



Annual Report 08-09



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08-09



Company Details

Board of Directors:

Mr. Hoshang N. Sinor, Chairman

Dr. Ashok Jhunjunwala, Director

Dr. Bruce Kogut, Director

Mr. Dileep C. Choksi, Director

Mr. Mahadevan Chandrasekaran, Director

Mr. Samir Kumar Mitter, Director

Mr. S. Santhanakrishnan, Director

Mr. Suresh Kumar, Director

Ms. Vishakha Mulye, Director

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

Mr. Amar Chintopanth, Executive Director & Chief Financial Officer

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

Principal Bankers:

ICICI Bank

IDBI Bank

Standard Chartered Bank

Auditors:

Lodha & Company

R.G.N. Price & Co.

Corporate Office:

3i Infotech Limited

Akruti Centre Point, 6th Floor,
MIDC Central Road,
Next to Marol Telephone Exchange,
Andheri (E), Mumbai - 400 093,
INDIA

Tel: +91 22 39145538

Fax: +91 22 39145520



Executive Management:

V. Srinivasan, Managing Director & Chief Executive Officer

Amar Chintopanth, Executive Director & Chief Financial Officer

Anirudh Prabhakaran, Executive Director & President - South Asia

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

Chandrashekar M.S., Head - GDC - Banking & Investment Management

Chris Potts, President & CEO - Western Europe

David Wang, CEO - Elegon Infotech Ltd. (A Joint Venture Company with Yucheng Technologies Ltd., China)

Debneel Mukherjee, President & CEO - Asia Pacific

Jayaraman Jagannadhan, Head - GDC - Insurance & ERP

Jyotin Mehta, Head - Enterprise Risk Management & Internal Audit

Kathleen Hamburger, President & CEO - North America

Manoj Mandavgane, Managing Director & CEO, 3i Infotech Consultancy Services Ltd.

M.B. Battliwala, Head - Marketing & Public Relations

Padmanabhan Iyer, Head - Technology Services & COO - Elegon Infotech Ltd.

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

Ravi Jagannathan, Managing Director & CEO - 3i Infotech Consumer Services Ltd.

Shivanand Shettigar, Company Secretary & Head - Legal & Compliance

Sripat Pandey, Head - Mergers & Acquisitions

Suheim Sheikh, Head - Capital Markets

Registered Office:

3i Infotech Limited

Tower # 5, 3rd to 6th Floors,
International Infotech Park,
Vashi, Navi Mumbai - 400 703,
INDIA

Tel: +91 22 67928000

Fax: +91 22 67928095

Chairman's Message



Dear Members,

It gives me great pleasure to welcome you to the 16th Annual General Meeting of your Company. It is with satisfaction that I report to you that your Company has registered all-round growth, as detailed in this Annual Report, against a backdrop of a very challenging external environment. This performance has been achieved due to the synergistic operations of the parent Company and its subsidiaries. A noteworthy factor has been the strong organic and inorganic growth vectors which have combined seamlessly to deliver good performance during the year, and also augur well for the future of your Company.

Your Company has been built on a firm foundation of offering a wide variety of products and services encompassing software products, IT services and transaction services. Over the years, as you are aware, your Company has grown both in India and abroad, organically and through judicious acquisitions, to emerge as one of the top technology companies, both in overall



terms and also in some of its individual areas of operation. Maintaining this comprehensive growth trajectory has been possible due to the main capital that your Company enjoys – its Human Capital. I would therefore like to delve on this aspect to a greater extent, as I believe it is the fountainhead through which all value creation for our shareholders and other stakeholders emanates.

Your Company strongly believes that all functions are Value Functions, though the classic definition may term them as front-end and back-end functions. This philosophy has been translated into action by the management team of your Company in an exemplary fashion. With your permission, I would venture to call it “People First”, in recognition of the fact that it is talented people who, when supported by an enabling and empowering environment, consistently deliver high performance.

As a knowledge intensive organisation, your Company can only be as good as its employees. We therefore take utmost care to attract, recruit, train and retain the best professionals in the industry, around the globe. Depth in technical capabilities and the potential to learn and upgrade to higher roles, enhancing managerial skills, strategic thinking, leadership skills and strong delivery capabilities, are the qualities that we look for and groom our people in, as they progress from junior levels, through middle management positions, to senior levels. Talent nurturance and management through need based technical and soft skills training enables employees to effectively perform their current and future roles. Further, our diverse operations across various industry domains and geographic locations, both local and overseas, provide ample opportunities and also facilitate movement of employees.

Competitive and market driven compensation and timely recognition have ushered in a performance driven culture which rewards meritocracy. Our Performance Management System, which includes Key Performance Indicators (KPI), interventions in the form of competency modelling and 360 degree feedback, mentoring and counselling, is a key contributor to the growth of people within the Company. By creating a competitive environment, building and maintaining a performance culture, and ensuring it permeates the organisation, we

have been able to facilitate employee empowerment and the ability to spot leadership talent at all levels. I am indeed happy and proud to bring to your kind notice that many business ideas that have found fruition, have been the work of leaders from within the system.

We pride ourselves in being a confluence of cultures coming from ICICI, acquired companies and lateral recruitment. We have been hugely successful in creating oneness among the employees, by adopting and nurturing what is best suited to the interest of the Company. Simultaneously, great emphasis is placed on making sure that the many new entrants through acquisitions feel one with the Company’s ethos and culture, even as they feel excited about being part of a bigger brand and an organisation with multiple growth opportunities globally. An important aspect of your Company’s acquisition capability has been the retention of key personnel across levels. We have also benefited by the vast leadership capabilities that these entrepreneurs brought with them.

All these aspects, taken together, have made your Company a multinational, in the truest and best sense of the term. We row to the same beat, wherever we are in the 3i Infotech system. As we deepen our engagements across the globes, this trend will, I am sure, be reinforced to the best advantage of your Company.

I thank you for your support as we have grown internationally as a technology company, and look forward to it in the future too.

Hoshang N. Sinor

Managing Director & CEO's Message

Dear Members,

You may recall that your Company was transformed from being a pure back office entity of ICICI, to a full fledged technology company in September 1999. This being the 10th year of our operations as a technology company, I would like to take this opportunity to highlight some of the milestones we have crossed on our growth path:

- We entered the IT business in 1999 with one client, a revenue of Rs. 40 crores and 240 employees
- Around the year 2002, we positioned your Company as a solutions company rather than a pure services company. We aimed at achieving a 1:1 mix between software products and IT services
- We changed our name from ICICI Infotech to 3i Infotech in January 2005 and went in for an IPO in March 2005
- By March 2007, we achieved the 1:1 mix between products and services offered across five nodal geographies
- In the year 2007-08 we crossed the revenue mark of Rs. 1,000 crores, with a profit of Rs. 183 crores
- In the 10th year, we have crossed a revenue mark of Rs. 2,000 crores by clocking revenues of Rs. 2,305 crores
- What therefore started off as a one client, one country, one offering business, has grown into 1,500 clients, operations in over 50 countries, and three business segments with revenues exceeding Rs. 2,300 crores.

This could not have been achieved but for your support and guidance.

Highlights of the Operations

I am glad to share with you the highlights of your Company's consolidated operations for the year 2008-09.

Consolidated revenue at Rs. 2,304.70 crores, clocked a growth of 88.4% over the previous year. Profit after tax, before minority interest and extraordinary items, stands at



Rs. 266.42 crores, as compared to Rs. 183.19 crores for FY08, representing a growth of 45.5%.

We have witnessed growth across regions and offerings. Transaction Services emerged as a significant business segment in the current year. Our segment-wise revenue mix is now - Software Products 35%, IT Services 33% and Transaction Services 32%.

We launched the retail business in the form of kiosks (under the brand name of I-SERV) for bringing various services to common citizens in rural India. We also launched Taxsmile, an online tax filing portal, and e-Mudhra, an online service for enabling common citizens to use digital signatures. These initiatives are pioneering steps in India, aimed at transforming the way retail transactions are handled in the country.

Our Joint Venture in China, named Elegon Infotech Limited, commenced operations during the year.

We also retired approximately USD 30 million of Foreign Currency Convertible Bonds (FCCB) at a discount of close to 50%.

Economic Environment

The year saw a sudden change in the dynamics of global markets. All major markets reported a decline in GDP. Oil prices were extremely volatile, reaching a peak of USD 160 per barrel and declining to a low of USD 40 a barrel. Major currencies also experienced volatility. The Western markets reported record unemployment rates and stock markets recorded a major decline across the globe. Long standing financial institutions went into bankruptcy or near bankruptcy.

An assessment by a leading IT analyst firm indicated that worldwide government efforts to revive the economy were too late and Europe and the US would slip into recession. Although IT markets remained relatively stable, the above mentioned events are bound to have a negative impact in the coming quarters. Spreading global economic problems in 2009 would reduce IT market growth from 5.8% in 2008 to 2.3% in 2009. Developed economies, especially the US and Western Europe, which represent the vast majority of the global market, were to be the worst affected, but emerging regions would also not be immune.



Challenges thrown up

The changed environment has obviously thrown up certain challenges for the IT industry. The assumptions which led growth in the past are no longer valid. Many of the assumptions like growing consumer demand, unlimited availability of capital, stand challenged today. This has affected the demand behavior for IT to some extent.

We therefore need to face the challenges and grow.

How do we continue to grow, facing the challenges?

Considering the current environment, we have a two pronged strategy, i.e. plan for a modest growth in the short to medium term and have a clear path for aggressive growth in the long term. In addition, such challenging times also give opportunities to consolidate and bring in operational efficiencies. **We believe that growth is a must and consolidation the means.**

With respect to sales, our strategy, in addition to closing

sales with new customers, would be substantially to mine our large existing client base. We today have more than 1,500 clients and many of them very large organizations globally. With proper cross selling and up selling strategies, we intend to grow our revenues from our existing client base. This will ensure a growth in revenues at optimum cost.

On the cost and cash planning front, we have concrete plans for improving operational efficiencies throughout the Company, through process improvements to drive simplification, standardization and consistency across the organization.

On the risk side, this environment can throw up challenges like bankruptcies of major customers, inability of customers to remit money out of their countries, or customers losing access to funding. Since we have been managing a model which ensures low client concentration, we feel that instances related to bankruptcies of clients, if any, would not impact us in any significant way. With respect to funding, the existing cash flows along with certain minimum refinability are adequate to take care of the near to medium term growth needs.

Business Model

We continue with our de-risked business model spread across geographies and offerings. This will not only help us in withstanding any business pressures, but will also provide a foundation for future growth.

Our revenues are distributed among various geographies viz. North America 50%, South Asia 28%, MEARC 10%, Western Europe 7% and Asia Pacific 5%.

Our offering-wise revenues consist of IT Services 33%, Transaction Services 32%, Software products for Banking 12%, Capital Markets 11%, Insurance 9% and ERP 3%.

This spread of revenues across geographies and offerings and a large customer base has helped us in our growth path and will continue to be the catalyst for future growth.

Management and Governance

As always, we believe that a good organizational structure, manned by experienced and well qualified personnel, will go in establishing a high quality

organization.

Our organization continues to follow the following structure:

- Geographies
- Verticals
- Horizontals
- Corporate Support Functions

The geographies continue to be the business drivers with revenue and profit targets. They are headed by very senior personnel, who have long years of experience in managing businesses.

The various lines of businesses are the verticals, which have a Global Practice Head, who enables the geographies to grow these businesses. The horizontals are businesses that run across the verticals and have their own Global Practice Heads.

The corporate support functions are headed by the respective Group Heads.

We continue to have good governance practices through different levels of authorization and decision processes within the organization.

An important part of our governance process is the Enterprise Risk Management (ERM) process that has been put in place across the group. Major risks are identified and steps to manage/mitigate the same are put in place through processes like risk dashboard, escalations and authorizations.

Human Resources

An organization is only as good as its employees. We have put in place proactive Human Resource Management policies, which concentrate on various aspects of people management like talent acquisition, learning and development, employee care and employee compensation.

We continue to maintain an environment which looks at nurturing entrepreneurial skills within a set of corporate guidelines.

I am glad to say that this has resulted in a number of innovative business ideas coming up from our employees.



Social Responsibility

We believe that education at all levels in the country is the prerequisite for development. People in rural areas are deprived of opportunities in education, especially IT related.

In line with our objective of balancing commercial objectives with social responsibility, we have set up the 3i Infotech Foundation during the year.

The objective is to concentrate on rural education through the spread of IT related literacy. We continue to donate computers for such needs, participate with organizations spreading computer literacy in the rural areas, tying up with large educational organizations to take computer education to the rural areas through our reach.

Awards & Recognition

The Company continues to win awards across Geographies in recognition for its offerings, partnerships and innovations.

Acknowledgment to Stakeholders

I take this opportunity to thank all our shareholders, investors, employees, customers, partners and other stakeholders for their continued confidence and support to the organization over the years. I am sure that with their continued support and guidance, your Company will scale new heights in the coming years.

V. Srinivasan

OFFERINGS

3i Infotech is a global technology company with a broad range of solutions. In 1999, we started off with just two offerings, viz. Application Development & Maintenance and IT Infrastructure Services. In addition, there was a dedicated team handling the back office work for the ICICI Bank Group. We have expanded our portfolio of offerings to a broad and rich set indicated below, essentially comprising of viz. 1) Software Products, which have made us India's 4th largest software products company* 2) Technology Services and 3) Transaction Services. A majority of these solutions are for the BFSI industry segments and also for the Government sector.

A notable development during the last one year has been the inclusion of various B2C offerings, in addition to the traditional B2B products and services which have dominated our suite of offerings for most of the last ten years. These B2C offerings are in the nature of both on-ground and online products and services. The on-ground varieties are being deployed across over a thousand retail stores, where offerings like micro-banking, micro-insurance, IT educational services and telecom products will be made available across large stretches of rural and semi-urban India, spread across a number of states. The online variety are being deployed by our wholly owned subsidiary, 3i Infotech Consumer Services Ltd. and include aspects such as online tax filing, digital signature certificate and other related online products.

* Source: Dataquest



1999

Technology Services

- Application Development & Maintenance (ADM)
- IT Infrastructure Services
- e-Governance Services
- Retail e-Commerce
- Electronic Tax Filing
- Digital Signature
- Other B2C Services

Software Products

- Banking
- Insurance
- Mutual Funds
- Brokerage
- Investment & Wealth Management
- Payment Solutions
- Stock Exchange Surveillance
- ERP & ERM
- Document Management

Transaction Services

- Remittance Services
- Cheque Clearing
- Cheque Truncation (CTS)
- Post Dated Cheque Management
- Account Origination & Services for BFSI & Telecom
- Printing and Mail Room Services
- Collection Services
- Record Management Services
- HR & Payroll Services
- Finance & Accounting Services
- Registrar & Transfer Agent
- Securitization Services
- Contact Center

2009

A rich array of Services & Products

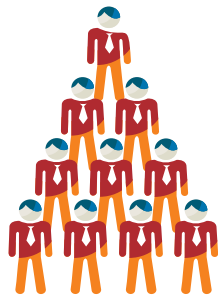
Began with Application Development & Maintenance (ADM) and IT Infrastructure Services





OUR BRANDS

 Taking the risk out of insurance	 Secure Banking Solutions	 Mutual Funds Solutions	 Enterprise Resource Planning (ERP)
 Investment & Wealth Management Software	 rhymeIntegrated Investment and Bond Administration Solution	 Stock Broking & Clearing software	 Crest Solution
 Powering Private Equity	 3i Infotech [®] <i>Innovation • Insight • Integrity</i>		 Integrated Stock Broking & Accounting System
 Enterprise Relationship Management (ERM)			 IT Management Solution
 Fund/Asset Management	 Wealth Management Solution	 Wealth Management and Distribution System	 Financial Analytics and Credit Risk System
 Anti Money Laundering Solution	 Integrated Broker Office Solutions Suite	 Stock Exchange Surveillance System	 Factoring Software
 Rural Retail Services	 Trust Delivered Digital Signature Certificates	 Taxes Simplified • Taxes Filed Online Tax Filing	 3i Infotech Foundation <i>enriching lives</i>



No. of Customers: 1,500+



No. of Countries: 50+

CUSTOMERS

We gratefully acknowledge the contribution of our customers, stakeholders and associates towards our achievements in the last decade. During this phase, we have evolved from a technology and operations enabler for ICICI Bank to a diversified, global technology company.

With over 1,500 customers in more than 50 countries across 5 continents, we are today a leading technology solutions provider. Our customers include banks, insurance and financial services companies, government, manufacturing and retail sectors, and utilities.

Our customer base has grown from a single customer in 1999 viz. ICICI Bank, to more than 1,500 today - an evidence of the confidence and trust that our customers place in us.

2009

1999



No. of Customers: 1



No. of Countries: 1





CUSTOMER TESTIMONIALS

We wanted a centralized IT solution that could consolidate processes and transactions, empower decision makers to take timely decisions and provide a web-based interface to customers for accessing their policies online. The solution provided by 3i Infotech not only helped us to reduce turnaround time and cost of operations, but also increased employee productivity and customer satisfaction significantly.

M. Ramadoss, Chairman & Managing Director, Oriental Insurance Company Limited

FIM Business Solutions (FBS), the IT subsidiary of the FIMBank Group, jointly developed Purchase Factoring using KASTLE™ Factoring with 3i Infotech, a challenging and ambitious project. Its successful completion was mainly due to excellent co-ordination between both teams and a phase-wise approach. This has now become our new internal benchmark against which to gauge the performance of future development projects with software vendors.

Gilbert Coleiro, Managing Director, FIM Business Solutions

After a fairly lengthy process of searching, short listing and gapping exercise, we selected 3i Infotech as our choice of vendor for implementing KASTLE™ Factoring solution and KASTLE™ Loan Origination solution. Among many other factors, we were looking for a vendor who could work along with CTCB as a partner and not a vendor. Today, we are delighted that the 3i Infotech team has proved our selection to be accurate and have continued to show an immense sense of responsibility and deftness at understanding our requirements and worked with the bank's team to meet every challenge.

Frank Shih, Executive Vice President - Director, Chinatrust Commercial Bank

PREMIA™, 3i Infotech's flagship insurance solution gives the insurance company complete control over business activities, resulting in streamlined processes, seamless integration, and high level of data analysis. We expect PREMIA™ to help us improve our competitive position by faster processing and increasing speed to market products, which ultimately drives down costs.

Sameer Al Wazzan, CEO, Solidarity Group Holding

J&B's Hub and Spoke architecture has enabled First Express to set up new sites close to key customers quickly and inexpensively. That gives us a major competitive edge.

Gary Hubert, Vice President of Operations, First Express

rhymeSIGHT BondPRO enables high levels of automation that reduces operational risk and improves accuracy and efficiency. The successful and timely go live once again demonstrates that Friends Provident has selected a proven and reliable system with a reputable vendor.

Graham Ashworth, Project Director, Friends Provident International

Citi has been a customer of HCCA, a subsidiary of 3i Infotech, for over 15 years. In what has been an extremely fruitful association, the scope of engagement of HCCA has been enlarged, over time, beyond tax process administration to several areas of employee benefits, employee trusts and processing and handling of specific HR matters. HCCA has demonstrated robust process controls, as well as sensitivity to customer needs, while being extremely cost effective in every area of their engagement with Citi.

Abhijit Sen, Chief Financial Officer, Citibank - South Asia & Managing Director, Citicorp Finance Limited

EMPLOYEES

TOGETHER WE HAVE REACHED GREATER HEIGHTS

Our employee strength has grown from about 240 in March 1999 to over 13,500 employees currently. As we operate in the technology space, which is extremely dynamic and knowledge intensive, having vibrant human capital is at the core of our existence. Our vast geographical reach and presence makes the workforce culturally diverse and our processes and practices nurture the employees to develop a global outlook. Our performance driven work culture fosters employee development and enables the employees to explore new horizons. The value of human capital is enhanced through constant quality training and development initiatives, thus preparing them to effectively perform their current and future roles. 3i Infotech is a place for talent with the zeal to achieve new heights.

No. of
Employees:
13,500+



The tremendous learning experienced at 3i Infotech stems from global exposure and diversity of human capital, due to organic and acquisitive growth. The challenging, yet supportive, environment led me from spearheading Training to currently heading the Human Resources function of the company.

Alka Tiwari, General Manager, Human Resources Management Group, 3i Infotech

3i Infotech's approach to continuous transformation has enabled me to innovate and adapt to changing market needs. Organization-wide transparency and flexible decision making has encouraged me to work with a stronger sense of purpose and realize the organization's vision.

Arya Pratihari, Vice President & Business Head - Banking, 3i Infotech -MEARC



Experiencing such rapid business growth with 3i Infotech and developing professional relationships and friendships with contemporaries from all around the world has been exceptionally rewarding. For our clients, our being part of a global business is an affirmation of our strength and commitment.

Ian Hallam, rhymeSIGHT Product Director, 3i Infotech - Western Europe

3i Infotech has provided me with a work ethos that gives me immense job satisfaction and self confidence. With great sense of pride I have seen 3i Infotech's operations in APAC grow to several countries in the region over the last 8 years.

