended March 31, 2011
A	**Cash Flow from Operating Activities :**		
	Profit/(Loss) before exceptional items & tax	**(165.25)**	108.15
	Adjustments for:		
	Depreciation/Amortization	**90.01**	51.75
	Sale of Autodeal business	**-**	(2.00)
	Foreign Exchange gain (net)	**(3.62)**	(4.58)
	Loss on sale/discarding of fixed assets (net)	**1.52**	2.07
	Loss/(Profit) on sale of investments	**(16.53)**	1.92
	Dividend income on current investment (non trade)	**(0.02)**	(0.77)
	Interest income	**(2.93)**	(3.99)
	Interest expence	**206.14**	133.38
	Provision for doubtful debts	**3.00**	7.60
	Dimunition in the value of investment	**0.24**	1.92
	Operating Profit before Working Capital Changes	**112.56**	295.45
	Adjustments for:		
	Trade and Other Receivables	**(285.73)**	(231.55)
	Trade Payables and Other Liabilities	**124.05**	186.08
		(161.68)	(45.47)
	Cash generated from Operations	**(49.12)**	249.98
	Income Taxes paid	**(32.24)**	(16.25)
	Net cash from Operating Activities - A	**(81.36)**	233.73
B	**Cash Flow from Investing Activities :**		
	Purchase of fixed assets (Including Capital-Work-in-Progress)	**(33.47)**	0.75
	Investment/transfer of shares in subsidiary companies / application money	**(20.10)**	(186.88)
	Purchase of current Investments	**-**	(310.00)
	Sale/transfer of Investments / business	**34.27**	325.05
	Dividend received	**0.02**	0.77
	Loans (given)/received back - subsidiaries	**0.56**	13.36
	Interest received	**2.93**	3.99
	Net cash used in Investing Activities - B	**(15.79)**	(152.96)
C	**Cash Flow from Financing Activities :**		
	Proceeds from issue of Equity Share Capital	**-**	1.58
	Proceeds from issue of QIP	**-**	179.99
	Payment towards QIP expenses	**-**	(15.08)
	Proceeds from/(Repayment of) borrowings - net	**184.52**	(13.43)
	Dividends paid (including taxes)	**(34.06)**	(40.96)
	Interest paid	**(107.67)**	(133.38)
	Net Cash from Financing Activities - C	**42.79**	(21.28)
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(54.36)**	59.49
	Cash and Cash Equivalents as at beginning	**78.75**	19.26
	Cash and Cash Equivalents as at end	**24.39**	78.75

3i INFOTECH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Notes :

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

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

As per our attached report of even date

For Lodha & Co. **Chartered Accountants**	**For R.G.N. Price & Co.** **Chartered Accountants**	**For and on behalf of the Board**	
		V. Srinivasan **Managing Director**	**Dileep C. Choksi** **Director & Chairman of Audit Committee**
R P Baradiya **Partner**	**Mahesh Krishnan** **Partner**	**Amar Chintopanth** **Deputy Managing Director & CFO**	**Shivanand R. Shettigar** **Company Secretary**

Mumbai, May 16, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Method of Accounting

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in accounting policy hitherto in use.

1.2 Use of estimates

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

1.3 Revenue Recognition

a) Revenue from IT solutions:

Revenue from IT solutions comprises of revenue from software products, IT services and sale of hardware/ outsourced software.

i) Revenue from software products is recognized on delivery/installation or as considered appropriate by the management on the basis of facts in specific cases, whichever is lower. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

ii) Revenue from IT services is recognized either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant contracts. Revenue on time and material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized on the percentage of completion method. Provision for estimated losses, if any, on such uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

iii) Revenue from supply of Hardware/Other Materials and sale of Third Party Software License/Term License incidental to the aforesaid services is recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

b) Revenue from Transaction Services:

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

1.4 Unbilled and Unearned Revenue

Revenue recognized over and above the billings on a customer is classified as "unbilled revenue" while billing over and above the revenue recognized in respect of a customer is classified as "unearned revenue".

1.5 a. Fixed Assets

Intangible:

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

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

c) Business and Commercial Rights are capatalized at the acquisition price.

Tangible:

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

Advances given towards acquisition of fixed assets are disclosed as capital advances under Long Term Loans & Advances and the cost of assets not ready for use as at the balance sheet date are disclosed as capital work in progress.

b. Depreciation/Amortization:

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

Business & Commercial Rights are amortized at lower of the period the benefits arising out of these are expected to accrue and ten years while Software Products – Others and Goodwill arising on merger/acquired Goodwill is amortized over a period of five years.

Software Products (Meant for sale) are amortized over a period of ten years.

Depreciation on other fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

1.6 Investments

Trade investments are the investments made to enhance the Company's business interest. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments.

Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value. Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment.

1.7 Accounting for Taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the year in accordance with the Income Tax Act, 1961.

MAT credit asset is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

1.8 Translation of Foreign Currency Items other than hedged transactions

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets, current liabilities and borrowings denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain/loss are recognized in the Statement of Profit & Loss. Overseas equity investments are recorded at the rate of exchange in force on the date of allotment/acquisition.

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" and 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 accounted in the Foreign Currency Translation Reserve. Other Foreign operations are classified as integral and 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 average rate, the resulting exchange differences are accounted in Statement of Profit & Loss.

1.9 Hedge Accounting

The Company enters into foreign currency cum 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 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 Statement of Profit and Loss.

1.10 Accounting of Employee Benefits

Employee Benefits in India

a) Gratuity

The Company provides for gratuity, a defined benefit retirement plan, covering eligible employees. Liability under gratuity plan is determined on actuarial valuation done by the Life Insurance Corporation of India (LIC) at the beginning of the year, based upon which, the Company contributes to the Scheme with LIC. The Company also provides for the additional liability over the amount contributed to LIC based on the actuarial valuation done by an independent valuer using the Projected Unit Credit Method.

b) 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 monthly basis. The Company has no further obligations to the scheme beyond its monthly contributions.

c) Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan to the Trust/ Government administered Trust. In the case of Trust, aggregate contribution along with interest thereon is paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contribution to the 3i Infotech Provident Fund Trust equal to a specified percentage of the covered employee's salary. Company also contributes to a Government administered pension fund on behalf of its employees.

The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. Such shortfall is charged to Statement of Profit & Loss in the year it is determined.

d) Liability for leave encashment/entitlement for employees is provided on the basis of the actuarial valuation at the year end and based on estimates for interim financials.

Employee Benefits in Foreign Branch

In respect of employees in foreign branches, necessary provision is made based on the applicable local laws. Gratuity and leave encashment/entitlement as applicable for employees in foreign branches is provided on the basis of the actuarial valuation at the year end and based on estimates for interim financials.

1.11 Provisions, Contingent Liabilities and Contingent Assets

i) 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.

ii) 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.

iii) 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 & 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 & 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 a) Securities issue expenses

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

b) Premium payable on redemption of FCCB

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

1.15 Lease

Where the Company has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of fair value or present value of minimum lease payment and liability is created for an equivalent amount. Each lease rental paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

Where significant portion of risks and reward of ownership of assets acquired under lease are retained by lessor, leases are classified as Operating lease. Equalized lease rentals for such leases are charged to Statement of Profit & Loss.

1.16 Earnings per share

In determining the earnings per share, the Company considers the net profit/loss after tax and post tax effect of any extra-ordinary/exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also 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. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

1.17 Asset Held for Sale/Discontinuing Operations

'Assets held for sale' or 'Discontinuing Operations' is a component of the Company that either has been disposed of or that is classified as held for sale and (a) represents a separate major line of business or geographical area of operations; and (b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Asset held for sale/discontinuing operations are carried at the lower of carrying amount or their fair value. Any gain or loss from disposal of such units, together with the results of the operations until the date of disposal, is reported separately as 'Discontinuing Operations'.

2. **Notes forming part of the Financial Statements**

2.1 **Share Capital**

i)

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Authorised :		
45,00,00,000 Equity shares of ₹10 each	**450.00**	300.00
(30,00,00,000 as on March 31, 2011)		
20,00,00,000 6.35% Cumulative Redeemable Preference shares of ₹5 each	**100.00**	100.00
	550.00	400.00
Issued, Subscribed & Paid - up :		
Equity shares of ₹10 each fully paid up at the beginning of the year	**191.99**	168.76
Add:		
Shares Issued under Employees Stock Option Scheme (ESOS)	**-**	0.33
Shares Issued under Qualified Institutional Placement (QIP)	**-**	22.90
	191.99	191.99
6.35% Cumulative Redeemable Preference shares of ₹5 each fully paid up	**100.00**	100.00
	100.00	100.00
	291.99	291.99

The Company has only one class of equity shares having a par value of ₹10 each. Each holder of equity shares is entitled to one vote per share. Of the total number of equity shares issued, 8,47,88,331 equity shares were allotted as fully paid-up Bonus shares of which 2,00,00,700 equity shares were issued in July 1999 and 6,47,87,631 equity shares in August 2007, by capitalization of Securities Premium Account and accumulated profits.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts including in respect of Preference shares issued. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Preference Shares redeemable at par on expiry of nine years from the date of allotment i.e. March 31, 2003 were due on March 31, 2012. The Company is in the process of obtaining Equity Shareholders approval for amending the terms and conditions with respect to one of the Preference shareholder viz., IDBI Trusteeship Services Limited and conversion into equity in respect of the other .

