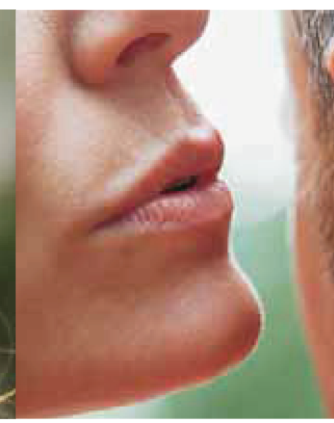
3i Infotech®

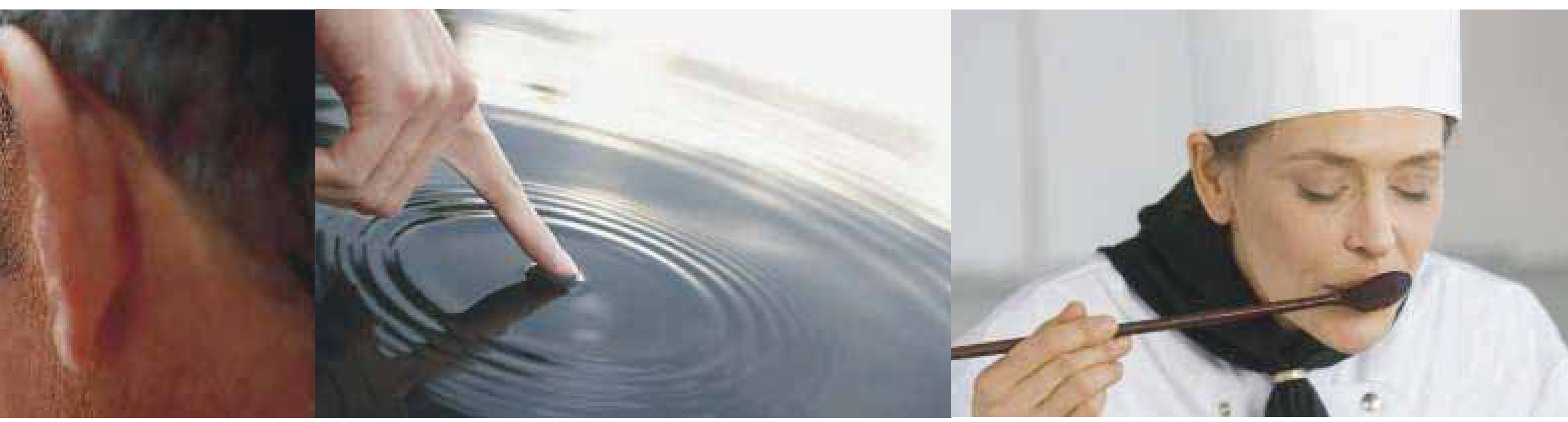
Innovation • Insight • Integrity

ANNUAL REPORT 2009-2010

Five senses - one holistic entity.







ANNUAL REPORT
2009-2010

Company Details

Board of Directors:

Mr. Hoshang N. Sinor, Chairman

Dr. Ashok Jhunjhunwala, Director

Dr. Bruce Kogut, Director

Mr. Dileep C. Choksi, Director

Mr. Samir Kumar Mitter, Director

Ms. Vishakha Mulye, Director

Mr. V. Srinivasan, Managing Director & Chief Executive Officer

Mr. Amar Chintopanth, Deputy Managing Director & Chief Financial Officer

Mr. Anirudh Prabhakaran, Executive Director & President - South Asia

Principal Bankers:

Axis Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

Standard Chartered Bank

Auditors:

Lodha & Company

R.G.N. Price & Co.

Legal Advisors

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Corporate Office:

3i Infotech Limited

6th Floor, Akruti Centre Point,

MIDC Central Road,

Next to Marol Telephone Exchange,

Andheri (E), Mumbai - 400 093, INDIA

Tel: +91 22 39145538

Fax: +91 22 39145520

Executive Management:

V. Srinivasan, Managing Director & Chief Executive Officer

Amar Chintopanth, Deputy Managing Director & Chief Financial Officer

Anirudh Prabhakaran, Executive Director & President - South Asia

Babu Venkatesh, CEO, Professional Access (Subsidiary of 3i Infotech)

Chandrashekar M.S., Executive Vice President and Head - Banking & Investment Management

Debneel Mukherjee, President & CEO - Asia Pacific

Jayaraman Jagannadhan, Executive Vice President and Head - Insurance, ERP & Payment Solutions

Kathleen Hamburger, President & CEO - North America

Padmanabhan Iyer, Executive Vice President and Chief Operating Officer - Elegon Infotech Limited (Subsidiary of 3i Infotech)

Pankaj Chawla, President & CEO - Middle East, Africa, Russia and CIS

Som Sarma, President - Western Europe & Global Head - IT Services

Sripat Pandey, Head - Mergers & Acquisitions

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

Registered Office:

3i Infotech Limited
Tower # 5, 3rd to 6th Floor,
International Infotech Park,
Vashi, Navi Mumbai - 400 703, INDIA
Tel: +91 22 67928000
Fax: +91 22 67928095

A Solutions Company

Most of us are blessed with five senses.

needs to deploy

However, some of us make extraordinary use of them

all five senses and more.

to deliver extraordinary results!

We do.

Like the artist, who sees a masterpiece before it is created…

The master blender of fragrances, who sniffs out potential opportunities…

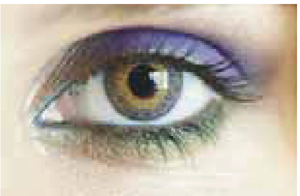
The counselor, who hears more than what is said…

The gourmet chef, who tastes the most subtle flavors in order to create success stories…

And the masseuse, who uses the sense of touch to heal and rejuvenate.

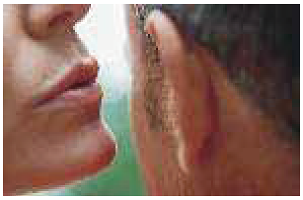
All of them deploy the senses they are blessed with to the ultimate degree. Pushing the frontiers of human potential and outdoing the limits of experience.

In much the same way, **3i Infotech deploys its five senses and more to deliver success beyond the ordinary, to its stakeholders around the world.**



Using its sight to see and keenly **study the evolving needs of customers** in order to create solutions which would address their business needs…

Sniffing out opportunities for growth across geographies and providing customized solutions pertinent to the region, thus making us globally present and locally relevant…



Listening to customers and analysts alike, because their valuable feedback helps the Company evolve for the better…

Touching the lives of employees with democratic empowerment and encouraging them to be more than they are right now…

Tasting success repeatedly, for over a decade…

And **leveraging our sixth sense to go beyond the obvious**, to truly bring alive the Company's vision and mission with a strong belief in our core values.

At 3i Infotech, we believe in doing better than our best to help your Company leap across various challenging frontiers. We truly hope that we have been able to live up to your dreams and will always continue to do so, in the years ahead.

Chairman's Message

Dear Members,

It gives me great pleasure to welcome you to the 17th Annual General Meeting of your Company and share with you the progress your Company has made, in spite of the last year having been a difficult one.

The year 2009 is sure to find a place in history, although not for the best of reasons. There are inflexion points in world economic history, when everything seems to go wrong at the same time and the year gone by was one such. Institutions that were supposed to guard against economic chaos seemed clueless and many business leaders who were, till then, hailed as visionaries, were at best looking confused and uncertain. More than anything else, the fabric of trust has been shaken and it will need a lot of work to rebuild trust. The best that can be said is that 2009 is behind us and we are now on the cusp of a truly new era, that is both promising, but has the potential to be unsettling as well.

The global economic scenario is still very fragile. The crisis of confidence which we felt was over has been rekindled with the economic crisis that Europe is now facing. Given the importance of Europe as an integrated entity, it is most likely that the Governments there will do everything possible to tide over this crisis. Tomorrow it is likely that some other factor, as yet unknown, may create one more such crisis. It is amply clear that we are in for a decade where uncertainties, big and small, will be the order of the day. Economies and businesses will have to learn to develop coping mechanisms that not only address survival, but also keep their growth DNA alive and active.

The Indian economy seems poised for a growth rate of 8 to 10% per annum over the next decade. I feel that while supply side constraints clearly exist, there are many policy level initiatives that will yield us good dividends in the years to come.

Thus the overall global view seems to present a landscape that, on the one hand, offers opportunities which can be availed of, and on the other, has risk factors and threats, some of which may not even be apparent at the present moment.

In such a scenario, it is interesting to observe the approaches adopted by various IT companies in the global marketplace. While a majority of the Indian IT companies have taken the routes of legacy modernisation and Application Development and Maintenance Services (ADMS) for building scale in their operations, the global multinational companies have always been competing on their strength of the industry knowledge in various industry verticals such as Banking, Financial Services, Insurance, Manufacturing, Retail, Telecom and so on. It is only in the last few years that the larger Indian IT companies have started building deeper competencies in the industry domains.

On the other hand, your Company has deep domain capabilities, especially in the Banking and Financial Services sectors, through an impressive array of products, solutions and solution accelerators. This is no mean achievement and at a time when the Indian IT industry is gravitating towards finding its feet in the industry domain, we have an advantage in such powerful differentiation.

Your Company has over 1500 customers across 50 countries in 5 continents. Of these, 78 are Fortune 500 Companies, indicating the faith and confidence placed in your Company by large customers.

With the powerful differentiation indicated above and a diverse customer base across geographies, coupled with the learnings during the last couple of years, I am sure that your Company will continue to consolidate and grow in the years to come.

I thank you for your ongoing support in our journey so far. As we progress and grow, I look forward to your continued support in future.

Warm Regards,

Hoshang N. Sinor

Managing Director & CEO's Message

Dear Members,

This is the 11th year of our operations as a technology company and we have come a long way in this journey of building a global organization. The last financial year has been a challenging one for us and the IT Industry. The business environment was volatile and with no clear business visibility, we looked at the year 2009-10 as a year of consolidation. It involved keeping focus on markets and concentrating on bringing in greater operational efficiencies across businesses. The year brought in some external challenges both for us and the economy as a whole, but we have emerged as a strong and resilient company and are well poised to continue our growth trajectory.

Highlights of the Year

During the last year notable contributions have been made, not only in terms of revenue generation, but also by conserving costs, thereby enabling us to maintain our margins as we increased our volume of business. I am glad to inform you that our Company has reported all-round growth, both in the last quarter, and also for the financial year ended March 31, 2010.

The consolidated revenue for the year is at Rs. 2,468.75 crores, a growth of 7.1% over the previous year. Operating profit is at Rs. 503.14, a growth of 11% over the previous year and operating margins improved to 20.4%. Profit after tax and before exceptional items and impact of discontinuing operations is at Rs. 265.95 crores.

The North America geography continued to be the largest contributor to our revenue and profits, with a 55% share of our global revenue, followed by South Asia geography at 26%. Middle East Africa, Russia and CIS (MEARC), Western Europe and Asia Pacific contributed to the balance 19%.

Our segment-wise revenue break up now stands at: software products 32%, IT services 31% and transaction services 37%.

Our diverse markets, unmatched product breadth and global reach provided excellent opportunities to further penetrate our broad customer base and also expand our footprints in new markets.

In June 2009, we acquired the J. P. Morgan Treasury Services' National Retail Lockbox business. This acquisition further strengthens our footprint in the transaction processing business in the North America region.

During the year, we consolidated all the domestic BPO businesses under a new subsidiary 3i Infotech BPO Ltd.

We had two phases of Qualified Institutional Placements (QIP) aggregating to Rs. 500 crores.

Our Achievements

The good performance of our geographies and business units has helped our Company figure prominently in many well regarded international and domestic rankings as under:

- **The 189th largest company in India (Business Standard 1000 Feb'10)**
- **Among the top 3 largest software product companies in India (Dataquest Aug'09)**
- **Ranked 32nd in the list of Top BFSI service providers in North America (FinTech 100 Oct'09)**
- **Fastest growing technology company (Deloitte Fast 50 Growth of 249% over 3 years)**

These rankings further reiterate the high quality of our people, products and services, more so as we have been progressively moving up in these rankings.

It is also a matter of great pride for all of us that 3i Infotech qualified to win the “WorldBlu List of Most Democratic Workplaces 2010” Award. WordBlu an Austin, Texas (USA) based company, specializes in organizational democracy and freedom-centered leadership. 3i Infotech is one of only three companies from India and 44 worldwide, to win this award. This recognition reinforces our commitment to continue to be among the World's Most Democratic Workplaces.

Leaving a Tough Year Behind Us

The year 2009-10 was a tough year for all the economies across the globe. After the global economic downturn, the year witnessed substantial volatility in commodity prices, inflation and decline in GDP rates. Industries worldwide were in the process of re-engineering themselves to face the challenges presented by the changes in the macro-economic environment and the significant uncertainty and complexity accompanying them.

The second half of 2009-10 witnessed recovery in the global markets with marked improvement in the financial conditions. Asian and emerging markets were able to weather the ongoing financial upheaval a lot better than expected, which paved the way for recovery. Governments as well as Central Banks assessed the situation and promoted measures including growth stimulus packages, capital infusion, guarantees and large interest cuts. This brought in fresh liquidity and helped in credit offtake on the one hand while on the other, most governments involved in bail-out packages also subjected their banks to a series of stress tests which brought about greater accountability. The bold steps by the Governments and the Central Banks increased investor confidence while curbing financial uncertainty.

Discontinued Business

As you all would be aware we entered the retail G2C business sometime in the calendar year 2007 by successfully bidding for setting up Citizen Service Centers across various states. In line with this decision, we had set up around 6,500 centers for taking up both G2C and B2C activities in compliance with the bid conditions. However, as we were moving along making investments, the business environment in the retail G2C and B2C business became extremely unviable owing to both, the data availability for G2C activity and the general reduction in retail business in India. This forced us to re-estimate the gestation period for this business and based on these estimates, while the payback period got extremely long, we had to make commitments for future investments in capital and revenue expenditure going forward. This would have drained the Company of a lot of cash without there being a clear visibility about the payback.

Contd...

Considering these facts, we felt that it was in the best interest of the Company to exit this business and not make any further investments in it. As a consequence, the investments already made in this business had to be written off. We have therefore taken a one time write off of the total investments of Rs. 260.46 crores in this business. We believe that this decision has helped tremendously in preventing further cash outflows on this business in future and has thus helped in the overall cash conservation.

Going Forward

The Gartner report on IT spending for 2010 predicts growth in the US and Western Europe at around 3% each and MEARC and Asia Pacific at around 5% each. This is positive for us as we are present in a large way in these markets. Latin America is predicted to have a growth of 8.8% and Canada at 4.7%, both of which could be potential markets for us. The highest growth in IT spending is seen in Software and IT Services, which is our focus area.

With growth having been predicted in all the markets that we operate in, we will focus on the following areas to ensure that we take advantage of this growth going forward:

- **The developed markets, which constitute 60% of our business, are primarily enterprise software markets, which mean that the markets address IT requirements of large organizations. In these markets, we will concentrate in a big way on IT services in the space of application development & maintenance, IT infrastructure and transaction services.**
- **The emerging markets, which constitute the remaining 40% of our business, are large growth markets but primarily on the retail side. Within the enterprise segment these markets are more shrink wrapped or close to shrink wrapped solutions markets, rather than large outsourcing markets. We will have a continued focus on these markets through our IP (products) based IT solutions.**
- **Having in our fold many Fortune 500 clients, cross selling and up selling our solutions and services is going to be a major part of our strategy.**
- **With the combined strategy outlined above, along with a clear focus on Large Account Management, we are sure to take advantage of different levels of growth potential in different markets developed and emerging.**

Keeping Pace with Technology through R&D

We continuously invest in research and development (R&D) so that our products keep pace with changing market requirements and technology trends and remain competitive. We focus our R&D efforts on enhancing our existing products to ensure scalability by creating multi-lingual versions, upgrading technology and architecture to new and diverse platforms, refining our methodologies, tools and techniques, benchmarking and performance tuning.

The Company also has a Global Research Center (GRC) for Planned Research and Request Based Research.

Corporate Social Responsibility

While concentrating on our business activities, we continue our corporate social responsibilities towards the needy and underprivileged. 3i Infotech sponsored over 100 underprivileged students for Microsoft education under the 3i Infotech Foundation program, I-SERV Disha. This initiative was planned along with an NGO, 'WORD' (Women's Organization for Rural Development) from Namakkal, Tamil Nadu.

The Company has also been actively supporting the initiative by SODEWS (Society for the Development of Economically Weaker Section), an NGO, which had been asked by the Government of Tamil Nadu to take up projects in the field of education, health and community development. The Company has been extending support to SODEWS in funding the project for construction of toilets in schools.

We also extended our support to a voluntary organization based in Chennai, which works with children and young adults who are afflicted with cerebral palsy and other neurological disabilities. We sponsored as a pilot, a few portable speech synthesizers that enable people with cerebral palsy to communicate by converting their muscle movements into speech by the use of a touch screen.

Apart from this, the Company has also donated to various other charities.

Employees - Our Strength

It is a well known fact that the IT industry operates in an exciting yet complex and demanding environment. In such an industry, it is the skill and competency of the workforce that makes the difference. Our employees are our key strength and we value them as our key assets. It has always been our endeavor to maximize the potential of this human asset. The 3i Infotech family consists of over 15,000 talented professionals based at various locations world wide. For more than a decade, we have shared an excellent employer employee relationship based on trust, mutual respect, shared aspirations and a performance based culture of meritocracy. At 3i Infotech, we consider employees as partners in our journey towards excellence. Recruiting talented employees, managing them, inspiring them to do well consistently is one of our main focus areas.

As a global organization, we feel proud of our diverse workforce. An open mindset, a flair for diverse cultures and the quest for excellence in performance is highly valued at 3i Infotech. Employee contribution, strong values and teamwork are instrumental in our success and have helped us traverse this challenging path. We strongly believe that our able workforce will go a long way in partnering the organization in its journey towards achieving greater heights.

Acknowledgement to Stakeholders

I would like to thank all our shareholders, investors, employees, customers, partners and all our other stakeholders. With our focused business strategy, dynamic management team and a pool of professional talent, we are poised for growth. We look forward to your continued support in the coming year.

Warm Regards,

V. Srinivasan

Seeing the need for differentiated solutions

At 3i Infotech, we keep a sharp eye on the road ahead. It is this foresight that helps us design solutions in sync with evolving needs - well in advance.

3i Infotech®

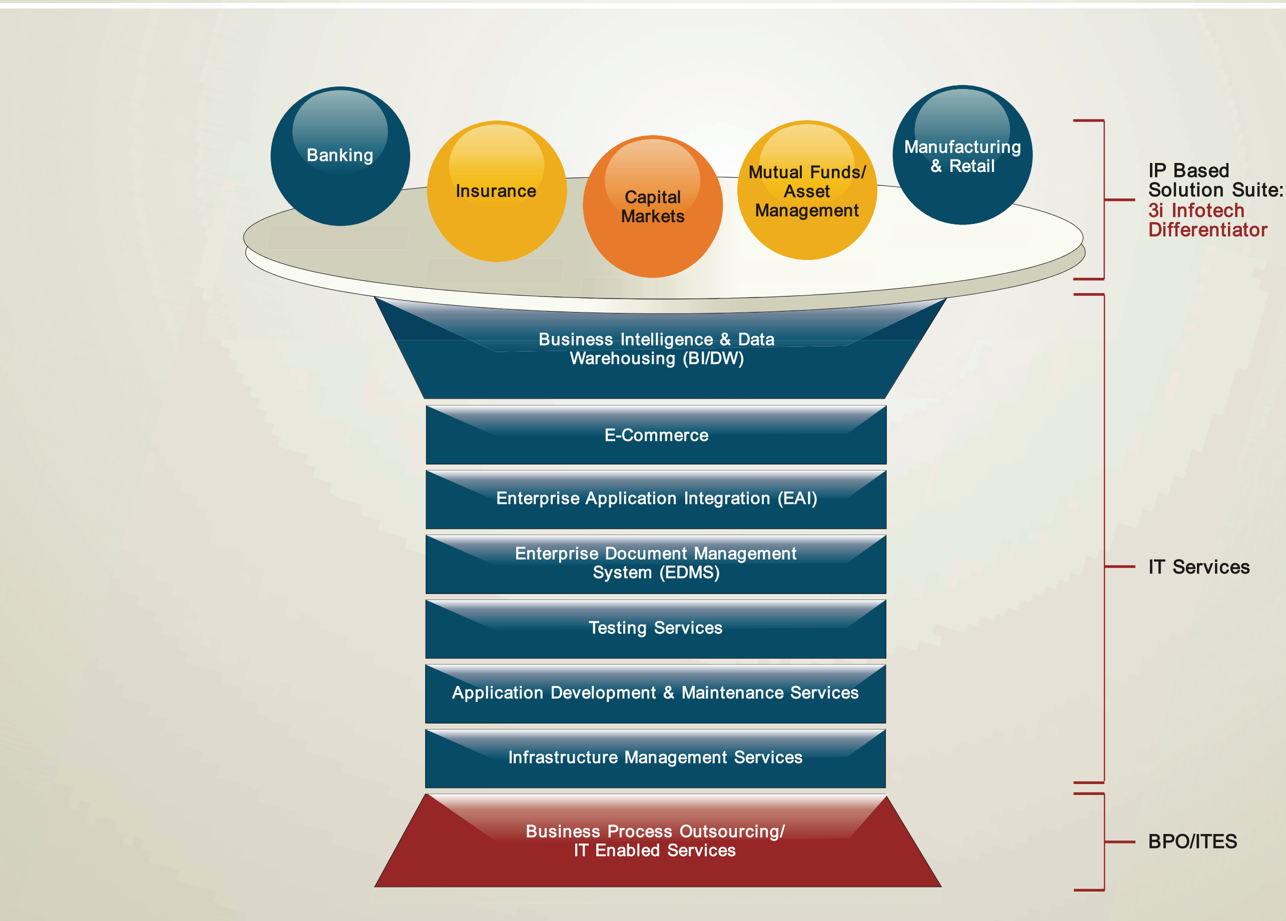
Innovation • Insight • Integrity

In today's fast paced and competitive world, a differentiated solutions approach is the business language of the day. Technology for business has risen above cost savings to having a focus on specialized offerings that help achieve operational excellence and put organizations on a path of enhanced performance.

With over 20 IPRs and a diverse portfolio of IT solution offerings, we are aptly positioned to comprehend the changing business needs of our customers and deliver value to them.

This approach has enabled us to address the requirements of customers across several vertical segments such as Banking, Insurance, Capital Markets, Mutual Funds, Manufacturing & Retail, Government and Telecom sectors with offerings that span IT solutions (both IT Services and Software products) and BPO / IT Enabled Services. Our 1500 customers of which as many as 78 figure in the Fortune 500 list, bear testimony to the fact that the above differentiated approach has been widely accepted and appreciated. These customers are spread across 50 countries in 5 continents, thus establishing us through our solutions, as being globally present and locally relevant.

Differentiating Domain Capability with Product/Solution Accelerators



Sniffing out opportunities

3i Infotech is adept at sniffing out opportunities - whether they are launching new businesses or expanding into new markets, our sense of smell leads us to providing just the solutions required by our customers.

As the world's businesses get more closely connected, competition gets even more fierce among service providers. In such a situation the need for differentiation, innovation and staying a step ahead becomes even more relevant.

Around 10 years ago, when the Y2K boom had just got over and software outsourcing seemed to be the only way forward for Indian IT companies, 3i Infotech smelt an opportunity in software products. It acquired over 20 IPRs and in the process went on to become the third largest Indian software products company.

When the majority of Indian IT headed only for the developed markets to find their fortune, we recognized an opportunity even in the emerging markets; today these account for as much as 40% of our global revenues.

The fact that 3i Infotech, the IT organization, was created out of a significant financial services conglomerate seemed to make the Banking and Financial Services (BFS) vertical a natural market for new business. The BFS sector today brings in over 70% of the company's global revenues from this sector.

As retail organizations in the US strive to remain competitive, contain costs and expand business, entering the e-commerce arena, with a judicious acquisition in the US, once again was the right move at the right time for us, bringing us several Fortune 500 clients.

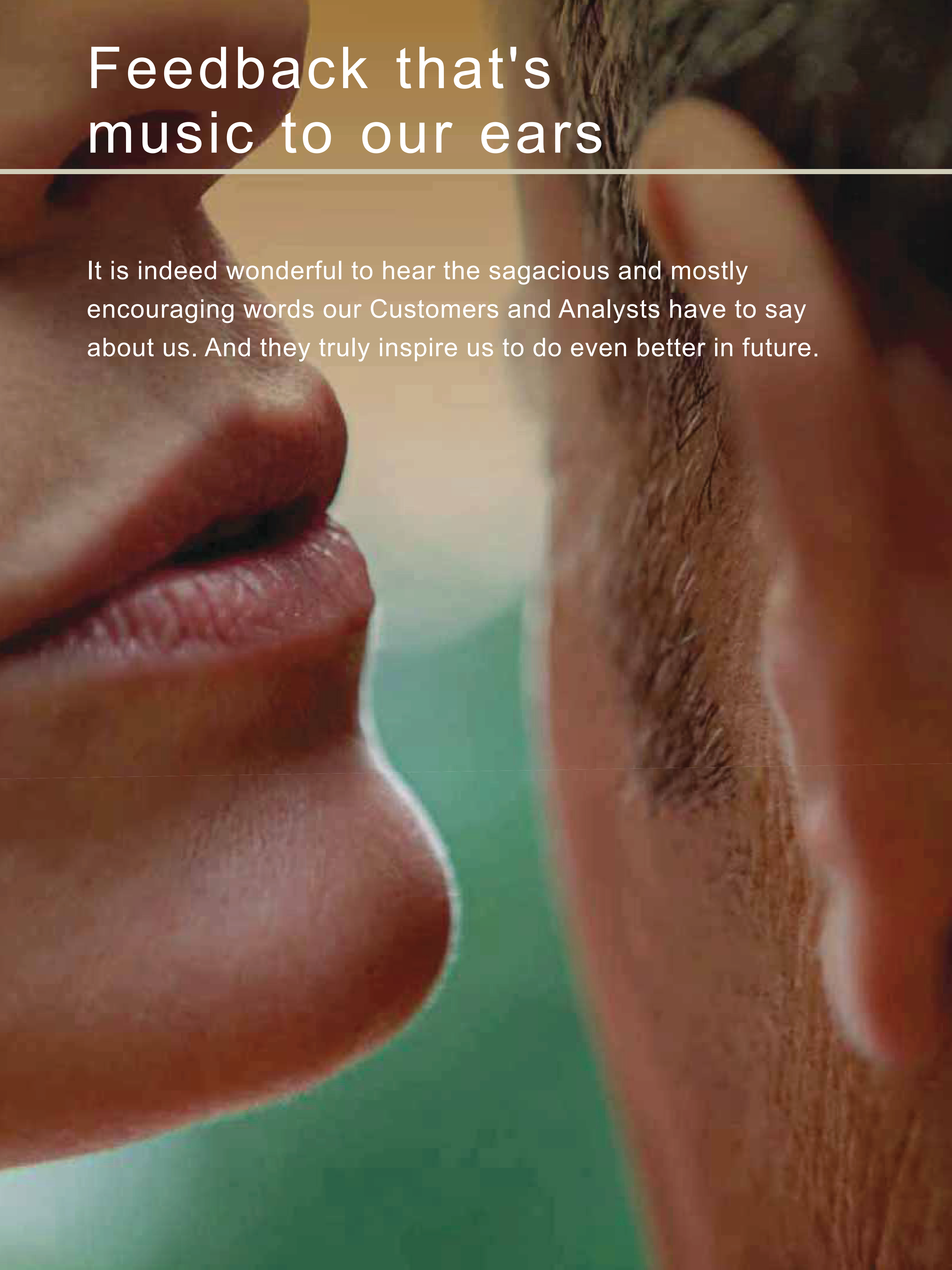
As organizations, particularly those in developed economies, prefer to concentrate on their areas of core competence and outsource transaction related activities, BPO operations in the area of remittance processing presented a good opportunity. Today this line of business provides us 30% of our global revenues.

Even our IT services are not the vanilla services one normally sees. Backed by our IP based domain expertise, we are able to customize our solutions, arising out of an understanding of our customers' problems and our ability to partner in addressing these issues.

Each such opportunity, and consequent move made by us, has paid off handsomely, evidenced by over half a billion dollars in revenue in just a decade of operation as an IT company.

Feedback that's music to our ears

It is indeed wonderful to hear the sagacious and mostly encouraging words our Customers and Analysts have to say about us. And they truly inspire us to do even better in future.



Listening to our customers and analysts talk about us always gives rise to mixed emotions. While we feel proud of the high esteem they hold us in and their faith in our prowess, even their occasional criticism helps us introspect and turn words into valuable feedback - a process by which we can improve on areas which need attention. Featured below are what some of our partners in success have to say about us.

Analyst feedback

Analyst feedback

"It has been interesting for IBS Intelligence, as the industry's primary publishing, research and consulting company in the financial services back office and operations space, to watch the evolution of 3i Infotech. We have been following the company since its outset and it has become an important player on the market. It has a broad suite of solutions, with specific strengths in Primary lending, Wholesale banking, Islamic banking and Wealth management and has a varied, international user base."

- Martin Whybrow, Director, IBS Intelligence, UK

Analyst feedback

"3i Infotech has a solid offering for insurers in emerging markets which is supported by a capable on-shore/off-shore services delivery arm. In mature markets like North America, the established BPO services and growing IT Services offerings position them well for the cost-focused coming years in the Insurance sector."

- Catherine Stagg-Macey, Senior Analyst, Celent

Analyst feedback

Customer feedback

Custo

Customer feedback

3i Infotech has experienced personnel and unrivalled knowledge of the industry. Therefore, we have not needed to look at other core processing systems. I am not aware of any better platform than rhymeSIGHT™ to sit at the center of our IT architecture. Clients are not interested in how the systems work they just want quality output, delivered on time.

- Paul Chavasse, Chief Operating Officer, Rathbone Investment Management

The 3i Infotech team has been very professional in their approach right through their engagement with us. Their smooth and customer friendly interaction with us extended right from the sales cycle through to the implementation phase. We are very happy with the product Mfund™ and truly believe it to be a great contribution to our company.

- Akshay J. Kothari, Assistant General Manager, National Investment Funds Co., Oman

3i Infotech has been providing extensive support in the areas of software development and maintenance, IT Infrastructure services and back office processing over the last ten years to ICICI Bank. These services have consistently met our demanding standards.

- Pravir Vohra, Group CTO, ICICI Bank

3i Infotech as our IT Services provider for Facilities Management, LAN, Network Security Management and user level Hardware AMC Services, is working very closely with our team in ensuring highest levels of customer satisfaction to our IT users.

- Vijay Sethi, CIO, Hero Honda Motors Limited

Customer feedbac

Exim Bank was looking for a comprehensive treasury solution and after a rigorous search process we found KASTLE™ Treasury solution from 3i Infotech. The solution matched our requirement as it covers the entire treasury needs of our Bank.

- Thitinan Itarat, Vice President, Treasury, Export-Import Bank of Thailand

omer feedback

3i Infotech has delivered as promised. The improvement was immediate, significant, and ongoing. The results we've achieved are well aligned with CN's focus on process improvement.

- Chris Webb, Manager, Revenue Management Reporting, CN - North America's Railroad

We have been using Premia™ since 2001. It is a good technology solution for the General, Life and Takaful insurance segments. 3i Infotech has extensive domain knowledge and we are happy with the delivery and attention their team provides. We are pleased to refer them to the Insurance market in and outside GCC.

- Omer Hassan Elamin, CEO, Arab Orient Insurance, DUBAI, UAE

Kastle™ Treasury Management System has enabled us to streamline operations, improve efficiencies and enhance our service offerings. We believe the system is not only functionally superior, but technically robust and scalable as well. It thus provides us with competitive advantage to stay ahead and offer new and improved products and services to delight our customers.

- Anil Kamath, General Manager, Treasury, Dena Bank

KPI was looking for a solution for its end to end insurance operation and after a rigorous search process we found PREMIA™ from 3i Infotech to fit in with our requirements perfectly. We are happy with the professionalism and the domain knowledge shown by the team and we are sure that we have made the right decision by selecting PREMIA™.

- Vasin Padoongkit, Vice President, Information Technology, Krung Thai Panich Insurance (KPI)

ck

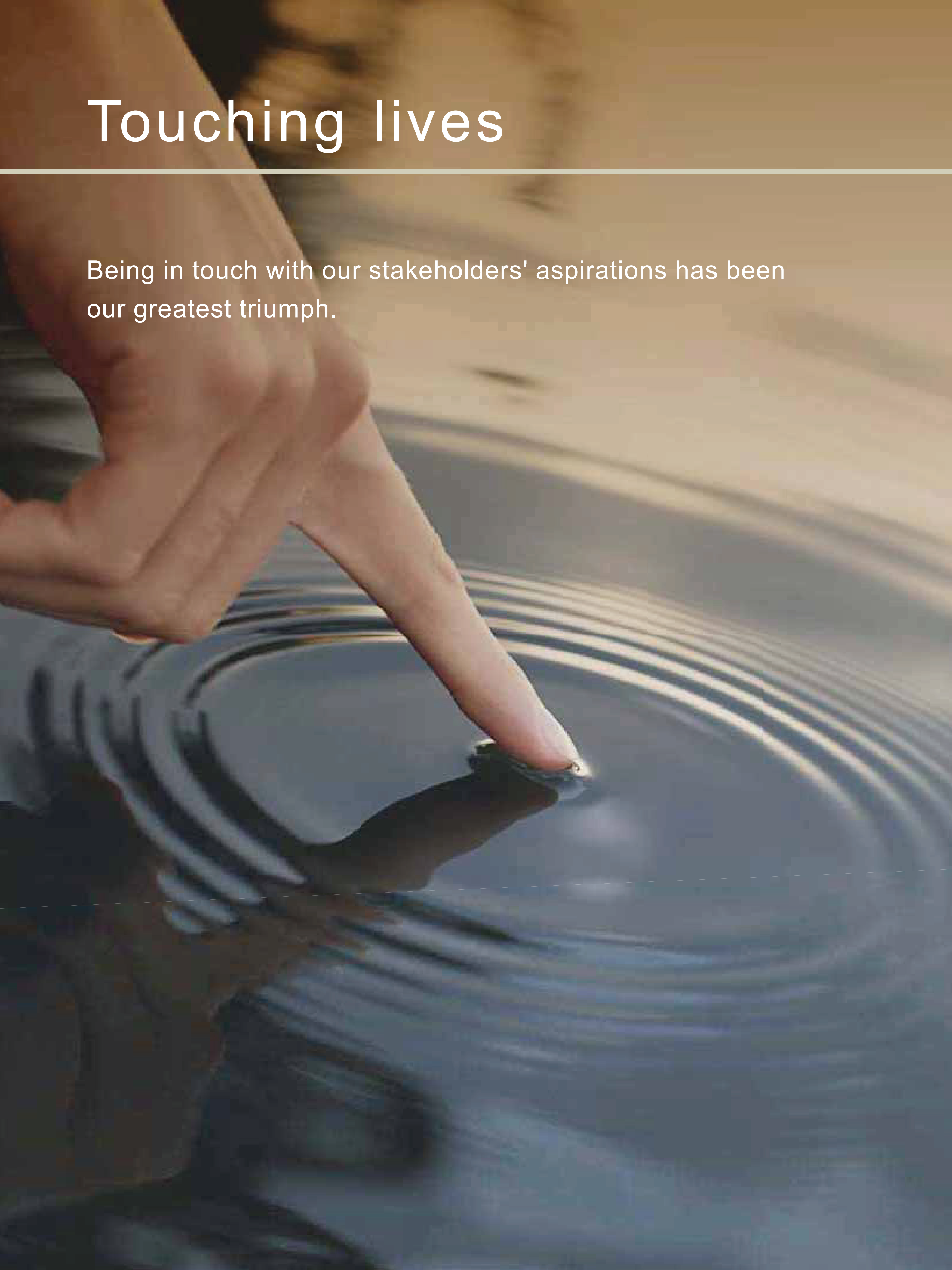
Throughout our recent implementation of AWACS we have been very impressed with 3i Infotech, not only the efficiency with which the solution was delivered but also in the way the AWACS team worked with the Zagreb Stock Exchange to deliver the project on time and in budget.