Chris Leong, Senior Manager - Finance, 3i Infotech - Asia Pacific



No. of
Employees:
240



1999



I have grown with the company since its inception, learning, nurturing my leadership qualities and, in the process, contributing to the company's success. I look forward to realizing my aspirations even further, as the company scales greater heights.

V H Krishnamoorthy, Deputy General Manager, 3i Infotech - South Asia

I have experienced, first hand, the advantages of a truly global organization, as our North America operations now include integrated offshore technology and infrastructure components. Building a strong team that can lead global growth is one of my most critical objectives.

Jaime Nunez, Chief Operating Officer, Regulus (Subsidiary of 3i Infotech)



2009

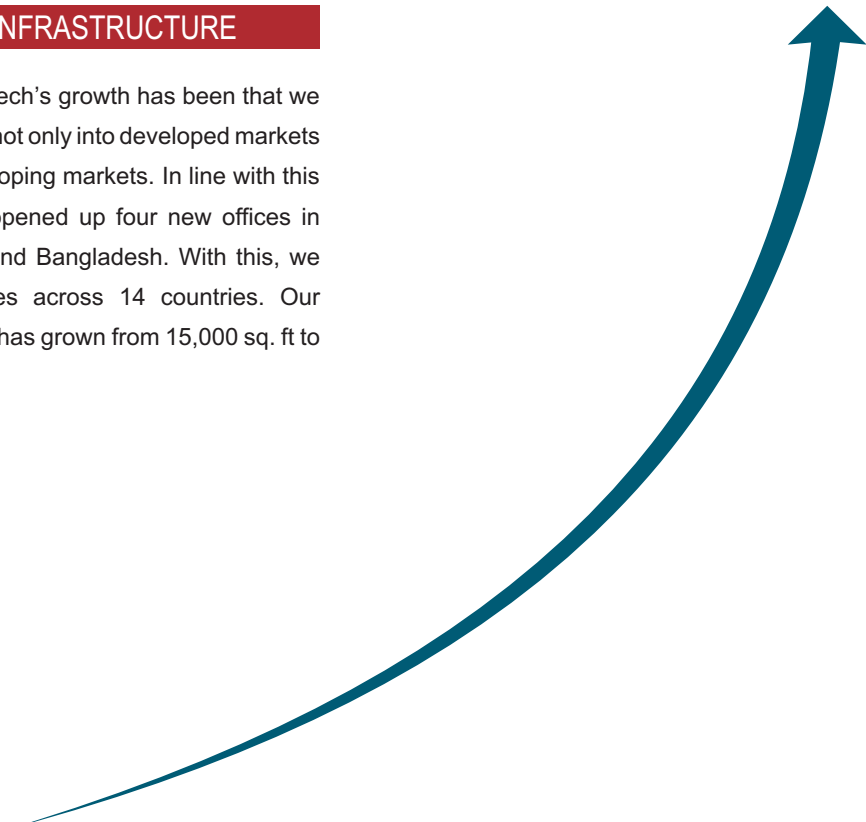


50+ offices in 14 countries
Office Infrastructure: Approx. 12,00,000 sq. ft.

OFFICES AND INFRASTRUCTURE

A unique aspect of 3i Infotech's growth has been that we have grown by expanding not only into developed markets but also into various developing markets. In line with this trend, we have recently opened up four new offices in Bahrain, Riyadh, China, and Bangladesh. With this, we now have over 50 offices across 14 countries. Our infrastructure capacity too has grown from 15,000 sq. ft to over 12,00,000 sq. ft.

2009



1999

3 offices in Mumbai, India
Office Infrastructure: Approx. 15,000 sq. ft.

OUR PARTNERS IN PROGRESS



We are pleased with our growing global strategic alliance with 3i Infotech. Our collaborative efforts spanning across a broad set of industry and solution efforts, ensure that Microsoft and 3i Infotech share a common vision of delivering innovative, highly valuable solutions to meet the unique needs of different businesses and customers around the world.

Kim Akers, General Manager, Worldwide ISVs, Microsoft Corp.

Oracle's relationship with 3i Infotech is underpinned by innovation and growth. Our combined technology footprint across Europe is expanding and we expect the partnership to develop further in the coming year. The Oracle PartnerNetwork is committed to supporting 3i Infotech as it enters new markets with these offerings.

Stein Surlein, Vice President, Alliances & Channels, Oracle EMEA

IBM's relationship with 3i Infotech has strengthened over the years. We collaborate to deliver unique client value through our combined capabilities, expertise and industry offerings. With 3i Infotech contributing essential applications developed on IBM's extensive portfolio of products, our clients enjoy world-class IT solutions that bring about improved economics for their success.

Chong Chye Neo, Director, Business Partner Organisation, ASEAN, IBM Singapore



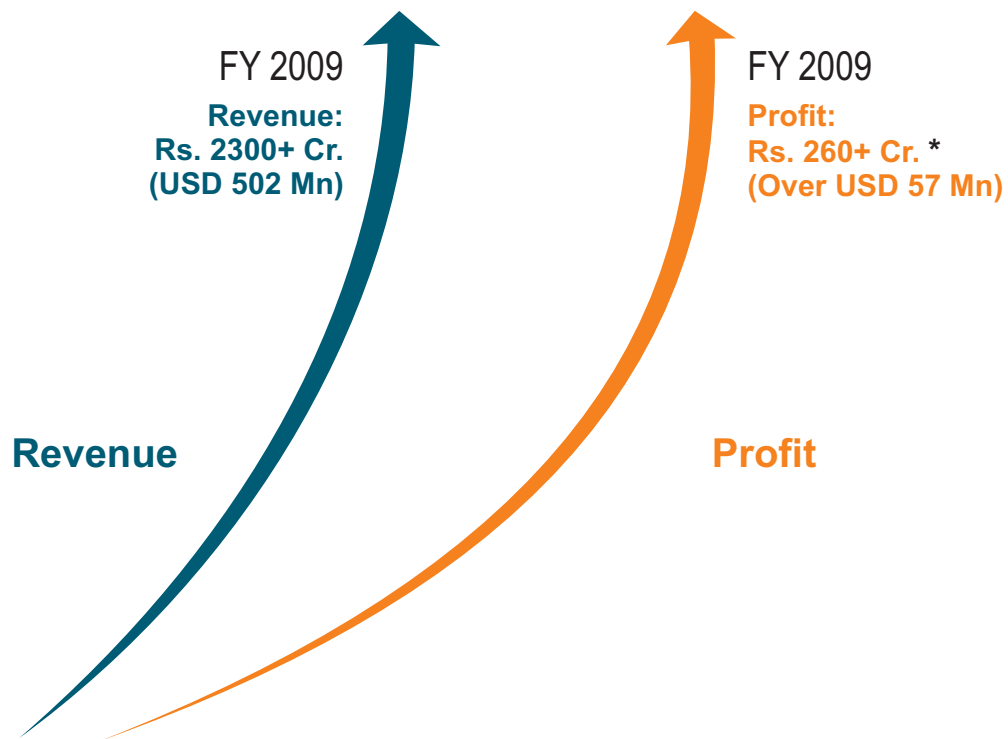
AWARDS & ACCOLADES

- One of the top 4 Indian software product companies (*)
- The fastest growing Indian software product company in 2004-05, with respect to both domestic and overseas software product sales (*)
- One of the top 13 Indian IT companies (*)
{excluding foreign and hardware companies}
- The Meritorious Defense Partner Award received from the Ministry of Defense (MINDEF), Government of Singapore, at the Total Defense Award ceremony for meaningful contribution to fulfill Corporate Social Responsibilities, through charities and by supporting various Government initiatives, July 2008
- Received the Award for Best Technology Company from the Middle East Business Forum at the Takaful Awards, July, 2008
- Rhyme Systems (Subsidiary of 3i Infotech) won the prize for Superior Customer Service for the 2nd Consecutive Year (2007 & 2008), at the Systems in the City event, London, June 2008
- Our e-Tax filing system, Taxsmile, was rated India's best Website for filing tax returns, by India's well known computer magazine PC World, June 2008
- Won the Partner of the Year 2008 award at the Oracle India Partner Forum, Hyderabad, April 2008
- Winner of the 8th Oracle Partner Network (OPN) Innovation Award (2nd Position) 2008
- Winner of the Integrity Partner Award from HP Singapore 2008
- Fiscal benchmarked against MiFID requirements and awarded the B.I.S.S MiFID Accreditation
- Winner of Best e-Gov System Integrator Award at the 4th Dataquest e-Gov Summit 2008

...and many more Awards & Accolades in the previous years, prior to 2008 - 2009.

**Source: Dataquest*





FY 2000
Revenue: Rs. 40+ Cr. (Over USD 9 Mn)
Profit: Rs. 10.50 Cr. (USD 2.42 Mn)

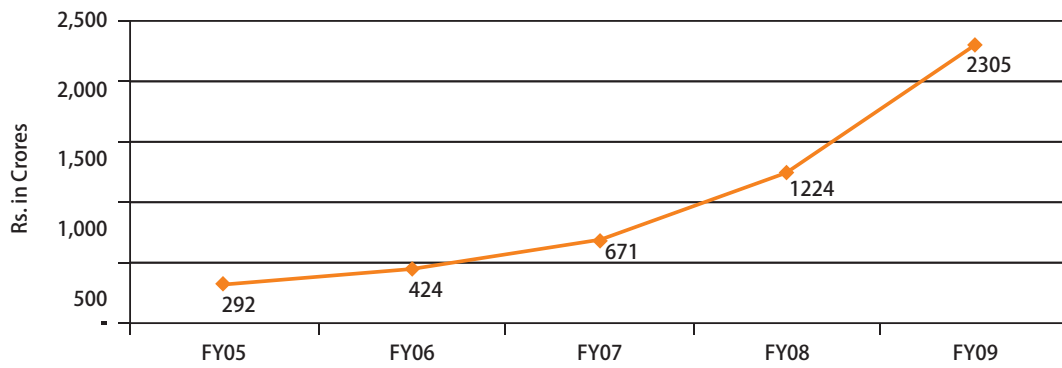
1 crore = 10 million

* excluding exceptional income

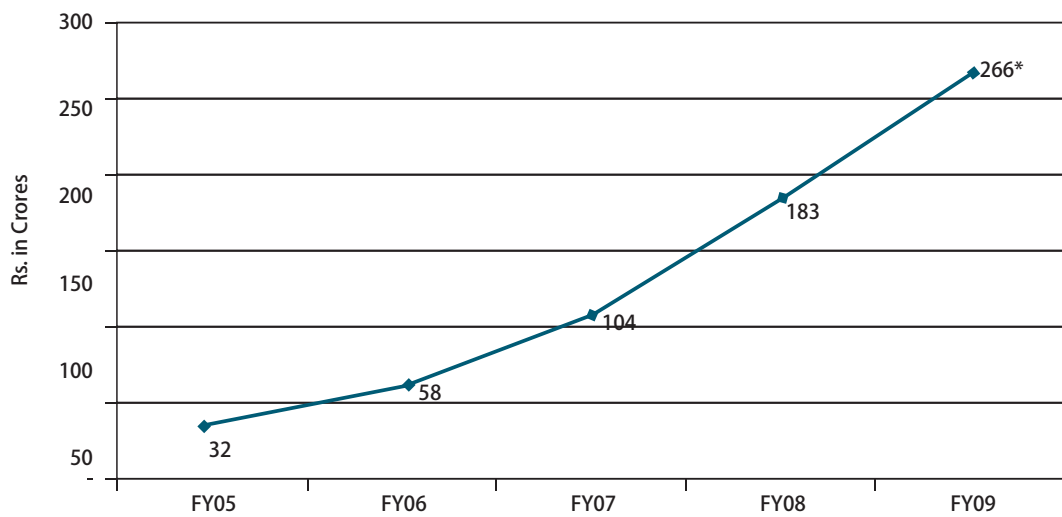




REVENUE TREND

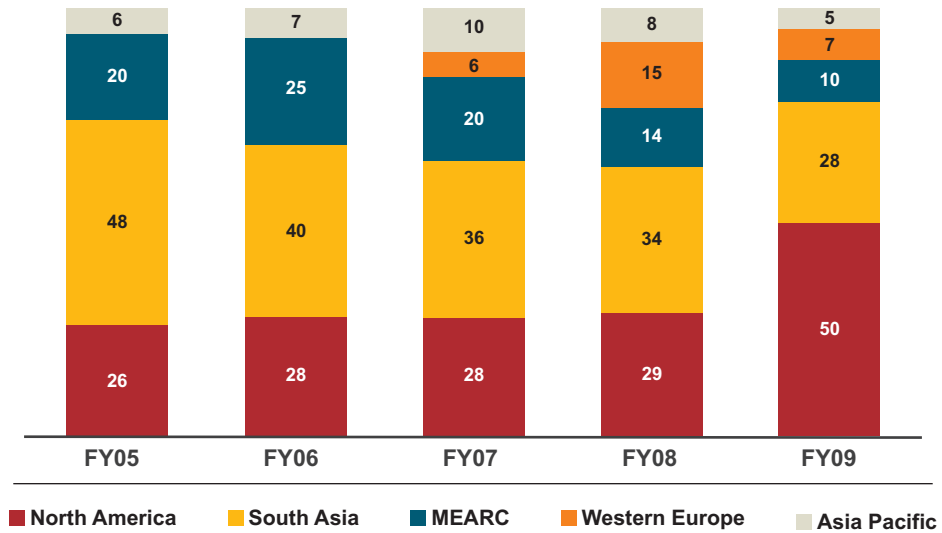


PROFIT TREND

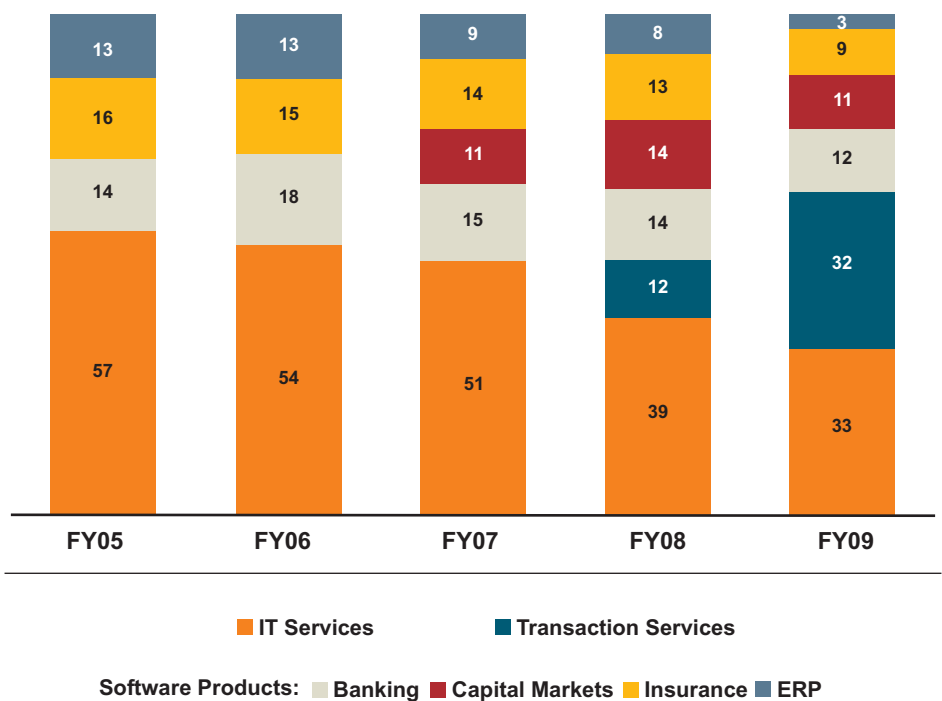


* excluding exceptional income

Percentage-Wise Revenue by Geography (FY 2005-2009)

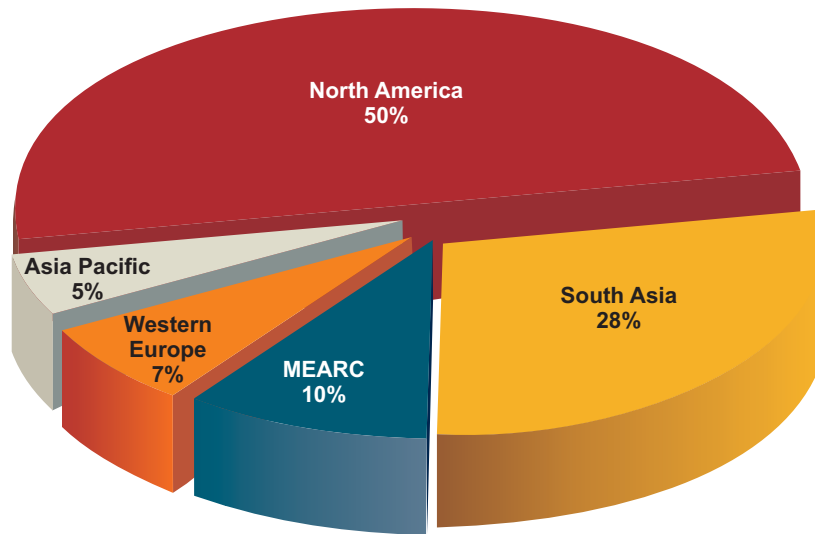


Percentage-Wise Revenue by Segments (FY 2005-2009)

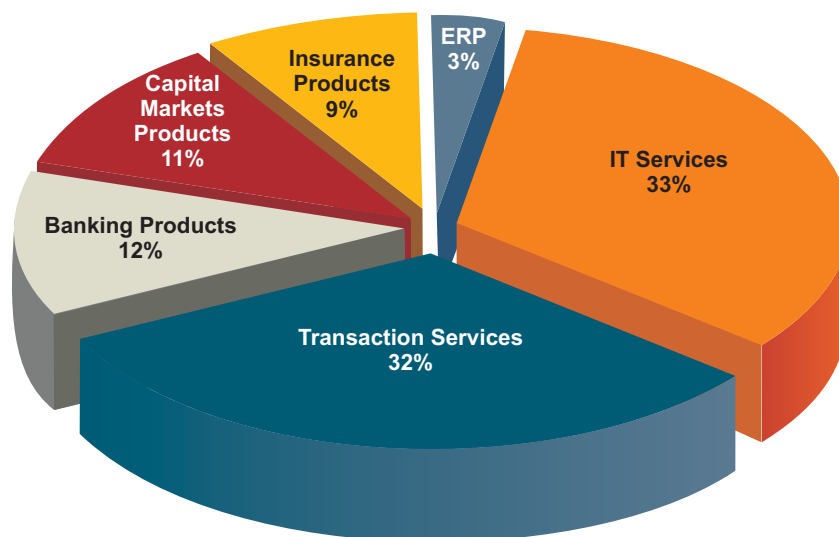




Revenue by Geography (FY 2009)



Revenue by Segments (FY 2009)



3i Infotech A bankable product

KRISHNAN THIAGARAJAN

SHAREHOLDERS who had invested in the recent public offering by 3i Infotech at Rs 100 can re-

ICICI Infotech Sets Up \$2 Million Centre In Chennai

OUR BUREAU

Chennai
ICICI Infotech Ltd, the information technology company promoted by ICICI Ltd, has set up a centre of excellence in Chennai with an investment of \$2 million (Rs 8.8 crore). The development centre will house 200 professionals by the end

of a press conference held here on Wednesday. The company is aggressively targeting the insurance market with its IT solution. It will roll out its solutions for Oriental Insurance across 1,600 branches, of which 400 branches will be covered in the first phase. "The insurance product offers the support

3i Infotech

Risk-free Operator



V Srinivasan, MD & CEO

Products, IT services, BPO, a right mix of domestic and exports—3i Infotech's approach of "de-risking operations" surely took it to a new high in FY '08. It also suffered a minimal impact from the depreciating dollar. While Southeast Asia, predominantly India, accounted for 34% of its revenues, US contributed 29%, and Western Europe 15%. The rest came from Apac and Mearc (Middle east, Africa, Russia, and CIA) regions.

3i made two acquisitions during the year to strengthen its services portfolio. One, a US company called Regulus, provider of payment solutions; and two, an Indian company

With the
Five-year-old ICICI info
beyond its parent to fir
Soft instrumental music can
heard playing in the execu
chambers of the Rs 195 crore a
mumbai in Mumbai. "Study in
morning and afternoon during lunch

3i Infotech turns

Shabana Hussain
Chennai, Aug 15

3i Infotech, previously known as ICICI Infotech, a provider of information technology products and services, plans to use a substantial portion of the Rs 217 crore it raised from its recent initial public offering (IPO) to repay its debts.