Also refer note no. 2.21 A in respect of Corporate Debt Restructuring (CDR).

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

Name of Shareholder	**As at March 31, 2012**		As at March 31, 2011	
	No. of Shares	**%**	No. of Shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Funds)	**3,90,36,190**	**20.33**	3,90,36,190	20 .33
Life Insurance Corporation of India (including its Schemes)	**2,13,17,921**	**11.10**	2,13,17,921	11.10

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

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	%	No. of Shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Funds)	**13,00,00,000**	**65.00**	13,00,00,000	65.00
ICICI Bank Limited	**7,00,00,000**	**35.00**	7,00,00,000	35.00

iii) **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, 2012	As at March 31, 2011
Equity shares of ₹10 each		
Equity shares as at beginning of the year	**19,19,86,549**	16,87,59,946
Add:		
Shares Issued under ESOS	**-**	3,26,504
Shares Issued under QIP	**-**	2,29,00,099
Equity shares as at end of the year	**19,19,86,549**	19,19,86,549
6.35% Cumulative Redeemable Preference shares of ₹5 each		
Preference shares as at beginning of the year	**20,00,00,000**	20,00,00,000
Preference shares as at end of the year	**20,00,00,000**	20,00,00,000

iv) **Employee Stock Option Scheme (ESOS) –**

The Company's Employees Stock Option Scheme provides for issue of equity option upto 25% of the paid-up Equity Capital to eligible employees. The Scheme covers the managing director, whole time directors and the employees of the subsidiaries, the erstwhile holding Company and subsidiaries of the erstwhile holding Company, apart from the employees of the Company. The options vest in a phased manner over three years with 20%, 30% and 50% of the grants vesting at the end of each year from the date of grant and the same can be exercised within ten years from the date of the grant by paying cash at a price determined on the date of grant. One option is available for conversion to one equity share.

Method used for accounting for the share based payment Scheme:

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

	As at March 31, 2012		As at March 31, 2011	
	Options	WAEP (₹)	Options	WAEP (₹)
Options outstanding at the beginning of the year	**2,22,41,320**	**104.34**	2,51,65,924	105.29
Granted during the year	**-**	**-**	25,000	76.00
Exercised during the year	**-**	**-**	3,26,504	48.27
Forfeited/lapsed during the year	**37,68,210**	**107.16**	26,23,100	120.16
Options outstanding at the end of year*	**1,84,73,110**	**103.30**	2,22,41,320	104.34
Vested options pending exercise	**1,62,02,610**	**99.79**	1,88,58,820	101.58

*Includes 31,37,000 options granted to managing director/whole time directors and non-executive directors (as at March 31, 2011 - 31,87,000 options).

Weighted average market price of the shares with respect to stock options exercised during the year ended March 31, 2012 is ₹33.75 (for the year ended March 31, 2011 is ₹60.28).

The following summarizes information about stock options outstanding:

As at March 31, 2012

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

As at March 31, 2011

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹37 to ₹50	43,62,010	4	49.30
₹57 to ₹150	1,78,79,310	6	117.76

Fair Value methodology for the option

The fair value of options used to compute net income and earnings per equity share have been estimated on the dates of each grant within the range of ₹37.00 to ₹150.00 using the Black - Scholes pricing model. The Company estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOP are:

	As at March 31, 2012	As at March 31, 2011
Dividend yield	**1.15% - 2.84%**	1.15% - 2.84%
Expected volatility	**50.63% - 57.91%**	50.63% - 57.91%
Risk-free interest rate	**5.71% - 6.36%**	5.71% - 6.36%
Expected life of Option	**3 – 10 yrs**	3 – 10 yrs

Employee Stock Option Scheme (ESOS)

Impact of Fair value method on Net Profit/(Loss) and EPS after exceptional items and impact of discontinuing operations

Had the compensation cost for the Company's Stock Option Scheme outstanding been determined based on the fair value approach, the Company's net profit/(loss) and earnings per share would have been, as indicated below:

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Net Profit/(Loss) attributable to Equity Shareholders (₹ in crores)	**(333.55)**	111.98
Less: Stock based compensation expense determined under fair value based method (₹ in crores)	**-**	4.98
Net Profit/(Loss) : (₹ in crores)	**(333.55)**	107.00
Basic earnings per share (₹ as reported)	**(17.37)**	5.85
Basic earnings per share (₹ under fair value method)	**(17.37)**	5.59
Diluted earnings per share (₹ as reported)	**(17.37)**	5.83
Diluted earnings per share (₹ under fair value method)	**(17.37)**	5.57

2.2 Reserves and surplus

₹ in crores

	As at March 31, 2012	As at March 31, 2011
a. Capital Reserve		
Opening Balance	**0.06**	0.06
Add : Upon Merger (Refer note no. 2.23.2(b))	**0.01**	-
	0.07	0.06
b. Securities Premium Account		
Opening Balance	**544.22**	470.46
Add : Received on allotment of equity shares under ESOS	**-**	1.25
Add : Received during the year on QIP issue	**-**	157.09
Less : Expenses on QIP issue	**-**	(15.08)
Add/(Less) :(Utilised) towards premium payable on redemption of FCCB	**(35.42)**	(69.50)
	508.80	544.22
c. Cash Flow Hedging Reserve Account		
Recognised during the year (Refer note no. 2.20.2 (b))	**(15.36)**	-
	(15.36)	-
d. General Reserve		
Opening Balance	**37.00**	31.00
Add: Transferred from/(to) Statement of Profit and Loss	**(37.00)**	6.00
	-	37.00
e. Translation Reserve		
Movement during the year	**(6.53)**	0.24
Less: Transferred to Statement of Profit and Loss (Contra)	**6.53**	(0.24)
	-	-
f. Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	**194.98**	124.82
Add: Net Profit/(Loss) for the year	**(326.15)**	119.39
Add/(Less) :		
Upon Merger (Refer note no. 2.23.2(b) and (c))	**(19.92)**	1.33
Translation reserve adjusted (Contra)	**(6.53)**	0.24
Transferred from/(to) General Reserve	**37.00**	(6.00)
Proposed Dividend-Equity Shares	**-**	(28.80)
Proposed Dividend-Preference Shares	**-**	(1.03)
Interim Dividend-Preference Shares	**-**	(5.32)
Residual Dividend Paid	**-**	(3.46)
Corporate Dividend Tax	**(0.60)**	(6.20)
	(121.22)	194.98
	372.29	776.25

Dividend per share: (in ₹)

Equity Shares	-	1.50
6.35% Cumulative Redeemable Preference Shares	-	0.32

2.3.1 Long Term Borrowings

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Secured Loans		
Term Loans :		
- From Banks	**721.37**	464.99
- From Other Parties (Vehicle Loans)	**1.31**	1.45
	722.68	466.44
Unsecured Loans		
Foreign Currency Convertible Bonds (FCCB)	**482.45**	428.23
Term Loans :		
- From Banks	**326.27**	139.70
- From Others	**-**	0.23
Loans from Subsidiaries	**7.32**	4.22
Finance Lease Obligations (Refer note no. 2.21 C)	**154.85**	-
	970.89	572.38
	1,693.57	1038.82

Note:

Interest and repayment schedule for Long Term Borrowings are as follows:

As at March 31, 2012

Particulars	Type	Interest rate range %	As at March 31, 2012 (₹ in crores)	Repayment Schedule		
				0 - 1 yrs	1 - 3 yrs	> 3 yrs
				included in Other Current Liabilities	included in Long Term Borrowings	
Secured Loans	Term Loans from Banks	14.75	**721.37**	-	81.56	639.81
	Vehicle Loans	11.75	**1.93**	0.62	1.05	0.26
Unsecured Loans	Term Loans from Banks	14.75 - 15.00	**334.67**	8.40	28.98	297.29
	Subsidiaries	10.00 - 11.00	**7.99**	0.67	7.32	-
	Others	11.00	**1.39**	1.39	-	-
	FCCB	*	**482.45**	-	-	482.45
	Overdue Borrowings from Banks	14.75	**75.76**	75.76	-	-
		Total	**1,625.56**	86.84	118.91	1419.81

*Refer note no. 2.21 B

As at March 31, 2011

Particulars	Type	Interest rate range %	As at March 31, 2011 (₹ in crores)	Repayment Schedule		
				0 - 1 yrs	1 - 3 yrs	> 3 yrs
				included in Other Current Liabilities	included in Long Term Borrowings	
Secured Loans	Term Loans from Banks	11.75 - 13.00	489.99	25.00	205.17	259.82
	Vehicle Loans	12.00	1.98	0 .53	1.05	0.40
Unsecured Loans	Term Loans from Banks	11.50 - 14.25	407.65	267.95	139.70	-
	Others	11.00	0.23	-	0.23	-
	Subsidiaries	10.25 - 11.00	5.22	1 .00	0 .68	3.54
	FCCB	*	428.23	-	428.23	-
		Total	1,333.30	294.48	775.06	263.76