- Roberto Motusic, President, Zagreb Stock Exchange

Customer feedback

Touching lives

Being in touch with our stakeholders' aspirations has been our greatest triumph.



3i Infotech has progressed from a single customer back office services company in 1999 to a global IT solutions company having over 1500 customers across 50 countries in 5 continents.

3rd among Indian IT product companies

This has been possible with the trust reposed in us by our customers and significantly, also with the unflinching support of our employees, partners, shareholders and other stakeholders.

recognized by WorldBlu

A democratic workplace!

WorldBlu Recognition

At 3i Infotech, everything begins at the talent acquisition phase. By offering an employee a role that is befitting of his or her skills, competencies and experience, the stage is set for the individual. Initiatives such as the performance management system, 360 degree feedback and competency modeling have helped us build a culture where individual and team efforts are rewarded and recognized.

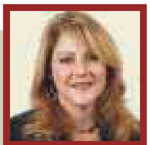
Furthermore, a host of 'employee engagement programs' in the form of events, sports competitions and fun@work activities are opportunities for employees to interact across groups. The democratic culture of the organization empowers the individual and helps him or her excel in their respective fields. For the company, the benefits of such a process are more than one. This translates into revenue improvement, cost reduction, generation of valuable ideas and improvement in various aspects of the business, including the quality of our customer engagements. It is therefore not surprising that this has led to our being included in the WorldBlu list of 'Most democratic workplaces - 2010'.

Three cheers for 3i Infotech. Three cheers for our employees!

What Our Employees Say

I am proud to have been a part of 3i Infotech's successful journey from being a $10mn local company to a $550mn global enterprise. It is very heartening that all along my thoughts and opinions have been well received by the teams I have been part of and have contributed to generating better customer satisfaction.

Babu Patil, Delivery Head, Technology Solutions Group, 3i Infotech - South Asia



I'm thrilled to be a part of 3i Infotech's dynamic working environment. We foster a strong and independent spirit among the various regions while ensuring that everyone works towards common global business goals. We at 3i Infotech do a tremendous job of supporting the regional businesses in that manner.

Tracy Dalton, Manager, Application and Product Delivery, Regulus Group (A subsidiary of 3i Infotech)

3i Infotech has provided me with ample opportunities to contribute - not just within the scope of my work but beyond. I have always felt that my opinion is valued by my seniors and peers and this gives me great sense of satisfaction and responsibility towards my work environment.

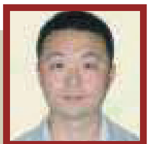
Orawan Tilokskulchai, Associate Manager, 3i Infotech - Asia Pacific

I have been with 3i Infotech for the last 3 years and it's been a wonderful journey. 3i Infotech has given me the independence to take decisions with clear goals, helping me bring my best to the job, while achieving organizational objectives.

Muralidharan Baburajendran, Asst. Vice President - Sales, Banking Practice, 3i Infotech - MEARC

Working at 3i Infotech has always been interesting, challenging and fulfilling and gives me a genuine sense of pride in what we do. Being able to contribute to a diverse set of projects, involving a combination of domain strengths and IT services, has been personally rewarding for me.

Cheryl Redgewell, Account Director, 3i Infotech Western Europe



Through cooperation and open communications with teams globally, I have seen a rapid improvement of working skills in China. New ideas and working standards have been introduced and these are helping us improve as a team and in our understanding of multicultural issues.

Luchuan Zhang, General Manager & Head of BPO Services, Elegon Infotech Ltd. (A subsidiary of 3i Infotech)

As a part of 3i Infotech BPO, I am empowered by being given a free hand to guide my colleagues on various HR related issues. This contribution has not only helped me regain my lost confidence but also inspired my colleagues to do better.

Puneet Chaddha, HR Counselor, 3i Infotech BPO (visually challenged)

The sweet taste of success

At 3i Infotech, we have tasted repeated success over the years. This is evident in the Awards and Accolades won year on year and the excellent media coverage that we have received.

Innovation • Insight • Integrity

The awards and accolades we win are the milestones on our road to progress.

Awards for the year

Winner of the WorldBlu 'List of Most Democratic Workplaces 2010'

3i Infotech ranked 32^{nd} (3^{rd} among Indian IT companies) in the Fintech 100 Rankings, October 2009

Ranked among the top 3 Indian software product companies (Dataquest, August 2009)

Winner of the Technology Vendor of the year Award at the Middle East Insurance Awards, April 2010

3i Infotech retains its 4^{th} position in the lending category of the IBS Sales League table for the third consecutive year (2008 - 2010)

Winner of the Systems in the City Award for Superior Customer Service (4^{th} consecutive year) and Best Marketing Material, London, May 2010

3i Infotech - APAC received the PrivilegeONE award from IBM Singapore, September 2009

Received the award for the Best Takaful Technology Company for the 2^{nd} consecutive year (2008 & 2009) from the Middle East Business Forum at the Takaful Awards, August 2009

189^{th} largest company in India (Business Standard 1000, February 2010)

In the news

THE DQ 50

July 15, 2009 DATAQUEST | A CyberMedia Publication

Consolidating Gains

3I INFOTECH

V Srinivasan, MD & CEO

The de-risking model, during slowdown adopted some years back, helped 3i Infotech. The US at 50% still contributed most to the company's revenues, followed by Asia Pacific including India at 28%. Western Europe at 7% was sluggish. For 3i Infotech, three areas that worked in the US included—transaction services; e-commerce applications because of the shrinking markets; and payment solution products. All three put together gave the company 15% growth, and twenty-five new clients. Interestingly, it was the 3i acquisition of Regulus, a payment solutions provider, in FY '08 which helped it consolidate its gains in the US.

Mr. Amar Chintopanth, Executive Director and CFO, 3i Infotech Ltd Jun 29, 2009

3i Infotech

3i Infotech Ltd is a global IT company which provides technology solutions to over 600 customers in more than 50 countries across five continents, spanning a range of verticals. The company provides software products, IT services and Operations Outsourcing (BPO) solutions for a variety of industry verticals, including Insurance, Banking, Capital Markets, Mutual Funds and Asset Management, Wealth Management, Government, Manufacturing and Retail. These solutions and services include Managed IT Services, Application Software Development & Maintenance, Payment Solutions, Business Intelligence, Document Imaging & Digitization, IT Consulting and various Transaction Processing services. The company was promoted by the NYSE-listed ICICI Bank.

Mr. Amar Chintopanth, Executive Director and CFO, 3i Infotech Ltd joined the company in December 2001 and heads the Finance and Accounts department of the company globally. He is a Chartered Accountant and has over 20 years of experience in banking, treasury, accounts, MIS, auditing, lease and hire purchase and dealing with regulatory bodies. Chintopanth's major achievements have been in the areas of mergers, corporate planning, designing of MIS,

3i Infotech Named to 2009 FinTech 100

PRWeb
November 11, 2009

RWeb article: 3i Infotech Named to 2009 FinTech 100

- 3i Infotech, a global information technology company, has been named to the 2009 FinTech 100, an annual international listing of the top 100 IT products and service providers to the financial services industry. At 32nd on the list, 3i Infotech is the highest-ranking new member of the FinTech 100. The FinTech 100 is a joint effort between American Banker, Bank Technology News and IDC Financial Insights. It ranks companies based upon their total revenues from the financial services industry. 3i Infotech derived $315.28 million in 2008 revenue from this sector, which represents 71.5 percent of its total 2008 revenue.
'3i Infotech continues to achieve strong growth,' remarked Kathy Hamburger, CEO and president of 3i Infotech, North America. 'Our technology products and services are attracting the confidence of the Banking and Financial Services sectors in the US. We are proud to

"I subscribe to the view of the IMF in this regard, that the world is gradually showing signs of recovery. In my opinion the market will normalize around mid-2010. However, the recovery will be accompanied with a sense of cautious optimism"
—V Srinivasan, MD & CEO, 3i Infotech

3i Infotech

Staying Ahead of Competition

Insurance companies are adopting innovative tools to enhance their distributor effectiveness and hence, customer acquisition.

The insurance sector was opened up for private participation in 2001. Since then the private insurance players, both life and non-life, have been active in the liberalized

Accordingly, the insurance companies have to offer a strong back-up and support to their distribution channels for customer acquisition, apart from a strong commission. These include:

Mr. Som Sarma, Global IT Service Head, 3i Infotech Ltd.

Mr. Som Sarma, Global IT Services Head, 3i Infotech, is based in London and responsible for expanding the global services business portfolio at 3i Infotech. Mr. Sarma joins 3i Infotech from Satyam (now Mahindra Satyam) where he was the Senior Vice President and Head (UK & Ireland). He provided significant impetus to Satyam's foray into multiple industry verticals in that region. He was also instrumental for gaining marquee customers through differentiated service lines, always believing in driving growth from the front. With prior global experience beyond IT - in Consulting.

CNBC

Paper Cuts: More Firms Push Customers to Go Online
January 14, 2010
By Joseph Pisani, CNBC News Associate

Asking your customers to go "green" by opting for online st many companies. Some are offering financial incentives to those who insist on receiving a hard copy.

"Companies are really trying to cut expenses where possible," said Kathy Hamburger, president and CEO of 3i Infotech North America and its subsidiary, Regulus Group, which manages paper and online billing and payments for large banking, credit card and health care companies.

PhilPlans selects 3i Infotech's PREMIA™ Insurance Management System

3i Infotech, a global financial technology solutions and service provider along with their local business partner for the Philippines, QNX Solutions, Inc. (QSI) today announced their latest win for Premia™ Insurance Solution at one of the leading Pre-Need Companies in Philippines, PhilPlans First Inc. PhilPlans is the market leader for the Pre Need business, which has been acquired from American Insurer Group (AIG) operations in Philippines. The initial phase of this project will see Premia™ Insurance Solution being implemented to automate end to end operation for Philplans' Pre-need business, which would include functions such as underwriting/ policy administration, claims management, reinsurance and accounting from a variety of distribution channels.

3i Infotech wins global recognition

Abdul Basit

DUBAI — 3i Infotech, a global information technology company, has won 'Most Democratic Workplaces 2010 can generate a lot of ideas on revenue improvement, cost reduction and various other aspects of business. You can also make people take ownership of the vision and goals of the company, which is very important for its sustained giving power to their people, especially during challenging economic times, can increase innovation and also boost the bottom-line," WorldBlu Founder & chief executive Traci Fenton said.
—*abdulbasit@khaleejtimes.com*

3i Infotech bags ME awards

BY OUR BUSINESS BUREAU

Parvez Chawla

Business Standard FEBRUARY 2010 BS 1000

RANKED BY NET SALES

Rank			NET SALES		OPERATING PROFIT			CASH PROFIT		NET PROFIT		
			2009	%	2009	%		2008	2009	2009	%	
2009	2008		Rs. crore	Change	Rs. crore	Change	Rank	Rs. crore	Rs. crore	Rs crore	Change	Rank
189	281	3i INFOTECH	2285.64	89.60	484.67	74.90	143	200.97	352.07	282.01	59.70	108

On The Move

Software as a service – The next leap of technology for the insurance industry?

The concept of Software as a Service (SaaS) has been around for nearly a decade now, and SaaS has been actively used by a whole variety of Vendors in a multitude of ways in as many industries over the past five years, **Mr. Abhijit Banerjee**, Senior Vice President, Strategic Engagements, Asis Pasific, **3i Infotech Asia Pssific**, notes that insurers are still not convinced about Saas's helpfulness and examins why

3i Infotech bets on digital signatures

Friesland Bank Selects 3i Infotech-Framework

Published: 04-Feb-2010

Friesland Bank Investments (FBI), a wholly owned subsidiary of Netherlands-based Friesland Bank, has selected 3i Infotech-Framework (Framework), a UK-based provider of software solutions to the private equity community, to manage its private equity investment portfolio.

Framework will allow FBI to centralize all of the information on its portfolio companies in a secure environment, where previously it was stored in multiple

Zagreb Stock Exchange Goes Live On 3i Infotech's AWACS Market Surveillance System

London - 26 April 2010

3i Infotech, a global provider of IT solutions, today announces that the Zagreb Stock Exchange (ZSE) has successfully implemented AWACS, its automated, multi-segment market surveillance system.

As exchanges in emerging markets look to attract new listings and investors, the race is on to ensure that they stay ahead of their regional competitors. By implementing the latest anti-fraud and market manipulation detection systems, these emerging exchanges ensure that they not only satisfy

Business India

Man of the hour

For 3i Infotech BPO, having someone like Parag Patankar in the driver's seat has been a boon these days. A stickler for details, he possesses a technical brain and is an analytical and compulsive problem-solver. According to Harsh Roongta, his partner of earlier times, are the very thing companies like 3i Infotech need. At least, so thinks N. Srinivasan, CEO, 3i Infotech, who is also a former colleague of Patankar from their ICICI days. "He is extremely meticulous with an eye for detail," says Srinivasan. "His in-depth domain knowledge in banking, only on the domestic market.

Fresh in the driver's seat, Patankar's agenda is two-fold – to create a binding vision for the organisation and clearly chalk out its growth path. He organises his work day in such a way that after 10 am, he's only meeting people, be it colleagues or customers.

Parag Patankar

Five Questions with J&B Software

By Jim McShea

1. When you talk to prospects, what do they tell you is their biggest payments automation, distributed capture or document processing challenge, and why?

Almost uniformly, our clients are searching for new methods to reduce costs through automation. In particular, in the document processing space will need to further enhance their system capabilities to address new requirements. Because of the operational impact of some of these new emerging technologies, payment solution offerings will become more affordable to a larger segment of the market. With the availability now of a solid business case, more mid-tier organizations will have the opportunity to implement a company-wide document management and payment processing solution across their organizations.

3i Infotech®
Innovation • Insight • Integrity

Friday, January 1, 2010

Work from First Express acquisition will make Louisville biggest Regulus operation

Business First of Louisville - by Terry Boyd Staff Writer

Louisville is set to become home to a mega-hub for a global payment-processing company that is adding business that banks no longer want.
Regulus Group LLC, the United States operations of Mumbai-based **3i Infotech**, has bought the Louisville operations of First Express Remittance, a subsidiary of Memphis-based banking and financial services provider **First Horizon National Corp.**

3i Infotech qualifies for WorldBlu award

DUBAI: 3i Infotech, a global information technology company, is one of only three companies from India and 44 worldwide, to win the WorldBlu List of Most Democratic Workplaces 2010 Award. WorldBlu is a US based social enterprise specialising in organisational democracy and freedom-centered leadership. 3i Infotech qualified for this recognition after its employees completed a survey, evaluating the organisation's practice

HSBC signs deal to use Reporting to Clients from 3i Infotech

8 February 2010

HSBC has agreed to use the Reporting to Clients system from IT solution provider 3i Infotech, in an effort to improve its statements and reporting offering.

The system will be used by HSBC's cash management and payments division and will operate in conjunction with Client Money Manager, the bank's third-party fund management system.

3i Infotech net profit up 56%

Mid-cap IT firm 3i Infotech posted a net profit of Rs 90.8 crore in the first quarter this fiscal year, 56 per cent higher than the Rs 58.1 crore in the corresponding quarter last financial year. Revenue of the company grew 27.6 per cent to touch Rs 597.7 crore from Rs 468.4 crore. The company plans to raise Rs 500 crore through qualified institutional placements (QIPs). *BS Reporter*

SEDCO chooses 3i Infotech's wealth management solutions

JEDDAH - Saudi Economic and Development Company (SEDCO), one of the leading Shariah-compliant private wealth management companies in Saudi Arabia, announced on Tuesday the selection of 3i Infotech's C-Matis Solution. 3i Infotech's revolutionary (CMA). C-Matis will centralize the wealth management, portfolio management and relationship management operations of SEDCO and facilitate direct and efficient reporting to the stakeholders of SEDCO. erates in the Kingdom of Saudi Arabia and abroad. Today, we are looking at accelerating our innovations in the areas of wealth management, asset management and fund management operations. Partnering with 3i Infotech will clearly assist us in meeting

3I INFOTECH LTD.

3I INFOTECH LTD.
www.3i-infotech.com

Notwithstanding the current market conditions first time participants, 3i Infotech are eagerly looking forward to the response. Anirudh Prabhakaran, executive director and president - South Asia hopes to meet potential clients as well as locate new products and services which can be offered as part of the 3i bouquet. "We hope to raise market awareness of 3i pInfotech solutions in the broadcast industry with our participation," says Prabhakaran.

3i Infotech offers expertise in system integration and project management services with best-of-the-breed products from leading global media and broadcast solution vendors. Their offerings incorporate solutions from global technology

Servicing debt

" We want to raise around Rs500 crore and we want to do this to repay the bank borrowing so that the leverage on the balance sheet comes down. We are hoping (to) do it in one go. It all depends on the market. The fund raising will be done through a QIP. "

V Srinivasan
Managing director and CEO, 3i Infotech

Management Speak

Amar Chintopanth
Executive Director & Chief Financial Officer, 3i Infotech.

"I expect the budget to relook at perquisite taxation on ESOPs (Employee Stock Ownership Plans) since ideally gains on share sales should get taxed only when they are sold. The FM should relook at the MAT (Minimum Alternative Tax) rates since the current rate of 15% is quite steep. To preserve India's competitive edge globally and for a long-term continuation of its leadership in the global IT market space, the government should not cease tax holiday extensions for units in STP areas by 2011."

3i Infotech ties up with Nigerian firms

3i Infotech appoints MD & CEO for BPO

IT services provider 3i Infotech has appointed Parag Patankar as Managing Director & CEO for 3i Infotech BPO. Before this, Patankar was executive VP and Chief Operations & Technology Officer at Development Credit Bank Ltd. **BS REPORTER**

J&B Software Recognized by Celent as an Industry Leader with First-to-Market Mobile RDC Solution

Blue Bell, PA, Nov 03, 2009 (PRWeb.com via COMTEX) -- Celent, an international strategy consultancy firm, recently recognized J&B Software (http://www.jbsoftware.com) as an industry leader with their eCapture Mobile remote deposit capture (http://www.jbsoftware.com/primary-solutions/mobile_deposit.php) (RDC) solution in a newly released report on RDC processing based upon them being one of the first vendors to offer the solution.

3i Infotech Ltd Completes Acquisition of J.P. Morgan's National Retail Lockbox Business

Mumbai, India / Naperville, IL (PRWEB) July 7, 2009 -- 3i Infotech (http://www.3i-infotech.com), a global provider of IT solutions, today announced that it has completed its acquisition of J.P. Morgan's national retail lockbox (http://www.3i-infotech.com) business (NRLB)

Ravi Jagannathan, Managing Director and CEO, 3i Infotech Consumer Services

INDIAN SOFTWARE PRODUCTS

The Product Number Game

Vendors	Revenue in Rs core FY'09	Revenue in Rs core FY'08	Growth (%)
3i Infotech	840	596	41

3i Infotech to set up BPO subsidiary

Our Bureau
MUMBAI

3I INFOTECH, in which the ICICI group holds 39%, has announced a wholly-owned subsidiary for domestic BPO in effect making it a competitor to Firstsource Solutions, in which the ICICI group owns 26.7%.

While 3i Infotech started offering BPO services a few years ago, the

Ghassan Holding Adopts 3i Infotech Solution

DUBAI — Ghassan Holding Group, a Saudi Arabia-based gold firm, has adopted a software solution from global technology solutions and services provider 3i Infotech. The group, a leading gold

3i Infotech's ORION ERP II is an Enterprise Resource Planning, or ERP, solution that will help the group in its operations across Saudi Arabia and the GCC by providing effective control

Holding Chairman Ghassan A. Al Nemer said adding: "We feel that ORION ERP II is a highly dynamic, scalable and a flexible solution that can take us to the next level and cater to our needs within the GCC and

Som Sarma new global IT head at 3i Infotech

Mumbai: Information technology (IT) solutions and services provider **3i Infotech Ltd** on Monday announced the appointment of Som Sarma as the global IT services head. Sarma will be

3i Infotech's eMudhra SecMsg

3i Infotech Consumer Services, a wholly-owned subsidiary of 3i Infotech, has launched the eMudhra SecMsg, a patent-pending mobile solution designed to secure the SMS channel

Asian Banking & Finance interviews Mr. Debneel Mukherjee President & CEO, 3i Infotech Asia Pacific

The Insurance IT Quandary: Balancing On-Premise, Captive and Outsourced IT Solutions

By Contributor Aug 6, 2009 10:21 AM ET

By Sukirat Kochar, 3i Infotech.

The insurance industry has been under unprecedented pressure over the past year from

RDC RemoteDepositCapture.com
The Independent Authority on Remote Deposit Capture

April 04, 2010

J&B Software Introduces New Software-as-a-Service Mobile Deposit Solution for Smartphones

Tuesday, March 16, 2010 (J&B Software)

SaaS Offering Lowers Barriers to Entry by Reducing Costs, Simplifying Technology Infrastructure and Accelerating Rollout

Blue Bell, PA – March 16, 2010 – J&B Software, a premier provider of enterprise-wide transaction and payment solutions, today announced the availability of its new software-as-a-service (SaaS) mobile deposit solution, which makes it faster and cheaper for users to make remote check deposits using mobile smartphones. J&B's on-premise mobile deposit solution has offered exceptional convenience and quicker access to funds since its introduction in October 2008. Today's addition of the SaaS delivery model

Sixth Sense

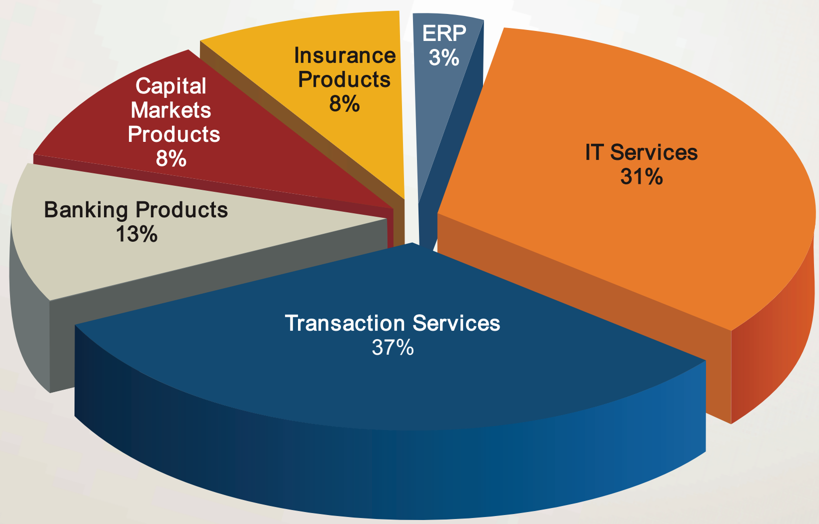
'A vision is not just a picture of what could be; it is an appeal to our better selves, a call to become something more.'
- Rosabeth Moss Kanter

The five senses play their part in helping us gauge the world and take action. But without an extra sensory perception, these senses are only experiential senses. This extra sensory perception provides the critical voice of conscience and conviction that aids us in using the combined strength of the five senses and in perceiving things beyond the ordinary. This also provides us the holistic context that helps us take the leap into the realm of action.

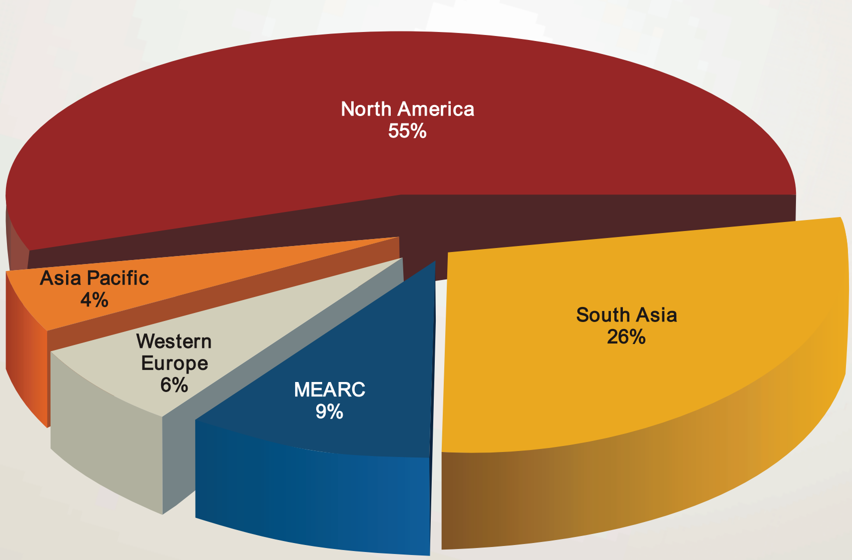
The working of this sixth sense is the very essence of the 3i Infotech way - the mantra that guides us. Embodied within it is the secret that keeps our spirits upbeat, optimistic, focused on the future and hopeful at all times. It is the wind in our sails that steers our boats - through times that are good and not so good.

We warmly invite you to join us on the voyage of success…

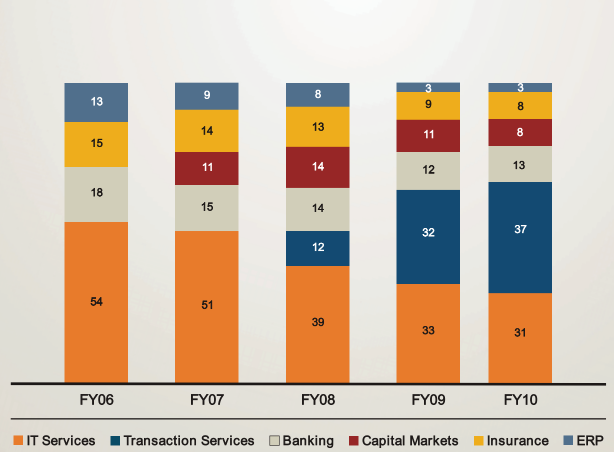
Revenue by Segment (FY 2010)



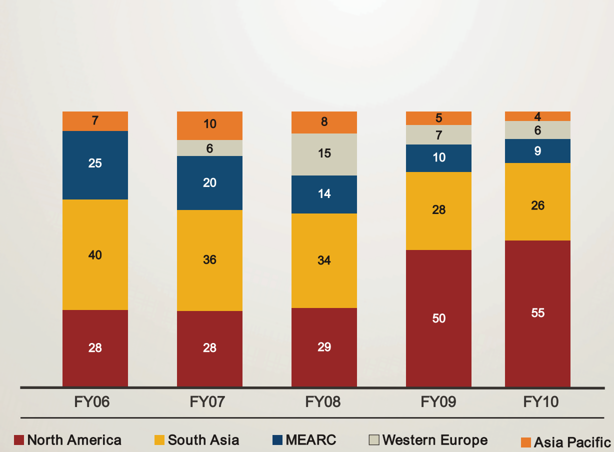
Revenue by Geography (FY 2010)



Percentage-Wise Revenue by Segments (FY 2005-2010)



Percentage-Wise Revenue by Geographies (FY 2005-2010)



Revenue Trend

Financials

- Directors' Report 2
- Management Discussion and Analysis of Financial Conditions and Results of Consolidated Operations 36
- Consolidated Financial Statement 44
- Summary of Consolidated Financial Statement in US Dollar 78
- Financial Statement of 3i Infotech Limited (Standalone) 82

Directors' Report
For the Financial Year 2009-10

Dear Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report of the Company with the Audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS

Financials of the Company on Consolidated basis:

In the financial year 2009-10, your Company recorded an overall revenue of Rs. 2,468.75 crores, a growth of 7.12% over the corresponding period of the previous year. Profit after tax was Rs. 265.95 crores. Earnings per share (EPS) after exceptional item was Rs.1.73 as against Rs. 21.01 in the corresponding period of the previous year. The brief financial highlights with comparison of previous year are as below:

Rs. in Crores

Particulars	**Year ended March 31, 2010**	Year ended March 31, 2009
Total Income	**2,468.75**	2,304.70
Profit /(Loss) before taxation	**276.90**	288.47
Provision for taxation (Current and Deferred)	**10.95**	22.05
Profit /(Loss) after taxation and before exceptional items and impact of discontinuing operations	**265.95**	266.42
Exceptional Items & impact of discontinuing business :		
Add: Exceptional Income	**29.19**	77.05
Less: Impact of Discontinuing Operations	**(260.46)**	-
(Less): Exceptional Expenditure	**(1.33)**	(51.09)
Add: Share of Profit in Associate	**-**	0.25
Less/ (Add): Minority Shareholders Interest	**(0.11)**	10.62
Profit /(Loss) after taxation and after exceptional items and impact of discontinuing operations	**33.46**	282.01
Earnings Per Share (Basic in Rupees) (Before Exceptional items and impact of discontinuing operations)	**17.21**	19.02
Earnings Per Share (Basic in Rupees) (After exceptional Items and impact of discontinuing operations)	**1.73**	21.01

Financials of the Company on Standalone basis:

The Profit & Loss account of your Company on standalone basis shows a profit after tax (before exceptional item and Impact of discontinuing operations) of Rs.132.99 crores. Whereas, after taking into consideration the exceptional item and impact of discontinuing operation, the Company has incurred loss of Rs. 99.61 Crores. However, the disposable profit is Rs.218.76 crores, after taking into account the balance of Rs.84.21 crores brought forward from the previous year, and writing back of FCCB redemption reserve of 234.16 Crores. The brief financial highlights are as below:

Rs. in Crores

Particulars	**Year ended March 31, 2010**	Year ended March 31, 2009
Total Income	**534.47**	538.73
Profit before tax	**136.49**	161.40
Provision for taxation (Current and Deferred)	**3.50**	2.79
Profit after tax and before exceptional items and impact of discontinuing operations	**132.99**	158.61
Exceptional Items & impact of discontinuing operations :		
Add: Exceptional Income	**29.19**	77.05
Less: Impact of Discontinuing Operations	**(260.46)**	-
Less: Exceptional Expenditure	**(1.33)**	(51.09)
Profit/(Loss) after taxation and exceptional items and impact of discontinuing operations	**(99.61)**	184.57
Balance brought forward from Previous year	**84.21**	74.7
FCCB redemption reserve written back	**234.16**	-
Disposable Profit	**218.76**	259.27
Transfer to Reserves (General Reserve & FCCB Redemption Reserve)	**59.66**	144.66
Profit available for distribution after Transfer to Reserves	**159.10**	114.61
Earning Per Share (Basic in Rupees) (Before Exceptional items)	**8.35**	11.57
Earning Per Share (Basic in Rupees) (After Exceptional items)	**(7.12)**	13.55

DIVIDEND

After taking into account the preference dividend of Rs.6.35 crores, the profit available for distribution to equity share holder works out to Rs.152.75 crores. Your Directors have recommended a dividend of Rs.1.50 on a equity share of face value of Rs.10 each (15%) for year ended 2009-10. The details of appropriation are as under:

Rs. in Crores

Particulars	**Year ended March 31, 2010**	Year ended March 31, 2009
Profit available for distribution	**159.10**	114.61
Dividend on Preference shares	**6.35**	6.35
Proposed Dividend – Equity shares	**25.32**	19.61
Residual dividend Paid	**0.02**	0.02
Corporate Dividend Tax	**5.38**	4.42
Balance carried to Balance Sheet	**122.03**	84.21

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 6 crores to the general reserve. An amount of Rs. 122.03 crores is proposed to be carried to Balance Sheet.

TRANSFER OF UNPAID DIVIDEND

Your Company does not have any unpaid dividend required to be transferred to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 for the financial year 2009-10.

OVERVIEW

Business:

Your Company's businesses broadly comprise of IT services, Transaction Services and Software Products.

The Company has its products in Banking, Insurance, Enterprise Resource Planning (ERP), Capital Markets catering to banks, insurance companies, financial services organizations and manufacturing industry and owns Intellectual Property Rights of about 20 products.

The Company`s IT Services solutions are in the field of Application Development & Maintenance, IT Infrastructure Management, Consultancy Services, Testing, Business Intelligence and e-Commerce.

The Company`s Transaction Services competencies are across retail banking, credit cards, insurance, capital markets, finance & accounting services, cheque truncation, remittance processing services and telecommunication sector processes.

Even though the global economy was still under recession mode and the recovery was slow during the fiscal year 2009 -10, your Company was able to win many significant customer orders across geographies and across multiple verticals during the year.

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

- Ranked among the top 3 Indian software product companies in India (Dataquest – Aug'09);
- 189th largest company in India (Business Standard 1000 – Feb'10);
- Secured a position in the Deloitte Technology Fast 50 India 2009 list on account of growth of 249% over three years;
- Ranked 32nd (3rd among Indian IT companies) in the Fintech 100 Rankings, October 2009 and
- One of only three companies from India and 44 worldwide, (including USA, UK and India) to win the "WorldBlu List of Most Democratic Workplaces 2010" Award. WordBlu is an Austin, TX, (USA) based company, specializing in organizational democracy and freedom-centered leadership.

Geographical reach:

Your Company has a large customer base across the globe and 78 of them are Fortune 500 customers. The Company has physical presence through the offices in 14 countries and has about 15000 employees spread across 5 geographies, viz. South Asia, Asia Pacific, Middle East and Africa, Western Europe and North America.

All the geographies and business segments have contributed towards the growth of your Company. The share of the geographies in the total revenue for the year has been: South Asia - 26%, North America - 55 %, Western Europe - 6 %, MEARC (Middle East, Africa, Russia, and CIS countries etc.) - 9 % and APAC (Asia Pacific region comprising of Singapore, Malaysia, Thailand and Australia) - 4 %.

The contribution of the various business segments to the revenue for the year has been from Banking Products - 12.4%, Insurance products - 8.3%, Capital Market products - 8.3%, ERP - 2.7%, IT Services - 31.8% and Transaction Services - 36.5%.

SUBSIDIARY COMPANIES

During the year, Regulus Holdings Inc., a U.S. based wholly owned subsidiary of the Company acquired National Retail lock box business of J. P. Morgan Treasury services in U.S.A. This acquisition is complimentary to current operations of Regulus and it has helped your Company in consolidating its position in the United States market within the payments processing area.

Your Company has raised its stake, on its own or through its subsidiaries, in some of the subsidiary companies namely AOK In-house BPO Services Ltd., AOK In-house Factoring Services Pvt. Ltd., HCCA Business Services Pvt. Ltd., Delta Services (India) Pvt. Ltd., Taxsmile.com India Pvt. Ltd., Professional Access Limited and Black Barret Holdings Pvt. Ltd in order to make them wholly owned subsidiaries. Further, your Company also raised its stake in FinEng Solutions Private Limited and Locuz Enterprise Solutions Ltd. to 60% and 51% respectively.

Elegon Infotech Limited, a Joint Venture company in China was converted into a wholly-owned subsidiary of the Company. The entire 49% stake held by joint venture partner was acquired by the Company.

Your Company was holding entire stake in Antariksh Interactive Private Limited (Antariksh) through the wholly-owned subsidiary, Taxsmile.com India Pvt. Ltd.(Taxsmile). During the year, Taxsmile signed a three year contract with a European tax and accounting solution provider. As per the contract, the shareholding of Taxsmile in Antariksh will be diluted by 2012. The first tranche of 30% Shareholding was transferred in February 2010.

Name change:

In line with the strategy of the Company to promote **'3i Infotech'** as a global brand, the name of Linear Financial and Management Systems Private Limited (one of the acquired entities) was changed to 3i Infotech BPO Limited. The name of Exact Technical Services Limited (one of the subsidiaries of the Company) was changed to 3i Infotech (Flagship-UK) Limited.

During the fiscal year 2010, Business Process Outsourcing activity in India handled through different subsidiaries has been consolidated under 3i Infotech BPO brand.

