



# **Annual Report 2015-16**



**Board of Directors**

Mr. Ashok Shah, Chairman

Ms. Sarojini Dikhale, Director

Mr. Shantanu Prasad, Nominee Director- IDBI Bank Limited

Dr. Shashank Desai, Director

Mr. Padmanabhan Iyer, Managing Director and Global CEO

**Principal Bankers**

IDBI Bank Limited

ICICI Bank Limited

Standard Chartered Bank

**Auditors**

Lodha & Co.

**Registered Office**

Tower #5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park,  
Vashi, Navi Mumbai - 400703, India  
Tel : +91 22 67928000  
Fax : +91 22 67928099

# CORPORATE FAST FACTS

- 3i Infotech is a Global Information Technology Company with revenue of USD 170 million.
- The Company's quality certifications include ISO 9001:2008 for BPO, ADMS, e-GOV, BI & IMS & ISO/IEC 27001:2013 for Data Centre Operations for Mumbai, Chennai, Bangalore & Hyderabad locations.
- More than 5500 employees in over 20 offices.
- Over 1000 customers in more than 50 countries across 5 continents.
- Offices across 12 countries.
- Operational Geos are: Asia Pacific, South Asia, Middle East & Africa, Kingdom of Saudi Arabia, Western Europe and North America.

## OUR GLOBAL PRESENCE

Regions	Office	Delivery Centres
Asia Pacific	<ul style="list-style-type: none"><li>• <b>Singapore:</b> Singapore</li><li>• <b>Malaysia:</b> Kuala Lumpur</li><li>• <b>Thailand:</b> Bangkok</li></ul>	Kuala Lumpur, Bangkok
India	<ul style="list-style-type: none"><li>• Mumbai, Bengaluru, Chennai, Hyderabad, New Delhi, Gurgaon</li></ul>	Mumbai, Bengaluru, Chennai, Hyderabad, New Delhi
Middle East & Africa	<ul style="list-style-type: none"><li>• <b>UAE:</b> Dubai, Sharjah</li><li>• <b>Kenya:</b> Nairobi</li><li>• <b>South Africa:</b> Johannesburg</li></ul>	Sharjah
Kingdom of Saudi Arabia	<ul style="list-style-type: none"><li>• <b>Saudi Arabia:</b> Dammam, Riyadh</li><li>• <b>Bahrain:</b> Manama</li></ul>	Riyadh
Western Europe	<ul style="list-style-type: none"><li>• London</li></ul>	
North America	<ul style="list-style-type: none"><li>• <b>New Jersey:</b> Edison</li></ul>	

# KEY MANAGEMENT TEAM

## Corporate Office

Padmanabhan Iyer, Managing Director & Global CEO

Rajeev Limaye, Company Secretary & Head - Legal

## Human Resource

Ashish Kakkar, Global Head- HR

## Business Heads

Rakesh Doshi, EVP & Business Head - Financial Services & Insurance

Krish Narayanaswami, EVP & Business Head – Banking

Suryanarayan Kasichainula, EVP & Business Head - ERP

Ram Sankar, Chief Financial Controller, North America

Prasad Bendre, Sr. Vice President – IT Consulting Services, North America

# NEW INITIATIVES & UPGRADES

## **New upgrades in MFund Plus**

MFund Plus is a next generation web based solution for Investment Management. Many new modules such as commodities, arbitrage, equity with ETF & Basket, borrowing, Mutual Funds investments for ETF and Non ETF have been added to the product. A flexible report writer tool has also been built-in which has user friendly interface to generate additional reports.

A key industry requirement of FIX interface has also been developed in MFund Plus, which assists fund managers / dealers to send and receive trade details with brokers electronically. Various interfaces have also been built between MFund Plus and popular vendor systems like Barraone, Bloomberg, Factset, NDS, CROM, Bank transfer downloads, Fund Accountant and Custody Systems. Complying with regulatory and internal investment committee limits are important and complex functions of investment management companies, due to which a robust compliance engine has been built to cater to various new market and unique internal limit variants while giving flexibility of custom limit setups to clients. During this year, 3i Infotech has partnered with CISCO and conducted performance testing of the MFund Plus product at CISCO lab in Bangalore. To cater to the growing demand in the product requirements from various geographies in the investment management domain, a separate Product management and Engineering team has been formed.

## **New upgrades in Orion 11j**

### **Manufacturing Module**

ORION Enterprise's Manufacturing module delivers a consolidated production process which calculates, tracks all products and job cost as well as records all manufacturing activities. Seamless integration with other leading industry data and information solutions provides interactive dashboards of broad productivity snapshots as well as granular details of project financials.

### **Contracting Module**

Affordable and easy to use, ORION 11j gives contracting firms control across the entire project lifecycle which includes - generating proposals, managing resources and materials, scheduling deliverables, creating reports and invoicing. With our tightly integrated tools, firms can track and manage all aspects of their projects to help improve competitiveness and increase profitability.

### **B2C solution**

ORION Cart is a turn-key ERP-integrated B2C solution that seamlessly links the full stack of services - from back-office expertise to customer-facing front-end capabilities. Its evolved and highly flexible range of features & tools gives you a strong grip over the customization of the customer's online store to perform to its fullest potential. The solution has a fully functional administrative UI with customised back-end workflows to suit the online business. It also comes with a built-in order management along with multiple payment gateways incorporated with it. ORION Cart exemplifies the best of e-Commerce and ERP integration to help with seamlessly setting up the store and keeping it up-to-date with the latest version.

## **CRM solution**

CRM solutions from ORION bring ease and order to the creation, development, and maintenance of the organisation's important relationships by streamlining their business processes, improving their data quality, and ensuring unified and consistently accurate customer data integration. A customer can manage their relationships from inception to fruition and beyond with ORION CRM's agile modules and relationships.

## **New Digital Framework for Premia**

The Insurance team initiated an interesting journey to provide and enable digitization for the existing customer as well offer innovative domain led services to prospects. The framework is a Rapid application development platform solution based on Java. The tool is named WaveMaker and helps us with many benefits for multiple types of users. The engineering team will have automatic multi-device support built in, as well as reusable and modular development options. These features, along with zero DevOps deployment can help easily extend and customize code. The business users can use the drag & drop feature during development, build apps for any device across the board & chose the One-Click test and run feature when testing their modules. The overall advantage for the business is that the software is based on enterprise standards, which assures speed innovation via rapid delivery. The built in features help leverage cloud benefits easily and ensures that no vendor lock-in is needed, keeping the software agile.

WaveMaker makes it incredibly easy to develop and run enterprise applications, which helps deliver modern, multi-device apps on an open standards platform. It enables the user to accelerate innovation by simplifying custom app delivery along with designing responsive web applications using beautiful templates and themes. It can import databases, APIs and web services with ease as well as authenticate users & create multiple roles with the flick of a button. The tool customizes and extends markup, script and styles and helps with collaboration and version control leading to a 1-click test and deployment solution.

## **BI tool Development for Premia – Qlik Guided Analytics**

The Premia Engineering team, over a period of last month's has vetted multiple vendors and have finalised Qlik as a tool of choice for their future development and proposition to market. Qlik is a leader in the Gartner Quadrant and a vendor of choice for BI and Analytics. This will enable the sales team to offer both product and services around Qlik View and Qlik Sense in the BI space.

The benefits to using the tool is that it adapts to the parameters you set, so there is no need for developers, data scientists or designers. The users can drag-and-drop their creation to produce smart, interactive data visualizations. They can also share it to any device without limits. This tool can analyze multiple, large data sources as well as support the entire spectrum of enterprise level uses. It also uses a natural search to navigate complex information to accelerate discovery. It is also conveniently available on desktop, server or in the cloud, with the optional development platform.

## **New initiative for Kastle**

iKastle is a self-service portal for customers of a lending / financing organisation. It leverages internet as a channel and provides the right platform for banks and financial institutions to offer an enriched experience to their customers. iKastle is pre-integrated with Kastle Universal Lending Suite, enabling a digital extension to the core lending system. The solution enables prospective borrowers to perform what-if analysis, apply for a facility and track application status. It also helps end customers to monitor / manage their account in real time, raise and track service requests, set preferences and switch on/off alerts for their facilities in a highly secure mode powered by 2-factor authentication. It facilitates the sales agents to create leads and applications, valuation agents to record verification/ valuation details and upload relevant documents, collections agents to view delinquent cases assigned to them and take necessary action including repossession of the asset.



# CLIENT SPEAK

"We are using AMLOCK, the AML Solution from 3i Infotech Limited since 2014 in our 22 Foreign Offices. The product has been implemented & customised and running well. It meets the AML compliance requirements and complies with foreign regulatory guidelines." - **Deputy General Manager, IT Foreign Offices, State Bank of India**

"Thank you all for your continuous effort, perseverance and dedication which have ensured that Customer Portal, a key digital initiative is launched. The enterprise system solution of Kastle ULS, Deposit system & CRM has been extended to PNB Housing's customers. Indeed it is a moment of pride, but would not have been possible without your extended working hours and hard work. Thank you once again." - **Shilpa Nahata, Senior Manager-Central Customer Service, PNB Housing Finance Limited**

"Bank of India is using AML Solution viz., AMLOCK, from 3i Infotech Ltd. since 2008. The product was implemented in 2009, and was running satisfactorily. Recently, we shifted the software to Virtual Environment in view of aging of hardware and huge amount of AML data. With a view to make use of the new features, we gave a mandate to 3i Infotech Ltd. to upgrade the AML solution to the latest version. The same was implemented by February 2016 and is functioning satisfactorily. The AMLOCK software meets all the regulatory requirements and also complies with RBI regulatory guidelines. The delivery and support is consistent and the team is easily accessible for resolution of any issue or any new requirement as directed by regulatory authorities or as per need of the Bank." - **General Manager & Chief Compliance Officer, Bank of India**

"Some of the key reasons we chose 3i Infotech were - Firstly, 3i Infotech has a wonderful track record in Africa. We needed a partner who understands the insurance domain knowledge and regulatory environment of Africa. 3i Infotech also has a proven Insurance system – Premia with a track record that can also be supported. Also, we had visited clients of 3i Infotech in India & the Middle East receiving positive reviews. Thus when we implemented the Premia system we found it to be robust, flexible and able to meet longer term needs. For the products and project enhancements we had 3i Infotech nominate specific developers and business analysts in Chennai who worked on our version of the application due to the uniqueness of application implementation that is required to understand our environment and market together. The benefits were that things became easier. Last but not the least, the support was awesome. The team at 3i Infotech never had an issue on fixing things. Their people worked hard and put in long hours, to ensure we were never disappointed which surprised us on their willingness of the hours they put in to get things done." - **Brand Pretorius, CEO, MMI Short Term Insurance**

"I wanted to take a minute to thank you and your team for their outstanding efforts and results. They have continued to demonstrate strong commitment to our project success and never hesitate to put in extra effort to make that happen. This has included adjusted hours and weekend work to meet key milestones. Recently, we have had to run additional performance testing, sometimes with short notice, and the team always jumps right in to get the needed work completed successfully. The team has demonstrated excellent knowledge of the retail deposit subject area and our processes. This has helped us move quickly and to get much accomplished. I am confident the team will continue to step up wherever needed to get us across the finish line." - **Thomas Keough, Vice President, IT - Consumer Banking, Synchrony Financial**

"I would like to take this opportunity to express our sincere appreciation to 3i Infotech. We generally appreciate your efficiency and are happy with the quality and assistance you have provided us & going into our second year of the relationship we are seeing a big improvement. 3i Infotech have been constant in providing good timely support and delivering excellent performance. Long may the partnership continue, as always our sincere appreciation to 3i management & delivery teams." - **Adnan Moolla, IT Director – Bidaya Home Finance, Kingdom of Saudi Arabia**

"We are using Kastle ULS Solution from 3i Infotech Limited since 2010 ... they have supplied the Application & the product has been implemented and running well. As our concern is a NBFC, so the Application is Core System for us. It meets our requirement. The Delivery and Support is consistent & the team is easily accessible." - **Hitesh Talreja, Associate Chief Manager (IT), LIC Housing Finance Ltd**

"I haven't known 3i Infotech until the day they won the auction and were our software developer for Treasury project. Last 2 years I was concerned about communicative conflicts between 3i Infotech and BAAC but the co-operation between us helped complete this project. The implementation of Kastle Treasury not only helps us in our daily operations but we also derived valued experiences from this project. Thank you to the 3i Infotech team for the advice and the suitable ways of implementation and also many thanks to all involved people." - **Mr. Apisak Hovanich, Chairperson of Project Committee (Coordination), Bank for Agriculture and Agricultural Cooperatives, Thailand**

"I would like to take this moment to appreciate the ongoing partnership with 3i Infotech. They have been consistent in providing support and delivering excellent performance in terms of SLA & Accuracy month on month. We truly value the entire team for all their hard work and continuous support. Keep up the good work". - **Priti Singh, NADC Partner Manager JAPA, Global Partner Relations, World Service, American Express**

"3i Infotech has been an integral part of this journey as Project Management consultant; they have supported us since the inception of the project. I would like to congratulate the project team especially Gajendra and Adarsh, who have been working relentlessly with all the stake holders for success of the project. I hope we will continue to get your support during the go live phase and other milestones. Keep up the good work". - **Ms. Dipali Rastogi (IAS), The Inspector General Registrations & Superintendent of Stamps, India**

"We are using the AML Solution from 3i Infotech Limited since 2015. 3i Infotech has supplied the AMLOCK Application along with hardware and system software. The product has been implemented and running well. The Facility management services are quite supportive. It meets the AML compliance requirements and complies with RBI regulatory guidelines. The Delivery and Support is consistent & the team is easily accessible and performing well." - **Deputy General Manager - IT, Central Bank of India**

"ORION is very rich in functionality and the same had helped us in mapping all our business requirements with new web based 3 tier applications with features like ORION Portlets, Dash Boards & Workbench Approach, Consoles, Side Info Panel, Bank Reco, Bank Guarantee, LC, Budget, Cash Flow, Business Alerts, Email Notifications, Color Themes, Export to xls, templates, drill down, etc. ORION has incorporated best industry practices and hence it becomes very imperative for all of us to follow the processes incorporated in ORION. We have selected ORION after rigorous evaluation and now we feel vindicated by our decision. We have no reservations in recommending 3i Infotech and ORION ERP Solution to any other prospects, which look forward to implement an ORION ERP Solution of this kind and nature."- **Mr. Hari MS, Manager - Finance & Accounts, Algosai Services (AGS), Saudi Arabia**

"We would like to appreciate your good work and the endless hours of services which you have dedicated to our Project Implementation of Kastle Factoring and Kastle Trade Finance system. You have all this affluence and accolades of an honest and good service provider. We liked your positive attitude and your ability to motivate people for work. You have proven your plausible work which results in leading heights and achieving targets. Thank you for giving your best efforts to this project. May you enjoy this type of success in your future endeavours." - **Mohd Kamal Mehra Yaacob, Head Information Technology, Pembangunan Leasing Corporation Sdn Bhd**

"Extending this appreciation, EUS Mum Circle Team has delivered the Projects within no time. Appreciated efforts put by EUS engineer Radheshyam Pal under Leadership of Shrikant C, Project Manager".-**Ankur Singh, SPOC - International Business Machine (IBM)**

"Excellent Work..... Few circles are yet to start the activity and we have finished the same. Indeed a seamless execution with "SPEED"... I liked the statement "Mumbai we are the first circle to complete the EKYC Project". I would want to put it on record, it's 360 Degree turn around by Team EUS in Mumbai in the past one year. All EUS projects/activities for Mumbai circle was/are getting rolled out in almost no time and with zero errors". - **Dipesh Sheth, Head IT – Mumbai, Vodafone West**

"A note of appreciation to the work and effort you had put in getting our IT related work done during the year. I must appreciate the sincere effort and support you had given. Keep up the good work and wish you all the success in future". - **Satheesh Thomas, Key Account Manager, Govt. Vertical, Airtel business**

"The overall success of the project was a result of 3i Infotech's strong technical knowledge about Business Intelligence and Data Warehousing and experience with Insurance industry. We will have no hesitation in recommending 3i Infotech to any company who has a need to implement Operational & Analytical Reporting tool upgrade solution in their environment and we wish 3i Infotech success in its future endeavours" – **Mr. Mohammed S. Alromaih, Database Department Manager, General Organization of Social Insurance (GOSI)**

"We have been growing exponentially and needed a robust and integrated IT backbone that is flexible and scalable to meet all our needs. 3i Infotech's ORION ERP Suite fits our requirements like a glove. A powerful solution coupled with competent implementation team enabled a smooth transition to ERP in record time. We look forward to a continued association with 3i Infotech. I would like to express my gratitude to 3i Infotech for successful implementation of the solution at our organization. We are quite satisfied with the solution and appreciate the professional support given by them. We look forward to the continued success of our partnership in the years to come" - **Suhag Shukla, IT Head, Gandhar Oil Refinery India Ltd.**

"Appreciate your support & kind co-operation for automating the bonds entry. This automation would not have been possible without your extended support". - **Deepal Pandya, ICICI Bank**

"Many many congratulations for completing a series of years in Exide Life. Your hard work and co-operation is always appreciated and our support will always be there." **Rajeeva, Exide Life Insurance Company Limited**

# EMPLOYEE SPEAK

"It has been a wonderful journey of 7 years with 3i Infotech wherein I have grown and developed both personally and professionally. 3i Infotech has given me the platform of learning, as well as the opportunity to work in various facets of a project. This helped me diverse my skills, mental toughness, efforts and knowledge for the development of the organisation as well as for personal enhancement. The senior management also has been very supportive and encouraging." - **Auntik Bhattacharjee, Manager, SDC-EM-ADMS, 3i Infotech Ltd**

"Tough times never last, tough people do. That is what best describes us. 3i Infotech is the best place to work in; the organization gives you complete freedom to work while providing full support. It has been an enriching 3 years working here". - **Gurjeet Oberoi, 3i Infotech (UK) Ltd**

"It has been 9 years that I am working with 3i Infotech. The company has always given me great platform to learn and also apply my ideas with a freedom to experiment. It has been a journey with mixed emotions; challenging and sometimes working under fiery conditions. But what I have found that with the kind of values imbibed from it, has transformed me into a confident individual. While taking care of official challenges, the company has always supportive in my personal issues when and wherever required. Whatever I am today, I proudly say that I am part of 3i Infotech family." - **Hareshkumar Vaghani, Sr.Manager, BFSI, 3i Infotech Ltd**

"I joined 3i Infotech a little over 2 years and it gives me pleasure to be a part of such a dynamic organisation. Whilst 3i Infotech provides a great learning platform, it also makes one a self sustained leader. It will be imperative to mention that the senior management is very cooperative and appreciative too. I am enjoying my current role and look forward to a mutual growth in the coming times." - **Jatinder Bedi, Sales Head – Banking Vertical, 3i Infotech (Africa) Ltd**

"Getting a perfect fit around you of good human beings who are also good professionals, of good work teams which also give you good exposure – all geared towards excellence without competition and politics – is rare. I got to experience this rarity at 3i Infotech. I have been fortunate to be around professional colleagues and seniors who are worth emulating in terms of their humility, work ethic, temperament, consistency, endurance and belief. I am grateful to be a part of this journey of more than 5 years that has been rewarding in both personal and professional terms." - **Jital H Chheda, Associate Manager - Compliance, Legal & Compliance Group, 3i Infotech Ltd**

"I have been working with 3i Infotech Ltd since 2008 and what I love about 3i Infotech is its work culture and employee enhancement. Being my first company, 3i Infotech has taught me every facet of life which makes you a true professional and a strong individual. The company encourages innovative thinking and gives everyone an equal opportunity. Personally, it has been a great opportunity to co-ordinate with the senior management at a relatively early stage in my career." - **Kaushik Chheda, Associate Manager, Finance & Accounts - 3i Infotech Sdn Bhd**

"3i Infotech provides a truly remarkable and collaborative environment where passionate individuals work as a cohesive team. Supervisors are always ready to extend their support and always motivate us to grow and the senior management is always approachable and receptive of new ideas. Being my first corporate exposure, I enjoy the work which gives me a good exposure to improve my knowledge and develop new skills. I'm always recognized for my hard work and delivering the projects on time. I am also constantly challenged to come up with innovative ways to carry out my tasks which are aligned with my career goals." - **Pranjal Bhargava, Senior Associate, Internal Systems, 3i Infotech Ltd**

At 3i Infotech, I have spent my important 10 years of mid-career & I am fortunate to have such employer who will recognize your efforts & reward you appropriately! The management has shown tremendous trust & faith in me & therefore I could climb the ladder from manager to business head at a lightning speed in this company! Show your passion, dedication, hard work; honesty & sincerity & the recognition will come knocking your doors in 3i Infotech. I will continue to give my best to the company & I am confident it will not go in vain ... Another important aspect of 3i Infotech is their “human approach” to their employees especially who work in foreign countries as aliens; for them 3i Infotech will go that “extra mile” to protect & support their status which is “life changing” to the employees & their families. Many employers do not do it, which may result in uprooting the employee & their families” - **Prasad Bendre, SVP Consulting, 3i Infotech Inc, USA**

“It’s been 9 years that I have been working in 3i Infotech and it has proved to be very good learning platform for me. I have been able to develop myself both ‘personally and professionally’. Here we have positive work atmosphere which always provides the opportunity for a person who is willing to excel in their career. I have been given the freedom to take responsibility by my seniors, which allows me to take independent decisions and action for the project.” - **Praveen Kranti, Associate Manager - APAC Insurance, 3i Infotech Sdn Bhd**

“I joined 3i Infotech as a software engineer ten years back and it has been an exhilarating experience. I have always had the opportunities and challenges to help me grow beyond the current role. My work enables me to interact with clients who are geographically interspersed, understand their dynamic business needs and propose solutions. Each day at work brings with it new challenges that test my skills and sometimes questions my abilities. However, the desire to stand up and do well, together with constant support from my colleagues, keeps me going. I am truly glad to be associated with 3i Infotech.” - **Pushpendra Singh Baghel, Associate Vice President, IT Services (ADMS & Enterprise Applications), 3i Infotech Ltd**

“With 3i Infotech for little over a decade, my journey has always been full of opportunities and challenges. Many challenges were well supported and cohesive with a strong team. This always has boosted my morale. The experience gained during the course of my journey has been very inspiring and something to relish and cherish.” - **Rakesh Madappallath, Senior Manager, 3i Infotech Middle East Fz LLC**

“I started my career as a Support Executive in October 2005 and have worked my way up to my current designation as Manager. All these years of my association with 3i Infotech Limited have been fruitful and have helped me a great deal in improving as a professional. It is inspiring to work for a company that encourages growth and offers opportunities for advancement. I truly appreciate all that I have learnt from my seniors/colleagues and I am very proud to be a part of the 3i Infotech family.” - **Sanish Kunnath Narayanan, AMLock Support Manager, 3i Infotech Ltd**

“Tell yourself that you can change and you can do the things you desire – this is what an experience in 3i Infotech says. With innovative minds around, it always inspires to work with the integrity that becomes a part of life. It’s not just employees who benefit from this kind of atmosphere but also employers and shareholders. 3i Infotech is a platform that enables us to run through with the ideas and it goes a long way in professional and personal development of an individual. Undoubtedly, this company will grow multifold” - **Santosh Shetty, Manager, Global Products Delivery, 3i Infotech Ltd.**

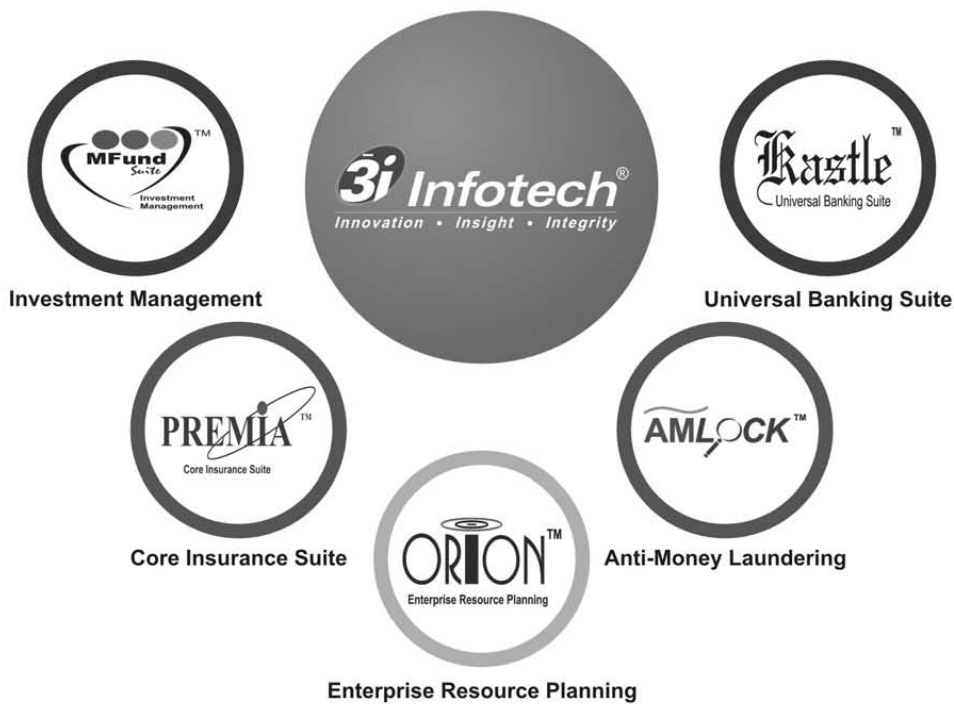
“I have been a part of 3i Infotech family since 2010. The journey of the past 6 years has been a great combination of various profiles along with learning and invaluable experience. The faith that our seniors have in us is something which has helped me grow year on year. The support from seniors & colleagues makes 3i Infotech a wonderful place to work”. - **Saraswathy Ravishankar, Associate Manager IMS, 3i Infotech Ltd**

“I have been a part of 3i Infotech family for over 3 years and in my perspective, 3i Infotech’s outstanding collaborative culture and values allow for all employees to feel as they belong and this is important to me. It is a great place to work as it is a diverse organization with talented people, great leadership and growth opportunities - **Sarika Khushani, Senior Manager, IT Services, 3i Infotech Asia Pacific Pte Ltd**

“3i Infotech is an ocean with immense opportunities if you have the aspirations to fly high. It has been the catalyst for my professional development where I had the opportunity to work in various interesting profiles. This 9 and a half years journey has given me many memorable achievements, helped me learn overcome challenges and has given enriching life experiences. 3i Infotech is and will continue to be the launch pad for many aspiring individuals in the years to come. I am extremely happy and proud to be associated with 3i Infotech.” – **Vijayalakshmi Rajesh, DVP Human Resource Management, 3i Infotech Ltd**

# OUR OFFERINGS

## Products



## Services



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## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR 2015-16

**Dear Shareholders,**

Your Directors present the Twenty Third Annual Report (the "Report") of the Company along with the Audited Financial Statements for the year ended March 31, 2016.

#### OVERVIEW

##### a) Performance of the Company

The year 2015-16 was a watershed year for the Company. The Company had approached CDR Lenders, Non-CDR Lenders and Lessors of the Company and lenders of its subsidiaries ("DRS Lenders") for restructuring of the debts of the Company. The Company was also in discussion with its Foreign Currency Convertible Bonds (FCCBs) holders for restructuring of FCCBs. The Company received approval from Corporate Debt Restructuring (CDR) cell *vide* its letter dated June 14, 2016 for the Debt Realignment Scheme (DRS) proposal submitted to DRS Lenders. As per the restructuring terms agreed with DRS Lenders, the DRS Lenders will be issued equity shares to the extent of 40% of their outstanding debt exposure, preference shares to the extent of 35% of their outstanding debt exposure and balance 25% will be continued as debt in the books of the Company.

As part of the DRS Proposal, the Company also approached its FCCB Holders with a similar restructuring proposal. The Company also received consent from its bondholders for the restructuring of the FCCBs of the Company and waivers of all existing defaults in respect of the FCCBs. As a result of these restructurings, the debt repayment pressure was eased out which will help the Company to focus on business growth. As a result of all these efforts, for past one year, the Company reported a positive net worth as on March 31, 2016. Also, for the first time in the last 5 years, the Company posted a Net Profit after Tax of ₹ 2017 lacs for the quarter ended June 30, 2016.

The Board would like to place on record its appreciation for the support given by the DRS Lenders and the FCCB Holders for helping the Company achieve this milestone.

The Board would also like to thank all the shareholders of the Company who have supported and stood by the Company and the management during this difficult journey.

The Board feels confident that with the debt crisis resolved, the Company can now start the recovery process and achieve growth in the coming quarters and years and thereby increase shareholder value.

##### b) Financial Performance of the Company on Standalone and Consolidated basis:

₹ in crores

Particulars	Standalone		Consolidated	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
Total Income	376.70	403.81	1,130.10	1,348.43
Total Expenses	615.19	747.37	1,379.92	1,611.78
Profit/(Loss) before exceptional items and tax	(238.49)	(343.56)	(249.82)	(263.35)
Exceptional items	698.03	690.62	(656.15)	673.17
Profit / (Loss) before tax	(936.52)	(1,034.18)	(905.97)	(936.52)
Tax expense	—	—	5.96	14.17
Deferred Tax Expense	—	—	0.35	(3.03)
Tax Expense from earlier years	127.15	23.57	146.99	28.40
Profit/(Loss) after tax	(1,063.67)	(1,057.75)	(1,059.27)	(976.06)
Minority interest	—	—	(2.87)	(0.21)
Profit/(Loss) for the period	(1,063.67)	(1,057.75)	(1,056.40)	(976.27)
Earnings Per Share (Basic in Rupees) (Before exceptional items)	(5.87)	(6.39)	(16.96)	(5.29)
Earnings per share (Basic in Rupees) (After exceptional items)	(17.08)	(18.25)	(27.50)	(16.85)



## **TRANSFER TO RESERVES**

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

## **DIVIDEND**

In view of the current financial position of the Company, the Board of Directors feel prudent to not recommend any dividend (equity or preference) for the year ended March 31, 2016.

## **BUSINESS**

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

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

The contribution to the revenue for the year from IT Solutions was 94% and that of Transaction Services was 6%.

Your Company has presence in 50 countries across six operational geographies, viz. South Asia, Asia Pacific (APAC), Middle East and Africa (MEA), Kingdom of Saudi Arabia (KSA), Western Europe (WE) and North America (US). Your Company has marketing network around the world, including North America, Western Europe, Middle East and Africa and Asia Pacific. The business of your Company is largely divided into Emerging Markets and Developed Markets. The share of the Emerging Markets to total revenue of the Company is about 68%, while that of Developed Markets is about 32%. For detailed operations and business performance and analysis, kindly refer the Management Discussion & Analysis which forms a part of this Report.

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

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

- i. In November 2015, 3i Infotech Trusteeship Services Limited was divested to UTPL Corporate Trustees Private Limited.
- ii. In February 2016, 3i Infotech - Framework Limited was sold to Framework Luxembourg SARL.

As on March 31, 2016, the number of subsidiaries was reduced to 22 (twenty two).

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

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

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

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

## CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

During the year, the Shareholders approved the following Resolutions through Postal Ballot concluded on March 18, 2016:

1. Authorisation for restructuring of the Company's debts;
2. Issue of equity shares against conversion of a portion of the outstanding amounts due to the Debt Realignment Scheme (DRS) Lenders;
3. Issue of non convertible redeemable preference shares against conversion of a portion of the outstanding amounts due to the DRS Lenders;
4.
  - (i) Issue as part of the proposed restructuring of the outstanding US\$ 125,356,000 5 per cent. convertible bonds due 2017 (the "5% Bonds") and US\$ 2,435,000 4.75 per cent. convertible bonds due 2017 (the "4.75% Bonds", and together with the 5% Bonds, the "Existing Bonds"), new foreign currency convertible bonds to the holders of the Existing Bonds in exchange for the Existing Bonds, and
  - (ii) amend the terms of the outstanding Existing Bonds (to the extent not exchanged) including extension of the maturity and reduction of the conversion price;
5. Increase in Authorised Share Capital by 90 crore equity shares of ₹ 10 each, 150 crore Class B preference shares of ₹ 5 each and 105 crore Class C preference shares of ₹ 1 each and Amendment to Memorandum of Association of the Company and
6. Amendment to Articles of Association of the Company.

Further, during the year, the Shareholders approved the following Resolutions through Postal Ballot concluded on May 13, 2016:

1. Increase in Authorised Share Capital of the Company to the extent of 20 crore equity shares of ₹ 10 each and consequent amendment to the Memorandum of Association of the Company;
2. Amendment to the Articles of Association of the Company;
3.
  - (i) Issue as part of the proposed restructuring of the outstanding US\$ 125,356,000 5 per cent. convertible bonds due 2017 (the "5% Bonds") and US\$ 2,435,000 4.75 per cent. convertible bonds due 2017 (the "4.75% Bonds", and together with the 5% Bonds, the "Existing Bonds"), new foreign currency convertible bonds to the holders of the Existing Bonds in exchange for the Existing Bonds, and
  - (ii) amend the terms of the outstanding Existing Bonds (to the extent not exchanged) including extension of the maturity and reduction of the rate of interest;
4. Issue of equity shares against conversion of a portion of the outstanding amounts due to the Lenders.

The results of these Postal Ballots conducted during the year are given in Corporate Governance Report.

## REPORT ON CORPORATE GOVERNANCE

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

## EXTRACT OF ANNUAL RETURN

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

### CAPITAL

#### a) Preference Capital:

The Company has not allotted any preference shares during the year and therefore as on March 31, 2016, the preference share capital remains unchanged at ₹ 65,00,00,000/- (13,00,00,000 Preference Shares of ₹ 5/- each). All the preference shares are held by IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund). However, in terms of Debt Realignment Scheme (DRS), consent from IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund), existing preference shareholder, was received to extend the tenure of existing Preference Shares upto March 15, 2026.

#### b) Increase in Authorised Capital:

In order to issue additional share capital as required under DRS, it was felt necessary to increase the authorized share capital of the Company. Pursuant to the approval of the Members, obtained through Postal Ballot dated March 18, 2016, the authorized share capital of the Company was increased from ₹1200 Crores (Rupees One Thousand Two Hundred Crores only) divided into 110,00,00,000 (One Hundred and Ten Crore) equity shares of ₹10/- each and 20,00,00,000 (Twenty Crore) preference shares of ₹5/- each to ₹2955 Crores (Rupees Two Thousand Nine Hundred Fifty Five Crores only) divided into 200 Crore (Two Hundred Crore) equity shares of ₹10/- each, 20 Crore (Twenty Crore) preference shares of ₹5/- each (called Class A Preference Shares), 150 Crore (One Hundred Fifty Crore) preference shares of ₹5/- each (called Class B Preference Shares) and 105 Crore (One Hundred Five Crore) preference shares of ₹1/- each (called Class C Preference Shares).

Pursuant to approval of the Members obtained through Postal Ballot dated May 13, 2016, the authorized share capital of the Company was further increased to ₹3,155 Crores (Rupees Three Thousand One Hundred Fifty Five Crores only) divided into 220 Crore (Two Hundred Twenty Crore) equity shares of ₹10/- each, 20 Crore (Twenty Crore) preference shares of ₹5/- each (called Class A Preference Shares), 150 Crore (One Hundred Fifty Crore) preference shares of ₹5/- each (called Class B Preference Shares) and 105 Crore (One Hundred Five Crore) preference shares of ₹1/- each (called Class C Preference Shares).

#### c) Paid-up Equity Capital:

##### 1) ESOS allotments:

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

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

During the year, the Company had received conversion notices from FCCB holders against which 2,00,82,363 Equity Shares of face value of ₹10/- each were allotted by the Company at a premium of ₹6.50/- per share.

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

On October 7, 2015, 1,69,70,618 Equity Shares of face value of ₹10/- each at a premium of ₹9.74/- per Equity Share were allotted to a CDR Lender as agreed under the CDR Package.

As a result of the aforesaid allotments, the paid-up equity share capital of the Company stands at ₹6,40,80,39,280 as on March 31, 2016.

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

## EMPLOYEES STOCK OPTION SCHEMES

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

## PUBLIC DEPOSITS

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

## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

During the year, Mr. Charanjit Attra (DIN- 05323757) resigned as Executive Director- New Business Initiatives, Strategy and Finance with effect from May 28, 2015 in order to pursue opportunities in other professional areas.

Further, on July 28, 2015, Ms. Sarojini Dikhale (DIN: 02755309), a representative of LIC, was appointed as an Additional Director and her appointment as Independent Director for a period of 5 years was further approved by Members at the Annual General Meeting (AGM) held on September 23, 2015. Later, vide approval from the Board of Directors at their Meeting held on October 23, 2015, her designation was changed from Non-Executive Independent Director to Non-Executive Director, liable to retire by rotation with immediate effect.

At the AGM held on September 23, 2015, the Members approved appointment of Dr. Shashank Desai (DIN-00143638) and Mr. Ashok Shah (DIN-01194846) as Independent Directors for a period of 5 years effective September 23, 2015 and October 1, 2015 respectively. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. They had submitted a declaration that each one of them meets the criteria of independence as provided under Section 149 (6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director.

Mr. Hoshang N. Sinor (DIN- 00074905), who was on the Board for over 12 years, retired as Chairman of the Board of Directors of the Company after completion of his term as an Independent Director on September 30, 2015. On October 21, 2015, Mr. K. M. Jayarao (DIN- 01077289) resigned as Nominee Director due to withdrawal of nomination by ICICI Bank Limited.

Further, on May 18, 2016, Mr. Padmanabhan Iyer (DIN- 05282942) was appointed as an Executive Director for a period of 3 years. Later, on June 7, 2016, Mr. Madhivanan Balakrishnan (DIN- 01426902) resigned as Managing Director & Global CEO of the Company. Pursuant to resignation of Mr. Madhivanan, Mr. Padmanabhan Iyer was designated as the Chief Executive Officer of the Company.

Thereafter, Mr. Padmanabhan Iyer was appointed as Managing Director & Global CEO for 5 years effective August 11, 2016.

During the year, Mr. Ninad Kelkar resigned as Company Secretary and Compliance Officer of the Company effective the close of business hours on January 11, 2016. Later, Mr. Rajeev Limaye was appointed as Company Secretary and Compliance Officer of the Company effective July 5, 2016.

The Directors place on record their sincere appreciation towards services rendered by Mr. Hoshang N. Sinor, Mr. Charanjit Attra, Mr. K. M. Jayarao and Mr. Madhivanan Balakrishnan during their respective tenures as Directors of the Company.

As on the date of this Report, the Board of the Company consists of 5 Directors, out of which two are Independent Directors, one is Nominee Director, one is Non-Executive Director and one is Executive Director.

None of the Independent Directors have had any pecuniary relationship or transactions with the Company during Financial Year 2015-16, except to the extent of their directorship. None of the Directors or KMP of the Company is related inter-se.

Seven meetings of the Board of Directors were held during the year. The details of the same are given on page no. 12 of the Annual Report.

## **Policies as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") mandated all Listed Companies to formulate certain policies. The Company has formulated all such policies, the list of which is given below:

- Whistle Blower Policy;
- Policy relating to Remuneration of Directors, Key Managerial Personnel and other Key Employees;
- Corporate Social Responsibility Policy;
- Policy for determining Material Subsidiaries;
- Policy on materiality of related party transactions and dealing with Related Party Transactions;
- Policy for Board Diversity and
- Policy for Preservation of Documents.

## **Performance Evaluation of the Board of Directors**

In terms of the provisions of the Act and SEBI LODR, your Company has laid down criteria for performance evaluation of Directors and Chairman of the Board and also the evaluation process for the same. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated. The Company's policy relating to appointment and remuneration of Directors, KMPs and other employees, including criteria for determining qualifications, positive attributes and independence of a director are covered under the Corporate Governance Report, which forms a part of this Report.

It is a practice of the Board of Directors to annually evaluate its own performance and that of its committees and individual directors. Accordingly, the performances of the members of the Board as a whole and of individual Directors were evaluated at the meeting of the Committee of the Independent Directors and the Board of Directors held on August 11, 2016.

## **Familiarization Programme for Independent Directors**

As per provisions of SEBI LODR and the Act, the Company has formulated Familiarization Programme for Independent Directors. At the time of appointment of an Independent Director, the Company issues a formal letter of appointment to an Independent Director outlining his/her role, function, duties, responsibilities, etc. The terms and conditions for appointment of Independent Directors are also available on the website of the Company.

## **COMMITTEES**

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

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

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

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

## **CONSOLIDATED FINANCIAL STATEMENTS**

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

## **Annual Report 15-16**

## AUDITORS

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

## CONSERVATION OF ENERGY

Although the operations of the Company are not energy intensive, the management is highly conscious of the criticality of the conservation of energy at all operational levels. The requirement of disclosure of particulars with respect to conservation of energy as prescribed in Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is not applicable to the Company and hence are not provided.

## TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The Company continues to use the latest technologies for improving the productivity and quality of its services and products.

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

- Certification for Information Security Management System based on the ISO 27001:2013 standard.;
- Strengthened its IPRs through technology innovation and appropriate security controls;
- Improved utilization and delivery productivity by use of LEAN IT techniques for project delivery and
- Partnerships with major technology providers and publishers for win-win relationships and go-to-market strategies.

## RESEARCH AND DEVELOPMENT (R & D)

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

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

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

### Expenditure on R & D

₹ in Crores

Particulars	2015-16	2014-15
Revenue Expenditure	2.28	5.83
Capital Expenditure	-	-
Total	2.28	5.83
Total R&D expenditure as a percentage of total standalone revenue	0.61%	1.44%

## QUALITY

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

This includes-

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



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

The Company has achieved CMMi Level 3 certification and is also in the process of achieving CMMi Level 5 certification to meet the Company's commitment towards quality & business process.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

More than 14.58% of the revenue of the Company is derived from exports.

### **b) Foreign Export earnings and expenditure**

During the year 2015-16, the expenditure in foreign currencies amounted to ₹19.70 crores on account of cost of outsourced services and bought out items, travelling and other expenses and interest (excluding expenditure incurred by Dubai Branch). During the same period, the Company earned an amount equivalent to ₹48.14 crores in foreign currencies as income from its operations abroad (excluding income from Dubai Branch) and ₹39.84 crores in foreign currencies as income from dividend from 3i Infotech (UK) Limited.

## **PERSONNEL**

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

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

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

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

### **Prevention of Sexual Harassment at Workplace**

The Company has in place a Policy aiming at prevention of Sexual Harassment at all Company's workplaces in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. An internal Complaint Committee has been set up in the Company to consider and redress complaints received with respect to sexual harassment. During the year under review, the Complaint Committee has not received any grievances or complaints of the nature covered under the said Act.

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

3i Infotech website talks about CSR activities undertaken through 3i Infotech Foundation.

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

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

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

The Auditor's Report and Secretarial Audit Report do not contain any qualifications, reservations or adverse remarks.

## **DISCLOSURE REQUIREMENTS**

Disclosures required under Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are shown under the Corporate Governance Report (CGR). The CGR along with auditor's certificate thereon and the Management Discussion and Analysis form part of this Report.

## **FUTURE OUTLOOK**

The Company will continue to technologically upgrade its products and concentrate on the Software Products, IT Services and IT enabled Services for its growth. The business outlook and the initiatives proposed by the management to address its financial risks have been discussed in detail in the Management Discussion and Analysis which forms a part of this Report.

## **FORWARD LOOKING STATEMENTS**

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the loss of the Company for the financial year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.



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Based on the reviews of internal, statutory and secretarial auditors, external consultants, the management and respective committees of the Board, the Board is of the opinion that the Company's system of internal financial controls was adequate and the operating effectiveness of such controls was satisfactory during the financial year 2015-16.

#### **ACKNOWLEDGEMENTS**

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

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

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

**For and on behalf of the Board**

**Ashok Shah**  
Chairman

**Padmanabhan Iyer**  
Managing Director & Global CEO

**October 21, 2016 at Navi Mumbai**

## Annexure I

### CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2015-16

#### CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

The Company's core values- Innovation, Insight and Integrity imbibe in themselves the Corporate Governance Philosophy. The Company strives to maintain high standards of business conduct and nurtures long term sustainable relationships with the various stakeholders of the organization.

The Board and the Executive Management support, endorse and follow the Corporate Governance practices as detailed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and also ensure that the Company's Code of Conduct is followed in letter and spirit.