*Refer note no. 2.21 B

2.3.2 Short Term Borrowings

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Secured Loans		
Term Loans :		
- From Banks	**-**	53.00
Cash Credit from banks	**208.63**	175.50
	208.63	228.50
Unsecured Loans		
Term Loans :		
- From Banks	**-**	280.79
- Subsidiaries	**2.47**	-
Inter Corporate Deposits	**5.00**	-
	7.47	280.79
Total	**216.10**	509.29

Note:

Interest and repayment schedule for Short Term Borrowings are as follows:

As at March 31, 2012

Particulars	**Type**	**Interest rate range %**	**As at March 31, 2012 (₹ in crores)**
Secured Loans	Cash Credit from Banks	14.75	**208.63**
Unsecured Loans	Inter Corporate Deposits	16.75	**5.00**
	Subsidiaries	10.00	**2.47**
		Total	**216.10**

As at March 31, 2011

Particulars	Type	Interest rate range %	As at March 31, 2012 (₹ in crores)
Secured Loans	Cash Credit from Banks	11.00 - 11.75	175.50
	Term Loans from Banks	11.50	53.00
Unsecured Loans	Term Loans from Banks	9.25 - 13.50	280.79
		Total	509.29

Security Note:

As at March 31, 2012

The Company is yet to create security as envisaged in the CDR package. The security offered by the Company is as follows:

Facilities covered by the security proposed:

Tranche A : Term Loan facility of ₹141.07 crores
Tranche B : Term Loan facility of ₹250.00 crores
Tranche C : Fund based facility of ₹79.86 crores and non fund based facility of ₹2.77 crores
Tranche D : Term Loan facility of ₹95.00 crores
Tranche E : Cash Credit (Working capital) facility of ₹100.00 crores and non fund based facility of ₹60.00 crores
Tranche F : Term Loan facility of ₹2.75 crores
Tranche G : Term Loan facility of ₹25.00 crores
Tranche H : Term Loan facility of ₹8.37 crores
Tranche I : Fund based facility of ₹5.22 crores and non fund based facility of ₹2.00 crores
Tranche J : Term Loan facility of ₹13.68 crores
Tranche K : Cash Credit (Working capital) facility of ₹108.63 crores
Tranche L : Term Loan facility of ₹100.42 crores

A. **Security proposed:**

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.	Tranche A, C	All Tranches except Tranche A & C
2	A charge on all the Trade Receivables and stocks of the Company.	Tranche E, G, I, 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 DBS Bank.	All Tranches except E, G, I & K
3	A charge on all the present and future Current Assets (except Trade Receivables) of the Company.	Tranche I First charge shall be pari passu with the existing first charge created in favour of a Working Capital Facility (non fund based) provided by DBS Bank. 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 Tranches except Tranche I

Sr. No.	Security	First Charge to	Second Charge to
4	A charge on all the present and future intellectual property rights (other than in respect of ORION and PREMIA) of the Company.	All Tranches. Intellectual property rights in respect of ORION and PREMIA are charged in favour of Tranche L on exclusive basis.	—

B. Corporate guarantees from Material Subsidiaries:

Corporate guarantees of each of the Material Subsidiaries guaranteeing the Secured Obligations ("Corporate Guarantees"), in favour of all the CDR Lenders. Each Corporate Guarantee shall be secured/credit enhanced by Security Interest over assets of the relevant Material Subsidiary providing the Corporate Guarantee, as permitted under Applicable laws in the relevant jurisdictions, as detailed in the table below and shall have the ranking as mentioned against each security.

Sr. No.	Security	First Charge to	Second Charge to
Charge on assets of 3i Infotech Inc			
1	A charge on all the present and future movable fixed assets and Current Assets of 3i Infotech Inc.	Tranche B First charge shall be pari passu with the existing first charge created in favour of SBI California to secure line of credit of US$ 4.5 million.	All Tranches except Tranche 'B'
Charge on assets of 3i Infotech (Middle East) FZ LLC			
2	A charge on all the present and future movable fixed assets and Current Assets (except Receivables and the collection account) of 3i Infotech (Middle East) FZ LLC.	All Tranches.	—
3	A charge on all the Receivables of 3i Infotech (Middle East) FZ LLC.	First ranking pari passu security interest has been created over collection account of 3i Infotech (Middle East) FZ LLC to secure USD 17 million STF facility and guarantee facility by Standard Chartered Bank, Dubai.	All Tranches.
Charge on assets of 3i Infotech Asia Pacific Pte Limited			
4	A charge on all the present and future movable fixed assets and Current Assets (other than Receivables and stocks) of the 3i Infotech Asia Pacific Pte Limited.	All Tranches. 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.	—
5	A charge on all the Receivables and stocks of 3i Infotech Asia Pacific Pte Limited.	First charge has been created to secure the cash credit facility of USD 2 million provided by Standard Chartered Bank, Singapore.	All Tranches.

Charge on assets of 3i Infotech (Western Europe) Holdings Limited, UK, 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 Tranches	—
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 Tranches

In addition:

a. Corporate guarantees from Professional Access Software Development Pvt. Ltd. and Professional Access Limited, shall be further secured by a second ranking pari passu charge on all the present and future movable fixed assets and Current Assets of the relevant guarantor, while the first charge shall be held by Bank of India, New York in respect of the facilities advanced by them, after settlement of an existing promissory note issued in favour of erstwhile promoters of the above mentioned Companies.

b. Pledge of shareholding in Professional Access (India) and Professional Access (US) in favour of the CDR Lenders.

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

Pledgor (I)	Company whose shares shall be pledged (II)	Details of shares to be pledged (III)
3i infotech Limited	3i Infotech Holdings Pvt Limited	6,25,02,56,328 ordinary shares of MUR 1 each
	3i Infotech Asia Pacific Pte Limited	53,46,202 ordinary shares of SGD 1 each
	3i Infotech (UK) Ltd	32,26,308 equity shares of GBP 1each
	3i Infotech BPO Limited	1,00,000 equity shares of ₹10/- each
3i Infotech (UK) Ltd	3i Infotech (Western Europe) Holdings Ltd	15,00,000 A shares and 3,84,000 B shares of 10 p each respectively
3i Infotech Asia Pacific Pte Limited	3i Infotech SDN BHD	50,00,000 shares of RM 1 each
3i Infotech Holdings Private Limited	3i Infotech Inc	10,01,38,408 Class A common stock of US$ 0.30 each and 10,00,000 Class B common stock of US$ 0.01 each
	3i Infotech Financial Software Inc	2,80,556 common stock of US$ 1 each
	3i Infotech (Middle East) FZ LLC	46,174 shares of AED 1000 each

The above corporate Guarantees and pledge of shares shall be created.

D. Security & terms and condition for Other Parties (Vehicle loans):

₹1.93 crores is secured by way of hypothecation of certain Company owned vehicles.

As at March 31, 2011 :

1. Security and terms and conditions for Term Loans :

   a. ₹ 249.99 crores secured by first pari passu charge over all movable tangible fixed assets and immovable fixed assets of the Company located at its offices at Navi Mumbai & Goregaon. A part of this loan (₹125 crores) is further secured by pledge of the shares held by the Company in its subsidiary, 3i Infotech (UK) Ltd.

   b. ₹125 crores is secured by subordinated charge over all movable tangible fixed assets and immovable fixed assets of the Company located at its offices at Navi Mumbai & Goregaon.

   c. ₹53 crores loan is secured by way of pari passu charge on Trade Receivables.

   d. ₹115 crores secured by hypothecation charge over the Intellectual Property Rights of Company's software products namely Orion and Premia.

2. Certain non-fund facilities of ₹46.83 crores and Cash Credit are secured by way of floating charge on Trade Receivables.

3. Security and terms and conditions for Other Parties (Vehicle Loans) :

   ₹1.98 crores loan is secured by way of hypothecation on certain Company owned vehicles.

2.4.1 Other Long Term Liabilities

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Cash Flow Hedging Liability (also refer note no. 2.20.2 (b))	**15.36**	-
Premium payable on Redemption of FCCB	**187.87**	152.45
Deposits - subleased	**-**	3.01
	203.23	155.46

2.4.2 Trade Payables

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Due to :		
Subsidiaries	**83.97**	33.41
Others (including Acceptances) (also refer note no.2.24)	**173.91**	89.08
	257.88	122.49

2.4.3 Other Current Liabilities

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Current maturities of long term loans/Finance Lease Obligations		
Secured Term Loans	**-**	25.00
From Banks	**0.62**	0.53
From Other Parties		
Unsecured Term Loans		
From Banks	**8.40**	267.95
From Subsidiaries	**0.67**	1.00
From Other Parties	**1.39**	-
Finance lease Obligations	**38.01**	-
Overdue Borrowings (including Finance Lease Obligations)	**92.01**	-
Total (A)	**141.10**	294.48
Other Liabilities		
Interest accrued but not due on borrowings	**0.06**	0.06
Interest accrued and due on borrowings/acceptances	**7.21**	-
Unclaimed dividends	**0.46**	0.32
Application money due for refund	**0.03**	0.03
Advances received from customers (including unearned revenue)	**0.40**	2.88
Other payables (including Statutory payments to Government Authorities)	**23.00**	20.26
Total (B)	**31.16**	23.55
Total (A+B)	**172.26**	318.03