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. Your Directors believe that the audited consolidated accounts presents a full and fair picture of the state of affairs and financial conditions of the Company and its subsidiaries, as is done globally. Hence, the Company had made an application to the Central Government, seeking exemption from the requirement of attaching the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. The approval of the Central Government has been received *vide (letter no.47/285/2010-CL.-III dated April 16, 2010)*. 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.

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.

ECONOMIC SCENARIO AND FUTURE OUTLOOK

As per the recent Deloitte Report, the worst is now over and it is time that the right pace for smooth recovery is set by the CEO`s of the Companies. As per Gartner's IT Spending Forecast 2010, worldwide IT spending is expected to return to growth in 2010 as end user spending is projected to reach $3.3 trillion. The report predicts growth in US, Western Europe, MEARC and Asia Pacific market. Your Company is present in a large way in these markets. As there is going to be substantial growth in Latin America and Canada market, these markets could be potential markets for your Company.

As per the recent CLSA report, IT spending is classified into Enterprise-IT spending and Consumer-IT spending. While growth in IT spend in Western markets is more towards Enterprise-IT spending, in emerging markets, it is towards Consumer-IT spending. While, Enterprise-IT spending is more towards software products and services, Consumer-IT spending is towards desktops, laptops, mobiles, etc. As your Company is in the technology services business, the Company's growth will come from Enterprise-IT spending rather than Consumer-IT spending. Thus, volume scale up has to come from developed markets rather than developing markets. In line with this approach, your Company has created a global IT services team to focus exclusively on US and European markets.

While, the major focus would be on global IT services, Transaction Services and Products business will also grow.

With the turnaround in global economic outlook and your Company's strategic vision driven by responsiveness and foresight, quality of the people and their commitment to the Company's mission, the Company is set on right growth path.

As the Members are aware that the Company had a mandate to set up over 12,200 citizen service centers in nine states. In this regard, the Company had already set up over 6,200 centers till last year. However, the Company could not make major progress in the absence of G2C Services and state data centers. The non-availability of State Data centre and State Wide Area Network which were crucial for the success of e-governance business was also one of the reasons for the Company not being able to derive much benefits out of its investment in citizen service centers. As the cost of setting up and maintaining these centers was huge and the Company was unable to continue to bear losses on this front, the Company had no option, but to exit from the citizen service center related e-eovernance business in Uttar Pradesh, Andhra Pradesh, Gujarat, Haryana, Tamil Nadu and Maharashtra.

The Company has further decided to exit from this line of business owing to prevailing business environment. Accordingly, the assets attributed to this business are being carried as 'Assets held for Disposal', at their net realizable values. The loss thereof of Rs. 260.46 crores (net of tax of Rs. 70.73 crores) has been written off in the Profit and Loss account and has been disclosed as 'Impact of Discontinuing Operations'.

CAPITAL

1) **ESOS allotments:**

   5,09,000 shares were allotted under Employees Stock Options Schemes (ESOS) during the fiscal year 2010.

2) **Qualified Institutional Placement (QIP) Allotment:**

   3,75,00,000 fully paid-up equity shares were allotted to Qualified Institutional Buyers under Qualified Institutions Placement (QIP) on September 25, 2009. The Company has further allotted 2,29,00,099 fully paid-up equity shares of face value Rs.10 each on April 7, 2010.

3) **Foreign Currency Convertible Bonds (FCCBs):**

   During this year, the Company has not received any conversion notices from the FCCBs holders. During the year, the Company bought back 6,000 FCCBs from the Euro 30 million issue reducing the outstanding bonds to Euro 20 million and 8,500 FCCBs from the USD 100 million issue thereby reducing the outstanding bonds to USD 66.367 million.

   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 FCCBs have been given in detail in Corporate Governance Report at para No. VI (o).

   As a result of allotment of shares as above, the share capital of your Company increased to Rs.1,68,75,99,460 in the financial year 2009-10 from Rs.1,30,75,09,460 in the financial year 2008-09.

POSTAL BALLOT

During the financial year 2009-10, the Members approved the following proposals by way of postal ballot

a) Creating security on any borrowings of the Company, whether by way of creating charge(s), mortgage(s) or otherwise on any movable and/or immovable properties of the Company, both present and future, provided that the aggregate of security at any point of time shall not exceed Rs.1000,00,00,000 (Rupees One Thousand Crores Only). The Ordinary Resolution was passed, the results of which was declared on May 19, 2009.

b) Issue of securities of the Company pursuant to Section 81(1A) of the Companies Act, 1956 and other applicable guidelines. The Special Resolution was passed and the results of which was declared on August 31, 2009.

QUALITY

Your Company has always been lending an ear to its customers to improve the quality and grow. Your Company's constant endeavor is to satisfy its customers globally with the best quality products and services. Therefore, all the Company's business processes have been thoughtfully designed to develop solutions that fully meet customer expectations and are in accordance with statutory guidelines and industry-wide quality standards.

Your Company has a comprehensive Quality Management System (QMS) in place that addresses the entire software development and project management life cycle. Your Company's Quality Management Group works closely with project teams to review and improve delivery capabilities on a regular basis.

Your Company has received several location specific, quality certifications such as CMMI-DEV; Ver 1.2 at Maturity Level 5, ISO 9001:2008 certification for design, development, installation and maintenance of software products and services for banking and financial services and ISO / IEC 27001:2005 certification by STQC (Standardization, Testing & Quality Certification) Directorate, Department of Information Technology (DIT), Government of India.

Your Company remains committed to pursue the quality journey in the coming years focusing on improvement projects around key metrics and embarking on new quality initiatives like six sigma, lean sigma etc. across all divisions of the organization.

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, Dr. Bruce Kogut and Dr. Ashok Jhunjhunwala are liable to retire by rotation at the forthcoming 17th Annual General Meeting of the Company. Dr. Bruce Kogut and Dr. Ashok Jhunjhunwala being eligible, offer themselves for re-appointment.

During the year, Mr. Dileep C. Choksi and Mr. Mahadevan Chandrasekaran were appointed as Additional Directors of the Company with effect form April 24, 2009 and their appointment was approved by the Members at the 16th Annual General Meeting held on, July 28, 2009.

On April 23, 2010, Mr. Mahadevan Chandrasekaran resigned from the Board of Directors of the Company on personal grounds. The board placed on record its deep sense of appreciation for the services rendered by Mr. Mahadevan Chandrasekaran as an Independent Member of the Board.

Mr. V. Srinivasan was appointed as Managing Director & Chief Executive Officer for a period of 5 years with effect from October 1, 2005 by Special Resolution dated December 30, 2005 through Postal Ballot. Board of Directors at the their Meeting held on June 9, 2010 re-appointed Mr. V. Srinivasan as Managing Director for a period of 5 years with effect from October 1, 2010. This re-appointment is subject to the approval of the Members of the Company at the ensuing Annual General Meeting, the approval of the Central Government and any other approvals, if necessary, as Mr. V. Srinivasan is a Non-Resident Indian.

Mr. Amar Chintopanth was elevated as Deputy Managing Director of the Company with effect from June 9, 2010 on the same terms and conditions for his remaining tenure in office and will be called Deputy Managing Director & Chief Financial Officer.

COMMITTEES

AUDIT COMMITTEE

The Audit Committee was reconstituted on April 24, 2009 comprising of Mr. Dileep C. Choksi as Chairman and Ms. Vishakha Mulye and Mr. Samir Kumar Mitter as Members of the Committee. Majority of the Members of the Audit Committee are Independent Non-Executive Directors in compliance with Clause 49 of the Listing Agreement. During the year under review, the Committee met four times to review quarterly accounts, internal control systems, discuss the audit findings and recommendations of the internal and statutory auditors.

BOARD GOVERNANCE COMMITTEE

The Board Governance Committee was reconstituted on April 24, 2009 comprising of Mr. Hoshang N. Sinor as Chairman and Mr. Mahadevan Chandrasekaran and Dr. Bruce Kogut as Members of the Committee. All the Members of the Board Governance Committee are Independent Non-Executive Directors. The Committee attends to matters relating to governance, nomination to the Board, compensation to the Directors and performance bonus, stock options, etc. to the Directors and employees of the Company. During the year under review, the Committee met three times.

On April 23, 2010, due to the resignation of Mr. Mahadevan Chandrasekaran from the Board, the Committee was reconstituted to consist of Mr. Hoshang N. Sinor as Chairman and Dr. Bruce Kogut as Member of the Committee.

SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Shareholders' and Investors' Grievances Committee was reconstituted on April 24, 2009 to comprise of Mr. Samir Kumar Mitter, as Chairman and Dr. Ashok Jhunjhunwala and Mr. Amar Chintopanth as Members of the Committee. Majority of the Members are Independent Non-Executive Directors. During the year under review, the Committee met four times to attend matters relating to investors servicing and grievances, etc.

FUND RAISING AND ACQUISITIONS COMMITTEE

The Fund Raising and Acquisitions Committee was reconstituted on April 24, 2009 to comprise of Mr. Hoshang N. Sinor as Chairman and Mr. Mahadevan Chandrasekaran and Dr. Bruce Kogut as Members of the Committee. All the Members of the Committee are Independent Non-Executive Directors.The Committee attends to matters relating to acquisitions and funding needs of the Company. During the year, the Committee met four times.

On April 23, 2010, due to the resignation of Mr. Mahadevan Chandrasekaran from the Board, the Committee was reconstituted to consist of Mr. Hoshang N. Sinor as Chairman and Dr. Bruce Kogut as Member of the Committee.

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 16th Annual General Meeting and are due for retirement at the conclusion of the 17th Annual General Meeting. The Company has received letters from both the Auditors, wherein they have consented to act as Joint 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.

Your Directors recommend the re-appointment of M/s Lodha & Co. Chartered Accountants and M/s R. G. N. Price & Co, Chartered Accountants as Joint Statutory Auditors of the Company to hold the office from the conclusion of the 17th Annual General Meeting to the conclusion of 18th Annual General Meeting.

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. Adequate measures are taken to reduce energy consumption whenever possible by using energy efficient equipments. 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

Your company has an eye on the future ready for the change and adapt according to the need of an hour. During the year, your company has taken the following technology initiatives:

- Standardization of policies, processes and technology across its global development centers, sales and corporate offices with state of the art facilities.
- Optimization of performance through effective use of technologies; cost optimization by ongoing evaluation and implementation of low cost alternatives, keeping in mind the security consideration. Further a robust software and hardware asset management methodologies has been put in place.
- Requisite investments in ERP done with a drive to centralize internal applications across functions and groups.
- Critical applications have been equipped with disaster recovery and archiving.
- Partnerships with major technology providers and publishers for win-win relationships and go to market strategies.

RESEARCH AND DEVELOPMENT (R & D)

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

The GDCs function as the product research and development facility of the Company and focus on developing and expanding the Company's products. 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, namely its Intellectual Property, based on market needs, the GDCs work in line with the Company's strategy for growth.

Expenditure on R & D

Rs. in Crores

	2009-10	2008-09
Revenue Expenditure	**40.61**	41.67
Capital Expenditure	**-**	-
Total	**40.61**	41.67
Total R&D expenditure as a percentage of total standalone revenue	**7.60%**	7.73%

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 25% of the revenue of the Company is derived from exports. The Company has state of the art offshore development centers in India at Mumbai, Bangalore, Chennai, Hyderabad, Delhi, Kochi and operation centers in USA at Los Angeles, Phoenix, Dallas, Atlanta, Loisville, Rochelle Park, Naperville, Napa, Des Moines, and Charlotte; in United Kingdom at London, Birmingham, Nantwich and Ashby-de-la-Zouch; in Middle East & Africa at Dubai and Sharjah; in Asia Pacific at Kuala Lumpur and in China at Chengdu.

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 2009-10, the expenditure in foreign currencies amounted to Rs. 64.42 Crores on account of import of capital goods, dividend, travelling & other expenses. During the same period, the Company earned Rs. 168.69 Crores in foreign currencies, as income from its exports.

PERSONNEL

Your Company has matured enough to take care of the professional aspirations of its employees functioning in varied cultures across the globe. The human resources group has been working with an objective to enhance employee competence through various initiatives & maximizing employee contribution towards the organizational goals.The practices followed by the Company have been manifested in the Company getting global recognition. The Company is one of only three companies from India and 44 worldwide, (including USA, UK and India) to win the “WorldBlu List of Most Democratic Workplaces 2010” Award. WordBlu is an Austin, TX, (USA) based company, specializing in organizational democracy and freedom-centered leadership.

The various initiatives undertaken in this year are as under:

- Reach HR – This HR query management system is a portal to better address the queries of employees and facilitate timely resolution. Reach HR has completed a successful run of more than one year since its launch in November 2008. Besides tracking the number of queries raised and resolved, the portal has helped in offering seamless and quick response.
- The HR Connection – The HR newsletter is an endeavour to stay connected with employees. It gives a quarterly update of various initiatives taken by the HR group. Besides containing informative articles on various management related topics, the newsletter also features contributions from employees on various themes. It serves as a platform to appreciate employees’ interests and bring out their hidden talents.
- Learning and development – comprehensive training & development initiatives are in line with the skills and knowledge required to meet the long & short term corporate objectives. Workshops on Communication skills, Situational Leadership, Leader as a Coach, Customer Orientation etc. are facilitated across locations. During the year, your Company introduced various interventions to enrich leadership skills and build team capabilities to create high performance teams. Besides these, in-house programs, customized offsites have been facilitated for various groups to drive home the specific group objectives. Employees are also encouraged to acquire technical/functional certifications to upgrade their knowledge and skills to assume higher responsibilities in the organisation.
- Organization Development – Continuous development aided by various initiatives like an Effective Performance Management System, Competency Based Assessments, 360 degree feedback, etc. pave the way for overall employee growth. Competency modeling & mapping exercise was undertaken across various business units to identify critical competencies important for successful delivery. The Competency exercise has been integrated with other HR subsystems like recruitment, performance review & learning & development to ensure tangible outcomes.

The Company has set up robust processes to recruit and select employees. The Company has a number of initiatives to attract, retain and develop talent in the organisation. Some of them include the employee referral scheme, internal job rotation, training and development programs, overseas assignments, medical insurance, etc.

The Managing Director & CEO circulates quarterly newsletters briefing about the significant developments of the quarter and also addresses all employees on a regular basis. Various open house sessions are conducted across various locations to facilitate open communication. Informal interaction among employees is encouraged in the form of various competitions, fun events, sports, get together etc. This aids in inter group interaction, thus enabling employees to engage in fun at work.

The Company encourages its employees to maintain a healthy work life balance through flexible timings and opportunity to work from home. The Company ensures that its employees are healthy by organising regular health check ups through recognised medical check up centres for employees above a particular age.

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 Shareholder 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.

CORPORATE GOVERNANCE

In recognition of the good corporate governance practices adopted by the Company, ICRA Limited (an associate of Moody's Investors Service), a leading provider of investment information and credit rating services in India, has assigned a CGR2 rating to the Corporate Governance Practices of the Company. This rating implies that the Company has adopted and follows such practices, conventions and codes as would provide its financial stakeholders a high level of assurance on the quality of corporate governance. A detailed report on Corporate Governance is given in the annexure to this Report.

FORWARD LOOKING STATEMENTS

This Report alongwith 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, banks and last but not the least, its trusted clients for their continued support.

The Directors would like to express their gratitude for the un-stinted support and guidance received from the ICICI group, 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 **Chairman**	**V. Srinivasan** **Managing Director & CEO**

Mumbai, June 9, 2010

ANNEXURE TO THE DIRECTORS' REPORT

Corporate Governance Report for the financial year 2009-10

CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company's core values - Innovation, Insight and Integrity imbibes in itself the Corporate Governance Philosophy. The Company's corporate core principles which are based on this philosophy, are as follows:

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

b) the Operating Board consisting of professionals with domain knowledge and experience (Insight) and

c) 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 & CEO, the Executive Directors, the Geography Heads, Vertical Heads and Horizontal Heads.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES BY THE COMPANY

While concentrating on the business activities, your Company has also taken up activities towards the corporate social responsibilities to help the needy and underprivileged. During the year, the Company sponsored over 100 underprivileged students for Microsoft education under the 3i Infotech Foundation program, I- SERV Disha. This initiative was planned along with an NGO - Word (Woman's Organization for Rural Development) from Namakkal, Tamil Nadu. The NGO identified and sourced the deserving students and the Company provided opportunity, infrastructure and training to the students.

The Company has also been actively supporting the initiative taken by SODEWS (Society for the Development of Economically Weaker Section), an NGO, which had been mandated by the Government of Tamil Nadu to take up projects in the field of education, health and community development. The Company has been extending support to SODEWS in funding the project for construction of toilets in schools. Apart from this, the Company has donated to various other charities.

CORPORATE GOVERNANCE RATING

ICRA has retained CGR2 rating to the Corporate Governance practices of the Company. The Company has been getting the rating from ICRA since the financial year 2005-06. ICRA rates companies on the scale of CGR1 to CGR6 for the Corporate Governance practices followed by them, CGR1 being the best and CGR6 being poor.

The CGR2 rating assigned by ICRA implies that the Company has adopted and followed such practices, conventions and codes as would provide its financial stakeholders a high level of assurance on the quality of corporate governance.

I. BOARD OF DIRECTORS

a. Size and Composition of the Board of Directors (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 five Independent Non-Executive Directors, which constitutes more than half of the total strength of the Board. The composition of the Board and the external directorships in other companies held for the year 2009-10 are given below:

Name	Category	Designation	Date of Appointment	Date of Resignation	Number of directorship in other companies @	Number of chairmanship in committees of Boards of other companies #	Number of membership in committees of Boards of other companies #
Hoshang N. Sinor	INED	Chairman	24-Jul-03	-	10	4	5
Ashok Jhunjhunwala	INED	Director	19-Oct-06	-	7	1	5
Bruce Kogut	INED	Director	22-Apr-05	-	-	-	-
Dileep C. Choksi	INED	Director & Chairman-Audit Committee	24-Apr-09	-	6	2	3
Mahadevan Chandrasekaran	INED	Director	24-Apr-09	23-Apr-10	3	-	-
Samir Kumar Mitter	INED	Director	28-Oct-05	-	1	-	-
Vishakha Mulye	NED	Director	25-Jul-07	-	3	-	-
V. Srinivasan	ED	Managing Director &CEO	05-Sep-96	-	1	-	-
Amar Chintopanth	ED	Executive Director & CFO	17-Jan-07	-	12	2	-
Anirudh Prabhakaran	ED	Executive Director & President – South Asia	25-Apr-08	-	11	-	-

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

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

b. The 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 being considered and deliberated 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 Seven times on April 9 & 10, 2009; April 24, 2009; May 14, 2009; July 28, 2009; October 23, 2009; January 22, 2010 and February 7, 2010. 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 Company Secretary and Managing Director & CEO, in consultation with the Chairman of the Board or the Committees, 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 items. Detailed presentations are made at the Board Meetings by the Managing Director & CEO and Executive Directors on various strategic and operational issues.

The attendances of the Directors at the Board Meetings held during the year are given below:

Director	Number of Meetings held during the tenure of the Director	Number of Meetings attended	
		In person	Through video/ tele conference#
Hoshang N. Sinor	7	7	-
Ashok Jhunjhunwala	7	7	-
Bruce Kogut	7	3	1
Dileep C. Choksi*@	6	6	-
Mahadevan Chandrasekaran*@	6	6	-
Samir Kumar Mitter	7	5	-
S. Santhanakrishnan*	4	1	-
Suresh Kumar*	4	3	1
Vishakha Mulye	7	5	-
V. Srinivasan	7	7	-
Amar Chintopanth	7	7	-
Anirudh Prabhakaran	7	6	-

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

Treated as absent for the purpose of quorum

@Mr. Dileep C. Choksi and Mr. Mahadevan Chandrasekaran were appointed as Directors with effect from April 24, 2009.

Mr. Mahadevan Chandrasekaran resigned from the Board with effect from April 23, 2010 on personal grounds.

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

The policy of the Company for appointment, performance evaluation and remuneration of the Directors 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. Based on the recommendations of this Committee, the Board approves the 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:

a) quality of participation at the Meeting, regularity and devotion of time;

b) strategic direction, inputs, advice and contribution for long-term stability and sustenance of the Company;

c) 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;

d) contribution towards accounting, finance, tax matters, general management practices and matters of international relevance;

e) level of commitment towards compliance of legal requirements, codes of conduct and corporate ethics and values;

f) 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;

g) sensitivity towards the shareholders' wealth and interest of Company's customers, suppliers, employees and partners and

h) 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 topline and bottomline budgets and implementation of the business plans approved by the Board. The Board finalises the remuneration payable to the Executive Directors, based on the recommendations of the Board Governance Committee.

Age and Tenure Limit:

The Board has fixed the retirement age of Non-Executive Directors at 75 years. The maximum tenure for which a Non Executive Director can be on the Board is 9 years. This is in keeping with the Non-mandatory requirement under Clause 49 of the Listing Agreement.

Remuneration Policy and details of remuneration / compensation:

The Members of the Company, at their Annual General Meeting held on July 28, 2009, have approved the payment of remuneration by way of commission to the Non-Executive Directors, for a sum not exceeding 1% of the Net Profit of the Company in any 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 2009-10, the Company has paid remuneration by way of commission to the Non- Executive Directors at 0.37% of net profits for the year 2008-09 amounting to Rs. 70 lakhs. This payment was made as per the approval granted by the Members on July 22, 2005. In addition to this, sitting fees for attending the Board and Committee Meetings for the financial year 2009-10 were also paid to the Non-Executive Directors. The remuneration, as recorded the highest trading volume preceding the date of grant of option. The pricing of the stock options is in line with SEBI guidelines.

a) The particulars of the options granted and outstanding upto March 31, 2010 are as under:

Particulars	ESOS 2000	ESOS 2007
Options Granted	2,65,53,076	85,20,000
Options Vested	1,66,26,341	26,24,500
Options exercised	31,59,018	Nil
Number of shares allotted pursuant to exercise of options	31,59,018	Nil
Options forfeited/lapsed	57,34,634	10,13,500
Extinguishment or modification of options	Nil	Nil
Amount realised by exercise of options (Rs.)	16,30,04,300	Nil
Total number of options in force	1,76,59,424	75,06,500

b) The following Directors and Senior Management Personnel were granted options during the year 2009-10:

Dileep C. Choksi, Independent Non-Executive Director - 100,000; Mahadevan Chandrasekaran, Independent Non-Executive Director - 80,000; Kathleen Hamburger - President & CEO - North America - 1,50,000; Som Sarma - Global Head-IT Services - 1,50,000; Parag Patankar - Managing Director & CEO of 3i Infotech BPO Limited - 1,50,000.

The options granted to Mr.V.Srinivasan during the year 2004-05(570,000) exceeded 1% of the issued Capital of the Company at the time of grant.

The Managing Director held the following Stock options/redeemable securities in Subsidiaries:

- 3,125 Class B shares of USD 0.01 in Regulus Holdings Inc. representing 2.5% of the Capital,
- 800,000 Stock Options of Rs.10 each in 3i Infotech Consumer Services Limited representing 2.68% of the Capital

c) The following options granted and outstanding as at March 31, 2010 were granted 3 years prior to the IPO to Directors and Senior Management Personnel:

V. Srinivasan, Managing Director & CEO - 11,96,000; Amar Chintopanth, Executive Director & CFO - 2,32,600; Battliwala M.B. - 1,18,700; Debneel Mukherjee - 2,22,000; Manoj Mandavgane - 84,000, Padmanabhan Iyer - 1,20,000; Ravi Jagannathan - 1,04,800; Shivanand R. Shettigar - 94,800.

d) Diluted Earning 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 Rupees)
2002-03	(0.09)
2003-04	0.17
2004-05	2.18

Last 5 years

Financial year	Amount (in Rupees)
2005-06	5.76
2006-07	10.27
2007-08	6.96*
2008-09	13.55
2009-10	(7.04)

* 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 2010 based on intrinsic value of options. However, if the Company had used the fair value of options based on the Black–Scholes model, compensation cost in fiscal would have been Rs.14.70 crores and proforma profit after tax would have been Rs. 110.86 crores. On a proforma basis, the Company's basic and diluted earning per share would have been Rs. 7.37 and Rs. 7.30, respectively. 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% to 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

Date of Grant	**Grant Price (Rs.)**
May 14, 2009	58
July 28, 2009	82
October 23, 2009	95
January 22, 2010	90

f) Weighted average exercise price of Options granted during the year whose

(a)	Exercise price equals market price	83.16
(b)	Exercise price is greater than market price	NIL
(c)	Exercise price is less than market price	NIL

g) Weighted average fair value of options granted during the year whose

(a)	Exercise price equals market price	34.49
(b)	Exercise price is greater than market price	NIL
(c)	Exercise price is less than market price	NIL

h) The number of Stock Options held by the Directors as on March 31, 2010 are as below:

Hoshang N. Sinor – NIL; Ashok Jhunjhunwala – 90,000; Bruce Kogut – 1,00,000; Dileep C Choksi – 1,00,000; Mahadevan Chandrasekaran – 80,000; Samir Kumar Mitter – NIL; Vishakha Mulye – NIL; V. Srinivasan – 37,66,000; Amar Chintopanth – 10,82,600 and Anirudh Prabhakaran – 7,50,000.

B) Number of shares held by Directors as on March 31, 2010:

Hoshang N. Sinor – 1,00,000; V. Srinivasan – 2,42,040; Ashok Jhunjhunwala – 11,010; Vishakha Mulye – 12,000; Mahadevan Chandrasekaran – 20,000 and Anirudh Prabhakaran – 2,000.

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, 2010. A Declaration to this effect signed by the Managing Director & CEO 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 four Committees, viz.

a. Audit Committee

b. Shareholders'/Investors' Grievances Committee

c. Board Governance Committee

d. Fund Raising and Acquisitions Committee

The Board Governance Committee and Fund Raising and Acquisitions Committee consist entirely of Independent Directors. The Audit and the Shareholders/Investors' Greivances Committee consist of a majority 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.

In order to get larger participation of Directors in different Board functions and also to ensure that a set of Directors do not continue to discharge the same function continuously for a longer period of time, the Company has adopted a policy of re-constitution of the Committees of the Board after every three years. Accordingly, the Board at its Meeting held on April 24, 2009, reconstituted all the Committees of the Board.

The Committees of Board of Directors 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 of Directors 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), recommend the audit fee and also approve 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 uses / 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 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;
- looking into reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders and creditors;

- 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.

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
Samir Kumar Mitter	Member	MA, LLB
Vishakha Mulye	Member	B Com, CA

On April 24, 2009, the Committee was re-constituted by the induction of Mr. Dileep C. Choksi as Chairman in place of Mr. S. Santhanakrishnan and Ms. Vishakha Mulye as a member in place of Dr. Bruce Kogut.

The Audit Committee comprises of Non-Executive Directors, majority of them being Independent. Majority of the Members of the Audit Committee, including the Chairman of the Committee have accounting and financial management expertise. The Executive Director & Chief Financial Officer, Head – Enterprise Risk Management and Internal Audit, Internal Auditors and the Joint Statutory Auditors attend the Meetings of the Audit Committee as invitees. The Company Secretary is the Secretary to the Committee.

The Committee met four times during 2009-10 on April 23, 2009; July 27, 2009; October 23, 2009 and January 22, 2010. 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
Dileep C. Choksi*@	3	3
Samir Kumar Mitter	4	3
Vishakha Mulye*@	3	3
Bruce Kogut*	1	0
S. Santhanakrishnan*	1	1

* was a Member only for part of the year.

@ inducted during the fiscal year 2010

b. Shareholders'/Investors' Grievances Committee:

This Committee was constituted by the Board to look into the matters relating to the 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;
- 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 might 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.

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

Name of the Director	Position
Samir Kumar Mitter	Chairman
Ashok Jhunjhunwala	Member
Amar Chintopanth	Member

On April 24, 2009, the Committee was re-constituted by the induction of Mr. Samir Kumar Mitter as Chairman in place of Mr. Hoshang N. Sinor and Dr. Ashok Jhunjhunwala as Member in place of Mr. S. Santhanakrishnan.

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 this Committee.

The Committee met four times, during the year 2009-10 on April 24, 2009; July 28, 2009; October 23, 2009 and January 22, 2010.

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
Samir Kumar Mitter*@	3	2
Ashok Jhunjhunwala*@	3	3
Amar Chintopanth	4	4
Hoshang N. Sinor*	1	1
S. Santhanakrishnan*	1	1

* was a Member only for part of the year.

@ inducted during fiscal year 2010

The Investors' & Shareholders' complaints received during the year:

	Opening Balance	Received	Processed	Pending as on March 31, 2010
Instructions	7	494	492	9
Grievances	0	5	5	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, Board of its Subsidiaries, determine future requirements and make recommendations to the Board for approval;
- evaluate the performance of Board and Committees of the Company and its Subsidiaries;

- ensure that the Board and the Board 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 programs 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 viz-a-viz KPA's (Key Performance Area) and to recommend the remuneration payable to them from time to time by way of salary, perquisites, commission, allowances, performance bonus, stock options etc.;
- approve the policy for quantum of bonus payable to the employees.

During the year under review, the Board Governance Committee recommended to the Board the following matters which were further approved by the Board of Directors:

1. Retention Incentive Scheme to Whole-time Directors and other key employees as a motivational tool.
2. Performance Evaluation and Bonus to Whole-time Directors for the year 2008-09.
3. Commission to Non-Executive Directors for the year 2008-09.
4. Bonus to Employees for the year 2008-09.
5. Induction of Mr. Dileep C. Choksi & Mr. Mahadevan Chandrasekaran as Additional Directors of the Company.
6. Reconstitution of Audit Committee, Shareholders'/Investors' Grievances Committee, Fund Raising and Acquisitions' Committee and Board Governance Committee.
7. Determination of Directors retiring by rotation and recommendation of their appointment at the 16th Annual General Meeting.

The Board Governance Committee also recommended to pay commission to Non-Executive Directors upto a limit of 1% of the Net Profit of the Company for a period of 5 years commencing from April 1, 2009 to March 31, 2014.

On April 24, 2009, the Committee was re-constituted by the induction of Mr. Mahadevan Chandrasekaran as a Member in place of Mr. Suresh Kumar.

Composition of the Committee during the period under review was as under:

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member
Mahadevan Chandrasekaran	Member

Consequent to the resignation of the Mr. Mahadevan Chandrasekaran at the Meeting held on April 23, 2010, the Committee has been re-constituted as under:

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member

All the Members of this Committee are Independent Non-Executive Directors. Mr. Shivanand R. Shettigar, the company secretary acts as the secretary to the Committee.

The Committee met three times during the year 2009-10 on April 9, 2009; April 24, 2009 and October 22, 2009.

The 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	3	3
Bruce Kogut#	3	2
Mahadevan Chandrasekaran*@	1	1
Suresh Kumar*	2	2

* was a Member only for part of the year.

one meeting participated through teleconference.

@ inducted during the fiscal year 2010

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 & tenure limit 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, fund raising and recommendation and approval of acquisition proposals.

Brief description of terms of reference:

- to review all long term funding needs of the 3i Infotech group and make appropriate recommendations to the Board;
- to approve acquisitions having a consideration between USD 10 million to USD 25 million per transaction and report to the Board subsequently;
- recommend for Board's approval acquisitions with a consideration more than USD 25 million and
- noting and performance review of previous acquisitions.

On April 24, 2009, the Committee was re-constituted by the induction of Mr. Hoshang N. Sinor as Chairman in place of Mr. Suresh Kumar and Mr. Mahadevan Chandrasekaran as Member in place of Mr. V. Srinivasan.

Composition of the Committee during the period under review was as under:

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member
Mahadevan Chandrasekaran	Member

Consequent to the resignation of Mr. Mahadevan Chandrasekaran at the Meeting held on April 23, 2010, the Committee has been re-constituted as under:

Director	Position
Hoshang N. Sinor	Chairman
Bruce Kogut	Member

As on the date of this report, all the Members of this Committee are Independent Non-Executive Directors. Mr. Shivanand R. Shettigar, the Company Secretary acts as the Secretary to the Committee.

The Committee met four times during the year 2009-10 on April 23, 2009; July 27, 2009; October 22, 2009 and January 21, 2010.

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*@	3	3
Bruce Kogut#	4	2
Mahadevan Chandrasekaran*@	3	3
V. Srinivasan*	1	1
Suresh Kumar*	1	1

* was a Member only for part of the year.

one Meeting participated through conference call.

@ inducted during fiscal year 2010

III. GENERAL MEETINGS

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

Year	Date and Time	Venue	Special Resolutions passed
2006-07	July 25, 2007 at 4.00 p.m.	Arya Samaj Hall, Plot No. 6, Sector 9A, Vashi, Navi Mumbai 400 703	1. Amendment of Articles of Association with regard to the authorized share capital 2. Capitalising Reserves by issue of Bonus shares 3. Issue of Shares under Employee Stock Option Scheme 2007 to Employees and Directors of the Company 4. Issue of Shares under Employee Stock Option Scheme 2007 to Employees and Directors of subsidiary and/or holding Company
2007-08	July 25, 2008 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	1. Appointment of Mr. Anirudh Prabhakaran as Executive Director 2. Variation of terms of remuneration of Mr. Amar Chintopanth, Executive Director & CFO
2008-09	July 28, 2009 at 3.30 P.M.	Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 705	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 28, 2009

Name of the Directors

Hoshang N. Sinor

Ashok Jhunjhunwala

Dileep C.Choksi

Mahadevan Chandrasekaran

Samir Kumar Mitter

Suresh Kumar

Vishakha Mulye

V. Srinivasan

Amar Chintopanth

Anirudh Prabhakaran

No Extra-ordinary 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 Resolutions by Postal Ballot) Rules, 2001 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 Passed
April 9, 2009	May 17, 2009	May 19, 2009	Mr. N. D.Gupta	Creation of security by way of charge(s), mortgage(s) or otherwise against the borrowings of the Company
July 28, 2009	August 29, 2009	August 31, 2009	Mr. N. D.Gupta	Issue of Securities of the Company pursuant to Section 81(1A) of the Companies Act, 1956

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

The Board of Directors appointed Mr. N. D. Gupta, Practising Chartered Accountant, as the Scrutiniser for conducting both the Postal Ballots.

The results of the Postal Ballot were announced by the Chairman on respective date of results 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/investors/announcements.aspx

Results of the Postal Ballot	Column I	Column II
Particulars	**Ordinary Resolution for Creation of Security**	**Special Resolution for Issue of Securities**
Total number of equity shareholders who have cast their votes by means of postal ballot forms	2,954	2,843
Less: Number of equity shareholders whose postal ballot forms were rejected as invalid	(134)	(169)

Results of the Postal Ballot	Column I	Column II
Particulars	**Ordinary Resolution for Creation of Security**	**Special Resolution for Issue of Securities**
Number of equity shareholders represented by valid postal ballot forms	2,820	2,674
Voted in favour of the Resolution	2,701	2,585
Voted against the Resolution	119	89
Total number of votes cast by the equity shareholders by means of valid postal ballot forms	6,63,21,177	7,23,52,964
Number of invalid votes	36,759	48,664
Votes in favour of the Resolution	6,32,81,852	6,84,56,827
Votes against the Resolution	30,17,977	38,96,137
Percentage of votes cast in favour	95.42%	94.61%

IV. DISCLOSURE REQUIREMENTS

a) Management Discussion and Analysis Report:

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

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

During the year 2009-10, 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.

   None of the Independent Directors on our Board have served for a term exceeding nine years from the date when the new clause 49 became effective.

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 the report.

3. Shareholder Rights

   The quarterly, half yearly and annual declaration of the financial performance are posted on the web-site of the Company and are also sent to the stock exchanges, where the shares of the Company are listed.

4. Audit Qualifications

   The Company's financial statements are unqualified.

5. Training of Board Members

   New directors, on being inducted to the Board, are 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.

6. Mechanism for evaluating the performance of Non Executive Directors

   The Board Governance Committee 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 of the Committee while deciding the remuneration to be paid to the Non Executive Directors.