ICICI Info Suite To Bo

OUR BUREAU

Bangalore
ICICI Infotech Ltd expects a revenue growth of 30 per cent in the current fiscal with income from its products segment increasing by 30 to 35 per cent, from the existing level of 8 to 9 per cent. Addressing a press

On a solo run

3i Infotech is all set to go it alone with its IPO

Issue opens:	March 30, 2005
Issue closes:	April 4, 2005
No. of shares:	2,00,00,000 equity shares of Rs 10 each
Pre-issue equity:	Rs 11 crore
Pre-issue equity:	Rs 11 crore
Price band:	Rs 90-110
Objects of the issue:	Redemption of Preference Share capital & Repayment of short term and long term loans
Listing:	NSE and BSE



AMAR CHINTOPANTH
Chief Financial Officer
3i Infotech

"We expect robust growth in insurance and e-governance"

In FY 2005, our product business contributed about 44% of our total revenue and services about 56%. Within the product space, out of the 44% revenue, 31% was from BFSI, mainly from banking and insurance. As a strategy, we want to have a balance, with 30-50% contribution to revenue from products and services.



3i Infotech's rural initiative

The services will be under the brand I-SERV

—Anirudh Prabhakaran,
COO (South Asia),
3i Infotech.

3i Infotech lines up expansion plans

Setting up mini-centres of excellence for operating systems

IT solutions provider 3i Infotech on Tuesday announced the launch of new initiatives to further its expansion plans.

3i Infotech Hosts Payment Processing Forum

MUMBAI: 3i Infotech hosted a forum for financial executives of leading banking, financial services, and telecommunications firms on "Payment Processing in Today's Market Scenario," recently in Mumbai, providing a venue for a rich exchange of info-

3i Infotech buys US co Regulus for \$80m

Deal Provides For An Extra \$20 M As Earn-outs Based On Performance

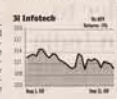


Ms Kathleen Hamburger,
CEO and MD, 3i Infotech-NA

3i Infotech to adopt hub and spoke model

Service centres in rural areas for banking support

ADDIS ABABA, Aug 11
Technology company 3i Infotech will assist banks and financial institutions in reducing the processing time for various back office operations by setting up 250 new service centres in the semi-urban and rural parts of the country.



3i Infotech is open to both direct investments (in three 250 centres) as well as adopting the franchise route.

It has inked deals with some private sector banks, insurance firms and financial institutions for these services.

Once the hub and spoke model successfully takes off

3i Infotech re-brands banking tool

Our Bureau
Mumbai, April 4

3i Infotech has announced the re-branding of its banking solutions under the 'KastleTM' brand.

3i Infotech launches first world data centre

By OUR CORRESPONDENT

Chennai, Nov. 20: 3i Infotech Ltd has announced the launch of its first International Data Centre (IDC) here in Chennai. The new centre will offer managed hosting services for appli-



RAVI JAGANNATHAN,
GLOBAL HEAD - BPO,
3i INFOTECH

Ready For A Transformation

New Business Model For The Domestic BPO To Support A Growing Economy

NEW ECONOMY

ICICI INFOTECH SERVICES

Giant strides

STARTED mainly as a service company to look after the IT needs of the ICICI group with just 250 people, ICICI Infotech Services (ICICI-IS) has taken giant strides and rapidly evolved in a matter of less than three years into a full-

Emax Selects 3i Infotech's Orion Enterprise Solution

MUMBAI — Emax, the electronics retail chain in the Middle East, on Saturday announced the selection of Orion Enterprise solution from global technology solutions and services provider 3i Infotech, 3i Infotech's Orion Enterprise

solution to expand our reach to a total of 31 outlets, covering over 1.5 million sq. ft and reaching a turnover of \$12.2 billion by 2010.

Emax also has plans of entering into India, Egypt and the Far East. All these witnessed a CAGR of 40 per cent in the past five years. More importantly, 3i Infotech's Orion has always played a "game changing" role for many corporates in the Middle East, Africa, Russia and CIS countries. Large and medium

Comprehensive range of software and IT solutions

3i Infotech is ranked as the third largest Enterprise Applications Solution provider in the MENA region by International Data



3i Infotech
Innovation • Insight • In

Celent Places 3i Infotech in Leadership Position for Insurance Software Sales and Support

Business Wire, August 9, 2007

3i Infotech named as a "Traction Index" and "Full Policy Administration System" leader in Celent's latest Insurance Software Deal Trends report

EDISON, N.J. - 3i Infotech, a global provider of IT solutions and services, was named a "Traction Index" leader in a

3i Infotech launches eMudhra service

MUMBAI: 3i Infotech on Thursday launched eMudhra, an initiative to roll out digital signatures for retail customers at an affordable price. The service can be used in different fields such as online banking, credit card applications, online trading and eGovernance activities amongst others, 3i Infotech MD and CEO V Srinivasan told reporters here.

Mumbai, October 20

IT SOLUTIONS provider 3i Infotech has acquired British asset management solution provider, Rhyme Systems, for £28 million, marking its entry into UK's banking and financial services space.

The company also announced a 72.61 per cent increase in quarterly profits at Rs 21.16 crore as it registered a healthy growth in products and services and improved its margins.

"The acquisition will give us direct entry into UK's BFSI space and will enable us direct entry into UK's lucrative asset management and brokerage businesses," 3i Infotech CFO Amar Chintopanth

3i Infotech Expand

MUMBAI — 3i Infotech is expanding its network in the Gulf States to boost its

ich the ech ton

the big boys

Infotech is trying to grow to find its place in the sun

parent's six-month strategy. At regular intervals it was decided that Infotech would reduce its exposure to this sector. "But

3i Infotech to buy biz from JP Morgan Treasury

Mumbai (Reuters)

3i Infotech Ltd on Monday said it agreed to buy J.P. Morgan Treasury Services' national retail lockbox business (NRLB) to expand capacity and capabilities of its unit Regulus.

turns to Europe for future growth

for the banking, finance, insurance, manufacturing and retail industries. The company also plans to use the funds raised through its IPO for expanding its geographical footprint. 3i Infotech is eyeing newer geographies including the Middle East, East Europe and the US. According to Mr. Chinn

Infotech Expects Orion to Boost Revenues

sugar cane purchase and process control to sugar sales including co-generation and auxiliary management. Mr. Srinivasan said that Orion has been customized for several industry verticals including manufacturing, contracting, retailing and distribu-

also recently acquired a client in Kazakhstan for its banking and finance solution. Middle East and Europe currently contribute to 20% of 3i Infotech's revenue. "We feel business from Middle East and European region will grow in the coming years," Mr. Chinnopants said. US region accounts for 27% of the



Around 27% of the total revenues are associated with ICICI group. This revenue will increase in absolute terms in the future. But as our base increases, the percentage wise revenue break-up will obviously come down.

New products from 3i Infotech

By K S Anand

Chennai, Aug 22: As a strategy to expand its product portfolio, 3i Infotech Ltd is planning to come out with a new product for the mutual fund industry. "Presently, it is in the prototype stage. We are confident that we can launch the product within next 6 months," said Anand.

3i Infotech, which has a strong presence in the banking and insurance 3i Infotech, which has a strong

pany has built up a strong product portfolio. Presently, the company has a 'right mix' of products and services. "Some 40 percent of our income is generated from products and the remaining 50 percent is through services," informed Chinnopants. Commenting on its growth strategy, he said, "we have designed a unique model of selling complete solu-

3i Infotech seeks to connect rural India



3i Infotech, global information technology company, has announced the launch of I-Serv, a brand for its retail services through which a comprehensive range of services like banking, insurance, mobile will be provided to consumers in

experience of working with the IT sector and has worked with Wipro Infotech for over 14 years before joining 3i Infotech in June 2006.

The newly launched I-Serv will cater to rural customers through 12,500 stores across nine states including Haryana, Uttar Pradesh, Madhya Pradesh, Tamil Nadu and Delhi. To ensure maximum utility to rural customers, I-Serv stores will be managed by trained operators and equipped with the latest IT infrastructure including PCs, scanners, telephones and round-the-clock connectivity.

Laying stress on the techniques to leverage technology for the benefit of the masses, Prabhakaran says, "The real benefit of technology is when the common man in rural areas starts benefiting from the IT-enabled rural retail services. Our idea of technology is to use it as a medium of service and not the end

3i Infotech buys majority stake in two companies

BS REPORTER
Mumbai, 13 November



Regulus Group President and COO Kathy Hamburger Awarded OutputLinks Women of Distinction Honor

Annual Award Recognizes Contributions to the HVTO Industry

NAPA, Calif., March 3, 2008

Regulus, the largest independent provider of paper and electronic bill

3i Infotech to implement I-3 project in Goa

DGW NEWS BUREAU
Mumbai, Aug 24

3i Infotech has announced that it has partnered with

datacenter. It enables citizens to access comprehensive integrated system allowing them to avail of G2C services through both CSCs as well as GoOnline portal. A wide range of G2C services would be made available through the CSCs and the GoOnline portal and encompasses various

tech
ires
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40 cr
and solutions
tech has ac-
e-based Data-
ore in a bid to
anking and fi-

3i Infotech An edge over the rest

A products focussed business, lower dependence on the US and select acquisitions to cater to critical functions of the BFSI industry make 3i Infotech better placed to weather the slowdown.



India and United Bank of India for deploying its products. Geographic spread and acquisitions: The company has a wide geographic spread in its revenue mix. It generates 50 per cent of its revenues from India, Asia-Pacific and West Asia. The US contributes to about 40 per cent of its revenues, which is significantly lower than peers in this space. Overall, this spread may to some extent protect 3i Infotech from the volatility against the dol-

3i Infotech bags order from LIC

Press Trust of India
New Delhi, April 4

3i Infotech has received an order from the LIC to develop and provide online and offline micro insurance software for the insurance major. Under the contract 3i Infotech would prepare softwares that would enable the micro insurance agents completely manage their insurance port-

Intrepid traveller

IT SEEMS a long time ago I was just 16, had lived most of my life in my native Pondicherry, and had little reason to travel much beyond school, perhaps, to Chennai. Then a group of friends and I heard of Asia 72, an expo to be held in New Delhi. It seemed so far away that the mere admission of making the trip to New Delhi seemed to make it a worthy challenge—see that fabulous lake again.



I did make that first trip to far-off New Delhi, and thoroughly enjoyed it, including the add-on one to Agra to see the Taj. In the process I also discovered a passion for travel, a yearning to visit new places, discover for myself new ways of life, and experience all those wonderful things, natural and man-made, that I had never seen before. One doesn't have to go across by Luger wheel to discover the need for that universal common denominator—money—necessary for the realization of most worldly wishes. It, therefore, took a while, before I could muster enough courage, resources and the belief I had the right set of circumstances to launch on my first trip abroad.



And then on, the trips followed one another with increased frequency. The idea of a round the world trip seemed quite appealing and I have since done six of them, with three in the decade between and three one-stop-tours. I have since also visited around 45 different countries in six continents (I exclude Antarctica). Among the places

200 km by 65 km and in the mountains between Peru and Bolivia, the natural formation is done exactly on the opposite side of the globe that is our Earth, to Kailash Mountain. These travels have not only been a source of recreation and entertainment for my family and me, but have also been a source of great learning for me personally. While one can always read about the theory of industry, I was able to experience the nature of things being relative when I was within the Andes. While one reads about vision and mission in a course in management, I was able to have a first hand feel of these concepts that the Photos once have had many centuries ago. I also learnt of the cyclical nature of things when I saw the Taj Mahal temple, and am therefore a firm believer that India can once again recapture the past glory that it enjoyed several centuries ago, even though that was considerably diminished in the

tech buys UK £28 million

FIGURESPEAK

73.61%

Rise in quarterly net profit on healthy growth in products and improved margins

Rs 148.9 cr

Total revenue in quarter ended September 2006, up 51 per cent against Rs 98.4 cr in the year-ago period

said, Rhyme Systems, which has a revenue of over £15 million and

pands Gulf Operations

Through the Riyadh office, 3i Infotech will now be able to provide extra impetus to the banking, financial services and insurance sectors as Riyadh and Jeddah are the hubs of banking and financial institutions with all the leading banks headquartered in these cities.

3i Infotech signs \$2.6-m deal with Malaysian bank

Our Bureau
Mumbai, Dec 21

3i Infotech Ltd has signed a \$2.6-million (Rs 11.74 crore) deal with the Hong Leong Bank in Malaysia to provide Triton loan origination soft-

stock brokers and lending to small and medium business. The solution is only for scouting for customers, i.e. for loan origination. This proves that banks are willing to invest in technology for niche segment. The export market is a ma-

3i Infotech plans thrust on consulting, managed services

V. Rishi Kumar
Hyderabad, Aug. 28

Consolidating its operations with three recent acquisitions, 3i Infotech Ltd, a technology solutions provider, is planning special thrust on consultancy and managed services across ver-

Islamic Banking creates new horizons for banking solutions

Debnool Mukherjee reveals how surging Islamic Banking will bring changes to banking solutions

The last few years have experienced a rapid growth of Islamic banking and finance services around the globe. GCC and Southeast Asian countries pioneered Islamic banking and finance. Though estimates vary, there is little dispute that annual global growth is consistently in the double digits and that Islamic finance assets under management are currently valued at more than US\$400 billion.

As Islamic banking matures, the industry is seeing a shift from Islamic banking



3i Infotech sets up new unit for B2C

THANUJA BM
Bangalore

IT FIRM 3i Infotech has set up a new subsidiary called 3i Infotech Consumer Services. The unit will include the parent company's Taxmille acquisition

From Products to Governance

3i Infotech has had a dream run. It is recognized as one of the four large product companies from India, and is now showing

3i Infotech enters the Chinese market via JV

Rupsa Ray
Mumbai, Feb 19.

random and will become fully operational in China in three



Hub & Spoke Architecture Solidifies Customer Connections for First Express

Remittance service providers must be as close to their customers as possible, and we're not talking figuratively. Having a lockbox or payment collection site right down the block instead of in the next state cuts mail delivery time and speeds up the

3i Infotech to provide software for Bank of India

DGW NEWS BUREAU
Mumbai, July 28

Mumbai-based 3i Infotech has announced that it has signed an agreement with

3i INFOTECH Banking on Products

The company's focus will be on the products business with new launches in the banking and insurance space.

Mumbai-based 3i Infotech has announced that it has signed an agreement with

Financials

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Directors' Report For the Financial Year 2008-09

Dear Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report of the Company with the Audited Statement of Accounts for the year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

Consolidated financials of the Company and its subsidiaries:

In the financial year 2008-09, your Company recorded an overall revenue of Rs. 2,304.7 crores, a growth of 88.4% over the corresponding period of the previous year. Profit after tax (before exceptional item) was Rs. 266.42 crores, a growth of 45.4% over the corresponding period of the previous year. It is noteworthy that the revenue and profit after tax for this financial year have been substantially higher than those of the previous financial year 2007-08. Earnings per share (EPS) increased to Rs. 19.02 from Rs. 13.40 in the corresponding period of the previous year. The brief financial highlights with comparison of previous year are as below:

Particulars	Rs. in Crores	
	Year Ended March 31,2009	Year Ended March 31,2008
Total Income	2,304.70	1,223.56
Profit before taxation	288.47	198.30
Provision for taxation (Current and Deferred)	22.05	15.11
Profit after taxation and before exceptional item	266.42	183.19
Exceptional item	25.96	-
Profit after exceptional Item	292.38	183.19
EPS (Basic in Rupees) (Before exceptional Item)	19.02	13.40
EPS (Basic in Rupees) (After exceptional Item)	21.01	13.40

Financials of the Company on a standalone basis:

The Profit & Loss Account of your Company on standalone basis shows a profit after tax (before exceptional item) of Rs. 158.61 crores. The disposable profit is Rs. 259.27 crores, taking into account the balance of Rs. 74.70 crores brought forward from the previous year, subject to adjustments pertaining to that year. The brief financial highlights are as below:

Particulars	Rs. in Crores	
	Year Ended March 31,2009	Year Ended March 31,2008
Total Income	538.73	463.74
Profit before tax	161.40	104.14
Provision for taxation (Current and Deferred)	2.79	3.68
Profit after tax and before exceptional Item	158.61	100.46
Exceptional Item	25.96	-
Profit after exceptional item	184.57	100.46
Balance brought forward from Previous year	74.70	65.87
Disposable Profit	259.27	161.37
Transfer to Reserves (General Reserve and FCCB Redemption Reserve)	144.66	54.94
Profit available for distribution after transfer to reserves	114.61	106.43
EPS (Basic in Rupees) (Before Exceptional item)	11.57	7.37
EPS (Basic in Rupees) (After Exceptional item)	13.55	7.37

DIVIDEND

After taking into account the preference dividend of Rs. 6.35 crores, the profit available for distribution of equity dividend works out to Rs. 108.26 crores. Despite the current crunch in financial markets and the financial needs for repayment of debts, expansion and growth, your Directors have maintained the dividend percentage as that of the last year for the benefit of large amount of small shareholders and have recommended a dividend of Rs. 1.50 per equity share of face value of Rs. 10 each (15%) for year ended 2008-09. The details of the appropriation are as under:

Particulars	Rs. in Crores	
	Year Ended March 31,2009	Year Ended March 31,2008
Disposable Profit	259.27	161.37
Transfer to Reserves (General Reserve and FCCB Redemption Reserve)	144.66	54.94
Dividend on Preference shares	6.35	6.36
Proposed Dividend – Equity shares	19.61	19.58
Residual dividend Paid	0.02	1.34
Corporate Dividend Tax	4.42	4.45
Balance carried to Balance Sheet	84.21	74.70

TRANSFER TO RESERVE

Your Company proposes to transfer Rs. 9 crores to the general reserve. An amount of Rs. 84.21 crores is proposed to be carried to the Balance Sheet.

TRANSFER OF UNPAID DIVIDEND

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

OVERVIEW

Business:

Your Company has completed 10 glorious years as an Information Technology(IT) Company. In these years, your Company has taken enormous strides as an organization. During this period, the revenues of your Company has grown from Rs. 40 Crores to Rs. 2,305 Crores and the profit has grown from Rs. 10 crores to Rs. 266 Crores. Today, your Company is one amongst leading IT Companies in India and has been growing at a phenomenal pace. It has achieved this through sustained in-house research and product development, coupled with acquisition of some good software products, services and business process outsourcing companies. Now the Company can boast of a wide gamut of offerings like software products, IT services and Business Process Outsourcing (BPO) solutions for a variety of industry verticals including Insurance, Banking, Capital Markets, Mutual Funds & Asset Management, Wealth Management, Government, Manufacturing and Retail. These solutions and services include Managed IT Services, Application Software Development & Maintenance, Payment solutions, Business Intelligence, Document Imaging & Digitization, IT Consulting and various Transaction Processing services. The Company's fast expanding global presence has brought it a diverse, rich and vibrant culture. Your Company has also implemented and is in process of implementing various software and services projects for Central and State Governments.

This year, your Company continued to establish and build the 3i Infotech brand, as well as that of its products and services. In keeping with this, the Company has launched some major brands this year as an initiative to drive and enhance its Brand Value.

The Company launched a country wide retail initiative named "I-SERV", under which it wishes to provide a comprehensive range of value added services to its consumers in India, especially in remote rural areas, specially empowering them to carry out various day to day activities and improve the quality of life. Under this brand, your Company will deploy technical infrastructure and manpower support to deliver services related to banking, insurance, telecom, education, ticketing and utilities through the retail stores throughout the country. To ensure this, your Company has also entered into strategic alliance with some of the major giants in the industry.

With an objective to transform the way various transactions are being carried out in the country, one of your Company's wholly owned subsidiary, 3i Infotech Consumer Services Limited has launched "eMudhra", an initiative to provide Digital Signatures and empower Indian consumers to use technology beyond basic services. The Company under this brand has rolled out Digital Signatures, powered by public-key infrastructure (PKI) technology, with an objective to provide a secure and authenticated way of performing transactions electronically. Your Company intends to use eMudhra in areas like Online Banking, Credit card or Loan application (Origination), other instructions like ECS mandate, online trading, online trading origination, insurance origination / claims, eCommerce, eTenders, eProcurement and eGovernance.

The Company continues to focus on presenting a united and uniformly recognizable face to the world. As ever, our core values - Innovation, Insight and Integrity - continue to guide us towards creating strong associations with our customers, business partners and other stakeholders.

Geographical reach:

In the last 10 years, your Company has evolved from being a small Company based in India to a Company having its presence world wide. It now has its offices spread across 14 countries and clients spread over in more than 50 countries across 5 continents.

To complement and strengthen its products and services offerings and to meet customer expectation, your Company continued its acquisitive growth strategy during the current year which has further enhanced its strength across various geographies and has enabled the Company to become a formidable player in the global IT field.

All the geographies and business segments have contributed towards the growth of your Company. The share of the geographies in the total revenue for the year has been: South Asia - 28 %, North America - 50 %, Western Europe - 7 %, MEARC (Middle East, Africa, Russia, and CIS countries etc.) - 10 % and APAC (Asia Pacific region comprising of Singapore, Malaysia, Thailand and Australia) - 5%.

The contribution of the various business segments to the revenue for the year has been: Banking products - 12%, Insurance products - 9%, Capital Market products - 11%, ERP - 3%, IT Services - 33% and Transaction Services - 32%.