2.5 Short Term Provisions

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Provision for Employee benefits	**26.47**	23.16
Proposed Dividend (including Dividend Tax thereon)	**-**	34.66
	26.47	57.82

2.6 Fixed Assets

₹ in crores

	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
Particulars	As at April 1, 2011	Additions on Business purchase/ merger	Additions during the year	Ded / (Adj) during the year	As at March 31, 2012	Upto March 31, 2011	Additions on Business purchase/ merger	Depreciation for the year	Ded/ (Adj) during the year	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible assets												
Land-Leasehold	0.52	-	-	-	0.52	0.10	-	0.01	-	0.11	0.41	0.42
-Freehold	2.09	-	-	-	2.09	-	-	-	-	-	2.09	2.09
Buildings-Owned	0.77	-	-	-	0.77	0.15	-	0.01	-	0.16	0.61	0.62
-Leasehold (Refer note 2.6.1)	32.34	-	-	11.49	20.85	7.04	-	0.22	3.57	3.69	17.16	25.30
Leasehold Improvements	22.46	-	0.67	-	23.13	9.05	-	2.27	-0.14	11.46	11.67	13.41
Plant & Equipment/ Electrical Installations	16.94	-	0.37	0.50	16.81	6.84	-	0.77	0.10	7.51	9.30	10.10
Furniture & Fixtures	13.72	-	0.17	0.03	13.86	7.75	-	0.79	0.02	8.52	5.34	5.97
Vehicles	6.24	-	0.83	1.56	5.51	1.90	-	0.59	0.54	1.95	3.56	4.34
Office Equipment	6.76	-	0.08	0.36	6.48	1.94	-	0.30	0.09	2.15	4.33	4.82
Computers	103.69	-	12.39	5.37	110.71	50.19	-	18.11	0.76	67.54	43.17	53.50
Assets under Finance Lease (Refer no. 2.6.2)	-		239.00	-	239.00	-	-	28.87	-	28.87	210.13	-
	205.53	-	253.51	19.31	439.73	84.96	-	51.94	4.94	131.96	**307.77**	**120.57**
Previous Year	201.70	0.76	18.29	15.22	205.53	76.58	0.43	17.41	9.46	84.96	120.57	
Intangible assets												
Goodwill	67.48	-	-	-	67.48	45.76	-	6.87	-	52.63	14.85	21.72
Software Products-Meant for sale	7.94	-	659.62	259.70	407.86	2.17	-	10.74		12.91	394.95	5.77
Software Products-Others	114.56	-	31.82	0.08	146.30	57.84	-	20.46	0.01	78.29	68.01	56.72
Business and Commercial Rights	44.62	-	-	-	44.62	31.57	-	-	-	31.57	13.05	13.05
	234.60	-	691.44	259.78	666.26	137.34	-	38.07	0.01	175.40	**490.86**	**97.26**
Previous Year	207.21	1.03	26.36	-	234.60	102.48	0.52	34.34	-	137.34	97.26	
Total Tangible and Intangible	**440.13**	**-**	**944.95**	**279.09**	**1,105.99**	**222.30**	**-**	**90.01**	**4.95**	**307.36**	**798.63**	

2.6.1 Buildings - Leasehold include :

(i) Gross Block of ₹20.85 crores (as at March 31, 2011 ₹20.85 crores), Accumulated Depreciation of ₹3.69 crores (as at March 31, 2011 ₹3.58 crores) and Net Block of ₹17.16 crores (as at March 31, 2011 ₹17.27 crores) being lease premium paid in respect of building taken on lease for sixty years.

(ii) Gross Block of ₹Nil crores (as at March 31, 2011 ₹11.49 crores), Accumulated Depreciation of ₹Nil crores (as at March 31, 2011 ₹3.46 crores) and Net Block ₹Nil crores (as at March 31, 2011 ₹8.03 crores) being lease premium paid in respect of building taken on lease for ninety nine years.

2.6.2 Tangible Assets under Finance Leases included in the above Note are as follows: (Also Refer note no. 2.21 C) as on March 31, 2012.

₹ in crores

Asset Type	**Gross Block**	**Depreciation/ Amortisation for the year**	**Net Block**
Computers	159.81	17.23	142.58
Plant & Machinery/Electrical Installations	2.12	0.98	1.14
Furniture & Fixtures	67.97	9.45	58.52
Leasehold Improvements	9.10	1.21	7.89
	239.00	28.87	210.13

2.7 Non Current Investments

₹ in crores

			As at March 31, 2012	As at March 31, 2011
	(a) Long Term Trade Investments			
	Unquoted at Cost			
	(i) 100% Wholly Owned Subsidiaries			
a.	53,46,202 Equity shares of SGD 1 each fully paid up of 3i Infotech Asia Pacific Pte Ltd., Singapore (as at March 31, 2011 - 17,92,302 shares) (Refer note no. 2.7.1)		**21.20**	6.98
b.	32,26,308 Equity shares of GBP 1 each fully paid up of 3i Infotech (UK) Ltd. (as at March 31, 2011 - 32,26,308 shares) (Refer note no. 2.7.1)		**355.73**	355.73
c.	6,25,02,56,328 Ordinary Shares of MUR 1 each fully paid up of 3i Infotech Holdings Private Limited, Mauritius (as at March 31, 2011 - 5,99,52,38,228 shares) (Refer note no. 2.7.1)		**991.31**	952.07
d.	500 Shares of SAR 1,000 each fully paid up of 3i Infotech Saudi Arabia LLC (as at March 31, 2011 - 500 shares)		**0.67**	0.67
e.	55,69,762 Equity Shares of ₹10 each fully paid up of 3i Infotech Trusteeship Services Ltd. (as at March 31, 2011 - 55,69,762 shares)		**0.01**	0.01
f.	NIL Equity Shares of ₹10 each fully paid up of HCCA Business Services Pvt. Ltd. (as at March 31, 2011 - 52,932 shares)		**-**	21.97
g.	1,00,000 Equity Shares of ₹10 each fully paid up of 3i Infotech BPO Ltd. (as at March 31,2011 - 1,00,000 shares) (Refer note no. 2.7.1)		**66.71**	66.71

₹ in crores

			As at March 31, 2012	As at March 31, 2011
h.	3,47,630 Equity Shares of Taka 10 each fully paid up of 3i Infotech Services (Bangladesh) Pvt. Ltd (as at March 31, 2011 - 3,47,630 shares)	**0.20**		0.20
	Less: Provision for dimunition in the value of Investment	**0.20**	**-**	
i.	48,05,211 Equity Shares of ₹10 each fully paid up of 3i Infotech Consultancy Services Ltd. (as at March 31,2011 - 48,05,211 shares)		**37.04**	37.04
j.	NIL Equity Shares of ₹10 each fully paid up of J&B Software India Private Ltd. (as at March 31, 2011 - 1,62,195 shares)		**-**	0.47
k.	NIL Equity Shares of ₹10 each fully paid up of FinEng Solutions Private Limited (as at March 31, 2011 - 1,17,970 shares)		**-**	39.97
l.	Elegon Infotech Limited, China		**11.82**	11.82
m.	Redeemable Convertible Preference Shares of 3i Infotech Holdings Private Limited, Mauritius :			
	89,16,31,605 Series A - Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31, 2011 - 89,16,31,605 shares) redeemable / conversions on or before July, 2017.		**138.33**	127.69
	1,78,03,61,142 Series C - Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31, 2011 - 1,78,03,61,142 shares) redeemable/ conversions on or before July, 2017.		**344.13**	300.55
	2,18,78,720 Series D - Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31, 2011 - NIL shares) redeemable/conversions on or before July, 2021.		**4.15**	-
	(ii) Other Subsidiaries			
	7,40,000 Equity Shares of ₹10 each fully paid up of Locuz Enterprise Solutions Ltd. constituting 74% of the Share Capital (as at March 31, 2011 - 7,40,000 shares)		**22.80**	22.80
	Total (A)		**1,993.90**	1,944.68
	(b) Long Term Non Trade Investments			
	Unquoted at Cost			
	(i) Investment in Equities, Preference Share Capital (other than Subsidiaries) :			
	2,00,000 Equity Shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co. Ltd., Sri Lanka		**0.10**	0.10

₹ in crores

			As at March 31, 2012	As at March 31, 2011
	25,000,000 Redeemable Non Convertible Zero Coupon Preference Shares of ₹10 each fully paid up of eMudhra Consumer Services Ltd. (formerly known as 3i Infotech Consumer Services Ltd.) (as at March 31, 2011 - 25,000,000 shares) redeemable by December 14, 2015.		**25.00**	25.00
	(ii) Other Investments :			
	National Savings Certificates		**0.00**	0.00
	Total (B)		**25.10**	25.10
	Total (A+B)		**2,019.00**	1,969.78
	(a) Aggregate amount of **Unquoted** investments		**2,019.20**	1,969.78
	(b) Aggregate provision for **diminution** in value of investments		**0.20**	-

2.7.1 Pledge of shares

Investment in these companies are to be pledged as per the Master Restructuring Agreement entered by the Company with CDR lenders. (Also Refer Note No. 2.3 Security note C)

2.8 Deferred Taxes

₹ in crores

	As at March 31, 2012	Current year Charge / (credit) not recognised as a matter of prudence	As at March 31, 2011
Deferred Tax Asset (DTA):			
Unabsorbed losses/depreciation	**73.80**	**36.36**	73.80
Expenses allowable on payment and others (including provision for doubtful debts)	**27.13**	**22.49**	27.13
Fixed Assets (Depreciation/Amortization)	**2.73**	**(4.95)**	2.73
	103.66	**53.90**	103.66

2.8.1 Deferred tax balance in respect of Companies merged/business purchased during the year is included.

2.8.2 In respect of Net Deferred Tax Asset of ₹103.66 crores (Previous Year- ₹103.66 crores) being carry 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.