7. Whistle Blower Policy

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

f) Utilisation of Proceeds from Issue:

During the year, the Company raised equity capital through a Qualified Institutional Placement (QIP). The details of utilisation of proceeds received on September 25, 2009 through the QIP is as under :

Particulars	**Amount (Rs. in Crores)**
Amount received from QIP Proceeds	317.81
Less: Expenses incurred for QIP	10.53
Less: Debt Repayment	307.28
Balance	Nil

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 normally published in Economic Times, Business Standard, Business Line, Free Press Journal (English) and Navshakti (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 e–mail ID investors@3i-infotech.com

VI. GENERAL SHAREHOLDER INFORMATION

a) Details of ensuing AGM:

Day and Date	Time	Venue
Tuesday, July 27, 2010	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, 2010	July 27, 2010
September 30, 2010	October 22, 2010
December 31, 2010	January 21, 2011
March 31, 2011	April 22, 2011

c) Financial Year: April 01 - March 31

d) Date of Book Closure: July 10, 2010 to July 27, 2010 (both days inclusive)

e) Dividend payment date: Within 5 days from July 27, 2010.

f) 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.

g) Share transfer system:

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

h) Listing: The shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)

i) Listing on Stock Exchanges and Codes

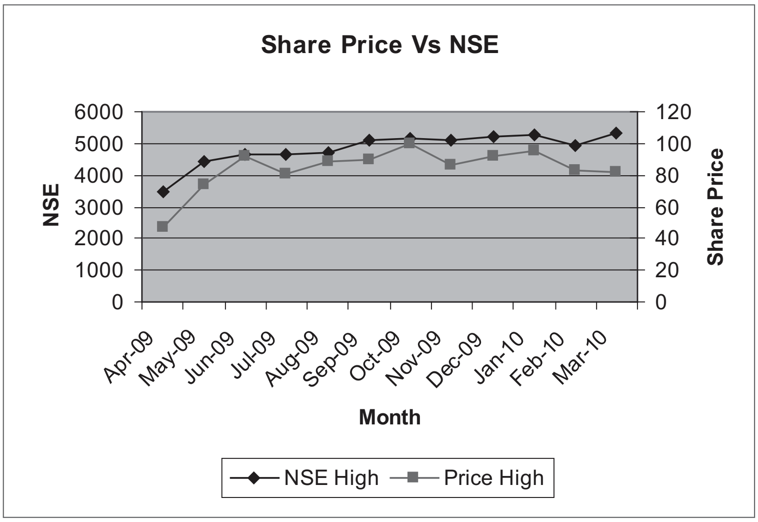
ISIN No. in NSDL & CDSL: INE748CO1020

	NSE	BSE
Exchange Code	3IINFOTECH	532628

Monthly highs, lows and trading volume for FY 2009

Month	National Stock Exchange			Bombay Stock Exchange			Total Quantity Traded
	High	Low	Trade Quantity	High	Low	Trade Quantity	
April-09	46.60	34.55	43,820,701	46.50	34.45	20,938,304	64,759,005
May-09	73.60	47.65	65,858,060	73.45	47.70	24,978,325	90,836,385
June-09	91.70	71.25	46,174,410	91.70	71.45	19,530,957	65,705,367
July-09	81.25	62.10	22,577,551	81.20	61.90	10,162,996	32,740,547
August-09	88.60	65.65	57,444,777	88.65	65.80	29,538,272	86,983,049
September-09	90.20	82.55	42,658,947	90.50	82.60	20,912,451	63,571,398
October-09	100.15	82.40	126,092,482	100.30	82.15	55,178,260	181,270,742
November-09	86.05	77.05	29,060,042	85.75	77.00	12,068,295	41,128,337
December-09	92.40	79.15	69,894,553	92.55	79.05	28,826,407	98,720,960
January-10	95.75	80.80	57,364,288	95.90	80.65	24,833,578	82,197,866
February-10	83.55	73.05	16,280,163	83.55	73.00	6,518,125	22,798,288
March-10	81.90	74.55	23,139,789	81.80	74.80	9,113,059	32,252,848

j) 3i Infotech's share prices versus the NSE Nifty



k) Distribution of holdings as on March 31, 2010:

Share holding of nominal value of Rs.	Shareholders		Share Amount	
	Number	Percentage to total (%)	Rs.	Percentage to total (%)
Upto 5000	123,864	89.04	173,440,830	10.28
5001-10000	8,335	5.99	67,514,900	4.00
10001-20000	3,556	2.56	55,392,250	3.28
20001-30000	1,103	0.79	28,584,040	1.69
30001-40000	517	0.37	18,908,800	1.12
40001-50000	441	0.32	21,033,550	1.25
50000-100000	696	0.50	51,831,340	3.07
100001 and above	599	0.43	1,270,893,750	75.31
Total	**139,111**	**100.00**	**1,687,599,460**	**100.00**

l) Shareholding Pattern as on March 31, 2010:

Category	Shares	%
Government Financial Institutions	22,085,835	13.09
Nationalised Banks	279,800	0.17
FIIs	16,006,478	9.48
Overseas Corporate Bodies (OCBs)	1,100	0.00
Foreign Banks / Companies	4,608,669	2.73
Non-Residents	3,111,229	1.84
Mutual Funds	22,554,040	13.36
Bodies Corporates	14,220,693	8.43
ICICI Bank Limited	-	-
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	39,036,190	23.13
Other Banks	332,545	0.20
Resident Indians	46,523,367	27.57
TOTAL	**168,759,946**	**100.00**
No. of Shareholders	139,111	-

m) Dematerialisation of shares and liquidity:

On March 31, 2010, all the shares of the Company are held in Dematerialised mode, except 55,320 shares, which are held in physical mode.

n) Unclaimed Shares lying with 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 now 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. During the year, 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 and 674 respectively
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil
Number of holders to whom shares were transferred from suspense account during the year	Nil
Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2010	5 and 674 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

The Company has issued Foreign Currency Convertible Bonds as per the details given below;

	US$ 50 Million Zero Coupon convertible bonds due in 2011	**Euros 30 Million Zero coupon convertible bonds due in 2012**	**US$ 100 Million Zero Coupon convertible bonds due in 2012**
Identification No.	CB110317	CB110317	CB110317
ISIN	XS0245867667	XSO292985727	XS0308551166
Initial Conversion Price	INR 230 representing a premium of 33% to INR 173, the reference share price (closing price on NSE on March 2, 2006)	INR 308.63 representing a premium of 25% to INR 246.90, the reference share price (closing price on NSE on March 26, 2007)	INR 331.87 representing a premium of 10% to INR 301.70, the reference share price (closing price on NSE on June 25, 2007)
Initial Conversion Ratio	Convertible into 19,282.6087 common shares per US$100,000 bond from April 25, 2006 untill February 16, 2011	Convertible into 186.6312 common shares per bond of Euros 1,000 each from May 13, 2007 until March 4, 2012	Convertible into 122.9698 common shares per bond of USD 1,000 each from September 5, 2007 until July 20, 2012
Current Conversion Price	Rs. 115.00 w. e. f. August 28, 2007	Rs. 154.315 w. e. f. August 28, 2007	Rs. 165.935 w. e. f. August 28, 2007

	US$ 50 Million Zero Coupon convertible bonds due in 2011	Euros 30 Million Zero coupon convertible bonds due in 2012	US$ 100 Million Zero Coupon convertible bonds due in 2012
Current Conversion Ratio	Convertible into 38,565.2174 common shares per US$100,000 bond each	Convertible into 373.2624 common shares per bond of Euros 1,000 each	Convertible into 245.9396 common shares per bond of USD 1,000 each
Yield to maturity	6.80% (semi annually), if conversion option not exercised.	6.90% annual basis	7.05% per annum on semi-annual basis
Number of Bonds Converted as on March 31, 2010	298	NIL	NIL
Number of Bonds repurchased as on March 31, 2010	NIL	10,000	33,633
Number of Bonds outstanding as on March 31, 2010	202	20,000	66,367
Amount Outstanding as on March 31, 2010	USD 20.2 Million	Euro 20 Million	USD 66.367 Million
Expected number of shares to be issued	7,790,174	7,465,248	16,322,273

Apart from these, there are no other GDRs/ADRs/Warrants or any convertible instruments other than the stock options issued under the Employees Stock Option Schemes of the Company, which are outstanding.

p) Plant Locations:

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

The addresses of various offices / GDCs (Global Development Centres) of the Company are given below:

1. Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703.
2. Tower # 6, 6th Floor, International Infotech Park, Vashi, Navi Mumbai - 400 703.
3. Unit No. 601, 6th Floor, Akruti Centre Point, MIDC Central Road, Next to Marol Telephone Exchange, Andheri (E), Mumbai - 400 093.
4. Unit No. 301, 3rd Floor, Akruti Trade Centre, Road No.7, MIDC Road, Andheri (E), Mumbai - 400 093.
5. 2nd Floor, Sanghavi Chambers, 27, Janmabhoomi Marg, Fort, Mumbai - 400 001.
6. I–wing 1st & 4th Floors, Tex Centre, 26-A Chandivali, Off. Saki Vihar Road, Andheri (E) Mumbai – 400 093.
7. 104/105, Ashirwad Build, Upper Ground Floor, Opp. Sardar Patel Seva Samaj Hall, Near Aditya Bldg, Off. C.G. Road, Navrangpura, Ahmedabad - 380 009.
8. Ground and 2nd Floors, B-56, Sector – 57, NOIDA, Uttar Pradesh - 201 301.
9. Basement, 1st, 2nd and 3rd Floors, Kiran Plaza, 84, District Centre, Chandrasekharpur, Bhubaneswar – 751 016.
10. Ground, 1st, 2nd and 3rd Floors, Shantishree, No. 17/1, Hosur Road, Bangalore - 560 068.
11. Ground, Mezzanine and 1st Floors, Brigade Champak, 6/2 Union Street, Off. Infantry Road, Bangalore – 560 001.

12. 1st Floor (East Wing), Neil Rao Towers, No.118, Road No.3, Export Promotion Industrial Park, White Field, Bangalore - 560 066.
13. Apartment Nos. A, B, C, D and E, 7th Floor, Apple Tower, Survey Number 125/10A of Edappally South Village, Kochi, Kerala - 682 024.
14. Ground and 2nd to 7th Floors, Prince Techno Park, No.10, Old Mahabalipuram Road, Thoraipakkam, Chennai – 600 096.
15. 4th Floor, MBC Tower, 81 TTK Road, Mylapore, Chennai – 600 004.
16. 788/789, 1st to 3rd Floors, AVA Towers, Anna Saalai, Chennai – 600 002.
17. 1st & 6th Floors, Rayala Towers, 158 (781-785), Anna Saalai, Chennai – 600 002.
18. Ground Floor, Navbharat Chambers, Raj Bhavan Road, Hyderabad – 500 082.
19. 5th Floor, Babukhan's Millennium Centre, Somajiguda, 6-3-1099/1100, Off Rajbhavan Road, Hyderabad - 500 082.
20. 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.
21. Unit Nos. 301, 302, 3rd Floor, Campus D, RMZ Centennial, Doddanekundi village, Krishnarajapuram, Hobli, Bangalore-560 048.

q) Address for correspondence

COMPLIANCE OFFICER:
Shivanand R. Shettigar,
Compliance Officer & Company Secretary
3i Infotech limited, Tower # 5, 3rd to 6th Floor, International Infotech Park
Vashi, Navi Mumbai 400 703
Ph: (91 22) 67928800
Fax: (91 22) 6792 8094
Email: co@3i-infotech.com

INSTITUTIONAL INVESTORS:
M.B. Battliwala
Senior General Manager
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) 39145758/91-22-39145560
Fax: (91 22) 39145520
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 8098/99
Email: investors@3i-infotech.com

Mumbai, June 9, 2010

CERTIFICATE FROM MANAGING DIRECTOR & CEO FOR COMPLIANCE WITH 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, 2010.

Sd/-

V. Srinivasan
Managing Director & CEO
3i Infotech Limited

April 23, 2010 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, 2010 as stipulated in Clause 49 of the Listing Agreement with Stock Exchange of India.

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 **LODHA & COMPANY**
Chartered Accountants

Sd/-
(R. P. Baradiya)

Partner
Membership No. 44101

For **R. G. N. PRICE & COMPANY**
Chartered Accountants

Sd/-
(K. Venkatakrishnan)

Partner
Membership No. 208591

April 23, 2010 at Mumbai

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

The management discussion and financial analysis is based on the consolidated financial statements prepared in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') prescribed by The Companies (Accounting Standards) Rules, 2006.

Introduction to the Company and its Businesses

3i Infotech is one of India's leading IT companies and among the top 3 Indian Software Products Companies (source : Dataquest). The Company provides software products, IT services and BPO services for the banking, financial services, insurance, manufacturing, auto, healthcare, life sciences and retail & consumer packaged goods industry.

The Company operates through a structure comprising of geographies, verticals, horizontals and support groups. The geographies are the business drivers and are primarily responsible for business development. The verticals and horizontals are practices which conceptualize and strengthen various offerings and are enablers to the geographies. The support groups carry out a dual role of facilitating business and simultaneously exercising necessary controls.

The Company offers a range of world class products and end-to-end high quality business solutions in keeping with the changing market conditions for various industry segments. 3i Infotech brings together advanced technology, robust infrastructure, a large pool of talent and a proven global delivery model to provide services, such as - BPO services, software services and IT infrastructure services, to companies around the world.

Innovation in design and deep domain understanding have helped 3i Infotech build products that solve some of the most vexing problems faced by our clients. Our portfolio includes products catering to the operational requirements of varied industries. This includes providing software solutions for the banking and financial services industry (which includes insurance, mutual fund and capital market sectors), and an enterprise resource planning package.

Through our IT service offerings, we provide clients with application development & maintenance, IT infrastructure services, e-governance services, retail e-commerce, business intelligence, document management and business process management, data warehousing and other online retail services like online tax filing and digital signature certificates.

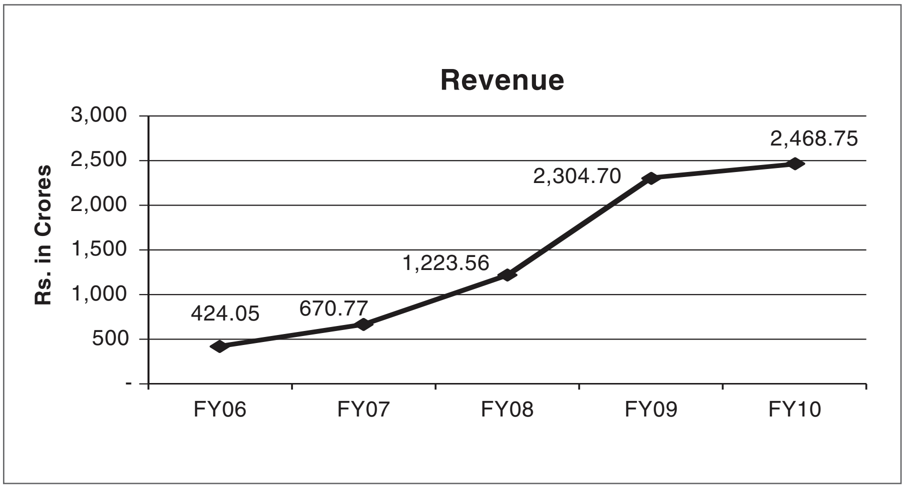
Through our transaction service offerings, we provide clients with services such as payment remittance, cheque processing, human resources and payroll management services, account origination, forms processing, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact center services. Our transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries. Our top customers include some of the leading banking, insurance and financial services companies in India and around the world.

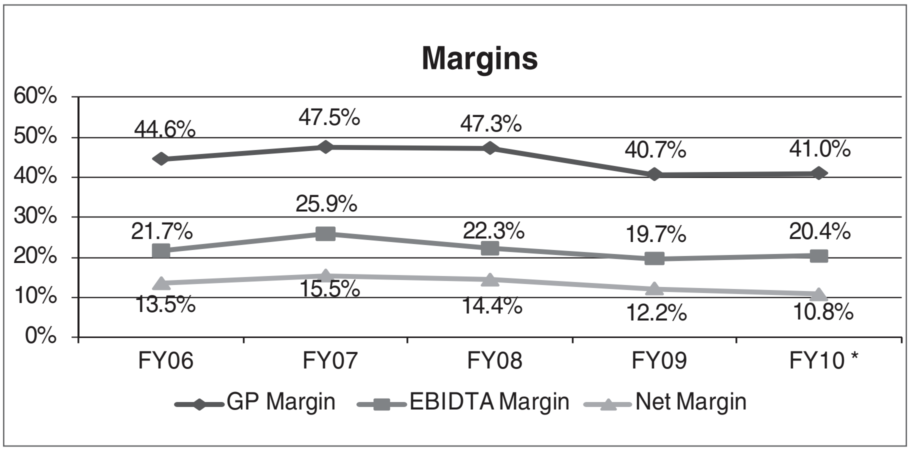
The Company services customers in over 50 countries across 5 continents and is focused on growing the existing customer base by offering them the various service lines we operate in; continuously looking for opportunities to cross sell and upsell to the existing customers. Our current customer base comprises over 1,500; including some that feature in the Fortune 500 List of Companies.

The Company's revenues have grown from Rs.424.05 crores to Rs.2,468.75 crores over the last five years. This represents a compounded annual growth rate (CAGR) of 55.3%; of which 24.1% has been organic and 31.2% inorganic.

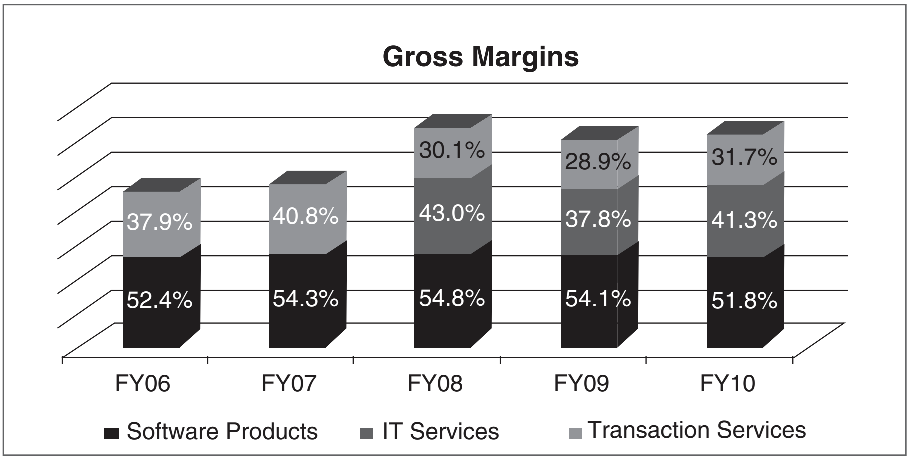
The Company operates in five nodal geographies namely North America, South Asia, Middle East, Africa, Russia and CIS (MEARC), Western Europe and Asia Pacific with a current employee strength of over 15,000, spread across these geographies.

Financial Trends over the Years





* Profit After Taxation & Before Exceptional items and impact of discontinued operations has been considered for Net Margin of FY10



Analysis of Financials

Analysis of Profit & Loss Statement :

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Total Income	**2,468.75**	2,304.70
Total Expenditure	**1,965.61**	1,851.22
Profit before Interest, Depreciation, Taxes	**503.14**	453.48
Interest	**144.83**	94.95
Depreciation & Amortisation	**81.41**	70.06
Profit Before Taxation	**276.90**	288.47
Tax	**10.95**	22.05
Profit After Taxation & Before Exceptional Items and Impact of discontinuing operations	**265.95**	266.42

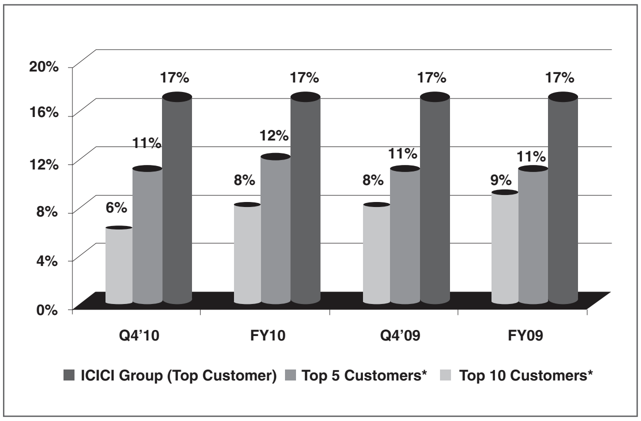
In FY 2010, consolidated revenues were at Rs. 2,468.75 crores, as against Rs.2,304.70 crores in the previous year, a growth of 7.1% over the previous year.

The Company's offerings are broadly classified into three distinct segments, software products, IT services and transaction services. Product revenues contributed to 32% of the total income (35% in the previous year) and IT service revenues were at 31% (33% in the previous year). Revenues from the transaction services business grew to 37% in the current year, from 32% in the previous year. This significant increase is due to the acquisition of JPMC's National Retail Lockbox Business in the US in the current year.

With respect to geographies, South Asia contributed to 26% of the revenues compared to 28% in the previous year. North America was at 55%, up from 50% in the previous year. This increase is primarily due to the acquisition of JPMC's National Retail Lockbox Business in the current year. Middle East, Africa, Russia and CIS (MEARC) contributed to 9% of revenue from 10% in the previous year and Asia Pacific contributed to 4% of revenue compared to 5% in the previous year. Western Europe was at 6% as compared to 7% in the previous year.

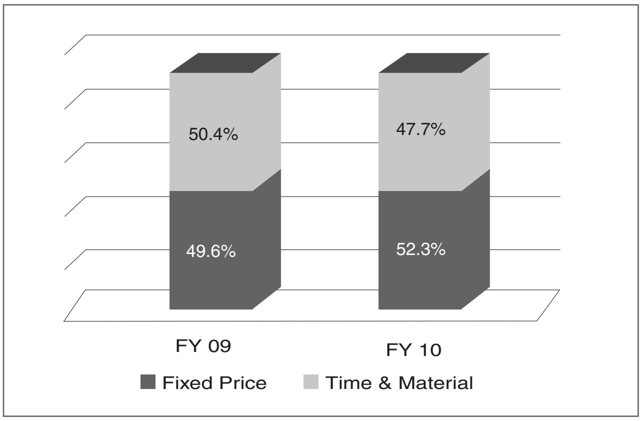
Customer Data

Customer Concentration

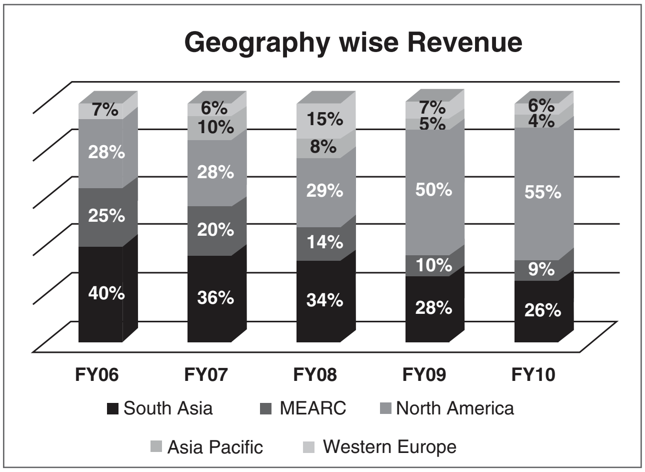


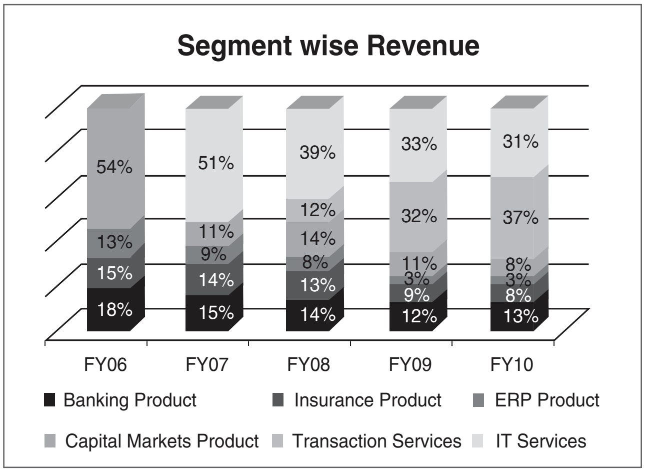
* excluding ICICI Group

Nature of Contracts with Customers



A snapshot of the Geography wise and Segment wise mix for the last five years has been illustrated below :





Salary and cost of outsourced services and third party products continues to be a major component of expenses. The Company does not carry any significant bench and uses a combination of own and outsourced employees to manage cost. As a percentage of total cost, this is around 84%.

The Operating Profit (Profit before Interest, Depreciation & Taxes) was Rs.503.14 crores, with an operating margin of 20.4% during the current year, as compared to Rs.453.48 crores, representing 19.7% of income in the previous year.

The improvement in the operating margins is attributed to operating efficiencies in product deliveries, rationalization of work force, consolidation of offices, cost rationalization across businesses, etc. As part of cost rationalization, our focus has been in the areas of in-house training for employees, increasing direct sales and other cost control measures.

Interest cost increased primarily due to the full year impact of interest on loans availed during the previous year for the expansion in the e-Governance business and for general working capital purposes. Similarly, depreciation cost also increased because of these investments in the retail initiatives which was largely funded through debt.

The Company's rate of tax is around 4% of book profits. This rate is a combination of various tax rates across Geographies the Company is operating in, including tax holiday benefits. Tax for the current year ended March 31, 2010 was Rs.10.95 crores as against Rs.22.05 crores in the previous year.

Profit after tax and before exceptional items and impact of discontinuing operations is at Rs. 265.95 crores, as against Rs. 266.42 crores for the previous year. The decline is due to the increase in interest and depreciation cost of around Rs.61 crores. Net profit after minority interest, exceptional items and impact of discontinuing operations (explained below) is Rs.33.46 crores as against Rs.282.01 crores in the previous year. The decline in the current year is mainly due to the impact of discontinuing operations of Rs.260.46 crores.

Discontinued Operations

Commencing from March 2007, the Company had entered into agreements with some State Governments towards setting up and operating Citizen Service Centers across those states for providing certain government services as well as non-government retail services to consumers. The Company has decided to exit from the Master Service Agreements (MSA) of some of the State Governments by paying a compensation of Rs. 10.92 crores under these contracts and further decided to exit totally from this line of business owing to the prevailing business environment. Accordingly, the assets attributed to this business are being carried as 'Assets held for Disposal', at their net realizable values. The resultant loss of Rs. 260.46 crores (net of tax of Rs. 70.73 crores) has been written off in the Profit and Loss account under the head 'Impact of Discontinuing Operations'.

Analysis of Balance Sheet :

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS		
Share Capital & Reserves	**993.47**	1,037.01
Minority Interest	**8.19**	21.16
Loan Funds	**2,159.01**	2,202.04
Premium Payable on Redemption of FCCB	**123.73**	109.45
	3,284.40	3,369.66
APPLICATION OF FUNDS		
Goodwill on Consolidation	**1,810.71**	1,700.40
Net Fixed Assets	**428.49**	692.37
Investments	**10.10**	3.60
Deferred Tax Assets (Net)	**112.65**	38.61
Net Current Assets	**922.45**	934.68
	3,284.40	3,369.66

Some of the significant Balance Sheet items have been discussed below :

Equity

During the year the Company had sought approval for equity issuances to the extent of Rs. 500 crores through a Qualified Institutional Placement (QIP). This was executed in two tranches. In the first tranche, the Company issued and allotted 37,500,000 fully paid-up equity shares aggregating to approximately Rs. 320 crores in September 2009. The second tranche concluded on April 7, 2010 and the Company subsequently issued and allotted 22,900,099 fully paid-up Equity Shares aggregating to approximately Rs. 180 crores, thereby concluding the capital raising activity.

Loan Funds

Loan funds comprise of rupee loans, foreign currency loans and foreign currency convertible bonds (FCCB); the break of which is as follows :

Rs. in Crores

Rupee Loan	1,153.26
Foreign Currency Loans	494.77
FCCB	510.98
Total Loan Funds	**2,159.01**

Loan funds have reduced marginally to Rs. 2,159.01 crores in FY 2010 from Rs.2,202.04 crores in FY 2009. These loans have been used for initiatives in the e-Governance business, earnout payments related to earlier acquisitions and new acquisitions and for working capital requirements of the Company.

During the year, the Company bought back and cancelled FCCBs (out of the third and the fourth issues) of face value of EUR 6,000,000 and USD 8,500,000 equivalent to Rs. 82.42 crores at a discount resulting in reduction of liability by Rs. 29.19 crores. The same has been shown as exceptional income in the Profit & Loss account. The Company also incurred an amount of Rs. 1.33 crores as professional fees towards advisory, legal and other expenses for various financial re-structuring assignments in respect of the aforesaid buyback. The same has been shown as exceptional expenditure in the Profit & Loss account.

Cash Flows

Cash flow from operations (net) in FY 2010 is at Rs.342.23 crores as against Rs.523.90 crores in the previous year.

During the year, we had cash inflows in the form of equity issuances by way of a Qualified Institutional Placement (QIP) to the extent of Rs.320.31 crores. Issue expense for the QIP is Rs.10.53 crores. Net repayments towards loans taken and FCCB buyback is Rs.125.78 crores in the current year as against an inflow of Rs.626.03 crores in the previous year. Dividend and interest paid during the year is Rs.175.51 crores as against Rs.123.67 crores in the previous year.

Earnout payments related to earlier acquisitions and new acquisitions are at Rs.252.90 crores compared to Rs.572.22 crores in the previous year. Cash outflow for fixed assets and other investing activities is at Rs.162.02 crores compared to Rs.468.95 crores in the previous year.

Considering the above, our net cash balance is at Rs.180.56 crores as compared to Rs.244.76 crores in the previous year.

Goodwill on Consolidation

The excess of the cost to the holding company, of its investments in each of the subsidiaries over and above the share of equity in the respective subsidiary, on the acquisition date, is recognized in the financial statements as goodwill which is tested for impairment on an annual basis.

Goodwill has increased to Rs.1,810.71 crores in the current year as compared to Rs.1,700.40 crores in the previous year. Addition to goodwill during the year has been Rs.336 crores due to the acquisition of JPMC's National Retail Lockbox Business and earnouts paid for some of the earlier acquired companies. Foreign exchange impact (loss) has been Rs.225.69 crores.

Fixed Assets

The Company's gross fixed assets have decreased to Rs. 644.55 crores in the current year from Rs. 799.73 crores in the previous year and the net fixed assets have decreased to Rs. 428.49 crores in the current year from Rs. 692.37 crores in the previous year. The decrease is the result of the removal of project assets for retail initiatives from our fixed assets due to the discontinuation of the retail business.

Working Capital

A significant part of the working capital is constituted by debtors and unbilled which is at Rs. 827.01 crores in the current year as against Rs. 760.46 crores in the previous year. The increase is a result of the increase in fixed price contracts in our portfolio and reduction of time and material billing. Fixed price contracts are at 52% and time and material contracts are at 48% in the current year.

The Company has suitably streamlined its processes to develop a more focused and aggressive receivables management system to ensure timely collections. The Company continues to monitor the debtors and unbilled amounts and is confident at maintaining it at reasonable levels.

Current liabilities are currently at Rs.541.91 crores as against Rs. 426.83 crores in the previous year.

Forex Exposure

Our diversification into various countries has created a significant natural forex hedge since the costs are also incurred largely in those currencies. This has reduced the impact of forex fluctuations to a major extent.

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.

Enterprise Risk Management

The Enterprise Risk Management (ERM) at 3i Infotech encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to our business. Our ERM seeks to facilitate mitigation of risks that may affect the achievement of our business objectives and impact stakeholder value. Risk management is an integral part of our business model. The business practices at 3i Infotech are oriented to leverage the risk management to generate maximum reward while keeping risks below a defined level. The Company also uses an appropriate dashboard for measuring and monitoring key risks with an appropriate ERM framework. Annual risks survey is conducted across the Company to get a perspective on key risks. Various steps are taken to increase risk awareness and effectively engage the organization in managing the risks.

Major risks identified include geographic and client concentration, attrition, managing of contractual obligations, etc. To address these risks, the Company has increased its diversification across geographies, enlarged the basket of offerings and is considering various steps for employee retention.

Human Resources

The Human Resources group has been working through various initiatives with an objective to enhance employee competence and maximize employee contribution towards the organizational goals. We have rolled out many initiatives to attract, retain and develop talent in the organisation. Our comprehensive training & development initiatives are aligned to the skills and knowledge required to meet the long & short term corporate objectives. During the year, we have introduced various interventions to enrich leadership skills and build team capabilities to create high performance teams. The learning methodology includes customized offsites facilitated group wise along with classroom training.

Continuous development aided by various initiatives like an effective performance management system, competency based assessments, 360 degree feedback, etc. pave the way for overall employee growth. A competency modeling & mapping exercise was undertaken across various business units to identify critical competencies important for successful delivery.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis report relating to the Company's objectives, projections, outlook, expectations, estimates, etc. may constitute "forward - looking-statements" within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections, etc. whether expressed or implied. Several factors could make a significant difference to the company's operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc. over which the Company does not have any direct control.

Notes

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') and its subsidiaries collectively referred to as 'the 3i Infotech Group' as at March 31, 2010, the Consolidated Profit & Loss Account 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 Rs. 504.68 crores as at March 31, 2010 and total revenue of Rs. 592.81 crores for the year ended on March 31, 2010 have been jointly audited with other auditors.

   b) We have not audited the financial statements of 29 subsidiaries included in the consolidated financial statements, whose financial statements reflect the total assets of Rs. 2,590.99 crores as at March 31, 2010 and total revenue for the year ended March 31, 2010 of Rs. 1,033.77 crores. 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 the other auditors.

4. 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 prescribed by Companies (Accounting Standards) Rules, 2006 as amended from time to time.