SUBSIDIARY COMPANIES

Acquisitions:

During the year under review, the growth story of your Company continued in the organic and inorganic modes. Your Company has acquired various companies directly or through its subsidiaries across geographies. In USA, your Company acquired 100% stake in Regulus Group LLC and its group companies (Regulus) through 3i Infotech Financial Software Inc., a subsidiary of your Company. Regulus is America's largest independent payment processor. Regulus is also one of the leading providers of document (bills) processing services in the U.S., thus addressing the full document lifecycle from print and electronic bill presentment to remittance.

In India, the Company acquired 51% stake in FinEng Solutions Private Limited (a Software product company in the financial services vertical) and 26% in Locuz Enterprise Solutions Limited (a System Integrator and IT infrastructure solutions and services specialist).

Incorporations:

Your Company continues to tread the path of expansion with incorporation of various wholly owned entities in India and abroad, which include 3i Infotech Consumer Services Limited for doing business related to Business to Customers (B2C) services associated with Information Technology. The Company also incorporated 3i Infotech Consulting Services SDN BHD in Malaysia and Regulus Holdings Inc. in USA.

Joint Ventures:

During the year, the Company has entered into a Joint Venture in the People's Republic of China vide an agreement with Yucheng Technologies Ltd., a leading provider of IT solutions and services to Chinese banks and financial services companies. Accordingly, Elegon Infotech Limited has been set up in China to provide products and services to Banking, Financial Services and Insurance (BFSI) entities in China. This marks the Company's foray into China, a high growth market.

Mergers and Amalgamations:

Your Company has completed the merger of Objectsoft Global Services Inc. with Objectsoft Group Inc. in USA. Another subsidiary of the Company in Singapore, SDG Software Technologies Pte Limited has been struck off. The Company is also in the process of merging some of the acquired entities whose businesses are fully integrated with the Company.

Name changes:

In line with the strategy of the Company to promote '3i Infotech' as a global brand, your Company has changed the names of some of its acquired entities during the year viz. Rhyme Systems Holdings Limited, Rhyme Systems Group Limited, Rhymesis Limited, Rhyme System Limited and Accounting Frameworks Limited have changed their names to 3i Infotech (Western Europe) Holdings Limited, 3i Infotech (Western Europe) Group Limited, Rhyme System Limited, 3i Infotech (Western Europe) Limited and 3i Infotech Frameworks Limited respectively.

Accounts of the Subsidiaries:

As per section 212 of the Companies Act, 1956, your Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. Your Directors believe that the audited consolidated accounts present a full and fair picture of the state of affairs and financial conditions of the Company and its subsidiaries, as is done globally. Hence, the Company had made an application to the Central Government, seeking exemption from the requirement of attaching the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. The approval of the Central Government has been received vide letter 47/275/2009-CL III dated May 4, 2009. Accordingly, the Annual Report of your Company does not contain separate financial statements of its subsidiaries, but contains audited consolidated financial statements of the Company and its subsidiaries.

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

FUTURE OUTLOOK

This year witnessed a sudden change in the dynamics of the global markets. The period saw a decline in the GDP of all major markets, extremely volatile oil price and major currencies, record unemployment in the Western markets and a major decline in stock markets across the globe.

In view of these, there is an uncertainty of growth across all sectors. With regard to IT sector, Gartner predicted an overall growth of about 2.8%, major portion of the same to come from IT products and lower growth from software services sector. In view of this, the maximum growth in IT sector could be about 2.8%.

As per the Gartner's IT market forecast, it is expected that though the developed countries that represent the vast majority of the global market will be worst affected, even the emerging nations will not be immune from the effects of the recent times. All these factors will impact the revenues of your Company in the future specially since your Company has a presence in these markets.

On the positive side, the on-going crisis may bring its own set of opportunities, especially in maintenance and outsourcing segment. The weaker rupee and lower than estimated wage hikes are expected to help IT companies off-set the effects of lower margins.

While the economic scenario in 2009 across the globe looks challenging, the situation can be viewed as an opportunity for IT to evolve and contribute towards cost effectiveness and enhanced productivity, especially in managed services and outsourcing segment.

While your Company will strive hard to improve the performance, in view of uncertain market scenario, your Company is unable to give any definite outlook for the Company.

CAPITAL

a) Foreign Currency Convertible Bonds (FCCBs):

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

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

b) ESOS allotments:

215,761 shares were allotted under Employees Stock Options Scheme (ESOS) during the financial year 2008-09.

As result of allotment of shares under ESOS, the share capital of your Company increased to Rs.1,30,75,09,460 in the financial year 2008-09 from Rs.1,30,53,51,850 in the year 2007-08.

POSTAL BALLOT

During the year 2008-09, the Members approved the proposal for amendment in the Object Clause (Clause III) of the Memorandum of Association of the Company by Postal Ballot, the results of which were declared on July 9, 2008. The Company is currently in the process of seeking the approval of the Members of the Company for the creation of security against borrowings by way of charges, mortgages or otherwise. For more details please refer to Part III, Postal Ballot section in Corporate Governance Report.

QUALITY

Your Company continues to achieve new heights in its path of continuous process improvement. During this year, your Company has been awarded a "Capability Approval Certificate" by the STQC (Standardisation, Testing & Quality Certification) Directorate, Department of Information Technology (DIT), Government of India. This certification is the first of its kind, among IT companies doing work in e-governance in India. The Enterprise Technology (Infrastructure) Group and Data Center functions, IDC, Chennai have been certified as per ISO 27001:2005 while the Data Center Management Services/Remote Management Services - DC/NOC, Chennai have been certified as per ISO 20000-1:2005. The Company has achieved Level 5 of the CMMi model of SEI, the highest level for the model, for software services. This ensures delivery of high quality products and services to its clients. This also enables the Company to strengthen its position in the global markets. The Company already has been certified for ISO 9001:2000 for its BPO group.

AWARDS AND ACCOLADES

Some of the numerous awards won by your Company in this year are listed below:

- One of the top 13 Indian IT companies (*) (excluding foreign and hardware companies);
- Meritorious Defense Partner Award received from the Ministry of Defense (MINDEF), Government of Singapore, at the Total Defense Award Ceremony for meaningful contribution to fulfill Corporate Social Responsibilities, through charities and by supporting various Government initiatives, July 2008;
- Received the Award for Best Technology Company from the Middle East Business Forum at the Takaful Awards, July 2008;
- 3i Infotech Western Europe Limited (Subsidiary of the Company) won the prize for Superior Customer Service for the 3rd Consecutive Year (2007, 2008 & 2009), at the Systems in the City event, London, June 2008;
- Our e-Tax filing system, Taxsmile, was rated India's best website for filing tax returns, by India's well known computer magazine PC World, June 2008;
- Won the partner of the Year - 2008 award at the Oracle India Partner Forum, Hyderabad, April 2008;
- Winner of the 8th Oracle Partner Network (OPN) Innovation Award (2nd Position) - 2008;
- Winner of the Integrity Partner Award from HP Singapore - 2008;
- Fiscal benchmarked against MiFID requirements and awarded the B.I.S.S MiFID Accreditation and
- Winner of Best e-Gov System Integrator Award at the 4th Dataquest e-Gov Summit - 2008.

(*) Source: Dataquest Special Issue: Industry Overview (July 2008)

PUBLIC DEPOSITS

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

DIRECTORS

In terms of the provisions of the Articles of Association of the Company, Mr. Suresh Kumar, Mr. Samir Kumar Mitter and Mr. S. Santhanakrishnan are due to retire by rotation at the forthcoming 16th Annual General Meeting of the Company. Mr. Samir Kumar Mitter being eligible, offers himself for re-appointment. Mr. Suresh Kumar will be completing his tenure of 9 years as Director on the Board of the Company and has decided not to seek re-appointment in line with the Corporate Governance norms of maximum nine years of directorship. Also, Mr. S. Santhanakrishnan has decided not to opt for re-appointment due to his other professional commitments. The Board of Directors has decided not to fill up the vacancies caused by their retirement.

During the year, Mr. Dileep C. Choksi and Mr. Mahadevan Chandrasekaran were appointed as Additional Directors of the Company with effect from April 24, 2009.

Mr. Dileep C. Choksi and Mr. Mahadevan Chandrasekaran, being Additional Directors will hold office upto the date of the forthcoming Annual General Meeting of the Company. It is proposed to appoint them as the Directors of the Company at the ensuing Annual General Meeting.

COMMITTEES

Audit Committee

During the financial year, the Audit Committee comprised of Mr. S. Santhanakrishnan, Chairman and Dr. Bruce Kogut and Mr. Samir Kumar Mitter, Members. On April 24, 2009, the Committee was re-constituted by the induction of Mr. Dileep C. Choksi as Chairman and Ms. Vishakha Mulye as Member of the Committee in place of Mr. S. Santhanakrishnan and Dr. Bruce Kogut respectively. Mr. Samir Kumar Mitter continues to be a Member. Majority of the Members of the Audit Committee are Independent Non-Executive Directors in compliance with Clause 49 of the Listing Agreement. During the year, the Committee met four times to review quarterly accounts, internal control systems, discuss the audit findings and recommendations of the internal and statutory auditors.

Board Governance Committee

During the financial year, the Board Governance Committee comprised of Mr. Hoshang N. Sinor, Chairman; Mr. Suresh Kumar and Dr. Bruce Kogut, Members. On April 24, 2009, the Committee was re-constituted by the induction of Mr. Mahadevan Chandrasekaran as a Member of the Committee in place of Mr. Suresh Kumar, Mr. Hoshang N. Sinor and Dr. Bruce Kogut continue to be the Chairman and Member of the Committee respectively. The Committee attends to the matters relating to governance, nomination to the Board, compensation to the Directors and performance bonus, stock options etc. to the Directors and employees of the Company. All the Members of the Board Governance Committee are Independent Non-Executive Directors. During the year under review, the Committee met three times.

Shareholders' and Investors' Grievances Committee

During the financial year, the Shareholders' and Investors' Grievances Committee comprised of Mr. Hoshang N. Sinor, Chairman; Mr. S. Santhanakrishnan and Mr. Amar Chintopanth, Members. On April 24, 2009, the Committee was re-constituted by the induction of Mr. Samir Kumar Mitter, as Chairman and Dr. Ashok Jhunjhunwala as Member of the Committee in place of Mr. Hoshang N. Sinor and Mr. S. Santhanakrishnan respectively. Mr. Amar Chintopanth continues to be a Member. Majority of the Members are Independent Non-Executive Directors. During the year, the Committee met four times to attend matters relating to investors servicing.

Fund Raising and Acquisitions Committee

During the financial year, the Fund Raising and Acquisition Committee comprised of Mr. Suresh Kumar, Chairman; Dr. Bruce Kogut and Mr. V. Srinivasan, Members. On April 24, 2009, the Committee was re-constituted by the induction of Mr. Hoshang N. Sinor, as Chairman and Mr. Mahadevan Chandrasekaran as Member in place of Mr. Suresh Kumar and Mr. V. Srinivasan respectively. The Committee, attends to matters relating to acquisitions and funding needs of the Company. All the Members of the Committee are Independent Non-Executive Directors. During the year, the Committee met four times.

AUDITORS

M/s Lodha & Co., Chartered Accountants, and M/s. R. G. N. Price & Co., Chartered Accountants, were appointed as Joint Statutory Auditors of the Company at the 15th Annual General Meeting and are due for retirement at the conclusion of the 16th Annual General Meeting. The Company has received letters from both auditors, wherein they have consented to act as Joint Auditors and have confirmed that they are eligible and qualified to be appointed as Auditors pursuant to the Sections 224(1B) and 226 of the Companies Act, 1956.

Your Directors recommend the appointment of M/s Lodha & Co., Chartered Accountants and M/s R. G. N. Price & Co., Chartered Accountants as Joint Statutory Auditors of the Company to hold the office from the conclusion of the 16th Annual General Meeting to the conclusion of 17th Annual General Meeting.

CONSERVATION OF ENERGY

Although the operations of the Company are not energy intensive, the management has been highly conscious of criticality of conservation of energy at all the operational levels and efforts are made in this direction on a continuous basis. Adequate measures have been taken to reduce energy consumption whenever possible by using energy efficient equipment. The requirement of disclosure of particulars with respect to conservation of energy as prescribed in Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company and hence are not provided.

TECHNOLOGY ABSORPTION

The Company realizes that in order to stay competitive and avoid obsolescence, it would have to invest in new technology across multiple product lines and services offered by it. Hence, the Company makes continuous investments in the latest technologies for improving the productivity and quality of its services and products.

In this financial year, your Company has set up a Technology Advisory Board comprising of experts in the field, to provide guidance from time to time on technology improvements and enhancements so that the Company would have competitive edge over others. The Board meets on a regular basis to discuss ways in which the Company can make technology a competitive advantage.

Some of the initiatives undertaken by the Company are given below:

- DHCP (Dynamic Host Configuration Protocol) implementation for Mobile Users to offer the advantages of increased mobility among the offices of the Company, avoid tedious re-configuration of network settings and also save time ;
- Migration from Microsoft VSS to SVN for Source Code Repository and Version Control to ensure simpler configuration, lower costs and enable higher compatibility with non-Microsoft development platforms;
- Data Centres of the Company are Tier - III Specification Compliant;
- ISO 20000 certified IT Service Management;
- ISO 27001 certified Information Security Management;
- Partnerships with major technology providers through whom it gets access to technical resources, tools, assistance from these technology leaders;
- International Data Centre at Chennai with Datacenter/DR Hosting Services and Remote Infrastructure Management Services (RIMS) which have been certified to comply with ISO-27001 IT Security Standards, as well as globally acclaimed ISO 20000-1:2005, ITIL processes;
- Real-time bandwidth monitoring and statistics;
- Migration from conventional network across all offices to latest technology on MPLS and also wireless for faster turn around times

RESEARCH AND DEVELOPMENT (R & D)

The solutions offered by your Company are continuously developed and upgraded through Global Development Centres (GDC).

The GDCs function as the product research and development facility of the Company and focus on developing and expanding the Company's products. With a focus on further developing the Company's software products, the GDCs work in line with the Company's strategy for organic growth through the enhancement of its Intellectual Property.

The Quality Management Groups in the Development Centers endeavour to modify and enhance the processes in line with CMMi Level 5.

Due to the continuous R & D activities undertaken by the Company, the solutions offered by the Company have become versatile and the Company is now able to offer a comprehensive range of solutions.

Expenditure on R & D:

Rs. in Crores

Particulars	2008-09	2007-08
Revenue Expenditure	41.67	40.61
Capital Expenditure	-	-
Total	41.67	40.61
Total R&D expenditure as a percentage of total standalone revenue	7.73%	8.76%

FOREIGN EXCHANGE EARNING AND EXPENDITURE

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

More than 25% of the revenue of the Company is derived from exports. The Company has state of the art offshore development centers in India at Mumbai, Bangalore, Chennai, Kochi and on-site delivery and support facilities at various locations across the globe.

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

b) Foreign Export earnings and expenditure

During the year 2008-09, the expenditure in foreign currencies amounted to Rs.103.01 Crores on account of expenses in respect of overseas branch offices, import of capital goods, dividend, travelling & other expenses. During the same period, the Company earned Rs.148.42 Crores in foreign currencies, as income from operations.

PERSONNEL

Your Company is proud that in a short span of 10 years, it has matured enough to take care of the professional aspirations of its employees functioning in varied cultures across the globe.

The various initiatives undertaken in this year are as under:

- Reach HR - a new helpline to better address the queries of its employees to facilitate greater interaction with the employee;
- HR Connect - a Regular newsletters to all its employees to facilitate greater interaction;
- Various soft skills and technology training programmes designed to suite the training needs; and
- Launch of programs for Oracle Certification to the employees and award for best participants with no additional cost to the employees.

The Company has well defined Human Resources Development policies, excellent training facilities and a well established appraisal system. The Company follows the concept of 360 degree appraisal for the senior management wherein apart from the reporting authority, feedback is gathered from the customers, peers and subordinates on specific parameters and then informed to the assessee. The Company encourages its employees to maintain a healthy work life balance through flexi timings and opportunity to work from home. The Company also organises various cultural and sports events at its various locations. The Company ensures that all of its employees are healthy by organising regular health check ups through recognised medical check up centres.

The average age of employees is as low as 30 years. The Company has developed robust processes to evaluate and recruit employees. The Company has a number of other initiatives to attract, retain and develop the talent flow in the organisation. Some of the initiatives include the employee referral scheme, training and development programs, medical insurance etc.

The Managing Director & CEO circulates quarterly newsletters briefing about the significant developments in the quarter, including the major client win for the information of the employees.

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- d) we have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors are thankful to the shareholders and investors for their confidence and continued support. The Directors are grateful to the Central and State Governments, Securities & Exchange Board of India, Stock Exchanges, Reserve Bank of India, Software Technology Park of India, Customs and other government authorities, banks and last but not the least, its trusted clients for their continued support.

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

For and on behalf of the Board

sd/-

sd/-

Hoshang N. Sinor
Chairman

V. Srinivasan
Managing Director & CEO

Mumbai, May 14, 2009

ANNEXURE TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2008-09

CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY

Innovation, Insight and Integrity which are the core values of the Company also function as the base for its Corporate Governance Philosophy. Your Company functions with the inherent belief that adhering to good corporate governance norms are very critical for the Company's performance and growth in the long run. Maintaining a balance between economic and social goals guides the Company on its path of continuous growth and evolution.

The highlights of the Company's Corporate Governance philosophy are reflected in following approach adopted by the Company:

- Broad Based, well represented and Independent Board;
- Maximum term of the Non-Executive Directors of 9 years;
- Maximum age of the Non-Executive Directors fixed at 75 years ;
- Audit by Joint Auditors;
- Reconstitution of Board Committees at regular intervals ;
- Competent and independent Audit Committee;
- Transparent and independent control of the Board Governance Committee;
- Induction of new directors on the Board after personal interaction and evaluation by the Board Governance Committee;
- Long term performance related incentives;
- Active internal control and Enterprise Risk Management Team;
- Timely disclosure policy with emphasis on transparency and
- Regulatory compliance in spirit of good governance.

THE CORPORATE GOVERNANCE PYRAMID

The Board of Directors, Committees and Operating Board act as the three constituents of the governance pyramid.



Board of Directors

The Board of Directors of the Company, consisting of a number of professionals from various walks of corporate life, is at the core of the corporate governance practices followed by the Company. The Board has laid down a well defined policy framework for strategic planning, risk management and financial reporting. The Board has adopted a number of measures to ensure highest levels of governance in the Company. Some of the measures include fixing the maximum term of the Non Executive Directors at 9 years, appointment of Joint Statutory Auditors of the Company and re-constitution of the Committees of the Board on a periodic basis.

Committees of the Board

The Committees of the Board act as the second constituent of the Pyramid. The Board, along with its Committees, such as Audit Committee, Shareholders' and Investors' Grievance Committee, Board Governance Committee and Fund Raising and Acquisition Committee lays down strategic paths, develops systems, processes and reviews mechanisms, to steer the Company on the right track of growth and help the Company to mitigate the various risks associated with the business.

Operating Board

The Operating Board represents the third constituent of the Pyramid. This is a Non-Board Committee, consisting of the Managing Director & CEO, the Executive Directors, all the geography heads, vertical heads, horizontal heads and support group heads. The Operating Board lays down plans and monitor the execution of plans to achieve the strategies laid down and targets set by the Board. The Operating Board meets at least two times a quarter to review various functions and sets targets for the next quarter and year ahead.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES BY THE COMPANY

As an initiative towards meeting its Corporate Social Responsibilities, your Company has established a Charitable Trust viz 3i Infotech Foundation. The 3i Infotech Foundation (the Foundation) was set up to undertake charitable activities in the areas of education, medical, environment, distress relief measures and promotion of other corporate social responsibilities. Through the Project Lakshya, the Foundation in collaboration with the Company's Brand 'I-SERV' has undertaken to provide computer education to children in rural areas. The highlights of the Project Lakshya are as under:

- The existing I-SERV centers to be used for providing online education by providing timeslots.
- Sponsorship to students of Class X and XII- for participating in the coveted ONLINE IT COURSE that would help enhance their exam preparedness for the Tamil Nadu Board Exams. The Online IT Course is a Online Tutorial Course designed and developed by TeNet Group of IIT Madras. During this year, the Company sponsored 60 students for this course.
- Teaching Mode- Electronic Audio mode for teaching lessons. The expert teachers to reply to queries through online support.