2.9.1 Long Term Loans and advances

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Capital Advances	**2.24**	0 .22
Security Deposits (includes Lease Rent Deposits)	**50.89**	34.27
MAT credit receivable	**22.97**	57.19
Prepaid expenses	**11.38**	22.99
	87.48	114.67

2.9.2 Short Term Loans and advances

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
(a) Security Deposits (includes Lease Rent Deposits)	**13.62**	29.37
(b) Loans and advances to Subsidiaries:		
- Loans	**-**	0.54
- Advance against Share Capital (Share Application money)	**1.56**	38.85
- Advances recoverable	**-**	243.16
(c) Other loans and advances		
- Advance tax and tax deducted at source (net of Provision for taxes)	**83.72**	76.53
- Prepaid expenses	**18.85**	30.14
- Service tax recoverable (net)	**1.75**	3.09
- VAT recoverable (net)	**2.45**	4.56
- Loans to Others (including employees)	**0.00**	0.03
- Other advances recoverable in cash or in kind or for value to be received	**12.07**	56.52
	134.02	482.79

2.10.1 Other Non Current assets

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Long Term Trade Receivables	**0.45**	2.26
	0.45	2.26

2.10.2 Other Current assets

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Unbilled Revenue	**45.54**	51.79
Receivable towards sale of Intellectual Property Rights in respect of Software products-Meant for sale	**259.70**	6.79
Receivable towards sale of Long term Investments	**-**	14.88
Receivable towards sale of Fixed Assets	**7.76**	-
	313.00	73.46

2.11 Trade receivables

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
- Debts outstanding for exceeding 6 months from the due date of payment	**5.23**	21.24
- Others	**76.82**	175.60
	82.05	196.84
Unsecured, considered doubtful		
Doubtful debts exceeding 6 months from the due date of payment	**36.24**	40.12
Less: provision for bad and doubtful debts	**(36.24)**	(40.12)
	-	-
	82.05	196.84

2.12 Cash and Bank Balances

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Cash and Cash Equivalents		
in current accounts	**23.78**	77.64
in EEFC accounts	**0.08**	0.07
Cheques on hand	**0.52**	1.00
Cash on hand	**0.01**	0.04
Total (A)	**24.39**	78.75
Other Bank Balances:		
in margin money accounts	**11.14**	29.76
in escrow accounts (Refer note no. 2.23.2(a))	**4.24**	0.00
in dividend accounts and equity share refund accounts	**0.49**	0.35
Total (B)	**15.87**	30.11
Total (A+B)	**40.26**	108.86

2.13 Revenue from Operations

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
IT Solutions	**463.20**	480.62
Transaction Services	**50.96**	69.63
	514.16	550.25

2.14 Other Income

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Gain on sale of Long Term investments(Refer Note 2.23.2.(a))	**16.53**	-
Interest income	**2.93**	3.99
Dividend - on current investments (Non Trade)	**0.02**	0.77
Foreign exchange gain (Net)	**3.62**	4.58
Excess provision written back	**-**	10.66
Other non-operating income	**3.36**	8.37
	26.46	28.37

2.15 Employee benefits expense and Cost of Revenue

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and wages	**263.79**	260.89
Contribution to provident funds and other funds	**25.04**	21.33
Recruitment and training expenses	**2.48**	1.48
Staff welfare expenses	**14.62**	15.05
Cost of third party products/outsourced services (Refer Note No. 2.27)	**190.40**	128.48
Less :Recovery from subsidiaries :		
a. Re-imbursement of costs	**(237.39)**	(291.08)
b. Corporate charges	**(23.22)**	(42.08)
	235.72	94.07

2.16 Finance cost

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest expenses	**165.90**	122.81
Other borrowing costs	**40.24**	10.57
	206.14	133.38

2.17 Other expenses

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Loss on sale of long term investments	**-**	1.92
Rent expense	**74.59**	94.89
Travelling and conveyance	**23.53**	27.95
Power and fuel	**11.85**	12.20
Office Expenses	**5.86**	4.11
Repairs to buildings	**0.44**	0.79
Insurance	**3.10**	1.15
Rates and taxes	**2.38**	2.33
Communication expenses	**10.73**	9.15
Loss on sale/discarding of Fixed Assets (net)	**1.52**	2.07
Printing and stationery	**1.67**	1.38
Directors' Sitting Fees	**0.17**	0.15
Directors' Commission	**-**	0.30
Legal and Professional charges	**4.73**	7.11
Bad debts written off	**10.36**	6.00
Less - Provision withdrawn	**(10.36)**	(6.00)
Provision for doubtful trade receivables	**3.00**	7.60
Provision for diminution in value of long term investments	**0.24**	-
Miscellaneous expenses	**30.19**	18.17
	174.00	191.27

2.18 Exceptional Items

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Exceptional write off of Trade Receivables, and reversal of Unbilled Revenue (Refer note no. 2.21 D)	**(75.40)**	-
CDR Expenses (Merchant Banker, lawyer fees, etc.) (Refer note no. 2.21 A)	**(11.82)**	-
	(87.22)	-

2.19 Tax expenses

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Current Taxes:		
Income tax	-	22.71
Wealth tax	0.02	0.29
MAT credit entitlement	-	(22.97)
MAT credit entitlement reversed	34.22	-
Income tax pertaining to earlier years written off/(back)	25.02	0.04
	59.26	0.07
Deferred taxes (net) reversed	0.00	(11.31)
	59.26	(11.24)

2.20.1 Contingent liabilities to the extent not provided for:

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Contingent Liabilities not provided for in respect of:-		
Outstanding guarantees on behalf of Subsidiaries	264.13	679.10
Premium payable on redemption of FCCB (Refer Note no 2.21 B)	-	43.32
Arrears of Cumulative Preference Dividend (including Dividend Distribution Tax thereon)	7.40	-
Estimated amount of claims against the Company not acknowledged as debts in respect of :		
- Disputed Income tax matters	51.41	6.22
- Disputed Service tax matters (excluding interest as applicable)	175.55	-
- Disputed Sales tax matters	1.72	1.08
- Customer Claims	1.20	0.37
- Others*	14.25	15.42

*Includes claim in respect of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of ₹1.27 crores (as at March 31, 2011 - ₹0.74 crores).

2.20.2 Commitments:

(a) Capital Commitments**

₹ in crores

	As at March 31, 2012	As at March 31, 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3.47	1.53

**Except where amount is not ascertainable in respect of acquisitions as mentioned in note no. 2.23.1

(b) Derivative Instruments:

i) During the year, the Company entered into a foreign currency cum interest rate swap to the tune of USD 26mn (~ ₹ 115 crores). The Company designates this instrument as cash flow hedge against its forecasted foreign currency inflows. The difference in the fair value of the instrument from the date of inception is recognized in Cash Flow Hedging Reserve Account. Accordingly ₹15.36 crores has been debited to Cash Flow Hedging Reserve Account.

ii) The movement in Hedging Reserve Account during the year ended March 31, 2012 for derivatives designated as Cash Flow Hedges is (debit) ₹15.36 crores.

(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 and ₹15.62 crores starting from March 13, 2000 and ₹5.05 crores from March 1, 2003 for building and the same is being amortized over the lease period. All other lease arrangements in respect of properties are renewable/ cancelable at the Company's and/or lessors' option as mutually agreed. The future lease rental payment that the Company is committed to make is:

₹ in crores

	As at March 31, 2012	As at March 31, 2011
- within one year	**8.50**	17.47
- later than one year and not later than five years	**11.68**	19.16
- later than 5 years	**22.78**	22.78

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

₹ in crores

	As at March 31, 2012	As at March 31, 2011
- within one year	**3.74**	106.51
- later than one year and not later than five years	**2.81**	158.25
- later than 5 years	**-**	-

b. Finance Lease : (Refer note no. 2.21 C)

Future minimum lease payments in respect of assets on finance lease as at March 31, 2012

₹ in crores

	Minimum lease payments	**Finance charge**	**Present value of Minimum lease payments**
- within one year	40.44	3.00	37.44
- later than one year and not later than five years	300.44	128.76	171.67
- later than 5 years	**-**	-	-

2.21 Debt Restructure

A. Corporate Debt Restructure :

During the year several external factors such as meltdown in overseas financial markets, RBI monetary policy, ECB guidelines etc impacted the Company's ability to refinance its debts in a timely manner. This led to severe liquidity challenges arising out of a mismatch of loan maturities vis-à-vis the cash flows to the Company which then impacted the timely payment of its loans and interest. As a result of this, the Company filed an application with Corporate Debt Restructuring Cell ("CDR") to recast its debt obligations. A Letter of Approval was issued by the CDR on March 29, 2012, based on which all the lenders connected with the proposal signed a Master Restructure Agreement ("MRA") on March 30, 2012. The significant highlights of the package are as under:

a. Out of the total loans of ₹1,674.12 crores, the CDR package covered ₹1,560.34 crores.

b. 15% of the secured borrowings amounting to ₹130.86 crores and 20% of the unsecured borrowings amounting to ₹122.69 crores, to get converted into equity shares.

c. A common pool of security to be created and the lenders to have charge on those assets in a structured manner as enumerated in the MRA.

d. The principal payments to start after a moratorium of 2 years from the cut-off date, which is October 1, 2011, over 96 structured monthly installments. The interest accrued from the cut-off date till 18 months shall be converted into equity shares at the beginning of every quarter.

e. The rate of interest has been fixed at 14.75% per annum from October 1, 2011 till March 31, 2013 and to be reset at the beginning of every year, thereafter.

f. Additional funding in the form of Terms loans to the tune of ₹58.37 crores to be extended by the lenders upon completion of documentation of MRA.