5. 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, we are of the opinion that the attached Consolidated Financial Statements read together with "Significant Accounting Policies and Notes to Accounts" in Schedule XII and other notes appearing elsewhere in the said accounts, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of Consolidated Balance Sheet, of the state of affairs of the 3i Infotech Group as at March 31, 2010;

(ii) in the case of Consolidated Profit and Loss account, of the profit 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 Lodha & Co.
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 44101
Firm Registration No: 301051E

Mumbai.
Date : April 23, 2010

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

K. Venkatakrishnan
Partner
Membership No. 208591
Firm Registration No: 002785S

Mumbai.
Date : April 23, 2010

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

Rs. in Crores

		Schedule	As at March 31, 2010	As at March 31, 2009
I.	**SOURCES OF FUNDS**			
1.	**Shareholders' Funds :**			
A.	Share Capital	I	**268.76**	230.75
B.	Reserves and Surplus	II	**724.71**	806.26
			993.47	1,037.01
2.	**Minority Interest**		**8.19**	21.16
3.	**Loan Funds :**			
A.	Secured Loans	III	**954.65**	939.37
B.	Unsecured Loans	IV	**1,204.36**	1,262.67
			2,159.01	2,202.04
4	**Premium payable on Redemption of FCCB**		**123.73**	109.45
			3,284.40	3,369.66
II.	**APPLICATION OF FUNDS**			
1.	**Goodwill arising on consolidation**		**1,810.71**	1,700.40
2.	**Fixed Assets :**	V		
A.	Gross Block		**644.55**	799.73
B.	Less : Depreciation		**270.46**	233.01
C.	Net Block		**374.09**	566.72
D.	Capital Work-in-Progress		**39.40**	125.65
E.	Assets held for disposal		**15.00**	-
			428.49	692.37
3.	**Investments**	VI	**10.10**	3.60
4.	**Deferred Tax Asset (net)**		**112.65**	38.61
5.	**Current Assets, Loans and Advances**	VII		
A.	**Current Assets :**			
a.	Inventories		**3.88**	11.06
b.	Sundry Debtors		**542.60**	483.10
c.	Unbilled Revenues		**284.41**	277.36
d.	Cash and Bank Balances		**189.60**	319.61
			1,020.49	1,091.13
B.	**Loans and Advances**		**503.56**	331.54
			1,524.05	1,422.67
	Less: Current Liabilities and Provisions :	VIII		
A.	**Current Liabilities**		**541.91**	426.83
B.	**Provisions**		**59.69**	61.16
			601.60	487.99
Net Current Assets			**922.45**	934.68
			3,284.40	3,369.66

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

Significant Accounting Policies and Notes to Accounts XII

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

As per our attached report of even date		For and on behalf of the Board	
For Lodha & Co. Chartered Accountants	For R.G.N. Price & Co. Chartered Accountants	V Srinivasan Managing Director & CEO	Dileep C. Choksi Director & Chairman of Audit Committee
R P Baradiya Partner	K. Venkatakrishnan Partner	Amar Chintopanth Executive Director & CFO	Shivanand R Shettigar Company Secretary

Mumbai, April 23, 2010

3i INFOTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Crores

	Schedule	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME:			
Income from Operations	IX	2,448.54	2,285.64
Other Income	X	20.21	19.06
Total Income		**2,468.75**	2,304.70
EXPENDITURE:			
Operating, Selling & Other expenses	XI	1,965.61	1,851.22
Total Expenditure		**1,965.61**	1,851.22
Profit before interest, depreciation and amortisation		**503.14**	453.48
Interest		144.83	94.95
Depreciation and amortisation (Refer Note no. 2.7)		81.41	70.06
Profit Before Taxation		**276.90**	288.47
Provision for Taxes			
- Deferred Taxes (net)		(6.10)	4.23
- Current Taxes		43.12	38.33
- Fringe Benefit Tax		-	2.33
- MAT Credit Entitlement		(27.23)	(23.30)
- Pertaining to earlier years written off		1.16	0.46
Profit After Taxation & Before Exceptional items and impact of discontinuing operations		**265.95**	266.42
Add : Exceptional Income (Refer Note no.2.6(i))		29.19	77.05
Less : Impact of Discontinuing Operations (refer note no.2.7)		(260.46)	-
(Less) : Exceptional expenditure (Refer Note no.2.6 (ii))		(1.33)	(51.09)
Add: Share of profit in Associate		-	0.25
Less/(Add):Minority Shareholders' Interest		(0.11)	10.62
Net Profit After Minority Interest		33.46	282.01
Add: Balance of profit brought forward		299.18	167.45
Less : Reversal of profit on sale of IPR (Refer Note no. 2.4.11 (b))		(18.27)	-
Add : FCCB redemption reserve written back		234.16	-
Profit available for appropriation		**548.53**	449.46
Translation Reserve adjusted		**(228.55)**	24.78
		319.98	474.24

3i INFOTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Crores

	Schedule	For the year ended March 31, 2010	For the year ended March 31, 2009
Less: Appropriations			
- General Reserve		**6.00**	9.00
- FCCB Redemption Reserve		**53.66**	135.66
- Proposed Dividend - Equity Shares		**25.32**	19.61
- Residual Dividend Paid		**0.02**	0.02
- Proposed Dividend - Preference Shares		**1.03**	1.03
- Interim Dividend - Preference Shares		**5.32**	5.32
- Corporate Dividend Tax		**5.38**	4.42
		96.73	175.06
Balance carried over to Balance Sheet		**223.25**	299.18
Earnings per Share			
Equity shares, par value Rs. 10 each			
Before Exceptional items and impact of discontinuing operations			
Basic (Rs.)		**17.21**	19.02
Diluted (Rs.)		**17.00**	19.02
After Exceptional items and impact of discontinuing operations			
Basic (Rs.)		**1.73**	21.01
Diluted (Rs.)		**1.71**	21.01
Significant Accounting Policies and Notes to Accounts	**XII**		

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

As per our attached report of even date

For Lodha & Co.
Chartered Accountants

R P Baradiya
Partner

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

K. Venkatakrishnan
Partner

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Executive Director & CFO

Shivanand R Shettigar
Company Secretary

Mumbai, April 23, 2010

3i INFOTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Crores

		For the year ended March 31, 2010	For the year ended March 31, 2009
A	**Cash Flow from Operating Activities :**		
	Profit before Taxation & Exceptional items	**276.90**	288.47
	Adjustments for:		
	Depreciation/Amortization	**81.41**	70.06
	Foreign Exchange loss/(gain)	**(8.46)**	(8.31)
	Loss/(Profit) on sale/discarding of fixed assets	**2.75**	1.04
	Dividend Income	**(1.50)**	(0.29)
	Interest earned	**(2.73)**	(2.00)
	Interest paid	**144.83**	94.95
	Provision for doubtful debts	**13.93**	18.38
	Share of profit in Associate	**-**	0.25
	Impairment of acquired software & losses on foreclosure of contracts	**-**	15.21
	Operating Profit before Working Capital Changes	**507.13**	477.76
	Adjustments for:		
	Trade and Other Receivables	**(137.13)**	(260.75)
	Inventories	**7.18**	(11.06)
	Trade Payables and Other Liabilities	**27.65**	364.04
		(102.30)	92.23
	Cash generated from Operations	**404.83**	569.99
	Income Taxes (including FBT (paid)/refund received)	**(62.60)**	(46.09)
	Net cash from Operating Activities - A	**342.23**	523.90
B	**Cash Flow from Investing Activities :**		
	Acquisitions/earnout paid during the year	**(252.90)**	(572.22)
	Purchase of fixed assets (including Capital Work-in-Progress & advances)	**(169.80)**	(485.98)
	Sale of fixed assets	**3.54**	14.53
	Purchase of Investments/application money	**(256.04)**	(146.87)
	Sale of Investments	**256.04**	147.19
	Dividend received	**1.50**	0.29
	Loans and advances (given)/received back	**0.01**	(0.11)
	Interest received	**2.73**	2.00
	Net cash used in Investing Activities - B	**(414.92)**	(1,041.17)

3i INFOTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Crores

		For the year ended March 31, 2010	For the year ended March 31, 2009
C	**Cash Flow from Financing Activities :**		
	Proceeds from issue of Equity Share Capital/QIP	**320.31**	1.20
	QIP issue expenses	**(10.53)**	-
	Payment towards FCCB Buy Back	**(54.55)**	(127.03)
	(including advisory, legal, professional fee Refer note no. 2.6)		
	Proceeds from/(Repayment of) borrowings - net	**(71.23)**	753.06
	Dividends paid (including taxes)	**(30.37)**	(30.39)
	Interest paid	**(145.14)**	(93.28)
	Net Cash from Financing Activities - C	**8.49**	503.56
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(64.20)**	(13.71)
	Cash and Cash Equivalents as at beginning[3]	**244.76**	258.47
	Cash and Cash Equivalents as at end [2, 4]	**180.56**	244.76

Notes :

1. The above Cash Flow Statement has been prepared under the 'Indirect Method'.
2. Margin money of Rs. 15.54 crores (as at Mar 31, 2009 - Rs. 17.50 crores) and monies lying in escrow account of Rs.Nil (as at Mar 31, 2009 - Rs. 57.35 crores) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.
3. Mutual Fund Units of Liquid funds of Rs. 6.5 crores (Mar 31, 2009 - Rs. Nil) has been included in Cash and Cash equivalents
4. Refer note no. 2.7 regarding discontinuing of operations.
5. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

Significant Accounting Policies and Notes to Accounts (Refer Schedule No XII)

Schedules referred above form an integral part of the financial statements

As per our attached report of even date

For Lodha & Co.
Chartered Accountants

R P Baradiya
Partner

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

K. Venkatakrishnan
Partner

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Executive Director & CFO

Shivanand R Shettigar
Company Secretary

Mumbai, April 23, 2010

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Crores

		As at March 31, 2010	As at March 31, 2009
I	**Share Capital**		
	Authorised		
	300,000,000 Equity shares of Rs. 10 each (as at Mar 31, 2009 - 300,000,000 of Rs. 10 each)	**300.00**	300.00
	200,000,000 Cumulative Preference shares of Rs.5 each	**100.00**	100.00
		400.00	400.00
	Issued, Subscribed & Paid - up		
	168,759,946 Equity shares of Rs. 10 each	**168.76**	130.75
	(130,750,946 equity shares as at Mar 31, 2009)		
	200,000,000 6.35% Cumulative Preference shares of Rs.5 each	**100.00**	100.00
		268.76	230.75

Notes :

1. Of the above, 84,788,331 Equity shares are allotted as fully paid-up Bonus shares (as at Mar 31, 2009 - 84,788,331 shares) by capitalisation of Securities Premium Account and accumulated profits.Also refer note no. 2.3 regarding shares issued through QIP.
2. The Preference Shares are redeemable at par on expiry of nine years from the date of allotment i.e. Mar 31, 2003.

		As at March 31, 2010	As at March 31, 2009
II	**Reserves and Surplus**		
	a. Securities Premium Account		
	Balance as per last Balance Sheet	**212.95**	285.17
	Add : Received on allotment of equity shares under ESOS	**1.99**	0.99
	Add : Received during the year on Qualified Institutional Placement issue (QIP)	**280.31**	-
	Less : Utilised towards QIP issue expenses (QIP)	**(10.53)**	-
	Add/(Less) : written back/(Utilised) towards premium payable on redemption of FCCB	**(14.26)**	(73.21)
		470.46	212.95
	b. General Reserve		
	Balance as per last Balance Sheet	**25.00**	16.00
	Add : Transferred from Profit & Loss Account	**6.00**	9.00
		31.00	25.00
	c. Translation Reserve		
	Balance brought forward from previous year	**88.63**	(24.78)
	Movement during the year	**(317.18)**	113.41
		(228.55)	88.63
	Adjusted against Profit and Loss Account balance (Contra)	**228.55**	-
		-	88.63

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
d. FCCB Redemption Reserve		
Balance as per last Balance Sheet	**180.50**	44.84
Add: Transfer from Profit and Loss Account	**53.66**	135.66
(Less): Transfer to Profit and Loss Account	**(234.16)**	-
	-	180.50
e. Profit and Loss Account		
Balance as per annexed account	**223.25**	299.18
	724.71	806.26

	As at March 31, 2010	As at March 31, 2009
III Secured Loans		
Term Loans	**741.25**	798.82
Cash Credit	**213.40**	140.55
	954.65	939.37

Notes :

1. Security and terms & conditions for Term Loans :
   a. Rs. 1.80 crores (as at Mar 31, 2009 - Rs. 1.46 crores) loan is secured by way of hypothecation on certain Company owned vehicles.
   b. Rs. 43.55 crores (as at Mar 31, 2009 - Rs. 93.53 crores) loan is secured/ to be secured by way of Equitable Mortgage of certain properties of the Company situated at Navi Mumbai.
   c. Rs. Nil (as at Mar 31, 2009 - Rs. 50.00 crores) loan is secured by way of hypothecation on certain movable project assets.
   d. Rs. 125.00 crores (as at Mar 31, 2009 - Rs. Nil) is secured by subordinated charge on all tangible assets situated at Navi Mumbai and Goregaon.
   e. Rs. 76.09 crores (as at Mar 31, 2009 - Rs. Nil) loan is secured by way of floating charge on certain book debts.
   f. Rs. 22.00 crores (as at Mar 31, 2009 - Rs. Nil) loan is secured by way of assignment of certain receivables of 3i Infotech (Middle East) FZ LLC.
   g. Rs. 472.81 crores (as at Mar 31, 2009 - Rs. 443.48 crores) is secured by way of pledge of shares of 3i Infotech Financial Software Inc, Regulus Group and are further secured by subordinated charge by hypothecation of certain material tangible and intangible fixed assets and mortgage of certain immovable properties of the Parent Company.
2. Certain non-fund facilities of Rs. 40.04 crores (as at Mar 31, 2009 - Rs. 36.72 crores) and Cash Credit are secured by way of floating charge on certain book debts.

	As at March 31, 2010	As at March 31, 2009
IV Unsecured Loans		
Foreign Currency Convertible Bonds (Refer note no. 2.5)	**510.98**	672.78
Loans from banks	**692.85**	588.92
Others	**0.53**	0.97
	1,204.36	1,262.67

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

V. Fixed Assets

Rs. in Crores

	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
Particulars	As at April 1, 2009	Adjustments during the year*	Additions during the year*	Ded / Adj during the year*	As at Mar 31, 2010	Upto Mar 31, 2009	Adjustments during the year*	For the year*	Ded / Adj during the year*	Upto Mar 31, 2010	As at Mar 31, 2010	As at Mar 31, 2009
Intangible assets												
Goodwill	1.79	-	-	-	1.79	1.63	-	0.16	-	1.79	-	0.16
Software Products												
- Meant for sale	7.94	-	-	-	7.94	2.17	-	-	-	2.17	5.77	5.77
- Others	198.12	-	51.77	18.79	231.10	43.82	-	34.91	3.65	75.08	156.02	154.30
Business & Commercial Rights	49.66	-	-	0.40	49.26	23.56	-	4.21	-	27.77	21.49	26.10
Tangible assets												
Land - Leasehold	0.52	-	-	-	0.52	0.08	-	-	-	0.08	0.44	0.44
- Freehold	2.08	-	-	-	2.08	-	-	-	-	-	2.08	2.08
Buildings - Owned	1.49	-	-	0.72	0.77	0.27	-	-	-	0.27	0.50	1.22
- Leasehold[1]	32.34	-	0.25	-	32.59	5.28	-	0.00	-	5.28	27.31	27.06
Leasehold Improvements	60.40	-	5.14	3.66	61.88	16.03	-	11.42	2.48	24.97	36.91	44.37
Plant & Machinery / Electrical												
Installations	29.14	-	1.26	4.46	25.94	8.79	-	2.52	0.79	10.52	15.42	20.35
Computers	142.73	-	41.05	20.62	163.16	88.19	-	21.45	13.42	96.22	66.94	54.54
Furniture & Fixtures	36.81	-	1.97	3.98	34.80	12.59	-	2.93	0.81	14.71	20.09	24.22
Office Equipment	22.50	-	2.53	4.11	20.92	7.65	-	2.45	2.24	7.86	13.06	14.85
Vehicles	10.55	-	2.69	1.44	11.80	3.26	-	1.36	0.88	3.74	8.06	7.29
Project Assets[2]	203.66	-	117.96	321.62	-	19.69	-	-	19.69	-	-	183.97
Total	**799.73**	**-**	**224.62**	**379.80**	**644.55**	**233.01**	**-**	**81.41**	**43.96**	**270.46**	**374.09**	**566.72**
Previous year	366.52	67.30	363.79	(2.12)	799.73	152.53	6.76	70.06	(3.66)	233.01	566.72	
Capital work - in - progress (including Capital Advances)[2 & 3]	125.65	-	120.00	206.25	39.40	-	-	-	-	-	39.40	125.65

*pertains to adjustments arising out of merger /acquisitions

1 Buildings- Leasehold include:

(i) Rs.20.85 crores (as at Mar 31, 2009 Rs.20.85 crores), Accumulated Depreciation - Rs.3.22 crores (as at Mar 31, 2009 Rs.3.22 crores) and Net Value Rs.17.63 crores (as at Mar 31, 2009 Rs.17.63 crores) being lease premium paid in respect of building taken on lease for sixty years.

(ii) Rs.11.49 crores (as at Mar 31, 2009 Rs.11.49 crores), Accumulated Depreciation Rs.2.05 crores (as at Mar 31, 2009 Rs.2.05 crores) and Net Value Rs.9.44 crores (as at Mar 31, 2009 Rs.9.44 crores) being lease premium paid in respect of building taken on lease for ninety nine years.

2. Estimated realisable value of project assets transferred to assets held for disposal - Rs.15.00 crores (refer note no.2.7).

3 Capital work- in- progress comprise

- advance towards project assets Rs.Nil (as at Mar 31, 2009 Rs.55.29 crores)
- others Rs.39.40 crores (as at Mar 31, 2009 Rs.70.36 crores).

4. Rs.0.00 crores denotes figures less than Rs.50,000.

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Crores

			As at March 31, 2010	As at March 31, 2009
VI	**Investments**			
	Non-Trade, Unquoted and Fully Paid-up Long Term Investments			
	In Companies			
	a.	200,000 Equity Shares of Srilankan Rs.10 each of First Capital Asset Management Co. Ltd., Sri Lanka	**0.10**	0.10
	b.	37,500 Equity Shares of Egyptian Pounds 100 each of Nile Information Technology	**3.50**	3.50
	c.	National Savings Certificate$	**0.00**	0.00
	d.	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
			-	-
	Current Investments			
	In Mutual Fund units (Repurchase value as on March 31, 2010 Rs.6.5 crores)		**6.50**	-
	Aggregate value Investments		**10.10**	3.60
	$ Rs. 0.00 denotes figures less than Rs. 50,000			
VII	**Current Assets, Loans and Advances**			
A	**Current Assets**			
	a)	**Inventories**	**3.88**	11.06
	b)	**Sundry Debtors**	**542.60**	483.10
	c)	**Unbilled Revenues**	**284.41**	277.36
	d)	**Cash and Bank Balances :**		
	i.	Cash on hand	**0.24**	0.25
	ii.	Balances with banks:		
		in current accounts *	**129.00**	226.09
		in deposit accounts	**44.82**	18.42
		in escrow account	**0.00**	57.35
		in margin money accounts	**15.54**	17.50
			189.36	319.36
			189.60	319.61
			1,020.49	1,091.13
	* Includes cheques on hand and remittances - in - transit		**0.14**	7.53

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Crores

		As at March 31, 2010	As at March 31, 2009
B	**Loans and Advances** (Unsecured, Considered good)		
	Loans to staff	**0.29**	0.30
	Advance tax and tax deducted at source (net of provision of Rs.98.47 crores; previous year Rs.64.64 crores)	**50.30**	32.52
	MAT Credit Receivable	**67.56**	36.99
	Deposits	**77.43**	72.37
	Advances recoverable in cash or in kind or for value to be received	**307.98**	189.36
		503.56	331.54
		1,524.05	1,422.67
VIII	**Current Liabilities and Provisions**		
A	**Current Liabilities**		
	Acceptances	**26.55**	13.45
	Sundry creditors	**437.28**	304.03
	Advances received from Customers (including unearned income)	**9.86**	30.93
	Interest accrued but not due	**1.87**	2.18
	Other liabilities	**66.35**	76.24
		541.91	426.83
B	**Provisions**		
	Provision for employee benefits	**28.87**	28.62
	Provision for warranty	**-**	8.40
	Proposed dividend (including tax thereon)	**30.82**	24.14
		59.69	61.16
		601.60	487.99

$ Rs. 0.00 denotes figure less than Rs. 50,000

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Crores

		For the year ended March 31, 2010	For the year ended March 31, 2009
IX	**Income from Operations**		
	Software Products	**783.38**	811.23
	IT / IT Enabled Services	**749.64**	748.17
	Transaction Services	**915.52**	726.24
		2,448.54	2,285.64
X	**Other Income**		
	Interest	**2.73**	2.00
	Dividend - on current investment (Non-Trade)	**1.50**	0.29
	Foreign Exchange gain (net)	**8.46**	8.31
	Miscellaneous income	**7.52**	8.46
		20.21	19.06
XI	**Operating, Selling and Other Expenses**		
	Salary and related expenses	**1,201.94**	997.09
	Recruitment and training expenses	**3.09**	10.12
	Cost of third party products / outsourced services	**447.84**	512.66
	Rent	**90.02**	86.91
	Insurance	**11.17**	19.95
	Travelling and conveyance	**63.09**	78.91
	Electricity charges	**15.36**	16.63
	Rates and taxes	**7.50**	5.94
	Communication expenses	**26.24**	24.66
	Loss on sale/discarding of Fixed Assets (net)	**2.75**	1.04
	Printing and stationery	**6.25**	7.21
	Repairs and maintenance - building	**3.99**	3.07
	Directors' commission	**1.00**	0.70
	Legal and professional charges	**18.71**	17.01
	Bank charges and other financial charges	**18.45**	5.69
	Selling and distribution expenses	**15.84**	17.46
	Bad debts written off	**11.56**	9.02
	Less: Provisions withdrawn	**(11.56)**	(9.02)
	Provision for doubtful debts	**13.93**	18.38
	Impairment of acquired software & losses on foreclosure of contracts (Nil; net of reversal of contingency provision of Rs.12.01 crores)	**-**	15.21
	Miscellaneous expenses	**18.44**	12.58
		1,965.61	1,851.22

XII SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2010.

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 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') issued 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, which are more than 50% owned or controlled and have been prepared in accordance with the consolidation procedures laid down in AS 21-'Consolidated Financial Statements'.

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

- The financial statements of the Parent and the subsidiaries 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, 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'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.

1.5 **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.	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 Pte Ltd	Sep 29, 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 Pte Ltd	May 12, 2005
6	3i Infotech Consulting Inc.	USA	100% held by 3i Infotech Inc.	Sep 26, 2005
7	Datacons Asia Pacific SDN BHD	Malaysia	100% held by 3i Infotech Pte Ltd	May 11, 2006
8	Delta Services (India) Private Ltd.	India	100% held by Parent Company	Jun 30, 2009
9	3i Infotech Trusteeship Services Ltd.	India	100% held by Parent Company	Aug 31, 2006
10	3i Infotech (Western Europe) Holdings Ltd.	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
11	3i Infotech (Western Europe) Group Ltd.	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
12	Rhyme Systems Ltd.	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
13	3i Infotech (Western Europe) Ltd.	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
14	Stex Software Pvt. Ltd.	India	100% held by Parent Company	Nov 7, 2006
15	E-Enable Technologies Pvt. Ltd.	India	100% held by Parent Company	Nov 20, 2006
16	3i Infotech Holdings Pvt. Ltd. **(i)**	Mauritius	100% held by Parent Company	Nov 20, 2006
17	3i Infotech Financial Software Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Dec 18, 2006
18	3i Infotech Saudi Arabia LLC.	Saudi Arabia	100% held by Parent Company	Dec 24, 2006
19	3i Infotech (Africa) Ltd.	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
20	Black Barret Holdings Ltd. **(j)**	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
21	Professional Access Software Development Pvt. Ltd.	India	100% held by Black Barret Holdings Limited	May 8, 2007

Sr. No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition/ establishment
22	Professional Access Ltd.	USA	100% held by 3i Infotech Holdings Private Ltd.	May 8, 2007
23	aok In-house BPO Services Ltd. **(a)**	India	100% held by 3i Infotech BPO Ltd.	Jun 30, 2009
24	aok In-house Factoring Services Pvt. Ltd.	India	100% held by Parent Company	Jun 30, 2009
25	KNM Services Pvt. Ltd.	India	100% held by Parent Company	May 29, 2007
26	Lantern Systems Inc. **(b)**	USA	100% held by J&B Software (Canada) Inc	Apr 3, 2009
27	3i Infotech Kazakhstan LLC.	Kazakhstan	100% held by 3i Infotech Holdings Private Limited	Jun 29, 2007
28	3i Infotech (Middle East) FZ LLC.	UAE	100% held by 3i Infotech Holdings Private Limited	July 1, 2007
29	ePower Inc. **(b)**	USA	100% held by J&B Software (Canada) Inc	Apr 3, 2009
30	Manipal Informatics Pvt. Ltd.	India	100% held by Delta Services (I) Pvt Ltd	July 29, 2007
31	HCCA Business Services Pvt. Ltd. **(a)**	India	100% held by 3i Infotech BPO Ltd.	Jun 30, 2009
32	Taxsmile.com India Pvt. Ltd. **(h)**	India	100% held by 3i Infotech Consumer Services Ltd.	Sep 1, 2007
33	Antriksh Interactive Pvt. Ltd. **(k)**	India	70% held by Taxsmile .com India Pvt. Ltd.	Sep 1, 2007
34	Access Matrix Technologies Pvt. Ltd.	India	100% held by Taxsmile .com India Pvt. Ltd	Sep 1, 2007
35	J&B Software Inc.	USA	100% held by 3i Infotech Financial Software Inc.	Nov 1, 2007
36	J&B Software (Canada) Inc.	Canada	100% held by J&B Software Inc.	Nov 1, 2007
37	Objectsoft Group Inc. (**b**) & **(c)**	USA	100% held by J&B Software (Canada) Inc	Apr 3, 2009
38	3i Infotech Consultancy Services Ltd. **(l)**	India	100% held by Parent Company	Nov 13, 2007
39	3i Infotech BPO Ltd. (formerly known as Linear Financial and Management Systems Pvt. Ltd.)	India	100% held by Parent Company	Dec 1, 2007
40	Exact Technical Services Ltd.	UK	100% held by 3i Infotech (Western Europe) Ltd.	Jan 29, 2008
41	3i Infotech Framework Ltd.	UK	100% held by 3i Infotech (Western Europe) Ltd	Feb 8, 2008
42	3i Infotech (Australia) Pty. Ltd.	Australia	100% held by 3i Infotech Asia Pacific Pte Ltd	Feb 5, 2008
43	3i Infotech Services (Bangladesh) Pvt. Ltd.	Bangladesh	100% held by Parent Company	Mar 4, 2008
44	3i Infotech Insurance & Re-insurance Brokers Ltd.	India	100% held by Parent Company	Mar 11, 2008

Sr. No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition/ establishment
45	Locuz Enterpirse Solutions Ltd. **(e)**	India	51% held by Parent Company	May 8, 2008
46	3i Infotech Consulting Services SDN BHD	Malaysia	100% held by 3i Infotech SDN BHD	May 2, 2008
47	J&B Software India Pvt. Ltd.	India	100% held by Parent Company	Jun 1, 2008
48	FinEng Solutions Pvt. Ltd. **(f)**	India	60% held by Parent Company	Jun 9, 2008
49	Regulus Group LLC.	USA	100% held by Regulus Holdings Inc	Jun 10, 2008
50	Regulus Integrated Solutions LLC.	USA	100% held by Regulus Group LLC	Jun 10, 2008
51	Regulus West LLC.	USA	100% held by Regulus Group LLC	Jun 10, 2008
52	Regulus America LLC.	USA	100% held by Regulus Group LLC	Jun 10, 2008
53	Regulus Tristate LLC.	USA	100% held by Regulus Group LLC	Jun 10, 2008
54	3i Infotech Consumer Services Ltd.	India	100% held by Parent Company	Jun 26, 2008
55	Elegon Infotech Ltd. **(m)**	China	100% held by Parent Company	July 10, 2008
56	Regulus Holdings Inc. **(g)**	USA	100% held by 3i Infotech Financial Software Inc	Oct 31, 2008
57	Regulus Group ll LLC.	USA	100% held by Regulus Holdings Inc.	Jun 30, 2009

(a) In March 2010, the Parent Company has sold its investment in aok In-house BPO Services Ltd. and HCCA Business Services Pvt. Ltd. to 3i Infotech BPO Ltd.

(b) During the year, 3i Infotech (Middle East) FZ LLC. transferred its entire membership interest in Objectsoft Group Inc., ePower Inc. and Lantern Systems Inc. to J&B Software (Canada) Inc.

(c) Objectsoft Global Services Inc has been merged with Objectsoft Group Inc.

(d) Nile Information Technology (Nile) was considered as an Associate till June 2009. The Group ceases to have significant influence during the year; hence the investment in Nile is now considered as a non-trade Investment.

(e) Refer note no. 2.4.2

(f) Refer note no. 2.4.3

(g) Refer note no. 2.4.4

(h) Refer note no. 2.4.5

(i) Refer note no. 2.4.6

(j) Refer note no. 2.4.7

(k) Refer note no. 2.4.9

(l) Refer note no. 2.4.10

(m) Refer note no. 2.4.11

1.6 Revenue recognition

Revenue from software products is recognized on delivery/installation, as per the pre determined/laid down policy across all geographies or lower, as considered appropriate by the management on the basis of facts in specific cases. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

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

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

Revenue from supply of Hardware/Outsourced Software License/Term License/other materials is incidental to the aforesaid services recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

1.7 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”.

1.8 a. Fixed Assets

Intangible: Purchased software meant for in house consumption and significant upgrades thereof, Business & Commercial Rights are capitalized at the acquisition price.

Acquired software/products meant for sale 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 under capital work-in-progress.

b. Depreciation/Amortization:

Leasehold land, leasehold building and improvements thereon are amortized over the period of lease or the life given below 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 purchased software meant for in house consumption and significant upgrades thereof and Goodwill arising on merger/acquired Goodwill is amortized over a period of five years.

Project Assets/acquired software are amortized at lower of the estimated life of the product /project and five 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	3 – 6

1.9 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.

1.10 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 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.

1.11 Translation of Foreign Currency Items

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 Profit & Loss account. Overseas investments are recorded at the rate of exchange in force on the date of allotment/acquisition.

All the activities of the foreign operations are carried out with a significant degree of autonomy. Accordingly, as per the provisions of AS 11 "Effects of changes in foreign exchange rates", these operations have been classified as 'Non integral operations' and therefore 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.

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) at the beginning of the year, 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 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 profit & loss account 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 is provided on the basis of the actuarial valuation at the year end.

e) All actuarial gains/losses are charged to revenue in the year these arise.

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.

All actuarial gains/losses are charged to revenue in the year these arise.

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 profit & loss account as incurred.

Liability for leave entitlement 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 Profit & Loss account.

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 Profit & Loss account 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 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 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.

2 NOTES TO ACCOUNTS

2.1 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 acquisitions/divestments made by the Group during the current year.

2.2 Capital commitments and contingent liabilities

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Capital Commitments*		
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**6.92**	127.14
Contingent Liabilities		
- Outstanding guarantees	**7.19**	6.70
- Premium on redemption of FCCB (Refer Note No. 2.5)	**84.21**	165.21
Estimated amount of claims against the Group not acknowledged as debts in respect of :		
- Disputed demands for Income Taxes	**5.75**	2.76
- Disputed Sales Tax Matter	**1.08**	-
- Customer claims	**0.20**	19.27
- Others**	**18.38**	0.74

*Including commitments pertaining to acquisitions, except where amount is not ascertainable as mentioned in note no.2.4.

**Includes expenses of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of Rs. 1.21 crores (as at Mar 31, 2009 - Rs.0.34 crores).

2.3 **(a)** Pursuant to the shareholders' approval at the Annual General Meeting held on July 28, 2009, the Committee of Board of Directors of the Parent Company has, at its meeting held on September 25, 2009, issued and allotted 37,500,000 fully paid-up Equity Shares, at a price of Rs.84.75 per Equity Share (including a premium of

Rs.74.75 per Equity Share), aggregating to Rs. 317.81 crores. The entire amount has been utilized towards the object of the issue.

(b) Further, subsequent to the year end, the Parent Company has issued and allotted 22,900,099 fully paid-up Equity Shares, at a price of Rs.78.60 per Equity Share (including a premium of Rs.68.60 per Equity Share) aggregating to Rs 179.99 crores on April 7, 2010. These shares allotted rank pari passu with the existing shares of the Parent Company with respect to the dividend as may be paid by the Parent Company for the year ended March 31, 2010 and an additional amount of Rs 3.44 crores would be payable in addition to proposed dividend on the equity share capital as on the close of the year.

2.4.1 Effective April 2009, the Parent Company acquired balance 49% paid-up capital of

a) aok In-house BPO Services Limited, New Delhi, for a consideration of Rs 15.67 crores.

b) aok In-house Factoring Services Pvt. Limited, New Delhi, for a consideration of Rs 2.41 crores.

c) Delta Services (India) Pvt Ltd., Mumbai, (DSIPL) for a consideration of Rs 15.93 crores.

d) HCCA Business Services Private Ltd., Mumbai, for a consideration of Rs 13.50 crores.

Excess of consideration over the value of the net worth is shown as goodwill arising on consolidation.

2.4.2 In April 2008, the Parent Company entered into a share purchase agreement with the owners of Locuz Enterprise Solutions Ltd., Hyderabad, to acquire the 260,000 shares (representing 26% of the paid-up equity capital of Locuz Enterprise Solutions Ltd.) for a consideration of Rs.6.93 crores. In November, 2009, the Parent Company acquired further 25% stake in Locuz Enterprise Solutions Limited for a consideration of Rs 5.32 crores along with a commitment to acquire the balance of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement.

Excess of consideration over the value of the net worth of Locuz is shown as goodwill arising on consolidation.

2.4.3 In May 2008, the Parent Company entered into a share purchase agreement with the owners of FinEng Solutions Private Limited, Mumbai to acquire the 60,165 shares (representing 51% of the paid-up equity capital of FinEng Solutions Private Limited) for a consideration of Rs 17.73 crores. In June 2009, the Parent Company has acquired additional 9% of the paid-up capital of FinEng Solutions Private Limited for a consideration of Rs 3.67 crores. As agreed in the Share Purchase Agreement, in October 2009 the Parent Company made an upside payment of Rs. 2.71 crores to the Promoter Shareholders of FinEng Solutions Private Limited. The Parent Company has a commitment to acquire the balance of the paid-up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement.

Excess of consideration over the value of the net worth of FinEng is shown as goodwill arising on consolidation.

2.4.4 In July 2009, Regulus Holding, Inc., acquired membership interest in Regulus Group II LLC. for a consideration of USD 9.25 million (approximately equivalent to INR 44.99 crores) and possible obligations of USD 9.91 million (approximately equivalent to INR 47.90 crores).

Accordingly, consideration paid (net of assets acquired) and further expenditure incurred of USD 9.9 miilion (out of possible obligations) has been recognized as goodwill aggregating to INR 98.35 crores arising on consolidation.

2.4.5 In September 2007, the Parent Company entered into a share purchase agreement with the owners of Taxsmile.com India Pvt. Ltd., Mumbai, to acquire the 1,040,000 shares (representing 26% of the paid-up equity capital of Taxsmile.com India Pvt. Ltd., Mumbai) for a consideration of Rs 2.08 crores. In May 2009, the Parent Company acquired additional 25% of the paid-up capital for a consideration of Rs 2.00 crores along with a commitment to acquire the balance of the paid-up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/ profitability etc., as per the agreement. In October 2009, the Parent Company acquired the balance 49% stake for a consideration of Rs. 3.92 crores.

The Parent Company vide a Share Purchase Agreement dated December 30, 2009 has transferred entire investment in Taxsmile.com India Pvt. Ltd. to its wholly owned subsidiary 3i Infotech Consumer Services Limited.

Excess of consideration over the value of the net worth of Taxsmile.com India Pvt. Ltd. is shown as goodwill arising on consolidation.

2.4.6 In May 2007, 3i Infotech Holdings Private Limited, Mauritius, entered into a share purchase agreement with the owners of Professional Access Limited to acquire 51 shares (representing 51% of the paid-up equity capital of

Professional Access) for a consideration of USD 2.04 million along with a commitment to acquire the balance 49% of the paid-up capital at a future date for further consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement . In November 2009, 3i Infotech Holdings Private Limited acquired the balance 49% stake for a consideration of USD 2.45 million.

Excess of consideration over the value of the net worth of Professional Access is shown as goodwill arising on consolidation.

2.4.7 **(a)** In May 2007, 3i Infotech Holdings Private Limited, Mauritius, entered into a share purchase agreement with the owners of Black Barret Holdings Limited to acquire Class 'A' shares (representing 51% of the paid-up equity capital of Black Barret Holdings Limited) for a consideration of USD 10.20 million along with a commitment to acquire the balance 49% of the paid-up capital at a future date for further consideration payable on achieving certain measurable criteria such as future revenue/profitability etc. In November 2009, 3i Infotech Holdings Private Limited acquired the balance 49% stake for a consideration of USD 28.70 million.

Excess of consideration over the value of the net worth of Black Barret is shown as goodwill arising on consolidation.

(b) In February 2007, the Parent Company had approved the grant of stock options to certain employees (including Managing Director) in its subsidiary, Black Barret Holdings Limited. In January 2009, Black Barret had allotted Class 'B' shares to the said employees which was accounted as compensation cost in the current year amounting to Rs. 5.50 crores.

