



3i INFOTECH LIMITED

**STANDALONE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
JUNE 30, 2009**

R.G.N. Price & Co.

Simpsons' Buildings
861, Anna Salai
Chennai – 600 002.
email: price@vsnl.com

Lodha & Company

6, Karim Chambers
40, A. Doshi Marg
Mumbai - 400 001.
email: mumbai@lodhaco.com

AUDITORS' REPORT

**To,
The Board of Directors
3i Infotech Limited**

1. We have audited the attached Balance sheet of 3i Infotech Limited as at June 30, 2009, the profit and loss account and also the cash flow statement for the quarter ended on that date annexed thereto. These interim financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
 - v) In our opinion and to the best of our information and according to the explanations given to us, the said interim financial statements read together with Significant Accounting Policies and Notes to Accounts in Schedule and other notes appearing elsewhere in the accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at June 30, 2009;

- b) in the case of Profit and Loss Account, of the profit of the Company for the quarter ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows of the Company for the quarter ended on that date.

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

For LODHA & CO.
Chartered Accountants

S. Krishnan
Partner
Membership No. 10962
Mumbai
July 28, 2009

R.P. Baradiya
Partner
Membership No. 44101
Mumbai
July 28, 2009

3i INFOTECH LIMITED

BALANCE SHEET
AS AT JUNE 30, 2009

		Rs. in crores		
	Schedule	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
I. SOURCES OF FUNDS				
1. Shareholders' Funds :				
A. Share Capital	I	230.85	230.65	230.75
B. Reserves and Surplus	II	569.57	427.30	515.90
		<u>800.42</u>	<u>657.95</u>	<u>746.65</u>
2. Loan Funds :				
A. Secured Loans	III	398.90	194.49	257.16
B. Unsecured Loans	IV	1,111.22	1,278.95	1,263.82
		<u>1,510.12</u>	<u>1,473.44</u>	<u>1,520.98</u>
3. Premium payable on Redemption of FCCB		101.00	64.12	109.45
		<u>2,411.54</u>	<u>2,195.51</u>	<u>2,377.08</u>
II. APPLICATION OF FUNDS				
1. Fixed Assets :				
A. Gross Block	V	562.78	341.72	542.75
B. Less : Depreciation		181.58	122.59	162.48
C. Net Block		381.20	219.13	380.27
D. Capital Work-in-Progress		104.44	72.56	71.89
		<u>485.64</u>	<u>291.69</u>	<u>452.16</u>
2. Investments	VI	1,592.73	1,281.44	1,455.42
3. Deferred Tax Asset (net)		23.61	24.41	24.64
4. Current Assets, Loans and Advances	VII			
A. Current Assets :				
a. Sundry Debtors		133.94	204.39	136.41
b. Unbilled Revenues		73.21	157.58	67.56
c. Cash and Bank Balances		24.35	75.53	99.15
d. Other Current Assets		36.48	0.02	37.33
		<u>267.98</u>	<u>437.52</u>	<u>340.45</u>
B. Loans and Advances		328.48	342.60	349.84
		<u>596.46</u>	<u>780.12</u>	<u>690.29</u>
Less: Current Liabilities and Provisions :	VIII			
A. Current Liabilities		230.23	119.06	190.79
B. Provisions		56.67	63.08	54.64
		<u>286.90</u>	<u>182.14</u>	<u>245.43</u>
Net Current Assets		<u>309.56</u>	<u>597.98</u>	<u>444.86</u>
		<u>2,411.54</u>	<u>2,195.51</u>	<u>2,377.08</u>
Significant Accounting Policies and Notes to Accounts	XIII			

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

As per our attached report of even date

For and on behalf of the Board

For Lodha & Company
Chartered Accountants

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

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman
of Audit Committee

R P Baradiya
Partner
Membership No. 44101

S Krishnan
Partner
Membership No. 10962

Amar Chintopanth
Executive Director & CFO

Shivanand R Shettigar
Company Secretary

Mumbai, July 28, 2009

3i INFOTECH LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED JUNE 30, 2009

		Rs. in crores		
	Schedule	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
INCOME:				
Income from Operations	IX	121.48	136.87	527.24
Other Income	X	1.12	1.34	11.49
Total Income		122.60	138.21	538.73
EXPENDITURE:				
Operating, Selling and other expenses	XI	59.74	78.01	267.57
Total Expenditure		59.74	78.01	267.57
Profit before interest, depreciation/amortisation and taxation		62.86	60.20	271.16
Interest	XII	21.99	13.21	61.77
Depreciation and Amortisation		19.28	8.04	47.99
Profit before taxation		21.59	38.95	161.40
Provision for Taxes				
- Current Taxes		5.61	4.36	19.70
- Fringe Benefit Tax		0.47	0.41	1.81
- MAT credit entitlement		(5.61)	(4.36)	(19.67)
- Deferred Taxes (net)		1.03	0.79	0.55
- Pertaining to earlier years written off/(back)		(0.08)	-	0.40
Profit after taxation before Exceptional items		20.17	37.75	158.61
Add : Exceptional income (Refer Note no.2.6 (a))		29.19	-	77.05
Less : Exceptional expenditure (Refer Note no.2.6 (b))		(1.32)	-	(51.09)
Profit after taxation and Exceptional items		48.04	37.75	184.57
Add: Balance of profit brought forward		84.21	74.70	74.70
Add : FCCB redemption reserve written back		1.80	-	-
Profit available for appropriation		134.05	112.45	259.27
Appropriations:				
General Reserve		-	-	9.00
FCCB Redemption Reserve		-	52.99	135.66
Proposed Dividend - Equity Shares		-	-	19.61
Residual Dividend paid		-	-	0.02
Proposed Dividend - Preference Shares		1.06	1.06	1.03
Interim Dividend - Preference Shares		0.52	0.52	5.32
Corporate Dividend Tax		0.27	0.27	4.42
Balance carried over to Balance Sheet		132.20	57.60	84.21
		134.05	112.45	259.27
Earnings per Share				
Equity shares, par value Rs 10 each (Refer note no.2.13)				
Basic (Rs.)		1.40	2.75	11.57
Diluted (Rs.)		1.39	2.65	11.57
After Exceptional items				
Basic (Rs.)		3.53	2.75	13.55
Diluted (Rs.)		3.50	2.65	13.55

Significant Accounting Policies
and Notes to Accounts

XIII

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

As per our attached report of even date

For and on behalf of the Board

For Lodha & Company
Chartered Accountants

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

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman
of Audit Committee

R P Baradiya
Partner
Membership No. 44101

S Krishnan
Partner
Membership No. 10962

Amar Chintpanth
Executive Director & CFO

Shivanand R Shettigar
Company Secretary

Mumbai, July 28, 2009

3i INFOTECH LIMITED

CASH FLOW STATEMENT
FOR THE QUARTER ENDED JUNE 30, 2009

	Rs. in crores			
	For the quarter ended June 30, 2009	ended For the quarter 30, 2008	June	For the year ended March 31, 2009
A Cash Flow from Operating Activities :				
Profit before Taxation	21.59		38.93	161.40
<i>Adjustments for:</i>				
Depreciation / Amortization	19.28		8.04	47.99
Foreign Exchange loss / (gain)	0.23		(0.47)	(6.30)
Loss / (Profit) on sale / discarding of fixed assets	0.24		-	1.00
Dividend Income	-		(0.04)	(0.20)
Interest received	(0.45)		(0.25)	(2.54)
Interest Paid	21.99		13.21	61.77
Provision for doubtful debts	2.83		4.13	13.76
Impairment of acquired software & losses on foreclosure of contracts	-		-	4.18
Operating Profit before Working Capital Changes	65.71		63.58	281.06
<i>Adjustments for:</i>				
Trade and Other Receivables	64.71		(155.51)	13.25
Trade Payables and Other Liabilities	(0.01)		143.02	92.73
	64.70		(12.49)	105.98
Cash generated from Operations	130.41		51.09	387.04
Income Taxes paid (including FBT)	(16.59)		(7.73)	(31.04)
Net cash from Operating Activities - A	113.82		43.36	356.00
B Cash Flow from Investing Activities :				
Purchase of fixed assets (Including Capital-Work-in-Progress & advances)	(57.91)		(50.34)	(262.37)
Sale of fixed assets	0.01		-	14.58
Purchase of Investments / application money ³	(5.67)		(48.76)	(228.42)
Investment/ transfer of shares in subsidiary companies / application money	(93.98)		(0.10)	(101.23)
Sale of Investments	-		31.04	147.19
Dividend received	-		0.04	0.20
Loans (given) / received back - subsidiaries	(0.31)		(2.29)	0.14
Interest received	0.45		1.63	3.94
Net cash used in Investing Activities - B	(157.41)		(68.78)	(425.97)