The financial impacts arising out of aforesaid CDR are as under:

a. Upto March 12, ₹344.76 crores have been taken under Share application money. Interest payable for 2012-13 will be converted into equity capital in terms of CDR package.

b. Share application money of ₹344.76 crores represents principal portion of 'loan' and interest payable from cut off date till March 31, 2012 to be converted into equity capital for which necessary approval from shareholders is being obtained. The lenders would be allotted 17,58,97,959 equity shares of ₹10 each at a premium of ₹9.60 per share. The company has adequate authorized Share Capital for the aforesaid issue.

c. Expenses related to the above restructuring exercise of ₹11.82 crores has been shown under exceptional item.

B. Foreign Currency Convertible Debt ('FCCB'):

The Company has issued four series of Foreign Currency Convertible Bonds (FCCBs) at different points of time; out of the above the details of outstanding FCCBs issues are summarized as follows:

	Third Issue	Fourth Issue
Issue currency	EURO	USD
Issue size	30 million	100 million
Issue date	April 02, 2007	July 26, 2007
Maturity date	April 03, 2012	July 27, 2012
Coupon rate	Zero coupon	Zero coupon

	Third Issue	Fourth Issue
Fixed exchange rate of conversion	₹57.60	₹40.81
Conversions price - post bonus	₹154.32	₹165.94
Number of Convertible Equity Shares as on		
March 31, 2012	**74,65,248**	**1,63,22,273**
March 31, 2011	74,65,248	1,63,22,273
Early redemption option *	Yes	Yes
Conversions / Redemption as at – (in Euro and USD)		
March 31, 2012	**NIL**	**NIL**
March 31, 2011	NIL	NIL
Bought back as at – (in Euro and USD)		
March 31, 2012	**10.00 million**	**33.63 million**
March 31, 2011	10.00 million	33.63 million
Outstanding as at – (in Euro and USD)		
March 31, 2012	**20.00 million**	**66.37 million**
March 31, 2011	20.00 million	66.37 million
Outstanding as at – (in ₹ in crores)		
March 31, 2012	**138.32**	**344.13**
March 31, 2011	127.68	300.55
Contingent premium payable as at - (₹ in crores)		
March 31, 2012	**-**	**-**
March 31, 2011	10.12	33.20

* Subject to certain criteria as per offer document.

On March 22, 2012 the Company launched an Exchange Offer for the Third and Fourth series of FCCBs whereby the Company offered a new series of FCCBs to the existing bond holders on surrender of the earlier series of FCCBs. Out of the Third Issue, 100% of the bond holders and out of the Fourth Issue, 96.33% of the bond holders have surrendered the earlier series of the FCCBs in exchange for the new series of FCCBs, which is effective from April 25, 2012. Consequent to this the Company cancelled 100% of the bonds under the Third Issue and 96.33% of the bonds under the Fourth Issue and replaced them with the new series of FCCBs ('Fifth Issue').

The terms of the Fifth series of FCCBs are as follows:

	US$ 125.356 Million 5% Convertible Bonds
Outstanding Amount	US$ 125.356 Million
Coupon / Yield	5.00% (first coupon payable on April 25, 2013, thereafter, at semi-annual intervals)
Conversion Price	₹16.50
Fixed Exchange Rate	1 US$ = ₹ 50.7908
Maturity Date	April 26, 2017
Redemption at maturity	100%

Further at a meeting of the Bond holders held on April 24, 2012, the terms of the Fourth Issue have been amended as detailed below. This will be applicable to the 3.67% of the bonds under the Fourth Issue.

	US$ 2.435 Million 4.75% Convertible Bonds
Outstanding Amount	US$ 2.435 Million
Coupon / Yield	4.75% (first coupon payable on July 27, 2013, thereafter, at semi-annual intervals computed on the notional value)
Conversion Price	₹165.94
Fixed Exchange Rate	1 US$ = ₹40.81
Maturity Date	July 27, 2017
Redemption at maturity	100%

C. **Leases:**

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

Consequently, the assets are capitalized at their respective fair value so assessed as at October 1, 2011 aggregating to ₹239.00 crores. As a result, the depreciation for the year has increased by ₹28.87 crores and the interest and financial charges has increased by ₹8.08 crores.

The documentation in respect of certain leases are in the process of being executed.

D. **Going Concern & Impairment:**

During the year, the Company underwent various challenges in form of increase in interest rates, non availability of financial assistance at certain crucial time, attrition of senior employees etc. All these led to drop in revenues and profit therefrom, in the last two quarters of this financial year.

As explained earlier, the Company undertook to restructuring of its debts through CDR cell and also renegotiated with the bond holders with respect of its FCCB. Post the debts restructuring, the Company is confident of successful implementation of the CDR package and is also confident of meeting its FCCB obligation. Therefore it has prepared the financial statements on a going concern basis.

Besides the above, the management has also written off on account of unrealizable trade receivables/reversal of unbilled revenue aggregating to ₹75.40 crores & has been shown under exceptional item.

Impairment Analysis of Cash Generating Units (CGUs):

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

The valuation analysis was carried out by an independent expert valuer who has reckoned the projections as considered in the Scheme approved by the CDR Cell, to assess the values generated by these CGUs/Long Term Investments on a going concern basis for the above purpose and such exercise did not reveal any impairment.

Besides the above, the Company is also carrying a payment solution software product of ₹27.23 crores, to be adapted for application in different geographies which is pending for quite some time due to manpower/financial constraints. The management is confident of localizing the product in due course of time and commercially exploit thereafter.

In view of the above, no provision thereof is considered necessary.

Changes in estimates:

Hitherto, the Company's foreign branch was considered as 'non- integral operations' in terms of AS-11 "Accounting for Changes in the Exchange Rates" which on business restructuring during the year is being considered as 'integral operations' w.e.f. January 1, 2012. Consequently, loss for the year is stated lower by ₹0.23 crores.

2.22 Employee Benefit Plans

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

Reconciliation of Benefit Obligations and Plan Assets

₹ in crores

Change in benefit obligation	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Obligation at the beginning of the year	**13.62**	14.26
Interest cost	**1.13**	1.14
Current Service cost	**2.91**	2.79
Benefits paid	**(3.09)**	(2.72)
Actuarial (gain)/loss in obligations	**3.25**	(1.85)
Obligation at year end	**17.82**	13.62

₹ in crores

Change in Fair value of plan assets	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Fair value of plan assets at the beginning of the year	**2.91**	2.71
Expected return on the plan assets	**0.21**	0.22
Contributions by the employer	**0.22**	2.53
Benefits paid	**(3.09)**	(2.72)
Actuarial gain/(loss)on plan assets	**(0.14)**	0.17
Fair value of plan assets at year end	**0.11**	2.91

₹ in crores

Expenses recognized in Statement of Profit & Loss	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Current service cost	**2.91**	2.79
Interest cost	**1.12**	1.14
Expected return on plan assets	**(0.24)**	(0.22)
Net actuarial (gain)/loss recognized during the year	**3.43**	(2.03)
Expenses recognized in Statement of Profit & Loss	**7.22**	1.68

₹ in crores

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

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

Experience Adjustment	**As at March 31, 2012**	As at March 31, 2011
On Plan Liabilities (Gain/Loss)	**4.34**	1.61
On Plan Assets (Gain/Loss)	**(0.17)**	0.17

The liability recognized with respect to Gratuity in the balance sheet as on March 31, 2012 is ₹25.15 crores (as on March 31, 2011 - ₹15.75 crores).

The liability recognized with respect to leave encashment/entitlement in the balance sheet as on March 31, 2012 is ₹1.33 crores (as on March 31, 2011 - ₹7.41 crores). Further due to change in leave policies of the Company, leave entitlement provision is lower by ₹6.52 crores.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/ external factors, a best estimate of the contribution is not determinable

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

2.23.2 (a) In August 2011, the Company has sold its 100% stake in HCCA Business Services Pvt. Ltd. for a consideration of ₹38.50 crores. The net gain on sale of investment being ₹16.53 crores. As per terms of agreement, ₹4.24 crores has been deposited in Joint Escrow Account to be released by August 2012.