In January 2010, 3i Infotech Holding Private Limited purchased these shares from the employees at fair value. The difference of Rs. 8.13 crores between the fair value and compensation cost is accounted as Goodwill on Consolidation.

2.4.8 The Board of directors of the Parent Company have approved the Amalgamation of KNM Services Private Limited (KNM), Stex Software Private Limited (Stex), E-Enable Technologies Private Limited (E-Enable) and J&B Software India Private Limited (J&B) with the Parent Company . In this regard, the Parent Company has received an in-principle approval from both the Stock Exchanges. The Parent Company is in the process of filing a joint petition with KNM, Stex and E-Enable before the Bombay High Court and a single petition for J & B in Madras High Court.

2.4.9 In January 2010, Taxmile.com India Pvt. Ltd. has divested 30% of its stake in Antriksh Interactive Pvt. Ltd. for sale of Antriksh's Product IPR 'CA Office', to Wolters Kluwer (WK) for a consideration of USD 2 Million with a commitment to sell balance 70% stake for further consideration at future dates receivable on achieving certain measurable criteria as per the agreement. The profit on divestment of Rs. 9.95 crores has been disclosed under income from operations.

2.4.10 In January, 2010, Delta Services (India) Private Limited, Mumbai has entered into business purchase agreement with 3i Infotech Consultancy Services Limited to transfer its assets & liabilities at book values.

2.4.11 **(a)** In May 2008, 3i Infotech Ltd. and Yucheng Technologies Limited, China (Yucheng) entered into a joint venture contract for the establishment of Joint Venture Company in China. In pursuance to this, a Joint Venture Company, Elegon Infotech Limited (Elegon) was set up in China in August 2008, wherein the Parent Company's interest in the equity was 51%. In June 2009, an Equity Transfer Agreement was signed between the Parent Company and Yucheng, whereby, the entire 49% interest held by Yucheng was acquired by the Parent Company for a total consideration of Rs 5.93 crores. In November 2009, Elegon Infotech Limited has become a wholly-owned subsidiary after obtaining necessary approvals.

The aggregate amounts of the assets, liabilities, income and expenses related to Group's share till it was considered as JV were as under:

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Assets	-	22.27
Liabilities	-	21.68

R]s. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Income	-	0.50
Expense	-	4.71

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Contingent Liability	-	NIL
Capital Commitments	-	NIL

(b) Income for the year includes Rs. Nil (for the year ended March 31, 2009 Rs.18.27 crores) arising out of transfer of Intellectual Property Rights and Marketing rights in certain products to the Joint Venture which was recoverable as per the Joint Venture Agreement. During the year, consequent to Elegon becoming a wholly owned subsidiary as mentioned above, the aforesaid income has been included in opening reserves and corresponding assets have been reversed on consolidation.

2.5 Foreign Currency Convertible Bonds (FCCB):

The Parent Company has issued Foreign Currency Convertible Bonds (FCCB) at different points of time, the details of such FCCB issues are summarized as follows:

	First Issue	Third Issue	Fourth Issue
Issue currency	USD	EURO	USD
Issue size	50 million	30 million	100 million
Issue date	Mar 16, 2006	Apr 2, 2007	Jul 26, 2007
Maturity date	Mar 17, 2011	Apr 3, 2012	Jul 27, 2012
Coupon rate	Zero coupon	Zero coupon	Zero coupon
Conversion price–post bonus	Rs. 115.00	Rs. 154.32	Rs. 165.94
Fixed exchange rate of conversion	Rs. 44.35	Rs. 57.60	Rs. 40.81
Early redemption option *	Yes	Yes	Yes
Conversions as at –			
March 31, 2010	29.80 million	NIL	NIL
March 31, 2009	29.80 million	NIL	NIL
Bought back as at –			
March 31, 2010	NIL	10.00 million	33.63 million
March 31, 2009	NIL	4.00 million	25.13 million
Contingent premium payable as at - (Rs. in crores)			
March 31, 2010	14.62	19.45	50.14
March 31, 2009	19.92	41.83	103.46

Note - The second issue was converted into equity as per the terms of the issue.

* Subject to certain criteria as per offer document.

2.6 (i) During the year, the Parent Company has bought back and cancelled FCCBs (out of the third and the fourth issues) of face value of EUR 6,000,000 and USD 8,500,000 equivalent to Rs. 82.42 crores (for the year ending March 31, 2009, EURO 4,000,000 and USD 25,133,000 equivalent to Rs. 152.99 crores) at a discount resulting in reduction of liability by Rs 29.19 crores (for the year ending March 31, 2009, Rs. 77.05 crores). The same has been shown as exceptional income in the Profit & Loss account.

(ii) The Parent Company has incurred an amount of Rs. 1.33 crores towards professional fees (for the year ending March 31, 2009 Rs.51.09 crores towards the advisory fees, legal & other professional fees and other expenses for various financial restructuring assignments) in respect of the aforesaid buyback. The same has been shown as exceptional expenditure in the Profit & Loss account.

2.7 Commencing from March 2007, the Parent Company had entered into Agreements with some State Governments towards setting up and operating Citizen Service Centers across those states for providing certain government services as well as non government retail services to consumers.

The Parent Company had decided to exit from the Master Service Agreements (MSA) of some of the State Governments by paying a compensation of Rs.10.92 crores under these contracts and further decided during the fourth quarter to exit totally from this line of business owing to prevailing business environment. Accordingly the assets attributed to this business are being carried as 'assets held for disposal' at their net realizable values. The loss thereof of Rs. 260.46 crores for the current year (net of tax of Rs. 70.73 crores) has been charged to the Profit & Loss account and has been disclosed as 'Impact of Discontinuing Operations', the computation thereof is given hereunder:

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Revenue	-	21.95
Less: Exceptional expenditure (including Rs.10.92 crores as referred above)	**40.92**	9.05
Less: Project assets after taking into accounts realizable value of Rs. 15 crores (for the year ended March 31,2009 Rs Nil) including capital work in progress (Refer note no.2 of Schedule V)	**290.27**	183.97
Profit/(Loss) from discontinuing operations	**(331.19)**	(171.07)
Add: Tax impact	**70.73**	-
Net Profit/(Loss) from discontinuing operations	**(260.46)**	(171.07)

Rs in Crores

Assets	**15.00**	183.97
Liabilities	**34.15**	0.40

The "Impact of Discontinuing Operations" does not impact the Cash Flow Statement significantly.

2.8 Goodwill arising on consolidation:

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Opening balance	**1,700.40**	1,003.10
Add: Additions during the year	**336.00**	540.45
Add/(Less): Translation Reserve	**(225.69)**	156.85
Closing balance	**1,810.71**	1,700.40

2.9 **(a)** In the opinion of the Board, the investments, current assets, 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 Sundry Debtors, Creditors, Loans & Advances and Banks are however, subject to 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.

2.10 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 Rs.0.50 crores starting from December 4, 2000 for Land and Rs.15.62 crores starting from March 13, 2000 and Rs.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 Group's and/or lessors' option as mutually agreed. The future lease rental payment that the Group is committed to make is:

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Within one year	**89.75**	102.30
Later than one year and not later than five years	**105.24**	132.82
Later than five years	**2.45**	-

ii) The Group avails from time to time non-cancelable 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:

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Within one year	**65.78**	25.74
Later than one year and not later than five years	**116.40**	43.97
Later than five years	**-**	-

b. Financial Lease

There were no material financial leases entered into by the Group.

2.11 Deferred Taxation:

The break–up of net deferred tax liability/(asset) for the Group is as under:

Rs. in Crores

Deferred Tax Asset:	**As at March 31, 2010 $**	**Current Year (Charge)/Credit # $**	As at March 31, 2009*
Unabsorbed losses/depreciation	61.26	15.11	49.21
Expenses allowable on payment and others	25.93	(7.20)	33.29
	87.19	**7.91**	82.50
Deferred Tax Liability:			
Fixed Assets (Depreciation/Amortization)	(25.46)	(68.93)	43.89
Net Deferred Tax (Liability) / Asset	**112.65**	**76.84**	38.61

Excludes exchange gain/loss in respect of foreign subsidiaries.

* Includes deferred tax balance in respect of companies acquired during the year.

$ After reversal of net Deferred Tax Liability of Rs 70.73 crores in respect of Discontinuing Operations.

2.12 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, 2010	For the year ended March 31, 2009*
Profit as per accounts (Rs. in crores)		**265.95**	266.67
Minority shareholder's Interest (Rs.in crores)		**0.11**	(10.62)
Net profit after minority interest (Rs. in crores)		**266.06**	256.05
Less: Dividend on preference shares paid (incl. corporate taxes)		**(6.21)**	(6.21)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes)		**(1.22)**	(1.22)
Profit attributable to Equity Shareholders (Rs. in crores)	A	**258.63**	248.62
Add: Profit/(Loss) due to Exceptional items and impact of discontinuing operations (Rs. in crores)		**(232.60)**	25.96
Profit attributable to Equity Shareholders after exceptional items and impact of discontinuing operations (Rs. in crores)	B	**26.03**	274.58
Weighted average number of Equity Shares outstanding during the year (Nos.)	C	**150,319,823**	130,696,488
Add: Effect of dilutive issues of options		**1,839,361**	-
Diluted weighted average number of Equity Shares outstanding during the year (Nos.)	D	**152,159,184**	130,696,488
Nominal value of Equity Shares (Rs.)		**10**	10
Before exceptional items and impact of discontinuing operations Basic Earnings Per Share (Rs.) for the year	A/C	**17.21**	19.02
Diluted EPS (Rs.) for the year	A/D	**17.00**	19.02
After exceptional items and impact of discontinuing operations Basic Earnings Per Share (Rs.) for the year	B/C	**1.73**	21.01
Diluted Earnings Per Share (Rs.) for the year	B/D	**1.71**	21.01

* includes profit from associate.

2.13 Employee Stock Option Plan:

The Parent Company's Employees Stock Option Plan 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.

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 Plan (ESOP):

	As at March 31, 2010		As at March 31, 2009	
	Options	**Weighted average exercise price (Rs.)**	Options	Weighted average exercise price (Rs.)
Options outstanding beginning of the year	**26,737,126**	**105.87**	24,051,354	104.20
Granted during the year	**945,000**	**83.16**	5,000,000	116.00
Exercised during the year	**(509,000)**	**49.16**	(215,761)	56.02
Forfeited/lapsed during the year	**(2,007,202)**	**116.88**	(2,098,467)	116.04
Options outstanding end of year*	**25,165,924**	**105.29**	26,737,126	105.87
Vested options pending exercise	**16,800,424**	**96.25**	11,710,899	81.10

*Includes 3,767,000 options granted to managing director/whole time directors and non-executive directors (for the year ended March 31, 2009 3,587,000 options).

Weighted average market price of the shares with respect to stock options exercised during the year ended March 31, 2010 is Rs. 76.68 (for the year ended March 31, 2009 Rs. 75.68).

The following summarizes information about stock options outstanding:

As at March 31, 2010

Range of Exercise Price	**Number of shares arising out of options**	**Weighted average remaining life (years)**	**Weighted average exercise price (Rs.)**
Rs 37 to Rs 50	**4,720,714**	**5**	**48.93**
Rs 57 to Rs 150	**20,445,210**	**7**	**118.33**

As at March 31, 2009

Range of Exercise Price	**Number of shares arising out of options**	**Weighted average remaining life (years)**	**Weighted average exercise price (Rs.)**
Rs 37 to Rs 50	5,344,466	6	48.85
Rs 57 to Rs 150	21,392,660	8	120.12

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 Rs. 58.00 to Rs. 143.38 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 ESOP are:

	As at March 31, 2010	As at March 31, 2009
Dividend yield	**1.15% - 2.84%**	1.72%
Expected volatility	**50.63% - 57.91%**	10% - 27.50%
Risk-free interest rate	**5.71% - 6.36%**	6.32% - 8.25%
Expected life of Option	**3 - 10 yrs**	3 - 10 yrs

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Directors, Key Management Personnel and their relatives:		
Expenses	**0.62**	0.65
Enterprise in which relative of key managerial personnel has substantial interest		
Income	**0.09**	-

Rs. In Crores

	Outstanding balance as at March 31, 2010	Outstanding balance as at March 31, 2009
Enterprise in which relative of key managerial personnel has substantial interest	**0.02**	-

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

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

2.15 Disclosures pursuant to AS 17 – Segment Reporting:

a) IT Service, Software Products and Transaction Service businesses have been considered as primary segments. The Profit & Loss account of the reportable segments is set out here below:

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
b) Segment Revenues:		
Software Products	**783.38**	811.23
IT Services	**749.64**	748.17
Transaction Services	**915.52**	726.24
Total Revenues	**2,448.54**	2,285.64
c) Segment Results (Gross Profit):		
Software Products	**405.90**	439.12
IT Services	**297.41**	270.89
Transaction Services	**289.83**	209.85
Total Segment Results	**993.14**	919.86
Unallocable expenses :		
Operating, Selling and Other expenses	**510.21**	485.44
Interest	**144.83**	94.95
Depreciation & Amortization	**81.41**	70.06
Operating Profit	**256.69**	269.41
Other Income	**20.21**	19.06
Profit Before Taxation	**276.90**	288.47
Less : Taxes	**10.95**	22.05
Profit After Taxation	**265.95**	266.42
Add : Exceptional items and impact of discontinuing operations	**(232.60)**	25.96
Profit After Taxation, Exceptional items and impact of discontinuing operations	**33.35**	292.38
Add : Share of Profit in Associate	**-**	0.25
Less : Minority Shareholder's interest	**(0.11)**	10.62
Net Profit after Minority Interest, Exceptional items and impact of discontinuing operations	**33.46**	282.01

Note: The segment operating profit is arrived at before allocating certain expenses to segments and such unallocable expenses are separately disclosed as 'Operating, Selling and Other expenses'.

d) Considering the nature of the Group's business, the assets and liabilities cannot be identified to any specific business segment.

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

Rs. in Crores

Revenues	**For the year ended March 31, 2010**	For the year ended March 31, 2009
- South Asia	**614.20**	620.68
- Unites States of America	**1,369.12**	1,157.82
- Middle East,Africa Russia and CIS	**217.10**	236.90
- APAC	**91.34**	103.93
- Western Europe	**156.78**	166.31
Total Revenues	**2,448.54**	2,285.64

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

Residual dividend of Rs 0.02 crores (inclusive of tax) (for the year ended March 31, 2009 Rs. 0.02 crores), is appropriated out of Profit & Loss account.

2.17 Provision for Warranty and Contingencies:

Rs. in Crores

Warranty	**As at March 31, 2010**	As at March 31, 2009
Opening Balance	**8.40**	5.51
Provisions made during the year	**-**	4.87
Provision written back during the year	**8.40**	1.98
Closing Balance	**-**	8.40

Rs. in Crores

Contingencies	**As at March 31, 2010**	As at March 31, 2009
Opening Balance	**-**	12.01
Provisions made during the year	**-**	-
Provision written back during the year	**-**	12.01
Closing Balance	**-**	-

2.18 Amount of exchange difference (net) credited to Profit & Loss account during the year ended March 31, 2010 is Rs. 8.46 crores (for the year ended March 31, 2009 Rs. 8.31 crores).

Signatures to Schedules "I" to "XII"

For and on behalf of the Board

V. Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Executive Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, April 23, 2010

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

Sr. No.	Name of Subsidiary Company	Financial year of subsidiary ended on	Number of equity shares held by 3i Infotech Limited and / or its subsidiaries	Extent of interest of 3i Infotech Limited in the capital of the subsidiary	Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of 3i Infotech Limited and is not dealt with in the accounts of 3i Infotech Limited		Net aggregate amounts of profits/ losses of the subsidiary so far as it concerns the members of 3i Infotech Limited dealt with or provided for in the accounts of 3i Infotech Limited	
					For the financial year ended on March 31, 2010	For the financial year ended on March 31, 2009	For the financial year ended on March 31, 2010	For the financial year ended on March 31, 2009
1	3i Infotech Inc., (USA)	March 31, 2010	68,753,792 Shares of USD 0.30 each & 1,000,000 Shares of USD 0.01each	$100%	USD 2.20 Million	USD 2.55 Million	-	-
2	3i Infotech Consulting Inc., (USA)	March 31, 2010	3,095 Ordinary Shares of USD 1 each	$$100%	USD 0.03 Million	USD 0.45 Million	-	-
3	3i Infotech Holdings Private Limited, (Mauritius)	March 31, 2010	4,419,874,144 Ordinary Shares of MUR 1 each	100%	USD 0.07 Million	USD (0.07) Million	-	-
4	3i Infotech Financial Software Inc., (USA)	March 31, 2010	100,000 Ordinary Shares of USD 1 each	$100%	USD 0.35 Million	USD (0.38) Million	-	-
5	3i Infotech (Africa) Limited, (Kenya)	March 31, 2010	100 Shares of 1000 Kenya Shillings each	@@100%	KES 21.66 Millon	KES (14.08) Millon	-	-
6	Black Barret Holdings Limited, (Cyprus)	March 31, 2010	1710 Class A Shares of 1 Cyprus Pound. 138 Class B Shares of 1 Cyprus Pound.	$100%	USD (1.11) Million	-	-	-
7	Professional Access Software Development Pvt. Limited, (India)	March 31, 2010	860,000 Equity Shares of Rs. 10 each	#100%	INR 28.84 Crore	INR 32.15 Crore	-	-
8	Professional Access Limited, (USA)	March 31, 2010	100 Shares of USD 1 each	$100%	USD (0.08) Million	USD 0.08 Million	-	-
9	Lantern Systems Inc., (USA)	March 31, 2010	500 Shares of USD 1 each	@100%	USD 0.07 Million	USD 0.01 Million	-	-
10	3i Infotech Kazakhstan LLC., (Kazakhstan)	March 31, 2010	Share Contribution of KZT 530000 (No FV)	$100%	-	-	-	-
11	ePower Inc., (USA)	March 31, 2010	3,000 Shares of USD 1 each	@100%	USD 0.03 Million	USD 0.02 Million	-	-
12	J&B Software Inc., (USA)	December 31, 2009	1,560,000 Ordinary Shares of USD 0.01 each	**100%	USD (0.42) Million	USD 0.81 Million	-	-
13	J&B Software (Canada) Inc., (Canada)	December 31, 2009	1,000,000 Shares of Canadian $0.000001 each	^100%	USD (0.02) Million	USD 0.04 Million	-	-
14	J&B Software India Pvt. Limited, (India)	March 31, 2010	162,195 Equity Shares of Rs. 10 each	100%	-	INR (0.34) Crore	-	-
15	Objectsoft Group Inc., (USA)	March 31, 2010	200 Shares of No par value	@100%	USD 0.42 Millon	USD (0.17) Millon	-	-
16	3i Infotech Asia Pacific Pte. Ltd., (Singapore)	March 31, 2010	1,792,302 Ordinary Shares of SGD 1 each	100%	SGD 0.18 Million	SGD (0.79) Million	-	-
17	3i Infotech SDN BHD, (Malaysia)	March 31, 2010	5,000,000 Ordinary Shares of MYR 1 each	*100%	MYR 7.66 Millon	MYR 6.46 Millon	-	-
18	3i Infotech (Thailand) Limited, (Thailand)	March 31, 2010	100,000 Ordinary Shares of THB 100 each	*100%	THB 10.45 Million	THB 20.46 Million	-	-
19	Datacons Asia Pacific SDN BHD, (Malaysia)	March 31, 2010	555,000 Ordinary Shares of MYR 1 each	*100%	MYR (0.01) Million	MYR (0.12) Million	-	MYR 0.66 Million
20	3i Infotech (Middle East) FZ LLC., (UAE)	March 31, 2010	500 Shares of AED 1000 each	$100%	AED 5.00 Million	AED 36.00 Million	-	-
21	3i Infotech (Australia) Pty. Ltd., (Australia)	March 31, 2010	50,000 Ordinary Shares of AUD 1 each	*100%	AUD 0.01 Million	AUD (0.01) Million	-	-
22	3i Infotech (UK) Limited, (England)	March 31, 2010	3,101,308 Equity Shares of GBP 1 each	100%	GBP 0.53 Million	GBP (1.66) Million	-	-
23	Delta Services (India) Private Limited, (India)	March 31, 2010	400,000 Ordinary Shares of Rs. 10/- each	100%	INR 0.83 Crore	INR 0.68 Crore	-	-
24	E-Enable Technologies Pvt. Ltd., (India)	March 31, 2010	152,600 Ordinary Shares of Rs. 10/- each	100%	-	-	-	-
25	Stex Software Pvt. Ltd., (India)	March 31, 2010	51,000 Ordinary Shares of Rs. 10/- each	100%	-	-	-	-
26	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (England)	March 31, 2010	1,884,000 Equity Shares of GBP 1 each	##100%	GBP 0.92 Million	GBP(0.89) Million	-	-
27	aok In-house BPO Services Limited, (India)	March 31, 2010	30,900 Ordinary Shares of Rs.100/- each	****100%	INR 0.08 Crore	INR 2.02 Crore	-	-
28	aok In-house Factoring Services Private Ltd., (India)	March 31, 2010	52,650 Ordinary Shares of Rs.10/- each	100%	INR 0.48 Crore	INR 0.12 Crore	-	-
29	KNM Services Pvt. Ltd., (India)	March 31, 2010	50,000 Ordinary Shares of Rs.10/- each	100%	-	INR 0.08 Crore	-	-
30	Manipal Informatics Pvt. Limited, (India)	March 31, 2010	100,000 Ordinary Shares of Rs.10/- each	***100%	-	INR (1.41) Crore	-	-
31	HCCA Business Services Private Limited, (India)	March 31, 2010	52,932 Ordinary Shares of Rs.10/- each	****100%	INR 2.66 Crore	INR 2.14 Crore	-	-
32	Taxsmile.com India Pvt. Ltd., (India)	March 31, 2010	4,000,000 Ordinary Shares of Rs.10/- each	!100%	INR 1.26 Crore	INR (13.77) Crore	-	-
33	Antriksh Interactive Pvt. Ltd., (India)	March 31, 2010	122,500 Ordinary Shares of Rs.10/- each	&70%	INR (0.01) Crore	INR 0.01 Crore	-	-
34	Access Matrix Technologies Pvt. Ltd., (India)	March 31, 2010	100,000 Ordinary Shares of Rs.10/- each	&100%	INR (0.00) Crore	INR (0.01) Crore	-	-
35	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.), (India)	March 31, 2010	50,122 Ordinary Shares of Rs.10/- each	100%	INR (0.03) Crore	INR (0.98) Crore	-	-
36	3i Infotech Trusteeship Services Limited, (India)	March 31, 2010	5,569,762 Ordinary Shares of Rs. 10/- each	100%	INR 0.37 Crore	INR 0.62 Crore	-	-
37	3i Infotech Saudi Arabia LLC., (Saudi Arabia)	March 31, 2010	500 Ordinary Shares of SAR 1000 each	100%	SAR 6.36 Million	SAR 1.72 Million	-	-
38	3i Infotech Services (Bangladesh) Pvt. Ltd., (Bangladesh)	March 31, 2010	347,630 Ordinary Shares of Taka 10 each	100%	BDT (1.55) Million	BDT (1.14) Million	-	-
39	3i Infotech Insurance & Re-insurance Brokers Limited, (India)	March 31, 2010	2,500,000 Ordinary Shares of Rs. 10/- each	100%	INR (0.30) Crore	INR 0.06 Crore	-	-
40	3i Infotech Consultancy Services Limited, (India)	March 31, 2010	840,000 Shares of Rs. 10/- each	100%	INR 6.29 Crore	INR 0.06 Crore	-	-
41	FinEng Solutions Private Limited, (India)	March 31, 2010	70,782 Ordinary Shares of Rs. 10/- each	60%	INR 3.57 Crore	INR 3.60 Crore	-	-
42	Locuz Enterprise Solutions Limited, (India)	March 31, 2010	510,000 Ordinary Shares of Rs. 10/- each	51%	INR 0.47 Crore	INR 5.49 Crore	-	-
43	3i Infotech Consumer Services Limited, (India)	March 31, 2010	29,877,551 Ordinary Shares of Rs. 10/- each	100%	INR (2.79) Crore	INR 0.71 Crore	-	-
44	Elegon Infotech Limited, (China)	December 31, 2009	No Shares, only capital	100%	CNY 0.17 Million	CNY (12.19) Million	-	-
45	Regulus Holdings Inc., (USA)	March 31, 2010	100,000 Class A Shares of USD 0.01 each	**100%	USD 6.85 Million	USD 4.03 Million	-	-
46	3i Infotech Consulting Services SDN BHD, (Malaysia)	March 31, 2010	2 Shares of MYR 1 each	^^100%	-	-	-	-

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

$$Held by 3i Infotech Inc., (USA)

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

** Held by 3i Infotech Financial Software Inc. and details include its subsidiaries viz., Regulus America LLC., Regulus Group LLC., Regulus Group II LLC., Regulus Integrated Solutions LLC., Regulus Tristate LLC., Regulus West LLC.

*** Held by Delta Services (I) Pvt. Ltd.

Held by Black Barret Holdings Ltd.

Held by 3i Infotech (UK) Limited and details include its subsidiaries viz., 3i Infotech (Western Europe) Group Limited, 3i Infotech (Western Europe) Limited, Rhyme Systems Limited, Exact Technical Services and 3i Infotech Framework Limited

@Held by J&B Software (Canada) Inc.

^ Held by J&B Software Inc.

& Held by Taxsmile.com India Pvt. Ltd.

^^ Held by 3i Infotech SDN BHD

**** Held by 3i Infotech BPO Ltd.

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

! Held by 3i Infotech Consumer Services Limited

Statement relating to Subsidiary Companies as on March 31, 2010

	Entity	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) afterTaxation	Proposed Dividend
1	3i Infotech Inc., (USA)[$]	461.10	131.15	696.35	696.35	54.24	116.01	13.29	3.38	9.91	-
2	3i Infotech Consulting Inc., (USA)[$]	0.01	38.63	43.52	43.52	-	43.19	0.18	0.05	0.13	-
3	3i Infotech Holdings Private Limited, (Mauritius)[$]	1,216.22	1.45	1,359.45	1,359.45	1,210.15	-	0.32	-	0.32	-
4	3i Infotech Financial Software Inc., (USA)[$]	136.88	14.29	912.57	912.57	296.95	39.71	4.22	2.66	1.56	-
5	3i Infotech (Africa) Limited, (Kenya)[&]	0.01	0.64	6.51	6.51	-	5.98	1.82	0.51	1.31	-
6	Black Barret Holdings Limited[$]	0.01	(5.14)	(4.23)	(4.23)	0.90	-	(5.00)	-	(5.00)	-
7	Professional Access Software Development Pvt. Limited, (India)	0.86	77.93	84.26	84.26	-	75.49	28.85	0.01	28.84	-
8	Professional Access Limited, (USA)[$]	0.01	(11.12)	62.44	62.44	-	161.36	0.69	1.04	(0.35)	-
9	Lantern Systems Inc., (USA)[$]	0.00	(4.69)	2.63	2.63	-	14.86	0.56	0.24	0.32	-
10	3i Infotech (Kazakhstan) LLC., (Kazakhstan)[^]	0.02	(0.56)	-	-	-	-	-	-	-	-
11	ePower Inc., (USA)[$]	0.01	2.93	5.92	5.92	-	23.77	0.25	0.10	0.15	-
12	J&B Software Inc., (USA)[$]	68.65	(55.60)	44.64	44.64	-	111.78	(2.22)	(0.35)	(1.87)	-
13	J&B Software (Canada) Inc., (Canada)[$]	0.00	0.41	229.36	229.36	229.35	7.66	0.05	0.13	(0.08)	-
14	J&B Software India Pvt. Ltd., (India)	0.16	7.55	7.72	7.72	-	-	-	-	-	-
15	Objectsoft Group Inc., (USA)[$]	0.01	5.81	18.72	18.72	-	55.46	2.93	1.03	1.90	-
16	3i Infotech Asia Pacific Pte. Ltd., (Singapore)[S$]	5.77	16.45	31.15	31.15	1.69	28.23	0.64	0.07	0.57	-
17	3i Infotech SDN BHD, (Malaysia)*	6.90	36.17	60.70	60.70	0.00	55.35	10.63	0.07	10.56	-
18	3i Infotech (Thailand) Limited, (Thailand)**	1.40	5.09	11.91	11.91	-	8.94	1.47	0.01	1.46	-
19	Datacons Asia Pacific SDN BHD, (Malaysia)*	0.77	0.24	0.85	0.85	-	-	(0.01)	-	(0.01)	-
20	3i Infotech (Middle East) FZ LLC., (UAE)[$$]	0.61	69.05	186.08	186.08	3.51	162.66	6.13	-	6.13	-
21	3i Infotech (Australia) Pty. Ltd., (Australia) [^^]	0.21	(0.04)	0.51	0.51	-	1.08	0.04	-	0.04	-
22	3i Infotech (UK) Limited, (England)[£]	21.05	131.36	278.41	278.41	144.45	4.37	3.58	-	3.58	-
23	Delta Services (India) Private Limited, (India)	0.40	6.87	7.27	7.27	2.82	25.47	1.11	0.28	0.83	-
24	E-Enable Technologies Pvt. Ltd., (India)	0.15	0.26	0.42	0.42	-	-	-	-	-	-
25	Stex Software Pvt. Ltd., (India)	0.05	0.43	0.48	0.48	-	-	-	-	-	-
26	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (England)[£]	13.97	3.09	337.04	337.04	-	134.92	(4.96)	(11.24)	6.27	-
27	aok In-house BPO Services Limited, (India)	0.31	4.60	14.62	14.62	-	37.01	(0.07)	(0.15)	0.08	-
28	aok In-house Factoring Services Private Ltd., (India)	0.05	1.46	4.27	4.27	-	8.97	0.67	0.19	0.48	-
29	KNM Services Pvt. Ltd., (India)	0.05	0.39	0.44	0.44	-	-	-	-	-	-
30	Manipal Informatics Pvt. Limited, (India)	0.10	1.38	1.48	1.48	-	-	-	-	-	-
31	HCCA Business Services Private Limited, (India)	0.05	11.08	19.26	19.26	-	22.52	4.03	1.37	2.66	-
32	Taxsmile.com India Pvt. Ltd., (India)	4.00	(14.75)	12.78	12.78	1.49	1.42	1.42	0.16	1.26	-
33	Antriksh Interactive Pvt. Ltd., (India)	0.18	(0.19)	0.98	0.98	-	0.10	(0.02)	(0.01)	(0.01)	-
34	Access Matrix Technologies Pvt. Ltd., (India)	0.10	0.11	0.21	0.21	-	-	(0.00)	-	(0.00)	-
35	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Pvt. Ltd.), (India)	0.05	2.36	50.94	50.94	-	5.81	0.02	0.05	(0.03)	-
36	3i Infotech Trusteeship Services Limited, (India)	5.57	(3.53)	4.70	4.70	-	2.97	0.60	0.23	0.37	-
37	3i Infotech Saudi Arabia LLC., (Saudi Arabia)[#]	0.60	11.07	33.81	33.81	-	34.05	9.55	1.91	7.64	-
38	3i Infotech Services (Bangladesh) Pvt. Ltd., (Bangladesh)[+]	0.23	(0.18)	1.57	1.57	-	-	(0.10)	-	(0.10)	-
39	3i Infotech Insurance & Re-insurance Brokers Limited, (India)	2.50	(0.24)	2.48	2.48	-	-	(0.13)	0.17	(0.30)	-
40	3i Infotech Consultancy Services Limited, (India)	0.84	13.61	57.69	57.69	-	66.00	6.75	0.46	6.29	-
41	FinEng Solutions Private Limited, (India)	0.12	13.77	16.68	16.68	6.50	14.71	5.39	1.82	3.57	-
42	Locuz Enterprise Solutions Limited, (India)	1.00	4.40	47.17	47.17	-	84.89	0.70	0.23	0.47	-
43	3i Infotech Consumer Services Limited, (India)	29.88	(2.09)	33.87	33.87	8.04	4.25	(4.07)	(1.28)	(2.79)	-
44	Elegon Infotech Ltd., (China)[¤]	11.30	(8.57)	39.78	39.78	-	14.26	0.21	0.10	0.11	-
45	Regulus Holdings Inc., (USA)[$]	0.01	49.21	598.60	598.60	-	705.33	35.49	4.62	30.87	
46	3i Infotech Consulting Services SDN BHD, (Malaysia)*	-	-	-	-	-	-	-	-	-	-

$ Converted to Indian Rupees at the Exchange rate, 1 USD = 45.0301
S$ Converted to Indian Rupees at the Exchange rate, 1 SGD = 32.1979
£ Converted to Indian Rupees at the Exchange rate, 1 GBP = 67.8685
* Converted to Indian Rupees at the Exchange rate, 1 MYR = 13.7946
** Converted to Indian Rupees at the Exchange rate, 1 THB = 1.3978
# Converted to Indian Rupees at the Exchange rate, 1 SAR = 12.0231
$$ Converted to Indian Rupees at the Exchange rate, 1 AED = 12.2633
& Converted to Indian Rupees at the Exchange rate, 1 KES = 0.605
^ Converted to Indian Rupees at the Exchange rate, 1 KZT = 0.3111
^^ Converted to Indian Rupees at the Exchange rate, 1 AUD = 41.4051
¤ Converted to Indian Rupees at the Exchange rate, 1 CNY = 6.6064
+ Converted to Indian Rupees at the Exchange rate, 1 BDT = 0.6633

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

US Dollar In Million

		As at March 31, 2010	As at March 31, 2009
I.	**SOURCES OF FUNDS**		
1.	**Shareholders' Funds :**		
A.	Share Capital	**59.68**	44.23
B.	Reserves and Surplus	**160.94**	154.54
		220.62	198.77
2.	**Minority Interest**	**1.82**	4.06
3.	**Loan Funds :**		
A.	Secured Loans	**212.00**	180.06
B.	Unsecured Loans	**267.46**	242.03
		479.46	422.09
4.	**Premium payable on redemption of FCCB**	**27.48**	20.98
		729.38	645.90
II.	**APPLICATION OF FUNDS**		
1.	**Goodwill arising on consolidation**	**402.11**	325.93
2.	**Fixed Assets :**		
A.	Gross Block	**143.14**	153.29
B.	Less : Depreciation	**60.06**	44.66
C.	Net Block	**83.08**	108.63
D.	Capital Work-in-Progress	**8.75**	24.08
E.	Assets held for disposal	**3.33**	-
		95.16	132.71
3.	**Investments**	**2.24**	0.69
4.	**Deferred Tax Asset (net)**	**25.02**	7.40
5.	**Current Assets, Loans and Advances**		
A.	**Current Assets :**		
a.	Inventories	**0.86**	2.12
b.	Sundry Debtors	**120.50**	92.60
c.	Unbilled Revenues	**63.16**	53.16
d.	Cash and Bank Balances	**42.11**	61.26
		226.63	209.14

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

US Dollar In Million

		As at March 31, 2010	As at March 31, 2009
B.	Loans and Advances	111.81	63.55
		338.44	272.69
Less: Current Liabilities and Provisions :			
A.	Current Liabilities	120.34	81.80
B.	Provisions	13.25	11.72
		133.59	93.52
Net Current Assets		204.85	179.17
		729.38	645.90

Note: The above Balance Sheet is just the conversion of Consolidated Balance Sheet of 3i Infotech Limited prepared as per Indian GAAP in Rs. in crores. The conversion has been done at exchange rate of Rs. 45.03 as at March 31, 2010 and Rs. 52.17 as at March 31,2009.