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

CORPORATE GOVERNANCE RATING

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

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

I. BOARD OF DIRECTORS

a. Size and Composition of the Board

The total strength of the Board on the date of this Report is 12. The Chairman of the Board is an Independent Non-Executive Director and the Board consists of eight Independent Non-Executive Directors, which constitutes of two thirds of the total strength. The composition of the Board and the external directorships of the Directors held as on the date of this Report are given below:

Name	Category	Designation	Date of Appointment	Date of Cessation/ Resignation	Number of directorship in other companies @	Number of chairmanship in committees of board of other companies #	Number of membership in committees of board of other companies #
Mr.Hoshang N.Sinor	INED	Chairman	24-Jul-03	-	11	3	5
Dr.Ashok Jhunjhunwala	INED	Director	19-Oct-06	-	8	1	6
Dr. Bruce Kogut	INED	Director	22-Apr-05	-	-	-	-
Mr.Dileep C. Choksi	INED	Director	24-Apr-09	-	4	2	-
Mr.Mahadevan Chandrasekaran	INED	Director	24-Apr-09	-	1	-	-
Mr. Samir Kumar Mitter	INED	Director	28-Oct-05	-	1	-	-
Mr.S. Santhanakrishnan	INED	Director	22-Apr-05	-	3	3	-
Mr.Suresh Kumar	INED	Director	19-Oct-00	-	2	-	-
Ms.Vishakha Mulye	NED	Director	25-Jul-07	-	2	-	-
Mr.V. Srinivasan	ED	Managing Director & CEO	05-Sep-96	-	1	-	-
Mr.Hariharan Padmanabhan	ED	Deputy Managing Director	05-Nov-03	15-May-08	-	-	-
Mr. Amar Chintopanth	ED	Executive Director & CFO	17-Jan-07	-	12	-	-
Mr.Anirudh Prabhakaran	ED	Executive Director & President - South Asia	25-Apr-08	-	11	-	-

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

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

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

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

b. The Board Meetings:

Among other things, key matters like periodic operating and financial results, acquisitions, joint ventures, capital/operating budgets, findings/comments of the Statutory, and Internal auditors, risk management, internal controls, issue of capital and other resource mobilization efforts are brought to the Board. The Board also regularly deliberates on the Company's positioning in the Indian and global IT scenario and adopts and approves the strategy for medium and long term growth.

The annual calendar of Board Meetings is agreed upon at the beginning of the year. During the last financial year, the Board met five times on April 11, 2008; April 25, 2008; July 25, 2008; October 22, 2008 and January 22, 2009. The time gap between any two Meetings of the Board was less than four months.

The Agenda for the Board Meeting and its Committee Meetings are drafted by the Company Secretary and Managing Director & CEO, in consultation with the Chairman of the Board or the Committee, as the case may be. The Agenda, along with all information, including statutory information, relevant to the matters to be discussed is always sent well in advance to the Directors. The Members of the Board can also suggest any Agenda item to the Chairman, which is taken as any other item after the circulated items. Detailed presentations are made at the Board Meetings by the Managing Director & CEO and Executive Directors on various strategic and operational issues.

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

Director	Number of Meetings held during the tenure of the Director	Number of Meetings attended
Mr. Hoshang N. Sinor	5	5
Dr. Ashok Jhunjhunwala	5	5
Dr. Bruce Kogut	5	5#
Mr. Samir Kumar Mitter	5	5
Mr. S. Santhanakrishnan	5	5#
Mr. Suresh Kumar	5	4
Ms. Vishakha Mulye	5	5
Mr. V. Srinivasan	5	5
Mr. Hariharan Padmanabhan*	2	2
Mr. Amar Chintopanth	5	5
Mr. Anirudh Prabhakaran*	4	3

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

Participated in 1 Board Meeting through Tele / Video Conferencing, but treated as absent for the purpose of quorum

Mr. Hariharan Padmanabhan sought early retirement from the service of the Company w.e.f. May 15, 2008. His request was accepted at the Board Meeting held on April 25, 2008. Mr. Anirudh Prabhakaran was appointed as a Director with effect from April 25, 2008 in the same Board Meeting. Mr. Dileep C. Choksi and Mr. Mahadevan Chandrasekaran were appointed as Directors with effect from April 24, 2009.

c. Appointment, performance evaluation, retirement age & tenure and Remuneration of the Directors:

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

Appointment:

The Board Governance, Compensation cum Nomination Committee, which consists exclusively of Independent, Non-Executive Directors, identifies, selects, nominates and recommends induction of additional directors on the Board. Based on the recommendations of this Committee, the Board finalises the appointment of directors on the Board.

Performance Evaluation:

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

The Board Governance Committee recommends the remuneration of the Non - Executive Directors to the Board based on their performance, which is evaluated by the Committee on the following criteria.

- a) Quality of participation at the Meeting, regularity and devotion of time;
- b) Strategic direction, inputs, advice and contribution for long-term stability and sustenance of the Company;
- c) Contribution in the Board deliberations using the knowledge, skill, experience and expertise in relation to the business of the Company, industry, international, financial/investment banking, domestic/global market and regulatory and other environment and its practical application towards the growth of the Company;
- d) Contribution towards accounting, finance, tax matters, general management practices and matters of international relevance;
- e) Level of commitment towards compliance of legal requirements, codes of conduct and corporate ethics and values;
- f) Working relationships with other Board Members and Senior Management and the Director's ability to communicate with and listen to others, within and outside the Board;
- g) Sensitivity towards the shareholders' wealth and interest of Company's customers, suppliers, employees and partners; and
- h) Ability to analyse and review the performance of the management on behalf of and in the interest of the stakeholders and to give concrete suggestions for course corrections.

Performance appraisal of the Members of the Board Governance Committee is carried out by the Board on the same criteria as above.

The performance of the Executive Directors is evaluated by the Board Governance Committee based on the attainment of the topline and bottomline targets and implementation of the business plans approved by the Board. The Board finalises the remuneration payable to the Executive Directors, based on the recommendations of the Board Governance Committee.

Retirement Age & Tenure:

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

Remuneration Policy and Details of remuneration / compensation:

The Members of the Company, at their Annual General Meeting held on July 22, 2005, had approved the payment of remuneration by way of commission to the Non-Executive Directors, at a sum exceeding 1% of the net profits but not exceeding 3% of the net profits subject to the approval of the Central Government. The Company had obtained the approval of the Central Government pursuant to Section 309 of the Companies Act, 1956, for the payment of Commission upto 3% of the net profit. The Central Government approval was valid for the payment of Commission for the financial year 2008-09.

In the year 2008-09, the Company has paid remuneration by way of commission to the Non Executive Directors at 1.2% of net profits for the year 2007-08. In addition to this, sitting fees for attending and participating in the Board and Committee Meetings for the financial year 2008-09 were also paid to the Non-Executive Directors. The remuneration, as explained above, was paid as per recommendation of the Board Governance Committee and approval of the Board. The details of the remuneration paid to the Non- Executive Directors during this year are as given below:

Name of the Non-Executive Director	Total Sitting Fees (In Rupees)			Commission (In Rupees)			Total (In Rupees)		
	Gross	TDS	Net	Gross	TDS	Net	Gross	TDS	Net
Mr. Hoshang N. Sinor	2,40,000	27,192	2,12,808	19,00,000	2,15,270	16,84,730	21,40,000	2,42,462	18,97,538
Dr. Ashok Jhunjhunwala	1,00,000	11,330	88,670	18,00,000	2,03,940	15,96,060	19,00,000	2,15,270	16,84,730
Dr. Bruce Kogut	3,00,000	1,01,970	1,98,030	18,00,000	6,11,820	11,88,180	21,00,000	7,13,790	13,86,210
Ms. Madhabi Puri Buch*	NA	NA	NA	3,00,000	33,990	2,66,010	3,00,000	33,990	2,66,010
Mr. Samir Kumar Mitter*	1,80,000	20,394	1,59,606	18,00,000	2,03,940	15,96,060	19,80,000	2,24,334	17,55,666
Mr. S. Santhanakrishnan	2,20,000	24,926	1,95,074	18,00,000	2,03,940	15,96,060	20,20,000	2,28,866	17,91,134
Mr. Suresh Kumar	2,20,000	74,778	1,45,222	18,00,000	6,11,820	11,88,180	20,20,000	6,86,598	13,33,402
Ms. Vishakha Mulye*	1,00,000	11,330	88,670	9,00,000	1,01,970	7,98,030	10,00,000	1,13,300	8,86,700

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

The Non-Executive Directors were not paid any fixed periodic remuneration.

The Company also paid remuneration to its Executive Directors, Mr. Hariharan Padmanabhan, Mr. Amar Chintopanth and Mr. Anirudh Prabhakaran in accordance with and within the overall limits as per the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956.

During the year, the following Remuneration was paid by the Company to the Executive Directors:

Name of the Director	Basic Salary (Rs. In million)	Performance Bonus/Incentive (Rs. In million)	Perquisites and all other allowances (Rs. In million)
Mr. Amar Chintopanth	4.2	6.1	4.6
Mr. Anirudh Prabhakaran*	2.5*	5.0	1.9*
Mr. Hariharan Padmanabhan*	1.0	15.7	13.4

* Remuneration was for part of the year.

Mr. V. Srinivasan, Managing Director & CEO, a non-resident Indian draws his remuneration from the wholly owned overseas subsidiaries of the Company. He does not draw any remuneration from the Company. During the year 2008-09, he received a remuneration of USD 715,000, including performance bonus.

Stock Options and Shareholdings of Directors'

A) Employee Stock Option Scheme.

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

a) The particulars of the options granted and outstanding upto March 31, 2009 are as under:

Particulars	ESOS 2000	ESOS 2007
Options Granted	2,65,53,077	75,75,000
Options Vested	1,22,56,864	4,35,000
Options Exercised	26,50,018	NIL
Number of shares allotted pursuant to exercise of options	26,50,018	NIL
Options forfeited/lapsed	44,00,933	7,40,000
Extinguishment or modification of options	NIL	NIL
Amount realised by exercise of options (Rs.)	13,79,80,300	NIL
Total number of options in force	1,95,02,126	68,35,000

b) The following Directors and Senior Management were granted options during the year 2008-09:

Mr. V. Srinivasan - 5,00,000; Mr. Amar Chintopanth - 2,50,000; Mr. Anirudh Prabhakaran-1,50,000; Dr. Arvind Gupta - 50,000; Mr. Chandrasekhar Sankaran - 1,00,000; Dr. Chris Potts - 1,00,000; Mr. Debneel Mukherjee -2,00,000; Mr. Jayaraman Jagannadhan - 1,00,000; Mr. Manoj Mandavgane - 1,00,000; Mr. M. B. Battliwala -1,00,000; Mr. Padmanabhan Iyer - 1,50,000; Mr. Pankaj Chawla - 2,00,000; Mr. Ravi Jagannathan - 1,50,000; Mr. Shivanand R. Shettigar - 1,00,000; Mr. Suheim Sheikh - 1,00,000; Mr. Jyotin Mehta - 1,00,000 and Mr. Vivek Malhotra - 1,00,000. The options granted to Mr. V. Srinivasan during the year 2004-05 (570,000) exceeded 1% of the issued capital of the Company at the time of grant.

c) The following options granted and outstanding as at March 31, 2009, were granted 3 years prior to the IPO to Directors and Senior Management:

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

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

In 3 years prior to IPO

Financial Year	Amount (In Rupees)
2002-03	(0.09)
2003-04	0.17
2004-05	2.18

Last 4 years

Financial year	Amount (In Rupees)
2005-06	5.76
2006-07	17.37
2007-08	12.65*
2008-09	21.01

* Post Bonus

- e) Since the exercise price of the Company's options was the previous day's closing price on the stock exchange, which recorded the highest trading volume preceding the date of grant of options, there was no compensation cost in fiscal 2009 based on intrinsic value of options. However, if the Company had used the fair value of options based on the Black-Scholes model, compensation cost in fiscal would have been Rs. 8.03 crores and proforma profit after tax would have been Rs. 143.15 crores. On a proforma basis, the Company's basic and diluted earning per share would have been Rs.11.57 and Rs.10.95 respectively. The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used to estimate the fair value are detailed below:

Risk free interest rate	6.32% - 8.25%
Expected life	3-10 Years
Expected volatility	10%-27.50%
Expected dividends yield	1.72%
Price of the underlying share in the market at the time of option grant	Stock options are granted at the NSE closing price on the day prior to grant

Date of Grant	Grant Price
April 25, 2008	Rs. 116

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

a)	Exercise price equals market price	Rs.116
b)	Exercise price is greater than market price	NA
c)	Exercise price is less than market price	NA

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

a)	Exercise price equals market price	Rs.51.58
b)	Exercise price is greater than market price	NA
c)	Exercise price is less than market price	NA

h) The details of Stock Options held by the Directors as on March 31, 2009 are as below:

Mr. Hoshang N. Sinor - 20,000; Dr. Ashok Jhunjunwala - 90,000; Dr. Bruce Kogut - 1,00,000; Mr. Samir Kumar Mitter - NIL; Mr. S. Santhanakrishnan-1,00,000; Mr. Suresh Kumar -1,00,000; Ms. Vishakha Mulye - NIL; Mr. V. Srinivasan - 37,66,000; Mr. Amar Chintopanth - 10,82,600 and Mr. Anirudh Prabhakaran - 7,50,000.

As on date of this report, Mr. Mahadevan Chandrasekaran held 80,000 stock options and Mr. Dileep C. Choksi held 100,000 options.

B) Details of number of shares held by the Directors as on March 31, 2009:

Mr. Hoshang N. Sinor - 80,000 shares; Mr. V. Srinivasan - 2,42,000 shares; Dr. Ashok Jhunjunwala- 11,410 shares; Ms. Vishakha Mulye - 12,000 shares and Mr. Anirudh Prabhakaran - 1,000 shares

As on the date of this report, Mr. Mahadevan Chandrasekaran holds 20,000 shares of the company.

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

Code of Conduct

The Company has adopted a Code of Conduct for the Board and Senior Management. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2009. A Declaration to this effect signed by the Managing Director & CEO forms part of this Report.

II. BOARD COMMITTEES

Currently, the Board has four Committees, viz.

- a. Audit Committee
- b. Shareholders' and Investors' Grievances Committee
- c. Board Governance Committee
- d. Fund Raising and Acquisitions Committee

Board Governance Committee and Fund Raising and Acquisitions Committee consist entirely of Independent Directors. Normally, the Committees meet four times a year, except the Board Governance Committee. The Quorum for the Meetings is either two directors or one third of the Members of the Committee, whichever is higher.

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

The Committees of Board of Directors at present and their constitution are set out below:

a. Audit Committee:

Brief description of terms of reference:

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

- overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending the appointment / removal of Statutory Auditor(s) & Internal Auditor(s), fix the audit fee and also approve the payment for any other services;
- reviewing, with the Management, the quarterly/ annual financial statements before submission to the Board;
- reviewing, with the Management, the adequacy of internal control system and performance of external and internal Auditors;
- reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with Statutory Auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- discussion with internal Auditors on any significant findings and follow up there on;
- reviewing the Company's financial and risk management policies;
- reviewing the functioning of the Whistle Blower mechanism;
- reviewing the financial statements of subsidiary companies and
- looking into reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders and creditors.

Composition of the Audit Committee till April 24, 2009 was as under:

Director	Position	Qualification
Mr. S. Santhanakrishnan	Chairman	CA, LLB
Dr. Bruce Kogut	Member	Phd (MIT)
Mr. Samir Kumar Mitter	Member	MA, LLB

Pursuant to the decision of the Board at the Meeting held on April 24, 2009, the new composition of the Committee is as under:

Director	Position	Qualification
Mr. Dileep C. Choksi	Chairman	B.Com, LLB, FCA, CWA
Mr. Samir Kumar Mitter	Member	MA, LLB
Ms. Vishakha Mulye	Member	B.Com, CA

The Audit Committee comprises of Non-Executive Directors, majority of them being Independent.

Majority of the Members of the Audit Committee, including the Chairman of the Committee, have accounting and financial management expertise. Mr. S. Santhanakrishnan, who was the Chairman of the Audit Committee on at the time of previous Annual General Meeting was present at the Annual General Meeting of the Company held on July 25, 2008. The Executive Director & CFO, Head-Enterprise Risk Management and Internal Audit, Internal Auditors and the Joint Statutory Auditors attend the Meetings of the Audit Committee as invitees. The Company Secretary is the Secretary to the Committee.

The Committee held four Meetings during 2008-09 on April 24, 2008; July 24, 2008; October 21, 2008 and January 21, 2009. 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. Bruce Kogut	4	4
Mr. S. Santhanakrishnan	4	4
Mr. Samir Kumar Mitter	4	4

b. Shareholders' and Investors' Grievances Committee:

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

Brief description of terms of reference:

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

Composition of the Committee till April 24, 2009 was as under:

Director	Position
Mr. Hoshang N. Sinor	Chairman
Mr. S. Santhanakrishnan	Member
Mr. Amar Chintopanth	Member

Pursuant to the decision of the Board at the Meeting held on April 24, 2009, the new composition of the Committee is as under:

Director	Position
Mr. Samir Kumar Mitter	Chairman
Dr. Ashok Jhunjhunwala	Member
Mr. Amar Chintopanth	Member

Majority of the Members of this Committee including the Chairman of the Committee are Independent Non-Executive Directors. Mr. Shivanand R. Shettigar, the Company Secretary is the Compliance Officer. Mr. Hariharan Padmanabhan retired w.e.f May 15, 2008. Mr. Amar Chintopanth was inducted as the Member of the Committee w.e.f. April 25, 2008. Thereafter, the composition of the committee was changed on April 24, 2009.

The Committee met four times, during the year 2008-09 on April 25, 2008, July 25, 2008, October 22, 2008 and January 22, 2009.

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. Hoshang N. Sinor	4	4
Mr. S. Santhanakrishnan	4	3
Mr. Hariharan Padmanabhan*	1	1
Mr. Amar Chintopanth*	3	3

*was a Member only for part of the year.

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

Particulars	Opening Balance	Received	Processed	Pending as on March 31, 2009
Instructions	3	495	492	6
Grievances	NIL	2	2	NIL

c. Board Governance/Compensation Committee:

Brief description of terms of reference:

This Committee acts as a Board Governance, Compensation cum Nomination Committee. The summary of terms of reference is as below:

- identify the prospective directors, evaluate the current composition and recommend appointment of Whole time directors;
- evaluate the current composition, organisation and governance of Board and its committees, Board of its subsidiaries, determine future requirements and make recommendations to the Board for approval.
- evaluate the performance of Board and Committees of the Company and its Subsidiaries;
- ensure that the Board and the Board of the subsidiaries are properly constituted to meet its fiduciary obligations, corporate governance principles and best practices;
- determine as to the Director(s) who shall be liable to retire by rotation;
- formulate various codes of ethics, conduct and governance practices;
- evaluate succession planning and work with the Board for evaluating the potential successors to executive management positions;
- evaluate and recommend to the Board, the compensation plan, policies and programs for executive directors and senior management;
- review performance of Whole time Directors of the Company and the subsidiaries, nominated by the Company on its Board vis-vis KPA's (Key Performance Area) and to recommend the remuneration payable to them from time to time by way of salary, perquisites, commission, allowances, performance bonus, stock options etc and
- approve the policy for quantum of bonus payable to the employees.

Composition of the Committee till April 24, 2009 was as under:

Director	Position
Mr. Hoshang N. Sinor	Chairman
Dr. Bruce Kogut	Member
Mr. Suresh Kumar	Member

Pursuant to the decision of the Board at the Meeting held on April 24, 2009, the new composition of the Committee is as under:

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

All the Members of this Committee are Independent Non-Executive Directors. The Committee met three times during the year 2008-09 on April 25, 2008, October 21, 2008 and January 22, 2009.

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. Hoshang N. Sinor	3	3
Dr. Bruce Kogut	3	3
Mr. Suresh Kumar	3	3

Remuneration policy and details of remuneration to all Directors is given under point I.c i.e under the heading - the Board of Directors and sub heading - Appointment, performance evaluation, age & tenure limit and Remuneration of the Directors.

d. Fund Raising and Acquisitions Committee

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

Brief description of terms of reference:

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

Composition of the Committee till April 24, 2009 was as under:

Director	Position
Mr. Suresh Kumar	Chairman
Dr. Bruce Kogut	Member
Mr. V. Srinivasan	Member

Pursuant to the decision of the Board at the Meeting held on April 24, 2009, the new composition of the Committee is as under:

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

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

The Committee met four times, during the year 2008-09 on April 24, 2008; July 24, 2008; October 21, 2008 and January 21, 2009.

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. Suresh Kumar	4	4
Dr. Bruce Kogut	4	4
Mr. V. Srinivasan	4	4

III. GENERAL MEETINGS

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

Year	Date	Time	Special Resolutions passed
2005-06	July 20, 2006	3.30 p.m.	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Hariharan Padmanabhan as the Deputy Managing Director. 2. Amendment to the Articles of Association with regard to the authorized share capital
2006-07	July 25, 2007	4.00 p.m.	<ol style="list-style-type: none"> 1. Amendment of the Articles of Association with regard to the authorized share capital 2. Authority for capitalization of Reserves by issue of Bonus shares 3. Authority for issue of shares under Employee Stock Option Scheme 2007 to Employees and Directors of the Company 4. Authority for issue of shares under Employee Stock Option Scheme 2007 to Employees and Directors of subsidiaries and/or holding Company
2007-08	July 25, 2008	4.00 p.m.	<ol style="list-style-type: none"> 1. Appointment of Mr. Anirudh Prabhakaran as Executive Director 2. Variation of terms of remuneration of Mr. Amar Chintopanth, Executive Director & CFO

The AGMs dated July 20, 2006 and July 25, 2007 were held at Arya Samaj Hall, Plot No. 6, Sector 9A, Vashi, Navi Mumbai 400 703 and the AGM dated July 25, 2008 was held at Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai - 400 706. The Resolutions were passed by show of hands at the above AGMs and none of the Resolutions were passed by way of Poll.