#### I. BOARD OF DIRECTORS

##### a. Size and Composition of the Board:

The total strength of the Board on the date of this Report is 5 (five). The Board consists of 2 (two) Independent Non-Executive Directors, including the Chairman. The composition of the Board and the directorships held by the Board Members as at the date of this Report are as under:

Name	Category	Designation	Date of appointment	Date of Resignation	Number of directorships in other companies <sup>@</sup>	Number of chairmanships in committees of Board of other companies <sup>#</sup>	Number of memberships in committees of Boards of other companies <sup>#</sup>
Mr. Hoshang N. Sinor <sup>*</sup> (DIN-00074905)	INED	Chairman	1-Apr-14 <sup>^</sup>	30-Sep-15	NA	NA	NA
Mr. Ashok Shah (DIN-01194846)	INED	Chairman	1-Oct-15 <sup>^^</sup>	-	-	-	-
Mr. K.M. Jayarao <sup>**</sup> (DIN-01077289)	ND	Director	24-Mar-14	21-Oct-15	NA	NA	NA
Ms. Sarojini Dikhale <sup>§</sup> (DIN-02755309)	NED	Director	23-Oct-15	-	1	-	-
Mr. Shantanu Prasad <sup>\$\$\$</sup> (DIN-06972253)	ND	Director	16-Sep-14	-	-	-	-
Dr. Shashank Desai (DIN-00143638)	INED	Director	23-Sep-15 <sup>^^</sup>	-	4	-	-
Mr. Madhivanan Balakrishnan (DIN-01426902)	ED	Managing Director & Global CEO	01-Jul-12	07-June-16	NA	NA	NA
Mr. Charanjit Attra (DIN-05323757) <sup>**</sup>	ED	Executive Director & Global CFO	01-Jul-12	28-May-15	NA	NA	NA
Mr. Padmanabhan Iyer (DIN-05282942) <sup>\$\$</sup>	ED	Managing Director & Global CEO	18-May-16	-	5	-	1

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

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

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

<sup>\*</sup> Has retired from the Board after completion of his term as an Independent Director

<sup>\*\*</sup> Resigned during the year

<sup>^</sup> Appointment date as per the Act. Mr. H. N. Sinor was appointed as a Director on the Board of the Company originally on July 24, 2003. Re-appointed for a period of 5 years as per the Act. Mr. Ashok Shah and Dr. Shashank Desai were appointed as Directors on the Board of the Company originally on December 1, 2011 and November 3, 2014 respectively.

<sup>§</sup> Designation changed as Non- Executive Director. Ms. Dikhale was appointed as Additional Director effective July 28, 2015 and appointed as Independent Director for a period of 5 years effective September 23, 2015.

<sup>\$\$</sup> Was appointed as Executive Director effective May 18, 2016, was designated as CEO effective June 7, 2016 and was further appointed as Managing Director & Global CEO effective August 11, 2016.

<sup>\$\$\$</sup> Mr. Shantanu Prasad was appointed as Nominee Director pursuant to nomination by IDBI Bank Limited in its capacity as a CDR Lender.

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

**b. Board Meetings:**

Along with the matters mandated as per SEBI LODR, the Board also reviews key matters like operations and financial results, acquisitions, joint ventures, capital/ operating budgets, findings/comments of the statutory, internal and other auditors, risk management, internal controls, issue of capital and other resource mobilisation efforts, etc. The Board also regularly deliberates on the Company's positioning in the Indian and global IT scenario and adopts the strategy for medium and long term growth.

During the financial year ended March 31, 2016, the Board met 7 (seven) times on May 28, 2015; July 28, 2015; August 24, 2015; September 23, 2015; October 23, 2015; December 7, 2015 and February 11, 2016. The time gap between any two Meetings of the Board was less than 120 days.

In order to facilitate informed deliberations at the Meetings, a detailed agenda with necessary enclosures and reports is circulated well in advance of the Meeting. Further, presentations are made by Executive Management on various strategic and operational matters. On some occasions, experts are also invited who provide insights on complex matters.

Details of Meetings attended by the Directors during the year:

Director	Number of Meetings held during the tenure of the Director	Number of Meetings attended	
		In person	Through tele conference
Mr. Hoshang N. Sinor*	4	4	-
Mr. Ashok Shah	7	7	-
Mr. K.M.Jayarao #	4	3	-
Mr. Shantanu Prasad	7	6	1
Dr. Shashank Desai	7	7	-
Mr. Madhivanan Balakrishnan	7	7	-
Mr. Charanjit Attra #	1	1	-
Ms. Sarojini Dikhale®	5	4	-

\* Retired on September 30, 2015 after completion of term as an Independent Director.

®Appointed during the year

# Resigned during the year

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

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

**Appointment criteria:**

The Nomination and Remuneration Committee consists of three Non-Executive Directors as on the date of this Report of which half are independent directors as per provisions of the Act. The Committee identifies, selects, nominates and recommends induction of Additional Directors on the Board. Based on the recommendations of this Committee, the Board approves the appointment (including re-appointment) of Directors on the Board and their remuneration.

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

**Remuneration Policy:**

As per provisions of SEBI LODR, the Company has formulated a policy of Remuneration to Directors, Key Managerial Personnel (KMP) and other key employees. While deciding on the remuneration of Directors, the Board and the Nomination and Remuneration Committee ("Committee") take into consideration the performance of the Company, the current trends in the industry, the qualification of the appointee(s), their experience, past performance and other relevant factors. The Board/ Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries.

#### Details of Remuneration / Compensation:

In the year 2015-16, the Company did not pay remuneration by way of Commission to the Non-Executive Directors of the Company for the year 2014-15. The Nomination and Remuneration Committee (NRC) evaluates the performance of the Non-Executive Directors every year on the basis of well defined parameters and discussions and the recommendations are placed before the Board. The Board considers the recommendations of the NRC while deciding the remuneration to be paid to the Non-Executive Directors. The quantum of sitting fees payable to Directors has been increased to ₹ 50,000 per meeting of the Board and ₹ 25,000 per meeting of the Committees of the Board effective May 2, 2014. The details of the sitting fees paid to the Directors during the year 2015-16 are as given below:

Name of the Non-Executive Director	Total Sitting Fees (In ₹)		
	Gross	TDS	Net
Mr. Hoshang N. Sinor \$**	-	-	-
Mr. Ashok Shah	600,000	60,000	540,000
Dr. Shashank Desai	550,000	55,000	495,000
Mr. Shantanu Prasad *	500,000	50,000	450,000
Mr. K.M.Jayarao #	200,000	20,000	180,000
Ms. Sarojini Dikhale *	250,000	25,000	225,000

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

# Resigned during the year.

\* The sitting fees in respect of these Directors are paid to their respective employers as per their terms of appointment.

\*\* Retired on September 30, 2015 after completion of term as an Independent Director

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

During the year, the Company paid remuneration to its Whole Time Directors in accordance with and within the overall limits as prescribed under Section 197 read with rules, circulars/notifications issued by Ministry of Corporate Affairs, the details of which are as under:

(in ₹ Crores)

Name of the Director	Salary, Allowances, Incentives & Bonus *	PF & other contribution	Perquisites	Total
Mr. Madhivanan Balakrishnan ^	3.748	0.099	0.026	3.87
Mr. Charanjit Attra #	0.842	0.006	0.031	0.88

\* excluding the retention incentive accrued to whole-time directors as on March 31, 2016.

# resigned with effect from May 28, 2015

^ Resigned with effect from June 7, 2016

As on March 31, 2016, neither the Managing Director nor any other Whole-time director of the Company, as on March 31, 2016 received any remuneration or commission from any of its subsidiaries.

#### d. Number of shares, convertible instruments or options held by Directors as on March 31, 2016:

Name of the Director	Number of Shares	Number of Options
Mr. Madhivanan Balakrishnan	34,588	3,600,000

None of the other Directors held any shares, convertible instruments or options of the Company as on March 31, 2016, except as disclosed above.

#### e. Code of Conduct

The Company has adopted a Code of Conduct for Board of Directors and Senior Management, which aims to inculcate the spirit of corporate governance in the affairs of the Company and promotes ethical conduct. The Code is available on the website of the Company under the Investors section. Adherence to this Code is essential and any breach of the same attracts disciplinary action. All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2016.

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

**f. Code of conduct for prevention of insider trading**

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for Directors and Designated persons of the Company, its subsidiaries and their dependent family members in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing in the shares of the Company and cautions them of the consequences of violations.

**II BOARD COMMITTEES**

Currently, the Board has four Committees, viz.

- a. Audit Committee;
- b. Stakeholders' Relationship Committee;
- c. Nomination and Remuneration Committee and
- d. Corporate Social Responsibility (CSR) Committee.

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

**a. Audit Committee:**

The terms of reference of the Audit Committee, inter alia, include:

- Oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommend the appointment/removal of Statutory Auditor(s) & Internal Auditor(s), fixing the audit fee and also approving the payment for any other services;
- Recommending the terms of appointment of auditors of the Company;
- Review and monitor auditor's independence and performance and effectiveness of audit process;
- Review, with the Management, the quarterly/annual financial statements and the auditors' report thereon before submission to the Board;
- Monitor the end use of funds raised through public offer and review with the Management the statement of usage/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and make appropriate recommendations to the Board to take up steps in this matter;
- Review with the Management the adequacy of internal control system and performance of External and Internal Auditors;
- Review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with Statutory Auditors, before the audit commences, about the nature and scope of audit as well as having post audit discussion to ascertain any area of concern;
- To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with Internal Auditors on any significant findings and follow up thereon;
- Review the Company's financial and risk management policies;
- Evaluation of internal financial controls and risk management systems;
- Review the functioning of the Whistle Blower mechanism;
- Review the financial statements of subsidiary companies;

- Look into reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Approving the appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience and background, etc. of the candidate before finalization of the appointment by the management;
- Scrutinise inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Approval or subsequent modification of transactions with related parties; and
- To carry out any other function as may be required to be carried out by the Audit Committee under the Companies Act, 2013 and the rules thereunder, SEBI LODR and all other applicable laws (including any statutory modification(s) or re-enactment thereof for the time being in force).

During the year under review, there were no changes in the composition of the Audit Committee.

The Composition of the Audit Committee as on March 31, 2016 was as under:

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

The Audit Committee comprises of Non-Executive Directors, majority of them being independent. The qualifications and expertise of the Committee members are in line with requirements of SEBI LODR read with section 177 of the Act. The Chairman of the Committee is an Independent Director. The Managing Director & Global CEO, CFO, Internal Auditors and Statutory Auditor attend the Meetings of the Audit Committee as invitees. The Company Secretary is the Secretary to the Committee. The Chairman of the Audit Committee had attended the previous Annual General Meeting held on September 23, 2015 to respond to shareholder queries.

The Committee met four times during the year 2015-16 on May 28, 2015; July 28, 2015; October 23, 2015 and February 11, 2016. 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
Dr. Shashank Desai	4	4
Mr. Ashok Shah	4	4
Mr. Shantanu Prasad	4	4

**b. Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee of the Company was constituted by the Board to look into the matters relating to investors' servicing, to redress the grievances of the investors and security holders.

The terms of reference of this Committee, inter alia, include:

- Allot to the applicants, shares and other securities issued by the Company from time to time including allotment under Employees Stock Option Schemes, as amended from time to time;
- Approve printing of share certificates and other securities and lay down procedures for their issue, safe-keeping and proper maintenance, etc.;
- Approve registration of transfer of shares and other securities issued and that may be issued from time to time and approve or reject application for transmission of shares;
- Approve/reject applications for dematerialisation, re-materialisation, sub-division, consolidation, transposition and thereupon issue share certificates to the shareholders;
- Lay down suitable procedure and approve issue of duplicate certificates of shares and other securities;
- Decide account(s) to be opened / closed with any bank(s) in India, for the purpose of payment of interest/ dividend or for other purpose relating to shares or other securities;

- Decide the stock exchange(s) / depository (ies) in India or abroad, on which shares or other securities issued by the Company are to be listed or delisted including offering/issuing such shares/securities through depositories;
- Fix record date and determine closure of Register of Members and Transfer Books for the purpose of payment of dividend, interest, issue of rights/bonus shares or for such other purpose as the Committee may deem fit;
- Consider and resolve the grievances of shareholders, debentureholders, deposit holders and other security holders of the Company;
- Redressal of shareholder and investor complaints such as transfer of shares, non-receipt of Annual Reports, non-receipt of dividend declared, non-payment of interest to debenture holders and deposit holders or any security holders, etc.;
- Report to the Board about important developments in the area of servicing of shareholders and
- Take initiatives for better servicing of the shareholders.

During the year under review, there were no changes in the composition of the Stakeholders' Relationship Committee.

The Composition of the Committee as on March 31, 2016 was as under:

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

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

The Committee met four times during the year 2015-16 on May 28, 2015; July 28, 2015; October 23, 2015 and February 11, 2016.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings Attended
Mr. Ashok Shah	4	4
Dr. Shashank Desai	4	4
Mr. Shantanu Prasad	4	4

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

Particulars	Opening Balance as on April 1, 2015	Received	Processed	Pending as on March 31, 2016
Instructions	0	57	57	0
Grievances	0	3	3	0

**c. Nomination and Remuneration Committee:**

This Committee acts as a Board Governance cum Compensation Committee.

The terms of reference of this Committee inter alia include:

- Identify the prospective directors and assist the Board in filling up vacancies in the offices of directors of the Company and its subsidiaries;
- Evaluate the current composition, organisation and governance of Board and its committees, boards of its subsidiaries, determine future requirements and make recommendations to the Board for approval;
- Evaluate the performance of the Board and its Committees and boards of its subsidiaries;
- Ensure that the Board and the boards of the subsidiaries are properly constituted to meet its fiduciary obligations, the corporate governance principles and best practices;
- Determine the Director(s) who shall be liable to retire by rotation;



- Oversee the evaluation of the Board and the Management;
- Formulate the code of ethics and governance;
- Evaluate succession planning and work with the Board for evaluating the potential successors to executive management positions;
- Evaluate and recommend to the Board, the compensation plan, policies and programmes for Executive Directors and Senior Management Personnel;
- Review of the terms of reference and annually review its own performance and subject it to assessment by the Board;
- Review performance of Whole-time Directors of the Company and the subsidiaries nominated by the Company on its Board vis-à-vis Key Performance Areas and to recommend the remuneration payable to them from time to time by way of salary, perquisites, commission, allowances, performance bonus, stock options, etc.;
- Approve the policy for quantum of bonus payable to members of the staff;
- Identify persons who may be appointed in senior management in accordance with criteria laid down and recommend to the Board their appointment and removal;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy regarding remuneration for the directors, Key Managerial Personnel and other employees;
- Formulate criteria for evaluation of Independent Directors and the Board;
- Devise a policy on Board diversity;
- To frame/modify the Employees Stock Options Scheme and recommend granting of stock options to the staff and whole-time directors of the Company and the group companies and
- Make recommendations to the Board in respect of the incentive compensation plans.

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

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

On July 28, 2015, Ms. Sarojini Dikhale was inducted as a Member of this Committee. Following the resignation of Mr. K. M. Jayarao and retirement of Mr. Hoshang N. Sinor effective October 21, 2015 and on September 30, 2015 respectively, the Committee was re-constituted by appointing Dr. Shashank Desai as Chairman and Mr. Ashok Shah as Member of this Committee.

The Composition of the Committee as on March 31, 2016 was as under:

Director	Position
Dr. Shashank Desai	Chairman
Mr. Ashok Shah	Member
Ms. Sarojini Dikhale	Member

The Committee met twice during the year 2015-16 on May 28, 2015 and July 28, 2015.

Meetings attended during the year:

Director	Number of Meetings held during the tenure of the Director as a Member of the Committee	Number of Meetings Attended
Dr. Shashank Desai	0	0
Mr. Ashok Shah	2	2
Mr. Hoshang N. Sinor*	2	2
Ms. Sarojini Dikhale®	0	0
Mr. K. M. Jayarao#	2	2

® Appointed during the year.

# Resigned during the year

\*Retired on September 30, 2015 after completion of term as an Independent Director



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

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

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

The terms of reference of the CSR Committee inter alia include:

- Consider and formulate the Company's value and strategy with regard to CSR, develop and review the Company's CSR policies and recommend the amount of expenditure to be incurred on activities indicated in the said CSR policies;
- Identify CSR issues and related risks and opportunities relevant to the Company's operations and incorporate the issues or factors into the Company's existing risk management;
- Monitor and oversee the implementation of the Company's CSR policies and practices to ensure compliance with the applicable legal and regulatory requirements;
- Evaluate and enhance the Company's CSR performance and make recommendation to the Board for improvement;
- Review and endorse the Company's annual CSR report for the Board's approval for public disclosure; and
- Monitor the CSR Policy of the Company from time to time.

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

Director	Position
Mr. Hoshang N. Sinor <sup>#</sup>	Chairman
Mr. Madhivanan Balakrishnan	Member
Mr. Charanjit Attra <sup>*</sup>	Member

<sup>\*</sup>Resigned during the year.

<sup>#</sup>Retired on September 30, 2015 after completion of term as an Independent Director

The Committee was re-constituted by appointing Ms. Sarojini Dikhale as a Chairperson of this Committee on July 28, 2015 pursuant to resignation of Mr. Charanjit Attra. On October 23, 2015, the Committee was further re-constituted by appointing Mr. Ashok Shah as Chairman and Ms. Sarojini Dikhale and Mr. Madhivanan Balakrishnan, as Members consequent to retirement of Mr. Hoshang N. Sinor.

The Composition of the Committee as on March 31, 2016 was as under:

Director	Position
Mr. Ashok Shah	Chairman
Ms. Sarojini Dikhale	Member
Mr. Madhivanan Balakrishnan	Member

During the year, the Committee met once on July 28, 2015. This meeting was attended by all the Members of the Committee as on that date.

### III. GENERAL MEETINGS

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

Year	Date and Time	Venue	Special Resolutions passed
2014-15	September 23, 2015 at 4:00 p.m.	Arya Samaj Hall, Plot No. 6, Sector 9A, Vashi, Navi Mumbai – 400 703	1. Appointment of Mr. Ashok Shah (DIN-01194846) as an Independent Director for a period of 5 years effective October 1, 2015 2. Approval for payment of remuneration to Mr. Madhivanan Balakrishnan (DIN-01426902) as the Managing Director & CEO for a period of 2 years effective July 1, 2015
2013-14	September 16, 2014 at 11.30 a.m.		None

2012-13	September 23, 2013 at 10.30 a.m.	Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 705	None
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**Attendance of the Directors at the last Annual General Meeting held on September 23, 2015:**

Mr. Hoshang N. Sinor;

Mr. Ashok Shah (Chairman –Nomination and Remuneration Committee and Stakeholders` Relationship Committee);

Ms. Sarojini Dikhale;

Mr. Shantanu Prasad- Nominee Director- IDBI Bank Limited;

Dr. Shashank Desai (Chairman- Audit Committee) and

Mr. Madhivanan Balakrishnan

Apart from Directors, Mr. R.P. Baradiya, Partner from Lodha & Company, Statutory Auditor and Mr. Keyoor Bakshi, Scrutinizer and Partner from BNP & Associates, Company Secretaries- Secretarial Auditor were also present at the last Annual General Meeting.

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

**Resolutions passed through Postal Ballot**

During the year 2015-16 and till the date of this Report, the Company sought the approval of the Members by way of Postal Ballot pursuant to Section 110 of the Act read with the rules thereunder, the details of which are given below:

Date of the Notice	Last date for receipt of Postal Ballot Forms	Date of Result	Name of the Scrutinizer	Special Resolutions passed
April 10, 2015	May 28, 2015	June 2, 2015	Mr. Keyoor Bakshi, Partner, BNP & Associates	1) Allotment of equity shares on a preferential basis and 2) Conversion of loans into equity shares.
February 5, 2016	March 17, 2016	March 18, 2016	Mr. Jatin S. Popat, Partner, BNP & Associates	1) Authorisation for restructuring of the Company's debts; 2) Issue of equity shares against conversion of a portion of the outstanding amounts due to the DRS Lenders; 3) Issue of non convertible redeemable preference shares against conversion of a portion of the outstanding amounts due to the DRS Lenders; 4) (i) Issue as part of the proposed restructuring of the outstanding US\$ 125,356,000 5 per cent convertible bonds due 2017 (the "5% Bonds") and US\$ 2,435,000 4.75 per cent. convertible bonds due 2017 (the "4.75% Bonds", and together with the 5% Bonds, the "Existing Bonds"), new foreign currency convertible bonds to the holders of the Existing Bonds in exchange for the Existing Bonds, and (ii) amend the terms of the outstanding Existing Bonds (to the extent not exchanged) including extension of the maturity and reduction of the conversion price; 5) Increase in Authorised Share Capital and Amendment to Memorandum of Association of the Company and 6) Amendment to the Articles of Association of the Company

March 28, 2016	May 11, 2016	May 13, 2016	Mr. Jatin S. Popat, Partner, BNP & Associates	1) Increase in Authorised Share Capital of the Company and consequent amendment to the Memorandum of Association of the Company 2) Amendment to the Articles of Association of the Company; 3) (i) Issue, as part of the proposed restructuring of the outstanding US\$ 125,356,000 5 per cent convertible bonds due 2017 (the "5% Bonds") and US\$ 2,435,000 4.75 per cent convertible bonds due 2017 (the "4.75% Bonds", and together with the 5% Bonds, the "Existing Bonds"), new foreign currency convertible bonds to the holders of the Existing Bonds in exchange for the Existing Bonds, and (ii) amend the terms of the outstanding Existing Bonds (to the extent not exchanged) including extension of the maturity and reduction of the rate of interest and 4) Issue of equity shares against conversion of a portion of the outstanding amounts due to the Lenders
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Pursuant to Section 110 of the Act read with rules thereunder, Notice of the Postal Ballot was sent through electronic form to all those shareholders whose e-mail ids were registered with the Depository Participant (DP) and Postal Ballot forms along with the Notice were sent through courier/speed post to those who held shares in physical form.

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

**a) Postal Ballot Result declared on June 2, 2015:**

Particulars	Number of Shares Held	Number of Votes polled	Percentage of Votes polled on outstanding shares	Number of Votes - in favour	Number of Votes – against	Percentage of Votes in favour on votes polled	Percentage of Votes against on votes polled
Resolution No. 1	605,588,650	162,267,127	26.79	161,806,013	461,114	99.72	0.28
Resolution No. 2	605,588,650	162,394,406	26.82	162,064,522	329,884	99.80	0.20

**b) Postal Ballot Result declared on March 18, 2016:**

Particulars	Number of Shares Held	Number of Votes polled	Percentage of Votes polled on outstanding shares	Number of Votes - in favour	Number of Votes – against	Percentage of Votes in favour on votes polled	Percentage of Votes against on votes polled
Resolution No. 1	640,803,928	90,969,470	14.20	72,636,936	18,332,534	79.85	20.15
Resolution No. 2	640,803,928	90,960,032	14.19	72,587,483	18,372,549	79.80	20.20
Resolution No. 3	640,803,928	90,941,927	14.19	72,564,794	18,377,133	79.79	20.21
Resolution No. 4	640,803,928	90,926,125	14.19	72,568,633	18,357,492	79.81	20.19
Resolution No. 5	640,803,928	90,959,852	14.19	72,585,204	18,374,648	79.80	20.20
Resolution No. 6	640,803,928	90,935,194	14.19	72,552,487	18,382,707	79.78	20.22

**c) Postal Ballot Result declared on May 13, 2016:**

Particulars	Number of Shares Held	Number of Votes polled	Percentage of Votes polled on outstanding shares	Number of Votes - in favour	Number of Votes – against	Percentage of Votes in favour on votes polled	Percentage of Votes against on votes polled
Resolution No. 1	640,803,928	178,729,172	27.89	161,256,653	17,472,519	90.22	9.78
Resolution No. 2	640,803,928	178,711,201	27.89	161,242,399	17,468,802	90.23	9.77
Resolution No. 3	640,803,928	178,700,141	27.89	161,231,838	17,468,303	90.22	9.78
Resolution No. 4	640,803,928	178,718,209	27.89	161,243,980	17,474,229	90.22	9.78

**IV. DISCLOSURE REQUIREMENTS**

**a) Related party transactions**

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

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

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

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

In terms of Regulation 33 of SEBI LODR, BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) have imposed penalty on the Company for delay in submitting the Financial Results for quarter and year ended March 31, 2016. Except for the above, no penalties or strictures were imposed on the Company by Stock Exchanges, SEBI or any statutory or other authority on any matters relating to capital markets, during the last three financial years.

**c) Whistle Blower Policy:**

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

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

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

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

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

The Company has complied with all the mandatory requirements.

The Company has also adopted the following non-mandatory requirements

**i. The Board**

The Company arranges for reimbursement of expenses incurred by Non-Executive Chairman of the Company for his official duties.

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

Mr. Ashok Shah is the Chairman of the Company and Mr. Padmanabhan Iyer is the Managing Director and Global CEO of the Company. The Company has complied with the requirement of having separate persons for the post of Chairman and CEO.

**e) Other disclosure requirements:**

**1. Training of Board Members**

A new Director, on being inducted to the Board, is familiarized with the Company's Corporate Profile, Code of Conduct for Directors and Senior Management, Insider Trading Code and the Company's Policy for Unfair Trading Practices in Securities. The details of the familiarisation program have been uploaded on the Company website at the following link:

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

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

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

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

**3. Management Discussion & Analysis**

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

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

The Company's periodic financial results, factsheets and official news releases made to the investors and analysts are displayed on the website of the Company at [www.3i-infotech.com](http://www.3i-infotech.com). Financial results are also published in The Financial Express (English) and Mumbai Lakshadeep (regional newspaper).

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

**VI. GENERAL SHAREHOLDER INFORMATION**

**a) Details of ensuing AGM:**

Day and Date	Time	Venue
Wednesday, December 7, 2016	4:00 p.m.	Arya Samaj Hall, Plot No.6, Sector 9A, Vashi, Navi Mumbai - 400 703

**b) Schedule of the Board Meetings for consideration of Financial Results:**

Quarter Ended	Date
June 30, 2016	August 12, 2016
September 30, 2016	October 21, 2016
December 31, 2016	February 3, 2017*
March 31, 2017	May 20, 2017*

\*Above dates are tentative and subject to change

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

**d) Date of Book Closure: Wednesday, November 30, 2016 to Wednesday, December 7, 2016 (Both days inclusive)**

**e) Listing:**

The Equity Shares are listed on NSE and BSE. Annual Listing Fees have been paid to both these Stock Exchanges.

**f) Stock Exchange Codes and ISIN (International Securities Identification Number):**

Stock Exchange	NSE	BSE
Exchange Code	3IINFOTECH	532628
Temporary ISIN in National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) pending receipt of trading approvals from exchanges	IN8748C01011	

Permanent ISIN in National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) for credit of shares upon receipt of trading approvals from exchanges

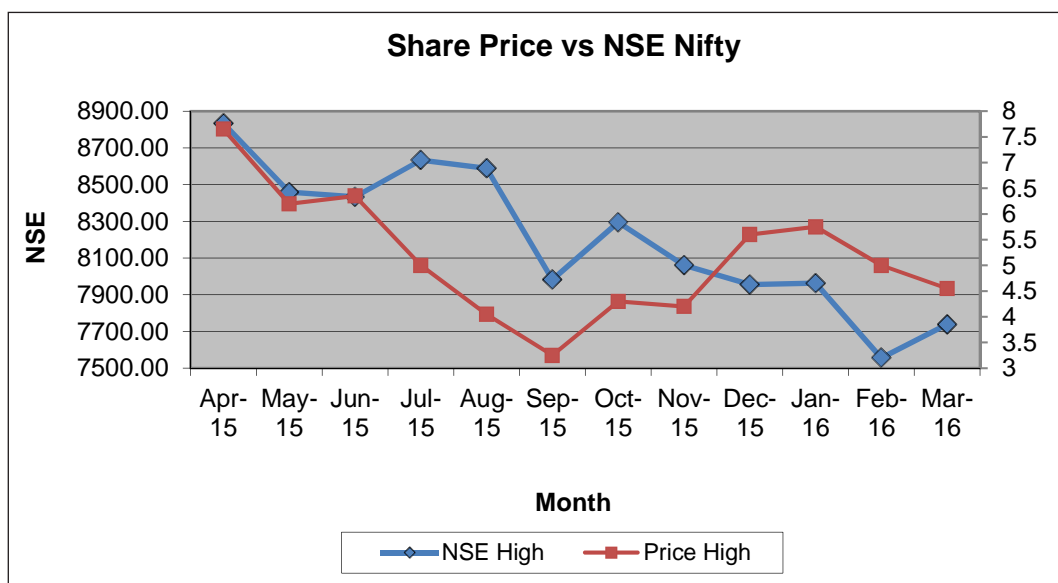
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**g) Stock Market Data:**

Monthly highs, lows and trading volume for 2015-16:

Month	National Stock Exchange			Bombay Stock Exchange			Total Quantity Traded
	High	Low	Trade Quantity	High	Low	Trade Quantity	
April '15	7.65	6.05	38,797,174	7.69	6.04	13,760,528	52,557,702
May '15	6.2	2.4	160,020,297	6.24	2.28	101,019,571	261,039,868
June '15	6.35	3	73,091,094	6.63	3.02	65,816,639	138,907,733
July '15	5	3.65	48,219,572	5.15	3.63	29,587,708	77,807,280
August '15	4.05	2.9	40,695,908	4.05	2.85	28,528,251	69,224,159
September '15	3.25	2.9	28,913,944	3.26	2.88	13,011,416	41,925,360
October '15	4.3	3.35	61,790,778	4.35	3.33	32,366,716	94,157,494
November '15	4.2	3.7	32,687,073	4.23	3.72	12,583,277	45,270,350
December '15	5.6	3.95	138,567,406	5.63	3.96	49,541,026	188,108,432
January '16	5.75	4.35	85,834,564	5.74	4.38	23,083,529	108,918,093
February '16	5	3.95	35,345,085	5.02	3.93	10,897,491	46,242,576
March '16	4.55	4.05	25,935,547	4.57	4.05	11,015,793	36,951,340

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



**i) Registrar and Transfer Agent:**

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

**j) Share transfer system:**

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

**k) Distribution of Holdings as on March 31, 2016:**

Shareholding of nominal value of (₹)	Shareholders		Share Amount	
	Number	Percentage to total (%)	(₹)	Percentage to total (%)
Upto 5000	110,162	67.07	186,983,920	2.92
5001-10000	20,160	12.27	174,162,930	2.72
10001-20000	12,802	7.79	205,240,580	3.20
20001-30000	5,550	3.38	146,293,730	2.28
30001-40000	2,720	1.66	99,654,600	1.56
40001-50000	3,165	1.93	152,676,190	2.38
50001-100000	4,798	2.92	368,217,080	5.75
100001 and above	4,893	2.98	5,074,810,250	79.19
<b>Total</b>	<b>164,250</b>	<b>100.00</b>	<b>6,408,039,280</b>	<b>100.00</b>

**l) Shareholding Pattern as on March 31, 2016:**

Category	Shares	Percentage (%)
Promoter- IDBI Trusteeship Services Ltd. (ICICI Strategic Investments Fund)	30,560,488	4.77
Government Financial Institutions	22,418,772	3.50
Nationalized Banks	78,629,973	12.27
Financial Institutional Investors (FIIs)	293,398	0.05
Overseas Corporate Bodies (OCBs)	-	-
Foreign Banks / Companies	61,293,537	9.57
Non-Residents	38,222,964	5.96
Mutual Funds	-	-
Bodies Corporate	39,350,413	6.14
Other Banks	54,136,880	8.45
Resident Indians	315,897,503	49.29
<b>TOTAL</b>	<b>640,803,928</b>	<b>100</b>
<b>Number of Shareholders</b>	<b>164,250</b>	

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

On March 31, 2016, all the shares of the Company were held in dematerialized mode, except 64,487 shares, which were held in physical mode.

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

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

The details of the aforesaid shares are as under:

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year	4	532
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	-	-
Number of holders to whom shares were transferred from suspense account during the year	-	-
Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2016	4	532

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



**o) Transfer to Investor Education and Protection Fund**

On May 10, 2012, the Ministry of Corporate Affairs (MCA) vide Gazette of India G.S.R. 352(E), notified the “Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012”, wherein companies were asked to file details of unclaimed/unpaid dividend lying with the company which would be transferred to Investor Education and Protection Fund (IEPF) after a period of seven years of its declaration with the Registrar of Companies (ROC) and to display the details on the website of the Company. Accordingly, the details of unclaimed/unpaid dividend were filed with ROC and they are also displayed on the website of the Company.

Shareholders who have not claimed their dividend are hereby advised to claim their unclaimed/ unpaid amount due to them by making a request to the Company giving their particulars before the same are transferred to the IEPF. Once unclaimed dividend is transferred to the IEPF, no claim in respect thereof shall lie with the Company.

Further, the unclaimed dividend of ₹590,488/- pertaining to year 2008-09 was transferred to IEPF, as required by the Investor Education and Protection Fund Authority (Accounting, Transfer and Refund) Rules, 2016.

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

The details of the outstanding Foreign Currency Convertible Bonds as on March 31, 2016 are given below:

Particulars	USD 125.356 Million 5% Convertible Bonds due 2017	USD 2.435 Million 4.75% Convertible Bonds due 2017
ISIN	XSO769181982	XSO308551166
Outstanding Amount	USD 77.419 Million	USD 2.335 Million
Coupon/Yield (payable at semi-annual intervals)	5.00% p.a.	4.75% p.a.
Conversion Price	₹16.50	₹165.935
Fixed Exchange Rate	1 USD = ₹50.7908	1USD = ₹40.81
Maturity Date	April 26, 2017	July 27, 2017
Redemption Price	100% of the principal amount	100% of the principal amount
Expected number of shares to be issued	23,83,13,511	5,74,269

The Company has successfully restructured its Foreign Currency Convertible Bonds (FCCBs) outstanding as on March 31, 2016. As per restructuring terms, the bondholders have given their consent for a haircut of 35% of the outstanding principal amount and conversion of 40% of the outstanding principal amount into equity shares. The balance 25% of the outstanding principal amount due to bondholders would continue under the current FCCB issues with amended terms or as a new issue of bonds, depending on whether the bondholder has consented to exchange his existing bonds for new ones or chosen to get the terms of his existing bonds amended. The bondholders, at their Meetings held July 27, 2016 and August 10, 2016, granted their approval for restructuring of their bonds as mentioned above (i.e. by way of exchange or amendment of terms) as per the Debt Realignment Scheme (DRS) proposal submitted to them.

**q) Plant Locations:**

As the Company is engaged in Information Technology industry, it does not have any plant. The Company operates from various offices in India and abroad.

**r) Address for correspondence:**

**COMPLIANCE OFFICER:**

Company Secretary & Compliance Officer  
3i Infotech Limited  
(CIN: L67120MH1993PLC074411)  
Tower # 5, 5<sup>th</sup> Floor, International Infotech Park,  
Vashi, Navi Mumbai 400 703, Maharashtra  
Ph: (91-22) 6792 8000  
Fax: (91-22) 6792 8098  
Email: [co@3i-infotech.com](mailto:co@3i-infotech.com)

**SHARE DEPARTMENT:**

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

**Navi Mumbai, October 21, 2016**



## **CERTIFICATE FROM MANAGING DIRECTOR & GLOBAL CEO FOR COMPLIANCE OF CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT**

This is to certify that 3i Infotech Limited has put in place the Code of Conduct for the Board of Directors and Senior Management. This Code is applicable to all the Directors of the Company and the Members of Senior Management, who are one level below the Executive Directors, including all the functional heads and heads of Business Geographies. The Directors and Members of Senior Management have affirmed compliance with the Code of Conduct for the Board of Directors and Senior Management for the financial year ended March 31, 2016.

**Padmnabhan Iyer,**  
**Managing Director & Global CEO,**  
**3i Infotech Limited**

**October 21, 2016 at Navi Mumbai**

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

We have examined the compliance of conditions of Corporate Governance by 3i Infotech Limited for the year ended on March 31, 2016 as stipulated in Clause 49 of the Listing Agreements with National Stock Exchange of India Limited and BSE Limited for the period from April 1, 2015 to November 30, 2015 and as per provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") for the period from December 1, 2015 to March 31, 2016.

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/SEBI LODR Regulations, as applicable.

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

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

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

**Place : Mumbai**  
**Date :October 21, 2016**

**Annual Report 15-16**

**FORM NO. MGT – 9**
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2016  
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

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

Sr. No.	Name of the Company	Country	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	Professional Access Software Development Private Limited	India	U72200TN2002PTC048799	Subsidiary	100	2(87)
2	3i Infotech BPO Limited	India	U74899DL1990PLC039478	- do -	100	2(87)
3	3i Infotech Consultancy Services Limited	India	U72900MH2007PLC176323	- do -	100	2(87)
4	Locuz Enterprise Solutions Limited	India	U72200TG1999PLC032881	- do -	74	2(87)
5	IFRS Cloud Solutions Limited (formerly known as "3i Infotech Outsourcing Services Limited")	India	U74999MH2011FLC215259	- do -	100	2(87)
6	3i Infotech Inc.	USA	N.A.	- do -	100	2(87)
7	3i Infotech (UK) Limited	UK	N.A.	- do -	100	2(87)
8	3i Infotech Asia Pacific Pte. Limited	Singapore	N.A.	- do -	100	2(87)
9	3i Infotech (Thailand) Limited	Thailand	N.A.	- do -	100	2(87)
10	3i Infotech Services SDN BHD	Malaysia	N.A.	- do -	100	2(87)

Sr. No.	Name of the Company	Country	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
11	3i Infotech (Western Europe) Holdings Limited	UK	N.A.	- do -	100	2(87)
12	3i Infotech (Western Europe) Group Limited	UK	N.A.	- do -	100	2(87)
13	Rhyme Systems Limited	UK	N.A.	- do -	100	2(87)
14	3i Infotech Holdings Private Limited	Mauritius	N.A.	- do -	100	2(87)
15	3i Infotech Saudi Arabia LLC	KSA	N.A.	- do -	100	2(87)
16	3i Infotech Financial Software Inc	USA	N.A.	- do -	100	2(87)
17	3i Infotech (Africa) Limited	Kenya	N.A.	- do -	100	2(87)
18	Black-Barret Holdings Limited	Cyprus	N.A.	- do -	100	2(87)
19	3i Infotech (Middle East) FZ LLC	UAE	N.A.	- do -	100	2(87)
20	3i Infotech SDN BHD	Malaysia	N.A.	- do -	100	2(87)
21	Elegon Infotech Limited	China	N.A.	- do -	100	2(87)
22	3i Infotech (South Africa) (Pty) Limited	RSA	N.A.	- do -	100	2(87)
23	Process Central Limited	Nigeria	N.A.	Associate	47.5	2(6)

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

Please refer *Annexure IIA*.

#### V. INDEBTEDNESS

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

₹ in Crores

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,505.08	1,014.15	-	2,519.23
ii) Interest due but not paid	110.54	62.61	-	173.15
iii) Interest accrued but not due	-	11.57	-	11.57
<b>Total (i+ii+iii)</b>	<b>1,615.62</b>	<b>1,088.33</b>	-	<b>2,703.95</b>
<b>Change in Indebtedness during the Financial Year</b>				
<b>Principal Addition</b>				
- On account of Debt Restructuring Scheme	36.13	-	-	36.13
- Others	134.34	44.00	-	178.34
<b>Interest – Addition</b>				
- On account of Debt Restructuring Scheme	-	-	-	-
- Others	94.42	53.97	-	148.39

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Principal – (Reduction)</b>				
- On account of Debt Restructuring Scheme	(1,094.16)	(595.40)	-	(1,689.56)
- Others	(65.74)	(152.62)	-	(218.36)
<b>Interest – (Reduction)</b>				
- On account of Debt Restructuring Scheme	(164.00)	(104.08)	-	(268.08)
- Others	(29.96)	(12.04)	-	(42.00)
<b>Net Change</b>	<b>(1,088.97)</b>	<b>(766.17)</b>	-	<b>(1,855.14)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	515.65	310.13	-	825.78
ii) Interest due but not paid	11.00	12.03	-	23.03
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>526.65</b>	<b>322.16</b>	-	<b>848.81</b>

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

Please refer *Annexure IIB*.