3i INFOTECH LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

US Dollar In Million

	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME:		
Income from Operations	512.89	499.05
Other Income	4.23	4.16
Total Income	**517.12**	503.21
EXPENDITURE:		
Operating, Selling & other expenses	411.73	404.20
Total Expenditure	**411.73**	404.20
Profit before interest, depreciation and amortisation	**105.39**	99.01
Interest	30.34	20.73
Depreciation and amortisation (Refer Note no. 2.7)	17.05	15.30
Profit Before Taxation	**58.00**	62.98
Provision for Taxes		
- Deferred Taxes (net)	(1.28)	0.92
- Current Taxes	9.03	8.37
- Fringe Benefit Tax	-	0.51
- Mat Credit Entitlement	(5.70)	(5.09)
- Pertaining to earlier years written off	0.24	0.10
Profit After Taxation & Before Exceptional items and impact of discontinuing operations	**55.71**	58.17
Add : Exceptional Income (Refer Note no.2.6(i))	6.11	16.82
Less : Impact of Discontinuing Operations (refer note no.2.7)	(54.56)	-
(Less) : Exceptional expenditure (Refer Note no.2.6 (ii) & 2.7)	(0.28)	(11.16)
Add: Share of profit in Associate	-	0.05
Less/(Add):Minority Shareholders' Interest	(0.03)	2.32
Net Profit After Minority Interest	7.01	61.56
Add: Balance of profit brought forward	62.67	36.56
Less : Reversal of profit on sale of IPR (Refer Note no. 2.4.11 (b))	(3.83)	-
Add : FCCB redemption reserve written back	49.05	-
Profit available for appropriation	**114.90**	98.13
Translation Reserve adjusted	**(47.88)**	5.41
	67.02	103.55

3i INFOTECH LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

US Dollar In Million

	For the year ended March 31, 2010	For the year ended March 31, 2009
Less: Appropriations		
- General Reserve	**1.26**	1.97
- FCCB Redemption Reserve	**11.24**	29.62
- Proposed Dividend - Equity Shares	**5.30**	4.28
- Residual Dividend Paid	**0.00**	0.00
- Proposed Dividend - Preference Shares	**0.22**	0.22
- Interim Dividend - Preference Shares	**1.11**	1.16
- Corporate Dividend Tax	**1.13**	0.97
	20.26	38.22
Balance carried over to Balance Sheet	**46.76**	65.32

Note: The above Profit and Loss Account is just the conversion of Consolidated Profit and Loss of 3i Infotech Limited (prepared as per Indian GAAP in Rs. in crores. The conversion has been done at exchange rate of Rs. 47.74 for the year ended March 31, 2010 and Rs. 45.80 for the year ended March 31, 2009.

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, 2010 and also the Profit and Loss Account 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 (Auditor’s 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, Profit and Loss Account 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 Profit and Loss Account 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

    vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with note no. 2.10 (b) in Schedule XIII of “Significant Accounting Policies and Notes to Accounts” regarding computation of net profit for managerial remuneration considering loss from discontinuing operations as capital loss and other notes appearing in the said Schedule and those appearing elsewhere in the accounts, 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, 2010;

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

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

For Lodha & Co.
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 44101
Firm Registration No: 301051E

Place : Mumbai.
Date : April 23, 2010.

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

K. Venkatakrishnan
Partner
Membership No. 208591
Firm Registration No: 002785S

Place : Mumbai.
Date : April 23, 2010.

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, 2010 OF 3i INFOTECH LIMITED

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

(b) According to the information and explanations given to us, the fixed assets have been physically verified (including electronic verification) by the management during the year in accordance with the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. The phased programme is considered reasonable having regard to the size of the Company and nature of its business.

(c) During the year, the Company has not sold/disposed off substantial portion of its fixed assets. However, refer note no 2.8 in Schedule XIII regarding certain assets held for disposal in respect of a discontinued line of business which in our opinion, has not effected the going concern status of the Company.

(ii) The Company is a service company, primarily rendering information technology services. Accordingly, it does not hold any 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 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 is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth-tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth-tax, Service tax, Customs duty, Excise duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) 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 the following :

Name of the Statute	Nature of Demand	Period to which amount relates	Amount (In Rs.)	Forum where dispute is pending
Karnataka VAT Act, 2003	Sales tax	2008-09	10,779,920	Asst. Commissioner of Commercial Taxes

(x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.

(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, considering that subsequent to the year end, the Company has received proceeds from QIP issue amounting to Rs. 179.99 crores and also a sanction of a term loan of Rs. 350 crores, utilization of short term funds of Rs. 391.22 crores for long term investments as at the close of the year stands addressed.

(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 except employees stock options allotted to the directors of the Company as per Employees Stock Scheme approved by the shareholders of the Company.

(xix) The Company has not issued any debentures 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 accounts 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 Lodha & Co.
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 44101
Firm Registration No: 301051E

Place : Mumbai.
Date : April 23, 2010.

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

K. Venkatakrishnan
Partner
Membership No. 208591
Firm Registration No: 002785S

Place : Mumbai.
Date : April 23, 2010.

3i INFOTECH LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

Rs. in Crores

		Schedule	As at March 31, 2010	As at March 31, 2009
I.	**SOURCES OF FUNDS**			
1.	**Shareholders' Funds :**			
A.	Share Capital	I	**268.76**	230.75
B.	Reserves and Surplus	II	**626.34**	515.90
			895.10	746.65
2.	**Loan Funds :**			
A.	Secured Loans	III	**401.82**	257.16
B.	Unsecured Loans	IV	**1,206.28**	1,263.82
			1,608.10	1,520.98
3.	**Premium payable on Redemption of FCCB**		**123.73**	109.45
			2,626.93	2,377.08
II.	**APPLICATION OF FUNDS**			
1.	**Fixed Assets :**			
A.	Gross Block	V	**408.91**	542.75
B.	Less : Depreciation		**179.06**	162.48
C.	Net Block		**229.85**	380.27
D.	Capital Work-in-Progress		**1.38**	71.89
E.	Assets held for disposal		**15.00**	-
			246.23	452.16
2.	**Investments**	VI	**1,724.84**	1,455.42
3.	**Deferred Tax Asset (net)**		**92.35**	24.64
4.	**Current Assets, Loans and Advances**	VII		
A.	**Current Assets :**			
a.	Sundry Debtors		**250.07**	136.41
b.	Unbilled Revenues		**67.55**	67.56
c.	Cash and Bank Balances		**44.74**	99.15
d.	Other Current Assets		**-**	37.33
			362.36	340.45
B.	**Loans and Advances**		**419.33**	349.84
			781.69	690.29
	Less: Current Liabilities and Provisions :	VIII		
A.	**Current Liabilities**		**162.62**	190.79
B.	**Provisions**		**55.56**	54.64
			218.18	245.43
	Net Current Assets		**563.51**	444.86
			2,626.93	2,377.08
Significant Accounting Policies and Notes to Accounts		XIII		

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

As per our attached report of even date

For Lodha & Co.
Chartered Accountants

R P Baradiya
Partner

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

K. Venkatakrishnan
Partner

Mumbai, April 23, 2010

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Executive Director & CFO

Shivanand R Shettigar
Company Secretary

3i INFOTECH LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Crores

	Schedule	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME:			
Income from Operations	IX	519.99	527.24
Other Income	X	14.48	11.49
Total Income		534.47	538.73
EXPENDITURE:			
Operating, Selling and other expenses	XI	263.15	267.57
Total Expenditure		263.15	267.57
Profit before interest, depreciation/amortisation and taxation		271.32	271.16
Interest	XII	94.33	61.77
Depreciation and Amortisation (Refer Note no. 2.8)		40.50	47.99
Profit before taxation		136.49	161.40
Provision for Taxes			
- Current Taxes		22.44	19.70
- Fringe Benefit Tax		-	1.81
- MAT credit entitlement		(22.41)	(19.67)
- Deferred Taxes (net)		3.03	0.55
- Pertaining to earlier years written off		0.44	0.40
Profit after taxation before Exceptional items and Impact of Discontinuing Operations		132.99	158.61
Add : Exceptional income (Refer Note no.2.7 (i))		29.19	77.05
Less : Impact of Discontinuing Operations (Refer Note no. 2.8)		(260.46)	-
Less : Exceptional expenditure (Refer Note no.2.7 (ii))		(1.33)	(51.09)
Profit/(Loss) after taxation and Exceptional items and Impact of Discontinuing Operations		(99.61)	184.57
Add: Balance of profit brought forward		84.21	74.70
Add: FCCB redemption reserve written back		234.16	-
Profit available for appropriation		218.76	259.27
Appropriations:			
General Reserve		6.00	9.00
FCCB Redemption Reserve		53.66	135.66
Proposed Dividend - Equity Shares		25.32	19.61
Residual Dividend paid		0.02	0.02
Proposed Dividend - Preference Shares		1.03	1.03
Interim Dividend - Preference Shares		5.32	5.32
Corporate Dividend Tax		5.38	4.42

3i INFOTECH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Crores

	Schedule	**For the year ended March 31, 2010**	For the year ended March 31, 2009
Balance carried over to Balance Sheet		**122.03**	84.21
		218.76	259.27
Earnings per Share			
Equity shares, par value Rs 10 each (Refer note no.2.15)			
Before Exceptional items and impact of discontinuing operations			
Basic (Rs.)		**8.35**	11.57
Diluted (Rs.)		**8.25**	11.57
After Exceptional items and impact of discontinuing operations			
Basic (Rs.)		**(7.12)**	13.55
Diluted (Rs.)		**(7.04)**	13.55
Significant Accounting Policies and Notes to Accounts	XIII		

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

As per our attached report of even date

For Lodha & Co.
Chartered Accountants

R P Baradiya
Partner

For R.G.N. Price & Co.
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K. Venkatakrishnan
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Mumbai, April 23, 2010

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
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Shivanand R Shettigar
Company Secretary

3i INFOTECH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Crores

		For the year ended March 31, 2010	For the year ended March 31, 2009
A	**Cash Flow from Operating Activities :**		
	Profit before taxation & exceptional items	**136.49**	161.40
	Adjustments for:		
	Depreciation / Amortization	**40.50**	47.99
	Foreign Exchange loss / (gain)	**(2.08)**	(6.30)
	Loss / (Profit) on sale / discarding of fixed assets	**1.45**	1.00
	Dividend Income	**(1.32)**	(0.20)
	Interest received	**(2.25)**	(2.54)
	Interest Paid	**94.33**	61.77
	Provision for doubtful debts	**4.68**	13.76
	Impairment of acquired software and losses on foreclosure of contracts	**-**	4.18
	Operating Profit before Working Capital Changes	**271.80**	281.06
	Adjustments for:		
	Trade and Other Receivables	**(126.84)**	13.25
	Trade Payables and Other Liabilities	**171.05**	92.73
		44.21	105.98
	Cash generated from Operations	**316.01**	387.03
	Income Taxes paid (including FBT)	**(121.21)**	(31.04)
	Net cash from Operating Activities - A	**194.80**	356.00
B	**Cash Flow from Investing Activities :**		
	Purchase of fixed assets (Including Capital-Work-in-Progress & advances)	**(129.66)**	(262.37)
	Sale of fixed assets	**2.12**	14.58
	Purchase of Investments / application money[3]	**(280.79)**	(228.42)
	Investment/ transfer of shares in subsidiary companies / application money	**(237.40)**	(101.23)
	Sale/ transfer of Investments	**256.04**	147.19
	Dividend received	**1.32**	0.20
	Loans (given) / received back - subsidiaries	**0.12**	0.14
	Interest received	**2.25**	3.94
	Net cash used in Investing Activities - B	**(386.00)**	(425.97)
C	**Cash Flow from Financing Activities :**		
	Proceeds from issue of Equity Share Capital	**2.50**	1.21
	Proceeds from issue of QIP	**317.81**	-
	Payment towards QIP expenses	**(10.53)**	-
	Payment towards FCCB Buy Back (including advisory, legal, Professional fee - Refer note no.2.7)	**(54.55)**	(127.03)

3i INFOTECH LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Proceeds from/(Repayment of) borrowings - net	**58.91**	291.80
Dividends paid (including taxes)	**(30.37)**	(30.39)
Interest paid	**(94.32)**	(62.26)
Net Cash from Financing Activities - C	**189.45**	73.33
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(1.75)**	3.37
Cash and Cash Equivalents as at beginning	**36.03**	32.66
Cash and Cash Equivalents as at end[2]	**34.28**	36.03

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. Margin money of Rs.10.46 crores (as at Mar 31, 2009 - Rs 5.77 crores) and monies lying in escrow account of Rs. 0.00 crores (as at Mar 31, 2009 - Rs 57.35 crores) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.
3. Includes amount paid for acquisition of equity for the year ended March 31,2010 -

Subsidiary name	Amount (in crores)	Reference note in schedule
aok Inhouse Factoring Services Pvt Ltd.	2.41	2.4.1
Fineng Solutions Pvt Ltd	6.38	2.4.3
HCCA Business Services Private Limited	(4.59)	2.4.1
Delta Services Private Limited	15.93	2.4.1
aok BPO Services Private Limited	(7.12)	2.4.1
Elegon Infotech Limited	8.50	2.9
Locuz Enterprise Solutions Limited	5.32	2.4.2
Taxsmile.com India Private Limited	2.08	2.4.4

4. Refer note no. 2.8 regarding discontinuing of operations.
5. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's presentation.

Significant Accounting Policies and Notes to Accounts (Refer Schedule No XIII)

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

As per our attached report of even date

For Lodha & Co.
Chartered Accountants

R P Baradiya
Partner

For R.G.N. Price & Co.
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Mumbai, April 23, 2010

For and on behalf of the Board

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3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in Crores

		As at March 31, 2010	As at March 31, 2009
I	**Share Capital**		
	Authorised		
	300,000,000 Equity shares of Rs. 10 each	**300.00**	300.00
	(as at Mar 31, 2009 - 300,000,000 of Rs. 10 each)		
	200,000,000 Cumulative Preference shares of Rs.5 each	**100.00**	100.00
		400.00	400.00
	Issued, Subscribed & Paid - up		
	168,759,946 Equity shares of Rs. 10 each[1]	**168.76**	130.75
	(130,750,946 Equity shares as at Mar 31, 2009)		
	200,000,000 6.35 % Cumulative Preference shares of Rs.5 each[2]	**100.00**	100.00
		268.76	230.75

Notes :

1. Of the above, 84,788,331 Equity shares are allotted as fully paid-up Bonus shares (as at Mar 31, 2009 - 84,788,331 shares) by capitalisation of Securities Premium Account and accumulated profits.Also refer note no. 2.2 regarding shares issued on QIP.
2. The Preference Shares are redeemable at par on expiry of nine years from the date of allotment i.e. Mar 31, 2003.

		As at March 31, 2010	As at March 31, 2009
II	**Reserves and Surplus**		
	a. Capital Reserve (on merger)		
	Balance as per last Balance Sheet	**0.06**	0.06
	b. Securities Premium Account		
	Balance as per last Balance Sheet	**212.95**	285.17
	Add : Received on allotment of equity shares under ESOS	**1.99**	0.99
	Add : Received during the year on Qualified Institutional Placement issue (QIP)	**280.31**	-
	Less : Expenses on Qualified Institutional Placement issue (QIP)	**(10.53)**	-
	Add/(Less) : Written back/(utilised) towards premium payable on redemption of FCCB	**(14.26)**	(73.21)
		470.46	212.95
	c. General Reserve		
	Balance as per last Balance Sheet	**25.00**	16.00
	Add: Transfer from Profit and Loss Account	**6.00**	9.00
		31.00	25.00
	d. Translation Reserve		
	Opening balance	**13.18**	13.18
	Movement during the year	**(10.39)**	-
		2.79	13.18
	e. FCCB Redemption Reserve		
	Balance as per last Balance Sheet	**180.50**	44.84

Rs. in Crores

		As at March 31, 2010	As at March 31, 2009
	Add: Transfer from Profit and Loss Account	**53.66**	135.66
	Less: Transfer to Profit and Loss Account	**(234.16)**	-
		-	180.50
f.	**Profit and Loss Account**		
	Balance as per annexed account	**122.03**	84.21
		122.03	84.21
Total			
		626.34	515.90
III	**Secured Loans**		
a.	**From Banks:**		
	Term Loans	**221.67**	143.94
	Cash Credit	**178.47**	112.17
b.	**Other Bodies Corporate**	**1.68**	1.05
		401.82	257.16

Notes :

1. Security and terms and conditions for Term Loans :
   a. Rs.1.80 crores (as at Mar 31, 2009 - Rs.1.46 crores) loan is secured by way of hypothecation on certain Company owned vehicles.
   b. Rs 43.55 crores (as at Mar 31, 2009 - Rs.93.53 crores) loan is secured/ to be secured by way of Equitable Mortgage of certain properties of the Company situated at Navi Mumbai.
   c. Rs. NIL (as at Mar 31, 2009 - Rs.50.00 crores) loan is secured by way of hypothecation on certain movable project assets.
   d. Rs.125.00 crores (as at Mar 31, 2009 - Rs. Nil) is secured by subordinated charge on all tangible movable and immovable assets situated at Navi Mumbai and Goregaon.
   e. Rs. 53.00 crores (as at Mar 31, 2009 - Rs. Nil) loan is secured by way of floating charge on book debts.
2. Certain non-fund facilities of Rs. 40.04 crores (as at Mar 31, 2009 - Rs.36.72 crores) and Cash Credit are secured by way of floating charge on book debts.

		As at March 31, 2010	As at March 31, 2009
IV	**Unsecured Loans***		
	Foreign Currency Convertible Bonds (Refer note no.2.6)	**510.99**	672.79
	Rupee Loans from banks	**691.51**	588.54
	From Subsidiaries	**3.25**	-
	From Others	**0.53**	2.49
		1,206.28	1,263.82
	*Repayable within one year	**648.01**	428.41

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

V. Fixed Assets

Rs. in Crores

	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
Particulars	As at April 1, 2009	Additions on Business purchase / merger *	Additions during the year	Ded / (Adj) during the year	As at March 31, 2010	Upto March 31, 2009	Additions on Business purchase / merger *	Depre-ciation for the year	Ded / (Adj) for the year	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Intangible assets												
Goodwill	42.73	-	-	-	42.73	24.00	-	8.46	-	32.46	10.27	18.72
Software Products												
- Meant for sale	7.94	-	-	-	7.94	2.17	-	-	-	2.17	5.77	5.77
- Others	65.36	-	46.58	0.02	111.92	27.76	-	12.34	0.01	40.09	71.83	37.60
Business & Commercial Rights	44.62	-	-	-	44.62	23.95	-	3.81	-	27.76	16.86	20.67
Tangible assets												
Land - Leasehold	0.52	-	-	-	0.52	0.08	-	0.01	-	0.09	0.43	0.44
- Freehold	2.09	-	-	-	2.09	-	-	-	-	-	2.09	2.09
Buildings - Owned	0.77	-	-	-	0.77	0.13	-	0.01	-	0.14	0.63	0.64
- Leasehold [1]	32.34	-	-	-	32.34	5.27	-	-	-	5.27	27.07	27.07
Leasehold Improvements	27.27	-	1.78	0.32	28.73	7.90	-	4.32	0.06	12.16	16.57	19.37
Plant & Machinery / Electrical Installations	18.17	-	0.88	2.11	16.94	7.07	-	0.82	1.54	6.35	10.59	11.10
Computers	65.88	-	26.59	3.85	88.62	31.68	-	8.72	1.89	38.51	50.11	34.20
Furniture & Fixtures	16.73	-	0.15	0.03	16.85	8.20	-	0.99	0.00	9.19	7.66	8.53
Office Equipment	7.22	-	0.57	0.09	7.70	2.74	-	0.31	0.02	3.03	4.67	4.48
Vehicles	7.45	-	1.07	1.38	7.14	1.84	-	0.71	0.71	1.84	5.30	5.61
Project Assets[2]	203.66	-	117.96	321.62	-	19.69	-	-	19.69	-	-	183.97
Total	**542.75**	**-**	**195.58**	**329.42**	**408.91**	**162.48**	**-**	**40.50**	**23.92**	**179.06**	**229.85**	**380.27**
Previous Year	290.50	11.85	241.31	0.91	542.75	105.99	8.55	47.99	0.06	162.48	380.27	-
Capital work - in - progress (including Capital Advances) [2,3]	71.89	-	38.88	109.39	1.38	-	-	-	-	-	1.38	71.89

* pertains to adjustments arising out of merger / acquisitions

Notes :

1 Buildings - Leasehold include:

(i) Rs.20.85 crores (as at Mar 31, 2009 Rs. 20.85 crores), Accumulated Depreciation - Rs.3.22 crores (as at Mar 31, 2009 Rs.3.22 crores) and Net Value Rs.17.63 crores (as at Mar 31, 2009 Rs.17.63 crores) being lease premium paid in respect of building taken on lease for sixty years.

(ii) Rs.11.49 crores (as at Mar 31, 2009 Rs.11.49 crores), Accumulated Depreciation Rs.2.05 crores (as at Mar 31, 2009 Rs.2.05 crores) and Net Value Rs.9.44 crores (as at Mar 31, 2009 Rs.9.44 crores) being lease premium paid in respect of building taken on lease for ninety nine years.

2. Estimated realisable value of project assets transferred to assets held for disposal - Rs 15.00 crores (Refer Note no.2.8)

3 Capital work- in- progress comprise

- advance towards project assets Rs.Nil (as at Mar 31, 2009 Rs. 70.36 crores)
- others Rs.1.38 crores (as at Mar 31, 2009 Rs.1.53 crores)

$ Rs. 0.00 crores denotes figures less than Rs.50,000

Rs. in Crores

		As at March 31, 2010	As at March 31, 2009
VI	**Investments**		
	Long Term Investments (Unquoted and Fully Paid-up)		
	Trade :		
	In Subsidiary Companies		
	1,792,302 Equity shares of SGD 1 each of 3i Infotech Asia Pacific Pte Ltd., Singapore	**6.98**	6.98
	3,101,308 Equity shares of GBP 1 each of 3i Infotech (UK) Ltd.[2,5] (as at Mar 31,2009 - 1,649,438 shares)	**346.97**	230.30
	4,419,874,144 Ordinary Shares of MUR 1 each of 3i Infotech Holdings Private Limited, Mauritius[6] (as at Mar 31,2009 - 2,197,953,620 shares)	**697.75**	296.22
	500 Shares of SR 1,000 each of 3i Infotech Saudi Arabia LLC	**0.67**	0.67
	400,000 Equity Shares of Rs. 10 each fully paid up of Delta Services (India) Pvt. Ltd.[4] (as at Mar 31,2009 - 204,000 shares)	**26.13**	10.19
	5,569,762 Equity Shares of Rs. 10 each fully paid up of 3i Infotech Trusteeship Services Ltd.	**0.01**	0.01
	51,000 Equity Shares of Rs. 10 each fully paid up of Stex Software Pvt. Ltd. (as at Mar 31,2009 - 51,000 shares)	**9.56**	9.56
	152,600 Equity Shares of Rs. 10 each fully paid up of E-Enable Technologies Pvt. Ltd. (as at Mar 31,2009 - 152,600 shares)	**12.27**	12.27
	NIL Equity Shares of Rs, 100 each fully paid up of aok In-house BPO Services Ltd.[4] as at Mar 31,2009 - 15,759 shares)	**-**	7.12
	52,650 Equity Shares of Rs. 10 each fully paid up of aok In-house Factoring Services Pvt. Ltd. (as at Mar 31,2009 - 26,852 shares)	**4.88**	2.47
	50,000 Equity Shares of Rs. 10 each fully paid of KNM Services Pvt. Ltd. (as at Mar 31,2009 - 50,000 shares)	**2.92**	2.92
	NIL Equity Shares of Rs. 10 each fully paid of HCCA Business Services Pvt. Ltd.[4] (as at Mar 31,2009 - 26,996 shares)	**-**	4.59
	NIL Equity Shares of Rs. 10 each fully paid of Taxsmile.Com India Pvt. Ltd. [4,7] (as at Mar 31,2009 - 1,040,000 shares)	**-**	2.08
	50,122 Equity Shares of Rs. 10 each fully paid of 3i Infotech BPO Ltd. (formally known as Linear Financial & Management Systems Pvt. Ltd.) (as at Mar 31,2009 - 50,122 shares)	**16.11**	16.11
	347,630 Equity Shares of Taka 10 each fully paid of 3i Infotech Services (Bangladesh) Pvt. Ltd (as at Mar 31,2009 - 347,630 shares)	**0.20**	0.20
	840,000 Equity Shares of Rs. 10 each fully paid of 3i Infotech Consultancy Services Ltd. (as at Mar 31,2009 - 100,000 shares)	**8.09**	0.10
	510,000 Equity Shares of Rs. 10 each fully paid of Locuz Enterprise Solutions Ltd. [4] (as at Mar 31,2009 - 260,000 shares)	**12.25**	6.93
	70,782 Equity Shares of Rs. 10 each fully paid of FinEng Solutions Private Limited[4] (as at Mar 31,2009 - 60,165 shares)	**24.11**	17.73
	162,195 Equity Shares of Rs. 10 each fully paid of J&B Software India Private Ltd.[3] (as at Mar 31,2009 - 162,195 shares)	**0.47**	0.47

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
29,877,551 Equity Shares of Rs. 10 each fully paid of 3i Infotech Consumer Services Limited[4, 7] (as at Mar 31,2009 - 5,000,000 shares)	**29.88**	5.00
Elegon Infotech Limited, China	**11.82**	3.33
2,500,000 Equity Shares of Rs. 10 each fully paid of 3i Infotech Insurance & Re-Insurance Brokers Ltd. (as at Mar 31,2009 - 2,500,000 shares)	**2.68**	2.68
NIL Redeemable Convertible Preference Shares of GBP 1 each of 3i Infotech (UK) Ltd. - [5] (as at Mar 31,2009 - 14,518,699 shares)	**-**	107.67
Redeemable Convertible Preference Shares of 3i Infotech Holdings Private Limited, Mauritius :		
891,631,605 Series A - Redeemable Convertible Preference Shares of MUR 1 each[6] (as at Mar 31,2009 - 494,954,680 shares)	**121.18**	80.47
541,885,200 Series B - Redeemable Convertible Preference Shares of MUR 1 each (as at Mar 31,2009 - 541,885,200 shares)	**90.96**	105.75
1,780,361,142 Series C - Redeemable Convertible Preference Shares of MUR 1 each[6] (as at Mar 31,2009 - 2,682,600,000 shares)	**298.85**	523.50
Non-Trade :		
In other Companies		
200,000 Equity Shares of Sri Lankan Rs.10 each of First Capital	**0.10**	0.10
Asset Management Co. Ltd., Sri Lanka		
National Savings Certificates [$]	**0.00**	0.00
Aggregate Value Of Unquoted Investments	**1,724.84**	1,455.42

Notes:

1 During the year, the Company has purchased 256,041,111 units(for the year ended Mar 31, 2009 - 147,186,601units) and sold 256,041,111 units (for the year ended Mar 31, 2009 - 147,186,601units) of Mutual Funds.

2 100% of the equity share capital representing beneficial interest in 600,000 shares held by 3i Infotech Inc, USA and 400,000 shares in Company's Name.

3 Transfered from 3i Infotech Inc, USA, representing 100% of the holding.

4 Refer note no.2.4 regarding further investments and note 2.4.5 regarding sale of investments

5 During the year, 14,518,699 preference shares of GBP 1 each are fully converted into 1,451,870 Equity shares of GBP 1 each.

6 During the year, 970,055,018 preference shares of MUR 1 each are converted into 970,055,018 Equity shares of MUR 1 each.

7 Transfered to 3i Infotech Consumer Services Limited.

$ Rs. 0.00 crores denotes figures less than Rs.50,000

Rs. in Crores

			As at March 31, 2010	As at March 31, 2009
VII		**Current Assets, Loans and Advances**		
A		**Current Assets**		
	a)	**Sundry Debtors**		
		(Unsecured, considered good unless otherwise stated)		
		- Debts outstanding for more than six months *	**21.48**	4.01
		(net of doubtful debts provided for Rs.36.44 crores; as at Mar 31, 2009 - Rs.45.57 crores)		
		- Other debts *	**228.59**	132.40
		(net of doubtful debts provided for Rs.1.78 crores; as at Mar 31, 2009 - Rs.3.03 crores)		
			250.07	136.41
		* Includes amount due from subsidiary companies	**125.80**	70.65
	b)	**Unbilled Revenues**	**67.55**	67.56
	c)	**Cash and Bank Balances :**		
		i. Cash on hand	**0.07**	0.05
		ii. Balances with scheduled banks:		
		in current accounts*	**17.82**	33.82
		in EEFC accounts	**0.06**	0.54
		in deposit accounts	**15.02**	0.04
		in margin money accounts***	**8.42**	2.69
			41.32	37.09
		iii. Balances with Non-scheduled banks:		
		in current accounts :		
		with HSBC Bank, Dubai, UAE$	**-**	0.00
		(Maximum balance held at any time during the year Rs.0.00 crores; for the year ended Mar 31, 2009 - Rs 0.01 crores)		
		with HSBC Bank, Dubai, UAE$	**1.18**	0.00
		(Maximum balance held at any time during the year Rs.1.18 crores; for the year ended Mar 31, 2009 - Rs 0.30 crores)		
		with Commerz Bank, Germany	**0.05**	0.05
		(Maximum balance held at any time during the year Rs.0.05 crores; for the year ended Mar 31, 2009 - Rs 0.05 crores)		
		with Emirates Bank International, Dubai, UAE	**0.08**	1.52
		(Maximum balance held at any time during the year Rs.5.24 crores; for the year ended Mar 31, 2009 - Rs 9.18 crores)		

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
in margin money accounts :***		
with Emirates Bank International, Dubai, UAE	**2.04**	3.09
(Maximum balance held at any time during the year Rs.3.09 crores; for the year ended Mar 31, 2009 - Rs 3.09 crores)		
in escrow accounts :		
with Citi Bank Hongkong$	**0.00**	57.35
(Maximum balance held at any time during the year Rs.57.35 crores; for the year ended Mar 31, 2009 - Rs 69.58 crores)		
	3.35	62.01
	44.74	99.15
d) Other Current Assets		
Sale of Intellectual Property Rights Receivable (Refer note no. 2.9 (b))	**-**	37.33
	-	37.33
	362.36	340.45
* Includes cheques on hand and remittances in transit	**0.14**	7.53
*** Towards performance guarantees		
$ Rs. 0.00 crores denotes figures less than Rs.50,000		
B Loans and Advances		
(Unsecured, considered good)		
Loans :		
To subsidiary companies	**13.94**	14.06
Advance against Share Capital to subsidiaries	**96.95**	79.23
(Share Application Money)		
Advance tax and tax deducted at source	**59.15**	37.08
(net of provisions of Rs.61.39 crores; as at Mar 31, 2009 - Rs.36.70 crores)		
MAT credit receivable	**58.38**	32.69
Service tax recoverable	**0.56**	6.27
VAT recoverable	**1.70**	1.46
Deposits	**60.77**	49.39
Advances recoverable from subsidiary companies	**101.67**	90.69
Other advances recoverable in cash or in kind or for value to be received	**26.21**	38.97
	419.33	349.84
	781.69	690.29

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
VIII Current Liabilities and Provisions		
A Current Liabilities*		
Acceptances	**23.43**	9.65
Sundry creditors		
(Refer note no.2.5 for dues to Micro,Small and Medium Enterprises)		
- Trade **	**116.44**	140.01
- others	**0.37**	4.96
Advances received from Customers	**2.27**	4.43
(including unearned income)		
Interest accrued but not due	**0.02**	-
Other liabilities	**20.09**	31.74
	162.62	190.79
* There are no amounts payable to Investors Education and Protection Fund		
** Includes amount due to subsidiary companies.	**37.89**	67.83
B Provisions		
Provision for Employee benefits	**24.74**	23.91
Provision for warranty	**-**	6.59
Proposed dividend (including tax thereon)	**30.82**	24.14
	55.56	54.64
	218.18	245.43

$ Rs. 0.00 crores denotes figures less than Rs.50,000

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in Crores

		As at March 31, 2010	As at March 31, 2009
IX	**Income from Operations**		
	Software Products	**95.13**	130.03
	IT/ IT enabled Services	**330.50**	309.87
	Transaction Services	**94.36**	87.34
		519.99	527.24
X	**Other Income**		
	Interest	**2.25**	2.54
	(Gross, TDS - Rs.0.00 crores; previous year Rs 0.15 crores)		
	Dividend - on current investments (Non Trade)	**1.32**	0.20
	Profit on sale of investments (Refer note no.2.4.5)	**4.14**	-
	Foreign exchange gain - net	**2.08**	6.30
	Rent receipt	**3.33**	-
	Miscellaneous income	**1.36**	2.45
		14.48	11.49
XI	**Operating, Selling and other expenses**		
	Salaries, bonus and other allowances	**256.78**	230.36
	Contribution to provident and other funds	**13.50**	17.20
	Staff welfare expenses	**19.39**	15.77
	Recruitment and training expenses	**1.23**	4.30
	Cost of third party products/outsourced services	**114.14**	103.85
	Rent	**62.95**	49.96
	Insurance	**3.79**	3.90
	Travelling and conveyance	**25.19**	29.71
	Electricity Charges	**11.34**	10.61
	Rates and taxes	**3.79**	2.28
	Communication expenses	**11.51**	10.75
	Directors sitting fees	**0.15**	0.13
	Loss on sale/discarding of fixed assets (net)	**1.45**	1.00
	Printing and stationery	**2.16**	2.49
	Repairs and maintenance - building	**0.94**	0.90
	Legal and professional charges	**3.67**	3.32
	Bank charges and other financial charges	**10.73**	2.94
	Selling and distribution expenses	**2.03**	1.97

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in Crores

		As at March 31, 2010	As at March 31, 2009
	Directors' commission	**1.00**	0.70
	Bad debts written off	**11.27**	6.65
	Less - Provision withdrawn	**(11.27)**	(6.65)
	Provision for doubtful debts	**4.68**	13.76
	Impairment of acquired software & losses on foreclosure of Contracts (net of reversal of contingency provision of Rs. 12.01 crores)	**-**	4.18
	Miscellaneous expenses	**17.95**	13.49
		568.37	523.57
	Less : Recovery from subsidiaries		
	a.Re-imbursement of costs by subsidiary companies	**(263.75)**	(168.40)
	b.Corporate charges	**(41.47)**	(87.60)
		263.15	267.57
XII	**Interest**		
	- On term loans	**82.58**	58.56
	- Others	**11.75**	3.21
		94.33	61.77

3i INFOTECH LIMITED

SCHEDULE XIII: SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2010.

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 issued 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 are made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

1.3 Revenue Recognition

Revenue from software products is recognized on delivery/installation, as per the predetermined/laid down policy across all geographies or lower, as considered appropriate by the management on the basis of facts in specific cases. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

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

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

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

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: Purchased software meant for in-house consumption & significant upgrades thereof, Goodwill and Business & Commercial Rights are capitalized at the acquisition price.

Acquired software/products meant for sale 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 under capital work-in-progress.

b. Depreciation / Amortization:

Leasehold land, Leasehold building and improvements thereon are amortized over the period of lease.

Business & Commercial Rights are amortized at lower of the period the benefits arising out of these are expected to accrue and ten years, while purchased software meant for in house consumption & significant upgrades thereof and Goodwill arising on merger/acquired Goodwill is amortized over a period of five years.

Project Assets/Acquired software are amortized at lower of the estimated life of the product/ project and five 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

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 Profit & Loss account. Overseas equity investments are recorded at the rate of exchange in force on the date of allotment/acquisition.

All the activities of the foreign operations are carried out with a significant degree of autonomy. Accordingly, as per the provisions of AS 11 "Effects of changes in foreign exchange rates", these operations have been classified as 'Non integral operations' and therefore 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.

1.9 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 Profit & Loss account 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.

e) All actuarial gains/losses are charged to revenue in the year these arise.

Employee Benefits in Foreign Branch

In respect of employees in foreign branches, necessary provision is made based on the applicable 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.

All actuarial gains/losses are charged to revenue in the year these arise.

1.10 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.

1.11 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 Profit & Loss account.

1.12 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 recognised in the Profit & Loss account 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.

1.13 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 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.