Attendance of the Directors at the last AGM held on July 25, 2008

Name of the Director

Mr. Hoshang N. Sinor
 Dr. Bruce Kogut
 Mr. Samir Kumar Mitter
 Mr. S. Santhanakrishnan
 Mr. Suresh Kumar
 Ms. Vishakha Mulye
 Mr. V. Srinivasan
 Mr. Amar Chintopanth
 Mr. Anirudh Prabhakaran

Mr. Dileep C. Choksi and Mr. Mahadevan Chandrasekaran were not directors of the Company as on the date of the AGM.

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

Postal Ballot

During the year under review, your Company sought the approval of Members by way of Postal Ballot pursuant to section 192A of the Companies Act, 1956 and Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 for the amendment of Objects Clause (Clause III) of the Memorandum of Association of the Company by Special Resolution.

The details of the Resolution passed under the Postal Ballot are as under:

Date of the Notice	Date of Result	Name of the Scrutiniser	Special Resolution Passed	Result
April 25, 2008	July 09, 2008	Mr. N. D. Gupta	Alteration of the Object Clause (Clause III) of the Memorandum of Association of the Company.	Please refer table below

The Postal Ballot Form alongwith the Postal Ballot Notice dated April 25, 2008 and the Explanatory Statement stating the reasons for proposing the Resolution was sent to all the Shareholders and the responses were sought on or before July 05, 2008.

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

The Result of the Postal Ballot was announced by the Chairman on July 09, 2008 and was advertised in the Newspapers. The results were also displayed at the Registered Office of the Company and also on the website of the Company at: <http://www.3i-infotech.com/investors/announcements.aspx>

Results of the Postal Ballot

Particulars	Postal Ballot Results as declared on July 09, 2008
Total number of equity shareholders who have cast their votes by means of postal ballot forms	4,529
Less; Number of Equity shareholders whose postal ballot forms were rejected as invalid	(71)
Number of Equity shareholders represented by valid postal ballot forms	4,458
Voted in favour of the Resolution	4,421
Voted against the Resolution	37
Total number of votes cast by the Equity shareholders by means of valid postal ballot forms	6,33,57,679
Number of invalid votes	16,734
Votes in favour of the Resolution	6,33,48,175
Votes against the Resolution	9,504
Percentage of votes cast in favour	99.98%

The Company is in the process of seeking the consent of the Members for creation of security against borrowings by way of charges, mortgages or otherwise. The Notice of the Postal Ballot has been approved by the Directors at their Meeting held on April 9, 2009. Accordingly, the Company has appointed Mr. N.D. Gupta as Scrutiniser. The necessary actions for completing the procedure of seeking the approval of the Members through the Postal Ballot are being undertaken.

IV. DISCLOSURE REQUIREMENTS

a) Management Discussion and Analysis Report:

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

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

During the year 2008-09, there were no material financial and commercial transactions, having a potential conflict of interest entered into by the Company with the Directors or Members of Management.

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

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

d) Whistle Blower Policy:

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

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

e) Details of Compliance with mandatory requirements and adoption of non-mandatory requirements.

The Company has complied with all the mandatory requirements.

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

1. The Board

As our Chairman is an Independent Non-Executive Director, The Company maintains an office for him at the Corporate Office.

None of the Independent Directors on our Board have served for a term exceeding nine years from the date when the new clause 49 became effective. Mr. Suresh Kumar who will be completing nine years as Director of the company will be retiring by rotation at the ensuing Annual General Meeting and has decided not to seek re-appointment in line with the corporate governance norms of maximum nine years of Directorship.

2. Remuneration Committee

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

3. Shareholders' Rights

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

4. Audit Qualifications

The Company's financial statements are unqualified.

5. Training of Board Members

New directors, on being inducted to the Board, are familiarized with the Company's Corporate Profile, the Corporate Governance Code, Code of Conduct for Directors and Senior Management, Code for prevention of Insider Trading and the Company's policy for Prohibition of Fraudulent and Unfair Trading Practices in securities.

6. Mechanism for evaluating the performance of Non- Executive Directors

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

7. Whistle Blower Policy

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

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

The Company's periodic financial results as well as official news releases and presentations made to the institutional investors and analysts are displayed on the web-site of the Company at www.3i-infotech.com. The Company's results are also uploaded on the EDIFAR (Electronic Data Information Filing and Retrieval System) website maintained by National Informatics Center (NIC). The financial results are normally published in Economic Times, Business Standard, Business Line, Free Press Journal (English) and Navshakti (regional newspaper).

The Company has an Investor Grievance cell to address the grievances/queries of the shareholders. In order to redress shareholders' queries and grievances, the Company has a separate e-mail ID 3iinvestors@3i-infotech.com

VI. GENERAL SHAREHOLDERS' INFORMATION

a) Details of ensuing AGM:

Day and Date	Time	Venue
Tuesday, July 28, 2009	3.30 p.m.	Shri Saurashtra Patel Samaj Hall, Plot No. 6, Sector 2, Sanpada (East), Near Sanpada Railway Station, Navi Mumbai – 400 706.

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

Quarter End	Date
June 30, 2009	July 28, 2009
September 30, 2009	October 23, 2009
December 31, 2009	January 22, 2010
March 31, 2010	April 23, 2010

c) Financial Year: April 1 - March 31

d) Date of Book Closure: July 11, 2009 to July 28, 2009 (both days inclusive)

e) Dividend payment date: within 5 days from July 28, 2009

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

g) Listing on Stock Exchanges and Codes

ISIN No. in NSDL & CDSL: INE748CO1020

	NSE	BSE
Exchange Code	3IINFOTECH	532628

h) Market price data:

Monthly highs, lows and trading volume for FY 2008-09

Month	National Stock Exchange			Bombay Stock Exchange			Total Quantity Traded
	High (Rs.)	Low (Rs.)	Trade Quantity	High (Rs.)	Low (Rs.)	Trade Quantity	
April 2008	138.90	97.30	12,010,788	138.15	93.00	4,748,540	16,759,328
May 2008	136.50	95.60	10,500,372	140.00	115.10	4,118,201	14,618,573
June 2008	121.00	95.60	4,985,490	121.00	97.00	1,737,606	6,723,096
July 2008	114.00	91.70	6,426,449	113.30	91.50	2,150,632	8,577,081
August 2008	119.90	104.00	4,266,650	119.95	105.00	1,522,383	5,789,033
September 2008	115.50	61.50	5,610,525	116.40	63.00	1,675,931	7,286,456
October 2008	72.45	36.00	6,830,288	72.40	38.50	2,413,689	9,243,977
November 2008	49.95	31.30	4,860,612	49.90	31.55	1,836,762	6,697,374
December 2008	44.20	28.10	11,732,302	44.30	30.05	4,296,068	16,028,370
January 2009	43.25	28.20	18,226,567	43.25	27.95	7,269,329	25,495,896
February 2009	39.15	28.60	21,566,316	39.15	28.60	11,638,910	33,205,226
March 2009	33.20	25.00	10,284,052	33.10	25.00	4,855,110	15,139,162

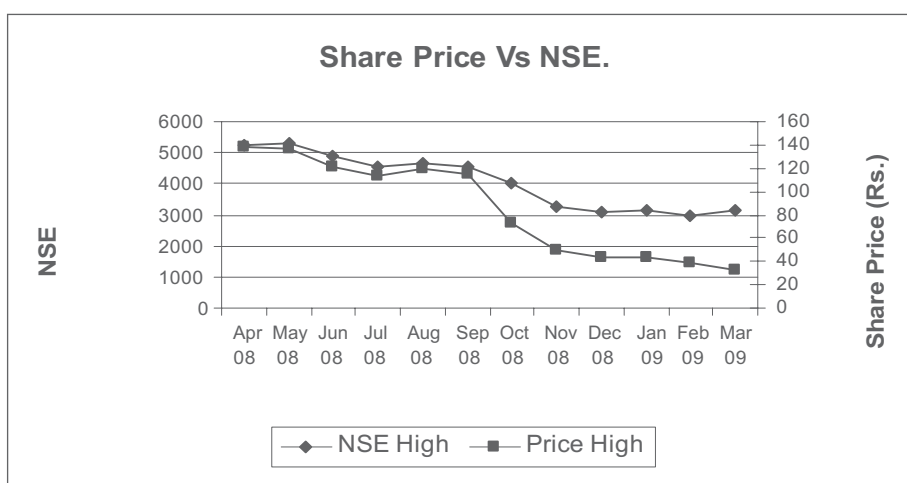
i) Registrar and Transfer Agent:

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

j) Share transfer system:

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

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



l) Distribution of holdings as on March 31, 2009:

Share holding of nominal value of Rs.	Shareholders		Share Amount	
	Number	Percentage to total (%)	Rs.	Percentage to total (%)
Upto 5000	95,477	90.28	12,99,97,520	9.94
5001 - 10000	5,667	5.36	4,49,52,470	3.44
10001 - 20000	2,479	2.34	3,84,55,890	2.94
20001 - 30000	711	0.67	1,85,63,380	1.42
30001 - 40000	347	0.33	1,25,82,390	0.96
40001 - 50000	207	0.20	9,7,27,450	0.74
50001 - 100000	466	0.44	3,41,67,940	2.61
100001 - above	404	0.38	1,01,90,62,420	77.94
Total	1,05,758	100.00	1,30,75,09,460	100.00

m) Shareholding Pattern as on March 31, 2009

Category	Shares	Percentage to total (%)
Government Financial Institutions	1,09,63,273	8.38
Nationalised Banks	1,50,312	0.12
FII's	57,69,981	4.41
Overseas Corporate Bodies (OCBs)	-	0.00
Foreign Banks / Companies	46,08,669	3.52
Non-Residents	16,53,417	1.27
Mutual Funds	99,89,018	7.64
Bodies Corporates	1,40,79,995	10.77
ICICI Bank Limited	1,25,91,718	9.63
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	3,90,36,190	29.86
Other Banks	41,150	0.03
Resident Indians	3,18,67,223	24.37
TOTAL	13,07,50,946	100.00
No. of Shareholders	1,05,758	-

n) Dematerialisation of shares and liquidity:

The shares of the Company are held in Dematerialised mode, except 54,719 shares, which are held in physical mode.

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

The Company has issued Foreign Currency Convertible Bonds. The details are given below.

	US\$ 50 Million Zero Coupon convertible bonds due in 2011	Euros 30 Million Zero Coupon convertible bonds due in 2012	US\$ 100 Million Zero Coupon convertible bonds due in 2012
Identification No	Cb110317	Cb110317	Cb110317
ISIN	XS0245867667	XSO292985727	XS0308551166
Initial Conversion Price	INR 230 representing a premium of 33% to INR 173, the reference share price (closing price on NSE on March 2, 2006)	INR 308.63 representing a premium of 25% to INR 246.90, the reference share price (closing price on NSE on March 26, 2007)	INR 331.87 representing a premium of 10% to INR 301.70, the reference share price (closing price on NSE on June 25, 2007)
Initial Conversion Ratio	Convertible into 19,282.6087 common shares per US\$100,000 bond from April 25th 2006 until February 16th 2011	Convertible into 186.6312 common shares per bond of Euros 1,000 each from May 13th, 2007 until March 4th, 2012	Convertible into 122.9698 common shares per bond of USD 1,000 each from September 5th, 2007 until July 27th, 2012
Current Conversion Price	Rs. 115.00 w. e. f. August 28, 2007	Rs. 154.315 w. e. f. August 28, 2007	Rs. 165.935 w. e. f. August 28, 2007
Current Conversion Ratio	Convertible into 38,565.2174 common shares per US\$100,000 bond each	Convertible into 373.2625 common shares per bond of Euros 1,000 each	Convertible into 245.9396 common shares per bond of USD 1,000 each
Yield to maturity	6.80% (semi annually), if conversion option not exercised.	6.90% annual basis	7.05% per annum on semi-annual basis
Number of Bonds Converted as on March 31, 2009	298	NIL	NIL
Number of Bonds repurchased as on March 31, 2009	NIL	4,000	25,133
Number of Bonds outstanding as on March 31, 2009	202	26,000	74, 867
Amount Outstanding as on March 31, 2009	USD 20.2 Million	Euro 26 Million	USD 74.867 Million

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

p) Plant Locations:

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

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

1. Tower No. 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703
2. Tower No. 6, 6th Floor, International Infotech Park, Vashi, Navi Mumbai - 400 703
3. J-210. 211, 212, 213, 2nd Floor, Tower No. 5, International Infotech Park, Vashi, Navi Mumbai - 400 703
4. Unit No. 601, 6th floor, Akruti Centre Point, MIDC Central Road, Next to Marol Telephone Exchange, Andheri (E), Mumbai - 400 093.
5. Unit No. 301, 3rd floor, Akruti Trade Centre, Road No.7, MIDC Road, Andheri (E), Mumbai - 400 093
6. Ground and 2nd to 7th Floors, Prince Techno Park, No.10, Old Mahabalipuram Road, Thoraipakkam, Chennai- 600 096
7. Ground Floor, Navbharat Chambers, Raj Bhavan Road, Hyderabad- 500 082
8. Poonam Arcade, 1170/11, Shivajinagar, Revenue Colony, Off J.M. Road, Pune - 411 005
9. I - wing, 1st & 4th Floors, Tex Centre, 26-A Chandivali, Off. Saki Vihar Road, Andheri (East) Mumbai - 400 093
10. 104/105, Ashirwad Building, Upper Ground Floor, Opp. Sardar Patel Seva Samaj Hall, Near Aditya Bldg, Off. C. G. Road, Navrangpura, Ahmedabad - 380 009
11. 4th floor, MBC Tower, 81 TTK Road, Mylapore, Chennai - 600 004
12. Ground and 2nd Floors, B-56, Sector - 57, NOIDA, U.P - 201 301
13. 1st Floor (East Wing), Neil Rao Towers, No.118, Road No.3, Export Promotion Industrial Park, White Field, Bangalore - 560 066
14. Ground floor and two upper floors, Par House, Goregaon, Mumbai -400 063
15. Apartment Nos. A, B, C, D and E, 7th Floor, Apple Tower, Survey Number 125/10A of Edappally South Village, Kochi, Kerala - 682 024
16. 1st and 2nd Floors, Sanghavi Chambers, 27, Janmabhoomi Marg, Fort, Mumbai - 400 001
17. 104, First Floor, Shivang Complex, 12, Shivmahal Society, Old Padra Road, Vadodara - 390 007
18. G-46, 1st Floor, Sector 3, Gautam Budh Nagar, Noida, U. P - 201 301
19. Basement, 1st, 2nd and 3rd Floors, Kiran Plaza, 84, District Centre, Chandrasekharpur, Bhubaneswar- 751 016
20. 788/789, 1st to 3rd Floors, AVA Towers, Anna Saalai, Chennai-600 002
21. 1st & 6th Floors, Rayala Towers, 158(781-785), Anna Saalai, Chennai - 600 002
22. 3rd Floor, Sugam Business Park, No J-6, Block EP & GP, Sector V of Salt Lake, Kolkatta
23. 2nd & 5th Babukhan's Millenium Centre, Somajiguda, 6-3-1099/1100, Off Rajbhavan Road, Hyderabad- 500 082
24. Ground, 1st, 2nd and 3rd Floors, Shantishree, No.17/1, Hosur Road, Bangalore - 560 068
25. 3rd Floor, Chettair Building, Old no - 74, New 165, TTK Road, Alwarpet, Chennai - 600 018
26. Ground, Mezz, 1st Floors, Brigade Champak, 6/2 Union street, off Infantry Road, Bangalore- 560 001

q) Address for correspondence

COMPLIANCE OFFICER:

Shivanand R Shettigar,
Compliance Officer & Company Secretary,
3i Infotech limited, Tower # 5, 3rd to 6th Floor, International Infotech Park
Vashi, Navi Mumbai 400 703
Ph: (91 22) 6792 8555
Fax: (91 22) 6792 8094
Email: co@3i-infotech.com

INSTITUTIONAL INVESTORS:

M.B. Battliwala,
Senior General Manager
3i Infotech Limited, Akruti Centre Point, 6th Floor, M.I.D.C Central Road
Next to Marol Telephone Exchange, Andheri (East), Mumbai - 400 093
Ph: (91 22) 39145758
Fax: (91 22) 39145520
E-mail: investor.relations@3i-infotech.com/ corporate@3i-infotech.com

IN HOUSE SHARE DEPARTMENT:

Tower # 5, 3rd Floor, International Infotech Park, Vashi, Navi Mumbai 400 703
Ph: (91 22) 6792 8015/ 8206
Fax: (91 22) 6792 8098
Email: 3iinvestors@3i-infotech.com

Mumbai, May 14, 2009

CERTIFICATE FROM MANAGING DIRECTOR & CEO FOR COMPLIANCE WITH CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

This is to certify that 3i Infotech Limited has put in place the Code of Conduct for the Board of Directors and Senior Management. This code is applicable to all the Directors of the Company and the Members of Senior Management, who are one level below the Executive Directors, including all the functional heads and heads of Business Geographies. The Directors and Members of Senior Management have affirmed compliance with the Code of Conduct for the Board of Directors and Senior Management for the financial year ended March 31, 2009.

Sd/-

V. Srinivasan

Managing Director & CEO

3i Infotech Limited

April 24, 2009 at Mumbai

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by 3i Infotech Limited, as stipulated in clause 49 of the Listing Agreement with Stock Exchanges of India.

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

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

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

For **LODHA & COMPANY**
Chartered Accountants

For **R. G. N. Price & Company**
Chartered Accountants

Sd/-
(R.P. Baradiya)
Partner

Sd/-
(S. Krishnan)
Partner

Membership No. 44101

Membership No. 10962

April 24, 2009

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

The management discussion and financial analysis is based on the consolidated financial statements prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India and in compliance with the Accounting Standards (AS) issued by The Companies (Accounting Standards) Rules, 2006.

Introduction to the Company and its Businesses

3i Infotech Limited is a Global IT Company offering IT Products, IT Services and Transaction Services. It has completed 10 years of operations as an IT Company and has clocked revenues of over USD 500 million with a profit of over USD 50 million, for the year ending March 31, 2009.

The Company currently is present in over 50 countries across 5 continents and caters largely to the Banking, Financial Services & Insurance (BFSI) industry, with more than 70% of its revenues coming from this sector. The Company's range of offerings also include various solutions like Software Products, Application Development & Maintenance, Managed IT Services, Payment Solutions, Business Intelligence, Document Imaging & Digitization, IT Consulting and various Transaction Processing services.

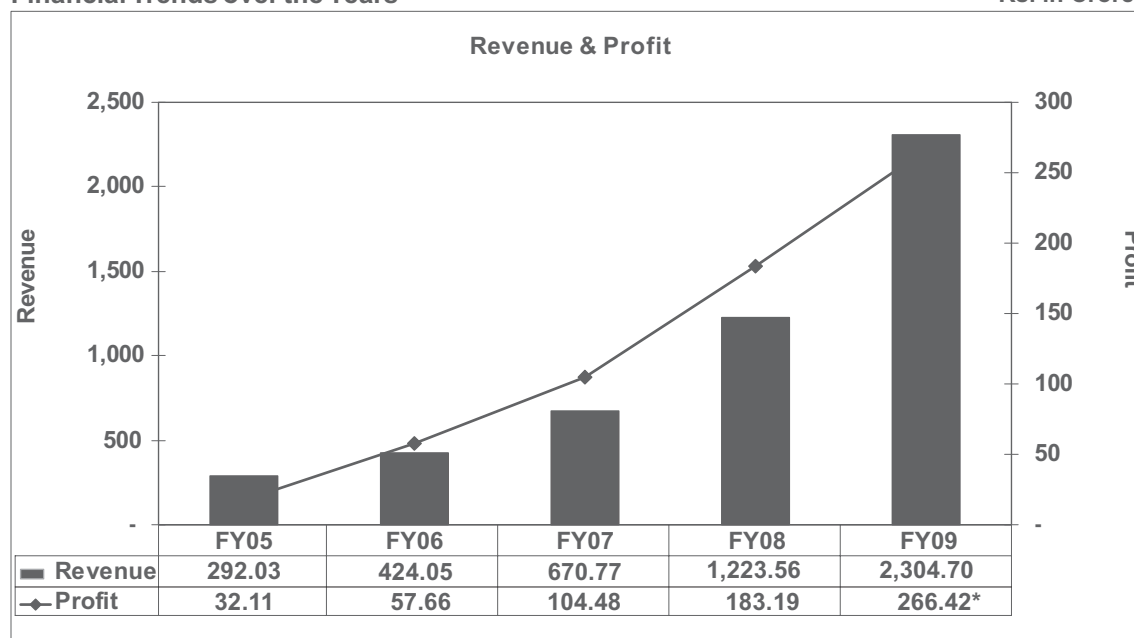
Today, the Company operates with an employee strength of over 13,500. Its revenues have grown from Rs. 292 crores to Rs. 2,305 crores over the last five years. This represents a Compounded Annual Growth Rate (CAGR) of 67.6%, of which 37.3% has been organic and 30.3% inorganic.