3i INFOTECH LIMITED

CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2009

	Rs. in crores			
	For the quarter ended June 30, 2009	ended For the quarter 30, 2008	June	For the year ended March 31, 2009
C Cash Flow from Financing Activities :				
Proceeds from issue of Equity Share Capital	0.45		0.61	1.21
Proceeds from Issue of Foreign Currency Convertible Bonds (FCCB)	-		-	-
Payment towards FCCB Buy Back (including advisory, legal, Professional fee - Refer note no.2.6)	(54.55)		-	(127.03)
Proceeds from/(Repayment of) borrowings - net	104.16		78.92	291.80
Dividends paid (including taxes)	(1.81)		(1.83)	(30.39)
Interest paid	(21.99)		(13.48)	(62.26)
Net Cash from Financing Activities - C	<u>26.26</u>		<u>64.22</u>	<u>73.33</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(17.33)		38.80	3.37
Cash and Cash Equivalents as at beginning ²	36.03		32.66	32.66
Cash and Cash Equivalents as at end ²	<u>18.70</u>		<u>71.46</u>	<u>36.03</u>

Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- Margin money of Rs.5.63 crores (as at Jun 30, 2008 - Rs 4.07 crores;as at Mar 31, 2009 - Rs 5.77 crores) and monies lying in escrow account of Rs 0.02 crores (as at Jun 30, 2008 - Rs Nil;as at Mar 31, 2009 - Rs 57.35 crores) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.
- Includes amount paid for acquisition of equity for the quarter ended Jun 30, 2009 :
 - Taxsmile.com - Rs.2.00 crores for the quarter ended Jun 30, 2009. (Refer note no.2.3.4)
 - FinEng Solutions Private Limited - Rs.3.67 crores for the quarter ended Jun 30, 2009. (Refer note no.2.3.3)
- Previous period/year's figures have been regrouped / rearranged wherever necessary to conform to the current period's presentation.

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

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

As per our attached report of even date

For and on behalf of the Board

For Lodha & Company
Chartered Accountants

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

V Srinivasan
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Company Secretary

Mumbai, July 28, 2009

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
I Share Capital			
Authorised			
300,000,000 Equity shares of Rs. 10 each (as at Jun 30, 2008 - 300,000,000 of Rs. 10 each; as at Mar 31, 2009 - 300,000,000 of Rs. 10 each)	300.00	300.00	300.00
200,000,000 Cumulative Preference shares of Rs.5 each	100.00	100.00	100.00
	<u>400.00</u>	<u>400.00</u>	<u>400.00</u>
Issued, Subscribed & Paid - up			
130,845,746 Equity shares of Rs. 10 each ¹ (130,653,520 Equity shares as at Jun 30, 2008; 130,750,946 Equity shares as at Mar 31, 2009) ¹	130.85	130.65	130.75
200,000,000 6.35 % Cumulative Preference shares of Rs.5 each ²	100.00	100.00	100.00
	<u>230.85</u>	<u>230.65</u>	<u>230.75</u>
Notes :			
1. Of the above, 84,788,331 Equity shares are allotted as fully paid-up Bonus shares (as at Jun 30, 2008 - 84,788,331 shares; as at Mar 31, 2009 - 84,788,331 shares) by capitalisation of Securities Premium Account and accumulated profits.			
2. The Preference Shares are redeemable at par on expiry of nine years from the date of allotment i.e. Mar 31, 2003.			
II Reserves and Surplus			
a Capital Reserve (on merger)			
Balance as per last Balance Sheet	0.06	0.06	0.06
b Securities Premium Account			
Balance as per last Balance Sheet	212.95	285.17	285.17
Add : Received on allotment of equity shares under ESOS	0.35	0.50	0.99
Add/(Less) : written back/(utilised) towards premium payable on redemption of FCCB	8.45	(27.88)	(73.21)
	<u>221.75</u>	<u>257.79</u>	<u>212.95</u>
c General Reserve			
Balance as per last Balance Sheet	25.00	16.00	16.00
Add: Transfer from Profit and Loss Account	-	-	9.00
	<u>25.00</u>	<u>16.00</u>	<u>25.00</u>
d Translation Reserve			
Adjusted against Profit and Loss Account balance	11.87	(1.98)	13.18
	<u>(11.87)</u>	<u>1.98</u>	<u>(13.18)</u>
	-	-	-
e FCCB Redemption Reserve			
Balance as per last Balance Sheet	180.49	44.84	44.84
Add/(Less): Transfer from/(to) Profit and Loss Account	(1.80)	52.99	135.66
	<u>178.69</u>	<u>97.83</u>	<u>180.50</u>
f Profit and Loss Account			
Balance as per annexed account	132.20	57.60	84.21
Translation reserve adjusted	11.87	(1.98)	13.18
	<u>144.07</u>	<u>55.62</u>	<u>97.39</u>
Total	<u>569.57</u>	<u>427.30</u>	<u>515.90</u>

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
III Secured Loans			
a From Banks:			
Term Loans	281.71	145.59	143.94
Cash Credit	115.71	48.20	112.17
b Other Bodies Corporate			
	1.48	0.70	1.05
	398.90	194.49	257.16
Notes :			
1. Security and terms and conditions for Term Loans :			
a. Rs.1.83 crores (as at Jun 30, 2008 - Rs. 1.09 crores; as at Mar 31, 2009 - Rs. 1.46 crores) loan is secured by way of hypothecation on certain Company owned vehicles.			
b. Rs.85.00 crores (as at Jun 30, 2008 - Rs.95.19 crores; as at Mar 31, 2009 - Rs. 93.53 crores) loan is secured/ to be secured by way of Equitable Mortgage of certain properties of the Company situated at Navi Mumbai.			
c. Rs.43.86 crores (as at Jun 30, 2008 - Rs.50 crores; as at Mar 31, 2009 - Rs.50 crores) loan is secured by way of hypothecation on certain movable project assets.			
d. Rs.125.00 crores is secured as subordinated charge by hypothecation of material tangible and intangible fixed assets of the Company and other Guarantors and mortgage of immovable properties of the Company.			
e. Rs.27.50 crores (as at Jun 30, 2008 - Rs.Nil; as at Mar 31, 2009 - Rs.Nil) loan is secured by way of floating charge on book debts.			
2. Certain non-fund facilities of Rs.32.51 crores (as at Jun 30, 2008 - Rs.15.59 crores; as at Mar 31, 2009 - Rs.36.72 crores) and Cash Credit are secured by way of floating charge on book debts.			
IV Unsecured Loans			
Foreign Currency Convertible Bonds (Refer note no.2.5)	557.77	718.14	672.79
Rupee Loans from banks*	553.45	560.81	588.54
Others	-	-	2.49
	1,111.22	1,278.95	1,263.82
*Repayable within one year	395.08	320.53	428.41