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

Company :

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

#### Other Officers in Default

Type	Section of the Companies Act, 1956	Brief Description	Details of Penalties / Punishment / Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

**SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL  
BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**

**I. CATEGORY-WISE SHARE HOLDING**

Sl No.	Category of shareholders	No. of Shares held at the beginning of the year April 1, 2015				No. of Shares held at the end of the year March 31, 2016				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individual / HUF	-	-	-	-	-	-	-	-	-
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
e)	Banks/FI	-	-	-	-	-	-	-	-	-
f)	Any Other - Trust	39,036,190	-	39,036,190	6.47	30,560,488	-	30,560,488	4.77	(1.70)
	<b>Sub-total (A) (1) :-</b>	39,036,190	-	39,036,190	6.47	30,560,488	-	30,560,488	4.77	(1.70)
<b>(2)</b>	<b>Foreign</b>				-				-	-
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks/FI	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
	<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	39,036,190	-	39,036,190	6.47	30,560,488	-	30,560,488	4.77	(1.70)
<b>B</b>	<b>Public Shareholding</b>				-				-	-
<b>(1)</b>	<b>Institutions</b>				-				-	-
a)	Mutual Funds / UTI-II	-	-	-	-	-	-	-	-	-
b)	Banks /FI	251,808,777	-	251,808,777	41.71	132,766,853	-	132,766,853	20.72	(20.99)
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	22,418,772	-	22,418,772	3.71	22,418,772	-	22,418,772	3.50	(0.21)
g)	FIs	93,398	-	93,398	0.02	293,398	-	293,398	0.05	0.03
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Other (specify)									
	Foreign Banks	40,013,265	-	40,013,265	6.63	56,983,883	-	56,983,883	8.89	2.27
	<b>Sub-total (B) (1) :-</b>	314,334,212	-	314,334,212	52.06	212,462,906	-	212,462,906	33.16	(18.91)

(2)	<b>Non-Institutions</b>		-		-		-		-	-
a	Bodies Corporate									
i	Indian	30,945,363	-	30,945,363	5.13	29,486	-	39,350,413	6.14	1.02
ii	Overseas	-	-		-	-	-		-	-
b	Individuals				-				-	-
i	Individual shareholders holding nominal share capital upto ₹1 lakh	102,928,005	35,986	102,963,991	17.05	130,838,678	130,809,192	29,486	20.42	3.37
ii	Individual shareholders holding nominal share capital excess of ₹1 lakh	106,140,125	20,000	106,160,125	17.58	223,217,302	223,182,301	35,001	34.84	17.26
c	Others (specify)									
	Foreign Companies	8,771,951	1,539,115	10,311,066	1.71	4,309,654	-	4,309,654	0.67	(1.04)
	<b>Sub-total (B) (2) :-</b>	<b>248,785,444</b>	<b>1,595,101</b>	<b>250,380,545</b>	<b>41.47</b>	<b>397,716,047</b>	<b>64,487</b>	<b>397,780,534</b>	<b>62.08</b>	<b>20.60</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>563,119,656</b>	<b>1,595,101</b>	<b>564,714,757</b>	<b>93.53</b>	<b>610,178,953</b>	<b>64,487</b>	<b>610,243,440</b>	<b>95.23</b>	<b>1.70</b>
c	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>602,155,846</b>	<b>1,595,101</b>	<b>603,750,947</b>	<b>100.00</b>	<b>640,739,441</b>	<b>64,487</b>	<b>640,803,928</b>	<b>100.00</b>	<b>-</b>

## II. SHAREHOLDING OF PROMOTERS

Sl. No	Shareholder's Name	Shareholding at the beginning of the year 01-Apr-2015			Shareholding at the end of the year 31-Mar-2016			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	IDBI Trusteeship Services Limited (ICICI Strategic Investments Funds)	39,036,190	6.47	-	30,560,488	4.77	-	(1.70)
	<b>Total</b>	<b>39,036,190</b>	<b>6.47</b>	<b>-</b>	<b>30,560,488</b>	<b>4.77</b>	<b>-</b>	<b>(1.70)</b>

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	Reason for change	Date of Transfers	No. of shares	% of total shares of the company
	At the beginning of the year	39,036,190	6.47	(4,208,955)	Sale	14-Aug-15	34,827,235	-
		-	-	(4,266,747)	Sale	21-Aug-15	30,560,488	-
	At the End of the year	30,560,488	4.77					

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

Sl No	Top 10 Shareholders during the year	Shareholding at the beginning of the year (i.e. on April 1, 2015)		Increase / (Decrease) in Shareholding	Reason	Date of change in Shareholding	Cumulative Shareholding during the year		Shareholding at the end of the year (i.e. on March 31, 2016)	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	IDBI Bank Limited	42,117,513	6.98	-	-	-	-	-	42,117,513	6.57
2	Standard Chartered Bank	40,013,264	6.63	-	-	-	-	-	40,013,264	6.24
3	IDBI Trusteeship Services Limited (ICICI Strategic Investments Funds)	39,036,190	6.47	(4,208,955)	Sale	14-Aug-15	34,827,235	5.69	30,560,488	4.77
				(4,266,747)	Sale	21-Aug-15	30,560,488	4.99		
4	Life Insurance Corporation of India	21,317,921	3.53	-	-	-	-	-	21,317,921	3.33
5	Canara Bank-Mumbai	17,381,792	2.88	-	-	-	-	-	17,381,792	2.71
6	DBS Bank Limited	16,970,618	2.81	-	-	-	-	-	16,970,618	2.65
7	Allahabad Bank	15,703,676	2.60	(100,000)	Sale	26-Jun-15	15,603,676	2.55	15,144,676	2.36
				(100,000)	Sale	10-Jul-15	15,503,676	2.53		
				(100,000)	Sale	7-Aug-15	15,403,676	2.51		
				(40,000)	Sale	14-Aug-15	15,363,676	2.51		
				(20,000)	Sale	11-Dec-15	15,343,676	2.41		
				(90,000)	Sale	25-Dec-15	15,253,676	2.40		
				(109,000)	Sale	31-Dec-15	15,144,676	2.38		
8	Sony Sebastian	5,486,798	0.91	864,380	Purchase	10-Apr-15	6,351,178	1.05		
				830,000	Purchase	17-Apr-15	7,181,178	1.19		
				316,000	Purchase	24-Apr-15	7,497,178	1.24		
				642,388	Purchase	1-May-15	8,139,566	1.34		
				2,065,377	Purchase	8-May-15	10,204,943	1.68		



Sl No	Top 10 Shareholders during the year	Shareholding at the beginning of the year (i.e. on April 1, 2015)		Increase / (Decrease) in Shareholding	Reason	Date of change in Shareholding	Cumulative Shareholding during the year		Shareholding at the end of the year (i.e. on March 31, 2016)	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
				221,700	Purchase	15-May-15	10,426,643	1.72		
				433,000	Purchase	22-May-15	10,859,643	1.79		
				285,000	Purchase	5-Jun-15	11,144,643	1.84		
				267,000	Purchase	12-Jun-15	11,411,643	1.86		
				140,000	Purchase	19-Jun-15	11,551,643	1.89		
				110,000	Purchase	26-Jun-15	11,661,643	1.90		
				95,000	Purchase	3-Jul-15	11,756,643	1.92		
				123,500	Purchase	10-Jul-15	11,880,143	1.94		
				176,000	Purchase	24-Jul-15	12,056,143	1.97		
				295,500	Purchase	31-Jul-15	12,351,643	2.02		
				104,500	Purchase	7-Aug-15	12,456,143	2.03		
				125,000	Purchase	14-Aug-15	12,581,143	2.05		
				8,000	Purchase	21-Aug-15	12,589,143	2.06		
				197,900	Purchase	28-Aug-15	12,787,043	2.09		
				50,000	Purchase	4-Sep-15	12,837,043	2.10		
				101,000	Purchase	11-Sep-15	12,938,043	2.11		
				282,000	Purchase	25-Sep-15	13,220,043	2.16		
				122,500	Purchase	2-Oct-15	13,342,543	2.18		
				90,000	Purchase	9-Oct-15	13,432,543	2.13		
				20,000	Purchase	16-Oct-15	13,452,543	2.14		
				347,500	Purchase	23-Oct-15	13,800,043	2.19		
				130,000	Purchase	30-Oct-15	13,930,043	2.21		
				67,736	Purchase	6-Nov-15	13,997,779	2.22		
				5,000	Purchase	20-Nov-15	14,002,779	2.20		
				57,788	Purchase	27-Nov-15	14,060,567	2.21		
				25,000	Purchase	4-Dec-15	14,085,567	2.21		
				36,000	Purchase	25-Dec-15	14,121,567	2.22		
				15,500	Purchase	31-Dec-15	14,137,067	2.22		
				103,000	Purchase	8-Jan-16	14,240,067	2.24		
				72,000	Purchase	12-Feb-16	14,312,067	2.23		
				189,500	Purchase	19-Feb-16	14,501,567	2.26		
				161,600	Purchase	26-Feb-16	14,663,167	2.29		
				60,000	Purchase	4-Mar-16	14,723,167	2.30		
				84,805	Purchase	11-Mar-16	14,807,972	2.31	14,807,972	2.31

Sl No	Top 10 Shareholders during the year	Shareholding at the beginning of the year (i.e. on April 1, 2015)		Increase / (Decrease) in Shareholding	Reason	Date of change in Shareholding	Cumulative Shareholding during the year		Shareholding at the end of the year (i.e. on March 31, 2016)	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
9	Narasimha Ravi Gannavaram	-	-	345,000	Purchase	10-Jul-15	345,000	0.06	9,336,800	1.46
				100,000	Purchase	17-Jul-15	445,000	0.07		
				405,000	Purchase	13-Sep-15	850,000	0.14		
				130,000	Purchase	20-Sep-15	980,000	0.16		
				20,000	Purchase	11-Dec-15	1,000,000	0.16		
				6,704,000	Purchase	31-Dec-15	7,704,000	1.21		
				642,800	Purchase	15-Jan-16	8,346,800	1.31		
				972,266	Purchase	22-Jan-16	9,319,066	1.46		
				17,734	Purchase	29-Jan-16	9,336,800	1.47		
10	Bank of India	8,933,208	1.48	-	-	-	-	-	8,933,208	1.39
11	Oriental Bank of Commerce	7,178,003	1.19	-	-	-	-	-	7,178,003	1.12
12	Indian Overseas Bank	6,319,600	1.05	-	-	-	-	-	6,319,600	0.99
13	HDFC Bank Ltd	8,385,807	1.39	(100,000)	Sale	30-Oct-15	8,285,807	1.32	5,269,818	0.82
				(200,000)	Sale	27-Nov-15	8,085,807	1.27		
				(750,616)	Sale	4-Dec-15	7,335,191	1.15		
				(600,000)	Sale	11-Dec-15	6,735,191	1.06		
				(965,373)	Sale	8-Jan-16	5,769,818	0.91		
				(500,000)	Sale	15-Jan-16	5,269,818	0.83		
14	ICICI Bank Ltd	112,883,483	18.70	(2,200,000)	Sale	1-May-15	110,683,483	18.26	-	-
				(9,800,000)	Sale	8-May-15	100,883,483	16.64		
				(38,873,349)	Sale	15-May-15	62,010,134	10.23		
				(35,380,047)	Sale	22-May-15	26,630,087	4.39		
				(6,773,263)	Sale	29-May-15	19,856,824	3.27		
				(4,856,824)	Sale	10-Jul-15	15,000,000	2.45		
				(2,500,000)	Sale	17-Jul-15	12,500,000	2.04		
				(3,700,000)	Sale	24-Jul-15	8,800,000	1.44		
				(3,975,558)	Sale	31-Jul-15	4,824,442	0.79		
				(4,824,442)	Sale	7-Aug-15	-	-		

Note: The shares of the Company are traded on a daily basis. Hence, the date-wise increase/decrease in shareholding is not indicated (except where shares were allotted during the year and where a difference in shareholding was detected as a result of analysis of the weekly benpos provided by the depositories. In the latter case, the date of download of benpos is assumed to be the date of change in shareholding).

**V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :**

Sl No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase/ Decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity, etc.):		Shareholding at the end of the year		Cummulative Shareholding during the year	
		No.of Shares	% of total shares of the company			No.of Shares	% of total shares of the company	No. of share	% of total shares of the company
1	Mr. Hoshang N. Sinor*	1,00,000	0.02	-	-	1,00,000	0.02	-	-
2	Mr. K. M. Jayarao*	-	-	-	-	-	-	-	-
3	Mr. Ashok Shah	-	-	-	-	-	-	-	-
4	Dr. Shashank Desai	-	-	-	-	-	-	-	-
5	Mr. Shantanu Prasad	-	-	-	-	-	-	-	-
6	Ms. Sarojini Dikhale	-	-	-	-	-	-	-	-
7	Mr. Madhivanan Balakrishnan#	34,588	0.01	-	-	34,588	0.01	-	-
8	Mr. Charanjit Attra*	-	-	-	-	-	-	-	-
9	Mr. Padmanabhan Iyer	1,920	0.00	-	-	1,920	0.00	-	-
10	Mr. Ninad Kelkar*	100	0.00	-	-	100	0.00	-	-

\* Resigned during the year

# Resigned on June 7, 2016

## Annexure II B

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

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

In ₹

Sr. No	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Madhivanan Balakrishnan	Mr. Charanjit Attra*	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	37,481,300	8,421,019	45,902,319
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	256,274	312,848	569,122
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option	1,050,000	-	1,050,000
3	Sweat Equity	-	-	-
4	Commission - as a % of profit - others, specify	-	-	-
5	Others: PF and Pension Fund contribution	993,528	61,573	1,055,101
	<b>Total (A) §</b>	<b>38,731,102</b>	<b>8,795,440</b>	<b>47,526,542</b>
	<b>Ceiling as per the Act</b>	As per Schedule V, Part II of the Companies Act, 2013		

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

§ excluding the retention incentive accrued to Whole-Time Directors as on March 31, 2016.

#### B. Remuneration to other directors:

In ₹

Sr. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount
1	<b>Independent Directors</b>				
	Mr. Hoshang N. Sinor	-	-	-	-
	Dr. Shashank Desai	550,000	-	-	550,000
	Mr. Ashok Shah	600,000	-	-	600,000
	<b>Total (1)</b>	<b>11,50,000</b>			<b>11,50,000</b>
2	<b>Other Non-Executive Directors</b>				
	Mr. Shantanu Prasad #	500,000	-	-	500,000
	Mr. K.M. Jayarao #	200,000	-	-	200,000
	Ms. Sarojini Dikhale #	250,000	-	-	250,000
	<b>Total (2)</b>	<b>950,000</b>			<b>950,000</b>
	<b>Total (B) = (1+2)</b>	<b>2,100,000</b>			<b>2,100,000</b>
	<b>Total Managerial Remuneration</b>				<b>49,626,542</b>
	<b>Overall Ceiling as per the Act</b>	₹ 100,000 for attending each Board Meeting			

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

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

In ₹

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Padmanabhan Iyer, CFO <sup>#</sup>	Mr. Ninad Kelkar, Company Secretary *	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	11,498,512	2,228,781	13,727,293
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	253,408	-	253,408
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	720,000	-	720,000
3	Sweat Equity	-	-	-
4	Commission			
	- as a % of profit	-	-	-
	- others, specify	-	-	-
5	Others: PF and Pension Fund contribution	295,236	65,558	360,794
	<b>Total</b>	<b>12,047,156</b>	<b>2,294,339</b>	<b>14,341,495</b>

\* Resigned on January 11, 2016

<sup>#</sup> Excluding the retention incentive accrued as on March 31, 2016

**EMPLOYEES STOCK OPTION SCHEMES (ESOS)****Employees Stock Option Schemes**

The Company has two Employees Stock Option Schemes (ESOS) instituted in the fiscal years 2000 and 2007 to enable the employees and Directors of the Company and its subsidiaries to participate in the future growth and financial success of the Company. The options granted under these schemes vest in a graded manner over a three year period, with 20%, 30% and 50% of the grants vesting in each year, commencing one year from the date of grant. Options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The price of the options granted after the IPO was lower of the face value or the closing market price on the stock exchange which recorded the highest trading volume preceding the date of grant of the options. The pricing of the stock options is in line with SEBI guidelines.

During the year, the Company approved a new plan (Plan 2015) under the existing ESOS Scheme 2007. As per the Plan 2015, the options granted would vest over a period of 3 years from the date of grant in the ratio of 50%, 25% and 25% at the end of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year respectively. During the year, 11,290,000 stock options were granted under existing ESOS Scheme 2007 to some of the employees and Directors of the Company.

- a. The particulars of the options granted and outstanding up to March 31, 2016 are as under:

Particulars	ESOS 2000	ESOS 2007
Options granted	26,363,426	48,352,000
Options vested	4,267,200	11,014,370
Options exercised	3,480,412	-
Number of shares allotted pursuant to exercise of options	3,480,412	-
Options forfeited / lapsed	18,530,364	18,962,710
Extinguishment or modification of options	-	-
Total number of options in force	4,352,650	29,389,290
Amount realized by exercise of options (₹)	-	-

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

**In 3 years prior to IPO**

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

**Last 5 years**

Financial Year	Diluted EPS (in ₹)
2011-12	(17.37)
2012-13	(5.92)
2013-14	(7.78)
2014-15	(18.25)
2015-16	(17.08)

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

Date of Grant	Number of options granted	Grant Price (in ₹)
February 19, 2016	10,990,000	10
March 14, 2016	300,000	10
<b>Total</b>	<b>11,290,000</b>	<b>10</b>

- c. The number of stock options held by the Directors as on March 31, 2016 are as below:

Name of Director	Number of options	Average Exercise Price (in ₹)
Mr. Ashok Shah	NIL	N. A.
Mr. K M. Jayarao	NIL	N.A.
Ms. Sarojini Dikhale	NIL	N.A.
Dr. Shashank Desai	NIL	N.A.
Mr. Madhivanan Balakrishnan	36,00,000	10

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

Particulars	ESOS Scheme 2000	ESOS Scheme 2007
Date of shareholders' approval	January 28, 2000 further amended on July 22, 2005	July 25, 2007
Total number of options approved under ESOS	13,261,213	74,915,513
Vesting Requirements	The options granted vest in a phased manner over three years	
Exercise price or pricing formula	₹10/-	₹10/-
Maximum term of options granted	10 years from the date of grant or 5 years from the date of vesting of options whichever is later	
Source of shares (primary, secondary or combination)	Primary	
Variation in terms of options	As per ESOS Scheme, 2000, the limit for grant of maximum number of Options to any Eligible Employee in a financial year was not in excess of 5% of the issued equity shares of the Company at the time of grant of the Options. The aggregate limit of all such Options granted to all the Eligible Employees was upto 25% of the aggregate number of issued equity shares of the Company as at the time of grant of the options.	As per ESOS Scheme, 2007, the aggregate limit of all Options granted to all the Eligible Employees was upto 25% of the aggregate number of issued equity shares of the Company as at the time of grant of the options from time to time subject to a maximum of 50 million shares of ₹10/- each (excluding the stock options granted as on July 25, 2007), which shall increase or decrease proportionately in the ratio of any further split, consolidation, bonus issue of shares or any other corporate action that has the effect of alteration of the share capital from time to time.
Method used to account for ESOS	Intrinsic Value Method	



f. Movement for each ESOS during the year

Particulars	ESOS Scheme 2000	ESOS Scheme 2007
Number of options outstanding at the beginning of the period	4,577,900	25,875,480
Number of options granted during the year	-	11,290,000
Number of options forfeited / lapsed during the year	328,000	7,781,190
Number of options vested during the year	-	6,319,500
Number of options exercised during the year	-	-
Number of shares arising as a result of exercise of options	-	-
Money realized by exercise of options (INR), if scheme is implemented directly by the company	-	-
Loan repaid by the Trust during the year from exercise price received	-	-
Number of options outstanding at the end of the year	4,249,900	29,384,290
Number of options exercisable at the end of the year	-	6,319,500

h. Employee Wise Details of options granted to-

Sr. No.	Name	Number of options granted during the year	Exercise Price (in ₹)	Designation
	<b>Senior Managerial Personnel</b>			
1	Mr. Ashish Kakkar	420,000	10	Global Head Human Resources
2	Mr. Amit D. Panchal	150,000	10	Senior Vice President - Sales
3	Mr. Devanathan K.V.	150,000	10	Delivery Head - Orion ERP
4	Mr. George Thomas	150,000	10	Delivery Head
5	Mr. Jeelani Basha	300,000	10	Vice President
6	Mr. Krish Narayanswami	500,000	10	Global Practice Head
7	Mr. Mathew Verghese	300,000	10	Global Sales Head for Services
8	Mr. Prasad V. Bendre	150,000	10	Senior Vice President - IT Consulting Services
9	Mr. Rakesh Doshi	500,000	10	Global Head Product Delivery
10	Mr. Suryanarayan Kasichainula	300,000	10	Business Head - Orion ERP
11	Mr. Sagar Thakurdesai	300,000	10	Senior Vice President
	<b>Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and</b>			
12	Mr. Madhivanan Balakrishnan	1,050,000	10	Managing Director & Global CEO
13	Mr. Padmanabhan Iyer	720,000	10	Chief Financial Officer
	<b>Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant</b>			
	None			

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

Name of Director	Designation	Ratio of remuneration to median employees' remuneration for FY 2015-16
Madhivanan Balakrishnan <sup>^</sup>	Managing Director & Global CEO	70
Charanjit Attra <sup>*</sup>	Executive Director – New Business Initiatives, Strategy and Finance	16

<sup>^</sup> Resigned on June 7, 2016

<sup>\*</sup> Resigned on May 28, 2015

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

Name of Director	Designation	Percentage increase / (decrease) in remuneration
Madhivanan Balakrishnan <sup>^</sup>	Managing Director & Global CEO	118%
Charanjit Attra <sup>*</sup>	Executive Director – New Business Initiatives, Strategy and Finance	-7%
Padmanabhan Iyer	Chief Financial Officer	100%
Ninad Kelkar	Company Secretary	20%

<sup>^</sup> Resigned on June 7, 2016

<sup>\*</sup> Resigned on May 28, 2015

The Managing Director & Global CEO and Chief Financial Officer had deferred to FY 2016-17, their right to receive retention incentive of INR 1.50 crores, and INR 0.33 crores respectively, owing to business exigencies of the company. Accordingly, the same have been excluded for calculating the percentage above.

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

The percentage increase in the median remuneration of employees in the financial year is 5% on a like to like bases. The median remuneration for FY 2015-16 includes applicable performance bonus for the previous year

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

The number of permanent employees on the rolls of the Company as at March 31, 2016 was 2418.

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

The revenue of the Company has decreased by 16.25% as compared to the previous financial year and the Operating EBIDTA has decreased by 13.76%. The average increase in employee remuneration vis-a-vis the previous financial year is 1.5%. The revenue and EBIDTA for previous financial year includes numbers pertaining to subsidiaries which were sold during the previous financial year.

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

Aggregate remuneration of KMP in FY-2016 (₹ in crores)	6.19
Revenue (₹ in crores)	1125.59
Remuneration of KMPs (as % of revenue)	0.55%
Earnings before interest, depreciation and tax (EBIDTA) (₹ in crores)	151.86
Remuneration of KMPs (as % of EBIDTA)	4.08%

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

Particulars	March 31, 2016	March 31, 2015
Market Capitalization (₹ in crores)	266.57	353.19
Price / Earnings multiple	-ve	-ve
Market Quotation (₹)	4.16	5.85
Decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer (Adjusted for 1:1 bonus in 2007)	-91.7%	-88%

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

On an average, employees received an annual increase of 6.4%. The individual increments varied from 4% to 9% based on individual performance. The average increase in the remuneration of the KMP is 76%.

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

Name of Director	Designation	Comparison against performance of the Company	
		% of Revenue	% of EBIDTA
Madhivanan Balakrishnan <sup>^</sup>	Managing Director & Global CEO	0.34	2.55
Charanjit Attra <sup>*</sup>	Executive Director – New Business Initiatives, Strategy and Finance	0.08	0.58
Padmanabhan Iyer <sup>#</sup>	Chief Financial Officer	0.11	0.79
Ninad Kelkar <sup>@</sup>	Company Secretary	0.02	0.15

<sup>^</sup> Resigned on June 7, 2016

<sup>\*</sup> Resigned on May 28, 2015

<sup>@</sup> Resigned on January 11, 2016

<sup>#</sup> Appointed as Managing Director and Global CEO on August 11, 2016

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

The key parameters for deciding the variable component availed by the Directors was bases the Company performance as reflected by Revenue & EBIDTA achievements.

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

There are no employee who receive remuneration in excess of the highest paid Director during the year

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

Remuneration is as per the remuneration policy of the Company.

**SECRETARIAL AUDIT REPORT**

For the financial year ended 31<sup>st</sup> March, 2016

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

To

The Members

**3i Infotech Limited**

Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park,  
Vashi Railway Station Commercial Complex,  
Navi Mumbai – 400703

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **3i Infotech Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ('audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines, to the extent applicable, prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Share Based Employee benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Information Technology Act, 2000 and the rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India related to meetings and minutes;
- (ii) Listing Agreements entered into by the Company with the Stock Exchanges.

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

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

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

### **We further report that -**

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Proper notice was given to all Directors to schedule the Board meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

### **We further report that –**

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

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

1. Launched Employees Stock Option Plan, 2015 under the existing Employee Stock Option Scheme 2007.
2. Obtained approval from the Members through Postal Ballot, the results of which were declared by the Company on March 18, 2016 & May 13, 2016, details of which are given as under-

<b>Postal Ballot Results declared on March 18, 2016</b>	<b>Postal Ballot Results declared on May 13, 2016</b>
<ol style="list-style-type: none"><li>1. Authorisation for restructuring of the Company's debts;</li><li>2. Issue of equity shares against conversion of a portion of the outstanding amounts due to the Debt Realignment Scheme (DRS) Lenders;</li><li>3. Issue of non convertible redeemable preference shares against conversion of a portion of the outstanding amounts due to the DRS Lenders;</li><li>4. (i) Issue as part of the proposed restructuring of the outstanding US\$ 125,356,000 5 per cent. convertible bonds due 2017 (the "5% Bonds") and US\$ 2,435,000 4.75 per cent. convertible bonds due 2017 (the "4.75% Bonds", and together with the 5% Bonds, the "Existing Bonds"), new foreign currency convertible bonds to the holders of the Existing Bonds in exchange for the Existing Bonds, and (ii) amend the terms of the outstanding Existing Bonds (to the extent not exchanged) including extension of the maturity and reduction of the conversion price;</li><li>5. Increase in Authorised Share Capital and Amendment to Memorandum of Association of the Company; and</li><li>6. Amendment to Articles of Association of the Company.</li></ol>	<ol style="list-style-type: none"><li>1. Increase in authorised share capital of the Company (the "Authorised Share Capital") and consequent amendment to the Memorandum of Association of the Company;</li><li>2. Amendment to Articles of Association of the Company;</li><li>3. (i) Issue, as part of the proposed restructuring of the outstanding US\$ 125,356,000 5 per cent convertible bonds due 2017 (the "5% Bonds") and US\$ 2,435,000 4.75 per cent convertible bonds due 2017 (the "4.75% Bonds", and together with the 5% Bonds, the "Existing Bonds"), new foreign currency convertible bonds to the holders of the Existing Bonds in exchange for the Existing Bonds, and (ii) amend the terms of the outstanding Existing Bonds (to the extent not exchanged) including extension of the maturity and reduction of the rate of interest.</li><li>4. Issue of equity shares against conversion of a portion of the outstanding amounts due to the lenders.</li></ol>

**For BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]

Place: Mumbai  
Date: October 21, 2016

Keyoor Bakshi  
**Partner**  
FCS 1844 / CP No. 2720

**Annexure I to the Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2016**

To

The Members

**3i Infotech Limited**

Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park,  
Vashi Railway Station Commercial Complex,  
Navi Mumbai – 400703

Our secretarial audit report of even date is to be read along with this letter.

1. Maintenance of secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records and compliance based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]

Place: Mumbai  
Date: October 21, 2016

Keyoor Bakshi  
**Partner**  
FCS 1844 / CP No. 2720

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### Global IT services

As per Gartner, global enterprise software spending is on pace to total \$332 billion, a 5.8 per cent increase from 2015. North America is the dominant regional driving force behind the growth. It is responsible for \$11.6 billion of the \$24 billion increase in 2016. At a segment level, the fastest-growing market continues to be customer relationship management software. Devices spending is projected to total \$627 billion by the end of 2016. Spending in the IT services market is expected to increase 3.7 per cent, totalling \$898 billion.

Information technology (IT) industry body Nasscom projected a 10-12 per cent growth for the Indian software services segment for the financial year 2017. As per Nasscom, the need of the hour for the IT industry is to fundamentally transform its business models, solution offerings, organisation structure and capabilities to strengthen its market leadership position. Further, going forward, revenue growth alone may not be an adequate indicator of the growing capability and capacity of India's technology industry. Factors such as investment, valuations, digital solutions portfolio, impact etc. would also need to be considered in assessing the industry performance and contribution to the economy.

### Overview

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

The Company's quality certifications include ISO 9001:2008 Quality Management System for BPO, ADMS, e-Governance. Business Intelligence and Infrastructure Management Services along with ISO/IEC 27001:2013 Information Security Management System for its Data Centre Operations.

The Company's Global Delivery Model provides for optimal resources, to be drawn from its vast talent pool across the globe, to offer best fit solutions, by integrating its products and services to create customized solutions facilitating customers to undertake technology-based business transformation that enables reorganization in line with today's dynamic digital business environment. The Company, which has won many awards and recognitions globally, operates in two main business lines viz. IT solutions and Transaction services. Its IT Solutions business comprises of Software Products contributing 26% and IT services contributing 68% of the total operating revenue. Transaction Services comprises of BPO and KPO services which contributes 6% of the total operating revenue.

IT Solutions segment includes sale of IT products developed by 3i Infotech and providing IT services to varied companies on an outsourcing business model. IT product business includes packaged applications for the BFSI space and an ERP suite. IT services include customized software development & maintenance, system integration, IT consulting and offshore & onsite support through its BPO operations. Through IT service offerings, 3i Infotech provides clients with application development and maintenance, IT infrastructure services, e-governance services, business intelligence, document management service, business process management and data warehousing.

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

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



Transaction Services segment covers management of back office operations for BFSI clients. Through transaction service offerings, the Company provides clients with services such as remittance, cheque processing, human resources and payroll management services, account origination, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact center services. The transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries. The Company's major thrust in the Transaction Services space is in the activities of Digitization, Customer On-boarding, Credentials Validation and Payment Management.

### **Vision and Strategies**

This year has been a landmark year for the Company. For the first time since last 4 years, the Company has posted a Net Profit After Tax for the Q1 of 2016-17. Also the Company has once again become Net Worth Positive as on 31st March 2016. The catalyst for these two landmark events was the Debt Restructuring Proposal (DRS) which was approved by the Lenders of the Company for restructuring of its debts. The accounts of the Company for the current financial year have been drawn up accordingly.

The Company has been operating under the shadow of CDR and the negative perception it carries. The fact that the Company was defaulting on servicing to lenders and other creditors compounded the situation. The strain on the Company's pipeline of new Product orders, which is the higher margin part of the Company's businesses, was a cause for concern. The Company also encountered instances of opportunities being lost because of concerns in the minds of prospects regarding the financial stability, due to the high debt being carried by the Company.

On the other hand, the Company's operations have stabilized sufficiently over the past few quarters to demonstrate consistent operating results which are sustainable, based on the fact that the Company is EBIDTA positive, continues to acquire new customers and retain the support of its existing customers. However, the interest burden and depreciation continued to result in the Profit after Tax of the Company being negative. The Company has been taking all possible measures to retain customers and sustain business by preferential servicing and constant engagement. It is also relevant to highlight that the Company has been taking and will continue to take steps to improve margins by means of cost reduction, delivery synergies and better utilization of human resources and cash flows. In the absence of a comprehensive solution that would address all the aforementioned elements, sustaining current EBIDTA levels would be a challenge. With a view to bolster the performance of the Company in the background of the issues being faced, a comprehensive solution was conceptualized which would ensure the survival and growth of the Company and concurrently protect the interests of the stakeholders, including lenders and shareholders. The strain on operations and cash flows faced by the Company during the past 4 years, since admittance to CDR, would largely be alleviated by the implementation of the DRS package.

The Company expects that with the huge debt burden alleviated, its brand in the market place will get enhanced significantly and this would lead to shortening of the sales cycle, higher price realization and therefore margins. The perception about the Company, in both the emerging markets as well as the advanced markets, but more specifically the advanced markets, where the financial position of the Company is a milestone to winning orders, is expected to undergo a recovery and thereby expected to have a positive impact on the financial results. The Services revenue of the Company has become more predictable and there was visibility for reasonable growth in the times to come. In the Products business, the existing orders continued to be implemented largely to our customers' satisfaction. In the new scenario, the Company is focused on rejuvenating its brand and expanding its footprint in the products and services space that it operates in.

The Company intends to enrich its Product offerings by upgrading technology, making its offerings more contemporary as well as keeping in pace with market expectations and improving features and functionalities as required by the fast paced changes in customers' business environment. The existing customer base of the Company would be a ready market for the Company's upgraded product versions. The Company is also taking a number of steps to increase the annuity income from existing product customers, thereby increasing the predictability of revenues. On the Services front, the Company would be accelerating its initiative to mine existing Product customers and offer its bouquet of service offerings. There would also be a focused expansion to new areas to augment growth, both in terms of new markets as well as collaborative offerings alongwith complementary solutions. The collaborative approach is expected to enable the Company to tap opportunities where the Company's solutions may need augmentation to offer the complete solution required by customers. Human Resources are the key assets of the Company and the Company is strengthening initiatives to nurture its existing talent pool as well as attract the right talent to achieve its objectives of fulfilling the commitments made to stakeholders as well as take the Company forward on the growth path.

## Operations during the year

The table below shows the Profit and Loss account of the Group for the year ended March 31, 2016:

₹ In crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME		
I. Revenue from operations	1,125.59	1,344.00
II. Other income	4.51	4.43
III. Total Revenue (I + II)	1,130.10	1,348.43
IV. EXPENSES		
Employee benefits expense & Cost of Revenue	839.71	1,002.27
Finance costs	151.45	211.40
Depreciation and amortization expense	203.04	229.10
Other expenses	185.72	169.01
Total expenses	1,379.92	1,611.78
V. Profit/(Loss) before Exceptional items & tax - (III- IV)	(249.82)	(263.35)
VI. Exceptional Items - Income/ ( Expenses)	(656.15)	(673.17)
VII. Profit/(Loss) before tax (V+VI)	(905.97)	(936.52)
VIII. Tax expense	153.30	39.54
IX. Profit/(Loss) for the year (VII-VIII)	(1,059.27)	(976.06)

The net loss of company increase to ₹1,059.27 Crores for the ending March 31, 2016 (FY 2016) from ₹ 976.06 crores for the year ending March 31, 2015 ( FY 2015)

### Total Income

Income from IT solutions has decreased to ₹ 1062.93 crores in FY2016 from ₹ 1,280.26 crores in FY2015. The previous year revenue includes ₹ 207.90 crores pertaining to subsidiaries sold during the year.

The revenue from transaction services was at ₹62.66 crores in FY2016 as compared to ₹ 63.74 crores in FY2015.

Other income includes interest income and other non operating income.

### Total Expenses

The total expense reduced to ₹ 1,379.92 crores in FY2016 from ₹ 1,611.78 crores in FY2015. The previous year expense includes ₹ 190.72 crores pertaining to subsidiaries sold during the year.

### Employee benefits expense & Cost of Revenue

The Employee benefits expense & Cost of Revenue reduced to ₹ 839.71 crores in FY 2016 from ₹ 1,002.27 crores in FY 2015 which includes ₹ 166.57 crores pertaining to subsidiaries sold during the year.

## Other Costs

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

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	33.27	43.05
Travel	27.47	31.38
Office and other expenses	1.50	1.83
Outsourced cost	23.51	26.28
Communication	5.84	10.93
Foreign exchange loss (net)	51.70	3.37
Utilities	18.94	23.22
Others	23.49	28.95
<b>Total</b>	<b>185.72</b>	<b>169.01</b>

The other cost increased to ₹185.72 crores in FY2016 as compared to ₹169.01 crores in FY2015 majorly due to increase in foreign exchange loss. The previous year cost also includes ₹24.15 crores pertaining to subsidiaries sold during the year.

Profit before depreciation and interest, excluding Other Income (Operating Profit) for the current financial year was at ₹100.16 crores as compared to ₹ 172.72 crores for the previous year.

## Analysis of Balance Sheet

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital (Including minority interest)	709.17	674.99
Share Suspense Account	1,633.44	-
Share Application Money	-	33.50
Reserves and surplus	(2,029.61)	(1,053.00)
Borrowings*	722.01	2,444.55
Deferred tax liabilities		
Trade payables	307.52	555.26
	<b>1,342.53</b>	<b>2,655.30</b>
<b>II. ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	379.64	1,230.64
Goodwill arising on consolidation	435.06	710.56
Non current investments	0.16	25.16
Deferred tax asset	4.01	125.84
Long-term loans and advances and other non current assets	178.82	183.71
Current Investment	12.50	-
Cash and bank balances	51.77	22.88
Inventories	0.82	1.44
Trade receivables and unbilled	279.75	355.07
	<b>1,342.53</b>	<b>2,655.30</b>

\* Includes current maturities of Borrowings.

## Equities and Liabilities

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

The Authorised capital of the Company is ₹ 2,955 crores divided into

2,000,000,000 Equity shares of ₹ 10 each,

200,000,000 Non Convertible Cumulative Redeemable Preference shares (Class A Preference Shares) of ₹ 5 each,

1,500,000,000 Non Convertible Cumulative Redeemable Preference shares (Class B Preference Shares) of ₹ 5 each,

1,050,000,000 Non Convertible Cumulative Redeemable Preference shares (Class C Preference Shares) of ₹ 1 each

The issued, subscribed and paid-up capital stood at ₹ 705.80 crores as at March 31, 2016 compared to ₹ 668.75 crores as at March 31, 2015

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

### 2. Reserves and Surplus

The Reserves and Surplus declined to ₹ (2,029.61) crores as at March 31, 2016 from ₹ (1,053.00) crores as at March 31, 2015, majorly due to impact of loss on discontinuance of business /sale of subsidiaries and impairment.

### 3. Borrowings

The net movement in the borrowings from ₹ 2,444.55 crores as at March 31, 2015 to ₹ 722.01 crores as at March 31, 2016 is due to implementation of corporate debt restructuring scheme.

### 4. Deferred Tax Asset / liability

Deferred tax asset primarily comprises of deferred taxes on fixed assets and other expenses allowable on payments.

The likelihood that the deferred tax asset will be recovered from future taxable income is assessed annually.

### 5. Trade payables and other liabilities

Trade payables and other current liabilities consist of trade liabilities, short term provisions for employee benefits and other liabilities. The movement during the year is due to interest accrued and due on borrowings.

## Assets

### 1. Fixed Assets

As at March 31, 2016, the fixed assets of the Company stand at ₹ 379.64 crores, which includes tangible assets of ₹ 151.44 crores and Intangible assets of ₹ 228.20 crores. The decrease in fixed assets is attributable to amortization / depreciation on intangible and finance lease assets on revaluation.

### 2. Goodwill on consolidation

Goodwill on consolidation represents the excess of purchase consideration over the net asset value on the date of such acquisitions. The Company annually carries out an impairment analysis of its Cash Generating Units / Long term investments, in order to ascertain the extent of impairment, if any, in their carrying values. During this financial year FY 2016, the company impaired ₹ 241.81 crores worth of Goodwill in consolidated financial statements.

### 3. Non-Current Investments

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

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

There is a decrease in long term loans & advances, the amount reduced from ₹ 183.71 crores as at March 31, 2015 to ₹ 178.82 crores as at March 31, 2016.

### 5. Cash and Bank balance

The bank balance includes current accounts maintained in India and abroad.

### 6. Inventories

Inventories consist of hardware and supplies and are stated at cost or net realizable value, whichever is lower.

## **7. Trade receivables and Other Current assets**

Total receivables including unbilled revenue reduced from ₹ 355.07 crores as at March 31, 2015 to ₹ 279.75 crores as at March 31, 2016.

### **Internal Control Systems**

The Company exercises internal controls through a formalized process of an authorization matrix approved by the Board. The adherence to these controls is periodically reviewed by the internal audit process. The Company's budgeting process at various levels monitors performance by business, delivery and support groups.

### **Enterprise Risk Management**

The Enterprise Risk Management (ERM) at 3i Infotech encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to our business. Our ERM seeks to facilitate mitigation of risks that may affect the achievement of our business objectives and impact stakeholder value. Risk management is an integral part of our business model. The business practices at 3i Infotech are oriented to leverage the risk management to generate maximum reward while keeping risks below a defined level.

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

### **Safe Harbour**

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

# **Consolidated Financial Statements**

## INDEPENDENT AUDITORS' REPORT

To

The Members of  
3i Infotech Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 3i Infotech Limited ("the Parent Company"), its subsidiaries and a joint venture collectively referred to as 'the Group', which comprise the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

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

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

### Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Group's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016 and its consolidated loss and consolidated cash flows for the year ended on that date.

### **Emphasis of Matter**

Without qualifying, we draw attention to :-

(i) **Going Concern:**

The financial statements of the Group has been prepared on a going concern basis, in view of expected continued support of the lenders and also meeting its financial obligations based on the projected operational performance in terms of the Debt Restructuring Scheme approved in April, 2016. Also, refer note no. 2.32.1 of the consolidated financial statements.

(ii) **Impairment Analysis and Additional amortisation/depreciation:**

The Parent Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – 'Impairment of Assets' and Accounting Standard (AS) - 13 Accounting for Investments, specified under Section 133 of the Act, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis with the assistance of an independent expert valuer and accordingly, during the year has made provision for impairment loss of ₹ 241.81 crores (Previous year ₹ 350 crores). Also, refer note no 2.32.2 of the consolidated financial statements.

(iii) The Group has on evaluation amortised/provided additional depreciation aggregating to ₹ 703.35 crores on intangibles / finance lease assets. Also, refer note no 2.9 of the consolidated financial statements.

### **Other Matters**

- (i) We did not audit the financial statement of six subsidiaries and a joint venture, whose financial statements reflect total assets of ₹ 3.60 crores as at March 31, 2016 and total revenues of ₹ 7.96 crores for the year ended March 31, 2016, respectively These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of subsidiaries and a joint venture is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.
- (ii) The financial statements of a step down subsidiary in USA have not been consolidated for the year ended March 31, 2016. As explained by the Management, the financial statements of these subsidiaries are presently under preparation and had very insignificant operations.

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements
  - (ii) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (iii) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (iv) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (v) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2016 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (vi) With respect to the adequacy of the internal financial controls over financial reporting of Parent Company and its subsidiary companies and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Group has disclosed the impact of pending litigations on the consolidated financial position in the aforesaid consolidated financial statements. Refer Note No. 2.29.1 to the consolidated financial statements.
    - ii. The Group has made provision as required under the applicable law or accounting standards for material foreseeable losses on long-term contracts.
    - iii. There has been no delay in amounts required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

**For LODHA & CO.**  
Chartered Accountants  
Firm Registration No: 301051E

Place: Mumbai  
Date : August 11, 2016

Partner  
Membership No. 44101

**REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of 3i Infotech Limited (hereinafter referred to as “the Parent Company”) and its subsidiary companies, which are incorporated in India.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Parent company, its subsidiary companies, an associate company and a jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Parent Company and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For LODHA & CO.**  
Chartered Accountants  
Firm Registration No: 301051E

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

Place: Mumbai  
Date : August 11, 2016

### 3i INFOTECH LIMITED

#### CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

			₹ crores
	Notes	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	705.80	668.75
Reserves and surplus	2.2	(2,029.61)	(1,053.00)
<b>Share Suspense Account</b>	2.3.1	1,633.44	-
<b>Share Application Money</b>	2.39	-	33.50
<b>Minority interest</b>		3.37	6.24
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	670.25	1,860.33
Other long-term liabilities	2.4	-	18.01
<b>Current liabilities</b>			
Short-term borrowings	2.5	46.51	164.67
Trade payables	2.6	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		157.66	211.36
Other current liabilities	2.7	120.84	716.31
Short-term provisions	2.8	34.27	29.13
		<u>1,342.53</u>	<u>2,655.30</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.9		
(i) Tangible assets		151.43	258.28
(ii) Intangible assets		228.20	972.33
(iii) Capital work in Progress		0.01	0.03
Goodwill arising on consolidation	2.10	435.06	710.56
Non current investments	2.11	0.16	25.16
Deferred tax asset	2.13	4.01	125.84
Long-term loans and advances	2.14	178.82	173.83
Other non-current assets	2.15	-	9.88
<b>Current assets</b>			
Current Investment	2.12	12.50	-
Inventories	2.16	0.82	1.44
Trade receivables	2.17	180.12	179.28
Cash and bank balances	2.18	51.77	22.88
Short-term loans and advances	2.19	43.18	75.55
Other current assets	2.20	56.45	100.24
		<u>1,342.53</u>	<u>2,655.30</u>

Significant Accounting Policies and Notes on Consolidated Financial Statements

1 & 2

As per our attached report of even date  
For Lodha & Co.  
Chartered Accountants  
Firm Registration No: 301051E

For and on behalf of the Board

R. P. Baradiya  
Partner  
Membership No. 44101

Padmanabhan Iyer  
Managing Director and Global CEO  
DIN: 05282942

Shashank Desai  
Director  
DIN: 00143638

Place: Mumbai  
Date: August 11, 2016

Rajeev Limaye  
Company Secretary  
Membership No.A17168

### 3i INFOTECH LIMITED

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

		₹ crores	
Particulars	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>INCOME</b>			
I. Revenue from operations	2.21	1,125.59	1,344.00
II. Other income	2.22	4.51	4.43
III. <b>Total Revenue (I + II)</b>		<b>1,130.10</b>	<b>1,348.43</b>
<b>IV. EXPENSES</b>			
Employee benefits expense & Cost of Revenue	2.23	839.71	1,002.27
Finance costs	2.24	151.45	211.40
Depreciation and amortization expense	2.9	203.04	229.10
Other expenses	2.25	185.72	169.01
Total expenses		<b>1,379.92</b>	<b>1,611.78</b>
V. <b>Profit / (Loss) before Exceptional items &amp; tax - (III- IV)</b>		<b>(249.82)</b>	<b>(263.35)</b>
VI. Exceptional Items - Income / ( Expenses)	2.26	<b>(656.15)</b>	<b>(673.17)</b>
VII. Profit / (Loss) before tax (V+VI)		<b>(905.97)</b>	<b>(936.52)</b>
VIII. Tax expense	2.27	153.30	39.54
IX. <b>Profit / (Loss) for the year (VII-VIII)</b>		<b>(1,059.27)</b>	<b>(976.06)</b>
X. Minority interest		<b>(2.87)</b>	<b>0.21</b>
XI. <b>Profit / (Loss) after Minority interest (IX-X)</b>		<b>(1,056.40)</b>	<b>(976.27)</b>
<b>Earnings per equity share of face value of ₹ 10 each:</b>			
<b>Before exceptional items and discontinued operations</b>			
(1) Basic		<b>(16.96)</b>	<b>(5.29)</b>
(2) Diluted		<b>(16.96)</b>	<b>(5.29)</b>
<b>After exceptional items and discontinued operations</b>			
(1) Basic		<b>(27.50)</b>	<b>(16.85)</b>
(2) Diluted		<b>(27.50)</b>	<b>(16.85)</b>
Significant Accounting Policies and Notes on Consolidated Financial Statements	1 & 2		

As per our attached report of even date  
For Lodha & Co.  
Chartered Accountants  
Firm Registration No: 301051E

For and on behalf of the Board

R. P. Baradiya  
Partner  
Membership No. 44101

Padmanabhan Iyer  
Managing Director and Global CEO  
DIN: 05282942

Shashank Desai  
Director  
DIN: 00143638

Place: Mumbai  
Date: August 11, 2016

Rajeev Limaye  
Company Secretary  
Membership No.A17168

**3i INFOTECH LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

₹ crores

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A Cash Flow from / (used in) Operating Activities</b>		
Profit/(Loss) before exceptional items and tax	(249.82)	(263.35)
<i>Adjustments for:</i>		
Depreciation/amortization	203.04	229.10
Unrealised foreign exchange differences (net)	106.32	3.37
(Gain) / loss on sale/discarding of fixed assets (net)	(0.14)	(0.09)
Interest income	(0.73)	(1.76)
Finance cost	151.45	211.40
Provision for doubtful debts made / (written back) (net)	15.66	14.07
Waiver of FCCB Bonds	(0.94)	-
<b>Operating Profit / (Loss) before working capital changes</b>	<b>224.84</b>	<b>192.74</b>
<i>Adjustments for:</i>		
Trade and other receivables	163.81	(81.92)
Inventories	0.62	(0.08)
Trade payables and other liabilities	(162.13)	(126.07)
<b>Operating Profit / (Loss) before Exceptional items</b>	<b>227.14</b>	<b>(208.07)</b>
<b><u>Exceptional items</u></b>		
Debt Restructuring Expenses Paid	(2.60)	-
<b>Cash Generated from/(used in) Operations</b>	<b>224.54</b>	<b>(15.33)</b>
Income taxes paid	(26.06)	(35.99)
<b>Net cash from / (used in) Operating Activities - A</b>	<b>198.48</b>	<b>(51.32)</b>
<b>B Cash Flow from / (used in) Investing Activities :</b>		
Purchase of / additions to fixed assets (including Capital Work in Progress)	2.32	-
Sale/(Purchase) of fixed assets (including Capital Work in Progress)	-	8.85
Proceeds from Sale of Subsidiary	1.96	303.67
Interest received	0.47	1.16
<b>Net cash from / (used in) Investing Activities - B</b>	<b>4.75</b>	<b>313.68</b>

**3i INFOTECH LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

₹ crores

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>C Cash Flow from / (used in) Financing Activities :</b>		
Proceeds from/(Repayment of) borrowings	(119.49)	(204.65)
Interest paid	(50.92)	(97.99)
<b>Net Cash from / (used in) Financing Activities - C</b>	<b>(170.41)</b>	<b>(302.64)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>32.82</b>	<b>(40.28)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>11.47</b>	<b>51.75</b>
<b>Cash and Cash Equivalents at end of the year</b>	<b>44.29</b>	<b>11.47</b>

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

**Significant Accounting Policies and accompanying  
Notes on Financial Statements**

**1 & 2**

As per our attached report of even date

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

For and on behalf of the Board

R. P. Baradiya  
Partner  
Membership No. 44101

Padmanabhan Iyer  
Managing Director and Global CEO  
DIN: 05282942

Shashank Desai  
Director  
DIN: 00143638

Place: Mumbai  
Date: August 11, 2016

Rajeev Limaye  
Company Secretary  
Membership No.A17168



## 3i INFOTECH LIMITED

### NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 Overview of the Group

3i Infotech Limited ('Parent Company') was promoted by erstwhile ICICI Limited. The Parent Company and its subsidiaries/joint venture are collectively referred to as 'the Group'. The Group is a global information technology conglomerate headquartered in Mumbai, India. The Group undertakes sale of software products, software development and consulting services, IT enabled managed services and transaction services.