(b) During the year, the Company merged one of its wholly owned subsidiary company viz., Fineng Solutions Private Limited, whose business was already acquired by the Company subsequent to receiving court sanction and complying with necessary compliance thereof. The said merger was accounted under 'Pooling of interest Method' as prescribed in the AS -14 "Accounting for Amalgamations". The appointed date of the merger was April 1, 2010. Consequently the excess of investment over networth of Fineng Solutions Private Limited, being ₹27.15 crores is debited to opening balance of Statement of Profit & Loss as envisaged in the scheme and ₹0.01 crores is credited to Capital Reserve Account.

(c) During the year, the Company merged with itself one of its wholly owned subsidiary company viz., J&B Software (India) Private Limited, whose business was acquired by the Company subsequent to receiving court sanction and complying with necessary compliance thereof. The said merger was accounted under 'Pooling of interest Method' as prescribed in the AS -14 "Accounting for Amalgamations". The appointed date of the merger was April 1, 2010. Consequently the excess of investment over networth of J&B Software (India) Private Limited, being ₹7.23 crores is credited to opening balance of Statement of Profit & Loss as envisaged in the scheme.

2.24 As at March 31, 2012, 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 in the course of vendors' registration under the said Act.

2.25 **(a)** In the opinion of the Board, the investments, current and non - current assets, long term and short term loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amount stated.

(b) The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and banks are, however, subject to formal confirmations/reconciliations and consequent adjustments, if any. However there is no indication of dispute on these accounts, other than those mentioned in the Financial Statements.The management does not expect any material difference affecting the current year's financial statements on such reconciliation/ adjustments.

2.26 Auditors' Remuneration

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Audit Fees	**2.03**	1.71
Tax Audit Fees	**0.07**	0.09
Certification Fees	**0.06**	0.10
Others (Services rendered in respect of FCCB and CDR)	**0.51**	-
Re-imbursement of out of pocket expenses	**0.19**	0.10
For Service Tax	**0.29**	0.21
Total	**3.16**	2.21

2.27 Cost of third party products/outsourced services includes:

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Outsourced Cost:		
IT Solutions	**104.21**	87.70
Transaction Processing Charges	**10.42**	12.81
Purchases – Hardware/Software	**60.56**	19.93
Repairs & Maintenance – Computers	**13.78**	4.90
Commission on sales	**0.70**	1.12
Others	**0.73**	2.02
Total	**190.40**	128.48

2.28 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:

		For the year ended March 31, 2012	For the year ended March 31, 2011
Net Profit/(Loss) as per Statement of Profit & Loss (₹ in crores) before exceptional items and Discontinuing Operations		**(224.51)**	119.39
Less: Dividend on preference shares paid (incl. Corporate taxes) (₹ in crores)		**-**	(6.21)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes) (₹ in crores)		**(7.40)**	(1.20)
Profit/(Loss)attributable to Equity Shareholders before exceptional items and impact of discontinuing operations (₹ in crores)	A	**(231.91)**	111.98
Add: Profit/(Loss) due to exceptional items and impact of discontinuing operations (₹ in crores)		**(101.64)**	-
Profit/(Loss) attributable to Equity Shareholders after exceptional items and impact of discontinuing operations (₹ in crores)	B	**(333.55)**	111.98
Weighted average number of Equity Shares outstanding during the year (Nos.)	C	**19,19,86,549**	19,13,76,215
Add : Effect of dilutive issues of options/QIP (Nos.)		**-**	8,03.053
Diluted weighted average number of Equity Shares outstanding during the year (Nos.)	D	**19,19,86,549**	19,21,79,268
Nominal value of Equity Shares (₹)		**10**	10
Before Exceptional Items and impact of Discontinuing Operations Basic EPS (₹)	A/C	**(12.08)**	5.85
Diluted EPS (₹)	A/D	**(12.08)**	5.83
After Exceptional Items and impact of Discontinuing Operations Basic EPS (₹)	B/C	**(17.37)**	5.85
Diluted EPS (₹)	B/D	**(17.37)**	5.83

2.29 Related Party Transactions:

1. List of Related parties where control exists -

Foreign Subsidiaries / step down Subsidiaries -

No.	**Name of Subsidiary**	**Country of Incorporation**
1	3i Infotech Inc.	USA
2	3i Infotech Asia Pacific Pte Limited	Singapore
3	3i Infotech SDN BHD	Malaysia
4	3i Infotech UK Limited	UK
5	3i Infotech (Thailand) Limited	Thailand

No.	Name of Subsidiary	Country of Incorporation
6	3i Infotech (Western Europe) Holdings Limited	UK
7	3i Infotech (Western Europe) Group Limited	UK
8	3i Infotech (Western Europe) Limited	UK
9	Rhyme Systems Limited	UK
10	3i Infotech Holdings Private Limited	Mauritius
11	3i Infotech Saudi Arabia LLC	Saudi Arabia
12	3i Infotech Financial Software Inc.	USA
13	3i Infotech (Africa) Limited	Kenya
14	Professional Access Limited	USA
15	3i Infotech (Middle East) FZ LLC	Dubai
16	J&B Software Inc. .(upto 30th June, 2011)	USA
17	3i Infotech (Canada) Inc (formerly known as J&B Software (Canada) Inc. (Dissolved w.e.f. Nov 2011)	Canada
18	Black Barret Holdings Limited	USA
19	3i Infotech (Flagship-UK) Limited	UK
20	3i Infotech Frameworks Limited	UK
21	3i Infotech (Australia) Pty Limited	Australia
22	3i Infotech Services (Bangladesh) Private Limited	Bangladesh
23	3i Infotech (Kazakhstan) LLC	Kazakhstan
24	Regulus Group LLC (upto 30th June, 2011)	USA
25	Regulus Integrated Solutions LLC (upto 30th June, 2011)	USA
26	Regulus America LLC (upto 30th June, 2011)	USA
27	Regulus Tristate LLC (upto 30th June, 2011)	USA
28	Regulus West LLC (upto 30th June, 2011)	USA
29	Regulus Holdings Inc. (upto 30th June, 2011)	USA
30	Regulus Group II LLC (upto 30th June, 2011)	USA
31	Elegon Infotech Limited	China
32	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD)	Malaysia

Indian Subsidiaries / step down Subsidiaries –

No.	Name of Subsidiary
1	3i Infotech Trusteeship Services Limited
2	aok In-house BPO Services Limited (merged with 3i Infotech BPO Ltd.w.e.f. April 1, 2010)
3	aok In-house Factoring Services Private Limited (merged with 3i Infotech BPO Ltd.w.e.f. April 1, 2010)
4	Professional Access Software Development Private Limited
5	HCCA Business Services Private Limited (upto August 12, 2011)
6	3i Infotech BPO Limited

No.	Name of Subsidiary
7	J&B Software (India) Private Limited (merged with 3i Infotech Ltd. w.e.f. April 1, 2010)
8	FinEng Solutions Private Limited (merged with 3i Infotech Ltd. w.e.f. April 1, 2010)
9	Locuz Enterprise Solutions Limited
10	3i Infotech Consultancy Services Limited
11	3i Infotech Outsourcing Services Limited

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

Directors / Key Management Personnel (KMP): Mr. V. Srinivasan (Managing Director), Mr. Amar Chintopanth (Deputy Managing Director & CFO), Mr. Anirudh Prabhakaran (Executive Director & President – South Asia) till November 2, 2010.

Enterprise in which relative of key managerial personnel has substantial interest – Cadenza Solutions Private Limited, India.

The following transactions were carried out during the year:

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Subsidiaries – 3i Infotech Inc		
Income	**13.69**	25.75
Corporate Charges (Royalty Income)	**13.99**	34.01
Rent Expense	**0.14**	0.55
Purchase/(sale) of Software Meant for sale	**31.41**	8.93
Corporate guarantees given/ (released)	**(468.85)**	(65.97)
Assignment of Advance Receivable to 3i Infotech (Middle East) FZ LLC	**279.37**	-
Subsidiaries – 3i Infotech Holdings Private Limited, Mauritius		
Conversion from Preference shares to Equity Shares	**-**	92.97
Investment in Redeemable Convertible Preference Shares	**3.97**	-
Advances given/(repaid)	**-**	0.48
Investments made in Equity shares	**39.24**	162.06
Assignment of Advance Receivable to 3i Infotech (Middle East) FZ LLC	**1.65**	-
Subsidiaries – 3i Infotech (UK) Limited and its subsidiaries		
Income	**1.21**	1.03
Corporate Charges (Royalty Income)	**3.01**	3.06
Investments made in Equity shares	**-**	8.76
Share application money pending allotment	**-**	(9.97)
Assignment of Advance Payable to 3i Infotech (Middle East) FZ LLC	**2.60**	-