The Company believes that acquisitions have played a major role in its growth, both in terms of enhancing the geographical spread and its bouquet of products to customers. 3i Infotech services over 1,500 customers, some of whom are Fortune 500 companies.

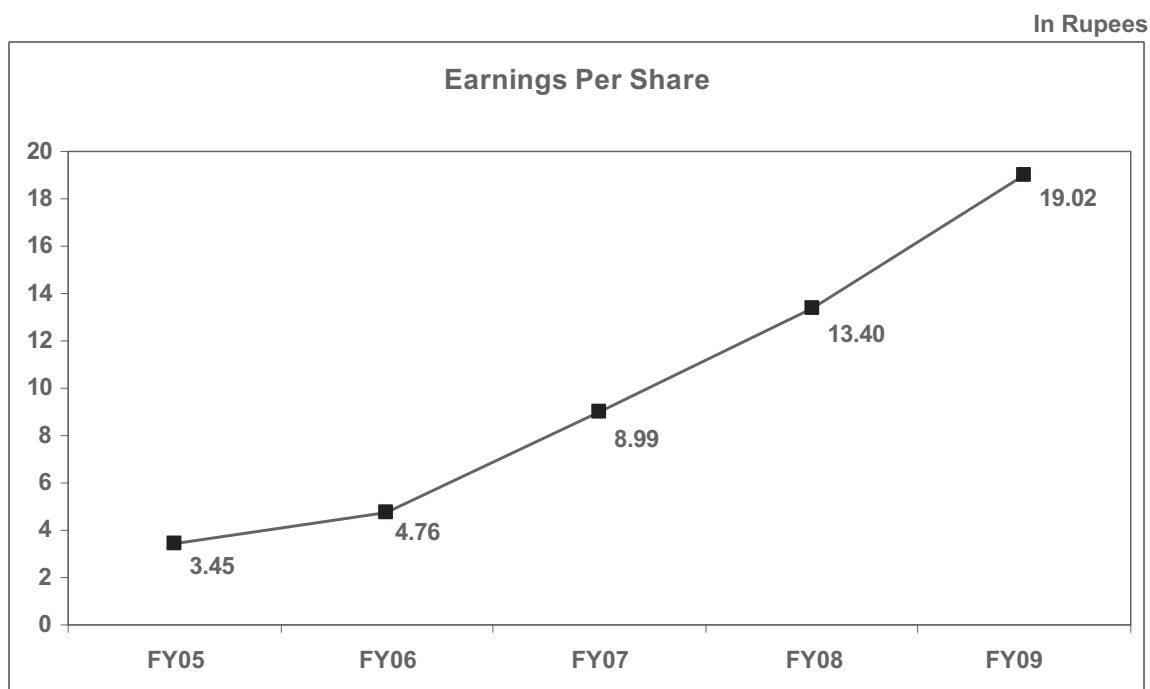
This unique positioning in terms of products and service offerings and the geographic reach established over the years, have contributed in building a launch pad for future growth.

Financial Trends over the Years

Rs. in Crores



* excluding exceptional income



Earnings per share (EPS) is calculated as Basic EPS. The years FY 2005, FY 2006 and FY 2007 have been adjusted for the 1:1 bonus issue made by the Company in August 2007.

Analysis of Financials

Analysis of Profit & Loss Statement:

Rs. in Crores

	For the year ended March 31, 2009	For the year ended March 31, 2008
Total Income	2,304.70	1,223.56
Total Expenditure	1,851.22	950.35
Profit Before Interest, Depreciation, Taxes	453.48	273.21
Interest	94.95	50.51
Depreciation & Amortisation	70.06	24.40
Profit Before Taxation	288.47	198.30
Tax	22.05	15.11
Profit After Taxation	266.42*	183.19

* exclusive of exceptional income of Rs. 25.96 crores (net)

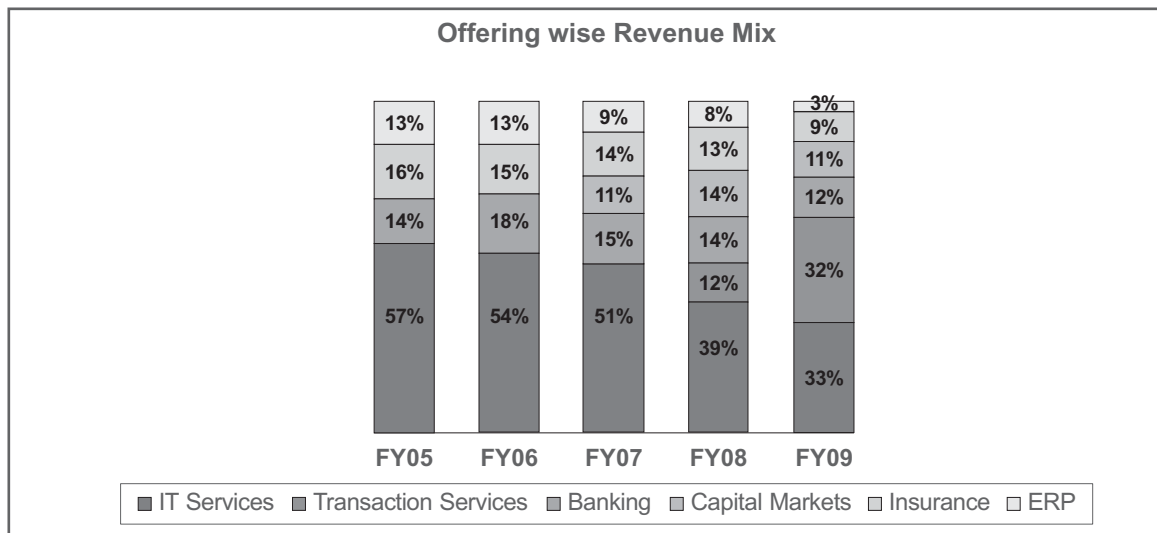
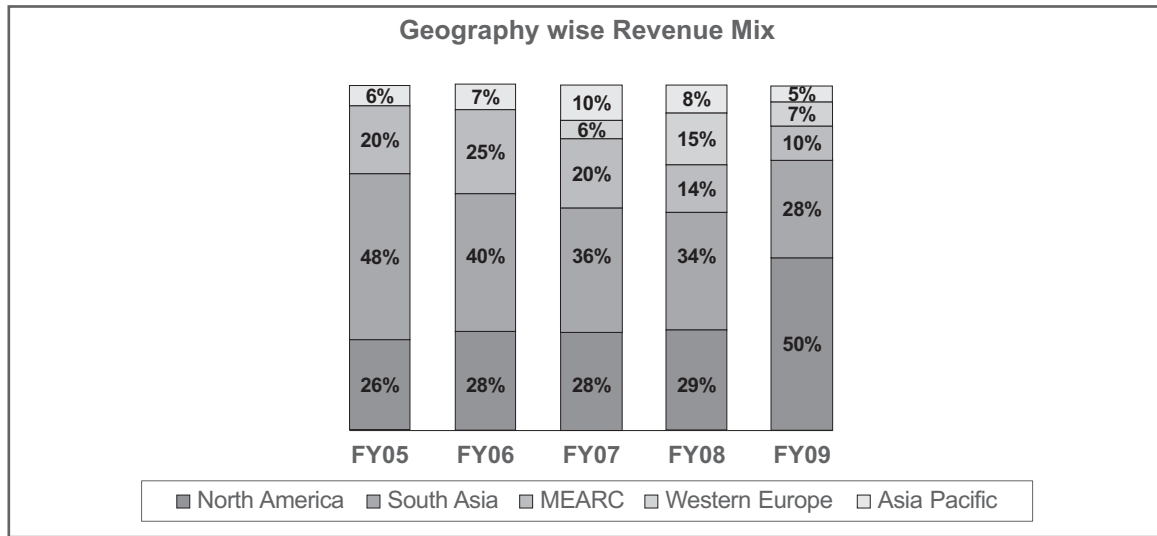
For the current year FY 2009, consolidated revenues were at Rs. 2,304.70 crores, as against Rs. 1,223.56 crores, registering a growth of 88.4% over the previous year; of which organic growth is 37.5% and inorganic growth is 50.9%.

The Company's offerings are broadly classified into three distinct segments; Software Products, IT Services and Transaction Services. The comparative revenue spread is as follows; Software Products 35%, IT Services 33% and Transaction Services 32%.

Product revenues contributed to 35% of the total income as compared to 49% in the previous year and IT Service revenues were at 33% from 39% in the previous year. Transaction Services emerged as a significant distinct line of business. Revenues from the Transaction Services business grew to 32% in the current year, from 12% in the previous year. This significant increase is due to the acquisition of the Regulus Group, the largest independent remittance provider and one of the leading providers of document processing services in the US.

With respect to the geographies, South Asia contributed to 28% of the revenues as compared to 34% in the previous year. North America is at 50% from 29% in the previous year. This increase is primarily due to the acquisition of the Regulus Group in the current year. Middle East, Africa, Russia and CIS (MEARC) contributed to 10% of the revenues from 14% in the previous year and Asia Pacific contributed to 5% of the revenues as compared to 8% in the previous year. Western Europe was at 7% as compared to 15% in the previous year. While in percentage terms geographies other than US have declined, they have grown in absolute values.

Over the years, the Company has emerged from a single-geography, single-offering to a multi-geography, multi-offering model. A snapshot of the Geography wise and Offering wise mix for the last five years has been illustrated below:



The major component of expenses continues to be payroll expenses. The Company does not carry any significant bench and uses a combination of own and outsourced employees to keep cost under control. As a percentage of total cost, this amounts to 79.2%.

The Company earned an Operating Profit (Profit Before Interest, Depreciation & Taxes) of Rs. 453.48 crores, with an operating margin of 19.7% during the current year, as compared to Rs. 273.21 crores, representing 22.3% of income in the previous year. The decrease in margin is due to the cost incurred for new initiatives, which include the retail initiatives in the G2C and B2C segment, Taxsmile (e-Tax Filing portal) and Elegon Infotech Ltd. (China JV).

Interest and depreciation cost has primarily increased due to the investments made by the Company in the retail initiatives and also the acquisition of the Regulus Group. Both these were largely funded through debt. Increase in interest cost was also due to the increase in interest rates.

The Company's rate of tax continues to be close to around 8% of book profits. This rate is a combination of various tax rates including tax holiday benefits, across the countries the Company is operating in.

Profit after tax stood at Rs. 292.38 crores, including exceptional items of Rs. 25.96 crores (net) and Rs. 266.42 crores excluding exceptional items, recording a growth of 45.4% over the previous year. The exceptional income is due to the buyback of the Company's Foreign Currency Convertible Bonds (FCCB) at a discounted price.

Earnings per share (EPS) increased to Rs. 19.02 from Rs. 13.40 in the previous year, representing a growth of 41.9%.

Analysis of Balance Sheet:

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS		
Share Capital & Reserves	1,037.01	744.06
Minority Interest	21.16	10.21
Loan Funds	2,202.04	1,265.75
Premium Payable on Redemption of FCCB	109.45	36.24
	3,369.66	2,056.26
APPLICATION OF FUNDS		
Goodwill on Consolidation	1,700.40	1,003.10
Net Fixed Assets	692.37	293.09
Investments	3.60	3.35
Deferred Tax Assets (Net)	38.61	40.53
Net Current Assets	934.68	716.19
	3,369.66	2,056.26

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

Loan Funds

Loan funds of the Company have increased to Rs. 2,202.04 crores in FY 2009 from Rs. 1,265.75 crores in FY 2008. These have been used to fund expansions, acquisitions, investment in new initiatives and for working capital requirements of the Company. Loan funds comprise of rupee loans, foreign currency loans and FCCBs.

Rupee loans raised by the Company are used for funding of working capital requirements, acquisitions in India and for capital investments in government projects. They have an average maturity profile of 2 ½ years and most of them are repayable on a monthly basis. The increase in the current year is due to the launch of the retail initiatives by the Company in the form of setting up and commissioning of almost 6,300 citizen service centers (kiosks) across the country. In addition, the Company undertook Build Own Operate Transfer (BOOT) model of turnkey projects in the government sector which involved capital investments.

During the year, the Company's subsidiary in the US raised foreign currency loans both for long term working capital needs and to fund the acquisition of the Regulus Group. A substantial part of the loan was towards the acquisition.

FCCBs were issued by the Company in the past to fund a significant part of its overseas acquisitions. They have no operating cash flow impact, since these are zero coupon and are redeemable if not converted, after a minimum period of 2 years remaining until maturity.

The appreciation of the dollar against the rupee also resulted in a significant increase in loans in rupee terms.

During the year, the Company bought back and cancelled FCCBs (out of the third and the fourth issues) of face value of Euro 4 million and USD 25.13 million at a price of Euro 1.90 million and USD 12.25 million respectively, equivalent to Rs. 152.99 crores at a discount resulting in a reduction of liability by Rs. 77.05 crores. The Company also incurred an amount of Rs. 51.09 crores towards the advisory, legal and other professional fees and other expenses for various financial re-structuring assignments. The profit of Rs. 25.96 crores earned by the Company on this transaction has been accounted as exceptional income in the Profit & Loss Account.

Goodwill

Goodwill has increased to Rs. 1,700.40 crores in the current year, as compared to Rs. 1,003.10 crores in the previous year; a significant amount of this being due to the acquisition of the Regulus Group in the current year and the dollar appreciation during the year. Goodwill has been tested for impairment.

Fixed Assets

The Company's net fixed assets have increased to Rs. 692.37 crores from Rs. 293.09 crores in the previous year. The increase is mainly due to the addition of Rs. 182.86 crores in the project assets of the Company, which include assets purchased for contracts entered into with various state governments for e-Governance projects. The increase is also due to the fixed assets accruing to the Company due to the acquisition of the Regulus Group and also due to the dollar appreciation.

Working Capital

A significant part of the working capital is constituted by debtors and unbilled, which are at Rs. 760.46 crores in the current year as against Rs. 498.84 crores in the previous year. The days sales are at 112 days as against 128 days in the previous year, which reflects an improvement in collections. This is also a result of the quantum of fixed price contracts in our portfolio decreasing substantially and the time and material billing increasing. The ratio of fixed price contracts to time and material contracts is currently at 1:1.

The Company continues to monitor the debtors and unbilled amounts and is confident of maintaining it at reasonable levels.

Current liabilities are currently at Rs. 426.83 crores as against Rs. 244.85 crores in the previous year. The Regulus Group contributed to about Rs. 145.94 crores of creditors and other liabilities.

Forex Exposure

The diversification into various countries has created a natural forex hedge for the Company since it deals in multiple major currencies. This has reduced the impact of forex fluctuations by matching cash flows, i.e. by matching the debt payments to expected revenues in the local currencies.

Enterprise Risk Management

3i Infotech has put in place an Enterprise Risk Management (ERM) process across the group and regular updates on risk management are submitted to the Board of Directors and Audit Committee. The Company also uses an appropriate dashboard for measuring and monitoring its performance against the risk parameters as per the ERM framework.

The Company's senior management team is focused on risk management and mitigation within the Company. Various steps are taken to increase risk awareness and mitigation of the same across the organization.

Major risks identified include geographic and client concentration, slowdown of receivables, managing of contractual obligations, etc. To address these risks, the Company has increased its diversification across geographies, enlarged the basket of offerings and increased its focus on the domestic market by entering into retail services like setting up of citizen service centers in some states in the country. Receivables are also being closely monitored.

Customer Data

	FY09	FY08
Customer Concentration		
ICICI Group (Top Customer)	9%	15%
Top 5 Customers (ex.ICICI Group)	11%	8%
Top 10 Customers (ex. ICICI Group)	17%	12%
Nature of Contracts with Customers		
Time & Material	50%	31%
Fixed Price	50%	69%

Cautionary Statement

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

Auditor's Report

To
The Board of Directors of 3i Infotech Limited

1. We have audited the attached Consolidated Balance Sheet of 3i Infotech Limited (the 'Parent Company'), its subsidiaries, Joint Venture and Associate collectively referred to as 'the 3i Infotech Group' as at March 31, 2009, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Parent Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. a) The financial statements of subsidiaries whose financial statements reflect total assets of Rs. 618.60 crores as at March 31, 2009 and total revenue of Rs. 559.81 crores for the year ended on March 31, 2009 have been jointly audited with other auditor.
b) We have not audited the financial statements of :
 - i) 30 subsidiaries included in the consolidated financial statements, whose financial statements reflect the total assets of Rs. 1,964.52 crores as at March 31, 2009 and total revenue for the year ended March 31, 2009 of Rs. 878.05 crores.
 - ii) an associate in Egypt whose financial statements reflect net profit after tax of Rs. 0.95 crore for the sixteen months period ended December 31, 2008 being consolidated for the first time under the equity method.

These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.
4. *The financial statements of a subsidiary in Cyprus and a joint venture in China, whose financial statements reflect total assets of Rs. 44.53 crores as at March 31, 2009 and total revenue of Rs. 0.97 crore for the year ended on March 31, 2009 has not been audited. Our opinion is based on the management certificate provided to us.*
5. We report that the consolidated financial statements have been prepared by the Parent Company's management in accordance with the requirements of the Accounting Standards (AS) 21 - Consolidated Financial Statements, (AS) 23 - Accounting for Investments in Associates and AS 27 - Reporting of Interests in Joint Ventures prescribed by Companies (Accounting Standards) Rules, 2006 as amended from time to time.

6. *Subject to the matter referred to in paragraph 4 above*, based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements read together with notes appearing in Schedule XIV of Significant Accounting Policies and Notes to Accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Consolidated Balance Sheet, of the state of affairs of the 3i Infotech Group as at March 31, 2009;
- (ii) in the case of Consolidated Profit and Loss Account, of the profit of the 3i Infotech Group for the year ended on that date; and
- (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the 3i Infotech Group for the year ended on that date.