##### 1.2 Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

##### 1.3 Use of estimates

The preparation of the consolidated financial statements, in conformity with GAAP, requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of the consolidated financial statements. The recognition, measurement, classification or disclosures of an item or information in the consolidated financial statements are made relying on these estimates. Any revision to these accounting estimates is recognized prospectively.

##### 1.4 Principles of consolidation

The consolidated financial statements which include the financial statements of the Parent Company, its subsidiaries and a joint venture have been prepared in accordance with the consolidation procedures laid down in Accounting Standard (AS) 21 'Consolidated Financial Statements' and Accounting Standard (AS) 27 Financial Reporting of Interests in Joint Ventures.

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

- a) The financial statements of the Parent Company, its subsidiaries and joint venture (consolidated proportionately) have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that the recoverable value of related assets is lower than their cost to the Group.
- b) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its standalone financial statements.
- c) The consolidated financial statements are prepared using uniform accounting policies across the Group.
- d) Goodwill arising on consolidation - The excess of cost to the Parent Company, of its investment in subsidiaries over its portion of equity at the respective dates on which the investment in subsidiaries was made, is recognized in the financial statements as goodwill and in case where the portion of equity exceeds the cost; the same is being reduced from the said goodwill. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.
- e) Minority interest in the net assets of consolidated financial statements consists of amount of equity attributable to the minority shareholders as on the date on which investment in the subsidiary companies are made and further movement in their share in the equity, subsequent to the date of investment.

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

## **1.5 Revenue recognition**

### **a) Revenue from IT Solutions:**

Revenue from IT solutions comprises of revenue from the sale of software products, providing IT services and sale of hardware and third party software.

Revenue from Software Products is recognized on delivery/installation, wherein license value represents total value of contract as per the predetermined/laid down policy across all geographies or a lower amount as considered appropriate in terms of the contract. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

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

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

### **b) Revenue from Transaction Services:**

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

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

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

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

## **1.6 Unbilled and unearned revenue:**

Revenue recognized over and above the billings on a customer is classified as “unbilled revenue” and advance billing to customer is classified as “advance from customer/unearned revenue” and included in other liabilities.

## **1.7 Fixed assets and depreciation/amortisation**

### **Tangible assets:**

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

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

Advances given towards acquisition of fixed assets are disclosed as capital advances under “Long Term Loans and Advances” and the costs incurred on assets not ready for use as at the balance sheet date are disclosed as “Capital work in progress”.

### **Intangible assets:**

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

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

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

Business and Commercial Rights are capitalized at the acquisition price.

**Depreciation/Amortisation:**

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

Business and Commercial Rights are amortized over their estimated useful life or ten years, whichever is lower while Software Products-Others are amortized over a period of five years.

Software Products (meant for sale) are amortized over a period of 10 years after taking into consideration residual value.

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

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

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

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

### 1.8 Investments

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

Current investments are carried at lower of the cost or fair value and a provision is made to recognize any decline in the carrying value.

Cost of overseas investments represents the Indian Rupee equivalent of the consideration paid for the investment.

### 1.9 Accounting for Taxes on Income

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

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

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

### 1.10 Translation of Foreign Currency Items other than hedged transactions

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transaction. Exchange differences in respect of all current monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains / losses arising there from are recognised in the Consolidated Statement of Profit and Loss.

Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are accounted as below:

- In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and
- In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortised over the balance period of such long term asset/liability.

Foreign operations carried out with a significant degree of autonomy are classified as "non integral operations" as per the provisions of Accounting Standard (AS) 11 "Effects of changes in foreign exchange rates". All assets and liabilities, both monetary and non-monetary, are translated at the closing rate while the income and expenses are translated at the average rate for the year. The resulting exchange differences are accumulated in the "Foreign Currency Translation Reserve".

Foreign operations other than non-integral operations are classified as integral. All monetary assets and liabilities are translated at closing rates while non monetary assets are translated at historical rates and income and expenses are translated at the average rates for the year and the resulting exchange differences are accounted in the Consolidated Statement of Profit and Loss.

### 1.11 Hedge Accounting

The Parent Company enters into foreign currency cum interest rate swap contracts to hedge its risks associated with foreign currency fluctuations relating to its loan liabilities and highly probable forecast transactions. The Parent Company designates these derivative instruments as "hedges" and records the gain or loss on effective cash flow hedges in the "Hedging Reserve Account" until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the Consolidated Statement of Profit and Loss.

### 1.12 Accounting of Employee Benefits

Employee Benefits in Parent Company/Indian Subsidiaries

#### Gratuity

##### (i) Parent Company

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

##### (ii) Subsidiaries

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

#### Superannuation

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

#### Provident fund

##### (i) Parent Company

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

##### (ii) Subsidiaries

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

#### Leave entitlement

Liability for leave entitlement for employees is provided on the basis of actuarial valuation.

#### Employee Benefits in Foreign Branch / Certain foreign subsidiaries

In respect of employees in foreign branch /certain foreign subsidiaries , necessary provisions are made based on the applicable local laws. Gratuity and leave encashment/entitlement as applicable for employees in foreign branch/certain foreign subsidiaries are provided on the basis of actuarial valuation

### **Employee Benefits in foreign subsidiaries**

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

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

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

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

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

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

### **1.14 Borrowing Costs**

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

### **1.15 Impairment of assets**

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

### **1.16 Securities issue expenses**

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

### **1.17 Premium payable on redemption of Foreign Currency Convertible Bonds (FCCB)**

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

### **1.18 Lease**

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

Leased assets are depreciated on a straight-line basis over the useful life of the asset or the useful life as prescribed under Part A in Schedule II of the Act, whichever is lower.

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

### **1.19 Earnings per share**

In determining earnings per share, the Group considers the net profit/loss after tax and the post tax effect of any extra-ordinary, exceptional items and discontinuing operations on earnings per share is shown separately. The number of equity shares considered in computing basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of equity shares considered for computing diluted earnings per share is the aggregate of the weighted average number of equity shares used for deriving the basic earnings per share and the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares, which includes potential FCCB conversions and ESOS. The number of equity shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

### **1.20 Cash and cash equivalents**

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

### **1.21 Cash Flow Statement**

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

### **1.22 Inventories**

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

### **1.23 Exceptional items**

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items are disclosed as exceptional items.

## 2. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

### 2.1 Share Capital

₹ crores		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorised:</b>		
2,000,000,000 Equity shares of ₹ 10 each ( 1,100,000,000 as at 31st March, 2015)	<b>2,000.00</b>	1,100.00
200,000,000 Non Convertible Cumulative Redeemable Preference shares (Class A Preference Shares) of ₹ 5 each (200,000,000 as at 31st March, 2015)	<b>100.00</b>	100.00
1,500,000,000 Non Convertible Cumulative Redeemable Preference shares (Class B Preference Shares) of ₹ 5 each (Nil as at 31st March, 2015)	<b>750.00</b>	-
1,050,000,000 Non Convertible Cumulative Redeemable Preference shares (Class C Preference Shares) of ₹ 1 each (Nil as at 31st March, 2015)	<b>105.00</b>	-
	<b>2,955.00</b>	1,200.00
<b>Issued, Subscribed &amp; Paid - up</b>		
Equity share capital of ₹ 10 each fully paid up, as at the beginning of the year	<b>603.75</b>	572.64
Add: Issued towards conversion of FCCB	<b>20.08</b>	29.66
Add: Issued under Corporate Debt Restructuring (CDR)	<b>16.97</b>	1.45
Equity share capital of ₹ 10 each fully paid up, as at the end of the year	<b>640.80</b>	603.75
0.01% Cumulative Redeemable Preference - Class A share capital of ₹ 5 each at the beginning of the year	<b>65.00</b>	65.00
	<b>65.00</b>	65.00
<b>Total</b>	<b>705.80</b>	668.75

**2.1.1** The Parent Company has only one class of equity shares having a par value of ₹ 10 each. Each shareholder has a right to vote in respect of such share, on every resolution placed before the Parent Company and his voting right on a poll shall be in proportion to his share of the paid-up equity capital of the Parent Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Group after distribution of preferential amounts, in proportion to their shareholding.

Subsequent to the year end, the authorised equity share capital of the Parent Company has been increased from 2,000,000,000 equity shares of ₹10 each to 2,200,000,000 equity shares of ₹ 10 each.

The Parent Company has not issued any class of shares as fully paid up shares pursuant to contract(s) without payment being received in cash and bonus shares during the period of 5 years immediately preceding the Balance Sheet date.

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

**2.1.2** The terms of Class A Preference Shares having face value of ₹5 each, have been amended and these are now redeemable on March 15, 2026, dividend payable for the period upto March 31, 2016 has been waived and the premium payable on redemption which would have provided the preference share holder an internal rate of return @ 6% per annum would no longer be payable (Refer Note no. 2.3.1).

Consequently, the accrual of the said premium payable on redemption of ₹ 11.70 crores for the 3 years from the date of allotment viz. March 31, 2012 to March 31, 2015 which was accounted as 'adjustment against' Securities Premium account has been reversed and Contingent liability in respect of arrears of dividend on these preference shares as at March 31, 2016 would be ₹ NIL (₹ 4.83 crores as at March 31, 2015).

**2.1.3** Class B Preference Shares of face value of ₹ 5/- each are redeemable on March 15, 2026 and would carry a dividend of 0.10 % per annum.

**2.1.4** Class C Preference Shares of face value of ₹ 1/- each with a premium of ₹ 4/- each are redeemable on March 15, 2026 and would carry a dividend of 0.10 % per annum.



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

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	%	No. of shares	%
ICICI Bank Limited	-	-	112,883,483	18.70
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	-	-	39,036,190	6.47
IDBI Bank Limited	42,117,513	6.57	42,117,513	6.98
Standard Chartered Bank	40,013,264	6.24	40,013,264	6.63

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

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	%	No. of shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	130,000,000	100	130,000,000	100

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

Particulars	In Numbers	
	As at March 31, 2016	As at March 31, 2015
<b>Equity shares of ₹ 10 each</b>		
Equity shares as at beginning of the year	60,37,50,947	57,26,44,378
Add:		
Shares issued towards conversion of FCCB	2,00,82,363	2,96,61,822
Shares issued under CDR	1,69,70,618	14,44,747
Equity shares as at end of the year	64,08,03,928	60,37,50,947
<b>0.01% Cumulative Redeemable Preference shares of ₹ 5 each</b>		
Preference shares as at beginning of the year	13,00,00,000	13,00,00,000
Preference shares as at end of the year	13,00,00,000	13,00,00,000

d) Employee Stock Option Scheme (ESOS)

The Parent Company's Employee Stock Option Schemes are applicable to "Eligible Employees" as defined in the scheme which includes directors and employees of the Parent Company and its subsidiaries. They provide for issue of equity options up to 25% of the paid-up equity capital to eligible employees. Currently, the Parent Company has 2 schemes, ESOS 2000 and ESOS 2007 (as amended).

The options granted under the ESOS scheme 2000 and 2007 vest in a phased manner over three years with 20%, 30% and 50% of the grants vesting at the end of each year from the date of the grant and the same can be exercised within ten years from the date of the grant or five years from the date of vesting of options whichever is later by paying cash at a price determined on the date of the grant. One Stock option if converted will be equivalent to one equity share.

During the year ended March 31, 2013, the Board of Directors of the Parent Company approved ESOS Plan -2013 under the existing scheme ESOS 2007. The plan consists of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees for the year ended March 31, 2014.

During the year ended March 31, 2015, the Board of Directors of the Parent Company approved ESOS Plan-2014 under the existing scheme ESOS 2007. The plan consist of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees for the year ended March 31, 2015.



During the current year ended March 31, 2016, the Board of Directors of the Parent Company approved ESOS Plan-2015 under the existing scheme ESOS 2007. The plan consists of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees for the year ended March 31, 2016.

The options granted under ESOS Plan -2013; under ESOS Plan -2014 and under ESOS Plan -2015 would vest in a phased manner over three years with 33%, 33% and 34% of the grants vesting at the end of each year from the date of the grant and the same can be exercised within ten years from the date of grant of options or five years from the date of vesting of options, whichever is later.

The existing options (other than those granted under ESOS plan-2013, ESOS plan-2014 & ESOS plan-2015) would continue to be governed by the existing terms.

During the year ended March 31, 2016, the Parent Company has granted 11,290,000 (11,569,000 during year ended March 31, 2015), options to the employees of the Parent Company and its Key Managerial Personnel at an exercise price of ₹ 10 each.

#### Method used for accounting for share based payment scheme.

The Parent Company has elected to use the intrinsic value method to account for the compensation cost of stock options to eligible employees. Intrinsic value is the amount by which the quoted market price of the underlying share as on the date of grant exceeds the exercise price of the option.

Summary of the options outstanding under the ESOS's and the Weighted Average Exercise Price (WAEP):

Particulars	As at March 31, 2016		As at March 31, 2015	
	Options	WAEP (₹)	Options	WAEP (₹)
Options outstanding at the beginning of the year	30,453,380	36.22	24,927,140	48.27
Granted during the year *	11,290,000	10.00	11,569,000	10.00
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	8,109,190	14.24	6,042,760	31.49
Options outstanding at the end of the year **	33,634,190	32.72	30,453,380	36.22
Vested options pending to be exercised as at the end of the year	15,140,470	60.47	12,099,240	76.00

\*During the year ended March 31, 2016, 1,050,000 options (for the year ended March 31, 2015 1,050,000 Options) granted to Managing Director and Global CEO and Nil options (for the year ended March 31, 2015 720,000 Options) granted to Executive Director.

\*\*Includes 3,600,000 options granted to Managing Director/Executive Director and Non-Executive Directors (for the year ended March 31, 2015, 4,360,000 options).

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

The following tables summarize information about outstanding stock options:

#### As at March 31, 2016

Range of exercise price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹ 45 to ₹ 50	-	-	-
₹ 57 to ₹ 144	7,182,400	1	116.39
₹ 10	26,451,790	9	10.00

#### As at March 31, 2015

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

## 2.2 Reserves and Surplus

₹crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>a. Securities Premium Account</b>		
Opening balance	840.33	823.54
Add : On allotment of equity shares under FCCB conversion	13.06	19.28
Add : On allotment of equity shares under Corporate Debt Restructuring (CDR) of year 2011-12	16.54	1.41
Add: Premium no longer payable on redemption of preference shares (Refer Note No. 2.1.2)	11.70	-
Less: Premium payable on redemption of preference shares	-	(3.90)
	881.63	840.33
<b>b. Revaluation Reserve</b>		
Opening balance	125.50	-
Add: Movement during the year (Refer note no. 2.9.4)	-	125.50
	125.50	125.50
<b>c. Foreign Currency Monetary Items Translation Difference Account</b>		
Opening Balance	(20.32)	(24.55)
Add: On Reinstatement during the year (Refer note no. 2.38 )	9.33	4.23
Add : Amortisation during the year (Refer note no. 2.38 )	9.81	-
Add : Additional Amortisation - Debt Restructuring Scheme (DRS effect) (Refer note no. 2.38 )	32.29	-
	31.11	(20.32)
<b>d. Cash Flow Hedging Reserve Account</b>		
Opening Balance	-	(22.60)
Add : Recognised during the year (Refer note no. 2.30)	-	22.60
	-	-
<b>e. Translation Reserve</b>		
Opening balance	-	-
Add: Movement during the year	(11.89)	(187.23)
	(11.89)	(187.23)
(Less): Adjusted against Surplus/(Deficit) in Statement of profit and loss (contra)	11.89	187.23
	-	-
<b>f. Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	(1,998.51)	(818.30)
Add: Transitional Depreciation for the year (Refer note no. 2.9)	(1.07)	(16.71)
Add: Net Profit/ (Loss) for the year	(1,056.40)	(976.27)
Add: Translation reserve adjusted (contra)	(11.89)	(187.23)
	(3,067.87)	(1,998.51)
<b>Total</b>	<b>(2,029.61)</b>	<b>(1,053.00)</b>

## 2.3 Long-term borrowings

₹crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Secured Loans</b>		
Term loans from banks		
Rupee term loan (Refer Note No. 2.3.1)	<b>463.47</b>	241.65
Foreign currency loan from banks (Refer Note No. 2.3.1)	-	1,015.39
Term loans from others		
Rupee term loan others (Refer Note No. 2.3.1)	<b>73.18</b>	-
	<b>536.65</b>	1,257.04
<b>Unsecured Loans</b>		
Foreign currency convertible bonds (FCCB's) (Refer Note No. 2.3.1 and 2.3.2 )	<b>131.35</b>	540.12
Term loans:		
From others	<b>2.25</b>	3.67
Finance lease obligations (Refer Note No. 2.3.1)	-	59.50
	<b>133.60</b>	603.29
<b>Total</b>	<b>670.25</b>	1,860.33

### 2.3.1 Debt Restructuring Scheme

During the year, with an objective to serve interests of the lenders in the long term, by offering the possibility of value enhancement, and simultaneously support the growth of the Group, the Parent Company submitted a second scheme herein after called as 'Debt Restructuring Scheme ('DRS')' to its lenders and FCCB holders.

The DRS was approved by the CDR Empowered Group ('CDR EG') at its meeting held on April 27, 2016, and the CDR has issued a letter of approval dated June 14, 2016 approving the said scheme.

The Parent Company also submitted a restructuring proposal for its existing FCCB Holders in respect of the outstanding 5% and 4.75% Bonds due in 2017 (Existing FCCBs). The restructuring proposal envisaged the exchange of Existing FCCBs for new U.S. Dollar denominated 2.5% Foreign Currency Convertible Bonds 2025 ('New FCCBs'), and amendment of the terms and conditions of the Existing FCCBs, which were not tendered for exchange (Amended FCCBs). The restructuring proposal was approved by the Existing FCCB Holders at their meetings held on July 27, 2016 and August 10, 2016 respectively. The Parent Company has executed Supplemental Restructuring Agreement to the Master Restructuring Agreement dated March 30, 2012 with CDR Lenders on June 29, 2016. The approvals to DRS from Reserve Bank of India and SEBI are awaited.

The significant highlights of the said scheme are as under:

1. Cutoff date: April 01, 2016.
2. Waiver of all unpaid interest dues from April 01, 2014 till March 31, 2016 including Liquidated Damages and Penal Interest.
3. If there is any shortfall in servicing of interest/unpaid interest till March 31, 2014, lenders would be allotted equity shares of 3i Infotech Limited ('the Company' or '3i') at face value towards the shortfall amount/unpaid amount.
4. Existing covenants and terms and conditions as approved by CDR EG to continue; including maintaining of TRA account with Monitoring Institution ('MI').
5. All lenders participating in DRS shall have pari-passu sharing of cash flows of 3i.
6. FCNR (B) loan/FCL crystallized and converted into Rupee debt.
7. Loans from lenders in subsidiaries are to be recognized in 3i and to be converted into a Rupee debt.
8. Waiver of all liquidated damages, penal charges, penal interest or excess interest in excess of documented rate on any facility from COD till implementation of the package.
9. Corporate guarantees and pledge of shares from the offshore and overseas subsidiaries as stipulated in the original CDR package shall be continued to be obtained.
10. The terms of existing Class A Preference Shares having face value of ₹. 5 each, have been amended and these are now redeemable on March 15, 2026, dividend premium payable on redemption; which would have provided the preference share holder an internal rate of return @ 6% per annum would no longer be payable.

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

Particulars	LENDERS		FCCBs		Financial impact	Reference to Note no.
	%	₹ Crores	%	₹ Crores	₹ Crores	
<b>Total Exposure</b>	<b>100%</b>	<b>1,926.69</b>	<b>100%</b>	<b>525.80</b>	<b>2,452.49</b>	
<b>I. Effects accounted in Balance sheet</b>						
Conversion to 0.10% Non-Convertible Preference Shares	35%	658.48	0%	-	658.48	
Conversion to Equity	40%	752.56	40%	201.41	953.97	
Shortfall in servicing of interest - conversion to Equity		20.99		-	20.99	
<b>Disclosed as 'Share Suspense account'</b>		<b>1,432.03</b>		<b>201.41</b>	<b>1,633.44</b>	
<b>Exposure carried forward under 'Long term borrowings'</b>	<b>25%</b>	<b>515.65</b>	<b>25%</b>	<b>131.35</b>	<b>647.00</b>	2.3
<b>II. Effects accounted in Statement of Profit and Loss account</b>						
Waiver of Principal	0%	-	35%	(193.04)	(193.04)	2.26
Overdue interest servicing to be waived upto March 31, 2016		(177.73)		(46.77)	(224.50)	
Premium no longer payable on redemption of FCCBs		-		(6.39)	(6.39)	
Additional amortisation arising on restructured FCCBs		-		32.29	32.29	
Write off Unamortised borrowing cost / Prepaid Expenses		7.93		-	7.93	
Additional Liability crystallized under DRS (net)		28.90		-	28.90	
Debt Restructuring Expenses incurred					11.43	
<b>Disclosed as 'Net write back consequent to Debt Restructuring' under 'Exceptional Items'</b>					<b>(343.38)</b>	
<b>Terms with respect to continuing debt exposure</b>						
Continue as Debt	25%	515.65	25%	131.35	647.00	2.3
Interest	10%	Base Rate	2.50%			
Moratorium on Debt Principal	Upto March 31, 2018		Upto March 31, 2019			
Servicing of Interest	Monthly from April 2016		Semi Annual from April 2016			
Repayment of Debt Principal	Monthly over 6 years		Annual over 6 years			
Repayment of Preference Shares	March 31, 2026		Not Applicable			
Other Terms			Conversion of 25% FCCB to Equity @ INR 12.50; i.e. Premium of INR 2.50 (25%)			

**Summary of Amended terms and conditions of 'Existing FCCBs' and terms and conditions of NewFCCBs:**

Particulars	Fourth Issue	Fifth Issue	Fourth Issue Amended	Fifth Issue Amended	New Issue
Issue currency	USD	USD	USD	USD	USD
Issue size	2.44 million **	125.36 million	2.43 million **	125.36 million	16.31 million
Issue date	April 25, 2012	April 25, 2012	April 25, 2012	April 25, 2012	April 25, 2012
Maturity date	July 27, 2017	April 26, 2017	March 31, 2025	March 31, 2025	March 31, 2025
Coupon rate	4.75%	5%	2.50%	2.50%	2.50%
Fixed exchange rate of conversion	₹ 40.81	₹ 50.7908	₹ 40.81	₹ 50.7908	₹ 66.326
Conversion price—post bonus	₹ 165.94	₹ 16.50	₹ 165.94	₹ 16.50	₹ 12.5
<b>Writeback – (USD)</b>					
<b>2015-16</b>	<b>(0.93 million)</b>	<b>(27.04 million)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
2014-15	Nil	Nil	Nil	Nil	Nil
<b>Conversions/ Redemptions – (USD)</b>					
<b>2015-16</b>	Nil	<b>(6.52 million)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
2014-15	Nil	(9.64 million)	Nil	Nil	Nil
<b>To be converted into equity – (USD )</b>					
<b>2015-16</b>	<b>(0.93 million)</b>	<b>(30.88 million)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
2014-15	Nil	Nil	Nil	Nil	Nil
<b>To be exchanged against new bonds/ amended bonds – (USD)</b>					
<b>2015-16</b>	<b>(0.58 million)</b>	<b>(19.29 million)</b>	<b>0.48 million</b>	<b>3.08 million</b>	<b>16.31 million</b>
2014-15	Nil	Nil	Nil	Nil	Nil
<b>Outstanding as at - (USD )</b>					
<b>31 Mar 2016</b>	<b>Nil</b>	<b>0.21 million</b>	<b>0.48 million</b>	<b>3.08 million</b>	<b>16.31 million</b>
31 Mar 2015	2.44 million	83.94 million	Nil	Nil	Nil
<b>Outstanding as at - (₹ Crores)</b>					
<b>31 Mar 2016</b>	<b>Nil</b>	<b>1.37</b>	<b>31.93</b>	<b>20.35</b>	<b>107.08</b>
31 Mar 2015	15.22	524.90	Nil	Nil	Nil

**Securities offered consequent to Debt Restructuring Scheme**

The borrowing from the CDR lenders (excluding certain Specified lenders) together with all interest, default interest, additional interest, commitment fees, all and any other costs, charges, expenses, fees, financing charges/fees/remuneration shall continue to be secured by the security created in terms of the original Master Restructuring Agreement including the Corporate Guarantee and pledge over the Subject Shares.

Certain Specified lenders referred above/ non CDR lenders shall have pari passu share in the cash flow of the Company.

Details of 'Security created', 'Corporate Guarantees from Material Subsidiaries' and 'Pledge of share's are as described under:

**a) Security created**

Sr. No.	Security	First Charge to	Second Charge to
1.	A charge and mortgage on all the present and future immovable and movable tangible fixed assets (except leased assets) of the Company.	ICICI Bank and IDBI Bank	All Facilities (other than ones of ICICI Bank and IDBI Bank in respect of which the First Charge is created).

Sr. No.	Security	First Charge to	Second Charge to
2	A charge on all the Trade receivables and stocks of the Company.	IDBI Bank, Oriental Bank of Commerce ('OBC'), State Bank of Travancore ('SBT') and Standard Chartered Bank ('SCB'). First charge shall be pari passu with the existing first charge created in favour of a working capital facility (non fund based) provided by the Development Bank of Singapore (DBS).	All Facilities other than the ones of IDBI Bank, OBC, SBT and SCB in respect of which the First charge is created.
3	A charge on all the present and future current assets (except receivables) of the Company.	SBT First charge shall be pari passu with the existing first charge created in favour of (i) a working capital facility (non fund based) provided by DBS. Further, first ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of the Company, to secure SCB Facility.	All Facilities other than the one of SBT in respect of which the First charge is created.
4	A charge on all the present and future intellectual property rights (other than in respect of ORION and PREMIA) of the Company.	All Facilities. Intellectual property rights in respect of ORION and PREMIA are charged in favour of SCB on exclusive basis.	Not Applicable

a) **Corporate guarantees from material subsidiaries:**

Corporate guarantees of each of the material subsidiaries guaranteeing the secured obligations ("Corporate Guarantees"), in favour of all the CDR lenders. Each Corporate Guarantee shall be secured/credit enhanced by security interest over assets of the relevant material subsidiary providing the Corporate Guarantee, as permitted under applicable laws in the relevant jurisdictions, as detailed in the table below and shall have the ranking as mentioned against each security.

Sr. No.	Security	First Charge to	Second Charge to
<b>Charge on assets of 3i Infotech Inc</b>			
1	A charge on all the present and future movable fixed assets and current assets of 3i Infotech Inc.	ICICI Bank First charge shall be pari passu with the existing first charge created in favour of State Bank of India, California to secure line of credit of US\$ 4.5 million.	All Facilities other than the one of ICICI Bank in respect of which the First charge is created.
<b>Charge on assets of 3i Infotech (Middle East) FZ LLC</b>			
2	A charge on all the present and future movable fixed assets and current assets (except receivables and the collection account) of 3i Infotech (Middle East) FZ LLC.	All Facilities. First ranking pari passu security interest has been created over collection account of 3i Infotech (Middle East) FZ LLC to secure USD 17 million STF facility and guarantee facility by SCB, Dubai.	Not Applicable
3	A charge on all the receivables of 3i Infotech (Middle East) FZ LLC.	Not Applicable	All Facilities
<b>Charge on assets of 3i Infotech Asia Pacific Pte Limited</b>			
4	A charge on all the present and future movable fixed assets and current assets (other than receivables and stocks) of 3i Infotech Asia Pacific Pte Limited.	All Facilities. First ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of 3i Infotech Asia Pacific Pte Limited, to secure the cash credit facility of USD 2 million provided by SCB Singapore.	Not Applicable

Sr. No.	Security	First Charge to	Second Charge to
5	A charge on all the receivables and stocks of 3i Infotech Asia Pacific Pte Limited.	Not Applicable First charge has been created to secure the cash credit facility of USD 2 million provided by Standard Chartered Bank, Singapore.	All Facilities.
<b>Charge on assets of 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited.</b>			
6	A charge on all the present and future movable assets including current assets of 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited, except current assets of 3i Infotech BPO Limited	All Facilities	Not Applicable
7	A charge on all the current assets of 3i Infotech BPO Limited	First charge has been created to secure the cash credit facility of ₹3 crores provided by Development Credit Bank ('DCB')	All Facilities

**b) Pledge of shares:**

Pledge of shares held by the Companies set out in Column I of the Table below in respect of their respective investments set out in Column II and with details of shares mentioned in column III:

Pledger (I)	Company whose shares have been pledged (II)	Details of shares pledged (III)
3i Infotech Limited	3i Infotech Holdings Private Limited	6,258,371,598 ordinary shares of MUR 1 each
	3i Infotech Asia Pacific Pte Limited	5,346,202 ordinary shares of SGD 1 each
	3i Infotech BPO Limited	100,000 equity shares of ₹ 10 each
3i Infotech Asia Pacific Pte Limited.	3i Infotech SDN BHD	5,000,000 shares of RM 1 each
3i Infotech Holdings Private Limited	3i Infotech Inc	100,138,408 Class A common stock of US\$ 0.30 each and 1,000,000 Class B common stock of US\$ 0.01 each
	3i Infotech Financial Software Inc	280,556 common stock of US\$ 1 each
	3i Infotech (Middle East) FZ LLC	46,174 shares of AED 1000 each

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

**As at March 31, 2016**

₹ crores

Particulars	Type	Interest Rate range %	Amount	Repayment Schedule		
				0-1 yr	1-3 yr	>3 yr
				Included in other current Liabilities	Included in long term borrowings	
Secured Loans	Rupee term Loan from banks	13	-	-	-	-
		3.5	21.01	-	-	21.01
		10	446.35	3.88	73.75	368.72
	Rupee term Loan from others	10	73.18		6.53	66.65
	Foreign Currency Term loan from Banks	Labor+6	-	-	-	-
		Labor+6.50	-	-	-	-
	Vehicle Loan	11.75	-	-	-	-
Unsecured Loans	Term Loan from Others	-	2.25		-	2.25
	Term Loan from Banks	-	-		-	-
	FCCB	2.50	132.73	1.37	23.55	107.80
	Finance Lease Obligations	12.95-15.12	-	-	-	-
Total			675.52	5.25	103.83	566.43



As at March 31, 2015

₹ crores

Particulars	Type	Interest Rate range %	Amount	Repayment Schedule		
				0-1 yr	1-3 yr	>3 yr
				Included in other current Liabilities	Included in long term borrowings	
Secured Loans	Rupee term Loan from banks	13	2.28	2.28	-	-
		3.5	24.66	24.66	-	-
		6.75	282.54	40.89	96.63	145.02
	Foreign Currency Term loan from Banks	Libor+6	104.67	7.33	62.80	34.54
		Libor+6.50	1097.37	179.32	534.72	383.33
	Vehicle Loan	11.75	0.13	0.13	-	-
Unsecured Loans	Term Loan from Others	-	5.50	1.83	3.67	
	FCCB	2.50	540.12		540.12	
	Finance Lease Obligations	12.95-15.12	208.52	149.02	59.50	-
Total			2265.79	405.46	1297.44	562.89

## 2.4 Other long-term liabilities

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Premium payable on redemption of FCCB (Refer Note No.2.3.1)	-	6.31
Premium payable on redemption of preference shares (Refer Note No.2.1.2)	-	11.70
<b>Total</b>	-	18.01

## 2.5 Short-term borrowings

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Secured Loans</b>		
Term Loans:		
From banks (Refer Note No 2.3.1)	-	15.44
Working capital loans	33.28	83.06
	33.28	98.50
<b>Unsecured Loans</b>		
Term Loans:		
From banks (Refer Note No 2.3.1)	2.97	1.65
From others	-	9.50
Bank Overdraft	10.26	2.57
Acceptances from ICICI Bank (an Associate)	-	52.45
	13.23	66.17
<b>Total</b>	46.51	164.67



## 2.6 Trade payables

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Due to:</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note no. 2.42 )	-	-
Others	157.66	211.36
<b>Total</b>	<b>157.66</b>	<b>211.36</b>

## 2.7 Other current liabilities

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Current maturities of long term loans &amp; finance lease obligations</b>		
<b>Secured term loans</b>		
Rupee term loan from banks (Refer Note No 2.3.1)	-	22.78
Overdue FCCB's ( Refer Note No 2.3.1 and 2.3.2 )	1.37	109.11
Vehicle Loan	0.00	0.13
Other overdue borrowings from banks(Refer Note No 2.3.1)	1.63	135.18
<b>Unsecured term loans</b>		
FCCB (Refer Note No 2.3.1)	-	-
From others (Refer Note No 2.3.1)	2.25	1.83
Finance lease obligations (Refer Note No 2.3.1)	-	74.21
Overdue finance lease obligations (Refer Note No 2.3.1)	-	74.81
<b>Total (A)</b>	<b>5.25</b>	<b>418.05</b>
<b>Other Liabilities</b>		
Overdue borrowing from bank - short term secured (Refer Note No 2.3.1)	-	1.50
Interest accrued but not due on borrowings	0.09	12.53
Interest accrued and due on borrowings/acceptances (Refer Note No 2.3.1)	11.51	165.90
Payable towards interest sacrifice (Refer Note No 2.3.1)	-	6.20
Unclaimed dividend *	0.32	0.37
Advances received from customers (includes unearned revenue)	55.63	83.44
Other payables	48.04	28.32
Cash flow hedging liability (Refer note no.2.30)	-	-
<b>Total Other Liabilities (B)</b>	<b>115.59</b>	<b>298.26</b>
<b>Total Other Current Liabilities ( A + B )</b>	<b>120.84</b>	<b>716.31</b>

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

## 2.8 Short-term provisions

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee benefits	34.27	29.13
<b>Total</b>	<b>34.27</b>	<b>29.13</b>

## 2.9 Fixed Assets

As at March 31, 2016

₹ crores

Particulars	GROSS BLOCK (at cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2015	Additions during the year	Ded/ (Adj) during the year	As at March 31, 2016	As at April 1, 2015	Dep for the year	Ded/ (Adj) during the year	As at March 31, 2016	As at March 31, 2016
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	0.06	0.47	0.12	-	(0.02)	0.14	0.33
- Freehold	-	-	-	-	-	-	-	-	-
Buildings - Owned	-	-	-	-	-	-	-	-	-
- Leasehold (Ref note no. 2.9.4)	146.35	-	-	146.35	5.88	3.12	0.01	8.99	137.37
Plant & Equipment / Electrical Installations	3.98	0.46	0.37	4.06	3.69	0.17	0.37	3.48	0.58
Furniture & Fixtures	12.38	0.74	3.13	9.98	9.67	0.71	1.24	9.14	0.84
Vehicles	3.59	-	1.22	2.37	2.60	0.45	0.96	2.09	0.28
Office Equipment	14.90	0.76	2.44	13.22	12.90	0.83	2.39	11.34	1.89
Computers	80.79	1.83	3.23	79.38	71.51	5.95	2.69	74.78	4.61
Leasehold Improvements	23.58	1.22	2.20	22.59	18.82	1.42	2.27	17.97	4.62
Asset on Finance Lease (Ref Note no.2.9.1 and 2.9.5)	271.61	-	2.06	269.55	174.23	62.42	(31.96)	268.63	0.92
	<b>557.70</b>	<b>4.99</b>	<b>14.71</b>	<b>547.98</b>	<b>299.42</b>	<b>75.07</b>	<b>(22.06)</b>	<b>396.55</b>	<b>151.43</b>
<b>Intangible assets</b>									
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-
Software Products - Meant for sale	1,303.76	58.60	5.65	1,356.71	360.50	110.04	(662.50)	1,133.05	223.67
Software Products - Others	234.44	0.00	45.58	188.86	212.88	17.52	46.08	184.32	4.54
Business and Commercial Rights	37.36	-	7.51	29.85	29.85	0.41	0.41	29.85	0.00
	<b>1,577.35</b>	<b>58.60</b>	<b>58.74</b>	<b>1,577.21</b>	<b>605.02</b>	<b>127.97</b>	<b>(616.02)</b>	<b>1,349.01</b>	<b>228.20</b>
<b>Total Tangible and Intangible</b>	<b>2,135.05</b>	<b>63.59</b>	<b>73.45</b>	<b>2,125.20</b>	<b>904.44</b>	<b>203.04</b>	<b>(638.08)</b>	<b>1,745.56</b>	<b>379.63</b>

**2.9.1** On physical verification of 'Tangible Assets under Finance Lease', the management on consideration of their wear and tear has decided to provide additional depreciation of ₹ 35.21 crores during the year and the same has been included under 'Exceptional Items' (Refer note no.2.26)

**2.9.2** Considering the user of the intangible assets under 'Software Products – Meant for sale', going forward the management has decided to carry them at their residual values and has accordingly accounted additional amortization of ₹ 668.14 crores, during the year and the same has been included under 'Exceptional Items' (Refer note no.2.26)

As at March 31, 2015

₹ crores

	GROSS BLOCK (at cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
Particulars	As at April 1, 2014	Additions during the year	Ded/ (Adj) during the year	As at March 31, 2015	As at April 1, 2014	Dep for the year	Ded/ (Adj) during the year	As at March 31, 2015	As at March 31, 2015
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.12	-	0.00	0.12	0.40
- Freehold	-	-	-	-	-	-	-	-	-
Buildings - Owned	33.86	-	33.86	-	16.96	7.11	24.07	-	-
- Leasehold (Ref Note no. 2.9.4)	20.85	-	(125.50)	146.35	4.62	1.27	0.01	5.88	140.47
Plant & Equipment / Electrical Installations	14.89	0.15	11.06	3.98	7.75	0.33	4.39	3.69	0.29
Furniture & Fixtures	26.08	0.51	14.21	12.38	19.33	1.81	11.47	9.67	2.71
Vehicles	4.54	0.07	1.02	3.59	1.89	0.68	(0.03)	2.60	0.99
Office Equipment	19.46	1.46	6.02	14.90	12.88	2.41	2.39	12.90	2.00
Computers	112.25	2.76	34.22	80.79	86.85	15.81	31.15	71.51	9.28
Leasehold Improvements	23.82	2.16	2.40	23.58	14.70	1.73	(2.39)	18.82	4.76
Asset on Finance Lease ( Ref Note No. 2.9.5 )	275.59	-	3.98	271.61	114.20	64.01	3.98	174.23	97.38
	531.86	7.11	(18.73)	557.70	279.30	95.16	75.04	299.42	258.28
<b>Intangible assets</b>									
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-
Software Products - Meant for sale	1,257.28	-	(46.48)	1,303.76	256.65	103.84	-0.01	360.50	943.26
Software Products - Others	238.26	0.11	3.93	234.44	186.94	28.65	2.71	212.88	21.56
Business and Commercial Rights	44.62	-	7.26	37.36	35.66	1.45	7.26	29.85	7.51
	1,541.95	0.11	(35.29)	1,577.35	481.04	133.94	9.96	605.02	972.33
<b>Total Tangible and Intangible</b>	<b>2,073.81</b>	<b>7.22</b>	<b>(54.02)</b>	<b>2,135.05</b>	<b>760.34</b>	<b>229.10</b>	<b>85.00</b>	<b>904.44</b>	<b>1,230.61</b>

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

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

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

**2.9.4** During the previous year, the parent Company has revalued its Leasehold Building (60 years lease period) based on the fair market valuation obtained from an independent expert valuer. Accordingly ₹ 125.50 crores has been credited to revaluation reserve.