3i INFOTECH LIMITED

Schedules forming part of the Financial Statements

V Fixed Assets

Rs. in crores

Particulars	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK		
	As at April 1, 2009	Additions on Business purchase / merger	Additions during the year	Ded / Adj during the year	As at June 30, 2009	Upto March 31, 2009	Additions on Business purchase / merger	Depreciation for the year	Ded / Adj for the year	Upto June 30, 2009	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
Intangible assets													
Goodwill	42.73	-	-	-	42.73	24.00	-	2.11	-	26.11	16.62	25.07	18.72
Software Products													
- Meant for sale	7.94	-	-	-	7.94	2.17	-	-	-	2.17	5.77	6.29	5.77
- Others	65.36	-	0.35	0.02	65.69	27.76	-	2.65	0.01	30.40	35.29	28.98	37.60
Business & Commercial Rights	44.62	-	-	-	44.62	23.95	-	0.95	-	24.90	19.72	23.53	20.67
Tangible assets													
Land - Leasehold ¹	0.52	-	-	-	0.52	0.08	-	0.00	-	0.08	0.44	0.46	0.44
- Freehold	2.09	-	-	-	2.09	-	-	-	-	-	2.09	2.09	2.09
Buildings - Owned ²	0.77	-	-	-	0.77	0.26	-	0.00	-	0.26	0.51	0.50	0.51
- Leasehold	32.34	-	-	-	32.34	5.14	-	0.24	-	5.38	26.96	28.33	27.20
Leasehold Improvements	27.27	-	1.08	-	28.35	7.90	-	0.60	-	8.50	19.85	8.56	19.37
Plant & Machinery / Electrical Installations	18.17	-	0.19	0.06	18.30	7.07	-	0.19	0.01	7.25	11.05	10.25	11.10
Computers	65.88	-	6.47	0.16	72.19	31.68	-	1.89	0.05	33.52	38.67	18.35	34.20
Furniture & Fixtures ³	16.73	-	0.15	0.03	16.85	8.20	-	0.23	0.00	8.43	8.42	8.48	8.53
Office Equipment	7.22	-	0.22	-	7.44	2.74	-	0.08	-	2.82	4.62	4.36	4.48
Vehicles	7.45	-	0.34	0.17	7.62	1.84	-	0.18	0.11	1.91	5.71	5.03	5.61
Project Assets* [#]	203.66	-	11.67	-	215.33	19.69	-	10.16	-	29.85	185.48	48.85	183.97
Total	542.75	-	20.47	0.44	562.78	162.48	-	19.28	0.18	181.58	381.20	219.13	380.27
Previous Period	290.51	11.84	39.37	-	341.72	106.00	8.55	8.04	-	122.59	219.13		
Previous Year	290.50	11.85	241.31	0.91	542.75	105.99	8.55	47.99	0.06	162.48	380.27		-
Capital work - in - progress (including Capital Advances)	71.89	-	196.09	163.54	104.44	-	-	-	-	-	104.44	72.56	71.89

Notes :

1 Buildings- Leasehold include:

(i) Rs.20.85 crores (as at Jun 30, 2008 Rs. 20.85 crores;as at Mar 31, 2009 Rs. 20.85 crores), Accumulated Depreciation - Rs.2.97 crores (as at Jun 30, 2008 Rs.2.61 crores;as at Mar 31, 2009 Rs.2.88 crores) and Net Value Rs.17.89 crores (as at Jun 30, 2008 Rs.18.23 crores;as at Mar 31, 2009 Rs.17.97 crores) being lease premium paid in respect of building taken on lease for sixty years.

(ii) Rs.11.49 crores (as at Jun 30, 2008 Rs.11.49 crores; as at Mar 31, 2009 Rs.11.49 crores), Accumulated Depreciation Rs.2.41 crores (as at Jun 30, 2008 Rs.1.39 crores;as at Mar 31, 2009 Rs.2.26 crores) and Net Value Rs.9.07 crores (as at Jun 30, 2008 Rs.10.10 crores;as at Mar 31, 2009 Rs.9.23 crores) being lease premium paid in respect of building taken on lease for ninety nine years.

2* 'Project assets' includes assets purchased for contracts entered into with various state governments for e-governance projects.Certain assets are liable to be transferred to the respective

Governments at various points of time as per the terms of the relevent agreements.The details whereof are as under:

(i) Computers of Rs.114.12 crores (as at Jun 30, 2008 Rs.32.32 crores;as at Mar 31, 2009 Rs. 107.25 crores), Accumulated Depreciation - Rs.16.96 crores (as at Jun 30, 2008 Rs.2.61 crores; as at Mar 31, 2009 Rs.11.61 crores) and Net Value Rs.97.16 crores (as at Jun 30, 2008 Rs.29.71 crores;as at Mar 31, 2009 Rs.95.64 crores).

(ii) Plant & Machinery / Electrical Installations of Rs.82.95 crores (as at Jun 30, 2008 Rs.15.94 crores;as at Mar 31, 2009 Rs. 78.92 crores), Accumulated Depreciation - Rs.10.44 crores (as at Jun 30, 2008 Rs.0.20 crores;as at Mar 31, 2009 Rs. 6.50 crores) and Net Value Rs.72.51 crores (as at Jun 30, 2008 Rs.15.74 crores;as at Mar 31, 2009 Rs.72.42 crores).

(iii) Furniture & Fixtures of Rs.18.26 crores (as at Jun 30, 2008 Rs.3.42 crores;as at Mar 31, 2009 Rs 17.49 crores), Accumulated Depreciation - Rs.2.45 crores (as at Jun 30, 2008 Rs. 0.02 crores;as at Mar 31, 2009 Rs.1.58 crores) and Net Value Rs.15.81 crores (as at Jun 30, 2008 Rs.3.40 crores;as at Mar 31, 2009 Rs.15.91 crores).

3 Capital work- in- progress comprise

-advance towards project assets Rs.88.32 crores (as at Jun 30, 2008 Rs.62.73 crores; as at Mar 31, 2009 Rs. 70.36 crores)

-others Rs.0.72 crores (as at Jun 30, 2008 Rs.9.82 crores; as at Mar 31, 2009 Rs.1.53 crores)

Interest & Finance cost capitalized during the quarter ended Jun 30, 2009 Rs.15.40 crores(quarter the quarter ended Jun 30, 2008 Rs.1.01 crores;during the year ended Mar 31, 2009 Rs.6.46 crores)

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

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
VI Investments			
Long Term Investments (Unquoted and Fully Paid-up)			
Trade :			
In Subsidiary Companies			
1,792,302 Equity shares of SGD 1 each of 3i Infotech Asia Pacific Pte Ltd., Singapore	6.98	6.98	6.98
3,101,308 Equity shares of GBP 1 each of 3i Infotech (UK) Ltd. ^{2,5} (as at Jun 30,2008 - 1,000,000 shares; as at Mar 31,2009 - 1,649,438 shares)	346.97	173.73	230.30
3,059,953,478 Ordinary Shares of MUR 1 each of 3i Infotech Holdings Private Limited, Mauritius ⁶ (as at Jun 30,2008 - 2,197,953,620 shares; as at Mar 31,2009 - 2,197,953,620 shares)	479.82	296.22	296.22
500 Shares of SR 1,000 each of 3i Infotech Saudi Arabia LLC	0.67	0.67	0.67
400,000 Equity Shares of Rs. 10 each fully paid up of Delta Services (I) Pvt. Ltd. ⁴ (as at Jun 30,2008 - 204,000 shares; as at Mar 31,2009 - 204,000 shares)	24.94	10.19	10.19
5,569,762 Equity Shares of Rs. 10 each fully paid up of 3i Infotech Trusteeship Services Ltd.	0.01	0.01	0.01
51,000 Equity Shares of Rs. 10 each fully paid up of Stex Software Pvt. Ltd. (as at Jun 30,2008 - 51,000 shares; as at Mar 31,2009 - 51,000 shares)	9.56	9.56	9.56
152,600 Equity Shares of Rs. 10 each fully paid up of E-Enable Technologies P Ltd. (as at Jun 30,2008 - 152,600 shares; as at Mar 31,2009 - 152,600 shares)	12.27	12.27	12.27
30,900 Equity Shares of Rs. 100 each fully paid up of aok BPO Services Ltd. ⁴ (as at Jun 30,2008 - 15,759 shares; as at Mar 31,2009 - 15,605 shares)	22.79	7.12	7.12
52,650 Equity Shares of Rs. 10 each fully paid up of aok In-house Factoring Services Pvt. Ltd. ⁴ (as at Jun 30,2008 - 26,852 shares; as at Mar 31,2009 - 26,590 shares)	4.88	2.47	2.47
50,000 Equity Shares of Rs. 10 each fully paid of KNM Services Pvt. Ltd. (as at Jun 30,2008 - 50,000 shares; as at Mar 31,2009 - 50,000 shares)	2.92	2.92	2.92
52,932 Equity Shares of Rs. 10 each fully paid of HCCA Business Services Pvt. Ltd. ⁴ (as at Jun 30,2008 - 26,996 shares; as at Mar 31,2009 - 26,996 shares)	18.09	4.59	4.59
2,040,000 Equity Shares of Rs. 10 each fully paid of TAXSMILE.Com ⁴ (as at Jun 30,2008 - 1,040,000 shares; as at Mar 31,2009 - 1,040,000 shares)	4.08	2.08	2.08