1.14 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 Profit & Loss account.

1.15 Earnings per share

In determining the earnings per share, the Company considers the net profit 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.

2. NOTES TO ACCOUNTS

2.1 Capital commitments and contingent liabilities

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Capital Commitments * :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**5.86**	66.02
Contingent Liabilities not provided for in respect of:-		
Outstanding guarantees **	**664.63**	488.72
Premium on redemption of FCCB (Refer Note no 2.6)	**84.21**	165.21
Estimated amount of claims against the Company not acknowledged as debts in respect of:		
- Disputed Income tax matters	**3.07**	2.74
- Disputed Sales tax matters	**1.08**	-
- Customer Claims	**0.20**	0.02
- Others***	**18.32**	20.00

* Including commitments pertaining to acquisitions, except where amount is not ascertainable as mentioned in note no.2.4.

** Includes Rs.NIL secured by way of equitable mortgage of certain properties of the Company subject to prior charges created in favour of term lenders (as at March 31, 2009 - Rs. 443.48 crores).

***Includes claim in respect of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of Rs.1.21 crores (as at March 31, 2009 - Rs.0.34 crores).

2.2. a. Pursuant to the shareholders' approval at the Annual General Meeting held on July 28, 2009, the Committee of Board of Directors of the Company has, at its meeting held on September 25, 2009, issued and allotted 37,500,000 fully paid-up Equity Shares, at a price of Rs.84.75 per Equity Share (including premium of Rs.74.75 per Equity Share), aggregating Rs. 317.81 crores. The entire amount has been utilized towards the objects of the issue.

b. Further, subsequent to the year end, the Company has issued and allotted 22,900,099 fully paid-up Equity Shares, at a price of Rs.78.60 per Equity Share (including premium of Rs.68.60 per Equity Share),aggregating Rs 179.99 crores on April 7, 2010 .These shares allotted rank pari passu with the existing shares of the Company with respect to dividend as may be paid by the Company for the year ended March 31,2010 and an additional amount of Rs. 3.44 crores would be payable in addition to proposed dividend on the equity share capital as on the close of the year.

2.3 Employee Benefit Plans

The following table set out the status of the gratuity plan as required under AS 15:

Reconciliation of Benefit Obligations and Plan Assets

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Change in benefit obligation		
Obligation at the beginning of the year	**13.12**	9.35
Interest cost	**1.02**	0.77
Current Service cost	**3.34**	5.04
Benefits paid	**(1.35)**	(0.77)
Actuarial (gain)/loss in obligations	**(1.87)**	(1.27)
Obligation at year end	**14.26**	13.12

Rs. in Crores

Change in Fair value of plan assets	**For the year ended March 31, 2010**	For the year ended March 31, 2009
Fair value of plan assets at the beginning of the year	**3.91**	2.63
Expected return on the plan assets	**0.30**	0.22
Contributions by the employer	**-**	1.79
Benefits paid	**(1.35)**	(0.77)
Actuarial gain/(loss)on plan assets	**0.15**	0.04
Fair value of plan assets at year end	**3.01**	3.91

Rs. in Crores

Expenses recognized in Profit & Loss account	**For the year ended March 31, 2010**	For the year ended March 31, 2009
Current service cost	**3.34**	5.04
Interest cost	**1.02**	0.77
Expected return on plan assets	**(0.30)**	(0.22)
Net actuarial (gain)/loss recognized during the year	**(1.71)**	(1.31)
Expenses recognized in Profit & Loss account	**2.35**	4.28

Rs. in Crores

Reconciliation or Present Value of the obligation and the Fair value of the plan assets	As at March 31, 2010	As at March 31, 2009
Liability at year end	**14.26**	13.12
Fair value of plan assets at year end	**2.71**	3.91
Liability recognized in the balance sheet	**11.55**	9.21

Assumptions	As at March 31, 2010	As at March 31, 2009
Discount Rate	**8.00% p.a**	7.80% p.a
Expected Rate of Return on Plan Assets	**8.00% p.a**	7.80% p.a
Salary Escalation Rate	**6.00% p.a**	6.00% p.a

The liability recognized with respect to Gratuity in the balance sheet in respect of Dubai branch as on March 31, 2010 is Rs 5.70 crores (as on March 31, 2009 - Rs. 7.16 crores).

The liability recognized with respect to leave encashment/entitlement in the balance sheet as on March 31, 2010 is Rs.7.49 crores (as on March 31,2009 - Rs. 7.54 crores).

2.4.1 Effective April 2009, the Company acquired balance 49% of paid up capital of -

a) aok In-house BPO Services Limited, New Delhi, for a consideration of Rs 15.67 crores.

b) aok In-house Factoring Services Pvt. Limited, New Delhi, for a consideration of Rs 2.41 crores.

c) Delta Services (India) Pvt Ltd, Mumbai, for a consideration of Rs 15.93 crores.

d) HCCA Business Services Private Ltd., Mumbai, for a consideration of Rs 13.50 crores.

2.4.2 In April 2008, the Company entered into a share purchase agreement with the owners of Locuz Enterprise Solutions Limited, Hyderabad, to acquire the 260,000 shares (representing 26% of the paid up equity capital of Locuz Enterprise Solutions Limited) for a consideration of Rs.6.93 crores. In November, 2009, the Company acquired further 25% stake in Locuz Enterprise Solutions Limited for a consideration of Rs 5.32 crores along with a commitment to acquire the balance of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement.

2.4.3 In May 2008, Company entered into a share purchase agreement with the owners of FinEng Solutions Private Limited, Mumbai to acquire the 60,165 shares (representing 51% of the paid up equity capital of FinEng Solutions Private Limited) for a consideration of Rs 17.73 crores. In June 2009, the Company has acquired additional 9% of the paid up capital of FinEng Solutions Private Limited for a consideration of Rs 3.67 crores. As agreed in the Share Purchase Agreement, in October 2009 the Company made an upside payment of Rs. 2.71 crores to the Promoter Shareholders of FinEng Solutions Private Limited. The Company has a commitment to acquire the balance of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/ profitability etc., as per the agreement.

2.4.4 In September 2007, Company entered into a share purchase agreement with the owners of Taxsmile.com India Pvt. Ltd., Mumbai, to acquire the 1,040,000 shares (representing 26% of the paid up equity capital of Taxsmile.com India Pvt. Ltd., Mumbai) for a consideration of Rs 2.08 crores. In May 2009, the Company acquired additional 25% of the paid up capital for a consideration of Rs 2.00 crores along with a commitment to acquire the balance of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/ profitability etc., as per the agreement. In October 2009, the Company acquired the balance 49% stake for a consideration of Rs. 3.92 crores.

The Company vide a Share Purchase Agreement dated December 30, 2009 has transferred entire investment in Taxsmile.com India Pvt. Ltd. to its wholly owned subsidiary 3i Infotech Consumer Services Limited.

2.4.5 Profit on sale of investments of Rs 4.14 crores represents sale of investments in aok In-house BPO Services Limited & HCCA Business Services Private Limited (wholly owned subsidiaries) to 3i Infotech BPO Limited (another wholly owned subsidiary), vide agreement dated March 30, 2010.

2.4.6 The Board of directors of the Company have approved the Amalgamation of KNM Services Private Limited (KNM), Stex Software Private Limited (Stex), E-Enable Technologies Private Limited (E-Enable) and J&B Software India Private Limited (J&B) with the Company . In this regard, the Company has received the in-principle approval from both the Stock Exchanges. The Company is in process of filing a joint petition with KNM, Stex and E-Enable before the Bombay High Court and a single petition for J & B in Madras High Court.

2.5 As at March 31 2010, 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.

2.6 Foreign Currency Convertible Bonds (FCCB)

The Company has issued Foreign Currency Convertible Bonds (FCCB) at different points of time, the details of such FCCB issues are summarized as follows:

	First Issue	Third Issue	Fourth Issue
Issue currency	USD	EURO	USD
Issue size	50 million	30 million	100 million
Issue date	March 16, 2006	Apr 2, 2007	Jul 26, 2007
Maturity date	March 17, 2011	Apr 3, 2012	Jul 27, 2012
Coupon rate	Zero coupon	Zero coupon	Zero coupon
Conversion price–post bonus	Rs. 115.00	Rs. 154.32	Rs. 165.94
Fixed exchange rate of conversion	Rs. 44.35	Rs. 57.60	Rs. 40.81
Early redemption option *	Yes	Yes	Yes
Conversions as at –			
March 31, 2010	29.80 million	NIL	NIL
March 31, 2009	29.80 million	NIL	NIL
Bought back as at –			
March 31, 2010	NIL	10.00 million	33.63 million
March 31, 2009	NIL	4.00 million	25.13 million
Contingent premium payable as at –			
(Rs. in crores)			
March 31, 2010	14.62	19.45	50.14
March 31, 2009	19.92	41.83	103.46

Note - The second issue was converted into equity as per the terms of the issue.

* Subject to certain criteria as per offer document.

2.7 **i)** During the year, the Company has bought back and cancelled FCCBs (out of the third and the fourth issues) of face value of EUR 6,000,000 and USD 8,500,000 equivalent to Rs. 82.42 crores (for the year ending March 31, 2009, EUR 4,000,000 and USD 25,133,000 equivalent to Rs. 152.99 crores) at a discount resulting in reduction of liability by Rs 29.19 crores (for the year ending March 31, 2009, Rs. 77.05 crores). The same has been shown as exceptional income in the Profit & Loss account.

ii) During the year, the Company has incurred an amount of Rs. 1.33 crores towards professional fees (for the year ending March 31, 2009 Rs.51.09 crores towards the advisory fees, legal & other professional fees and other expenses for various financial re-structuring assignments) in respect of the aforesaid buyback. The same has been shown as exceptional expenditure in the Profit & Loss account.

2.8 Commencing from March 2007, the Company had entered into Agreements with some State Governments towards setting up and operating Citizen Service Centers across those states for providing certain government services as well as non-government retail services to consumers.

The Company had decided to exit from the Master Service Agreements (MSA) of some of the State Governments by paying a compensation of Rs.10.92 crores under these contracts and further decided during the fourth quarter to exit totally from this line of business owing to prevailing business environment. Accordingly the assets attributed to this business are being carried as 'assets held for disposal' at their net realizable values. The loss thereof of Rs. 260.46 crores for the current year (net of tax of Rs. 70.73 crores) has been charged to the Profit & Loss account and has been disclosed as 'Impact of Discontinuing Operations', the computation thereof is given hereunder:

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Revenue	**-**	21.95
Less: Exceptional expenditure (including Rs.10.92 crores as referred above)	**40.92**	9.05
Less: Project assets after taking into accounts realizable value of Rs. 15 crores including capital work in progress (Refer note no.2 of Schedule V)	**290.27**	183.97
Profit/(Loss) from discontinuing operations	**(331.19)**	(171.07)
Add: Tax impact	**70.73**	-
Net Profit/(Loss) from discontinuing operations	**(260.46)**	(171.07)

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Assets	**15.00**	183.97
Liabilities	**34.15**	0.40

The "Impact of Discontinuing Operations" does not impact the Cash Flow Statement significantly.

2.9 a) In May 2008, 3i Infotech Ltd. and Yucheng Technologies Limited, China (Yucheng) entered into a joint venture contract for the establishment of Joint Venture Company in China. In pursuance to this, a Joint Venture Company, Elegon Infotech Limited (Elegon) was set up in China in August 2008, wherein the Company's interest in the equity was 51%. In June 2009, an Equity Transfer Agreement was signed between the Company and Yucheng, whereby, the entire 49% interest held by Yucheng was acquired by the Company for a total consideration of Rs 5.93 crores. In November 2009, Elegon Infotech Limited has become a wholly-owned subsidiary after obtaining necessary approvals.

The aggregate amounts of the assets, liabilities, income and expenses related to Group's share till it was considered as JV were as under:

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Assets	**-**	22.27
Liabilities	**-**	21.68

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Income	**-**	0.50
Expense	**-**	4.71

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
Contingent Liability	**-**	NIL
Capital Commitments	**-**	NIL

b) Income for the year includes Rs. Nil (for year ended March 31,2009 Rs.37.29 crores) arising out of transfer of Intellectual Property Rights and Marketing rights in certain products to the Joint Venture which was recoverable as per the Joint Venture Agreement and subsequently converted to share application money.

2.10 Managerial Remuneration:

a) Whole-time Directors *

For the year ended March 31, 2010

Rs. in Crores

Name of Directors	**Salary & other allowances**	**PF & other contributions**	**Perquisites**	**Total**
Amar Chintopanth	**3.10**	**0.11**	**0.01**	**3.22**
Anirudh Prabhakaran	**1.54**	**0.03**	**0.01**	**1.58**

For the year ended March 31, 2009

Rs. in Crores

Name of Directors	Salary & other allowances	PF & other contributions	Perquisites	Total
Amar Chintopanth	1.44	0.11	0.01	1.56
Anirudh Prabhakaran	0.90	0.03	0.01	0.94
Hari Padmanabhan	3.01	-	-	3.01

* 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.

b) Other than Whole-time Directors **Rs. in Crores**

	For the year ended March 31, 2010	For the year ended March 31, 2009
Commission	**1.00**	0.70
Sitting fees	**0.15**	0.14

Computation of Net Profit under Section 198, 309 and 349 of the Companies Act, 1956:

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Net Profit/(Loss) as per Profit and Loss Account	**(99.61)**	184.57
Add: Loss from discontinuing operations*	**260.46**	-
Net Profit/(Loss) after Taxation as per Profit and Loss Account	**160.85**	184.57
Add: Provision for Current taxes under Income Tax Act, 1961	**3.06**	2.24
Directors Commission	**1.00**	0.70
Net Profit/(Loss) to ascertain commission payable to Director	**164.91**	187.51
Add: Directors Remuneration	**4.80**	5.50
Directors Sitting Fees	**0.15**	0.14
Net Profit/(Loss) to ascertain remuneration to Directors	**169.86**	193.15
Percentage of Commission payable to Non whole time directors	**0.61%**	0.37%
Percentage of Remuneration paid to Directors	**2.83%**	2.85%

*loss from discontinuing operations have been considered as capital losses for the purpose of this computation, based on an expert opinion obtained.

2.11 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 Rs.0.50 crores starting from December 4, 2000 for Land and Rs.15.62 crores starting from March 13, 2000 and Rs.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:

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
- within one year	**19.22**	38.39
- later than one year and not later than five years	**9.81**	17.71

(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:

Rs. in Crores

	As at March 31, 2010	As at March 31, 2009
- within one year	**65.75**	25.74
- later than one year and not later than five years	**116.34**	43.97

b. Financial Lease:

There were no financial leases entered into by the Company.

2.12 Auditors' Remuneration: **Rs. in Crores**

	For the year ended March 31, 2010	For the year ended March 31, 2009
Audit Fees	**0.85**	0.73
Tax Audit Fees	**0.09**	0.07
Certification Fees	**0.33**	0.13
Re-imbursement of out of pocket expenses	**0.11**	0.18
For Service Tax	**0.14**	0.14
Total	**1.52**	1.25

2.13 Cost of third party products/outsourced services includes: **Rs. in Crores**

	For the year ended March 31, 2010	For the year ended March 31, 2009
IT Outsourced Cost	**38.73**	29.49
Commission on sales	**1.33**	0.81
Infrastructure Charges	**13.35**	11.03
Transaction Processing Charges	**10.88**	13.84
Non IT - Outsourced cost	**22.53**	15.07
Purchases – Hardware/ Software	**10.54**	23.24
Repairs & Maintenance – Computers	**2.37**	3.54
Non IT Facilities Management Rent & Office Expenses	**14.41**	6.83
Total	**114.14**	103.85

2.14 Deferred taxation:

The break - up of net deferred tax liability/asset is as under: **Rs. in Crores**

	As at March 31,2010 # *	As at March 31, 2009 *
Deferred Tax Asset:		
Unabsorbed losses/depreciation	**42.13**	33.73
Expenses allowable on payment and others (including provision for doubtful debts)	**21.30**	25.92
	63.43	59.65
Deferred Tax Liability:		
Fixed Assets (depreciation/amortization)	**(28.92)**	35.01
Net Deferred Tax Liability/(Asset)	**(92.35)**	(24.64)

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

After reversal of net Deferred Tax Liability of Rs 70.73 crores in respect of Discontinuing Operations.

2.15 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, 2010	For the year ended March 31, 2009
Profit as per accounts (Rs. in crores)		**132.99**	158.61
Less: Dividend on preference shares paid (incl. Corporate taxes)		**(6.21)**	(6.21)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes)		**(1.22)**	(1.22)
Profit attributable to Equity Shareholders before exceptional items (Rs. in crores)	A	**125.56**	151.18
Add: Profit/(Loss) due to Exceptional items (after considering Provision for contingency) (Rs. in crores)		**(232.60)**	25.96
Profit/(Loss) attributable to Equity Shareholders after exceptional items (Rs. in crores)	B	**(107.04)**	177.14

		For the year ended March 31, 2010	For the year ended March 31, 2009
Weighted average number of Equity Shares outstanding during the year (Nos.)	C	**150,319,823**	130,696,488
Add : Effect of dilutive issues of options/QIP (Nos.)		**1,839,361**	-
Diluted weighted average number of Equity Shares outstanding during the year (Nos.)	D	**152,159,184**	130,696,488
Nominal value of Equity Shares (Rs.)		**10**	10
Before exceptional items and impact of discontinuing operations Basic EPS (Rs.)	A/C	**8.35**	11.57
Diluted EPS (Rs.)	A/D	**8.25**	11.57
After exceptional items and impact of discontinuing operations Basic EPS (Rs.)	B/C	**(7.12)**	13.55
Diluted EPS (Rs.)	B/D	**(7.04)**	13.55

2.16 Employee Stock Option Plan

The Company's Employees Stock Option Plan 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 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.

Method used for accounting for the share based payment plan:

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 Plan (ESOP):

	As at March 31, 2010		As at March 31, 2009	
	Options	**Weighted average exercise price (Rs.**	Options	Weighted average exercise price (Rs.)
Options outstanding beginning of the year	**26,737,126**	**105.87**	24,051,354	104.20
Granted during the year	**945,000**	**83.16**	5,000,000	116.00
Exercised during the year	**(509,000)**	**49.16**	(215,761)	56.02
Forfeited/lapsed during the year	**(2,007,202)**	**116.88**	(2,098,467)	116.04
Options outstanding end of year*	**25,165,924**	**105.29**	2,6737,126	105.87
Vested options pending exercise	**16,800,424**	**96.25**	11,710,899	81.10

*Includes 3,767,000 options granted to managing director/whole time directors and non-executive directors (for the year ended March 31, 2009 3,587,000 options).

Weighted average Market price of the shares with respect to stock options exercised during the year ended March 31, 2010 is Rs.76.68 (during the year ended March 31,2009 Rs.75.68).

The following summarizes information about stock options outstanding:

As at March 31, 2010

Range of Exercise Price	**Number of shares arising out of options**	**Weighted average remaining life (years)**	**Weighted average Exercise Price (Rs.)**
Rs 37 to Rs 50	4,720,714	5	48.93
Rs 57 to Rs 150	20,445,210	7	118.33

As at March 31, 2009

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (years)	Weighted average Exercise Price (Rs.)
Rs 37 to Rs 50	5,344,466	6	48.85
Rs 57 to Rs 150	21,392,660	8	120.12

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 Rs. 58.00 to Rs. 143.38 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, 2010	As at March 31, 2009
Dividend yield	**1.15% - 2.84%**	1.72%
Expected volatility	**50.63% - 57.91%**	10% - 27.50%
Risk-free interest rate	**5.71% - 6.36%**	6.32% - 8.25%
Expected life of Option	**3 – 10 yrs**	3 – 10 yrs

Impact of Fair value method on Net profit and EPS before Exceptional Items and Impact of Discontinuing Operations

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

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Profit attributable to Equity Shareholders	**125.56**	151.18
Less: Stock based compensation expense	**14.70**	8.03
determined under fair value based method		
Net Profit :	**110.86**	143.15
Basic earnings per share (as reported)	**8.35**	11.57
Basic earnings per share (under fair value method)	**7.37**	10.95
Diluted earnings per share (as reported)	**8.25**	11.57
Diluted earnings per share (under fair value method)	**7.30**	10.95

2.17 Amount of exchange difference (net) credited to Profit & Loss account during the year ended March 31, 2010 is Rs.2.08 crores (and for the year ended March 31, 2009 credited Rs.6.30 crores).

2.18 Related Party Transactions:

1. The parties where control exists -

Foreign 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
6	3i Infotech Consulting Inc.	USA
7	Datacons Asia Pacific SDN BHD	Malaysia
8	3i Infotech (Western Europe) Holdings Limited	UK
9	3i Infotech (Western Europe) Group Limited	UK
10	3i Infotech (Western Europe) Limited	UK
11	Rhyme Systems Limited	UK
12	3i Infotech Holdings Private Limited	Mauritius
13	3i Infotech Saudi Arabia LLC	Saudi Arabia
14	3i Infotech Financial Software Inc.	USA
15	3i Infotech (Africa) Limited	Kenya
16	Professional Access Limited	USA
17	Lantern Systems Inc.	USA
18	3i Infotech (Middle East) FZ LLC	Dubai
19	J&B Software Inc.	USA
20	J&B Software (Canada) Inc.	Canada
21	Black Barret Holdings Limited	USA
22	Objectsoft Group Inc.	USA
23	Exact Technical Services Limited	UK
24	3i Infotech Frameworks Limited	UK
25	3i Infotech (Australia) Pty Limited	Australia
26	3i Infotech Services (Bangladesh) Private Limited	Bangladesh
27	3i Infotech (Kazakhstan) LLC	Kazakhstan
28	3i Infotech Consulting Services SDN BHD	Malaysia
29	Regulus Group LLC	USA
30	Regulus Integrated Solutions LLC	USA
31	Regulus America LLC	USA
32	Regulus Tristate LLC	USA
33	Regulus West LLC	USA
34	E power Inc.	USA
35	Regulus Holdings Inc.	USA
36	Regulus Group II LLC	USA
37.	Elegon Infotech Limited #	China

considered as joint venture till September ’09

Indian Subsidiaries –

No.	Name of Subsidiary
1	Delta Services (India) Private Limited
2	3i Infotech Trusteeship Services Limited
3	E-Enable Technologies Private Limited
4	aok In-house BPO Services Limited
5	aok In-house Factoring Services Private Limited
6	KNM Services Private Limited
7	Professional Access Software Development Private Limited
8	HCCA Business Services Private Limited
9	Manipal Informatics Private Limited
10	Taxsmile.com India Private Limited
11	3i Infotech BPO Limited (formerly Linear Financial and Management Systems Private Limited)
12	J&B Software (India) Private Limited
13	3i Infotech Consumer Services Limited
14	FinEng Solutions Private Limited
15	Locuz Enterprise Solutions Limited
16	3i Infotech Consultancy Services Limited
17	Stex Software Private Limited
18	Access Matrix Technologies Private Limited
19	Antariksh Interactives Private Limited
20	3i Infotech Insurance & Reinsurance Brokers Limited

2. **Other related parties with whom transactions have been entered into in the ordinary course of business:-**

Associates – Nile Information Technologies, Egypt (Upto June 30, 2009).

Directors / Key Management Personnel: Mr. V Srinivasan (Managing Director & Chief Executive Officer), Mr. Amar Chintopanth (Executive Director & CFO), Mr. Anirudh Prabhakaran (Executive Director & President – South Asia).

The following transactions were carried out during the year:

Rs. in Crores

	For the year ended March 31, 2010	For the year ended March 31, 2009
Subsidiaries – 3i Infotech Inc		
Income	**33.42**	21.63
Rent Expense	**0.58**	0.50
Financial guarantees given / (released)	**-**	24.99
Purchase of Software	**27.91**	-
Corporate guarantees given/ (released)	**135.09**	-
Subsidiaries – 3i Infotech Holdings Private Limited, Mauritius		
Conversion from Preference shares to Equity	**201.83**	-
Investment in Redeemable Convertible Preference Shares	**68.95**	-
Advances given/(repaid)	**-**	(16.50)
Share application money pending allotment	**51.72**	-

	For the year ended March 31, 2010	For the year ended March 31, 2009
Sundry Debtors	**(0.92)**	-
Advances	**0.96**	-
Investments made in Equity shares	**199.70**	-
Subsidiaries – 3i Infotech (UK) Limited and its subsidiaries		
Income	**0.74**	1.33
Investment in Equity Shares	**-**	56.57
Conversion from Preference shares to Equity	**116.67**	-
Advances given/(repaid)	**-**	(53.77)
Share application money pending allotment	**9.97**	-
Subsidiaries – Delta Services (I) Private Limited		
Interest income	**-**	0.22
Purchase of Services	**-**	3.46
Income	**-**	4.03
Advances given/(repaid)	**(2.82)**	(3.72)
Loan granted/(repaid)	**(0.79)**	(0.07)
Corporate guarantee given/(released)	**(8.70)**	16.55
Investment in Equity Shares	**15.93**	-
Subsidiaries – 3i Infotech (Middle East) FZ LLC		
Income	**13.49**	27.47
Advances given/(repaid)	**(41.87)**	44.46
Purchase of Services	**0.06**	-
Subsidiaries – Taxsmile.com India Private Limited		
Interest income	**0.98**	0.96
Income	**0.94**	1.23
Loans granted/(repaid)	**0.74**	5.74
Advances given/(received)	**(2.23)**	-
Investments made	**(2.08)**	-
Investments transferred to 3i Consumer Services Ltd	**8.00**	-
Subsidiaries– Elegon Infotech Limited		
Income	**-**	0.06
Investment in Equity Shares	**8.48**	3.33
Transfer of IPR	**-**	37.29
Share Application Money pending allotment	**33.92**	1.25
Purchase of Services	**12.73**	-
Subsidiaries – Others		
Income	**34.58**	18.17
Interest Income	**0.11**	0.84
Purchase of Services	**78.61**	34.61

	For the year ended March 31, 2010	For the year ended March 31, 2009
Loans granted/(repaid)	**(0.08)**	(8.91)
Investment made/(transferred)	**60.04**	18.57
Advances given/(repaid)	**54.15**	10.69
Loans taken/(repaid)	**3.25**	-
Sale of Investments	**45.01**	-
Interest Expense	**1.51**	-
Directors, Key Management Personnel and their relatives		
Remuneration / fees	**4.80**	5.51
Expenses	**0.62**	0.65

Rs. in Crores

	Outstanding balance as at March 31, 2010	Outstanding balance as at March 31, 2009
Subsidiaries – 3i Infotech Inc		
Financial guarantees outstanding	**20.26**	28.70
Sundry Debtors	**82.23**	-
Sundry Creditors	**-**	55.76
Corporate guarantees outstanding	**552.97**	443.48
Subsidiaries - 3i Infotech Holdings Private Limited, Mauritius		
Investment in Equity Shares	**697.75**	296.22
Investment in Redeemable Convertible Preference Shares	**510.99**	709.92
Corporate guarantees outstanding	**-**	422.6
Sundry Debtors	**-**	0.92
Advances	**0.96**	-
Share Application Money	**51.72**	-
Subsidiaries - 3i Infotech (UK) Limited and its subsidiaries		
Investment in Equity Shares	**346.97**	230.30
Investment in Redeemable Convertible Preference Shares	**-**	107.67
Sundry Creditors	**14.79**	2.53
Share Application Money	**9.97**	-
Subsidiaries - Delta Services (India) Private Limited		
Investment in Equity Shares	**26.13**	10.19
Loan Granted	**-**	0.79
Other Advances	**-**	2.82
Corporate Guarantees Outstanding	**7.85**	16.55
Subsidiaries - 3i Infotech (Middle East) FZ LLC		
Other Advances	**31.13**	73.16
Subsidiaries - Taxsmile.com India Private Limited		
Investment in Equity Shares	**-**	2.08
Loan Granted	**10.99**	10.24
Advances	**3.57**	2.23
Subsidiaries – Elegon Infotech Limited		

	Outstanding balance as at March 31, 2010	Outstanding balance as at March 31, 2009
Investment in Equity Shares	**11.81**	3.33
Sundry Debtors	**-**	3.70
Sundry Creditors	**2.55**	-
Share Application Money	**35.17**	1.25
Receivables from sale of IPR	**-**	37.33
Subsidiaries – Others		
Investment in Equity Shares	**131.09**	71.05
Loan Granted	**2.95**	3.03
Other Advances	**66.85**	12.47
Sundry Debtors	**43.57**	28.69
Sundry Creditors	**20.54**	9.62
Share Application Money	**0.10**	-
Loan Taken	**3.25**	-

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.
5. Maximum balances due from the above parties:

Rs. in Crores

		Maximum balance outstanding during the year ended March 31, 2010	Maximum balance outstanding during the year ended March 31, 2009
Loans			
a.	Taxsmile.com India Private Limited	**11.36**	18.40
b.	Delta Services (India) Private Limited	**-**	1.12
c.	HCCA Business Services Private Limited	**-**	0.60
d.	3i Infotech BPO Limited (formerly Linear Financial & Management Systems Private Limited)	**0.54**	0.48
e.	aok In-house BPO Services Limited	**2.17**	4.15
f.	aok In-house Factoring Services Private Limited	**0.82**	0.50
g.	Professional Access Software Development Private Limited	**-**	4.36
Other Advances			
a.	3i Infotech Holdings Private Limited	**10.20**	88.56
b.	3i Infotech Trusteeship Private Limited	**2.05**	1.65
c.	3i Infotech Consumer Services Limited	**8.58**	120.15
d.	3i Infotech (Middle East) FZ LLC	**152.13**	174.51
e.	HCCA Business Services Private Limited	**-**	1.54
f.	KNM Services Private Limited	**-**	1.73
g.	3i Infotech Western Europe limited	**-**	67.16
h.	Delta Services (India) Private Limited	**-**	52.48

		Maximum balance outstanding during the year ended March 31, 2010	Maximum balance outstanding during the year ended March 31, 2009
i.	aok In-house BPO Services Limited	**-**	3.21
j.	3i Infotech Consultancy Services Limited	**-**	4.90
k.	3i Infotech BPO Limited (formerly Linear Financial & Management Systems Private Limited)	**47.70**	3.09
l.	Aok In-house Factoring Services Private Limited	**-**	0.40
m.	Locuz Enterprise Solutions	**0.08**	-
n.	Professional Access Pvt.Limited	**0.89**	-
o.	3i Infotech Services (Bangladesh) Pvt. Limited.	**1.66**	-

Note: As at March 31, 2010 none of the above Subsidiaries held any shares in the Parent Company (as at March 31, 2009 Nil).

2.19 (a) In the opinion of the Board, the investments, current assets, 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 Sundry Debtors, Creditors, Loans & Advances and banks are, however, subject to 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.

2.20 Quantitative Details:

The Company's operations comprise of Software Development Consultancy, Services and Software Products. The production and sale of software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

2.21 Foreign exchange currency exposures not covered by derivative instruments as at March 31, 2010:-

Particulars		**As at March 31, 2010**		As at March 31, 2009	
	Currency type	**Amount (Foreign currency in crores)**	**Amount (Rs. in crores)**	Amount (Foreign currency in crores)	Amount (Rs. in crores)
Foreign Currency Convertible Bonds	USD	**8.66**	**389.81**	9.51	496.18
	Euro	**2.00**	**121.18**	2.60	179.17
Secured Loan	AED	**-**	**-**	0.01	0.13
Redeemable Convertible Preference Shares	GBP	**-**	**-**	1.45	107.67
	USD	**8.66**	**389.81**	12.02	627.14
	EURO	**2.00**	**121.18**	3.00	206.73
Current Assets, Loans and Advances	USD	**2.19**	**98.83**	0.00	0.26
	SGD	**0.29**	**9.38**	0.36	12.44
	MUR	**0.63**	**0.96**	0.57	0.92
	SAR	**1.28**	**15.40**	0.61	8.45
	KES	**5.43**	**3.28**	4.03	2.72

Particulars		As at March 31, 2010		As at March 31, 2009	
	Currency type	Amount (Foreign currency in crores)	Amount (Rs. in crores)	Amount (Foreign currency in crores)	Amount (Rs. in crores)
Current Assets, Loans and Advances	AED	11.45	140.48	15.66	222.49
	CNY	0.39	2.55	5.63	41.03
	BDT	3.02	2.01	0.53	0.41
	GBP	0.00	0.09	-	-
Current Liabilities	GBP	0.22	14.79	0.02	1.40
	USD	-	-	1.13	58.87
	AED	8.90	109.19	13.73	195.13

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

Residual dividend of Rs.0.02 (inclusive of tax) (for the year ended March 31, 2009 Rs.0.02 crores), is appropriated out of Profit & Loss account.

2.23 Provision for Warranty disclosure as per Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets":

Rs. in Crores

Warranty	As at March 31, 2010	As at March 31, 2009
Opening Balance	6.59	5.11
Provisions made during the year	-	3.35
Provision written back during the year	6.59	1.87
Closing Balance	-	6.59

Rs. in Crores

Contingencies	As at March 31, 2010	As at March 31, 2009
Opening Balance	-	12.01
Provisions made during the year	-	-
Provision written back during the year	-	12.01
Closing Balance	-	-

2.24 CIF value of imports & expenditure in foreign currency:

Rs. in Crores

		For the year ended March 31, 2010	For the year ended March 31, 2009
a.	**CIF value of import of:**		
	Capital goods	**43.42**	9.78
b.	**Expenditure in foreign currency in respect of:**		
	(i) Cost of outsourced services and bought out items	**0.80**	0.35
	(ii) Travelling and other expenses	**12.04**	11.05
	(iii) Dubai branch expenses * (net of chargeouts)	**7.47**	8.47
c.	**Dividend remitted in foreign currency**		
	Number of shares	**4,634,536**	4,634,536
	Dividend for the year	**2008-09**	2007-08
	Amount remitted	**0.69**	0.69
d.	**Earnings in foreign currency**		
	(i) Income from operations	**168.69**	148.42

*Including Professional and Consultancy charges Rs.1.50 crores, (for the year ended March 31, 2009 Rs 1.58 crores) and Commission paid/payable to agents Rs.0.04 crores (for the year ended March 31, 2009 Rs Nil).

2.25 a) Figures for the previous year have been re-grouped/re-arranged, wherever considered necessary to conform to current year's presentation.

b) Rs.0.00 crores denotes figures less than Rs. 50,000.

Signatures to Schedules "I" to "XIII"

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Executive Director & CFO

Shivanand R Shettigar
Company Secretary

Mumbai, April 23 , 2010

3i INFOTECH LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

CIN No	:	U67120MH1993PTC074411	State Code : 11
Balance sheet Date	:	March 31, 2010	

II. Capital raised during the year (Amount in Rs. crores)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	37.5
ESOS Allotment	
0.51	

III. Position of Mobilization and Deployment of Funds (Amount in Rs. crores)

Total Liabilities	Total Assets
2,626.93	2,626.93
Sources of Funds :	
Paid -up Capital	Reserves and Surplus
268.76	626.34
Secured Loans	Unsecured Loans
401.82	1,206.28
	Deferred Tax Liability
	Nil
Application of funds :	
Net Fixed Assets	Investments
246.23	1,724.84
Net Current Assets	Miscellaneous Expenditure
563.51	Nil
Accumulated Losses	Deferred Tax Asset
Nil	92.35

IV. Performance of Company (Amount in Rs.crores)

Turnover	Total Expenditure
534.47	397.98
Profit Before Tax	Profit After Tax & Exceptional Items & Impact of Discontinuing Operations
136.49	(99.61)
Earning per Share in Rs.	Dividend
(7.12)	25.32

V. **Generic Name of Principal Product/Service of the Company (as per monetary terms)**

Item Code No.	:	Not applicable
Product and Service Description	:	IT Enabled Transaction Processing Services
		Software Development and Consulting Services
		Development and sale of software products and services affiliated to these products
		IT Infrastructure Networking & Facilities Management Services
		Transaction Services
		Others

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman of Audit Committee

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Mumbai, April 23, 2010

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