## 2.9.5 Tangible Assets under finance lease included in the schedule of fixed assets are as Follows:

As at March 31, 2016

₹ crores

Asset type	Gross Block	Accumulated Depreciation	Net Block
Computers	191.80	191.80	-
Plant & Equipment/Electrical Installations	0.32	0.32	-
Furniture & Fixtures	65.23	65.23	-
Leasehold Improvements	11.39	10.72	0.67
<b>Total</b>	<b>268.74</b>	<b>268.07</b>	<b>0.67</b>

As at March 31, 2015

₹ crores

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

## 2.10 Goodwill arising on consolidation

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Opening balance</b>	<b>710.56</b>	1,632.60
Add: Additions during the year	-	-
Less: Due to sale of subsidiaries / discontinued operation	(33.69)	(575.11)
Less: Due to Impairment	(241.81)	(350.00)
Add/(Less): Due to foreign currency fluctuation	(0.00)	3.07
<b>Closing balance</b>	<b>435.06</b>	710.56

## 2.11 Non-Current Investments

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unquoted at Cost and Non Trade Investments (Long term)</b>		
(i) Investment in Equities, Preference Capital		
200,000 Equity Shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co.Ltd.(as at March 31, 2015 - 200,000 shares)	0.10	0.10
55,000 equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited. ( as at March 31, 2015 - 55,000 shares)	0.06	0.06
37,500 Equity Shares of Egyptian Pounds 100 each fully paid up of Nile Information Technology . (as at March 31, 2015 - 37,500 shares)	2.91	2.91
Less: Provision for diminution in the value thereof	(2.91)	(2.91)
	-	-
8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA.	2.10	2.10
Less: Provision for diminution in the value thereof	(2.10)	(2.10)
	-	-
250,00,000 Redeemable Non Convertible Zero Coupon Preference Shares of ₹ 10 each fully paid up of eMudhra Ltd (as at March 31, 2015 - 2,50,00,000 shares)	25.00	25.00
Less: Reclassified as other receivables #	(12.50)	-
Less : Reclassified as Current Investments #	(12.50)	-
	0.16	25.16
(a)Aggregate amount of Quoted investments and market value thereof;	-	-
(a)Aggregate amount of Unquoted investments	17.67	30.17
(b)Aggregate provision for diminution in value of investments	5.01	5.01

# In terms of settlement agreement entered into with the investee Company

## 2.12 Current Investments

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Non trade, Unquoted and Fully paid up - In Preference Shares</b>		
12,500,000 Redeemable Non Convertible Zero Coupon Preference shares of ₹ 10 each fully paid up of eMudhra Ltd. #	<b>12.50</b>	-
<b>Total</b>	<b>12.50</b>	-

# in terms of the settlement agreement, the same will be purchased by the promoters of investee company by October 31, 2016

## 2.13 Deferred tax asset

₹ crores

Paticulars	As at March 31, 2016	As at March 31, 2015
<b>Deferred tax asset:</b>		
Unabsorbed losses /depreciation	<b>799.37</b>	818.34
Expenses allowable on payment and others (including provision for doubtful debts)	<b>15.59</b>	73.09
Provision for Diminution in value of Investments / Loss Provided on divestment of step down subsidiaries	-	212.77
Fixed assets (Depreciation / Amortization)	<b>0.16</b>	0.47
Others	<b>2.09</b>	2.66
Provision for Diminution in value of Investments / Loss on divestment of step down subsidiaries	<b>266.42</b>	
	<b>1,083.63</b>	1,107.33
Deferred Tax Liability:		
Fixed Assets (Depreciation / Amortization)	<b>81.36</b>	315.29
	<b>81.36</b>	315.29
	<b>1,002.27</b>	792.04
Less: Deferred tax assets not recognised as a matter of prudence	<b>998.26</b>	666.20
<b>Net deferred tax asset</b>	<b>4.01</b>	125.84

## 2.14 Long-term loans and advances

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Capital advances	<b>0.35</b>	-
Security deposits (Includes lease rent deposits)	<b>10.32</b>	11.32
MAT credit receivable	<b>0.21</b>	8.98
Prepaid expenses	<b>7.35</b>	8.32
Advance tax and tax deducted at source (net of provision for tax)	<b>160.59</b>	145.07
Advances recoverable in cash or in kind or for value to be received	-	0.14
	<b>178.82</b>	173.83
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	<b>0.48</b>	1.34
Less: Provision for Deposits forfeited	<b>(0.48)</b>	(1.34)
	-	-
<b>Total</b>	<b>178.82</b>	173.83

## 2.15 Other non-current assets

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured considered good</b>		
Unbilled revenue	-	3.83
Unamortised borrowing cost (Refer Note No. 2.3.1)	-	6.05
<b>Total</b>	-	9.88

## 2.16 Inventories (Cost or Net Realisable Value whichever is lower)

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Hardware and Supplies	0.82	1.44
<b>Total</b>	0.82	1.44

## 2.17 Trade receivables

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Debts outstanding for a period exceeding 6 months from the due date of payment	16.57	24.23
Others	163.55	155.05
	180.12	179.28
<b>Unsecured, considered doubtful</b>		
Doubtful debts exceeding 6 months from the due date of payment	56.66	50.15
Less: Provision for bad and doubtful debts	(56.66)	(50.15)
	-	-
<b>Total</b>	180.12	179.28

## 2.18 Cash and bank balances

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash Equivalents</b>		
in current accounts	44.11	11.04
Cash on hand	0.18	0.43
<b>TOTAL (A)</b>	44.29	11.47
<b>Other Bank Balances</b>		
in margin money accounts	6.95	6.89
in escrow accounts	0.21	4.15
in dividend accounts	0.32	0.37
<b>TOTAL (B)</b>	7.48	11.41
<b>TOTAL (A+B)</b>	51.77	22.88

## 2.19 Short-term loans and advances

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Security deposits (Includes lease rent deposits)	9.56	11.39
<b>Unsecured, considered doubtful</b>		
Security Deposits (includes lease rent deposits)	2.31	2.21
Less: Provision for deposits forfeited	(2.31)	(2.21)
	9.56	11.39
<b>Other loans and advances</b>		
Advance tax and tax deducted at source (net of provision for tax)	0.34	7.31
Prepaid expenses ( Refer Note No.2.3.1)	10.60	7.62
Loans to staff	0.03	1.00
Advances recoverable in cash or in kind or for value to be received	22.65	48.23
	33.62	64.16
<b>Total</b>	<b>43.18</b>	<b>75.55</b>

## 2.20 Other current assets

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, consider good</b>		
Unbilled revenues	54.92	97.97
Unamortised borrowing cost (Refer Note No.2.3.1)	-	2.27
Other receivables	1.53	-
<b>Total</b>	<b>56.45</b>	<b>100.24</b>

## 2.21 Revenue from operations

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
IT solutions	1,062.92	1,280.26
Transaction services	62.67	63.74
<b>Total</b>	<b>1,125.59</b>	<b>1,344.00</b>

## 2.22 Other income

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income	0.73	1.76
Gain on sale/discarding of fixed assets	0.14	0.09
Other non-operating income	3.64	2.58
<b>Total</b>	<b>4.51</b>	<b>4.43</b>

## 2.23 Employee benefit expenses and Cost of Revenue

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and wages	608.65	683.73
Contribution to provident funds and other funds	23.01	27.43
Recruitment and training expenses	1.59	2.66
Staff welfare expenses	7.12	9.11
Cost of third party products / outsourced services	199.34	279.34
<b>Total</b>	<b>839.71</b>	<b>1,002.27</b>

## 2.24 Finance cost

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expense (Refer Note No.2.3.1)*	146.32	203.39
Other borrowing costs	5.13	8.01
<b>Total</b>	<b>151.45</b>	<b>211.40</b>

\* Includes interest accrued for the 9 months period ended December 31, 2015 of ₹ 100.67 crores; which consequent to DRS has been reversed to 'Net Write back Consequent to Debt Restructuring;' grouped under 'Exceptional items' (Refer note no. 2.26 and 2.3.1). Interest for the quarter ended March 31, 2016 has not been accrued (Refer note no. 2.3.1).

## 2.25 Other expenses

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	28.27	36.45
Foreign exchange loss (net)	51.70	3.37
Travelling and conveyance	27.47	31.38
Power and fuel	6.93	9.84
Selling and distribution expenses	1.72	1.99
Repairs and Maintenance	5.00	6.59
Insurance	6.93	8.31
Rates and taxes	5.08	5.07
Communication expenses	5.84	10.93
Printing and stationery	1.50	1.83
Directors' Sitting Fees	0.21	0.15
Legal and Professional charges	23.51	26.28
Bad debts written off	2.42	0.75
Less: Provision for doubtful debts withdrawn	(2.42)	(0.75)
Provision for doubtful debts	15.66	14.07
Miscellaneous expenses	5.90	12.75
<b>Total</b>	<b>185.72</b>	<b>169.01</b>



## 2.26 Exceptional Items

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Provision for Goodwill impairment / Doubtful receivables	254.31	350.00
Provision for Losses on discontinued Business and loss on sale of subsidiaries	41.87	287.64
Net Write back consequent to Debt Restructuring ( Refer Note No.2.3.1)	(343.38)	-
Additional amortisation /Depreciation on Intangible and Finance Lease Assets on evaluation ( Refer Note No.2.9.1 and 2.9.2 )	703.35	-
Old Irrecoverable balances written off	-	35.53
<b>Total</b>	<b>656.15</b>	<b>673.17</b>

## 2.27 Tax expenses

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Current taxes:		
Income tax	5.96	13.91
Minimum Alternate Tax (MAT) credit entitlement written off	-	21.80
Income tax pertaining to earlier years written off	25.66	6.86
	31.62	42.57
Deferred tax asset reversed (net)	121.68	(3.03)
<b>Total</b>	<b>153.30</b>	<b>39.54</b>

## 2.28 Members of the Group

Parent company's subsidiaries/ Joint venture's are listed below:

Sr No.	Particulars	Country of incorporation	Percentage of holding	Date of acquisition / establishment
1	3i Infotech Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Jan 7, 2000
2	3i Infotech Asia Pacific Pte Limited	Singapore	100% held by Parent Company	Nov 8, 2000
3	3i Infotech SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	Sep 26, 2002
4	3i Infotech (UK) Limited	UK	100% held by the Parent Company	Apr 1, 2005
5	3i Infotech (Thailand) Limited	Thailand	100% held by 3i Infotech Asia Pacific Pte Limited	May 12, 2005
6	3i Infotech Services SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	May 11 2006
7	3i Infotech Trusteeship Services Limited (upto 15 th October , 2015)	India	100% held by Parent Company	Aug 31, 2006
8	3i Infotech (Western Europe) Holdings Limited (upto 8th February ,2016)	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
9	3i Infotech (Western Europe) Group Limited	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
10	Rhyme Systems Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
11	3i Infotech Holdings Private Limited	Mauritius	100% held by Parent Company	Nov 20, 2006
12	3i Infotech Financial Software Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Dec 18, 2006
13	3i Infotech Saudi Arabia LLC	Saudi Arabia	100% held by Parent Company	Dec 24, 2006

Sr No.	Particulars	Country of incorporation	Percentage of holding	Date of acquisition / establishment
14	3i Infotech (Africa) Limited	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
15	Black Barret Holdings Limited	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
16	Professional Access Software Development Private Limited	India	100% held by Black Barret Holdings Limited	May 8, 2007
17	3i Infotech (Middle East) FZ LLC	UAE	100% held by 3i Infotech Holdings Private Limited	Sep 25, 2007
18	3i Infotech Consultancy Services Limited	India	100% held by Parent Company	Nov 30, 2007
19	3i Infotech BPO Limited	India	100% held by Parent Company	Dec 3, 2007
20	3i Infotech Framework Limited (upto 08 th February , 2016)	UK	100% held by 3i Infotech (Western Europe) Limited	Feb 8, 2008
21	Locuz Enterprise Solutions Limited	India	74% held by the Parent Company	May 8, 2008
22	Elegon Infotech Limited	China	100% held by Parent Company	Jul 10, 2007
23	IFRS Cloud Solutions Limited (formerly known as 3i Infotech Outsourcing Services Limited)	India	100% held by 3i Infotech Financial Software Inc.	Mar 24, 2011
24	3i Infotech (South Africa) (Pty) Limited	Republic of South Africa	100% held by 3i Infotech Holding Private Limited	Nov 28, 2013
25	Locuz Inc.	USA	100% held by Locuz Enterprise Solutions Limited	Jul 29, 2014

The details of our investment in the joint venture are listed below:

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

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

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Outstanding guarantees	4.88	3.42
Arrears of Cumulative Preference Dividend (including dividend distribution tax thereon) (Refer Note no.2.1.2)	-	4.83
<b>Estimated amount of claims against the Group not acknowledged as debts in respect of :</b>		
- Disputed Income Tax matters	50.08	52.04
- Disputed Sales Tax matters	36.17	35.23
- Disputed Service Tax matters (excluding interest as applicable)	180.86	181.07
- Customer claims	19.88	15.88
- Others*	47.67	47.61
<b>Total</b>	<b>339.54</b>	<b>340.08</b>

\* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.78 crores (as at March 31, 2015 - ₹ 0.78 crores).

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

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

## 2.29.2 Capital Commitments

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.19	0.14
b) Uncalled capital pertaining to Joint Venture	1.24	1.17

## 2.30 Derivative Instruments:

During the financial year ended March 31, 2012, the Parent Company had entered into a cross currency interest rate swap ('the Swap') to the tune of USD 26 mn (₹ 115 crores). The Parent Company designated this instrument as cash flow hedge against its forecasted foreign currency inflows. For hedge transactions, the Company identified the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness was assessed at the time of inception of the hedge and periodically thereafter. The Swap was expired in March 2015 and the amount of ₹ 22.60 crores was recognized during the year ended March 31, 2015 in Cash flow hedging reserve account as effective fair value changes on derivative under cash flow hedge accounting. Accordingly, the Company carried ₹ Nil balance as at March 31, 2015 in 'Cash flow Hedging Reserve account' and the fair value of outstanding derivative designated under cash flow hedge accounting as at March 31, 2015 was ₹ Nil.

## 2.31 Leases:

### a) Operating Lease:

- (i) The Parent Company has acquired certain Land and Building under a lease arrangement for a period of sixty years at a premium of ₹ 0.50 crores starting from December 4, 2000 for Land, ₹ 15.62 crores starting from March 13, 2000 and ₹ 5.05 crores March 1, 2003 for building and the same are being amortized over the lease period. All other lease arrangements in respect of properties from are renewable/ cancellable at the group and/or lessors' option as mutually agreed. The future lease rental payment committed is as under:

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Within one year	19.95	18.36
Later than one year and not later than five years	24.55	39.74
Later than five years	26.29	27.97

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

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Within one year	1.16	4.66
Later than one year and not later than five years	-	1.16
Later than five years	-	-

**b) Finance Lease**

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

**As at March 31, 2016** (Refer Note No. 2.3.1)

The future lease obligation that the Group is committed to make is as follows:

₹ crores

Particulars	Total Minimum lease payments outstanding	Present value of minimum lease payments	Interest included in minimum lease payments
Due within one year	0.29	0.22	0.07
- later than one year and not later than five years	0.50	0.45	0.05

As at March 31, 2015

₹ crores

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

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

**2.32.1 Going Concern**

Post the approval of debt restructuring ( Refer note Note 2.3.1), the Group is confident of meeting its financial obligations as projected in the said scheme. Accordingly, these financial statements have been prepared on going concern basis.

**2.32.2 Impairment Analysis of Cash Generating Units (CGUs):**

The Group , as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – ‘Impairment of Assets’ and Accounting Standard (AS) - 13 Accounting for Investments, specified under Section 133 of the Act, carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis, with the assistance of an independent expert valuer and accordingly provision for Impairment of Goodwill ₹ 241.81 (Previous year ended March 31, 2015 ₹ 350 crores) has been made. Besides, the Group has incurred loss of ₹ 42.94 crores on sale of subsidiaries / Discontinuing of operations of subsidiaries during the year ended March 31, 2016. (Previous year ₹ 287.64 crores).

**2.33 Investment in Joint Venture:**

The Group has 47.50% interest in Process Central Limited, Joint Venture in Nigeria – Jointly Controlled Entity.

The aggregate amounts of assets, liabilities, income and expenses related to the Group's share in Process Central Limited (Joint venture in Nigeria) are as under:

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Assets	0.51	0.49
Liabilities	0.42	0.40

₹ crores

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
Income	-	-
Expenses	-	-

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Contingent Liability	-	-
Commitments	-	-

## 2.34

- In the opinion of the Board, investments, current and non-current assets, long-term and short-term loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provisions for all known and determined liabilities are adequate and not in excess of the amounts stated.
- The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. However, the management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

## 2.35 Earnings per share:

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

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

₹ crores

Particulars		For the Year ended March 31, 2016	For the year ended March 31, 2015
Profit/(Loss) before exceptional items and discontinued operations and after tax as per Statement of Profit and Loss (₹ crores)		(1059.27)	(302.90)
Add/Less: Minority interest (₹ crores)		(2.87)	0.21
Profit/(Loss) after minority interest (₹ crores)		(1,056.40)	(303.11)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes) (₹ crores) (Refer note no. 2.1.2)		-	4.83
Profit/(Loss) attributable to equity shareholders before exceptional items and impact of discontinued operations (₹ crores)	A	(1056.40)	(307.94)
Add: Profit/(Loss) due to exceptional items and impact of discontinued operations (₹ crores)		(656.15)	(673.17)
Profit/(Loss) attributable to equity shareholders after exceptional items and impact of discontinued operations (₹ crores)	B	(1712.55)	(981.12)
Weighted average number of equity shares outstanding during the year (Nos.)	C	62,27,47,642	582143397
Add: Effect of dilutive issues of options (Nos)		0.00	0.00
Diluted weighted average number of equity shares outstanding during the year (Nos.)	D	62,27,47,642	582143397
Nominal value of equity shares (₹)		10.00	10.00
<b>Before exceptional items and impact of discontinued operations</b>			
Basic Earnings Per Share (₹)	A/C	(16.96)	(5.29)
Diluted Earnings Per Share (₹)	A/D	(16.96)	(5.29)
<b>After exceptional items and impact of discontinued operations</b>			
Basic Earnings Per Share (₹)	B/C	(27.50)	(16.85)
Diluted Earnings Per Share (₹)	B/D	(27.50)	(16.85)

## 2.36 Related Party Transactions:

### a) Key Management Personnel (KMP) and associate:

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

Key Management Personnel/Related Party	Designation / Details
Mr. Madhivanan Balakrishnan	Managing Director and Global CEO
Mr. Padmanabhan Iyer	Chief Financial Officer
Mr. Charanjit Attra	Executive Director ( upto May 28, 2015 )
Mr. Ninad Kelkar	Company Secretary (upto January 11, 2016)
ICICI Bank Limited	Associate ( upto July 31, 2015 )

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

₹ crores

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
<b>Director / KMP - Mr. Charanjit Attra</b>		
Remuneration	0.95	0.95
<b>Director / KMP - Mr. Madhivanan Balakrishnan</b>		
Remuneration	5.37	1.78
<b>Director / KMP - Mr. Padmanabhan Iyer</b>		
Remuneration *	1.53	0.39
<b>Director / KMP - Mr. Ninad Kelkar</b>		
Remuneration *	0.23	0.19
<b>ICICI Bank Limited</b>		
Income	97.99	188.09
Expenses	1.11	2.22
Old Irrecoverable Balance written Off	-	1.74

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

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

₹ crores

Particulars	Nature of Balances	As at March 31, 2016	As at March 31, 2015
<b>ICICI Bank Limited</b>	Trade Receivables	-	0.09
	Unbilled Revenue	-	8.32
	Advances Payable	-	58.52
	Other Payable - Deposit	-	1.55
<b>Directors' Remuneration</b>			
Mr. Madhivanan Balakrishnan *	Payable	1.50	1.78
Mr. Charanjit Attra *	Payable	0.07	0.85
Mr. Padmanabhan Iyer	Payable	0.33	0.38
Mr. Ninad Kelkar	Payable	-	0.01

\*includes retention incentive amount.

- d) Related party as identified by the management and relied upon by the auditors.  
e) No balances in respect of the related parties have been provided for/written back/written off except as stated above.

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

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

₹ crores

Particulars	For the Year ended March 31, 2016	For the year ended March 31, 2015
Segment Revenues:		
IT Solutions	1,062.93	1,280.26
Transaction Services	62.66	63.74
Total Revenues	1,125.59	1,344.00
Segment Results (Gross Profit):		
IT Solutions	209.06	358.59
Transaction Services	83.48	15.54
Total Segment Results	292.54	374.13
Unallocable expenses:		
Operating, Selling and Other expenses	140.69	201.41
Finance cost	151.45	211.40
Depreciation & Amortization	203.04	229.10
Foreign Exchange loss/(gain)	51.70	-
Operating Profit/(Loss)	(254.33)	(267.78)
Other Income	4.51	4.43
Profit/(Loss) before tax	(249.82)	(263.35)
Less : Taxes	153.30	39.54
Profit/(Loss) after tax	(403.14)	(302.90)
Less : Exceptional items	(656.14)	(673.17)
Profit/(Loss) after tax, exceptional items and discontinued operations	(1,059.29)	(976.07)
Less : Minority interest	(2.87)	0.21
Net Profit/(Loss) after minority interest, exceptional items and discontinued operations	(1,056.40)	(976.27)

Note: The segment operating Profit/(Loss) is arrived at before allocating certain expenses to segments and such unallocable expenses are separately disclosed as ‘Operating, Selling and Other expenses’.

- b) Considering the nature of the Group’s business, the assets and liabilities cannot be identified to any specific business segment.
- c) Disclosure of details of Secondary segments, being geographies, are as under:

₹ crores

Segment Revenue	For the Year ended March 31, 2016	For the year ended March 31, 2015
Emerging Markets	765.45	828.88
Developed Markets	360.14	515.13
<b>Total Revenue</b>	<b>1,125.59</b>	<b>1,344.00</b>

Emerging Markets :- South Asia, Asia Pacific, Middle East & Africa geography entities. Developed Markets :- U.S & U.K geography entities.



**2.38 Foreign Currency Monetary Item Translation Difference Account ( Refer Note No. 2.3.1)**

₹ crores

Particulars	As at April 1, 2015	Reinstatement	Amortisation	Additional Amortisation - DRS effect	As at March 31, 2016
Investment in Redeemable Convertible Preference Shares of 3i Infotech Holdings Private Limited, Mauritius	24.96	30.54	24.39	-	31.11
Foreign Currency Convertible Bonds (FCCB)	(44.96)	(20.85)	(33.91)	(31.90)	-
Premium payable on redemption of FCCB	(0.32)	(0.36)	(0.29)	(0.39)	-
<b>Total</b>	<b>(20.32)</b>	<b>9.33</b>	<b>(9.81)</b>	<b>(32.29)</b>	<b>31.11</b>

**2.39 Share Application Money :**

During the previous year ended March 31, 2015; in line with the CDR Scheme and execution of the Deed of Accession to Master Restructuring Agreement (MRA) with one of the Non CDR lenders, the Parent company had transferred the Principal outstanding of ₹ 16.75 crores and accumulated interest payable for the period from October 1, 2011 to March 31, 2012 of ₹ 16.75 crores to "Share Application Money pending allotment"; against which the equity shares have been issued on October 07, 2015 at a price of ₹ 19.74 per equity share.

**2.40 Employee Benefit Plans**

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

The following table set out the status of the gratuity plan as required under AS 15 (Revised) and figures given below are as per actuarial valuation.

**Reconciliation of Benefit Obligations and Plan Assets**
**Change in defined benefit obligation**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Obligation at the beginning of the year	20.40	15.94
Interest cost	1.56	1.43
Current service cost	2.69	2.74
Benefits paid	(5.40)	(4.50)
Actuarial (gain)/loss in obligations	0.82	4.79
Obligation at year end	20.07	20.40

**Change in Fair value of Plan assets**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets at the beginning of the year	0.01	0.01
Expected return on plan assets	-	0.00
Contributions by the employer	-	-
Benefits paid	-	-
Actuarial loss on plan assets	-	(0.00)
Fair value of plan assets at year end	0.01	0.01



**Expenses recognized in Statement of Profit and Loss**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Current service cost	2.60	2.66
Interest cost	1.56	1.42
Expected return on plan assets	-	(0.00)
Net actuarial (gain)/loss recognized during the year	0.82	4.80
Expenses recognised in Statement of Profit & Loss	4.98	8.88

**Reconciliation of Present value of obligation and fair value of plan assets**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Liability at year end	19.99	20.40
Fair value of plan assets at year end	0.01	0.01
Liability recognized in the balance sheet	19.98	20.39

**Assumptions**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Discount Rate	7.80%-7.90%	7.90%
Expected Rate of Return on Plan Assets	-	-
Salary Escalation Rate	3% for first three years and 2% thereafter	3% for first three years and 2% thereafter

**Experience Adjustment**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
On Plan Liabilities (Gain)\Loss	(0.76)	5.18
On Plan Assets Gain\Loss	-	(0.00)

The liability recognized with respect to Gratuity within the balance sheet as at March 31, 2016 is ₹ 18.81 crores (as at March 31, 2015 is ₹ 21.58 crores). The liability recognized with respect to leave encashment/entitlement in the balance sheet as at March 31, 2016 is ₹ 2.52 crores (as at March 31, 2015 is ₹ 3.27 crores)

**2.41 Sale of Subsidiaries :****a) Sale of Subsidiaries:-**

- i) During the Year, The Group has divested its stake in step down subsidiaries viz. 3i infotech Framework Limited, UK and 3i infotech Trusteeship Services Limited, India.

3i Infotech (Western Europe) Holdings Ltd, UK, step down subsidiary, has sold its shareholding in 3i infotech Framework Limited, UK to Framework Luxembourg Sarl, Luxembourg for consideration of ₹ 4.90 Crores. The said transaction has resulted in loss of ₹ 24.69 Crores which has been disclosed under exceptional item. The resultant loss includes Goodwill (on consolidation) write-off pertaining to this business ₹ 24.46 Crores.

- ii) 3i infotech Limited, India has sold its shareholding in 3i infotech Trusteeship Services Limited, India to UTPL Corporate Trustee Private Limited, India for consideration of ₹ 1.25 Crores. The said Transaction has resulted in loss of ₹ 11.76 Crores which has been disclosed under exceptional item. The resultant loss includes Goodwill (on consolidation) write-off pertaining to this business ₹ 4.00 Crores

Income / Expenses and assets/ Liabilities resulting from these entities are insignificant.

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

During the previous year, Professional Access Software Development Pvt. Ltd., India, a step down subsidiary of Parent Company 3i-infotech Limited has sold its entire business undertaking to Zensar Technologies Ltd., India by way of a slump sale in an all cash deal.

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

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

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

₹ crores

Particulars	For the year ended March 31, 2015
Income from operation	85.86
Other Income	1.52
Operating, selling and other expenses	(73.46)
Profit before interest, Depreciation and amortisation	13.91
Interest	(0.39)
Depreciation	(0.82)
Loss on sale/discarding of Investments (net)	-
Profit before taxes	12.70
income tax expense	(5.16)
Profit after taxes	7.54
	As at March 31, 2015
<b>Total Assets</b>	
Fixed Assets (Net)	-
Net Current Assets	129.66
Deferred tax assets (net)	-
<b>Total Liabilities</b>	-
Secured Loans	-

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

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

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

₹ crores

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

b) Discontinued Operation of a Subsidiary :-

Elegon Infotech Limited, China, 100% shares held by Company has discontinued operation during the year resulting in loss of ₹ 10.49 Crores which includes Goodwill (on consolidation) write-off pertaining to this business ₹ 9.23 Crores which has been shown as exceptional item in Consolidated Statement of Profit and Loss. Further, necessary application for winding up has been filed with appropriate regulator in June 2016.

2.42 The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

Sr. no.	Particulars	As at March 31, 2016	As at March 31, 2015
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

**2.43**

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

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

**Padmanabhan Iyer**  
Managing Director and Global CEO  
DIN: 05282942

**Shashank Desai**  
Director  
DIN: 00143638

**Rajeev Limaye**  
Company Secretary  
Membership No. A17168

**Mumbai, August 11, 2016**

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

<b>Sr. No.</b>	<b>Name of Subsidiary Company</b>	<b>Financial year of subsidiary ended on</b>	<b>Extent of interest of 3i Infotech Limited in the capital of the subsidiary</b>
1	3i Infotech Inc., (USA)	March 31, 2016	\$100%
2	3i Infotech Holdings Private Limited, (Mauritius)	March 31, 2016	100%
3	3i Infotech Financial Software Inc., (USA)	March 31, 2016	\$100%
4	3i Infotech (Africa) Limited, (Kenya)	March 31, 2016	@100%
5	Black Barret Holdings Limited, (Cyprus)	March 31, 2016	\$100%
6	Professional Access Software Development Pvt Limited, (India)	March 31, 2016	#100%
7	3i Infotech Asia Pacific Pte. Ltd., (Singapore)	March 31, 2016	100%
8	3i Infotech SDN BHD, (Malaysia)	March 31, 2016	*100%
9	3i Infotech (Thailand) Limited, (Thailand)	March 31, 2016	*100%
10	3i Infotech Services SDN BHD, (Malaysia)	March 31, 2016	*100%
11	3i Infotech (Middle East) FZ LLC, (UAE)	March 31, 2016	\$100%
12	3i Infotech (UK) Limited, (UK)	March 31, 2016	100%
13	3i Infotech (Western Europe) Holdings Limited, (UK)	March 31, 2016	##100%
14	3i Infotech (Western Europe) Group Limited, (UK)	March 31, 2016	\$\$100%
15	Rhyme Systems Limited, (UK)	March 31, 2016	*\$100%
16	3i Infotech-Framework Limited, (UK)	March 31, 2016	\$\$100%
17	3i Infotech BPO Limited, (India)	March 31, 2016	100%
18	3i Infotech Trusteeship Services Limited (India)	March 31, 2016	100%
19	3i Infotech Saudi Arabia LLC., (Kingdom of Saudi Arabia)	March 31, 2016	100%
20	3i Infotech Consultancy Services Limited, (India)	March 31, 2016	100%
21	Locuz Enterprise Solutions Limited, (India)	March 31, 2016	74%
22	Elegon Infotech Limited, (China)	March 31, 2016	100%
23	3i Infotech Outsourcing Services Limited (India)	March 31, 2016	@@100%
24	3i infotech South Africa (PTY) Ltd (Republic of South Africa)	March 31, 2016	\$100%
25	Process Central Limited**, (Nigeria)	March 31, 2016	@47.50%

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

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

# Held by Black Barret Holdings Ltd.

##Held by 3i Infotech (UK) Limited

\$\$Held by 3i Infotech (Western Europe) Holdings Limited,

\*\$ Held by 3i Infotech (Western Europe) Group Limited,

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

@@Held by 3i Infotech Financial Software Inc, (USA)

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

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

Sr. No.	Entity	Reporting currency	Exchange rate	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Exceptional Items/Prior period items and Tax	Exceptional Items/Prior period items and Tax	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend	% of Shareholding
1	3i Infotech Inc., (USA)	USD	66.0989	589.93	(277.20)	994.96	994.96	-	314.80	(107.14)	-	(107.14)	1.22	(108.36)	-	100%
2	3i Infotech Holdings Private Limited, (Mauritius)	USD	66.0989	2,038.13	(929.52)	1,350.43	1,350.43	1,200.75	-	3.34	150.00	(146.66)	-	(146.66)	-	100%
3	3i Infotech Financial Software Inc., (USA)	USD	66.0989	202.12	(47.55)	158.03	158.03	0.07	45.36	(9.14)	(0.65)	(8.49)	0.34	(8.83)	-	100%
4	3i Infotech (Africa) Limited, (Kenya)	KES	0.6411	0.01	(19.52)	2.93	2.93	-	1.52	(1.15)	0.07	(1.22)	0.34	(1.57)	-	100%
5	Black Barret Holdings Limited (Cyprus)	USD	66.0989	0.01	(0.62)	0.04	0.04	-	-	(0.63)	(0.34)	(0.29)	-	(0.29)	-	100%
6	Professional Access Software Development Pvt Limited, (India)	INR	1.0000	0.86	126.72	132.25	132.25	-	-	(0.17)	-	(0.17)	8.89	(9.06)	-	100%
7	3i Infotech Asia Pacific Pte. Ltd., (Singapore)	SGD	49.0163	26.21	(14.94)	43.25	43.25	3.79	33.72	(6.72)	0.14	(6.86)	-	(6.86)	-	100%
8	3i Infotech SDN BHD, (Malaysia)	MYR	16.8833	8.44	52.00	69.76	69.76	-	31.79	2.76	0.00	2.75	0.83	1.92	-	100%
9	3i Infotech (Thailand) Limited, (Thailand)	THB	1.8756	1.88	(9.94)	10.09	10.09	-	12.48	(3.45)	-	(3.45)	0.78	(4.23)	-	100%
10	3i Infotech Services SDN BHD (formerly known as Datacons Asia Pacific SDN BHD), (Malaysia)	MYR	16.8833	0.94	0.94	0.94	0.94	-	-	-	-	-	-	-	-	100%
11	3i Infotech (Middle East) FZ LLC., (UAE)	AED	17.9912	83.07	(158.07)	1,514.59	1,514.59	0.01	166.46	25.89	2.79	23.11	-	23.11	-	100%
12	3i Infotech (UK) Limited, (UK)	GBP	94.9690	30.64	194.35	166.37	166.37	20.51	2.20	(6.42)	18.15	(24.57)	-	(24.57)	-	100%
13	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (UK)	GBP	94.9690	18.54	10.75	18.44	18.44	18.42	-	-	23.08	(23.08)	-	(23.08)	-	100%
14	3i Infotech (Western Europe) Group Limited (formerly Rhyme Systems Group Limited), (UK)	GBP	94.9690	18.42	(151.95)	151.25	151.25	-	-	-	0.74	(0.74)	-	(0.74)	-	100%
15	Rhyme Systems Limited (formerly known as Rhymesys Limited), (UK)	GBP	94.9690	1.90	0.34	2.24	2.24	-	-	-	-	-	-	-	-	100%
16	3i Infotech - Framework Limited, (UK)	GBP	94.9690	-	-	-	-	-	-	-	-	-	-	-	-	-
17	3i Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India)	INR	1.0000	0.10	39.18	60.23	60.23	-	54.53	3.07	2.79	0.28	(0.77)	1.06	-	100%
18	3i Infotech Trusteeship Services Limited, (India)	INR	1.0000	5.57	(4.82)	1.26	1.26	-	1.00	(2.52)	-	(2.52)	0.03	(2.55)	-	100%
19	3i Infotech Saudi Arabia LLC., (Saudi Arabia)	SAR	17.6165	0.88	(50.56)	88.81	88.81	-	46.35	3.04	0.17	2.87	11.49	(8.62)	-	100%
20	3i Infotech Consultancy Services Limited, (India)	INR	1.0000	4.81	17.69	48.47	48.47	-	64.21	0.08	-	0.08	(0.29)	0.36	-	100%
21	Locuz Enterprise Solutions Limited, (India)	INR	1.0000	1.00	11.96	64.14	64.14	-	131.07	(6.41)	2.40	(8.81)	2.23	(11.05)	-	74%
22	Elegon Infotech Ltd., (China)	CNY	10.2466	17.52	(17.52)	-	-	-	3.11	(0.80)	1.26	(2.06)	1.46	(3.52)	-	100%
23	3i Infotech Outsourcing Services Limited (India)	INR	1.0000	0.05	(0.00)	0.05	0.05	-	-	(0.00)	-	(0.00)	-	(0.00)	-	100%
24	3i infotech South Africa (PTY) Ltd.	ZAR	4.4525	0.00	(0.06)	0.19	0.19	-	-	-	-	-	-	-	-	100%
25	Process Central Limited, (Nigeria)	NGN	0.3287	1.40	(1.33)	0.42	0.42	-	-	-	-	-	-	-	-	47.50%

During the year, following entities were sold :-

1. 3i Infotech-Framework Limited, UK
2. 3i Infotech Trusteeship Services Limited, India

**Statement of Net Assets and Profit and Loss attributable to Owners and Minority Interest:**

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Crores)	As % of consolidated profit or loss	Amount (₹ in Crores)
1	2	3	4	5
<b>Parent</b>	341%	1,055.10	76%	(798.07)
<b>Subsidiaries</b>				
<b>Indian :</b>				
Professional Access Software Development Pvt Limited, (India)	41%	126.58	1%	(9.06)
3i-Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India)	-4%	(11.80)	0%	0.83
3i Infotech Trusteeship Services Limited, (India)	-3%	(10.26)	1%	(6.43)
3i Infotech Consultancy Services Limited, (India)	-25%	(77.80)	6%	(62.90)
3i Infotech Outsourcing Services Limited (India)	0%	(0.00)	0%	(0.00)
Locuz Enterprise Solutions Limited, (India)	3%	10.48	1%	(8.88)
				-
<b>Foreign</b>				-
3i Infotech Inc., (USA)	-28%	(85.37)	13%	(134.73)
3i Infotech Holdings Private Limited, (Mauritius)	-160%	(495.30)	0%	1.85
3i Infotech Financial Software Inc., (USA)	-7%	(21.06)	-2%	19.63
3i Infotech (Africa) Limited, (Kenya)	-6%	(19.53)	0%	(0.92)
Black Barret Holdings Limited (Cyprus)	0%	(0.62)	0%	0.29
3i Infotech Asia Pacific Pte. Ltd., (Singapore) (Consolidated)	11%	34.96	1%	(7.80)
3i Infotech (Middle East) FZ LLC., (UAE)	-41%	(127.06)	-3%	33.76
3i Infotech (UK) Limited, (UK) (Consolidated)	2%	7.42	6%	(59.24)
3i Infotech Saudi Arabia LLC., (Saudi Arabia)	-16%	(48.62)	1%	(8.99)
Elegon Infotech Ltd., (China)	-10%	(29.70)	1%	(15.69)
3i infotech South Africa (PTY) Ltd	0%	(0.15)	0%	(0.07)
<b>Minority Interests in all subsidiaries/Associates (Investment as per the equity method)</b>				
<b>Indian</b>				
Locuz Enterprise Solutions Limited, (India)	1%	3.68	0%	0.04
<b>Foreign</b>	-	-	-	-
<b>Joint Ventures (as per proportionate consolidation/ investment as per the equity method)</b>				
<b>Indian</b>				
<b>Foreign</b>				
Process Central Limited, (Nigeria)++	0%	(1.33)	0%	-
				-
<b>TOTAL</b>	<b>100%</b>	<b>309.63</b>	<b>100%</b>	<b>(1,056.40)</b>

**3i INFOTECH LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	USD million	
	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	106.78	106.95
Reserves and surplus	(307.06)	(168.40)
Share Suspense Account	247.12	-
Share Application Money	-	5.36
Minority interest	0.51	1.00
<b>Non-current liabilities</b>		
Long-term borrowings	101.40	297.51
Other long-term liabilities	-	2.88
<b>Current liabilities</b>		
Short-term borrowings	7.04	26.33
Trade payables	23.85	33.80
Other current liabilities	18.28	114.55
Short-term provisions	5.18	4.66
<b>Total</b>	<b>203.10</b>	<b>424.64</b>
<b>II. ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
(i) Tangible assets	22.91	41.30
(ii) Intangible assets	34.52	155.50
Goodwill arising on consolidation	65.82	113.64
Non current investments	0.02	4.02
Deferred tax asset	0.61	20.12
Long-term loans and advances	27.05	27.80
Other non-current assets	-	1.58
<b>Current assets</b>		
Current Investment	1.89	-
Inventories	0.12	0.23
Trade receivables	27.25	28.67
Cash and bank balances	7.83	3.66
Short-term loans and advances	6.53	12.08
Other current assets	8.55	16.04
<b>Total</b>	<b>203.10</b>	<b>424.64</b>

Note : The above statement of Balance Sheet is just conversion of Consolidated Balance sheet of 3i Infotech Limited (prepared as per Indian GAAP) in ₹ Crores. The Conversion has been done at exchange rate of ₹ 66.0989 for the year ended March 31, 2016 and at ₹ 62.5300 for the year ended March 31, 2015



**3i INFOTECH LIMITED****CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	USD million	
	For the Year ended March 31, 2016	For the Year ended March 31, 2015
<b>INCOME</b>		
I. Revenue from operations	<b>172.31</b>	220.17
II. Other income	<b>0.69</b>	0.73
III. Total Revenue (I + II)	<b>173.00</b>	220.90
<b>IV EXPENSES</b>		
Employee benefits expense & Cost of Revenue	<b>128.55</b>	164.19
Finance costs	<b>23.18</b>	34.63
Depreciation and amortization expense	<b>31.08</b>	37.53
Other expenses	<b>28.43</b>	27.69
Total expenses	<b>211.24</b>	264.04
<b>V. Profit/(Loss) before Exceptional items &amp; tax - (III- IV)</b>	<b>(38.24)</b>	(43.14)
VI. Exceptional Items - Income/ ( Expenses)	<b>(100.45)</b>	(110.28)
<b>VII. Profit/(Loss) before tax (V+VI)</b>	<b>(138.69)</b>	(153.42)
VIII. Tax expense	<b>23.47</b>	6.48
<b>IX. Profit/(Loss) for the year (VII-VIII)</b>	<b>(162.16)</b>	(159.90)
X. Minority interest	<b>(0.44)</b>	0.03
<b>XI. Profit/(Loss) after Minority interest (IX-X)</b>	<b>(161.72)</b>	(159.93)

Note: The above statement of Profit and Loss is just conversion of Consolidated statement of Profit and loss of 3i Infotech Limited (prepared as per Indian GAAP) in ₹ Crores. The Conversion has been done at exchange rate of ₹ 65.3233 for the year ended March 31,2016 and at ₹ 61.0442 for the year ended March 31, 2015

# **Standalone Financial Statements**

## INDEPENDENT AUDITORS' REPORT

To

The Members of

3i Infotech Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of 3i Infotech Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

### Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016 and its loss and cash flows for the year ended on that date.

### Emphasis of Matter:

Without qualifying, we draw attention to the following:

#### a) **Going Concern :**

The financial statements of the Company has been prepared on a going concern basis, in view of expected continued support of the lenders and also meeting its financial obligations based on the projected operational performance in terms of the Debt Restructuring Scheme (DRS) approved in April 2016. Also, refer note no. 2.30 of the standalone financial statements.

