

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 [@] | Number of chairmanships in committees of Board of other companies [#] | Number of memberships in committees of Boards of other companies [#] |
|--|----------|---------------------------------|-------------------------|---------------------|---|--|---|
| Mr. Hoshang N. Sinor * (DIN-00074905) | INED | Chairman | 1-Apr-14 [^] | 30-Sep-15 | NA | NA | NA |
| Mr. Ashok Shah (DIN-01194846) | INED | Chairman | 1-Oct-15 ^{^^} | - | - | - | - |
| Mr. K.M. Jayarao ** (DIN-01077289) | ND | Director | 24-Mar-14 | 21-Oct-15 | NA | NA | NA |
| Ms. Sarojini Dikhale [§] (DIN-02755309) | NED | Director | 23-Oct-15 | - | 1 | - | - |
| Mr. Shantanu Prasad ^{sss} (DIN-06972253) | ND | Director | 16-Sep-14 | - | - | - | - |
| Dr. Shashank Desai (DIN-00143638) | INED | Director | 23-Sep-15 ^{^^} | - | 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)** | ED | Executive Director & Global CFO | 01-Jul-12 | 28-May-15 | NA | NA | NA |
| Mr. Padmanabhan Iyer (DIN-05282942) ^{ss} | 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

[@] Excludes Directorships in private limited companies, foreign companies and companies formed under Section 8 of the Companies Act, 2013 ("the Act").

[#] Includes Membership/Chairmanship only in the Audit Committee and Stakeholders' Relationship Committee

^{*} Has retired from the Board after completion of his term as an Independent Director

^{**} Resigned during the year

[^] 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.

[§] 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.

^{ss} 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.

^{sss} 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 [#] | Chairman |
| Mr. Madhivanan Balakrishnan | Member |
| Mr. Charanjit Attra [*] | Member |

^{*}Resigned during the year.

[#]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 |
|---------|----------------------------------|---|------|

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 | <p>1) Increase in Authorised Share Capital of the Company and consequent amendment to the Memorandum of Association of the Company</p> <p>2) Amendment to the Articles of Association of the Company;</p> <p>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</p> <p>4) Issue of equity shares against conversion of a portion of the outstanding amounts due to the Lenders</p> |
|----------------|--------------|--------------|---|--|

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. 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.

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

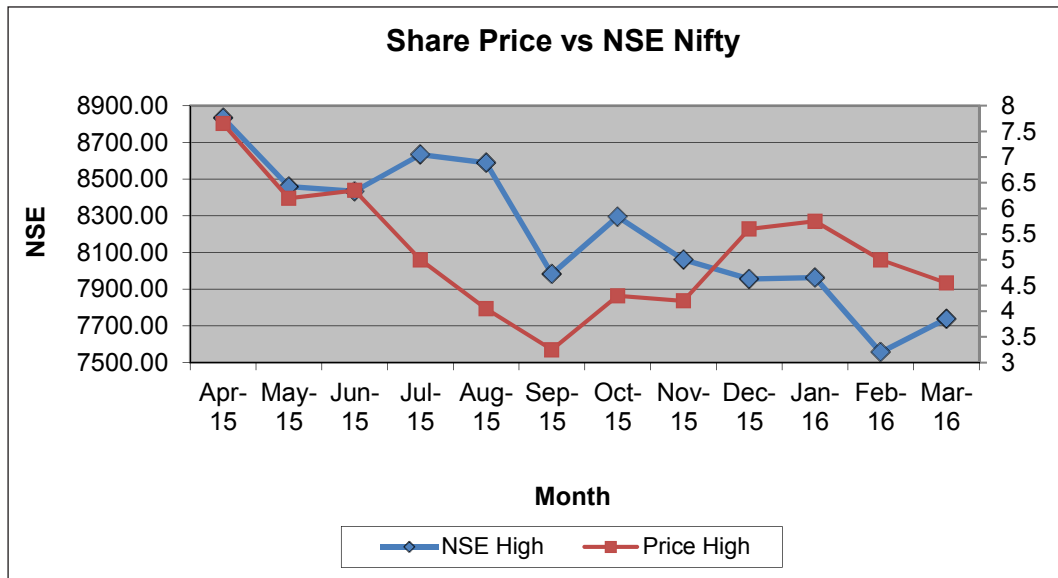
INE748C01020

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 |
| Total | 164,250 | 100.00 | 6,408,039,280 | 100.00 |

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 |
| TOTAL | 640,803,928 | 100 |
| Number of Shareholders | 164,250 | |

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, 5th 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

SHARE DEPARTMENT:

3i Infotech Limited
Tower # 5, 3rd Floor, International Infotech Park,
Vashi Railway Station Commercial Complex,
Vashi, Navi Mumbai 400 703, Maharashtra
Ph: (91-22) 6792 8015/8062
Fax: (91-22) 6792 8098
Email: 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

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

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