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
50,122 Equity Shares of Rs. 10 each fully paid of Linear Financial & Management Systems Pvt Ltd (as at Jun 30,2008 - 29,822 shares; as at Mar 31,2009 - 50,122 shares)	16.11	9.32	16.11
347,630 Equity Shares of Taka 10 each fully paid of 3i Infotech Services(Bangladesh) Pvt. Ltd (as at Jun 30,2008 - 347,630 shares; as at Mar 31,2009 - 347,630 shares)	0.20	0.20	0.20
100,000 Equity Shares of Rs. 10 each fully paid of 3i Infotech Consultancy Services Ltd.	0.10	0.10	0.10
260,000 Equity Shares of Rs. 10 each fully paid of Locuz Enterprise Solutions Ltd. ^{4#}	6.93	6.93	6.93
70,782 Equity Shares of Rs. 10 each fully paid of FinEng Solutions Private Limited ⁴ (as at Jun 30,2008 - 60,165 shares; as at Mar 31,2009 - 60,165 shares)	21.40	17.73	17.73
162,195 Equity Shares of Rs. 10 each fully paid of J & B Software India Private Ltd. ³	0.47	-	0.47
28,877,551 Equity Shares of Rs. 10 each fully paid of 3i Infotech Consumer Services Limited (as at Jun 30,2008 - Nil; as at Mar 31,2009 - 5,000,000 shares)	28.88	-	5.00
2,500,000 Equity Shares of Rs. 10 each fully paid of 3i Infotech Insurance & Re-Insurance Brokers Ltd. (Redeemable Convertible Preference Shares of GBP 1 each of 3i Infotech (UK) Ltd. - as at Jun 30,2008 - 14,518,699 shares; as at Mar 31,2009 - 14,518,699 shares) ⁵	-	124.14	107.67
Redeemable Convertible Preference Shares of 3i Infotech Holdings Private Limited, Mauritius :			
959,447,765 Series A - Redeemable Convertible Preference Shares of MUR 1 each (as at Jun 30,2008 - 494,954,680 shares; as at Mar 31,2009 - 494,954,680 shares)	147.61	79.05	80.47
541,885,200 Series B - Redeemable Convertible Preference Shares of MUR 1 each (as at Jun 30,2008 - 541,885,200 shares; as at Mar 31,2009 - 541,885,200 shares)	98.26	86.56	105.75
1,820,600,142 Series C - Redeemable Convertible Preference Shares of MUR 1 each ⁶ (as at Jun 30,2008 - 2,682,600,000 shares; as at Mar 31,2009 - 2,682,600,000 shares)	330.13	428.49	523.50
In Joint Venture			
Elegon Infotech Limited,China	5.88	-	3.33
Non-Trade :			
In other Companies			
200,000 Equity Shares of Sri Lankan Rs.10 each of First Capital Asset Management Co. Ltd., Sri Lanka	0.10	0.10	0.10
National Savings Certificates ⁵	0.00	0.00	0.00
Aggregate Value Of Unquoted Investments	1,592.73	1,281.43	1,455.42

Notes:

1 During the quarter, the Company has purchased Nil units (for the period ended Jun 30, 2008 - 31,039,087 units; for the year ended Mar 31, 2009 - 147,186,601 units) and sold Nil units (for the period ended Jun 30, 2008 - 31,039,087 units; for the year ended Mar 31, 2009 - 147,186,601 units) of Mutual Funds.

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

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

4 Refer note no.2.3

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

6 During the quarter, 861,999,858 preference shares of MUR 1 each are converted into 861,999,858 Equity shares of MUR 1 each.

Board Controlled Subsidiary Company

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

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
VII Current Assets, Loans and Advances			
A Current Assets			
a) Sundry Debtors (Unsecured, considered good unless otherwise stated)			
- Debts outstanding for more than six months *	26.01	44.06	4.01
(net of doubtful debts provided for Rs.45.66 crores; as at Jun 30, 2008 - Rs.38.52 crores; as at Mar 31, 2009 - Rs.45.57 crores)			
- Other debts *	107.93	160.33	132.40
(net of doubtful debts provided for Rs.3.17 crores; as at Jun 30, 2008 - Rs.2.09 crores; as at Mar 31, 2009 - Rs.3.03 crores)			
	<u>133.94</u>	<u>204.39</u>	<u>136.41</u>
* Includes amount due from subsidiary companies.	67.70	115.23	70.65
b) Unbilled Revenues	<u>73.21</u>	<u>157.58</u>	<u>67.56</u>
c) Cash and Bank Balances :			
i. Cash on hand	0.09	0.05	0.05
ii. Balances with scheduled banks:			
in current accounts *	16.49	65.61	33.82
in EEFC accounts §	0.07	0.62	0.54
in deposit accounts	0.04	1.55	0.04
in margin money accounts***	3.44	2.32	2.69
	<u>20.04</u>	<u>70.10</u>	<u>37.09</u>
iii. Balances with Non-scheduled banks:			
in current accounts :			
with HSBC Bank, Dubai, UAE §	0.00	0.01	0.00
(Maximum balance held at any time during the period Rs.0.00 crores; for the period ended Jun 30,2008 - Rs 0.00 crores; for the year ended Mar 31, 2009 - Rs 0.01 crores)			
with HSBC Bank, Deira, UAE §	0.03	0.21	0.00
(Maximum balance held at any time during the period Rs.0.03 crores; for the period ended Jun 30,2008 - Rs 0.24 crores; for the year ended Mar 31, 2009 - Rs 0.30 crores)			
with Commerz Bank, Germany	0.05	0.04	0.05
(Maximum balance held at any time during the period Rs.0.05 crores; for the period ended Jun 30,2008 - Rs 0.06 crores; for the year ended Mar 31, 2009 - Rs 0.05 crores)			
with Emirates Bank International, Dubai, UAE	1.93	3.38	1.52
(Maximum balance held at any time during the period Rs.5.35 crores; for the period ended Jun 30,2008 - Rs 7.33 crores; for the year ended Mar 31, 2009 - Rs 9.18 crores)			
in margin money accounts :***			
with Emirates Bank International, Dubai, UAE	2.19	1.75	3.09
(Maximum balance held at any time during the period Rs.0.28 crores; for the period ended Jun 30,2008 - Rs 1.75 crores;for the year ended Mar 31, 2009 - Rs 0.53 crores)			
in escrow accounts			
with Citi Bank Hongkong	0.02	-	57.35
(Maximum balance held at any time during the period Rs.30.92 crores; for the period ended Jun 30,2008 - Rs Nil; for the year ended Mar 31, 2009 - Rs 69.58 crores)			
	<u>4.22</u>	<u>5.39</u>	<u>62.01</u>
	<u>24.35</u>	<u>75.54</u>	<u>99.15</u>
d) Other Current Assets			
Sale of Intellectual Property Rights Receivable	36.48	-	37.33
Interest Receivable on bank deposits	-	0.23	-
	<u>36.48</u>	<u>0.23</u>	<u>37.33</u>
	<u>267.98</u>	<u>437.74</u>	<u>340.45</u>
* Includes cheques on hand and remittances in transit	3.65	0.93	7.53
*** Towards performance guarantees			
§ Rs. 0.00 crores denotes figures less than Rs.50,000			

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
B Loans and Advances			
(Unsecured, considered good)			
Loans :			
To subsidiary companies	14.37	16.48	14.06
To others (including employees)	-	0.01	-
Advance against Share Capital to subsidiaries (Share Application Money)	62.63	0.04	79.23
Advance tax and tax deducted at source (net of provisions of Rs.42.83 crores, as at Jun 30, 2008 - Rs.21.78 crores; as at Mar 31, 2009 - Rs.36.70 crores)	45.43	32.67	37.08
MAT credit receivable	38.30	15.63	32.69
Service tax recoverable	3.49	6.82	6.27
VAT recoverable	1.18	5.98	1.46
Deposits	50.27	48.93	49.39
Advances recoverable from subsidiary companies	66.04	160.06	90.69
Other advances recoverable in cash or in kind or for value to be received	46.77	55.98	38.97
	<u>328.48</u>	<u>342.60</u>	<u>349.84</u>
	<u>596.46</u>	<u>780.34</u>	<u>690.29</u>
VIII Current Liabilities and Provisions			
A Current Liabilities*			
Acceptances	16.16	-	9.65
Sundry creditors (Refer note no.2.4 for dues to Micro, Small and Medium Enterprises)			
- Trade	139.24	82.15	140.01
- others	46.39	11.11	4.96
Advances received from Customers (including unearned income)	4.78	5.15	4.43
Interest accrued but not due	-	0.23	-
Other liabilities	23.66	20.42	31.74
	<u>230.23</u>	<u>119.06</u>	<u>190.79</u>
* There are no amounts payable to Investors Education and Protection Fund			
B Provisions			
Provision for Employee benefits	25.44	21.41	23.91
Provision for warranty	7.05	5.52	6.59
Provision for Contingencies	-	12.01	-
Proposed dividend (including tax thereon)	24.18	24.14	24.14
	<u>56.67</u>	<u>63.08</u>	<u>54.64</u>
	<u>286.90</u>	<u>182.14</u>	<u>245.43</u>