**b) Impairment Analysis and Additional amortisation/depreciation:**

- (i) The Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – 'Impairment of Assets' and Accounting Standard (AS) - 13 Accounting for Investments, specified under Section 133 of the Act, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis with the assistance of an independent expert valuer and accordingly, during the year has made provision for impairment loss of ₹ 150 crores (Previous year ₹ 350 crores). Besides, the Company has provided for ₹ 44.25 crores (Previous year ₹ 305.79 crores) on account of divestment of stake/diminution in value of investments during the year. Also, refer note no. 2.29 of the standalone financial statements.
- (ii) The Company has on evaluation amortised/provided additional depreciation aggregating to ₹ 839.64 crores on intangibles / finance lease assets. Also, refer note no. 2.9 of the standalone financial statements.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 of the Order.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer note no 2.26.1 to the standalone financial statements)
  - The Company has made provision, as required under the applicable accounting standards, for material foreseeable losses on long term contracts.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For LODHA & CO.**  
**Chartered Accountants**  
**Firm Registration No. 301051E**

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

**Place: Mumbai**  
**Date : August 11, 2016**

**ANNEXURE REFERRED TO IN PARAGRAPH “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF “THE COMPANY” FOR THE YEAR ENDED MARCH 31, 2016**

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) During the year, the Company in accordance to a phased programme has physically verified Furniture & Fixtures, Office equipment, Plant and Machinery and Computers at six locations which in our opinion, is reasonable considering the size of the Company and nature of its fixed assets. Pursuant to the program, physical verification of fixed assets has been carried out during the year and no material discrepancies were noticed on such verification.
- c) Based on the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
2. As per the information and explanations given to us, the inventories (hardware held for rendering services) were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.
3. The Company has granted (taking over of lenders liability of wholly owned subsidiaries in terms of DRS scheme) unsecured loan to 3 companies covered in the register maintained under Section 189 of the Act. There are no firms / LLPs/ other parties covered in the register maintained under Section 189 of the Act.
  - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
  - (b) In respect of the aforesaid loans, the schedule of repayment of principal and interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and also regular in payment of interest as applicable.
  - (c) In respect of the aforesaid loans, there is no amount which was due during the year.
4. In our opinion and according to the information and explanations given to us, the Company has not advanced any loan, provided guarantee and security covered in Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act to the extent applicable, with respect to the loans and investments made, guarantees given and security provided.
5. No deposits have been accepted by the Company within the meaning of directives issued by Reserve Bank of India (RBI) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
6. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act for the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
7. a) During the year, the Company has been facing liquidity stress due to which there were delays in payment of various statutory dues such as income tax, sales tax, profession tax and service tax. However, as at the close of the year, there were no arrears outstanding for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value added Tax which have not been deposited on account of any dispute except the following :

Name of Statute	Nature of Demand	Period to which amount Relates	₹ in crores	Forum where dispute is pending
MVAT Act, 2002	Sales Tax	Financial Year 2005-06, 2006-07, 2010-11	30.87	Sales Tax Officer
UP VAT Act, 2008	Sales Tax	Financial Year 2009-10 and 2010-11	0.03	The Assistant Commissioner, Commercial Taxes
AP VAT Act, 2005	Sales Tax	Financial Year 2009-10 and 2010-11	0.68	Appellate Deputy Commissioner
KARNATAKA VAT Act, 2003	Sales Tax	Financial Year 2009-10	2.72	Appellate Deputy Commissioner

Name of Statute	Nature of Demand	Period to which amount Relates	₹ in crores	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Assessment Year 2004-05	1.00	Commissioner of Income Tax (Appeals)
		Assessment Year 2006-07	0.18	Income Tax Appellate Tribunal
		Assessment Year 2007-08	2.83	
Finance Act, 1994	Service Tax	Financial year 2004-05 to 2009-10, 2011-12, 2012-13	158.99	Commissioner of Service Tax
		Financial year 2010-11	19.47	Assistant Commissioner of Service Tax

8. As per clause 3.4 of the Supplement Restructuring Agreement in terms of DRS to the Master Restructuring Agreement dated March 30, 2012 with the lenders and as per the revised terms of the Foreign Currency Convertible Bonds (FCCB), there is no default in repayment of dues to the banks, financial institutions and debenture holders.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year or in the recent past. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.
11. According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
13. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, all transactions with the related party are in compliance with Section 177 and 188 of the Act and the details have been disclosed as required by the applicable Accounting Standard (Refer note no 2.35 to the Standalone Financial Statements).
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
15. Based on the information and explanations given to us, the Company has not entered into any non-cash transactions prescribed under Section 192 of the Act with directors or persons connected with them during the year.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

**Place: Mumbai**  
**Date : August 11, 2016**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of 3i Infotech Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Place: Mumbai**  
**Date : August 11, 2016**

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



**3i INFOTECH LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2016**

		₹ crores	
	Notes	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	<b>705.80</b>	668.75
Reserves and surplus	2.2	<b>(1,915.48)</b>	(953.61)
<b>Share application money pending allotment</b>	2.39	<b>-</b>	33.50
<b>Share suspense account</b>	2.3.1	<b>1,633.44</b>	-
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	<b>776.54</b>	1,995.76
Other long-term liabilities	2.4	<b>1,097.58</b>	1,056.32
<b>Current liabilities</b>			
Short-term borrowings	2.5	<b>11.70</b>	140.16
Trade payables	2.6		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		<b>131.26</b>	146.76
Other current liabilities	2.7	<b>84.52</b>	608.09
Short-term provisions	2.8	<b>20.24</b>	21.54
		<b>2,545.60</b>	<b>3,717.27</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.9		
Tangible assets		<b>147.43</b>	251.19
Intangible assets		<b>226.73</b>	1,112.08
Non-current investments	2.10	<b>1,265.41</b>	1,432.55
Deferred tax assets (net)	2.11	<b>-</b>	121.33
Long-term loans and advances	2.12	<b>248.07</b>	150.47
Other non-current assets	2.13	<b>-</b>	6.05
<b>Current assets</b>			
Current investments	2.14	<b>12.50</b>	-
Trade receivables	2.15	<b>600.18</b>	575.19
Cash and bank balances	2.16	<b>21.18</b>	12.34
Short-term loans and advances	2.17	<b>11.51</b>	21.13
Other current assets	2.18	<b>12.59</b>	34.94
		<b>2,545.60</b>	<b>3,717.27</b>

**Significant Accounting Policies and accompanying Notes on Financial Statements**  
**As per our attached report of even date**

**1 & 2**

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

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

**For and on behalf of the Board**

**Padmanabhan Iyer**  
**Managing Director and Global CEO**  
**DIN: 05282942**

**Rajeev Limaye**  
**Company Secretary**  
**Membership No. A17168**

**Shashank Desai**  
**Director**  
**DIN: 00143638**

**Place: Mumbai**  
**Date: August 11, 2016**

**Place: Mumbai**  
**Date: August 11, 2016**

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### 3i INFOTECH LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

₹ crores

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
I. Revenue from operations	2.19	<b>330.25</b>	400.72
II. Other income	2.20	<b>46.45</b>	3.09
<b>III. Total Revenue (I + II)</b>		<b>376.70</b>	403.81
<b>IV. Expenses:</b>			
Employee benefits expense and cost of revenue	2.21	<b>156.24</b>	217.68
Finance costs	2.22	<b>140.17</b>	194.69
Depreciation and amortization expense	2.9	<b>210.62</b>	222.88
Other expenses	2.23	<b>108.16</b>	112.12
<b>Total expenses</b>		<b>615.19</b>	747.37
<b>V. Profit / (Loss) before exceptional items and tax - (III-IV)</b>		<b>(238.49)</b>	(343.56)
VI. Exceptional items - Expense	2.24	<b>698.03</b>	690.62
<b>VII. Profit / (Loss) before tax (V - VI)</b>		<b>(936.52)</b>	(1034.18)
VIII. Tax expense	2.25	<b>127.15</b>	23.57
<b>IX. Profit / (Loss) for the year (VII - VIII)</b>		<b>(1,063.67)</b>	(1,057.75)
<b>X Earnings per equity share (₹)</b>	2.34		
<b>Before Exceptional items</b>			
(1) Basic		<b>(5.87)</b>	(6.39)
(2) Diluted		<b>(5.87)</b>	(6.39)
<b>After Exceptional items</b>			
(1) Basic		<b>(17.08)</b>	(18.25)
(2) Diluted		<b>(17.08)</b>	(18.25)
<b>Significant Accounting Policies and accompanying Notes on Financial Statements</b>	<b>1 &amp; 2</b>		

As per our attached report of even date

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

R. P. Baradiya  
Partner  
Membership No. 44101

For and on behalf of the Board

Padmanabhan Iyer  
Managing Director and Global CEO  
DIN: 05282942

Rajeev Limaye  
Company Secretary  
Membership No. A17168

Shashank Desai  
Director  
DIN: 00143638

Place: Mumbai  
Date: August 11, 2016

Place: Mumbai  
Date: August 11, 2016

### 3i INFOTECH LIMITED

#### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

₹ crores

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A Cash Flow from Operating Activities :</b>		
Profit/(Loss) before exceptional items and tax	(238.49)	(343.56)
<i>Adjustments for:</i>		
Depreciation/amortization	210.62	222.88
Unrealised foreign exchange differences (net)	76.45	54.99
(Gain)/loss on sale/discarding of fixed assets (net)	(0.12)	(0.09)
Profit on sale of long term investments	(3.14)	-
Dividend income on current investments (non trade)	(39.84)	-
Interest income	(0.26)	(0.61)
Finance costs	140.17	194.69
Provision for doubtful debts provided for /(written back) (net)	2.55	3.77
Waiver of FCCB Bonds	(0.94)	-
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>147.00</b>	<b>132.07</b>
<i>Adjustments for:</i>		
Trade and Other receivables	(9.55)	3.89
Trade Payables and Other liabilities	(85.03)	(37.17)
	<b>(94.58)</b>	<b>(33.28)</b>
<b>Operating Profit/(Loss) before Exceptional items</b>	<b>52.42</b>	<b>98.79</b>
<b>Exceptional items</b>		
Debt restructuring expense paid	(2.60)	-
<b>Cash generated from/(used in) Operations</b>	<b>49.82</b>	<b>98.79</b>
Income taxes paid	(15.08)	(24.80)
<b>Net cash from Operating Activities - A</b>	<b>34.74</b>	<b>73.99</b>
<b>B Cash Flow from/(used in) Investing Activities :</b>		
Purchase/addition of fixed assets	(3.33)	(3.44)
Sale of fixed assets	0.25	0.25
Dividend received	5.87	-
<b>Net cash from Investing Activities - B</b>	<b>2.79</b>	<b>(3.19)</b>

## 3i INFOTECH LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

₹ crores

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>C Cash Flow from/(used in) Financing Activities :</b>		
Proceeds from/(Repayment of) borrowings other than Subsidiaries (net)	<b>0.29</b>	(165.38)
Proceeds from/(Repayment of) borrowings from Subsidiaries (net)	<b>(14.57)</b>	155.90
Interest paid	<b>(11.03)</b>	(69.84)
<b>Net Cash from Financing Activities - C</b>	<b>(25.31)</b>	(79.32)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>12.22</b>	(8.52)
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>4.49</b>	13.01
<b>Cash and Cash Equivalents at end of the year</b>	<b>16.71</b>	4.49

#### Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements" notified by the Act.
- Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

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

As per our attached report of even date

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

R. P. Baradiya  
Partner  
Membership No. 44101

Place: Mumbai  
Date: August 11, 2016

For and on behalf of the Board

Padmanabhan Iyer  
Managing Director and Global CEO  
DIN: 05282942

Rajeev Limaye  
Company Secretary  
Membership No. A17168

Place: Mumbai  
Date: August 11, 2016

Shashank Desai  
Director  
DIN: 00143638

## **3i INFOTECH LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2016**

#### **1 Significant Accounting Policies**

##### **1.1 Basis of preparation of financial statements**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting Policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### **1.2 Use of estimates**

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of the financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates. Any revision to these accounting estimates is recognized prospectively.

##### **1.3 Revenue Recognition**

###### **a) Revenue from IT solutions:**

Revenue from IT solutions comprises of revenue from the sale of software products, providing IT services and sale of hardware and third party software.

Revenue from Software Products is recognized on delivery/installation, as per the predetermined/laid down policy across all geographies or a lower amount as considered appropriate in terms of the contract. Maintenance revenue in respect of products is deferred and recognized ratably over the period of the underlying maintenance agreement.

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

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

###### **b) Revenue from Transaction Services:**

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

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

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

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

##### **1.4 Unbilled and unearned revenue**

Revenue recognized over and above the billings on a customer is classified as "unbilled revenue" and advance billing to customer is classified as "advance from customer/unearned revenue" and included in other liabilities.

##### **1.5 Fixed assets and depreciation/ amortization**

###### **Tangible assets:**

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

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

Advances given towards acquisition of fixed assets are disclosed as capital advances under “Long Term Loans and Advances” and the costs incurred on assets not ready for use as at the balance sheet date are disclosed as “Capital work in progress”.

#### **Intangible assets:**

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

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

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

Business and Commercial Rights are capitalized at the acquisition price.

#### **Depreciation/Amortization:**

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

Business and Commercial Rights are amortized over their estimated useful life or ten years, whichever is lower while Software Products-Others are amortized over a period of five years.

Software Products (meant for sale) are amortized over a period of 10 years after taking into consideration the residual value.

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

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

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

### **1.6 Investments**

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

Current investments are carried at lower of the cost or fair value and a provision is made to recognize any decline in the carrying value.

Cost of overseas investments represents the Indian Rupee equivalent of the consideration paid for the investment.

### **1.7 Accounting for Taxes on Income**

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

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

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

## **1.8 Translation of Foreign Currency Items other than hedged transactions**

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transaction. Exchange differences in respect of all current monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains / losses arising there from are recognized in the Statement of Profit and Loss.

Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are accounted as below:

- In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and
- In other cases, the said exchange differences are accumulated in a Foreign Currency Monetary Item Translation Difference Account ('FCMITDA') and amortized over the balance period of such long term asset/liability.

Foreign operations carried out with a significant degree of autonomy are classified as "non integral operations" as per the provisions of AS 11 "Effects of changes in foreign exchange rates". All assets and liabilities, both monetary and non-monetary, are translated at the closing rate while the income and expenses are translated at the average rate for the year. The resulting exchange differences are accumulated in the "Foreign Currency Translation Reserve".

Foreign operations other than non-integral operations are classified as integral. All monetary assets and liabilities are translated at closing rates while non monetary assets are translated at historical rates and income and expenses are translated at the average rates for the year and the resulting exchange differences are accounted in the Statement of Profit and Loss.

## **1.9 Hedge Accounting**

The Company enters into foreign currency and interest rate swap contracts to hedge its risks associated with foreign currency fluctuations relating to loan liabilities and highly probable forecast transactions. The Company designates these derivative instruments as hedges and records the gain or loss on effective cash flow hedges in the 'Hedging Reserve Account' until the forecasted transaction materializes. Gain or loss on the ineffective portion of cash flow hedges is recognized in the Statement of Profit and Loss.

## **1.10 Accounting of Employee Benefits**

### **Employee Benefits in India**

#### **Gratuity**

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

#### **Superannuation**

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

#### **Provident fund**

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

#### **Leave entitlement**

Liability for leave entitlement for employees is provided on the basis of actuarial valuation semi-annually and based on estimates for interim financial reporting.

## **Employee Benefits in Foreign Branch**

In respect of employees in foreign branch, necessary provisions are made based on the applicable local laws. Gratuity and leave encashment/entitlement as applicable for employees in foreign branch are provided on the basis of actuarial valuation and based on estimates.

### **1.11 Provisions, contingent liabilities and contingent assets**

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

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

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

### **1.12 Borrowing costs**

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

### **1.13 Impairment of assets**

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

### **1.14 Securities issue expenses**

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

### **1.15 Premium payable on redemption of Foreign Currency Convertible Bonds (FCCB)**

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

### **1.16 Lease**

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

Leased assets are depreciated on a straight-line basis over the useful life of the asset or the useful life as prescribed under Part A in Schedule II of the Act, whichever is lower.

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

### **1.17 Earnings per share**

In determining earnings per share, the Company considers the net profit/loss after tax and the post tax effect of any extra-ordinary, exceptional items and discontinuing operations on earnings per share is shown separately. The number of equity shares considered in computing basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of equity shares considered for computing diluted earnings per share is the aggregate of the weighted average number of equity shares used for deriving the basic earnings per share and the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares, which includes potential FCCB conversions and ESOS. The number of equity shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.



## 1.18 Cash and cash equivalents

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

## 1.19 Cash Flow Statement

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

## 1.20 Exceptional items

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items are disclosed as exceptional items.

## 2. Notes forming part of the Financial Statements as at and for the year ended March 31, 2016

### 2.1 Share Capital

₹ crores		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorised</b>		
2,000,000,000 Equity shares of ₹10 each (1,100,000,000 as at 31st March, 2015)	<b>2,000.00</b>	1,100.00
200,000,000 Non Convertible Cumulative Redeemable Preference shares (Class A Preference Shares) of ₹ 5 each (200,000,000 as at 31st March, 2015)	<b>100.00</b>	100.00
1,500,000,000 Non Convertible Cumulative Redeemable Preference shares (Class B Preference Shares) of ₹ 5 each (Nil as at 31st March, 2015)	<b>750.00</b>	-
1,050,000,000 Non Convertible Cumulative Redeemable Preference shares (Class C Preference Shares) of ₹ 1 each (Nil as at 31st March, 2015)	<b>105.00</b>	-
	<b>2,955.00</b>	1,200.00
<b>Issued, Subscribed &amp; Paid - up</b>		
Equity share capital of ₹10 each fully paid up, as at the beginning of the year	<b>603.75</b>	572.64
Add: Issued towards Conversion of FCCB	<b>20.08</b>	29.66
Add: Issued under Corporate Debt Restructuring (CDR)	<b>16.97</b>	1.45
Equity share capital of ₹ 10 each fully paid up, as at end of the year	<b>640.80</b>	603.75
0.01% Cumulative Redeemable Preference - Class A share capital of ₹ 5 each at the beginning of the year	<b>65.00</b>	65.00
0.01% Cumulative Redeemable Preference - Class A share capital of ₹ 5 each at the end of the year	<b>65.00</b>	65.00
<b>Total</b>	<b>705.80</b>	668.75

2.1.1 The Company has only one class of equity shares having a par value of ₹ 10 each. Each shareholder has right to vote in respect of such share, on every resolution placed before the Company and his voting right on a poll shall be in proportion to his share of the paid up equity capital of the Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after payments of preferential amounts in proportion to their shareholding.

Subsequent to the year end, the authorised equity share capital of the Company has been increased from 2,000,000,000 equity shares of ₹ 10 each to 2,200,000,000 equity shares of ₹ 10 each.

The Company has not issued any class of shares as fully paid up shares pursuant to contract(s) without payment being received in cash and bonus shares during the period of 5 years immediately preceding the Balance Sheet date.

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

- 2.1.2** The terms of Class A Preference Shares having face value of ₹ 5 each, have been amended and these are now redeemable on March 15, 2026, dividend payable for the period upto March 31, 2016 has been waived, and the premium payable on redemption; which would have provided the preference share holder an internal rate of return @ 6% per annum would no longer be payable (Refer Note 2.3.1).

Consequently, the accrual of the said premium payable on redemption of ₹ 11.70 crores for the 3 years from the date of allotment; viz. March 31, 2012 to March 31, 2015; which was accounted as 'adjustment against 'Securities Premium account has been reversed and Contingent liability in respect of arrears of dividend on these preference shares as at March 31, 2016 would be ₹ NIL (₹ 4.83 crores as at March 31, 2015).

- 2.1.3** Class B Preference Shares of face value of ₹ 5 each are redeemable on March 15, 2026 and would carry a dividend of 0.10 % per annum.
- 2.1.4** Class C Preference Shares of face value of ₹ 1 each with a premium of ₹ 4 each are redeemable on March 15, 2026 and would carry a dividend of 0.10 % per annum.

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

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	%	No. of shares	%
ICICI Bank Limited	-	-	112,883,483	18.70
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	-	-	39,036,190	6.47
IDBI Bank Limited	42,117,513	6.57	42,117,513	6.98
Standard Chartered Bank	40,013,264	6.24	40,013,264	6.63

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

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	%	No. of shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	130,000,000	100	130,000,000	100

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

Particulars	In Numbers	
	As at March 31, 2016	As at March 31, 2015
<b>Equity shares of ₹ 10 each</b>		
Equity shares as at beginning of the year	60,37,50,947	57,26,44,378
Add:		
Shares issued towards conversion of FCCB	2,00,82,363	2,96,61,822
Shares issued under CDR	1,69,70,618	14,44,747
Equity shares as at end of the year	64,08,03,928	60,37,50,947
<b>0.01% Cumulative Redeemable Preference shares of ₹ 5 each</b>		
Preference shares as at beginning of the year	13,00,00,000	13,00,00,000
Preference shares as at end of the year	13,00,00,000	13,00,00,000

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

The Company's Employee Stock Option Schemes are applicable to "Eligible Employees" as defined in the scheme which includes directors and employees of the Company and its subsidiaries. They provide for issue of equity options up to 25% of the paid-up equity capital to eligible employees. Currently, the Company has 2 schemes, ESOS 2000 and ESOS 2007 (as amended).

The options granted under the ESOS scheme 2000 and 2007 vest in a phased manner over three years with 20%, 30% and 50% of the grants vesting at the end of each year from the date of the grant and the same can be exercised within ten years from the date of the grant or five years from the date of vesting of options whichever is later by paying

cash at a price determined on the date of the grant. One Stock option if converted will be equivalent to one equity share.

During the year ended March 31, 2013, the Board of Directors of the Company approved ESOS Plan -2013 under the existing scheme ESOS 2007. The plan consist of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees for the year ended March 31, 2014.

During the year ended March 31, 2015, the Board of Directors of the Company approved ESOS Plan-2014 under the existing scheme ESOS 2007. The plan consists of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees for the year ended March 31, 2015.

During the current year ended March 31, 2016, the Board of Directors of the Company approved ESOS Plan-2015 under the existing scheme ESOS 2007. The plan consists of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees for the year ended March 31, 2016.

The options granted under ESOS Plan -2013; under ESOS Plan -2014 and under ESOS Plan -2015 would vest in a phased manner over three years with 33%, 33% and 34% of the grants vesting at the end of each year from the date of the grant and the same can be exercised within ten years from the date of grant of options or five years from the date of vesting of options, whichever is later.

The existing options (other than those granted under ESOS plan-2013, ESOS plan-2014 & ESOS plan-2015) would continue to be governed by the existing terms.

During the year ended March 31, 2016, the Company granted 11,290,000 (11,569,000 during year ended March 31, 2015), options to the employees of the Company and its Key Managerial Personnel at an exercise price of ₹ 10 each.

#### **Method used for accounting for share based payment scheme.**

The Company has elected to use the intrinsic value method to account for the compensation cost of stock options to eligible employees. Intrinsic value is the amount by which the quoted market price of the underlying share as on the date of grant exceeds the exercise price of the option.

Summary of the options outstanding under the ESOS's and the Weighted Average Exercise Price (WAEP):

Particulars	As at March 31, 2016		As at March 31, 2015	
	Options	WAEP (₹)	Options	WAEP (₹)
Options outstanding at the beginning of the year	30,453,380	36.22	24,927,140	48.27
Granted during the year *	11,290,000	10.00	11,569,000	10.00
Exercised during the year	-	-	-	-
Forfeited/lapsed during the year	8,109,190	14.24	6,042,760	31.49
Options outstanding at the end of the year **	33,634,190	32.72	30,453,380	36.22
Vested options pending to be exercised as at the end of the year	15,140,470	60.47	12,099,240	76.00

\*During the year ended March 31, 2016, 1,050,000 options (for the year ended March 31, 2015 1,050,000 Options) granted to Managing Director and Global CEO and Nil options (for the year ended March 31, 2015 720,000 Options) granted to Executive Director.

\*\*Includes 3,600,000 options granted to Managing Director/Executive Director and Non-Executive Directors (for the year ended March 31, 2015, 4,360,000 options).

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

The following tables summarize information about outstanding stock options:

**As at March 31, 2016**

Range of exercise price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹ 45 to ₹ 50	-	-	-
₹ 57 to ₹ 144	7,182,400	1	116.39
₹ 10	26,451,790	9	10.00

**As at March 31, 2015**

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

## 2.2 Reserves and Surplus

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>a. Capital Reserves (As per last balance sheet )</b>	<b>0.07</b>	0.07
<b>b. Foreign Currency Monetary Item Translation Difference Account</b>		
Opening balance	(29.39)	(24.55)
Add: On reinstatement during the year (Refer note no. 2.38 (a))	18.40	(12.79)
Less: Amortisation during the year (Refer note no. 2.38 (a))	(9.81)	(7.95)
Less: Additional Amortisation - Relating to restructured FCCBs (Refer note no. 2.38 (a))	(32.29)	-
	<b>31.11</b>	(29.39)
<b>c. Securities Premium Account</b>		
Opening Balance	840.33	823.54
Add : On allotment of equity shares under FCCB Conversion	13.06	19.28
Add : On allotment of equity shares under Corporate Debt Restructuring (CDR) of FY 2011-12	16.54	1.41
Less : Premium payable on redemption of preference shares	-	(3.90)
Add: Premium no longer payable on redemption of preference shares (Refer note no. 2.1.2)	11.70	-
	<b>881.63</b>	840.33
<b>d. Cash Flow Hedging Reserve</b>		
Opening balance	-	(22.60)
Add : Adjusted during the year (Refer note no. 2.26.2 (b))	-	22.60
	-	-
<b>e. Revaluation Reserve</b>		
Opening balance	125.50	-
Add : Recognised during the year (Refer note no. 2.9.4)	-	125.50
	<b>125.50</b>	125.50
<b>f. Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	(1,890.12)	(816.80)
Add: Transitional depreciation for the year (Refer note no. 2.9.3)	-	(15.57)
Add: Net Profit/(Loss) for the year	(1,063.67)	(1,057.75)
	<b>(2,953.79)</b>	(1,890.12)
<b>Total</b>	<b>(1,915.48)</b>	(953.61)

## 2.3 Long Term Borrowings

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Secured Term Loans:</b>		
Term Loans from Banks		
Ruppee Term Loan (Refer note no. 2.3.1)	<b>442.47</b>	241.65
Foreign Currency Loan (Refer note no. 2.3.1)	-	1,015.39
Term Loans from Others		
Ruppee Term Loan from Others (Refer note no. 2.3.1)	<b>73.18</b>	-
	<b>515.65</b>	1,257.04
<b>Unsecured Term Loans:</b>		
Foreign Currency Convertible Bonds (FCCBs) (Refer note no. 2.3.1 & 2.3.2)	<b>131.35</b>	540.12
Term Loans from Subsidiaries	<b>129.54</b>	139.10
Finance lease obligations (Refer note no. 2.3.1)	-	59.50
	<b>260.89</b>	738.72
<b>Total</b>	<b>776.54</b>	1,995.76

### 2.3.1 Debt Restructuring Scheme

During the year, with an objective to serve interests of the lenders in the long term, by offering the possibility of value enhancement, and simultaneously support the growth of the Company, the Company submitted a second scheme herein after called as 'Debt Restructuring Scheme ('DRS')' to its lenders and FCCB holders.

The DRS was approved by the CDR Empowered Group ('CDR EG') at its meeting held on April 27, 2016, and the CDR has issued a letter of approval dated June 14, 2016 approving the said scheme.

The Company also submitted a restructuring proposal for its existing FCCB Holders in respect of the outstanding 5% and 4.75% Bonds due in 2017 (Existing FCCBs). The restructuring proposal envisaged the exchange of Existing FCCBs for new U.S. Dollar denominated 2.5% Foreign Currency Convertible Bonds 2025 ('New FCCBs'), and amendment of the terms and conditions of the Existing FCCBs, which were not tendered for exchange (Amended FCCBs). The restructuring proposal was approved by the Existing FCCB Holders at their meetings held on July 27, 2016 and August 10, 2016 respectively. Subsequent to year end, the Company has executed Supplemental Restructuring Agreement to the Master Restructuring Agreement dated March 30, 2012; with CDR Lenders on June 29, 2016. The approvals to DRS from Reserve Bank of India and SEBI are awaited.

The significant highlights of the said scheme are as under:

1. Cutoff date: April 01, 2016.
2. Waiver of all unpaid interest dues from April 01, 2014 till March 31, 2016 including Liquidated Damages and Penal Interest.
3. If there is any shortfall in servicing of interest/unpaid interest till March 31, 2014, lenders would be allotted equity shares of 3i Infotech Limited ('the Company' or '3i') at face value towards the shortfall amount/unpaid amount.
4. Existing covenants and terms and conditions as approved by CDR EG to continue; including maintaining of TRA account with Monitoring Institution ('MI').
5. All lenders participating in DRS shall have pari-passu sharing of cash flows of 3i.
6. FCNR (B) loan/FCL crystallized and converted into Rupee debt.
7. Loans from lenders in subsidiaries are to be recognized in 3i and to be converted into a Rupee debt.
8. Waiver of all liquidated damages, penal charges, penal interest or excess interest in excess of documented rate on any facility from COD till implementation of the package.
9. Corporate guarantees and pledge of shares from the offshore and overseas subsidiaries as stipulated in the original CDR package shall be continued to be obtained.
10. The terms of existing Class A Preference Shares having face value of ₹ 5 each, have been amended and these are now redeemable on March 15, 2026, dividend premium payable on redemption; which would have provided the preference share holder an internal rate of return @ 6% per annum would no longer be payable.

**A. The financial impacts arising out of aforesaid scheme are as under:**

Particulars	LENDERS		FCCBs		Financial impact	Reference to Note no.
	%	₹ Crores	%	₹ Crores	₹ Crores	
<b>Total Exposure</b>	<b>100%</b>	<b>1,926.69</b>	<b>100%</b>	<b>525.80</b>	<b>2,452.49</b>	
<b>I. Effects accounted in Balance sheet</b>						
Conversion to 0.10% Non-Conv. Preference Shares	35%	658.48	0%	-	658.48	
Conversion to Equity	40%	752.56	40%	201.41	953.97	
Shortfall in servicing of interest - conversion to Equity		20.99		-	20.99	
<b>Disclosed as 'Share suspense account'</b>		<b>1,432.03</b>		<b>201.41</b>	<b>1,633.44</b>	
<b>Exposure carried forward under 'Long-term borrowings'</b>	<b>25%</b>	<b>515.65</b>	<b>25%</b>	<b>131.35</b>	<b>647.00</b>	2.3
<b>II. Effects accounted in Statement of Profit and Loss account</b>						
Waiver of Principal	0%	-	35%	(193.04)	(193.04)	2.24
Overdue interest servicing to be waived upto March 31, 2016		(176.05)		(46.77)	(222.82)	
Premium no longer payable on redemption of FCCBs		-		(6.39)	(6.39)	
Additional amortisation arising on restructured FCCBs		-		32.29	32.29	
Write off Unamortised borrowing cost / Prepaid Expenses		7.93		-	7.93	
Additional Liability crystallized under DRS (net)		30.76		-	30.76	
Debt Restructuring Expenses incurred					8.21	
<b>Disclosed as 'Net write back - Debt Restructuring' under 'Exceptional Items'</b>					<b>(343.06)</b>	
<b>Terms with respect to continuing debt exposure</b>						
Continue as Debt	25%	515.65	25%	131.35	647.00	2.3
Interest	10%	Base Rate	2.50%			
Moratorium on Debt Principal	Upto March 31, 2018		Upto March 31, 2019			
Servicing of Interest	Monthly from April 2016		Semi Annual from April 2016			
Repayment of Debt Principal	Monthly over 6 years		Annual over 6 years			
Repayment of Preference Shares	March 31, 2026		Not Applicable			
Other Terms			Conversion of 25% FCCB to Equity @ ₹ 12.50; i.e. Premium of ₹ 2.50 (25%)			

**B. Summary of Amended terms and conditions of 'Existing FCCBs' and terms and conditions of New FCCBs:**

Particulars	Fourth Issue	Fifth Issue	Fourth Issue Amended	Fifth Issue Amended	New Issue
Issue currency	USD	USD	USD	USD	USD
Issue size	2.44 million **	125.36 million	2.43 million **	125.36 million	16.31 million
Issue date	April 25, 2012	April 25, 2012	April 25, 2012	April 25, 2012	April 25, 2012
Maturity date	July 27, 2017	April 26, 2017	March 31, 2025	March 31, 2025	March 31, 2025
Coupon rate	4.75%	5%	2.50%	2.50%	2.50%
Fixed exchange rate of conversion	₹ 40.81	₹ 50.7908	₹ 40.81	₹ 50.7908	₹ 66.326
Conversion price—post bonus	₹ 165.94	₹ 16.50	₹ 165.94	₹ 16.50	₹ 12.5
<b>Writeback – (USD)</b>					
<b>2015-16</b>	<b>(0.93 million)</b>	<b>(27.04 million)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
2014-15	Nil	Nil	Nil	Nil	Nil
<b>Conversions/ Redemptions – (USD)</b>					
<b>2015-16</b>	Nil	<b>(6.52 million)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
2014-15	Nil	(9.64 million)	Nil	Nil	Nil
<b>To be converted into equity – (USD )</b>					
<b>2015-16</b>	<b>(0.93 million)</b>	<b>(30.88 million)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
2014-15	Nil	Nil	Nil	Nil	Nil
<b>To be exchanged against new bonds/ amended bonds – (USD)</b>					
<b>2015-16</b>	<b>(0.58 million)</b>	<b>(19.29 million)</b>	<b>0.48 million</b>	<b>3.08 million</b>	<b>16.31 million</b>
2014-15	Nil	Nil	Nil	Nil	Nil
<b>Outstanding as at - (USD )</b>					
<b>31 Mar 2016</b>	<b>Nil</b>	<b>0.21 million</b>	<b>0.48 million</b>	<b>3.08 million</b>	<b>16.31 million</b>
31 Mar 2015	2.44 million	83.94 million	Nil	Nil	Nil
<b>Outstanding as at - (₹ Crores)</b>					
<b>31 Mar 2016</b>	<b>Nil</b>	<b>1.37</b>	<b>31.93</b>	<b>20.35</b>	<b>107.08</b>
31 Mar 2015	15.22	524.90	Nil	Nil	Nil

**C. Securities offered consequent to Debt Restructuring**

The borrowing from the CDR lenders (excluding certain Specified lenders) together with all interest, default interest, additional interest, commitment fees, all and any other costs, charges, expenses, fees, financing charges/fees/ remuneration shall continue to be secured by the security created in terms of the original Master Restructuring Agreement including the Corporate Guarantee and pledge over the Subject Shares.

Certain Specified lenders referred above/ non CDR lenders shall have pari passu share in the cash flow of the Company.

Details of 'Security created', 'Corporate Guarantees from Material Subsidiaries' and 'Pledge of share's are as described under:

**a) Security created**

Sr. No.	Security	First Charge to	Second Charge to
1.	A charge and mortgage on all the present and future immovable and movable tangible fixed assets (except leased assets) of the Company.	ICICI Bank and IDBI Bank	All Facilities (other than ones of ICICI Bank and IDBI Bank in respect of which the First Charge is created).



Sr. No.	Security	First Charge to	Second Charge to
2	A charge on all the Trade receivables and stocks of the Company.	IDBI Bank, Oriental Bank of Commerce ('OBC'), State Bank of Travancore ('SBT') and Standard Chartered Bank ('SCB'). First charge shall be pari passu with the existing first charge created in favour of a working capital facility (non fund based) provided by the Development Bank of Singapore (DBS).	All Facilities other than the ones of IDBI Bank, OBC, SBT and SCB in respect of which the First charge is created.
3	A charge on all the present and future current assets (except receivables) of the Company.	SBT First charge shall be pari passu with the existing first charge created in favour of (i) a working capital facility (non fund based) provided by DBS. Further, first ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of the Company, to secure SCB Facility.	All Facilities other than the one of SBT in respect of which the First charge is created.
4	A charge on all the present and future intellectual property rights (other than in respect of ORION and PREMIA) of the Company.	All Facilities. Intellectual property rights in respect of ORION and PREMIA are charged in favour of SCB on exclusive basis.	Not Applicable

**b) Corporate guarantees from material subsidiaries:**

Corporate guarantees of each of the material subsidiaries guaranteeing the secured obligations ("Corporate Guarantees"), in favour of all the CDR lenders. Each Corporate Guarantee shall be secured/credit enhanced by security interest over assets of the relevant material subsidiary providing the Corporate Guarantee, as permitted under applicable laws in the relevant jurisdictions, as detailed in the table below and shall have the ranking as mentioned against each security.

Sr. No.	Security	First Charge to	Second Charge to
<b>Charge on assets of 3i Infotech Inc</b>			
1	A charge on all the present and future movable fixed assets and current assets of 3i Infotech Inc.	ICICI Bank First charge shall be pari passu with the existing first charge created in favour of State Bank of India, California to secure line of credit of US\$ 4.5 million.	All Facilities other than the one of ICICI Bank in respect of which the First charge is created.



Sr. No.	Security	First Charge to	Second Charge to
<b>Charge on assets of 3i Infotech (Middle East) FZ LLC</b>			
2	A charge on all the present and future movable fixed assets and current assets (except receivables and the collection account) of 3i Infotech (Middle East) FZ LLC.	All Facilities. First ranking pari passu security interest has been created over collection account of 3i Infotech (Middle East) FZ LLC to secure USD 17 million STF facility and guarantee facility by SCB, Dubai.	Not Applicable
3	A charge on all the receivables of 3i Infotech (Middle East) FZ LLC.	Not Applicable	All Facilities
<b>Charge on assets of 3i Infotech Asia Pacific Pte Limited</b>			
4	A charge on all the present and future movable fixed assets and current assets (other than receivables and stocks) of 3i Infotech Asia Pacific Pte Limited.	All Facilities. First ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of 3i Infotech Asia Pacific Pte Limited, to secure the cash credit facility of USD 2 million provided by SCB Singapore.	Not Applicable
5	A charge on all the receivables and stocks of 3i Infotech Asia Pacific Pte Limited.	Not Applicable First charge has been created to secure the cash credit facility of USD 2 million provided by Standard Chartered Bank, Singapore.	All Facilities.
<b>Charge on assets of 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited.</b>			
6	A charge on all the present and future movable assets including current assets of 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited, except current assets of 3i Infotech BPO Limited	All Facilities	Not Applicable
7	A charge on all the current assets of 3i Infotech BPO Limited	First charge has been created to secure the cash credit facility of Rs.3 crores provided by Development Credit Bank ('DCB')	All Facilities

**c) Pledge of shares:**

Pledge of shares held by the Companies set out in Column I of the Table below in respect of their respective investments set out in Column II and with details of shares mentioned in column III:

Pledgor (I)	Company whose shares have been pledged (II)	Details of shares pledged (III)
3i Infotech Limited	3i Infotech Holdings Private Limited	6,258,371,598 ordinary shares of MUR 1 each
	3i Infotech Asia Pacific Pte Limited	5,346,202 ordinary shares of SGD 1 each
	3i Infotech BPO Limited	100,000 equity shares of ₹ 10 each
3i Infotech Asia Pacific Pte Limited.	3i Infotech SDN BHD	5,000,000 shares of RM 1 each
3i Infotech Holdings Private Limited	3i Infotech Inc	100,138,408 Class A common stock of US\$ 0.30 each and 1,000,000 Class B common stock of US\$ 0.01 each
	3i Infotech Financial Software Inc	280,556 common stock of US\$ 1 each
	3i Infotech (Middle East) FZ LLC	46,174 shares of AED 1000 each

2.3.2 The Interest and repayment schedule for long term borrowings are as follows (Also Refer note no. 2.3.1):

**As at March 31, 2016**

₹ crores

Particulars	Type	Interest rate range %	Amount	Repayment Schedule		
				0 - 1 yr	1 - 3 yrs	> 3 yrs
				Included in Other Current Liabilities	Included in Long Term Borrowings	
Secured Term Loans	Rupee Term loans from banks	10	442.47	-	73.75	368.72
		13	-	-	-	-
		6.75	-	-	-	-
	Rupee Term loans from others	10	73.18	-	6.53	66.65
	Foreign Currency Term loans from banks	Libor + 6	-	-	-	-
		Libor + 6.5	-	-	-	-
	Vehicle Loans from others	11.75	0.00	0.00	-	-
Unsecured Loans	FCCB	2.5	132.72	1.37	23.55	107.80
		4.75 - 5.00	-	-	-	-
	Subsidiaries	10.00 - 14.75	155.57	26.03	129.54	-
	Finance lease obligations	12.95 - 15.12	-	-	-	-
<b>Total</b>			<b>803.94</b>	<b>27.40</b>	<b>233.37</b>	<b>543.17</b>

As at March 31, 2015

₹ crores

Particulars	Type	Interest rate range %	Amount	Repayment Schedule		
				0 - 1 yr	1 - 3 yrs	> 3 yrs
				Included in Other Current Liabilities	Included in Long Term Borrowings	
Secured Term Loans	Rupee Term loans from banks	13	2.28	2.28	-	-
		6.75	283.70	42.05	96.63	145.02
	Foreign Currency Term loans from banks	Libor + 6	104.67	7.33	62.80	34.54
		Libor + 6.5	1,097.37	179.32	534.72	383.33
	Vehicle Loans from others	11.75	0.13	0.13	-	-
Unsecured Loans	FCCB	4.75 - 5.00	540.12	-	540.12	-
	Subsidiaries	10.00 - 14.75	141.60	2.50	139.10	-
	Finance lease obligations	12.95 - 15.12	208.52	149.02	59.50	-
<b>Total</b>			<b>2,378.39</b>	<b>382.63</b>	<b>1,432.87</b>	<b>562.89</b>

## 2.4 Other long-term liabilities

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Payable to a step down subsidiary towards IPR purchase (Refer note no. 2.38(b))	1,097.58	1,038.31
Premium payable on redemption of FCCB (Refer note no. 2.3.1)	-	6.31
Premium payable on redemption of Preference shares (Refer note no. 2.1.2)	-	11.70
<b>Total</b>	<b>1,097.58</b>	<b>1,056.32</b>

## 2.5 Short Term Borrowings

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Secured Term Loans:</b>		
Term Loan from Banks (Refer note no. 2.3.1)	-	15.44
<b>Unsecured Term Loans:</b>		
Term Loan from Banks (Bank Overdraft)	0.13	2.57
Term Loan from Subsidiaries	11.57	69.71
Acceptances from ICICI Bank (an Associate)	-	52.44
<b>Total</b>	<b>11.70</b>	<b>140.16</b>

## 2.6 Trade Payables

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note no. 2.40)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises :		
Due to Subsidiaries	45.77	50.35
Due to Others	85.49	96.41
<b>Total</b>	<b>131.26</b>	<b>146.76</b>

## 2.7 Other current liabilities

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Current maturities of long term loans and finance lease obligations</b>		
<b>Secured Term Loans</b>		
Rupee Term Loan from Banks (Refer note no. 2.3.1)	-	22.78
Foreign Currency Loan from Banks (Refer note no. 2.3.1)	-	109.11
Term loan from others	<b>0.00</b>	0.13
Other overdue borrowings from Banks (Refer note no. 2.3.1)	-	99.09
<b>Unsecured Term Loans</b>		
Finance lease obligations (Refer note no. 2.3.1)	-	74.21
Overdue subsidiary borrowings	<b>26.03</b>	2.50
Overdue finance lease obligations (Refer note no. 2.3.1)	-	74.81
Overdue FCCBs (Refer note no. 2.3.1 & 2.3.2)	<b>1.37</b>	-
<b>Total (A)</b>	<b>27.40</b>	382.63
<b>Other Liabilities</b>		
Overdue borrowings from Banks - Short term Secured (Refer note no. 2.3.1)	-	1.50
Overdue subsidiary borrowings - Short term Unsecured	<b>10.27</b>	1.75
Earnest Money Deposit from a subsidiary	<b>5.00</b>	5.00
Interest accrued but not due on borrowings	-	11.57
Interest accrued and due on borrowings/acceptances (Refer note no. 2.3.1)	<b>11.51</b>	166.16
Interest accrued and due - Subsidiaries	<b>11.98</b>	9.38
Payable towards interest sacrifice (Refer note no. 2.3.1)	-	6.20
Unclaimed dividend *	<b>0.32</b>	0.37
Advances received from customers	<b>0.44</b>	4.61
Advance received from Sale of Investment in Preference Shares	<b>4.00</b>	-
Statutory dues payable	<b>12.57</b>	17.09
Other payables	<b>1.03</b>	1.83
Cash flow hedging liability (Refer note no. 2.26.2(b))	-	-
<b>Total (B)</b>	<b>57.12</b>	225.46
<b>Total (A+B)</b>	<b>84.52</b>	608.09

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

## 2.8 Short Term Provisions

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee benefits	<b>20.24</b>	21.54
<b>Total</b>	<b>20.24</b>	21.54

## 2.9 Fixed Assets

As on March 31, 2016

₹ crores

Particulars	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK
	As at April 1, 2015	Additions / Adj during the year	Ded/ Adj during the year	As at March 31, 2016	Upto March 31, 2015	Dep. for the year	Ded/Adj during the year	As at March 31, 2016	As at March 31, 2016
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.12	0.02	-	0.14	0.38
Buildings - Leasehold	146.35	-	-	146.35	5.88	3.11	-	8.99	137.36
Leasehold Improvements	16.91	1.05	0.48	17.48	13.46	0.70	0.50	13.66	3.82
Plant & Equipment / Electrical Installations	3.98	0.45	0.37	4.06	3.68	0.17	0.37	3.48	0.58
Furniture & Fixtures	4.21	0.01	0.00	4.22	3.97	0.09	(0.01)	4.07	0.15
Vehicles	2.77	-	0.77	2.00	2.22	0.26	0.70	1.78	0.22
Office Equipment	7.37	0.59	0.18	7.78	5.72	0.69	0.15	6.26	1.52
Computers	63.24	1.23	0.41	64.06	56.49	4.57	0.40	60.66	3.40
Assets under Finance Lease (Refer note no. 2.9.5)	271.61	-	3.59	268.02	174.23	97.37	3.58	268.02	0.00
<b>Sub Total</b>	<b>516.96</b>	<b>3.33</b>	<b>5.80</b>	<b>514.49</b>	<b>265.77</b>	<b>106.98</b>	<b>5.69</b>	<b>367.06</b>	<b>147.43</b>
<b>Intangible assets</b>									
Goodwill	67.48	-	-	67.48	67.48	-	-	67.48	-
Software Products - Meant for sale (Refer note 2.38 (b))	1,513.29	59.27	6.32	1,566.24	417.34	930.87	5.64	1,342.57	223.67
Software Products - Others	152.11	-	41.27	110.84	137.05	12.00	41.27	107.78	3.06
Business and Commercial Rights	37.36	-	7.51	29.85	36.29	0.41	6.85	29.85	0.00
<b>Sub Total</b>	<b>1,770.24</b>	<b>59.27</b>	<b>55.10</b>	<b>1,774.41</b>	<b>658.16</b>	<b>943.28</b>	<b>53.76</b>	<b>1,547.68</b>	<b>226.73</b>
<b>Total Tangible and Intangible assets</b>	<b>2,287.20</b>	<b>62.60</b>	<b>60.90</b>	<b>2,288.90</b>	<b>923.93</b>	<b>1,050.26</b>	<b>59.45</b>	<b>1,914.74</b>	<b>374.16</b>

As on March 31, 2015

₹ crores

Particulars	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK
	As at April 1, 2014	Additions / Adj during the year	Ded/ Adj during the year	As at March 31, 2015	Upto March 31, 2014	Dep for the year	Ded/Adj during the year	As at March 31, 2015	As at March 31, 2015
<b>Tangible assets</b>									
Land - Leasehold	0.52	-	-	0.52	0.11	0.01	-	0.12	0.40
Buildings - Leasehold (Refer note 2.9.4)	20.85	125.50	-	146.35	4.62	1.26	-	5.88	140.47
Leasehold Improvements	15.06	1.88	0.03	16.91	8.12	1.27	(4.07)	13.46	3.45
Plant & Equipment / Electrical Installations	14.90	0.15	11.07	3.98	7.75	0.33	4.40	3.68	0.30
Furniture & Fixtures	9.96	-	5.75	4.21	7.42	0.36	3.81	3.97	0.24
Vehicles	3.24	0.07	0.54	2.77	1.46	0.52	(0.24)	2.22	0.55
Office Equipment	6.42	1.07	0.12	7.37	2.42	1.76	(1.54)	5.72	1.65
Computers	73.87	0.27	10.90	63.24	56.62	10.17	10.30	56.49	6.75
Assets under Finance Lease (Refer note no. 2.9.5)	275.59	-	3.98	271.61	114.20	64.01	3.98	174.23	97.38
Sub Total	420.41	128.94	32.39	516.96	202.72	79.69	16.64	265.77	251.19
<b>Intangible assets</b>									
Goodwill	67.48	-	-	67.48	62.53	4.95	-	67.48	0.00
Software Products - Meant for sale (Refer note 2.38 (b))	1,466.81	46.48	-	1,513.29	297.08	120.26	-	417.34	1,095.95
Software Products - Others	152.11	-	-	152.11	121.27	15.78	-	137.05	15.06
Business and Commercial Rights	44.62	-	7.26	37.36	41.35	2.20	7.26	36.29	1.07
Sub Total	1,731.02	46.48	7.26	1,770.24	522.23	143.19	7.26	658.16	1,112.08
Total Tangible and Intangible assets	2,151.43	175.42	39.65	2,287.20	724.95	222.88	23.90	923.93	1,363.27

**2.9.1** On physical verification of 'Tangible Assets under Finance Lease', the management on consideration of their wear and tear has decided to provide additional depreciation of ₹ 35.21 crores during the year and the same has been included under 'Exceptional Items' (Refer note no. 2.24).

**2.9.2** Considering the user of the intangible assets under 'Software Products – Meant for sale', going forward the management has decided to carry them at their residual values and has accordingly, accounted additional amortization of ₹ 804.43 crores during the year and the same has been included under 'Exceptional Items' (Refer note no. 2.24).