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Subsidiaries – 3i Infotech (Middle East) FZ LLC		
Income	**20.16**	20.58
Corporate Charges (Royalty Income)	**3.41**	2.47
Corporate guarantee given/(released)	**26.13**	41.13
Purchase of Intellectual Property Rights (IPR)	**450.10**	-
Sale of Intellectual Property Rights (IPR)	**-**	34.21
Assignment of Advance Receivable from various subsidiaries	**354.11**	-
Subsidiaries – 3i Infotech Saudi Arabia LLC		
Income	**1.83**	1.12
Corporate Charges (Royalty Income)	**0.47**	0.49
Assignment of Advance Receivable to 3i Infotech (MiddleEast) FZ LLC	**57.72**	-
Subsidiaries – 3i Infotech Asia Pacific Pte Ltd		
Investment in Equity Shares	**14.22**	-
Income	**0.79**	8.44
Corporate Charges (Royalty Income)	**0.86**	1.73
Corporate guarantee given/(repaid)	**11.41**	-
Assignment of Advance Receivable to 3i Infotech (MiddleEast) FZ LLC	**2.57**	-
Subsidiaries – Elegon Infotech Limited		
Income	**-**	0.01
Corporate Charges (Royalty Income)	**0.11**	0.17
Share application money pending allotment	**-**	(35.17)
Purchase of IPR	**-**	34.21
Purchase of Services	**-**	17.02
Corporate guarantees given/(released)	**(8.27)**	8.27
Assignment of Advance Payable to 3i Infotech (MiddleEast) FZ LLC	**4.27**	-
Subsidiaries – 3i Infotech Consultancy Services Limited		
Purchase of Services	**75.04**	58.74
Income	**2.50**	-
Investment in Equity Shares	**-**	28.95
Sale of Investments of Delta	**-**	26.13
Subsidiaries – 3i Infotech BPO Limited		
Income	**1.42**	2.14
Purchase of Services	**10.33**	0.01
Loans granted/(repaid)	**-**	(0.54)
Loans taken	**21.97**	-
Investment in Equity Shares	**-**	50.60
Advances given/(repaid)	**-**	(45.82)

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest Expense	**0.98**	-
Subsidiaries Locuz Enterprise Solutions Limited		
Income	**16.56**	-
Purchase of Services	**6.30**	2.25
Investment made	**-**	10.55
Advances given/(repaid)	**4.00**	-
Corporate guarantees given/(released)	**3.00**	17.00
Subsidiaries – Others		
Income	**3.53**	24.36
Corporate Charges (Royalty Income)	**1.37**	0.15
Purchase of Services	**0.52**	11.89
Rent Income	**0.81**	-
Sale of software	**-**	8.93
Loans granted/(repaid)	**(33.41)**	(8.06)
Investment in Equity Shares	**-**	0.63
Advances given/(repaid)	**-**	(12.67)
Loans taken/(repaid)	**2.77**	1.96
Corporate guarantees given/(released)	**6.21**	1.20
Interest Expense	**0.62**	0.40
Share Application Money	**-**	(0.06)
Provision for dimunition in investment	**0.20**	-
Share Application money written off	**0.04**	-
Assignment of Advance Receivable to 3i Infotech (MiddleEast) FZ LLC	**19.67**	-
Directors / KMP - Mr. V. Srinivasan		
Remuneration *#	**7.69**	8.78
Directors / KMP - Mr. Amar Chintopanth		
Remuneration *	**2.91**	3.54
Expenses	**0.14**	0.33
Directors / KMP - Mr. Anirudh Prabhakaran		
Remuneration	**-**	1.82
Cadenza Solutions Private Limited, India		
Income	**0.18**	-
Expenses	**0.14**	0.08

*Includes Retention Incentive amount payble to Managing Director as at March 31, 2012 ₹5.33 crores (as at March 31, 2011 ₹2.67 crores) and Deputy Managing Director and CFO as at March 31, 2012 ₹1.83 crores (as at March 31, 2011 ₹0.92 crores) and not yet paid.

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

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

Outstanding Balances

₹ in crores

	Outstanding balance as at March 31, 2012	Outstanding balance as at March 31, 2011
Subsidiaries – 3i Infotech Inc		
Financial / Corporate Guarantee	**41.48**	507.38
Advances Receivable	**-**	243.16
Subsidiaries – 3i Infotech Holdings Private Limited, Mauritius		
Investment in Equity Shares	**991.31**	952.07
Trade Receivable	**-**	1.44
Investment in Redeemable Convertible Preference Shares	**486.61**	428.23
Share Application Money	**1.56**	38.81
Subsidiaries – 3i Infotech (UK) Limited and its subsidiaries		
Investment in Equity Shares	**355.73**	355.73
Trade Payables	**-**	6.25
Corporate Guarantees	**22.18**	14.52
Subsidiaries – 3i Infotech (Middle East) FZ LLC		
Corporate Guarantees	**134.81**	108.68
Trade Payables	**32.74**	-
Receivable towards sale of IPR	**-**	6.79
Subsidiaries – 3i Infotech Saudi Arabia LLC		
Investment in Equity Shares	**0.67**	0.67
Trade Receivable	**-**	32.63
Subsidiaries – 3i Infotech Asia Pacific Pte Ltd		
Investment in Equity Shares	**21.20**	6.98
Corporate Guarantees	**11.41**	-
Trade Receivable	**-**	18.22
Subsidiaries – Elegon Infotech Limited		
Investment in Equity Shares	**11.82**	11.82
Trade Payables	**-**	7.08
Corporate Guarantees	**-**	8.27
Subsidiaries – Locuz Enterprise Solutions Limited		
Investment in Equity Shares	**22.80**	22.80
Corporate Guarantees	**32.00**	29.00
Trade Receivable	**-**	16.88
Trade Payables	**5.85**	-
Subsidiaries – 3i Infotech Consultancy Services Limited		
Investment in Equity Shares	**37.04**	37.04
Trade Payables	**22.86**	9.55

₹ in crores

	Outstanding balance as at March 31, 2012	Outstanding balance as at March 31, 2011
Corporate Guarantees	**18.55**	6.05
Subsidiaries – 3i Infotech BPO Limited		
Investment in Equity Shares	**66.71**	66.71
Loan Payable	**2.47**	-
Loan Receivable	**-**	0.54
Trade Payables	**22.32**	0.58
Corporate Guarantees	**3.70**	3.70
Subsidiaries – Others		
Investment in Equity Shares	**0.01**	62.63
Corporate Guarantees	**-**	1.50
Trade Receivable	**3.37**	44.02
Trade Payables	**0.20**	9.95
Share Application Money	**-**	0.04
Loan Payable	**7.99**	5.22
Directors / KMP - Mr. V. Srinivasan		
Remuneration Payable	**5.53**	2.67
Directors / KMP - Mr. Amar Chintopanth		
Remuneration Payable	**1.89**	0.92
Cadenza Solutions Private Limited, India		
Receivable	**0.05**	-

3. Related party as identified by the management and relied upon by the auditor.

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

2.30 Foreign exchange currency exposures not covered/covered by derivative instruments as at March 31, 2012:

₹ in crores

Particulars		**As at March 31, 2012**		As at March 31, 2011	
	Currency type	**Amount (Foreign currency in crores)**	**Amount (₹ in crores)**	Amount (Foreign currency in crores)	Amount (₹ in crores)
Foreign Currency Convertible Bonds	**USD**	**6.64**	**344.13**	6.64	300.55
	EUR	**2.00**	**138.32**	2.00	127.69
Redeemable Convertible Preference Shares	**USD**	**6.72**	**348.28**	6.64	300.55
	EUR	**2.00**	**138.32**	2.00	127.69
Net Current Assets	**USD**	**(0.60)**	**(31.11)**	6.86	311.83
	GBP	**-**	**-**	0.09	6.25
Secured Loans*	**USD**	**2.60**	**115.00**	-	-
Cash Credit	**USD**	**1.20**	**62.22**	-	-

* This foreign exchange currency exposure is covered by derivative instruments (Cross Currency and Interest Rate Swap) as at March 31, 2012.

2.31 Residual Dividend represents dividend on shares issued (entitled to previous year dividend) between the date of proposed dividend and record date. Residual dividend of ₹Nil crores (inclusive of tax of ₹Nil crores), for the year ended March 31, 2011 ₹4.03 crores (inclusive of tax of ₹0.57 crores)), is appropriated out of Statement of Profit & Loss.

2.32 CIF value of imports & expenditure in foreign currency:

₹ in crores

	For the year ended March 31, 2012	For the year ended March 31, 2011
a. CIF value of import of:		
Capital goods- Software meant for sale	**691.04**	9.00
b. Expenditure in foreign currency in respect of:		
(i) Cost of outsourced services and bought out items	**1.86**	5.86
(ii) Travelling and other expenses	**2.95**	5.35
(iii) Dubai branch expenses * (net of chargeouts and provision for doubtful trade receivables and bad debts written off)	**-**	8.55
c. Dividend remitted in foreign currency		
Number of shares	**46,34,536**	46,34,536
Dividend for the year	**2010-11**	2009-10
Amount remitted	**0.69**	0.69
d. Earnings in foreign currency		
(i) Income from operations	**98.56**	173.91
(ii) Sale of Software-Meant for sale	**259.70**	-

2.33 a) During the year, the Financial Statements have been prepared in accordance with Revised Schedule VI. Figures for the previous year have been re-grouped/re-arranged, wherever considered necessary to conform to current year's presentation.

b) ₹0.00 crores denotes figures less than ₹50,000.

Signatures to Notes 1 & 2

For and on behalf of the Board

V. Srinivasan
Managing Director

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Deputy Managing Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, May 16, 2012

Notes

Notes

Designed and Printed at Print House India Pvt. Ltd.

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