3i INFOTECH LIMITED

Schedules forming part of the Financial Statements

	Rs. in crores		
	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
IX Income from Operations			
Software Products	12.82	29.02	130.03
IT/ IT enabled Services	86.25	91.24	309.87
Transaction Services	22.41	16.61	87.34
	<u>121.48</u>	<u>136.87</u>	<u>527.24</u>
X Other Income			
Interest (Gross, TDS - Rs.0.00 crores; previous period Rs 0.05 crores; previous year Rs 0.15 crores)	0.45	0.25	2.54
Dividend - on current investments (Non Trade)	-	0.04	0.20
Credit balances / excess provision written back (net)	-	-	-
Foreign exchange gain - net	-	0.47	6.30
Miscellaneous income	0.67	0.58	2.45
	<u>1.12</u>	<u>1.34</u>	<u>11.49</u>
XI Operating, Selling and other expenses			
Salaries, bonus and other allowances	58.09	41.99	177.48
Contribution to provident and other funds	4.36	4.62	17.20
Staff welfare expenses	5.40	3.67	15.77
Recruitment and training expenses	0.30	1.50	4.30
Cost of third party products/outsourced services	25.05	38.22	103.85
Rent	14.13	10.90	49.96
Insurance	0.91	0.72	3.90
Travelling and conveyance	6.41	7.31	29.71
Electricity Charges	2.66	2.63	10.61
Rates and taxes	0.82	0.42	2.28
Communication expenses	2.55	2.59	10.75
Directors sitting fees	0.05	0.04	0.13
Loss on sale/discarding of fixed assets (net)	0.24	-	1.00
Printing and stationery	0.56	0.62	2.49
Repairs and maintenance - building	0.27	0.22	0.90
Foreign exchange loss (net)	0.23	-	-
Legal and professional charges	1.30	1.07	3.32
Bank charges and other financial charges	1.84	0.84	2.94
Selling and distribution expenses	0.42	0.56	1.97
Directors' commission	-	-	0.70
Bad debts written off	0.74	0.39	6.65
Less - Provision withdrawn	(0.74)	(0.39)	(6.65)
Provision for doubtful debts	2.83	4.13	13.76
Impairment of acquired software & losses on foreclosure of Contracts (net of reversal of contingency provision of Rs. 12.01 crores)	-	-	4.18
Miscellaneous expenses	4.16	3.57	13.49
	<u>132.58</u>	<u>125.62</u>	<u>470.69</u>
Less : Recovery from subsidiaries			
a.Re-imbusement of costs by subsidiary companies	(65.36)	(29.30)	(115.52)
b.Corporate charges	(7.48)	(18.31)	(87.60)
	<u>59.74</u>	<u>78.01</u>	<u>267.57</u>
XII Interest			
- On term loans	19.06	13.07	58.56
- Others	2.93	0.14	3.21
	<u>21.99</u>	<u>13.21</u>	<u>61.77</u>

SCHEDULE XIII: SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE QUARTER ENDED JUNE 30, 2009.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Method of Accounting

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

1.2 Use of estimates

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

1.3 Revenue Recognition

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

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

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

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

1.4 Unbilled and Unearned Revenue

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

1.5 a. Fixed Assets

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

Acquired software/products meant for sale are capitalized at the acquisition price.

Costs in respect of Software development are charged to Profit & Loss account as and when incurred.

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

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

b. Depreciation / Amortization:

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

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

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

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

1.6 Investments

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

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

1.7 Accounting for Taxes on Income

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

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

Provision for Fringe Benefit Tax (FBT) is made in accordance with the Income Tax Act, 1961.

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

1.8 Translation of Foreign Currency Items

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

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

1.9 Accounting of Employee Benefits

Employee Benefits in India

a) Gratuity

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

b) Superannuation

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

c) Provident fund

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

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

d) Liability for leave encashment/entitlement for employees is provided on the basis of the actuarial valuation at the period/year end.

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

Employee Benefits in Foreign Branch

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

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

1.10 Provisions, Contingent Liabilities and Contingent Assets

- i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources.
- ii) Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

iii) Contingent Assets are neither recognized nor disclosed in the financial statements.

1.11 Borrowing Costs

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

1.12 Impairment of Assets

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

1.13

a) Securities issue expenses

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

b) Premium payable on FCCB

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

1.14 Lease

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

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

1.15 Earnings per share

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

2. NOTES TO ACCOUNTS

2.1 Capital commitments and contingent liabilities

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
Capital Commitments * :			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	54.64	24.06	66.02
Contingent Liabilities not provided for in respect of:-			
Outstanding guarantees **	534.71	402.91	488.72
Premium on redemption of FCCB (Refer Note no 2.5)	125.92	208.99	165.21
Estimated amount of claims against the Company not acknowledged as debts in respect of:			
- Disputed Income tax matters	2.74	2.57	2.74
- Disputed Sales tax matters	1.08	-	-
- Customer Claims	27.55	15.81	19.27
- Others***	1.04	0.83	0.74

* Including commitments pertaining to acquisitions, except where amount is not ascertainable as mentioned in note no.2.3.

** Includes Rs. 413.47 crores secured by way of equitable mortgage of certain properties of the Company subject to prior charges created in favour of term lenders (as at June 30, 2008 – Rs. 364.22 cores and as at March 31, 2009 - Rs. 443.48 crores).

***Includes expenses of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of Rs. 0.59 crores (as at June 30, 2008 – Rs. 0.40 cores and as at March 31, 2009 - Rs.0.34 crores).

2.2 Employee Benefit Plans

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

Reconciliation of Benefit Obligations and Plan Assets

	Rs. in crores		
	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Change in benefit obligation			
Obligation at the beginning of the quarter/year	13.12	9.35	9.35
Interest cost	0.25	0.19	0.77
Current Service cost	0.83	1.25	5.04
Benefits paid	(0.28)	(0.09)	(0.77)
Actuarial (gain)/loss in obligations	(0.73)	0.95	(1.27)
Obligation at quarter/year end	13.18	11.65	13.12

Rs. in crores			
Change in Fair value of plan assets	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Fair value of plan assets at the beginning of the quarter/year	3.91	2.61	2.63
Expected return on the plan assets	0.07	0.05	0.22
Contributions by the employer	0.00	-	1.79
Benefits paid	(0.28)	(0.09)	(0.77)
Actuarial gain/(loss) on plan assets	(0.07)	(0.03)	0.04
Fair value of plan assets at quarter/year end	3.63	2.54	3.91

Rs. in crores			
Expenses recognized in Profit & Loss account	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Current service cost	0.83	1.25	5.04
Interest cost	0.25	0.19	0.77
Expected return on plan assets	(0.07)	(0.05)	(0.22)
Net actuarial (gain)/loss recognized during the quarter/year	(0.66)	0.97	(1.31)
Expenses recognized in Profit & Loss account	0.34	2.36	4.28

Rs. in crores			
Reconciliation of Present Value of the obligation and the Fair value of the plan assets	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
Liability at quarter/year end	13.18	11.64	13.12
Fair value of plan assets at quarter/year end	3.63	2.54	3.91
Liability recognized in the balance sheet	9.55	9.10	9.21

Assumptions	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
Discount Rate	7.80% p.a	8.25% p.a	7.80% p.a
Expected Rate of Return on Plan Assets	7.80% p.a	8.25% p.a	7.80% p.a
Salary Escalation Rate	6.00% p.a	7.00% p.a	6.00% p.a

The liability recognized with respect to Gratuity in the balance sheet in respect of Dubai branch as on June 30, 2009 is Rs.7.06 crores (as on June 30, 2008 is Rs.3.87 crores, as on March 31, 2009 - Rs. 7.16 crores).

The liability recognized with respect to leave encashment/entitlement in the balance sheet as on June 30, 2009 is Rs.8.83 crores (as on June 30, 2008 is Rs.6.09 crores as on March 31, 2009 - Rs. 7.53 crores).

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

- a) aok In-house BPO Services Pvt. Limited, New Delhi, for a consideration of Rs 15.67 crores.
- b) aok In-house Factoring Services Pvt. Limited, New Delhi, for a consideration of Rs 2.41 crores.