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

The existing useful lives of tangible fixed assets as at April 1, 2014 and the useful lives as revised with effect from April 1, 2014 are as below:

Category of assets	Existing useful life as at April 1, 2014 (Years)	Revised useful life (Years)
Computers	6	5
Plant and Machinery, Electrical Installation	21	5
Office Equipment	21	5
Furniture and Fixtures	16	5
Vehicles	11	5

Consequently, in case of assets which had completed their useful lives, the carrying value (net of residual value) as at April 1, 2014 amounting to ₹ 15.57 crores had been adjusted to the Opening Deficit in Statement of Profit and Loss during the year ended March 31, 2015.

**2.9.4** During the previous year ended March 31, 2015, the Company had revalued its Leasehold Building (60 years lease period) based on the fair market valuation obtained from an independent expert valuer. Accordingly, ₹ 125.50 crores had been credited to revaluation reserve.

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

**As at March 31, 2016**

₹ crores

Asset type	Gross Block	Accumulated Depreciation	Net Block
Computers	191.80	191.80	-
Plant & Equipment/Electrical Installations	0.32	0.32	-
Furniture & Fixtures	65.23	65.23	-
Leasehold Improvements	10.67	10.67	-
<b>Total</b>	<b>268.02</b>	<b>268.02</b>	<b>-</b>

**As at March 31, 2015**

₹ crores

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

**2.9.6** Depreciation for the year includes gain on sale/discarding of various assets amounting to ₹ 0.12 crores (for the year ended March 31, 2015 ₹ 0.09 crores).

## 2.10 Non Current Investments

₹ crores

Particulars	As at March 31, 2016		As at March 31, 2015	
<b>Long Term Trade Investments Unquoted at Cost</b>				
<b>(i) 100% Wholly Owned Subsidiaries</b>				
(a) 5,346,202 Equity shares of no par value of 3i Infotech Asia Pacific Pte Ltd., Singapore (Refer note no. 2.10.1) (as at March 31, 2015 - 5,346,202 shares)		21.20		21.20
(b) 3,226,308 Equity shares of GBP 1 each fully paid up of 3i Infotech (UK) Ltd. (Refer note no. 2.10.1) (as at March 31, 2015 - 3,226,308 shares)	355.73		355.73	
Less : Provision for Loss on divestment of step down subsidiaries	(305.79)		(305.79)	
Less : Diminution in value of Investment	(49.94)		(30.00)	
		-		19.94
(c) 6,258,371,598 Ordinary Shares of MUR 1 each fully paid up of 3i Infotech Holdings Private Limited, Mauritius (Refer note no. 2.10.1) (as at March 31, 2015 - 6,258,371,598 shares)	992.74		992.74	
Less : Diminution in value of Investment	(470.00)		(320.00)	
		522.74		672.74
(d) 500 Shares of SAR 1,000 each fully paid up of 3i Infotech Saudi Arabia LLC (as at March 31, 2015- 500 shares)		0.67		0.67
(e) Nil Equity shares of ₹ 10 each fully paid up of 3i Infotech Trusteeship Services Ltd. (as at March 31, 2015 - 5,569,762 shares)		-		0.01
(f) 100,000 Equity shares of ₹ 10 each fully paid of 3i Infotech BPO Ltd. (Refer note no. 2.10.1) (as at March 31, 2015 - 100,000 shares)		66.71		66.71
(g) 4,805,211 Equity shares of ₹ 10 each fully paid of 3i Infotech Consultancy Services Ltd. (as at March 31, 2015 - 4,805,211 shares)		37.04		37.04
(h) Elegon Infotech Limited, China Less : Diminution in value of Investment	11.81 (11.81)		11.81 -	
		-		11.81
<b>(i) Redeemable Convertible Preference Shares of 3i Infotech Holdings Private Limited, Mauritius : (*) (Refer note no. 2.10.2)</b>				
891,631,605 Series A - Zero Coupon Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31, 2015 - 891,631,605 shares)		150.12		134.48
1,780,361,142 Series C - Zero Coupon Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31, 2015 - 1,780,361,142 shares)		438.68		414.99
21,878,720 Series D - Zero Coupon Redeemable Convertible Preference Shares of MUR 1 each fully paid up (as at March 31, 2015 - 21,878,720 shares)		5.29		5.00
<b>(ii) Other Subsidiaries</b>				
(a) 740,000 Equity shares of ₹ 10 each fully paid of Locuz Enterprise Solutions Ltd. constituting 74% of the share capital (as at March 31, 2015 - 740,000 shares)		22.80		22.80
<b>Total Long term trade investments (A)</b>		<b>1,265.25</b>		<b>1,407.39</b>



₹ crores

Particulars	As at March 31, 2016		As at March 31, 2015	
<b>(iii) Investment in Equities, Preference Share Capital (other than Subsidiaries)</b>				
(a) 200,000 Equity shares of ₹ 10 each fully paid up of First Capital Asset Management Co. Ltd., Sri Lanka (as at March 31, 2015 - 200,000 shares)		<b>0.10</b>		0.10
(b) 25,000,000 Redeemable Non Convertible Zero Coupon Preference shares of ₹ 10 each fully paid up of eMudhra Ltd redeemable by December 14, 2015 (as at March 31, 2015 - 25,000,000 shares)	<b>25.00</b>		25.00	
Less : Reclassified as Current Investments #	<b>(12.50)</b>		-	
Less : Reclassified as Other Advances #	<b>(12.50)</b>		-	
		-		25.00
(c) 55,000 equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited. (as at March 31, 2015 - 55,000 shares)		<b>0.06</b>		0.06
<b>Total Non trade investments (B)</b>		<b>0.16</b>		25.16
<b>Total investments (A+B)</b>		<b>1,265.41</b>		1,432.55
<b>Aggregate amount of Unquoted investments (Gross)</b>		<b>2,102.95</b>		2,088.34
<b>Aggregate Amount of Provision for diminution in value of Investments / Loss on divestment of step down subsidiaries / Loss on discontinuance of businesses</b>		<b>(837.54)</b>		(655.79)
<b>Aggregate amount of Unquoted investments (Net)</b>		<b>1,265.41</b>		1,432.55

# in terms of the settlement agreement entered into with the investee company.

#### 2.10.1 Pledge of shares

Investments in these companies have been pledged as per the Master Restructuring Agreement entered by the Company with CDR Lenders. (Also refer note no. 2.3.1 C)

**2.10.2** During the year ended March 31, 2015, pursuant to Board resolution dated May 28, 2015, Company had re-converted its unsecured loan receivable from its wholly owned subsidiary viz. 3i Infotech Holdings Private Limited, Mauritius to investment in zero coupon redeemable preference shares redeemable at a premium with retrospective effect from July 1, 2012.

Further, Premium receivable of ₹ 241.79 crores (as at March 31, 2015 ₹ 226.44 crores) on aforesaid preference shares will be recognized as income as and when the uncertainty as to the realization ceases to exist.

#### 2.11 Deferred tax asset (net)

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unabsorbed losses/depreciation	<b>799.37</b>	818.34
Expenses allowable on payment and others (including provision for doubtful debts)	<b>13.83</b>	71.71
Provision for diminution in value of Investments / Loss on divestment of step down subsidiaries	<b>266.42</b>	212.77
	<b>1,079.62</b>	1,102.82
Fixed assets (Depreciation/amortisation)	<b>(81.36)</b>	(315.29)
	<b>998.26</b>	787.53
Less: Deferred tax assets not recognised as a matter of prudence	<b>(998.26)</b>	(666.20)
<b>Net deferred tax asset</b>	<b>-</b>	121.33

Based on the uncertainty of realization of Deferred Tax Asset, as a prudent measure, during the year the Company has derecognized the deferred tax asset; earlier recognized on brought forward tax losses, and has accounted the charge of ₹ 121.33 crores under 'Tax expense'.

## 2.12 Long term loans and advances

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good unless otherwise stated</b>		
Capital advances	0.34	-
Security Deposits (includes lease rent deposits)	8.99	7.82
Loan to Subsidiaries (Refer note no. 2.3.1)	82.87	-
Advance tax and tax deducted at source (net of Provision for taxes ₹ NIL; as at March 31 2015 ₹ NIL)	154.90	140.45
Prepaid expenses	0.97	2.20
	<b>248.07</b>	<b>150.47</b>
Security Deposits (includes lease rent deposits)	0.48	1.34
Less: Provision for bad and doubtful deposits	(0.48)	(1.34)
	-	-
<b>Total</b>	<b>248.07</b>	<b>150.47</b>

## 2.13 Other non-current assets

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unamortised borrowing costs (Refer note no. 2.3.1)	-	6.05
<b>Total</b>	<b>-</b>	<b>6.05</b>

## 2.14 Current Investments

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Non trade, Unquoted and Fully paid up - In Preference Shares</b>		
12,500,000 Redeemable Non Convertible Zero Coupon Preference shares of ₹ 10 each fully paid up of eMudhra Ltd. #	12.50	-
<b>Total</b>	<b>12.50</b>	<b>-</b>

# in terms of the settlement agreement, the same will be purchased by the promoters of investee company by October 31, 2016.

## 2.15 Trade receivables

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Debts outstanding for a period exceeding 6 months from the due date of payment	529.18	506.20
Others	71.00	68.99
	<b>600.18</b>	<b>575.19</b>
<b>Unsecured, considered doubtful</b>		
Doubtful debts exceeding 6 months from the due date of payment	21.85	17.25
Less: Provision for bad and doubtful debts	(21.85)	(17.25)
	-	-
<b>Total *</b>	<b>600.18</b>	<b>575.19</b>
* Includes due from Subsidiaries	<b>552.00</b>	<b>531.03</b>

## 2.16 Cash and bank balances

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash Equivalents</b>		
In current accounts	16.71	4.49
Cash on hand	0.00	0.00
<b>Total - (A)</b>	<b>16.71</b>	<b>4.49</b>
<b>Other Bank Balances</b>		
In margin money accounts	3.94	3.33
In escrow accounts	0.21	4.15
In dividend accounts	0.32	0.37
<b>Total - (B)</b>	<b>4.47</b>	<b>7.85</b>
<b>Total - (A + B)</b>	<b>21.18</b>	<b>12.34</b>

## 2.17 Short-term loans and advances

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good unless otherwise stated</b>		
Security deposits (includes lease rent deposits)	3.38	3.83
	3.38	3.83
Security Deposits (includes lease rent deposits)	2.31	2.21
Less: Provision for bad and doubtful deposits	(2.31)	(2.21)
	-	-
<b>Other loans and advances</b>		
Unamortized/Prepaid expenses (Refer note no. 2.3.1)	1.21	10.52
Advances recoverable from subsidiaries	3.28	3.20
VAT recoverable (net)	0.50	0.14
Other advances recoverable in cash or in kind or for value to be received	15.64	3.44
Less: Provision for Doubtful advances	(12.50)	-
	8.13	17.30
<b>Total</b>	<b>11.51</b>	<b>21.13</b>

## 2.18 Other current assets

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unbilled revenue*	11.06	33.85
Unamortised borrowing costs (Refer note no. 2.3.1)	-	1.09
Other receivables #	1.53	-
<b>Total</b>	<b>12.59</b>	<b>34.94</b>

\* includes from an associate ₹ Nil (as at March 31, 2015 ₹ 6.02 crores)

# includes ₹ 1.25 crores being proceeds on sale of long term investment in wholly owned subsidiary; deposited with Honorable Bombay High Court.

## 2.19 Revenue from Operations

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
IT solutions	309.65	379.16
Transaction services	20.60	21.56
<b>Total</b>	<b>330.25</b>	<b>400.72</b>

## 2.20 Other Income

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Gain on sale of long term investments (net) (Refer note no. 2.20.1)	3.14	-
Interest income	0.26	0.61
Dividend income on long term investment (non-trade) (Refer note no. 2.20.2)	39.84	-
Gain on sale/discarding of fixed assets	0.12	0.09
Other non-operating income	3.09	2.39
<b>Total</b>	<b>46.45</b>	<b>3.09</b>

**2.20.1** Gain on sale of long term investment of ₹ 3.14 crores represents net gain recognized on divestment of wholly owned subsidiary; viz. 3i Infotech Trusteeship Services Limited.

**2.20.2** During the current year, consequent to completion by UK Subsidiary; of regulatory formalities in connection with declaration of dividend, dividend remitted by UK Subsidiary aggregating to ₹ 39.84 crores; (including ₹ 33.97 crores received till the previous year ended March 31, 2015 which was disclosed under 'Unsecured Short term borrowings from subsidiaries') has been recognized as dividend income.

## 2.21 Employee benefits expense and Cost of Revenue

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and wages	196.71	207.89
Contribution to provident funds and other funds	12.77	14.22
Recruitment and training expenses	0.74	1.45
Staff welfare expenses	5.50	7.10
Cost of third party products/outsourced services (Refer note no. 2.33)	89.01	99.85
Less: Recovery from subsidiaries:		
a. Re-imbursement of costs	(133.65)	(97.62)
b. Corporate charges	(14.84)	(15.21)
<b>Total</b>	<b>156.24</b>	<b>217.68</b>

## 2.22 Finance Cost

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expense * (Refer note no. 2.3.1)	136.95	189.75
Other borrowing costs	3.22	4.94
<b>Total</b>	<b>140.17</b>	<b>194.69</b>

\* Includes interest accrued for the 9 months period ended December 31, 2015 of ₹ 100.67 crores; which consequent to DRS has been reversed to 'Net Write back – Debt Restructuring;' grouped under 'Exceptional items' (Refer note no. 2.24 and 2.3.1). Interest for the quarter ended March 31, 2016 has not been accrued (Refer note no. 2.3.1).

## 2.23 Other expenses

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	16.48	16.91
Travelling and conveyance	4.47	6.59
Power and fuel	6.00	7.82
Foreign exchange Loss (net) (Refer note no. 2.3.1)	54.54	42.73
Office Expenses	1.60	1.37
Repairs to buildings	0.49	0.55
Insurance	4.02	4.63
Rates and taxes	0.69	1.82
Communication expenses	1.55	3.50
Printing and stationery	1.00	1.07
Directors' Sitting Fees	0.21	0.15
Legal and Professional charges	9.64	13.44
Provision for doubtful debts	2.55	3.77
Repairs & Maintenance - Others	3.18	3.37
Security Charges	1.10	1.46
Miscellaneous expenses	0.64	2.94
<b>Total</b>	<b>108.16</b>	<b>112.12</b>

## 2.24 Exceptional Items – (Income) / Expenses

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Write back - Debt Restructuring (Refer note no. 2.3.1)	(343.06)	-
Additional amortization / depreciation on Intangible and Finance Lease Assets (Refer note no. 2.9.1 & 2.9.2)	839.64	-
Provision for Doubtful advances	12.50	-
Provision for diminution in value of long term investments / discontinued businesses	188.95	350.00
Provision for Loss on divestment of step down subsidiaries	-	305.79
Compensation towards Liquidated Damages	-	10.56
Net Irrecoverable balances written off	-	24.27
<b>Total</b>	<b>698.03</b>	<b>690.62</b>

## 2.25 Tax expense

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Current Taxes	-	-
Deferred tax assets reversed	121.33	-
Income tax pertaining to earlier years	5.82	2.03
MAT credit entitlement written off	-	21.54
<b>Total</b>	<b>127.15</b>	<b>23.57</b>

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

### 2.26.1 Contingent liabilities

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Contingent liabilities not provided for in respect of:-</b>		
Corporate Guarantee on behalf of subsidiaries (to the extent of loans outstanding)	<b>93.57</b>	90.90
Outstanding bank guarantees	<b>0.01</b>	0.10
Arrears of cumulative preference dividend (including dividend distribution tax thereon) (Refer note no. 2.1.2)	-	4.83
Estimated amount of claims against the company not acknowledged as debts in respect of:-		
- Disputed income tax matters	<b>34.90</b>	37.92
- Disputed service tax matters (excluding interest as applicable)	<b>180.86</b>	180.86
- Disputed sales tax matters	<b>35.48</b>	33.64
- Customer claims	<b>0.07</b>	0.21
- Others*	<b>47.54</b>	47.54
<b>Total</b>	<b>392.43</b>	396.00

\* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.78 crores (as at March 31, 2015 - ₹ 0.78 crores).

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

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

### 2.26.2 Commitments:

#### (a) Capital Commitments

Capital commitments as at March 31, 2016 ₹ 0.18 crores (₹ 0.09 crores as at March 31, 2015)

#### (b) Derivative Instruments:

During the financial year ended March 31, 2012, the Company had entered into a cross currency interest rate swap ('the Swap') to the tune of USD 26 mn (₹ 115 crores). The Company designated this instrument as cash flow hedge against its forecasted foreign currency inflows. For hedge transactions, the Company identified the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness was assessed at the time of inception of the hedge and periodically thereafter. The Swap was matured in March 2015 and the amount of ₹ 22.60 crores was recognized during the year ended March 31, 2015 in Cash flow hedging reserve account as effective fair value changes on derivative under cash flow hedge accounting. Accordingly, the Company carried ₹ Nil balance as at March 31, 2015 in 'Cash flow Hedging Reserve account' and the fair value of outstanding derivative designated under cash flow hedge accounting as at March 31, 2015 was ₹ Nil.

**(c) Leases:**

**a. Operating Lease:**

- (i) The Company has acquired certain Land and Building under a lease arrangement for a period of sixty years at a premium of ₹ 0.50 crores starting from December 4, 2000 for Land, ₹ 15.62 crores starting from March 13, 2000 and ₹ 5.05 crores March 1, 2003 for building and the same are being amortized over the lease period. All other lease arrangements in respect of properties from are renewable/ cancellable at the Company's and/or lessors' option as mutually agreed. The future lease rental payment committed is as under:

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
- within one year	9.38	9.95
- later than one year and not later than five years	19.93	23.99
- later than five years	26.29	27.97

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

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
- within one year	1.16	4.66
- later than one year and not later than five years	-	1.16
- later than five years	-	-

**b. Finance Lease:**

Future minimum lease payments in respect of assets on finance lease

**As at March 31, 2016 - Nil** (Refer note no. 2.3.1)

As at March 31, 2015

₹ crores

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

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

**2.27** In the opinion of the Board of Directors of the Company, the investments, current and non - current assets, long term and short term loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amount stated.

**2.28** The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and banks are, however, subject to formal confirmations/reconciliations and consequent adjustments, if any. However, the management does not expect any material difference affecting the current year financial statements on such reconciliation/adjustments.

**2.29 Impairment Analyses of Cash Generating Units (CGUs):**

The Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – 'Impairment of Assets' and Accounting Standard (AS) - 13 Accounting for Investments, specified under Section 133 of the Act, carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis, with the assistance of an independent expert valuer and accordingly provision for Impairment Loss of ₹ 150 crores (Previous year ended March 31, 2015 ₹ 350 crores). Besides, the Company has provided loss of ₹ Nil (₹ 305.79 crores during the previous year ended March 31, 2015) on account of divestment of stake in step down subsidiaries and provided for loss of ₹ 31.75 crores (₹ Nil during the previous year ended March 31, 2015) on account of discontinuance of businesses of subsidiaries.

### 2.30 Going Concern:

Post the approval of Debt Restructuring Scheme (Refer note Note 2.3.1), the Company is confident of meeting its financial obligations as projected in the said scheme. Accordingly, these financial statements have been prepared on going concern basis.

### 2.31 Employee Benefit Plans

The expected return on plan assets is based on market expectations at the beginning of the year for the returns over the entire life of the related obligations. The estimates for future salary increases considered take into account, inflation, seniority, promotion and other relevant factors.

The following table set out the status of the gratuity plan as required under AS 15 (Revised) and figures given below are as per actuarial valuation.

#### Reconciliation of Benefit Obligations and Plan Assets

##### Change in benefit obligation

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Obligation at the beginning of the year	17.76	13.95	12.39	17.82	13.62
Interest cost	1.41	1.31	1.02	1.56	1.13
Current service cost	1.85	2.05	2.43	3.10	2.91
Benefits paid	(4.99)	(3.97)	(5.93)	(0.10)	(3.09)
Actuarial (gain)/loss in obligations	0.75	4.42	4.04	(9.99)	3.25
Obligation at year end	16.78	17.76	13.95	12.39	17.82

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

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Fair value of plan assets at the beginning of the year	0.01	0.01	0.01	0.11	2.91
Expected return on plan assets	-	0.00	0.00	0.01	0.21
Contributions by the employer	-	-	-	-	0.22
Benefits paid	-	-	-	(0.10)	(3.09)
Actuarial loss on plan assets	-	(0.00)	(0.00)	(0.01)	(0.14)
Fair value of plan assets at year end	0.01	0.01	0.01	0.01	0.11

#### Expenses recognized in Statement of Profit and Loss

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Current service cost	1.85	2.05	2.43	3.10	2.91
Interest cost	1.41	1.31	1.02	1.56	1.12
Expected return on plan assets	-	(0.00)	(0.00)	(0.01)	(0.24)
Net actuarial (gain)/loss recognized during the year	0.75	4.42	4.04	(9.99)	3.43
Expenses recognised in Statement of Profit & Loss	4.01	7.78	7.49	(5.34)	7.22



**Reconciliation of Present value of obligation and fair value of plan assets**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Liability at year end	16.78	17.76	13.95	12.39	17.82
Fair value of plan assets at year end	0.01	0.01	0.01	0.01	0.11
Liability recognized in the balance sheet	16.77	17.75	13.94	12.38	17.71

**Assumptions**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Discount Rate	7.80% p.a.	7.90% p.a.	9.36% p.a.	8.25% p.a.	8.75% p.a.
Expected Rate of Return on Plan Assets	0.00% p.a.	0.00% p.a.	0.00% p.a.	8.70% p.a.	8.75% p.a.
Salary Escalation Rate	3% for three years and 2% thereafter	3% for three years and 2% thereafter	4.00% p.a.	4.00% p.a.	6.00% p.a.

**Experience Adjustment**

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
On Plan Liabilities (Gain)\ Loss	(0.88)	4.85	4.81	(7.19)	4.34
On Plan Assets Gain\ (Loss)	-	(0.00)	(0.00)	(0.01)	(0.17)

The liability recognized with respect to Gratuity within the balance sheet as at March 31, 2016 is ₹ 18.05 crores (as at March 31, 2015 is ₹ 19.18 crores). The liability recognized with respect to leave encashment/entitlement in the balance sheet as at March 31, 2016 is ₹ 2.19 crores (as at March 31, 2015 is ₹ 2.36 crores)

**2.32 Auditors' Remuneration**

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Audit fees	1.35	1.52
Tax audit fees *	0.12	0.24
Certification fees	0.10	0.14
Other Matters	-	0.03
Re-imbursement of out of pocket expenses	0.18	0.09
Service tax **	0.22	0.16
<b>Total</b>	<b>1.97</b>	<b>2.18</b>

\* Tax audit fees for the year ended March 31, 2015 includes ₹ 0.12 crores charged with respect to the year ended March 31, 2014.

\*\* Service tax credit has been / will be availed.

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

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Outsourced services cost :		
IT Solutions	71.99	70.30
Transaction processing charges	1.21	1.48
Purchases - hardware/software	10.78	19.77
Repairs and maintenance - Computers	6.53	7.00
Commission on sales	0.73	1.74
Others	-	0.50
Less: Reimbursed from Subsidiaries	(2.23)	(0.94)
<b>Total</b>	<b>89.01</b>	<b>99.85</b>

### 2.34 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:

₹ crores

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
Net Profit/(Loss) after tax as per Statement of Profit and Loss before exceptional items (₹ crores)		(365.64)	(367.13)
Less: Dividend on preference shares accrued but not declared (incl. corporate dividend tax) (₹ crores) (Refer note no. 2.1.2)		-	4.83
Profit/(Loss) attributable to equity shareholders before exceptional items (₹ crores)	A	(365.64)	(371.96)
Less: Exceptional Item - Expense (₹ crores)		698.03	690.62
Profit/(Loss) attributable to equity shareholders after exceptional items (₹ crores)	B	(1,063.67)	(1,062.58)
Weighted average number of equity shares outstanding during the year (Nos.)	C	622,747,642	582,143,397
Add: Effect of dilutive issues of options (Nos.)		-	-
Diluted weighted average number of equity shares outstanding during the year (Nos.)	D	622,747,642	582,143,397
Nominal value of equity shares (₹)		10.00	10.00
Before exceptional Items			
Basic EPS (₹)	A/C	(5.87)	(6.39)
Diluted EPS (₹)	A/D	(5.87)	(6.39)
After exceptional items			
Basic EPS (₹)	B/C	(17.08)	(18.25)
Diluted EPS (₹)	B/D	(17.08)	(18.25)

## 2.35 Related Party Transactions:

1. Following is the list of related parties where control exists –

### Foreign subsidiaries/step down subsidiaries:

No.	Name of subsidiary	Country of Incorporation	Percentage of Holding	Date of Acquisition/ establishment
1	3i Infotech Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Jan 7, 2000
2	3i Infotech Asia Pacific Pte Limited	Singapore	100% held by 3i Infotech Limited	Nov 8, 2000
3	3i Infotech SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	Sep 26, 2002
4	3i Infotech (UK) Limited	UK	100% held by 3i Infotech Limited	Dec 7, 2004
5	3i Infotech (Thailand) Limited	Thailand	100% held by 3i Infotech Asia Pacific Pte Limited	May 12, 2005
6	3i Infotech (Western Europe) Holdings Limited	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
7	3i Infotech (Western Europe) Group Limited	UK	100% held by 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
8	Rhyme Systems Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
9	3i Infotech Holdings Private Limited	Mauritius	100% held by 3i Infotech Limited	Nov 20, 2006
10	3i Infotech Saudi Arabia LLC	Saudi Arabia	100% held by 3i Infotech Limited	Dec 24, 2006
11	3i Infotech Financial Software Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Dec 18, 2006
12	3i Infotech (Africa) Limited	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
13	3i Infotech (Middle East) FZ LLC	UAE	100% held by 3i Infotech Holdings Private Limited	Sep 25, 2007
14	Black Barret Holdings Limited	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
15	3i Infotech Framework Limited	UK	100% held by 3i Infotech (Western Europe) Limited	Feb 8, 2008
16	Elegon Infotech Limited	China	100% held by 3i Infotech Limited	Jul 10, 2008
17	3i Infotech Services SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	May 10, 2006
18	3i Infotech (South Africa) (Pty) Limited	Republic of South Africa	100% held by 3i Infotech Holdings Private Limited	Nov 28, 2013
19	Locuz Inc.	USA	100% held by Locuz Enterprise Solutions Limited	July 29, 2014

**Indian subsidiaries/step down subsidiaries:**

No.	Name of subsidiary	Percentage of Holding	Date of Acquisition/ establishment
1	3i Infotech Trusteeship Services Limited (Upto October 15, 2015)	100% held by 3i Infotech Limited	Aug 31, 2006
2	Professional Access Software Development Private Limited	100% held by Black Barret Holdings Limited	May 8, 2007
3	3i Infotech BPO Limited	100% held by 3i Infotech Limited	Dec 3, 2007
4	Locuz Enterprise Solutions Limited	74% held by 3i Infotech Limited	May 8, 2008
5	3i Infotech Consultancy Services Limited	100% held by 3i Infotech Limited	Nov 30, 2007
6	IFRS Cloud Solutions Limited (formerly known as 3i Infotech Outsourcing Services Limited)	100% held by 3i Infotech Financial Software Inc.	Mar 24, 2011

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

Key Management Personnel (KMP) / Related Party	Designation / Details
1. Mr. Madhivanan Balakrishnan	Managing Director & Global CEO
2. Mr. Padmanabhan Iyer	Chief Financial Officer
3. Mr. Charanjit Attra	Executive Director (Upto May 28, 2015)
4. Mr. Ninad Kelkar	Company Secretary (Upto January 11, 2016)
5. ICICI Bank Limited	Associate (Upto July 31, 2015)

The following transactions were carried out during the year:

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Subsidiary – 3i Infotech Inc</b>		
Income	1.99	13.85
Corporate Charges (Royalty Income)	7.22	6.73
<b>Subsidiary – 3i Infotech Holdings Private Limited, Mauritius</b>		
Loan Taken	0.62	10.94
Conversion of Unsecured loan into Redeemable Convertible Preference Shares	-	554.47
Diminution in value of investment	470.00	320.00
<b>Subsidiary – 3i Infotech (UK) Limited and its subsidiaries</b>		
Income	-	0.70
Corporate Charges (Royalty Income)	-	1.73
Loan Taken (Also refer note. 2.20.2)	5.87	33.97
Dividend income	39.84	-
Provision for Loss on divestment of step down subsidiaries	305.79	305.79
Diminution in value of Investment	49.94	30.00
<b>Subsidiary – 3i Infotech (Middle East) FZ LLC</b>		
Income	4.08	2.84
Income from product charge out	9.58	5.19
Corporate Charges (Royalty Income)	3.34	2.53
Recognized as loan given consequent to DRS (Also Refer note 2.3.1)	40.83	-
<b>Subsidiary – 3i Infotech Saudi Arabia LLC</b>		
Income	1.44	0.89
Income from product charge out	0.52	2.03
Corporate Charges (Royalty Income)	0.93	0.83
<b>Subsidiary – 3i Infotech Asia Pacific Pte Ltd</b>		
Income	0.57	0.57
Corporate Charges (Royalty Income)	0.74	0.64
<b>Subsidiary – Elegon Infotech Limited</b>		
Corporate Charges (Royalty Income)	0.06	0.13
<b>Subsidiary –3i Infotech Consultancy Services Limited</b>		
Income	0.05	0.29
Purchase of Services	62.04	57.11
Corporate Charges (Royalty Income)	1.61	1.54
Interest Expenses	0.02	0.14
Advance Taken	-	63.08
Advance Given	5.74	57.34
Recognized as loan given consequent to DRS (Also Refer note 2.3.1)	16.68	-
<b>Subsidiary –3i Infotech BPO Limited</b>		
Income	6.70	8.59
Rent Income	1.56	1.56
Purchase of Services	0.58	1.06
Loans Taken	5.75	3.00
Advance Taken	-	48.28
Advance Given	-	28.79
Interest Expense	3.56	4.23
Recognized as loan given consequent to DRS (Also Refer note 2.3.1)	25.36	-

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Subsidiary - Locuz Enterprise Solutions Limited</b>		
Rent Income	0.06	0.10
Purchase of Services	0.13	0.02
Expenses	0.11	0.31
<b>Subsidiary – 3i Infotech Financial Software Inc</b>		
Income	1.21	1.82
<b>Subsidiary – Professional Access Software Development Private Limited</b>		
Loan Taken	-	126.77
Loan Repaid	0.05	-
Interest Expense	15.52	10.21
Interest Payable written back	15.52	10.21
<b>Subsidiary – 3i Infotech Trusteeship Services Limited (upto October 15, 2015)</b>		
Income	0.20	0.38
Interest Expense	0.17	0.31
<b>Subsidiaries – Others</b>		
Income	0.61	10.40
Corporate Charges (Royalty Income)	0.94	1.09
<b>ICICI Bank Limited (upto July 31, 2015) #</b>		
Income	69.48	159.62
Expenses	1.11	2.22
Old Irrecoverable Balances Written Off	-	1.74
<b>Director / KMP - Mr. Charanjit Attra</b>		
Remuneration	0.95	0.95
<b>Director / KMP - Mr. Madhivanan Balakrishnan</b>		
Remuneration	5.37	1.78
<b>Director / KMP - Mr. Padmanabhan Iyer</b>		
Remuneration	1.53	0.39
<b>KMP - Mr. Ninad Kelkar</b>		
Remuneration	0.23	0.19

# Excluding normal banking transactions

**Notes:**

Managerial Remuneration includes Basic Salary, House Rent Allowance, Bonus, use of Company's Car, Furniture & Equipment and perquisites, the monetary value of which has been calculated in accordance with the provisions of the Income Tax Act, 1961 (excluding perquisites arising on account of exercise of ESOPs) and Rules made there under but does not include Company's Contribution to Gratuity Fund, Leave Encashment, etc

Outstanding balances of related parties:

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Subsidiary – 3i Infotech Inc</b>		
Advance Receivable	1.66	1.72
Trade Receivable	375.65	354.47
<b>Subsidiary - 3i Infotech Holdings Private Limited, Mauritius</b>		
Investment in Equity Shares	522.74	672.74
Investment in Preference Shares	594.09	554.47
Loan Payable	11.57	10.94
<b>Subsidiary - 3i Infotech (UK) Limited and its subsidiaries</b>		
Investment in Equity Shares	-	49.94
Trade Receivable	5.44	8.63
Provision for bad & doubtful debts	5.44	-
Loan Payable	-	33.97
<b>Subsidiary - 3i Infotech (Middle East) FZ LLC</b>		
Advance Receivable	0.98	0.74
Trade Receivable	37.00	44.93
Financial / Corporate Guarantees	39.66	37.52
Payable towards IPR purchase	1,097.58	1,038.31
Loan Receivable	40.83	-
<b>Subsidiary – 3i Infotech Saudi Arabia LLC</b>		
Investment in Equity Shares	0.67	0.67
Advance Receivable	0.22	0.24
Trade Receivable	105.54	94.58
<b>Subsidiary – 3i Infotech Asia Pacific Pte Ltd</b>		
Investment in Equity Shares	21.20	21.20
Advance Receivable	0.17	0.15
Financial / Corporate Guarantees	9.91	9.38
Trade Receivable	0.88	2.98
<b>Subsidiary – Elegon Infotech Limited</b>		
Investment in Equity Shares	-	11.81
Trade Payable	-	2.62
Advance Receivable	-	0.03
<b>Subsidiary – Locuz Enterprise Solutions Limited</b>		
Investment in Equity Shares	22.80	22.80
Financial / Corporate Guarantees	34.00	34.00
Unbilled Revenue	0.01	-
Advance Receivable	-	0.02
Trade Payable	1.13	2.57
<b>Subsidiary – 3i Infotech Consultancy Services Limited</b>		
Investment in Equity Shares	37.04	37.04
Trade Payable	35.76	26.38
Loan Payable	-	5.74
Interest payable	0.78	0.76
Loan Receivable	16.68	-
Earnest Money Deposit	5.00	5.00
Unbilled Revenue	1.13	0.59
Financial / Corporate Guarantees	10.00	10.00

₹ crores

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Subsidiary – 3i Infotech BPO Limited</b>		
Investment in Equity Shares	66.71	66.71
Trade Payable	3.94	9.46
Loan Payable	36.31	30.56
Interest payable	8.94	5.73
Loan Receivable	25.36	-
Unbilled Revenue	0.61	0.65
<b>Subsidiary – 3i Infotech Financial Software Inc</b>		
Trade payable	-	2.58
Trade Receivable	1.21	-
<b>Subsidiary – Professional Access Software Development Private Limited</b>		
Loan Payable	129.55	129.60
Trade Receivable	2.51	2.51
Interest payable	2.26	2.26
<b>Subsidiary – 3i Infotech Trusteeship Services Limited (Refer note no. 2.20.1)</b>		
Investment in Equity Shares	-	0.01
Loan Payable	-	2.25
Interest Payable	-	0.62
Unbilled Revenue	-	0.03
Trade Receivable	-	0.32
<b>Subsidiaries – Others</b>		
Trade Receivable	29.21	25.59
Trade Payable	4.94	3.76
Advances Receivable	0.25	0.23
<b>ICICI Bank Limited</b>		
Advances Payable	-	52.44
Other Payable - Deposit	-	1.55
Unbilled Revenue	-	6.02
<b>Director / KMP - Mr. Charanjit Attra</b>		
Remuneration Payable *	0.07	0.85
<b>Director / KMP - Mr. Madhivanan Balakrishnan</b>		
Remuneration Payable *	1.50	1.78
<b>Director / KMP - Mr. Padmanabhan Iyer</b>		
Remuneration Payable *	0.33	0.38
<b>KMP - Mr. Ninad Kelkar</b>		
Remuneration Payable *	-	0.01

\* Includes retention incentive amount.

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



**2.36 Foreign currency exposures not covered by derivative instruments are given below:-**

Particulars	Currency type	As at March 31, 2016		As at March 31, 2015	
		Amount in foreign currency (crores)	Amount (₹ crores)	Amount in foreign currency (crores)	Amount (₹ crores)
Foreign Currency Convertible Bonds (Also Refer note no 2.3.1)	USD	2.01	132.72	8.64	540.12
Premium payable on FCCB (Also Refer note no 2.3.1)	USD	-	-	0.10	6.31
Interest Payable on FCCB (Also Refer note no 2.3.1)	USD	-	-	0.42	26.17
Foreign Currency Loans (Also Refer note no 2.3.1)	USD	-	-	19.47	1217.48
Interest Payable on Foreign currency loan (Also Refer note no 2.3.1)	USD	-	-	1.07	67.05
Loan from subsidiaries (Also Refer note no. 2.20.2)	USD	0.17	11.57	0.17	10.94
	GBP	-	-	0.34	33.97
Investment in Redeemable Preference Shares	USD	6.72	443.97	6.72	419.99
	EUR	2.00	150.11	2.00	134.48
Net current assets/(liabilities)	USD	(9.34)	(617.59)	(9.38)	(591.20)
	GBP	0.06	5.47	0.12	11.48
Bank Account	EUR	0.00	0.06	0.00	0.06

**2.37 CIF value of imports and expenditure in foreign currency:-**

₹ crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>a. Expenditure in foreign currency in respect of (excludes expenditure incurred by Dubai Branch) :</b>		
(i) Cost of outsourced services and bought out items	0.45	0.87
(ii) Travelling and other expenses	4.77	5.18
(iii) Interest expenses on FCCB (Also Refer note no 2.3.1)	-	28.35
(iv) Interest expenses on FCNR Loan (Also Refer note no 2.3.1)	14.48	76.79
<b>b. Earnings in foreign currency</b>		
Income from operations (Excludes income from Dubai Branch)	48.14	78.55
Dividend Income (Also Refer note no. 2.20.2)	39.84	-

**2.38 (a) Foreign Currency Monetary Item Translation Difference :**

₹ crores

Particulars	As at April 1, 2015	Reinstatement	Amortisation	Additional Amortisation - DRS effect	As at March 31, 2016
Investment in Redeemable Convertible Preference Shares of 3i Infotech Holdings Private Limited, Mauritius	15.89	39.61	24.39	-	31.11
Foreign Currency Convertible Bonds (FCCB)	(44.96)	(20.85)	(33.91)	(31.90)	-
Premium payable on redemption of FCCB	(0.32)	(0.36)	(0.29)	(0.39)	-
<b>Total</b>	<b>(29.39)</b>	<b>18.40</b>	<b>(9.81)</b>	<b>(32.29)</b>	<b>31.11</b>

## 2.38 (b) Foreign Exchange Fluctuation on Payable towards IPR purchase :

The Company has a liability of ₹ 1097.58 crores (as at March 31, 2015 ₹ 1038.31 crores) towards acquisition of Intellectual Property Rights (IPRs) to its step down subsidiary, 3i Infotech (Middle East) FZLLC, for Company's software products meant for sale in respect of which, the Company had approached Reserve Bank of India (RBI) through authorized dealer during the period to extend the timeline for repayment of the aforesaid liability till March 31, 2017 and is awaiting. In view of the same, the said liability has been considered long term from inception and the resulting foreign exchange translation loss of ₹ 59.27 crores (for the year ended March 31, 2015 loss of ₹ 46.48 crores) for the year have been capitalized to the cost of the software.

## 2.39 Share Application Money Pending Allotment:

During the previous year ended March 31, 2015; in line with the CDR Scheme and execution of the Deed of Accession to Master Restructuring Agreement (MRA) with one of the Non CDR lenders, the Company had transferred the Principal outstanding of ₹ 16.75 crores and accumulated interest payable for the period from October 1, 2011 to March 31, 2012 of ₹ 16.75 crores to "Share Application Money pending allotment"; against which the equity shares have been issued on October 07, 2015 at a price of ₹ 19.74 per equity share.

**2.40** The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

₹ crores

Sr. no.	Particulars	As at March 31, 2016	As at March 31, 2015
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

## 2.41

- Figures for the previous year have been re-grouped/re-arranged, wherever considered necessary to conform to current year's presentation.
- ₹ 0.00 crores denote figures less than ₹ 50,000.

## Signatures to Notes 1 & 2

### For and on behalf of the Board

**Padmanabhan Iyer**  
Managing Director and Global CEO  
DIN: 05282942

**Shashank Desai**  
Director  
DIN: 00143638

**Rajeev Limaye**  
Company Secretary  
Membership No. A17168

Place: Mumbai  
Date: August 11, 2016

### 3i INFOTECH LIMITED

**Corporate Identification Number (CIN):** L67120MH1993PLC074411

**Registered Office:** Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703

**E-mail:** investors@3i-infotech.com **Website:** www.3i-infotech.com

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

### NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting ("AGM") of the Members of 3i Infotech Limited (the "Company") will be held on Wednesday, December 7, 2016 at 4.00 p.m. at Arya Samaj Hall, Plot No. 6, Sector 9A, Vashi, Navi Mumbai - 400 703 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended March 31, 2016 and the Balance Sheet as on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Sarojini Dikhale (DIN-02755309), who retires by rotation at this AGM and being eligible, offers herself for re-appointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**RESOLVED THAT** subject to the provisions of Section 139, 140 and other applicable provisions of the Companies Act, 2013 ('the Act') and the rules framed thereunder, as amended from time to time, and subject to approval under Master Restructuring Agreement (MRA), M/s. Lodha & Co., Chartered Accountants (Firm Registration No. 301051E), whose appointment is subject to ratification at the ensuing Annual General Meeting shall together with M/s. GMJ & Co., Chartered Accountants (Firm Registration No. 103429W), in respect of whom the Company has received a special notice, be and are hereby appointed as Joint Statutory Auditors of the Company, from the conclusion of this Annual General Meeting till the conclusion of the Twenty Fourth Annual General Meeting of the Company to be held in the year 2017.

**RESOLVED FURTHER THAT** M/s. Lodha & Co., Chartered Accountants (Firm Registration No. 301051E), will step down as the Statutory Auditors of the Company after the conclusion of the Twenty Fourth Annual General meeting as per the provisions of Section 139 of the Act read with rules thereunder.

**RESOLVED FURTHER THAT** M/s. GMJ & Co, Chartered Accountants (Firm Registration No.-103429W), will continue to act as the Statutory Auditors of the Company from the conclusion of the Twenty Fourth Annual General Meeting of the Company for a further period of 4 (four) years, subject to ratification by shareholders at the Twenty Fourth Annual general meeting and at every ensuing Annual general meeting thereafter.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to determine the scope of audit for each of the joint auditors and determine remuneration to be paid to each of the joint auditors in addition to the out of pocket expenses.

#### SPECIAL BUSINESS

##### 4. Appointment of Mr. Padmanabhan Iyer as Managing Director & Global CEO

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

**RESOLVED THAT** subject to the provisions of Sections 161, 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the rules framed thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company and subject to the approval of the Central Government, if required, and such other sanctions and approvals as may be necessary, Mr. Padmanabhan Iyer (DIN-05282942) be and is hereby appointed as Managing Director & Global CEO of the Company for a period of 5 years with effect from August 11, 2016 on the following terms:

##### **Annual Remuneration:**

The annual remuneration would be in the range of ₹ 18,000,000 to ₹ 30,000,000 inclusive of base salary, PF contribution, target bonus and all other allowances.

Additionally, he will be eligible for perquisites and other benefits, details of which are given below.

**Target bonus shall be:**

an amount up to 100% of his total fixed pay or any such amount, as may be determined by the Board of Directors or any Committee thereof, based on achievement of such performance parameters as may be laid down from time to time.

**Perquisites, benefits and other terms:**

Mr. Padmanabhan Iyer shall be eligible for one Company car once in a block of 5 years costing ₹ 25 Lacs, car running and maintenance cost on actuals, driver's salary upto ₹ 2 lacs per annum or Company provided driver, group life insurance as per Company policy, personal accident insurance of ₹ 2.8 crores, mediclaim of ₹ 6 lacs per annum, one club membership or reimbursement of annual fees of one club membership at actuals (in case of personal membership), one Company provided telephone at residence, soft furnishing allowance of ₹ 15 lacs once in a block of 5 years.

**Retention Incentive:**

An amount not exceeding of ₹ 50 lacs will become due and payable in March 2017 for financial year 2016-17, subject to Mr. Padmanabhan Iyer being in employment of the Company on the due date.

In the event of reorganization, merger, consolidation of the Company or such other similar events, if he is required to be disengaged, the amount of retention bonus payable and outstanding to Mr. Padmanabhan Iyer shall be pre-poned to coincide with the date of such reorganization, merger and consolidation as the case may be. However, in case of his voluntary resignation from the services of the Company or his services being terminated for cause, the retention bonus will not be payable for subsequent years.

**FURTHER RESOLVED THAT** the engagement of Mr. Padmanabhan Iyer as Managing Director and Global CEO may be discontinued at the option of the Company or Mr. Iyer only after giving a notice of six months.