- c) Delta Services (India) Pvt Ltd, Mumbai, for a consideration of Rs 14.75 crores.
- d) HCCA Business Services Private Ltd., Mumbai, for a consideration of Rs 13.50 crores.

2.3.2 In April 2008, the Company entered into a share purchase agreement with the owners of Locuz Enterprise Solutions Limited, Hyderabad, to acquire the 260,000 shares (representing 26.00% of the paid up equity capital of Locuz Enterprise Solutions Limited) for a consideration of Rs 6.93 crores along with a commitment to acquire the balance of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement.

2.3.3 In May 2008, the Company entered into a share purchase agreement with the owners of FinEng Solutions Private Limited, Mumbai to acquire the 60,165 shares (representing 51.00% of the paid up equity capital of FinEng Solutions Private Limited) for a consideration of Rs 17.73 crores. In June 2009, the Company has acquired additional 9% of the paid up capital for a consideration of Rs 3.67 crores, along with a commitment to acquire the balance of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement.

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

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

2.4 As at June 30 2009, the Company has no outstanding dues to medium and small enterprises. There is no liability towards interest on delayed payments under the Micro, Small and Medium Enterprises Development Act, 2006 during the quarter/year.

There is also no amount of outstanding interest in this regard brought forward from the previous year.

The above information is on the basis of intimation received by the company, on request made to all vendors in the course of vendors' registration under the said Act.

2.5 Foreign Currency Convertible Bonds (FCCB)

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

	First Issue	Second Issue	Third Issue	Fourth Issue
Issue currency	USD	EURO	EURO	USD
Issue size	50 million	15 million	30 million	100 million
Issue date	Mar 16, 2006	Oct 16, 2006	Apr 2, 2007	Jul 26, 2007
Maturity date	Mar 17, 2011	Oct 17, 2011	Apr 3, 2012	Jul 27, 2012
Coupon rate	Zero coupon	1.50%	Zero coupon	Zero coupon
Conversion price–post bonus	Rs. 115.00	Rs. 95.00	Rs. 154.32	Rs. 165.94
Fixed exchange rate of conversion	Rs. 44.35	Rs. 58.28	Rs. 57.60	Rs. 40.81
Early redemption option *	Yes	Yes	Yes	Yes
Conversions as at –				
June 30, 2009	29.80 million	15.00 million	NIL	NIL
June 30, 2008	29.80 million	15.00 million	NIL	NIL
March 31, 2009	29.80 million	15.00 million	NIL	NIL
Bought back as at –				
June 30, 2009	NIL	NIL	10.00 million	33.63 million
June 30, 2008	NIL	NIL	NIL	NIL
March 31, 2009	NIL	NIL	4.00 million	25.13 million
Contingent premium payable as at - (Rs. in crores)				
June 30, 2009	21.65	NIL	30.05	74.22
June 30, 2008	19.56	NIL	51.36	138.07
March 31, 2009	19.92	NIL	41.83	103.46

* Subject to certain criteria as per offer document.

2.6

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

b) The Company has incurred an amount of Rs. 1.32 crores towards professional fees (for the year ending March 31, 2009 Rs.51.09 crores towards the advisory fees, legal & other professional fees and other expenses for various financial re-structuring assignments including fee and other expenses) in respect of the aforesaid buyback. The same has been shown as exceptional expenditure in the Profit & Loss account.

2.7 Interest in Joint Venture

a) In May 2008, pursuant to the Joint Venture agreement entered between the Company and Yucheng Technologies Limited, China, Elegon Infotech Limited, China was set up in August 2008 wherein the Company's interest in the equity is 51%.

The aggregate amounts of the assets, liabilities, income and expenses related to Company's share in Elegon Infotech Limited are as under:

Rs. in crores			
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
Assets	20.83	NIL	22.27
Liabilities	22.58	NIL	21.68

Rs. in crores			
	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Income	0.41	NIL	0.50
Expense	2.19	NIL	4.71

Rs. in crores			
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
Contingent Liability	NIL	NIL	NIL
Capital Commitments	NIL	NIL	NIL

b) Income for the quarter includes Rs. Nil (for the quarter ended June 30, 2008 Rs.Nil, for year ended March 31,2009 Rs.37.29 crores) arising out of transfer of Intellectual Property Rights and Marketing rights in certain products to the Joint Venture which is recoverable as per the Joint Venture Agreement including inter alia Sale of the Products by the said Joint Venture.

c) In June 2009, the Company has entered into an agreement with the Joint Venture partner, to acquire their share and convert the Joint Venture into 100% subsidiary.

2.8 Managerial Remuneration:

a) Whole-time Directors *

Rs. in crores			
	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Salaries (including Company contribution to Provident and Superannuation funds)	1.09	4.16	5.50
Estimated value of perquisites and allowances	0.00	0.00	0.01

* Excluding contribution to the gratuity fund and provision for leave encashment entitlement, since determined for the Company as a whole but including monetary value of the perquisites computed as per the Income Tax Rules, wherever necessary.

b) Other than Whole-time Directors

Rs. in crores			
	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Commission	-	-	0.70
Sitting fees	0.05	0.04	0.13

2.9 Leases:

a. Operating Lease:

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

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
- within one year	31.82	56.69	38.39
- later than one year and not later than five years	12.82	33.09	17.71
- later than five years	-	-	-

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

	Rs. in crores		
	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
- within one year	23.94	17.62	25.74
- later than one year and not later than five years	37.82	31.58	43.97
- later than five years	-	-	-

b. Financial Lease:

There were no financial leases entered into by the Company.

2.10 Auditors' Remuneration:

	Rs. in crores		
	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Audit Fees	0.19	0.11	0.73
Tax Audit Fees	0.02	0.01	0.07
Certification Fees	-	0.01	0.13
Re-imbursment of out of pocket expenses	0.02	-	0.18
Service Tax	0.02	0.02	0.14
Total	0.25	0.15	1.25

2.11 Cost of third party products/outsourced services includes:

	Rs. in crores		
	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
IT Outsourced Cost	5.20	9.35	29.49
Commission on sales	0.94	1.08	0.81
Infrastructure Charges	2.93	2.37	11.03
Transaction Processing Charges	1.74	3.02	13.84
Non IT - Outsourced cost	6.37	1.52	15.07
Purchases – Hardware/ Software	4.42	17.47	23.24
Repairs & Maintenance – Computers	0.24	1.19	3.54
Non IT Facilities Management Rent & Office Expenses	3.21	2.22	6.83
Total	25.05	38.22	103.85

2.12 Deferred taxation:

The break - up of net deferred tax liability/asset is as under:

Rs. in crores

	As at June 30, 2009	As at June 30, 2008 *	As at March 31, 2009 *
Deferred Tax Asset:			
Unabsorbed losses/depreciation	39.53	16.95	33.73
Expenses allowable on payment and others (including provision for doubtful debts)	20.51	21.07	25.92
	60.04	38.02	59.65
Deferred Tax Liability:			
Fixed Assets (depreciation/amortization)	36.43	13.61	35.01
Net Deferred Tax Liability/(Asset)	(23.61)	(24.41)	(24.64)

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

2.13 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:

		For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Profit as per accounts (Rs. In crores)		20.17	37.75	158.61
Less: Dividend on preference shares paid (incl. Corporate taxes)		(0.61)	(0.61)	(6.21)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes)		(1.24)	(1.24)	(1.22)
Profit attributable to Equity Shareholders before exceptional items (Rs. in crores)	A	18.32	35.90	151.18
Add: Profit due to Exceptional items (after considering Provision for contingency) (Rs. in crores)		27.87	-	25.96
Profit attributable to Equity Shareholders after exceptional items (Rs. in crores)	B	46.19	35.90	177.14
Weighted average number of Equity Shares outstanding during the quarter/year (Nos.)	C	130,771,806	130,592,227	130,696,488
Add : Effect of dilutive issues of options (Nos.)		932,701	5,033,255	-
Diluted weighted average number of Equity Shares outstanding during the quarter/year (Nos.)	D	131,704,507	135,625,482	130,696,488
Nominal value of Equity Shares (Rs.)		10	10	10
Basic EPS (Rs.)	A/C	1.40	2.75	11.57
Diluted EPS (Rs.)	A/D	1.39	2.65	11.57

After exceptional items				
Basic EPS (Rs.)	B/C	3.53	2.75	13.55
Diluted EPS (Rs.)	B/D	3.50	2.65	13.55

2.14 Employee Stock Option Plan

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

Method used for accounting for the share based payment plan:

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

Summary of the options outstanding under the Employees Stock Option Plan (ESOP):

	As at June 30, 2009		As at June 30, 2008		As at March 31, 2009	
	Options	Weighted average exercise price (Rs.)	Options	Weighted average exercise price (Rs.)	Options	Weighted average exercise price (Rs.)
Options outstanding at beginning of the quarter/year	26,337,126	105.35	24,051,354	104.20	24,051,354	104.20
Granted during the quarter/year	180,000	58.00	5,000,000	116.00	5,000,000	116.00
Bonus issue during the quarter/year	-	-	-	-	-	-
Exercised during the quarter/year	(94,800)	47.07	(118,335)	51.88	(215,761)	56.02
Forfeited/lapsed during the quarter/year	(455,252)	111.49	(492,869)	119.29	(2,498,467)	119.88
Options outstanding at end of the quarter/year*	25,967,074	105.13	28,440,150	106.23	26,337,126	105.35
Vested options pending exercise	16,826,074	86.37	11,707,362	75.87	11,710,899	81.10

*Includes 3,737,000 options granted to managing director/whole time directors and non-executive directors (for the quarter ended June 30, 2008 3,637,000 options and for the year ended March 31, 2009 3,587,000 options).

Weighted average Market price of the shares with respect to stock options exercised during the quarter ended June 30, 2009 is Rs.59.38 (during the quarter ended June 30, 2008 Rs.117.16 and during the year ended March 31, 2009 Rs.75.68).

The following summarizes information about stock options outstanding:

As at June 30, 2009

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (years)	Weighted average Exercise Price (Rs.)
Rs 37 to Rs 50	5,221,964	5	48.88
Rs 57 to Rs 150	20,745,110	8	118.79

As at June 30, 2008

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (years)	Weighted average Exercise Price (Rs.)
Rs 37 to Rs 50	5,614,640	7	48.84
Rs 57 to Rs 150	22,825,510	9	120.35

As at March 31, 2009

Range of Exercise Price	Number of shares arising out of options	Weighted average remaining life (years)	Weighted average exercise price (Rs.)
Rs 37 to Rs 50	5,344,466	6	48.85
Rs 57 to Rs 150	20,992,660	8	119.74

Fair Value methodology for the option

The fair value of options used to compute net income and earnings per equity share have been estimated on the dates of each grant within the range of Rs. 3.37 to Rs. 61.15 using the Black - Scholes pricing model. The Company estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOP are:

	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009
Dividend yield	2.59%	1.72%	1.72%
Expected volatility	10% - 15.5%	10% - 20.40%	10% - 27.50%
Risk-free interest rate	6.32% - 8.25%	6.32% - 8.25%	6.32% - 8.25%
Expected life of Option	3 – 10 yrs	3 – 10 yrs	3 – 10 yrs

Impact of Fair value method on Net profit and EPS

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

Rs. in crores

	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Profit attributable to Equity Shareholders	18.32	35.90	151.18
Add: Stock-based employee compensation expense included in net income	-	-	-
Less: Stock based compensation expense determined under fair value based method	1.96	1.74	8.03
Net Profit :	16.36	34.16	143.15
Basic earning per share (as reported)	1.40	2.75	11.57
Basic earning per share (under fair value method)	1.25	2.61	10.95
Diluted earning per share (as reported)	1.39	2.65	11.57
Diluted earning per share (under fair value method)	1.24	2.52	10.95

2.15 Amount of exchange difference (net) debited to Profit & Loss account during the quarter ended June 30, 2009 is Rs.0.23 crores (for the quarter ended June 30, 2008 credited Rs.0.47crores and for the year ended March 31, 2009 credited Rs.6.30 crores).

2.16 Related Party Transactions:

1. The parties where control exists -

Foreign Subsidiaries -

No.	Name of Subsidiary	Country of Incorporation
1	3i Infotech Inc.	USA
2	3i Infotech Asia Pacific Pte Limited	Singapore
3	3i Infotech SDN BHD	Malaysia
4	3i Infotech UK Limited	UK
5	3i Infotech (Thailand) Limited	Thailand
6	3i Infotech Consulting Inc.	USA
7	Datacons Asia Pacific SDN BHD	Malaysia
8	3i Infotech (Western Europe) Holdings Limited	UK
9	3i Infotech (Western Europe) Group Limited	UK
10	3i Infotech (Western Europe) Limited	UK
11	Rhyme Systems Limited	UK
12	3i Infotech Holdings Private Limited	Mauritius
13	3i Infotech Saudi Arabia LLC	Saudi Arabia
14	3i Infotech Financial Software Inc.	USA
15	3i Infotech (Africa) Limited	Kenya
16	Professional Access Limited	USA
17	Lantern Systems Inc.	USA
18	3i Infotech (Middle East) FZ LLC	Dubai
19	J&B Software Inc.	USA
20	J&B Software (Canada) Inc.	Canada
21	Black Barret Holdings Limited	USA
22	Objectsoft Group Inc.	USA
23	Exact Technical Services Limited	UK
24	3i Infotech Frameworks Limited	UK
25	3i Infotech (Australia) Pty Limited	Australia
26	3i Infotech Services (Bangladesh) Private Limited	Bangladesh

27	3i Infotech (Kazakhstan) LLC	Kazakhstan
28	3i Infotech Consulting Services SDN BHD	Malaysia
29	Regulus Group LLC	USA
30	Regulus Integrated Solutions LLC	USA
31	Regulus America LLC	USA
32	Regulus Tristate LLC	USA
33	Regulus West LLC	USA
34	E power Inc.	USA
35	Regulus Holdings Inc.	USA
36	Regulus Group II LLC	USA
37	Objectsoft Global Services Inc.	USA

Indian Subsidiaries –

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

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

Joint Venture – Eigon Infotech Limited, China

Associates – Nile Information Technologies, Egypt

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

The following transactions were carried out during the quarter/year:

	Rs. in crores		
	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
Subsidiaries – 3i Infotech Inc			
Income	2.84	4.18	21.63
Rent Expense	0.15	0.12	0.50
Financial guarantees released	4.86		24.99
Corporate guarantees taken	17.02	-	

Subsidiaries – 3i Infotech Holdings Private Limited, Mauritius			
Conversion from Preference shares to Equity	183.60	-	-
Investment in Redeemable Convertible Preference Shares	68.95	-	-
Advances given/(repaid)	0.86	8.90	(16.50)
Corporate guarantee given	-	364.22	-
Subsidiaries – 3i Infotech (UK) Limited and its subsidiaries			
Income	0.13	0.49	1.33
Investment in Equity Shares	-	-	56.57
Conversion from Preference shares to Equity	116.67	-	-
Advances given/(repaid)	-	34.66	(53.77)
Subsidiaries – Delta Services (I) Private Limited			
Interest income	-		0.22
Purchase of Services	1.27	0.65	3.46
Income	-	4.03	4.03
Advances given/(repaid)	2.74	-	(3.72)
Loan granted/(repaid)	(0.12)	0.15	(0.07)
Corporate guarantee given/(released)	(8.70)	6.55	16.55
Interest expense	0.03		-
Investment in Equity Shares	14.75	-	-
Subsidiaries – 3i Infotech (Middle East) FZ LLC			
Income	2.19	5.12	27.47
Advances given/(repaid)	(71.62)	6.38	44.46
Subsidiaries – Taxsmile.com India Private Limited			
Interest income	0.24	-	0.96
Income	0.44	0.05	1.23
Loans granted/(repaid)	0.19	2.70	5.74
Advances given	0.75	-	-
Investments made	2.00	-	-
Joint Venture – Elegon Infotech Limited			
Income	-	-	0.06
Investment in Equity Shares	2.55	-	3.33
Transfer of IPR	-	-	37.29
Share Application Money	-	-	1.25
Purchase of Services	0.81	-	-
Subsidiaries – Others			
Income	5.35	2.90	18.17
Interest Income	0.07	0.17	0.84
Purchase of Services	1.98	0.91	34.61
Loans granted/(repaid)	0.23	0.68	(8.91)
Investment made/(transferred)	55.47	3.73	18.57
Advances given/(repaid)	(10.52)	2.86	10.69
Share Application Money	7.99	-	-
Directors, Key Management Personnel and their relatives			
Remuneration / fees	1.09	4.20	5.51
Expenses	0.25	0.17	0.65