**FURTHER RESOLVED THAT** all other terms and conditions of appointment and remuneration including notice period, compensation for loss of office shall be contained in a contract to be executed between the Company and Mr. Padmanabhan Iyer, subsequent to approval of the Shareholders and the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Act, and as may be agreed to by the Board of Directors and Mr. Padmanabhan Iyer.

**FURTHER RESOLVED THAT** in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Padmanabhan Iyer shall be governed by Section II of Part II of Schedule V of the Act including any modification(s) thereto.

**FURTHER RESOLVED THAT** Mr. Padmanabhan Iyer shall not retire by rotation during his tenure, provided however that, if at any time, the number of Directors as are not subject to retirement by rotation exceeds one-third of the total number of Directors for the time being, then Mr. Padmanabhan Iyer, if holding longest office among Whole-time Directors, shall be liable to retire by rotation in accordance with the provisions of Article 162(b) of the Articles of Association of the Company to the intent that such number of Directors shall not exceed one-third of the total number of Directors for the time being, provided further that if Mr. Padmanabhan Iyer is re-appointed as a Director immediately on such retirement, he shall continue to hold his office of the Managing Director or such other designation that he may carry, and such re-appointment will not be deemed to constitute a break in his appointment as Managing Director.

**FURTHER RESOLVED THAT** the Board of Directors of the Company or any Committee thereof, be and is hereby authorized to decide at its absolute discretion from time to time, all the terms and conditions of the appointment of Mr. Padmanabhan Iyer, including the remuneration (salary, perquisites and bonus) payable to him, within the terms mentioned above, and obtain such approvals of the Central Government, as may be necessary for the purpose of payment of such remuneration, during the tenure of his appointment

**5. Issue of equity shares to SREI Alternative Investment Managers Limited – Vision India Fund (“SAIML – VIF”) against conversion of a portion of outstanding debt**

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

**RESOLVED THAT** subject to the provisions of Section 42, Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended (the “Companies Act”), the Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon notification of sections of the Companies Act), applicable rules notified by the Central Government under the Companies Act, the Foreign Exchange Management Act, 2000 (“FEMA”), as amended, including the Foreign Exchange Management (Transfer or Issue of Security by a Person

Resident Outside India) Regulations, 2000, as amended, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (“GOI”), Reserve Bank of India (“RBI”), and Securities and Exchange Board of India (“SEBI”) and/or any other competent authorities, whether in India or abroad, and including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, as amended (the “SEBI Regulations”), the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeover) Regulations, 2011, as amended, the enabling provisions of the Memorandum of Association and Articles of Association of the Company, the listing agreements between the Company and the stock exchanges on which the Company’s shares are listed, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to necessary approvals, permissions, consents and sanctions of RBI and concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee(s) and/or any of the Director(s) or person(s) authorized by the Board to exercise powers conferred by this Resolution to the extent permitted by law), consent, authority and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot to SREI Alternative Investment Managers Limited – Vision India Fund (“SAIML – VIF”), a category II alternative investment fund within the meaning of the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012 acting through Investment Manager, SREI Alternative Investment Managers Limited (hereinafter referred to as the “DRS Lender”), on a preferential basis to implement the terms of Debt Realignment Scheme, including any deviations thereto approved by relevant authorities, upto 28 Crore equity shares (the “Equity Shares”) at a price of ₹10/- per equity share as detailed in the explanatory statement and as determined by the Board in accordance with the pricing guidelines prescribed under Chapter VII of the SEBI Regulations read with the Companies Act, at such time or times, in one or more tranches and on such terms and conditions and in such manner as the Board may think fit in its absolute discretion (the “Preferential Issue”).

**FURTHER RESOLVED THAT** if the DRS Lender is not in a position to subscribe to Equity Shares due to regulatory constraints or otherwise, then it shall have the option to choose a suitable structure such that the total equity conversion proposed by the Company remains unchanged while complying with the regulatory constraint or then it shall have the option to subscribe to equivalent value of non-convertible redeemable preference shares, subject to necessary approvals.

**FURTHER RESOLVED THAT** the “relevant date” for the purpose of calculating the price of the Equity Shares for the purposes of the Preferential Issue is April 27, 2016 i.e. date of approval of Debt Realignment Scheme by CDR Empowered Group in accordance with provisions of Chapter VII of the SEBI Regulations read with the Companies Act, 2013.

**FURTHER RESOLVED THAT** the Equity Shares to be issued and allotted on a preferential basis as aforesaid shall rank pari passu in all respects with the existing Equity Shares and shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company.

**FURTHER RESOLVED THAT** the Equity Shares to be issued and allotted shall be subject to lock-in as stipulated under the SEBI Regulations.

**FURTHER RESOLVED THAT** the number of equity shares to be issued and allotted shall be subject to reconciliation between the DRS Lender and the Company.

**FURTHER RESOLVED THAT** subject to the provisions of SEBI Regulations and other applicable laws, the Board be and is hereby authorized to decide and approve the terms and conditions of the offer, issue and allotment of the Equity Shares and vary, modify or alter any of the relevant terms and conditions, including size of the Preferential Issue to the DRS Lender, as it may deem expedient.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, issuing clarifications on the offer, issue and allotment of the Equity Shares, to execute the necessary documents and enter into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the Issue), resolving all questions of doubt that may arise in regard to the offer, issue and allotment of the Equity Shares and to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the shareholders of the Company and the decision of the Board shall be final and conclusive.

**“FURTHER RESOLVED THAT** in connection with any of the foregoing resolutions, the members of the Board and such other persons as may be authorized by the Board, on behalf of the Company, be and are hereby severally authorized to execute and deliver any and all other documents, papers and to do or cause to be done any and all acts or things as may be necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions for the Preferential Issue; and any such documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Company in so doing and any document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Company, as the case may be.

By Order of the Board



Rajeev Limaye  
Company Secretary

Navi Mumbai  
October 21, 2016

Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park, Vashi,  
Navi Mumbai-400 703



## NOTES:

- a) The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the "Act") is annexed hereto.
- b) **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company.** The instrument appointing a proxy/ies must be deposited with the Company at its Registered Office not less than FORTY-EIGHT HOURS before the time for holding the meeting. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions/ authorisations as applicable. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company, then such proxy shall not act as a proxy for any other person or shareholder.
- c) Members/proxies should bring the attendance slip sent herewith, duly filled in, for attending the Meeting.
- d) The Members are informed that in case of joint holders attending the Meeting, only such joint holder whose name is higher in the order of names, will be entitled to vote.
- e) The Members holding shares in physical form are requested to immediately notify any change in their address, name, bank particulars, ECS mandates, nominations, power of attorney under the signature of the Sole/First joint holder to the Company at its Registered Office, quoting their Folio Number(s)/Client ID and DP ID in all correspondence and consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names. Members holding shares in electronic form shall directly update such details with their respective Depository Participant(s) and not to the Company and/or to its Registrar and Transfer Agent. Information captured by the Depository Participants will automatically be updated in the Company's record.
- f) Please note that as per the Securities and Exchange Board of India (SEBI) circular no.MRD/DoP/Cir-05/2009 dated May 20, 2009, it has become mandatory to furnish a copy of PAN card of the transferee for registration of transfer of shares in physical form.
- g) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, November 30, 2016 to Wednesday, December 7, 2016 (both days inclusive).
- h) Under the Act, dividend which is unclaimed for a period of seven years is required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the Central Government. An amount of ₹590,448/- being unclaimed dividend of the Company for the financial year ended March 31, 2009 was transferred to IEPF on September 19, 2016 and no claim lies against the Company in respect thereof.
- i) Members are requested to note that trading in equity shares of the Company on the Stock Exchanges is permitted only in dematerialized form as per the notification issued by SEBI. The shares of the Company are available for trading under both the Depository systems in India, i.e. National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL). Members who continue to hold shares in physical form are, therefore, requested to note that they will not be able to trade in the shares of the Company, unless the same are dematerialized.
- j) To support the Green Initiative, the Company delivers the Documents in electronic form to Shareholders whose e-mail addresses are available with the Company. The Documents shall mean all notices/documents including those covered under Section 136 or any other relevant sections read with Section 20 of the Act. For shareholders whose e-mail addresses are not available, physical copies are being sent.

The shareholders holding shares in electronic form who have not registered their e-mail address are requested to register the same with their concerned Depository Participant for this purpose and for receiving all such communications from the Company. Shareholders holding shares in physical form may write to the Registrar and Share Transfer Agent.
- k) Pursuant to the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations") , information about Directors proposed to be appointed/re-appointed has been given in the Annexure to this Notice.
- l) In compliance with the provisions of Section 108 of the Act and the rules framed thereunder and Clause 44 of SEBI (LODR Regulations), the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL on all the resolutions set forth in this Notice. The facility of casting votes by a Member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by NSDL and the items of business as detailed in the Notice may be transacted through remote e-voting. Instructions for using this facility are mentioned under point o) below. The facility for voting, either through electronic voting system or by ballot or polling paper, shall also be made available at the AGM.

- m) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- n) The members can opt for only one mode of voting i.e. either by ballot form or remote e-voting. In case Members cast their votes through both the modes, voting done by remote e-voting shall prevail and votes cast through ballot form shall be treated as invalid. The Resolution(s) passed by the Members through ballot forms or remote e-voting are deemed to have been passed as if they have been passed at the AGM.
- o) The Instructions for remote e-voting are given herein below.

**Remote e-voting Facility:**

1. The remote e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the following period:  
Commencement of e-voting: 9:00 a.m. (IST) on Sunday, December 4, 2016  
End of e-voting: 5:00 p.m. (IST) on Tuesday, December 6, 2016
2. E-voting shall not be allowed beyond 5:00 p.m. (IST) on Tuesday, December 6, 2016. During the e-voting period, Shareholders of the Company, holding shares either in physical form or in dematerialized form as on the record date may cast their vote electronically. The record date for the purpose of e-voting is Friday, December 2, 2016.
3. Members who have registered their email IDs with the Company/their respective Depository participants are being forwarded the login ID and password for e-voting by e-mail. The instructions for remote e-voting have been given as under:
  - i. Open e-mail received from NSDL and open PDF file viz. "3iinfotech e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
  - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  - iii. Click on Shareholder - Login
  - iv. Put user ID and password mentioned in step (i) above. Click Login
  - v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vi. Home page of remote e-voting opens. Click on e-voting: Active Voting Cycles
  - vii. Select "REVEN" (Remote E voting Event Number) of 3i Infotech Limited.
  - viii. Now you are ready for e-voting as Cast Vote page opens.
  - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - xi. Please note that once you have voted on the resolution and clicked on "Submit" and "Confirm", you will not be allowed to modify your vote.
  - xii. Institutional Members (i.e. other than individuals, HUFs, NRIs, etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorised signatories) who are authorised to vote, to the Scrutinizer through e-mail to [scrutinizer3iinfotechagm@gmail.com](mailto:scrutinizer3iinfotechagm@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](https://www.evoting.nsdl.com) or call Mr. Rajiv Ranjan on +91 - 22 - 2499 4738.
4. For the benefit of the Members whose e-mail IDs are not yet registered with the Company or their respective Depository Participants or who have requested for a physical copy of the Notice and the Annual Report, the login ID and password for e-voting are being sent along with physical copy of the Notice.



- i. Initial password is provided at the bottom of the Attendance Slip for the AGM in the manner indicated below:

<b>REVEN</b> <b>(Remote E-Voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD</b>

- ii. Please follow all steps from Sr. No. ii to xiii above to caste the vote.
5. If you are already registered with NSDL for remote e-voting, you can use your existing user ID and password/ PIN for casting your vote.
  6. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  7. Login to the remote e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'forgot password' option available on the site to reset the password.
  8. The Company has appointed Mr. Keyoor Bakshi, failing him Mr. B. Narasimhan, failing him Mr. Prakash Pandya, M/s. BNP & Associates, Practicing Company Secretary as scrutinizer ("the Scrutinizer") to scrutinize the voting and remote e-voting in a fair and transparent manner.
- p) The Results of the AGM declared along with the Scrutinizers Report shall be placed on the website of the Company [www.3i-infotech.com](http://www.3i-infotech.com) and on the website of NSDL. The Results shall also be simultaneously submitted to those Stock Exchanges on which the equity shares of the Company are listed.
- q) The Annual Report of the Company circulated to the Members of the Company will be made available on the website of the Company.
- r) The Company is a SEBI Registered, Category I Share Transfer Agent and handles all Registrar and Transfer Agents' work in-house. The Company has adequate infrastructure to service its Shareholders.
- s) Members desirous of getting any information about the accounts and operations of the Company are requested to write to the Company at least seven days before the Meeting to enable the Company to keep the information ready at the Meeting.
- t) Members may avail of the nomination facility as provided under Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to the Company at its Registered address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
- u) The Company had obtained approval from the Members vide a Special resolution passed through Postal Ballot on March 18, 2016, to allot upto 100 crore equity shares to DRS Lenders under Corporate Debt Restructuring (CDR) mechanism on a preferential basis. The members may note that in the Postal Ballot Notice sent to the Members names of ultimate beneficiaries of 2 allottees and post percentage holding of each allottee in respect of whom application was made were not mentioned erroneously, which are now given below-
- l) Details of the natural person(s) who ultimately control the Proposed Allottee(s) are given as under in terms of Regulation 73(1)(e) of SEBI Regulations-
    - a) L&T Finance Limited- This company is a wholly-owned subsidiary of L&T Finance Holdings Limited
    - b) Reliance Capital Limited being a Listed Company, no further disclosure was given.

II) Post percentage holding of each allottee in respect of whom application was made for Preferential Issue-

Sr. No.	Name of Lender	Post-preferential holding	
		No. of Shares	% of holding
1	ICICI Bank Limited	271,106,519	16.52
2	Standard Chartered Bank	173,179,261	10.55
3	IDBI Bank Limited	154,525,008	9.42
4	DBS Bank Limited	52,094,660	3.17
5	Canara Bank	52,766,027	3.22
6	Allahabad Bank	54,975,570	3.35
7	HDFC Bank Limited	56,646,414	3.45
8	Oriental Bank of Commerce	24,705,843	1.51
9	Bank of India	24,280,540	1.48
10	Indian Overseas Bank	18,195,763	1.11
11	The J & K Bank Limited	16,980,842	1.03
12	State Bank of Travancore	13,585,510	0.83
13	State Bank of Hyderabad	13,707,026	0.84
14	Yes Bank Limited	33,616,432	2.05
15	United Bank of India	7,965,888	0.49
16	Central Bank of India	7,015,028	0.43
17	Bank of Baroda	9,846,560	0.60
18	Reliance Capital Limited	28,694,892	1.75
19	Axis Bank Limited	21,875,732	1.33
20	SREI Equipment Finance Private Limited	34,404,886	2.10
21	Tata Capital Financial Services Limited	28,259,623	1.72
22	RBL Bank Limited (formerly The Ratnakar Bank Limited)	8,269,197	0.50
23	Rentworks India Private Limited	11,952,394	0.73
24	Hewlett-Packard Financial Services (India) Private Limited	3,802,598	0.23
25	Kotak Mahindra Bank Limited	9,153,442	0.56
26	L&T Finance Limited	6,214,722	0.38
27	OPC Asset Solutions Private Limited	8,078,323	0.49
28	Development Credit Bank	8,227,131	0.50
29	Export Import Bank of India	16,274,312	0.99
30	SBI Global Factors Limited	4,416,135	0.27
31	State Bank of India	9,238,741	0.56
	<b>Total</b>	<b>1,184,055,019</b>	<b>72.16</b>

The Members are requested to note and ratify noting of the same.

- v) All the documents referred to in the Notice will be available for inspection by the Members at the Registered Office of the Company between 10:30 a.m. to 12:30 p.m. on all working days i.e. (except Saturday, Sunday and National Holidays) from the date hereof up to the conclusion of the AGM.

By Order of the Board



Rajeev Limaye  
Company Secretary

October 21, 2016

Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park, Vashi,  
Navi Mumbai-400 703

## **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

### **Item No. 2**

The Members at the previous Annual General Meeting held on September 23, 2015 had approved appointment of Ms. Sarojini Dikhale, a representative of LIC, a shareholder of the Company, as an Independent Director for a period of 5 years effective September 23, 2015. Further, the Board of Directors at its Meeting held on October 23, 2015 had approved change in designation of Ms. Sarojini Dikhale from Independent Director to Non-Executive Director. In view of this, Ms. Sarojini would continue to remain as Non-Executive Director as approved by the Members and shall not be designated as an Independent Director of the Company.

Ms. Sarojini is liable to retire by rotation as per provisions of the Companies Act, 2013 (the "Act") and accordingly your Directors recommend her appointment, as set out in Item No. 2 of the Notice, for your approval.

The details required to be given under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the person proposed to be appointed as Director are annexed to this Notice.

Except the proposed appointee and her relatives, no Director, Key Managerial Personnel or their relatives are in any way concerned or interested in the Resolution.

### **Item No. 3**

M/s. Lodha & Co., Chartered Accountants were appointed as Statutory Auditors of the Company at the 21<sup>st</sup> Annual General Meeting of the Company to examine and audit the accounts of the Company for a period of 3 years from the financial year 2014-15 till the conclusion of 24<sup>th</sup> Annual General Meeting of the Company to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting of the Company. The term of existing Statutory Auditors will end in the year 2017. As per the provisions of Section 139 (2) of the Act, M/s. Lodha & Co., Chartered Accountants cannot be reappointed as the Statutory Auditors of the Company after the expiry of their term in 2017. Therefore, in order to ensure a continuity in the audit function and to ensure a smooth handover of work, it is proposed to appoint M/s. GMJ & Co, Chartered Accountants (Firm Registration No. 103429W) along with M/s. Lodha & Co., Chartered Accountants as the Joint Statutory Auditors for the Financial year 2016-17.

After the Conclusion of the Twenty Fourth Annual General Meeting of the Company, M/s. GMJ & Co, Chartered Accountants will continue to act as the sole Statutory Auditor of the Company for a period of 4 (four) years, subject to ratification by Shareholders at the Annual General Meeting.

The Board of Directors has recommended the appointment of M/s Lodha & Co., Chartered Accountants and M/s. GMJ & Co., Chartered Accountants as the Joint Statutory Auditors from the conclusion of the Twenty Third Annual General Meeting till the conclusion of the Twenty Fourth Annual General Meeting of the Company.

M/s. GMJ & Co., Chartered Accountants ("GMJ"), established in 1986, is one of the leading mid sized firms in Mumbai. GMJ is part of a prestigious international accounting association, AGN International Limited. GMJ has experienced team handling independent verticals catering to requirements of diverse segments of industry, including Corporate, PSUs, MNCs, Banks and others.

The Company has received letters from M/s Lodha & Co. and M/s. GMJ & Co. consenting to act as Joint Statutory Auditors of the Company and confirming that their reappointment/appointment, if made would be in conformity with Section 139 (1) of Companies Act, 2013 read with rules thereunder.

The Company has received special notice pursuant to Section 115 read with 140 (4) of the Companies Act, 2013 for the appointment of M/s. Lodha & Co., Chartered Accountants and M/s. GMJ & Co, Chartered Accountants as the Joint Statutory Auditors of the Company.

Your Directors recommend the Resolution set out in item no. 3 of the notice for your approval.

No Director, Key Managerial Personnel or their relatives are in any way concerned or interested in the Resolution.

### **Item No. 4**

The Board of Directors ("the Board") of the Company, at its Meeting held on May 18, 2016, had approved the appointment of Mr. Padmanabhan Iyer as an Additional Director on the Board to be designated as Executive Director for a period of 3 years and had further approved at its Meeting held on June 20, 2016, the terms of remuneration to be paid to Mr. Padmanabhan Iyer as an Executive Director effective May 18, 2016, subject to approval of the Members of the Company. Keeping in view his experience and expertise, further, the Board at its Meeting held on August 11, 2016, approved appointment of Mr. Padmanabhan Iyer as an Additional Director on the Board to be designated as Managing Director and Global CEO of the Company for a period of 5 years subject to approval of the Members of the Company.

As per the proviso given in Section II of Part II of Schedule V of the Act, the Members of the Company may approve payment of remuneration to Whole-time Directors for a period not exceeding 3 years by way of a special resolution. Accordingly, approval from the Members is sought for appointment of Mr. Padmanabhan Iyer as a Managing Director and Global CEO for a period of 5 years and for payment of his terms of remuneration for a period of 3 years. The copy of the draft agreement to be entered into between the Company and Mr. Padmanabhan Iyer would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, Sunday and Public Holidays upto and including the date of the Annual General Meeting.

A brief profile of Mr. Padmanabhan Iyer is given below:

Mr. Padmanabhan Iyer was appointed as the Chief Financial Officer of 3i Infotech Limited effective November 11, 2014. He has spent 14 years with 3i Infotech Limited, having headed Product Development and Delivery Centers, Technology Services and the BPO Division. He was also the CEO of the China subsidiary of the Company. He brings with him profound knowledge and experience of more than 30 years in the techno-financial arena.

As the CFO, he plays an active partner in key decisions of business, with a focus on running a metrics driven organization. He provides key inputs on a wide range of strategic and operational decisions. He also ensures global compliance in the areas of corporate governance, financial reporting and compliances. He plays a pivotal role in managing various stakeholders, which include investors, board, auditors, regulators.

His broad range of experience both within 3i Infotech and outside has shaped him to lead from the front in tough situations, be responsive to needs of all around him, a strong understanding of business levers and a high degree of persuasion skills. A continuous learner, he has taken on demanding roles and achieved excellence in them.

With nearly 35 years of overall experience, he has enriched his capabilities to be recognized as a leader. His work experience has been in the areas of Finance, Operations and Delivery both on services and products with a geography exposure across the globe. Some of the organisations that he has been associated with are Reliance Infocomm, Centurion Bank Ltd, Ispat Industries Ltd, ITC Classic Finance Limited, Empire Finance Co. Ltd, to name a few.

He holds a Master's degree in Financial Management from Jamnalal Bajaj Institute of Management Studies, University of Mumbai and has completed the Advanced Master's Program in Management of Global Enterprises, IIM, Bangalore.

The Company has received notice in writing under Section 160 of the Act from a Member along with the requisite deposit proposing the candidature of Mr. Padmanabhan Iyer, towards appointment as Managing Director & Global CEO effective August 11, 2016.

Mr. Padmanabhan Iyer is on the Board of the following companies/entities:

<b>Names of the Company</b>	<b>Position held</b>
3i Infotech Consultancy Services Limited	Chairman
Locuz Enterprise Solutions Limited	Chairman
Professional Access Software Development Private Limited	Director
IFRS Cloud Solutions Limited	Chairman
3i Infotech BPO Limited	Chairman
3i Infotech Foundation	Trustee
3i Infotech Holdings Private Limited	Director
3i Infotech (Middle East) FZ LLC	Director
3i Infotech (Africa) Limited	Director
3i Infotech (UK) Limited	Director
3i Infotech (Western Europe) Holdings Limited	Director
3i Infotech (Western Europe) Group Limited	Director
Rhyme Systems Limited	Director
3i Infotech Asia Pacific Pte. Limited	Director
3i Infotech (South Africa) (Pty) Limited	Director
3i Infotech Inc	Director
3i Infotech (Thailand) Limited	Director
3i Infotech Saudi Arabia LLC	Director
3i Infotech Financial Software Inc	Director
3i Infotech SDN BHD	Director
Elegon Infotech Limited	Director, General Manager & Legal Representative

**Statement pursuant to clause (iv) under Section II, Part II of Schedule V to the Companies Act, 2013**

<b>I. General Information:</b>	
Nature of industry	Information Technology (IT Solutions and Transaction Services)
Date or expected date of commencement of commercial production	Not Applicable
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable
Financial performance based on given indicators	The details of financial performance of the Company for the years 2014-15 and 2015-16 are provided in the Annual Report 2016 which accompanies this Notice.
Foreign investments or collaborations, if any	There is no direct foreign investment in the Company except to the extent of shares held by Foreign Institutional Investors (FII) acquired through secondary market. There is no foreign collaboration in the Company. The Company has 17 wholly-owned foreign subsidiaries and a joint venture abroad.
<b>II. Information about the appointee:</b>	
Recognition or Awards	Under the leadership of Mr. Padmanabhan Iyer, the Company was featured in the CIO Review of 20 Most Promising ERP Solution Providers in 2016. Moreover, the Company also got featured in the FinTech Forward Top 100 Companies ranking in 2016.
Background details	Details are given in the profile of Mr. Padmanabhan Iyer appearing above.
Past remuneration (₹ in crores)	₹ 1.20 crores (excluding the retention incentive accrued as on March 31, 2016)
Recognition or awards	Under the leadership of Mr. Padmanabhan Iyer, the Company was featured in the CTIO Review of 20 most promising ERP Solution Providers in 2016. Moreover, the Company also got featured in the FinTech Forward Top 100 Companies ranking in 2016.
Job profile and his suitability	Mr. Padmanabhan Iyer has vast experience in techno-finance area. Taking into consideration his association with the Company for the past 14 years, the Board has bestowed the leadership of the Company on Mr. Padmanabhan Iyer.
Remuneration proposed	Details of proposed remuneration are presented in the resolution above.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Commensurate with other organizations of the similar type, size and nature in the IT industry.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Apart from receiving remuneration from the Company in his capacity as the Managing Director & Global CEO and holding 1,920 equity shares of ₹10 each in the Company, Mr. Padmanabhan Iyer does not have any other pecuniary relationship with the Company.
<b>III. Other information:</b>	
Reasons of loss or inadequate profits	The reason for reporting a net loss during this period is due to the huge debt burden that the Company has been carrying since FY 2012. The high interest cost, depreciation and other exceptional items are the contributors to the net loss. In spite of the aforesaid burden, the operations of the Company have stabilized sufficiently to demonstrate sustainable operating results. The analysis of the operations is mentioned under the section on Management Discussion and Analysis of the Annual Report.

Steps taken or proposed to be taken for improvement	In the current financial year, the Company has completed financial restructuring under Debt Realignment Scheme (DRS) submitted to Lenders and FCCB (Foreign Currency Convertible Bond) Holders to reduce debt burden. Details of the same are given in the Directors Report section of Annual Report. As a result of this restructuring, the Company could achieve positive net worth for the year ended March 31, 2016.
Expected increase in productivity and profits in measurable terms	Based on the operational efficiencies achieved, the Company is confident of improving its Revenue metrics across personnel, products and services. Further, continued support from its existing customers and the positive response from new customers for its Products and Services has enabled the Company to achieve positive EBIDTA on a quarter on quarter basis.

#### **IV. Disclosure:**

As required, the information is provided under Corporate Governance Section of Annual Report 2015-16.

The details required to be given under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the person proposed to be appointed as Director are annexed to this Notice.

Your Directors recommend approval of resolution as set out in Item No.4 of the Notice, by way of Special Resolution.

This note may also be construed as an abstract of the terms of appointment of Mr. Padmanabhan Iyer pursuant to Section 190 of the Act.

Except Mr. Padmanabhan Iyer, Managing Director & Global CEO and his relatives, no Director, Key Managerial Personnel and their relatives are in any way concerned or interested in the Resolution.

#### **Item No. 5**

Vide resolutions contained in the Postal Ballot Notice dated February 5, 2016, which were their approved by the Members on March 18, 2016 (the "Original Resolution"), the Shareholders had inter alia accorded their approval for issue and allotment of upto 100 Crore equity shares to all the lenders of the Company including the lenders of the Company's subsidiaries and lenders of facilities guaranteed by the Company and lessors of the Company (hereinafter referred to as the "DRS Lenders") as per the terms of Debt Restructuring Scheme (DRS) of the Company under the Corporate Debt Restructuring mechanism.

ICICI Bank Limited is one of the DRS Lenders to whom equity shares were to be allotted vide the abovementioned resolution. ICICI Bank Limited, has assigned a part of its debt to SREI Alternative Investment Managers Limited – Vision India Fund ("SAIML – VIF"). Further, ICICI Bank Limited, SAIML-VIF, the Company and IDBI Bank Limited, monitoring institution have entered into an amendment agreement to supplemental Master Restructuring Agreement (MRA) on September 22, 2016. In view of this assignment, it is proposed to seek fresh approval of the shareholders for allotment of Equity Shares to SAIML – VIF in place of ICICI Bank Limited. By virtue of this allotment, the equity shares will now be allotted to SAIML – VIF in place of ICICI Bank Limited and there will not be any increase in the total number of equity shares to be allotted to DRS Lenders as approved in Original Resolution.

This resolution is to be read with the Original Resolution and only applies in respect of issue of Equity Shares to SAIML – VIF.

The said issuance of equity shares shall be in accordance with the provisions of Chapter VII - "Preferential Issue" of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time ("SEBI Regulations") and other applicable laws in this regard. Further, if the DRS Lender is not in a position to subscribe to the Equity Shares of the Company due to regulatory constraints or otherwise, then the DRS Lender shall have the option, subject to necessary approvals, to subscribe to the Non-Convertible Redeemable Preference Shares of face value ₹1/- each with premium of ₹ 4/- each carrying a dividend of 0.10% p.a. and redeemable on March 15, 2026 ("Class C Preference shares").

The following details of the proposed preferential issue of equity shares are disclosed in accordance with the provisions of Companies Act, 2013 (the "Companies Act") read with Rule 13 (2) of Companies (Share Capital and Debentures) Rules, 2014 and SEBI Regulations:

#### **a) The Object of the Preferential Issue:**

The object of the preferential issue is realignment of outstanding exposures of ICICI Bank Limited, one of the DRS Lenders of the Company, by issuing equity shares at a price as determined in accordance with the SEBI Regulations to SAIML – VIF to whom ICICI has assigned its debt.



**b) The total number of shares/securities to be issued:**

Upto 28 Crore equity shares would be issued in accordance with the terms of the DRS package. This proposed number is subject to reconciliation with the DRS Lender and any deviation in the DRS package shall be subject to necessary approvals.

**c) The Price at which the allotment is proposed:**

The equity shares would be allotted at a price of ₹10/- per equity share as determined in accordance with Regulation 76 of the SEBI Regulations read with the Act.

**d) The basis on which the price for issue of shares has been arrived at along with the Valuation Report of Registered Valuer:**

The price for issue of shares is determined as per the SEBI Regulations and not as per the Valuation Report of Registered Valuer as per proviso to Rule 13 (1) of Companies (Share Capital and Debenture) Rules, 2014.

**e) Relevant Date with reference to which the price has been arrived at:**

Since the current restructuring has been duly noted by the CDR Empowered Group and is proposed to be implemented through the CDR documentation, in terms of the proviso to Clause 71(a) of Chapter VII of the SEBI Regulations, the relevant date for the pricing of equity shares shall be the April 27, 2016 i.e. date of approval of DRS Scheme by CDR Empowered Group as mentioned in Original Resolution.

**f) Class of persons to whom the allotment is proposed to be made:**

The allotment is proposed to be made to SAIML – VIF.

**g) The intention or proposal of the Promoters, Directors and Key Managerial Personnel of the Company to subscribe to the proposed preferential offer:**

None of the Promoters, Directors or Key Managerial Personnel will be issued any equity shares.

**h) Proposed time within which the Preferential Issue shall be completed:**

The equity shares will be allotted within the time limit specified under the SEBI Regulations.

**i) The names of the proposed allottees, the percentage of post preferential issue capital that may be held by them:**

The allotment is proposed to be made to SAIML – VIF.

After the preferential issue, SAIML – VIF may hold upto 23.75% of the paid-up capital of the Company. The number of shares proposed to be issued to the DRS Lender is subject to reconciliation between the Company and the DRS Lender.

**j) Change in control, if any, in the Company that would occur consequent to the preferential issue:**

The Company believes that the allotment proposed to be made to the DRS Lender will not trigger any change in control as post allotment, the DRS Lender will not hold more than 25% of the equity shares of the Company. Further, the Company is a professionally run, board controlled company and will continue to be so after the allotment of equity shares to the DRS Lender.

**k) The number of persons to whom allotment on a preferential basis is already made during the year in terms of number of securities as well as price:**

During the year, in all 257,440,351 equity shares of ₹10/- each were allotted to Allahabad Bank, Axis Bank Limited, Central Bank of India, DBS Bank Limited, HDFC Bank Limited, IDBI Bank Limited, RBL Bank Limited, Yes Bank Limited, L & T Finance Limited and Reliance Capital Limited on September 29, 2016 on a preferential basis in their capacity as CDR Lenders at a price of ₹10/- per share.

**l) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:**

The allotment would be done as per the Debt Realignment Scheme agreed with the other DRS Lenders.

**m) The pre and post issue Shareholding pattern of the Company:**

Sr. No.	Name of the category	Pre-issue as on October 21, 2016		Post Issue	
		No. of shares held	%	No. of shares held	%
<b>A</b>	<b>Promoters' Holding:</b>				
<b>1</b>	<b>Indian</b>				
	Trusts - IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	30,560,488	3.40	30,560,488	2.59
	Individual	-	-	-	-
	Bodies Corporate	-	-	-	-
	<b>Sub Total</b>	30,560,488	3.40	30,560,488	2.59
<b>2</b>	<b>Foreign Promoters</b>	-	-	-	-
	<b>Sub Total (A)</b>	30,356,488	3.40	30,356,488	2.59
<b>B</b>	<b>Non-Promoters' holding:</b>				
1	Institutional Investors	355,750,360	39.58	355,750,360	30.18
2	Non-Institution:	512,570,624	57.02	792,570,624	67.23
	Private Corporate Bodies	77,341,514	8.60	357,341,514	30.31
	Directors and Relatives	1920	-	1920	0.00
	Indian Public	302,696,812	33.67	302,696,812	25.68
	Others (Including NRIs)	132,530,378	14.74	132,530,378	11.24
	<b>Sub Total (B)</b>	868,320,984	96.60	1,148,320,984	97.41
	<b>Grand Total</b>	898,881,472	100.00	1,178,881,472	100.00

**n) The identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees:**

In terms of Rule 73(1)(e) of SEBI Regulations, details of the natural person(s) who ultimately control the Proposed Allottee(s) are given below:

The Investment Manager of SAIML-VIF is SREI Alternative Investment Managers Limited, which is a wholly owned subsidiary of SREI Infrastructure Finance Limited, a listed entity.

**o) The Company hereby undertakes, as per the requirement of Regulation 73(1)(f) of SEBI Regulations, that the price of the equity shares shall be re-computed in terms of Regulation 76B of the said regulations where the Company is required to do so.**

**p) The Company hereby undertakes that if the amount payable on account of the re-computation of price, if applicable, is not paid within the time stipulated in SEBI Regulations, the equity shares shall continue to be locked-in till the time such amount is paid by the allottee.**

**q) Certificate from Statutory Auditor:**

As per Regulation 73(2) of the SEBI Regulations, a certificate has been issued by the statutory auditor certifying that the minimum issue price for the proposed preferential issue is ₹10/- for the relevant date of April 27, 2016 based on the pricing formula prescribed under Clause 76 of Chapter VII of SEBI Regulations and the proposed preferential issue is being made in accordance with the requirements of the SEBI Regulations. The said certificate is open for inspection by the Members at the Registered Office of the Company between 10:30 a.m. and 12:30 p.m. on all working days (except Saturdays, Sundays and National Holidays), from the date hereof up to December 7, 2016 and a copy of the certificate will be placed at this Annual General Meeting.

**r) Lock-in Period:**

The equity shares allotted pursuant to the DRS package to the DRS Lender shall be locked-in as per the provisions of the SEBI Regulations.

The Company will ensure compliance with all applicable laws and regulations including the SEBI Regulations at the time of allotment of equity shares of the Company.



The equity shares so allotted or arising out of issuance and allotment of equity shares would be listed on BSE Limited and National Stock Exchange of India Limited. The issue and allotment would be subject to the availability of regulatory approvals, if any. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the Stock Exchanges as may be required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"].

As per provisions of Section 62 of the Act, allotment of shares to persons other than existing shareholders requires consent of the Shareholders by way of a Special Resolution. Since the Special Resolutions for the issuance of equity shares proposed in the Notice may result in the issue of shares of the Company to persons other than Members of the Company, the consent of the Members is being sought pursuant to the provisions of Section 62 and other applicable provisions of the Act, read with rules thereunder and in terms of the provisions of the SEBI (LODR) Regulations.

Your Directors recommend passing of the above Resolution set out in Item No. 5 as a Special Resolution.

None of the Directors, Key Managerial Personnel (KMP) and their relatives are in any way concerned or interested in the said Resolution, except to the extent of his/her holding of the shares or stock options in the Company.

**Additional Information as required to be disclosed under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors proposed to be appointed/re-appointed:**

Particulars	Ms. Sarojini Dikhale	Mr. Padmanabhan Iyer
Age	56 years	53 years
Qualification	M.A., LL.B., PG Diploma in advance marketing	Master's degree in Financial Management
Number of shares held in the Company as on date of this Notice	0	1,920
Number of Board Meetings attended during the year	4	N.A.

By Order of the Board

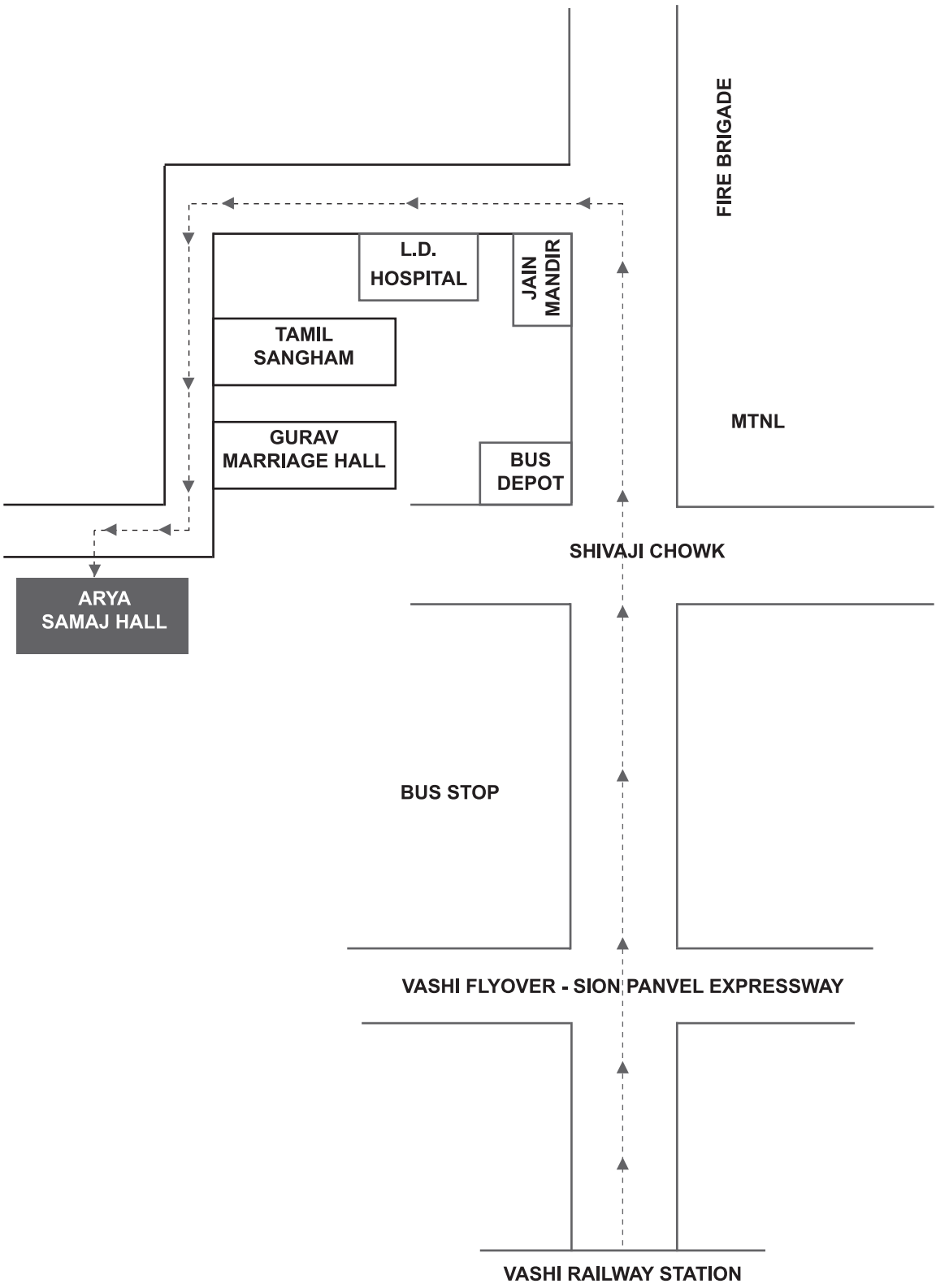


Rajeev Limaye  
Company Secretary

Navi Mumbai  
October 21, 2016

Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors,  
International Infotech Park, Vashi,  
Navi Mumbai-400 703

ROAD MAP FOR AGM HALL





## 3i INFOTECH LIMITED

**Corporate Identification Number (CIN):** L67120MH1993PLC074411

**Registered Office:** Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703

**E-mail:** investors@3i-infotech.com **Website:** www.3i-infotech.com

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

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013) and rule 19(3) of the Companies  
(Management and Administration) Rules 2014]

Name of the member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_

Folio No. / Client ID : \_\_\_\_\_

DP ID: \_\_\_\_\_

I/We, being the member(s) holding \_\_\_\_\_ shares of the above named Company, hereby appoint :

1) Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature : \_\_\_\_\_

or failing him/her;

2) Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature : \_\_\_\_\_

or failing him/her;

3) Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Wednesday, December 7, 2016 at 4.00 p.m. at Arya Samaj Hall, Plot No. 6, Sector 9A, Vashi, Navi Mumbai - 400 703, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	For	Against
<b>Ordinary Business</b>			
1	Adoption of audited Profit and Loss Account for the financial year ended March 31, 2016 and the Balance Sheet as on that date, together with the Reports of the Directors and Auditors thereon.		
2	Re-appointment of Ms. Sarojini Dikhale (DIN - 02755309), who retires by rotation at this AGM and being eligible, offers herself for re-appointment.		
3	Appointment of Joint Statutory Auditors of the Company and fixing their remuneration.		
<b>Special Business</b>			
4	Appointment of Mr. Padmanabhan Iyer as Managing Director and Global CEO.		
5	Issue of equity shares to SREI Alternative Investment Managers Limited - Vision India Fund ("SAIML - VIF") against conversion of a portion of outstanding debt.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxyholder(s)

Affix  
Revenue  
stamp

**Note:**

1. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. For text of the Resolutions, Explanatory Statement and Notes, please refer the Notice of the 23<sup>rd</sup> Annual General Meeting.
3. Please complete all details including details of Member(s) before submission.





E-Mail: [marketing@3i-infotech.com](mailto:marketing@3i-infotech.com)  
Website: [www.3i-infotech.com](http://www.3i-infotech.com)

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Asia Pacific • India • Middle East, Africa • Kingdom of Saudi Arabia  
Western Europe • North America



**3i INFOTECH LIMITED**

**Corporate Identification Number (CIN):** L67120MH1993PLC074411

**Registered Office:** Tower # 5, 3<sup>rd</sup> to 6<sup>th</sup> Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703

**E-mail:** investors@3i-infotech.com **Website:** www.3i-infotech.com

**Tel:** 022-4113 8000 **Fax:** 022-4113 8098

**23<sup>rd</sup> Annual General Meeting**

**WEDNESDAY, DECEMBER 7, 2016 AT 4:00 P.M.**

**ATTENDANCE SLIP**

Folio / DP & Client ID No.	:
No. of Shares held	:
Name(s) and Registered Address of Member(s), including joint-holders, if any (in BLOCK letters)	:

I/We hereby record my/our presence at the 23<sup>rd</sup> Annual General Meeting of the Company held on Wednesday, December 7, 2016 at 4:00 p.m. at Arya Samaj Hall, Plot No. 6, Sector 9A, Vashi, Navi Mumbai - 400 703.

\_\_\_\_\_  
Member's/Proxy's name in BLOCK Letters

\_\_\_\_\_  
Member's/Proxy's Signature

**Note**

1. Please fill the name, sign this Attendance Slip and hand it over at the entrance of the Meeting Hall.
2. Members holding shares in physical form are requested to notify the change in their address, if any, to the Company at its Registered Office, quoting their Folio Number(s). Members holding shares in electronic form may update such details with their respective Depository Participant(s).
3. Members are requested to bring this slip along with them as duplicate slips will not be issued at the venue of the Meeting.

**ELECTRONIC VOTING PARTICULARS**

REVEN (Remote Electronic Voting Event Number)	User ID	Password

Note: Please refer the instructions for Remote E-Voting facility in the Notice of the Annual General Meeting