Rs. in crores

	Outstanding balance as at June 30, 2009	Outstanding balance as at June 30, 2008	Outstanding balance as at March 31, 2009
Subsidiaries – 3i Infotech Inc			
Financial guarantees outstanding	21.89	32.14	28.70
Sundry Debtors	-	98.28	-
Sundry Creditors	51.59	-	55.76
Corporate guarantees outstanding	430.50	-	443.48
Letter of Comfort - Regulus	5.84	-	-
Subsidiaries - 3i Infotech Holdings Private Limited, Mauritius			
Investment in Equity Shares	479.82	296.22	296.22
Other Advances	0.86	25.40	-
Investment in Redeemable Convertible Preference Shares	576.00	594.10	709.92
Corporate guarantees outstanding	-	364.22	-
Sundry Debtors	-	-	0.92
Share Application Money	54.59	-	-
Subsidiaries - 3i Infotech (UK) Limited and its subsidiaries			
Investment in Equity Shares	346.97	173.73	230.30
Other Advances	-	88.43	-
Investment in Redeemable Convertible Preference Shares	-	124.14	107.67
Sundry Creditors	1.85	-	2.53
Subsidiaries - Delta Services (India) Private Limited			
Investment in Equity Shares	24.94	10.19	10.19
Sundry Creditors	-	-	-
Loan Granted	0.68	0.71	0.79
Sundry Debtors	-	2.28	-
Other Advances	5.57	6.54	2.82
Corporate Guarantees Outstanding	7.85	6.55	16.55
Subsidiaries - 3i Infotech (Middle East) FZ LLC			
Other Advances	-	35.09	73.16
Sundry Debtors	55.02	-	-
Subsidiaries - Taxsmile.com India Private Limited			
Investment in Equity Shares	4.08	2.08	2.08
Loan Granted	10.43	7.20	10.24
Sundry Debtors	-	0.23	-
Sundry Creditors	-	-	-
Advances	2.98	-	2.23
Joint Venture - Eagon Infotech Limited			
Investment in Equity Shares	5.88	-	3.33
Sundry Debtors	2.41	-	3.70
Share Application Money	-	-	1.25
Project Assets Receivables	36.48	-	37.33
Subsidiaries – Others			
Investment in Equity Shares	126.52	56.21	71.05
Loan Granted	3.26	8.57	3.03
Other Advances	1.37	4.64	12.47
Sundry Debtors	6.50	14.44	28.69
Sundry Creditors	7.28	7.67	9.62

3. Related party as identified by the management and relied upon by the auditor.
4. No balances in respect of the related parties have been provided for/written back/ written off except as stated above.
5. Maximum balances due from the above parties:

Rs. in crores			
	Maximum balance outstanding during the quarter ended June 30, 2009	Maximum balance outstanding during the quarter ended June 30, 2008	Maximum balance outstanding during the year ended March 31, 2009
Loans			
a. Taxsmile.com India Private Limited	10.43	8.20	18.40
b. Delta Services (India) Private Limited	0.79	0.94	1.12
c. HCCA Business Services Private Limited	-	-	0.60
d. Linear Financial & Management Systems Private Limited	0.48	0.48	0.48
e. aok In-house BPO Services Limited	2.17	-	4.15
f. aok In-house Factoring Services Private Limited	0.82	0.55	0.50
g. Professional Access Software Development Private Limited	-	5.05	4.36
h. Stex Software Pvt. Limited	-	0.46	-
Other Advances			
a. 3i Infotech Holdings Private Limited	1.74	22.46	88.56
b. 3i Infotech Trusteeship Private Limited	1.70	0.20	1.65
c. 3i Infotech (UK) Limited	-	-	120.15
d. 3i Infotech (Middle East) FZ LLC	109.04	101.13	174.51
e. HCCA Business Services Private Limited	-	120	1.54
f. KNM Services Private Limited	-	0.51	1.73
g. Rhyme Systems Holdings Limited	-	-	33.50
h. Rhyme Systems Limited	-	27.62	67.16
i. Delta Services (India) Private Limited	7.84	0.85	52.48
j. aok In-house BPO Services Limited	-	0.80	3.21
k. 3i Infotech Consultancy Services Limited	-	1.39	4.90
l. Linear Financial & Management Systems Private Limited	2.90	4.00	3.09
m. aok In-house Factoring Services Private Limited	-	-	0.40
n. E-enable Technologies Pvt Limited	-	14.64	-
o. Professional Access Limited	-	2.99	-
p. Taxsmile.com India Private Limited	0.16	-	-
q. 3i Infotech Services (Bangladesh) Pvt. Ltd.	0.24	-	-

Note: As at June 30, 2009 none of the above Subsidiaries held any shares in the Parent Company (as at June 30, 2008 Nil and March 31, 2009 Nil).

2.17

(a) In the opinion of the Board, the investments, current assets, loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amount stated.

(b) The accounts of certain Sundry Debtors, Creditors, Loans and Advances are however, subject to confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current quarter's/year's financial statements on such reconciliation/adjustments.

2.18 Quantitative Details:

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

2.19 Foreign exchange currency exposures not covered by derivative instruments as at June 30, 2009:-

Particulars	Currency type	As at June 30, 2009		As at June 30, 2008		As at March 31, 2009	
		Amount (Foreign currency in crores)	Amount (Rs. in crores)	Amount (Foreign currency in crores)	Amount (Rs. in crores)	Amount (Foreign currency in crores)	Amount (Rs. in crores)
Foreign Currency Convertible Bonds	USD	8.66	421.09	12.02	515.05	9.51	496.18
	EUR	2.00	136.67	3.00	203.09	2.60	179.17
Secured Loan	AED	0.01	0.09	0.02	0.19	0.01	0.13
Redeemable Convertible Preference Shares	GBP	-	-	1.45	124.14	1.45	107.67
	USD	8.81	428.39	12.02	515.05	12.02	627.14
	EUR	2.16	147.61	1.17	79.05	3.00	206.73
Current Assets, Loans and Advances	USD	0.13	6.32	2.29	98.28	0.00	0.26
	SGD	0.04	1.45	0.16	5.11	0.36	12.44
	MUR	0.55	0.86	16.37	25.40	0.57	0.92
	MYR	-	-	0.02	0.29	-	-
	SAR	1.06	13.73	0.67	7.66	0.61	8.45
	KES	4.41	2.90	2.58	1.67	4.03	2.72
	AED	14.85	196.82	11.63	135.68	15.66	222.49
	CNY	5.38	38.89	-	-	5.63	41.03
	BDT	0.31	0.22	0.06	0.04	0.53	0.41
Current Liabilities	GBP	-	-	1.04	88.43	-	-
	USD	0.02	1.85	-	-	0.02	1.40
	AED	1.06	51.59	0.00	0.05	1.13	58.87
	AED	10.74	142.30	1.82	21.19	13.73	195.13

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

Residual dividend of Rs.Nil (inclusive of tax) (for the quarter ended June 30, 2008 Rs.nil, for the year ended March 31, 2009 Rs.0.02 crores), is appropriated out of Profit & Loss account.

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

Rs. in crores

	Warranty
Balance as at April 1, 2009	6.59
Provision made during the quarter	0.50
Provision written back during the quarter	0.04
Balance as at June 30, 2009	7.05

2.22 CIF value of imports & expenditure in foreign currency:

Rs. in crores

	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009
a. CIF value of import of:			
Capital goods	-	-	9.78
b. Expenditure in foreign currency in respect of:			
(i) Cost of outsourced services and bought out items	0.10	0.31	0.35
(ii) Travelling and other expenses	5.25	3.24	11.05
(iii) Dubai branch expenses *	1.91	30.34	81.14
c. Dividend remitted in foreign currency			
Number of shares	-	-	4,634,536
Dividend for the year	-	-	2007-08
Amount remitted	-	-	0.69
d. Earnings in foreign currency			
Income from operations	36.13	36.74	148.42

*Including Professional and Consultancy charges Rs.0.49 crores, (for the quarter ended June 30, 2008 Rs. 0.83 crores, for the year ended March 31, 2009 Rs 1.58 crores) and Commission paid/payable to agents Rs. 0.00 crores (for the quarter ended June 30, 2008 Rs. 0.07 crores, for the year ended March 31, 2009 Rs 1.58 crores).

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

b) Rs. 0.00 crores denotes figures less than Rs. 50,000.

**Signatures to Schedules "I" to "XIII"
For and on behalf of the Board**

V Srinivasan
Managing Director & CEO

Dileep C. Choksi
Director & Chairman of Audit Committee

Amar Chintopanth
Executive Director & CFO

Shivanand R Shettigar
Company Secretary

Mumbai,
July 28, 2009