For Lodha & Company
Chartered Accountants

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

R P Baradiya
Partner
Membership No. 44101

S Krishnan
Partner
Membership No. 10962

Mumbai, April 24, 2009

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

		Rs. in Crores	
	Schedule	As at March 31, 2009	As at March 31, 2008
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
A. Share Capital	I	230.75	230.54
B. Reserves and Surplus	II	806.26	513.52
		1,037.01	744.06
2. Minority Interest	III	21.16	10.21
3. Loan Funds:			
A. Secured Loans	IV	939.37	107.86
B. Unsecured Loans	V	1,262.67	1,157.89
		2,202.04	1,265.75
4. Premium payable on Redemption of FCCB		109.45	36.24
		3,369.66	2,056.26
II. APPLICATION OF FUNDS			
1. Goodwill arising on consolidation		1,700.40	1,003.10
2. Fixed Assets:			
A. Gross Block	VI	799.73	366.52
B. Less : Depreciation		233.01	152.53
C. Net Block		566.72	213.99
D. Capital Work-in-Progress		125.65	79.10
		692.37	293.09
3. Investments	VII	3.60	3.35
4. Deferred Tax Asset (net)		38.61	40.53
5. Current Assets, Loans and Advances			
A. Current Assets:			
a. Inventories		11.06	-
b. Sundry Debtors		483.10	272.00
c. Unbilled Revenues		277.36	226.84
d. Cash and Bank Balances		319.61	266.56
		1,091.13	765.40
B. Loans and Advances		331.54	253.08
		1,422.67	1,018.48
Less: Current Liabilities and Provisions :	IX		
A. Current Liabilities		426.83	244.85
B. Provisions		61.16	57.44
		487.99	302.29
Net Current Assets		934.68	716.19
		3,369.66	2,056.26
Significant Accounting Policies and Notes to Accounts	XIII		

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

As per our attached report of even date

For Lodha & Company
Chartered Accountants

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

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

S Santhanakrishnan
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, April 24, 2009

3i INFOTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		Rs. in Crores	
	Schedule	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME:			
Income from Operations	X	2,285.64	1,205.26
Other Income	XI	19.06	18.30
Total Income		2,304.70	1,223.56
EXPENDITURE:			
Operating, Selling and other expenses	XII	1,851.22	950.35
Total Expenditure		1,851.22	950.35
Profit before interest, depreciation/amortisation		453.48	273.21
Interest		94.95	50.51
Depreciation and Amortisation		70.06	24.40
Profit before taxation		288.47	198.30
Provision for Taxes			
- Deferred Taxes (net)		4.23	0.70
- Current Taxes		38.33	23.11
- Fringe Benefit Tax		2.33	2.20
- Mat Credit Entitlement		(23.30)	(11.03)
- Pertaining to earlier years written off		0.46	0.13
Profit after taxation before exceptional items		266.42	183.19
Add : Exceptional income (Refer Note no.2.5 (a))		77.05	-
Less : Exceptional expenditure (Refer Note no.2.5 (b))		(51.09)	-
Profit after exceptional items		292.38	183.19
Add: Share of profit in Associate		0.25	-
Less: Minority Shareholders' Interest		10.62	6.62
Net Profit After Minority Interest		282.01	176.57

3i INFOTECH LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

		Rs. in Crores	
	Schedule	For the year ended March 31, 2009	For the year ended March 31, 2008
Earnings per Share			
Equity shares, par value Rs.10 each			
Before Exceptional items			
Basic (Rs.)		19.02	13.40
Diluted (Rs.)		19.02	12.65
After Exceptional items			
Basic (Rs.)		21.01	13.40
Diluted (Rs.)		21.01	12.65
Significant Accounting Policies and Notes to Accounts	XIII		

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

As per our attached report of even date

For Lodha & Company
Chartered Accountants

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

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

S Santhanakrishnan
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, April 24, 2009

3i INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
A Cash Flow from Operating Activities:		
Profit before taxation & exceptional items	288.47	198.30
<i>Adjustments for:</i>		
Depreciation / Amortization	70.06	24.40
Foreign exchange loss / (gain)	(8.31)	(1.37)
Loss / (Profit) on sale / discarding of fixed assets	1.04	0.25
Dividend income	(0.29)	(0.16)
Interest earned	(2.00)	(12.25)
Interest paid	94.95	50.51
Provision for doubtful debts	18.38	18.11
Share of profit in Associate	0.25	-
Impairment of acquired software & losses on foreclosure of contracts	15.21	-
Operating Profit before Working Capital Changes	477.76	277.79
<i>Adjustments for:</i>		
Trade and Other Receivables	(260.75)	(237.29)
Inventories	(11.06)	0.00
Trade Payables and Other Liabilities	364.04	290.97
	92.23	53.68
Cash generated from Operations	569.99	331.47
Income Taxes (including FBT (paid) / refund received)	(46.09)	(43.78)
Net cash from Operating Activities - A	523.90	287.69
B Cash Flow from Investing Activities:		
Acquisitions / earnout paid during the period	(572.22)	(353.24)
Purchase of fixed assets (Including Capital-Work-in-Progress & advances)	(485.98)	(311.07)
Sale / write off of fixed assets	14.53	20.98
Purchase of Investments / application money	(146.87)	(115.71)
Sale of Investments	147.19	114.14
Dividend received	0.29	0.16
Loans and advances (given) / received back	(0.11)	0.02
Interest received	2.00	12.25
Net cash used in Investing Activities - B	(1,041.17)	(632.47)

3i INFOTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
C Cash Flow from Financing Activities:		
Proceeds from issue of Equity Share Capital	1.20	6.22
Proceeds from Issue of Foreign Currency Convertible Bonds (FCCB)	-	562.50
Payment towards FCCB Buy Back (including advisory, legal, professional fee - Refer note no.2.5)	(127.03)	-
Share / FCCB Issue Expenses	-	(18.53)
Proceeds from/(Repayment of) borrowings - net	753.06	32.75
Dividends paid (including taxes)	(30.39)	(21.95)
Interest paid	(93.28)	(50.39)
Net Cash from Financing Activities - C	503.56	510.60
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(13.71)	165.82
Cash and Cash Equivalents as at beginning²	258.47	92.65
Cash and Cash Equivalents as at end²	244.76	258.47

Notes

- The above Cash Flow Statement has been prepared under the 'Indirect Method'
- Margin money of Rs. 17.50 Crores (as at Mar 31, 2008 - Rs. 8.09 Crores) and monies lying in escrow account of Rs. 57.35 Crores (as at Mar 31, 2008 - Rs. nil) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.
- Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

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

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

As per our attached report of even date

For Lodha & Company
Chartered Accountants

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

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

S Santhanakrishnan
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, April 24, 2009

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

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
I Share Capital		
Authorised		
300,000,000 Equity shares of Rs. 10 each (as at Mar 31, 2008 - 300,000,000 of Rs. 10 each)	300.00	300.00
200,000,000 6.35% Cumulative Preference shares of Rs.5 each	100.00	100.00
	400.00	400.00
Issued, Subscribed & Paid - up		
130,750,946 Equity shares of Rs. 10 each (130,535,185 equity shares as at Mar 31, 2008)	130.75	130.54
200,000,000 6.35% Cumulative Preference shares of Rs.5 each	100.00	100.00
	230.75	230.54
II Reserves and Surplus		
a. Capital Reserve (on merger)		
Balance as per last Balance Sheet	-	0.06
b. Securities Premium Account		
Balance as per last Balance Sheet	285.17	228.48
Add : Received on allotment of equity shares under ESOS	0.99	5.44
Add : On account of Conversion of FCCBs	-	170.81
Less : Utilised towards issue of bonus shares	-	64.79
Less : Utilised towards FCCB expenses	-	18.53
Less : Utilised towards Premium payable on redemption of FCCB	73.21	36.24
	212.95	285.17
c. General Reserve		
Balance as per last Balance Sheet	16.00	10.94
Add: Transfer from Profit and Loss Account	9.00	10.10
Less : Adjustment for employee benefits	-	7.63
Add: Deferred Tax on above adjustment	-	2.59
	25.00	16.00
d. Translation Reserve		
Adjusted against Profit and Loss Account balance	113.41	(22.71)
	(113.41)	22.71
e. FCCB Redemption Reserve		
Balance as per last Balance Sheet	44.84	-
Transfer from Profit and Loss Account	135.66	44.84
	180.50	44.84

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
f. Profit and Loss Account		
Profit brought forward as per last Balance Sheet	167.45	100.26
Add: Profit for the year	282.01	176.57
	<u>449.46</u>	<u>276.83</u>
Translation reserve adjusted	113.41	(22.71)
	<u>562.87</u>	<u>254.12</u>
Less: Appropriations		
- General Reserve	9.00	10.10
- FCCB Redemption Reserve	135.66	44.84
- Proposed Dividend - Equity Shares	19.61	19.58
- Residual Dividend Paid	0.02	1.34
- Proposed Dividend - Preference Shares	1.03	1.04
- Interim Dividend - Preference Shares	5.32	5.32
- Corporate Dividend Tax	4.42	4.45
	<u>175.06</u>	<u>86.67</u>
	<u>387.81</u>	<u>167.45</u>
	<u>806.26</u>	<u>513.52</u>
III Minority Interest	21.16	10.21
IV Secured Loans		
Term Loans	798.82	75.78
Cash Credit	140.55	32.08
	<u>939.37</u>	<u>107.86</u>
V Unsecured Loans		
Foreign Currency Convertible Bonds (Refer note no.2.4)	672.78	669.48
Loans from banks	588.92	488.41
Others	0.97	-
	<u>1,262.67</u>	<u>1,157.89</u>

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

VI Fixed Assets

Rs. in Crores

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION						NET BLOCK	
	As at April 1, 2008	Adjustments during the Year*	Additions during the Year*	Ded / Adj during the Year*	As at Mar 31, 2009	Upto Mar 31, 2008	Adjustments during the Year*	For the Year*	Ded / Adj during the Year*	Upto Mar 31, 2009	As at Mar 31, 2009	As at Mar 31, 2008
Intangible Assets												
Goodwill	1.79	-	-	-	1.79	1.27	-	0.36	-	1.63	0.16	0.52
Software Products												
- Meant for sale	8.44	-	-	0.50	7.94	2.19	-	-	0.02	2.17	5.77	6.25
- Others	75.59	10.72	106.74	(5.07)	198.12	23.96	1.30	13.56	(5.00)	43.82	154.30	51.63
Business & Commercial Rights	49.74	-	-	0.08	49.66	20.11	-	2.53	(0.92)	23.56	26.10	29.63
Tangible assets												
Land - Leasehold	0.52	-	-	-	0.52	0.07	-	0.01	-	0.08	0.44	0.45
- Freehold	1.86	-	-	(0.22)	2.08	-	-	-	-	-	2.08	1.86
Buildings - Owned	1.71	-	-	0.22	1.49	0.38	-	0.02	0.13	0.27	1.22	1.33
- Leasehold	32.34	-	-	-	32.34	3.64	-	1.50	-	5.14	27.20	28.70
Leasehold Improvements	18.13	27.52	12.88	(1.87)	60.40	11.39	-	1.82	(2.96)	16.17	44.23	6.74
Plant & Machinery / Electrical Installations	15.46	7.23	4.96	(1.49)	29.14	4.99	-	0.79	(3.01)	8.79	20.35	10.47
Computers	82.67	18.75	34.41	(6.90)	142.73	56.74	5.07	12.20	(14.18)	88.19	54.54	25.93
Furniture & Fixtures	30.99	1.33	6.20	1.71	36.81	16.09	0.18	1.98	5.66	12.59	24.22	14.90
Office Equipment	17.61	0.43	12.01	7.55	22.50	7.63	0.14	16.34	16.46	7.65	14.85	9.98
Vehicles	8.87	1.32	3.73	3.37	10.55	2.29	0.07	1.04	0.14	3.26	7.29	6.58
Project Assets***	20.80	-	182.86	-	203.66	1.78	-	17.91	-	19.69	183.97	19.02
Total	366.52	67.30	363.79	(2.12)	799.73	152.53	6.76	70.06	(3.66)	233.01	566.72	213.99
Previous year	229.80	64.20	97.25	24.73	366.52	92.78	38.85	24.40	3.50	152.53	213.99	

* pertains to adjustments arising out of merger /acquisitions

Notes:

1 Buildings- Leasehold include:

- Rs. 20.85 crores (as at Mar 31, 2008 Rs. 20.85 crores), Accumulated Depreciation - Rs.2.88 crores (as at Mar 31, 2008 Rs. 2.53 crores) and Net Value Rs.17.97 crores (as at Mar 31, 2008 Rs.18.32 crores) being lease premium paid in respect of building taken on lease for sixty years.
- Rs.11.49 crores (as at Mar 31, 2008 Rs.11.49 crores), Accumulated Depreciation Rs.2.26 crores (as at Mar 31, 2008 Rs. 1.11 crores) and Net Value Rs.9.23 crores (as at Mar 31, 2008 Rs.10.38 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 relevant agreements

The details whereof are as under:

- Computers of Rs.107.25 crores (as at Mar 31, 2008 Rs. 16.54 crores), Accumulated Depreciation - Rs. 11.61 crores (as at Mar 31, 2008 Rs. 1.78 crores) and Net Value Rs.95.64 crores (as at Mar 31, 2008 Rs. 14.76 crores).
- Plant & Machinery / Electrical Installations of Rs.78.92 crores (as at Mar 31, 2008 Rs. 3.98 crores), Accumulated Depreciation - Rs. 6.50 crores (as at Mar 31, 2008 Rs. 0.00 crores[#]) and Net Value Rs.72.42 crores (as at Mar 31, 2008 Rs. 3.98 crores).
- Furniture & Fixtures of Rs.17.49 crores (as at Mar 31, 2008 Rs. 0.28 crores), Accumulated Depreciation - Rs. 1.58 crores (as at Mar 31, 2008 Rs. 0.00 crores[#]) and Net Value Rs.15.91 crores (as at Mar 31, 2008 Rs. 0.28 crores).

\$ Interest Cost capitalized during the period Rs. 6.46 crores (as on Mar 31, 2008 Rs. 0.71 Crores)

Rs. 0.00 crores denotes figures less than Rs. 50000.

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
VII Investments		
Non-Trade ,Unquoted and Fully Paid-up		
Long Term Investments		
In Companies		
a. 200,000 Equity Shares of Srilankan Rs.10 each of First Capital Asset Management Co. Ltd., Sri Lanka	0.10	0.10
b. 37,500 Equity Shares of Egyptian Pounds 100 each of Nile Information Technology	3.50	3.25
c. National Savings Certificate [§]	0.00	0.00
d. 8% holding in Four Seasons Software, LLC, a 'S' corporation, Connecticut, USA	2.10	2.10
Less : Provision for diminution in the value of current investments	2.10	2.10
	-	-
Aggregate value of Unquoted Investments	3.60	3.35
§ Rs. 0.00 denotes figures less than Rs. 50000		
VIII Current Assets, Loans and Advances		
A Current Assets		
a) Inventories	11.06	-
b) Sundry Debtors	483.10	272.00
c) Unbilled Revenues	277.36	226.84
d) Cash and Bank Balances:		
i. Cash on hand	0.25	0.21
ii. Balances with banks:		
in current accounts *	226.09	256.00
in deposit accounts	18.42	2.26
in escrow account	57.35	-
in margin money accounts	17.50	8.09
	319.36	266.34
	319.61	266.56
	1,091.13	765.40
	7.53	168.45

* Includes cheques on hand and remittances - in - transit

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

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
B Loans and Advances (Unsecured, Considered good)		
Loans to staff	0.30	0.19
Advance tax and tax deducted at source (net of provisions of Rs.64.64 crores;previous year Rs.48.46 crores)	32.52	31.55
MAT Credit Receivable	36.99	12.01
Deposits	72.37	55.42
Advances recoverable in cash or in kind or for value to be received	189.36	153.91
	331.54	253.08
	1,422.67	1,018.48
IX Current Liabilities and Provisions		
A Current Liabilities		
Acceptances	13.45	2.61
Sundry creditors	304.03	176.97
Advances received from Customers (including unearned income)	30.93	21.82
Interest accrued but not due	2.18	0.52
Other liabilities	76.24	42.93
	426.83	244.85
B Provisions		
Provision for employee benefits	28.62	15.79
Provision for warranty	8.40	5.51
Provision for Contingencies	-	12.01
Proposed dividend (including tax thereon)	24.14	24.13
	61.16	57.44
	487.99	302.29

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
X Income from Operations		
Software Products	811.23	596.14
IT Services	748.17	463.86
Transaction Services	726.24	145.26
	2,285.64	1,205.26
XI Other Income		
Interest	2.00	12.25
Dividend - on current investment (Non-Trade)	0.29	0.16
Foreign Exchange gain (net)	8.31	1.37
Miscellaneous income	8.46	4.52
	19.06	18.30
XII Operating, Selling and Other Expenses		
Salary and related expenses	997.09	486.98
Recruitment and Training Expenses	10.12	7.42
Cost of third party products / outsourced services	512.66	255.89
Rent	86.91	56.08
Insurance	19.95	7.44
Travelling and conveyance	78.91	50.76
Electricity Charges	16.63	10.75
Rates and taxes	5.94	4.68
Communication expenses	24.66	15.21
Loss on sale/discarding of Fixed Assets (net)	1.04	0.25
Printing and stationery	7.21	2.58
Repairs and maintenance - building	3.07	0.78
Directors' Commission	0.70	1.21
Legal and professional charges	17.01	8.74
Bank Charges and other financial charges	5.69	4.00
Selling and distribution expenses	17.46	8.46
Bad debts written off	9.02	1.30
Less: Provisions withdrawn	(9.02)	(1.30)
Provision for doubtful debts	18.38	18.11
Impairment of acquired software & losses on foreclosure of contracts (net of reversal of contingency provision of Rs.12.01 crores)	15.21	-
Miscellaneous Expenses	12.58	11.01
	1,851.22	950.35

3i INFOTECH LIMITED

XIII SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2009.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Overview of the Group

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

1.2 Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared and presented under historical cost convention, on the accrual basis of accounting, in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') issued by The Companies (Accounting Standards) Rules, 2006, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in accounting policy hitherto in use.

1.3 Use of estimates

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

1.4 Principles of consolidation

The consolidated financial statements include the financial statements of "The Parent" and all its subsidiaries, which are more than 50% owned or controlled and have been prepared in accordance with the consolidation procedures laid down in AS 21- 'Consolidated Financial Statements'.

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

- The financial statements of the Parent and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group
- In accordance with AS 27- "Financial Reporting of Interests in Joint Ventures", the Group has accounted for its proportionate share of interest in a joint venture by the proportionate consolidation method. The joint venture arrangement has been more fully described in Note below (ref 2.3.11)
- Associate: Investment in associate companies have been accounted under the equity method as per AS 23- "Accounting for Investments in Associates"
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent for its standalone financial statements
- The consolidated financial statements are prepared using uniform accounting policies across the Group
- Goodwill arising on consolidation

The excess of cost to the Parent, of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made, is recognized in the financial statements as goodwill and in the case where equity exceeds the cost; the same is being adjusted in the said goodwill. The Parent's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

- Entities acquired during the year have been consolidated from the respective dates of their acquisition

1.5 Members of the Group:

3i Infotech's subsidiaries, step down subsidiaries, associate and joint venture are listed below:

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition/ establishment
1	3i Infotech Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Jan 7, 2000
2	3i Infotech Asia Pacific Pte Ltd.	Singapore	100% held by Parent Company	Nov 8, 2000
3	3i Infotech SDN BHD	Malaysia	100% held by 3i Infotech Pte Ltd	Sept 29, 2002
4	3i Infotech (UK) Ltd.	UK	100% held by Parent Company	April 1, 2005
5	3i Infotech (Thailand) Ltd.	Thailand	100% held by 3i Infotech Pte Ltd	May 12, 2005
6	3i Infotech Consulting Inc.	USA	100% held by 3i Infotech Inc.	Sep 26, 2005
7	Datacons Asia Pacific SDN BHD	Malaysia	100% held by 3i Infotech Pte Ltd	May 11, 2006
8	Delta Services (India) Pvt. Ltd.	India	51% held by Parent Company	Aug 1, 2006
9	3i Infotech Trusteeship Services Ltd.	India	100% held by Parent Company	Aug 31, 2006
10	3i Infotech (Western Europe) Holdings Ltd. (formerly known as Rhyme Systems Holdings Limited)	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
11	3i Infotech (Western Europe) Group Ltd. (formerly known as Rhyme Systems Group Limited)	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
12	Rhyme Systems Ltd. (formerly known as Rhymesis Limited)	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
13	3i Infotech (Western Europe) Ltd. (formerly known as Rhyme Systems Limited)	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
14	Stex Software Pvt. Ltd.	India	100% held by Parent Company	Nov 7, 2006
15	E-Enable Technologies Pvt. Ltd.	India	100% held by Parent Company	Nov 20, 2006
16	3i Infotech Holdings Pvt. Ltd.	Mauritius	100% held by Parent Company	Nov 20, 2006
17	3i Infotech Financial Software Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Dec 18, 2006
18	3i Infotech Saudi Arabia LLC.	Saudi Arabia	100% held by Parent Company	Dec 24, 2006
19	3i Infotech (Africa) Ltd.	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	April 27, 2007
20	Black Barret Holdings Ltd.	Cyprus	51% held by 3i Infotech Holdings Private Limited	May 8, 2007

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition/ establishment
21	Professional Access Software Development Pvt. Ltd.	India	100% held by Black Barret Holdings Limited	May 8, 2007
22	Professional Access Ltd.	USA	51% held by 3i Infotech Holdings Private Ltd.	May 8, 2007
23	aok In-house BPO Services Ltd.	India	51% held by Parent Company	May 29, 2007
24	aok In-house Factoring Services Pvt. Ltd.	India	51% held by Parent Company	May 29, 2007
25	KNM Services Pvt. Ltd.	India	100% held by Parent Company	May 29, 2007
26	Lantern Systems Inc.	USA	100% held by 3i Infotech (Middle East) FZ LLC	April 1, 2007
27	3i Infotech Kazakhstan LLC.	Kazakhstan	100% held by 3i Infotech Holdings Private Limited	June 29, 2007
28	3i Infotech (Middle East) FZ LLC.	UAE	100% held by 3i Infotech Holdings Private Limited	July 1, 2007
29	ePower Inc.	USA	100% held by 3i Infotech (Middle East) FZ LLC	July 1, 2007
30	Manipal Informatics Pvt. Ltd.	India	100% held by Delta Services (I) Pvt Ltd	July 29, 2007
31	HCCA Business Services Pvt. Ltd.	India	51% held by Parent Company	Aug 29, 2007
32	Taxsmile.com India Pvt. Ltd. +	India	26% held by Parent Company	Sept 1, 2007
33	Antriksh Interactive Pvt. Ltd.	India	100% held by Taxsmile .com India Pvt. Ltd	Sept 1, 2007
34	Access Matrix Technologies Pvt. Ltd.	India	100% held by Taxsmile .com India Pvt. Ltd	Sept 1, 2007
35	J&B Software Inc.	USA	100% held by 3i Infotech Financial Software Inc.	Nov 1, 2007
36	J&B Software (Canada) Inc.	Canada	100% held by J&B Software Inc.	Nov 1, 2007
37	Nile Information Technology ***	Egypt	25% held by 3i Infotech (Middle East) FZ LLC	Oct 1, 2007
38	Objectsoft Group Inc.	USA	100% held by 3i Infotech (Middle East) FZ LLC	Nov 1, 2007
39	Objectsoft Global Services Inc.	USA	100% held by 3i Infotech (Middle East) FZ LLC	Nov 1, 2007
40	3i Infotech Consultancy Services Ltd.	India	100% held by Parent Company	Nov 13, 2007

Sr No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition/ establishment
41	Linear Financial and Management Systems Pvt. Ltd.	India	100% held by Parent Company	Dec 1, 2007
42	Exact Technical Services Ltd.	UK	100% held by 3i Infotech (Western Europe) Ltd	Jan 29, 2008
43	3i Infotech Framework Ltd. (formerly known as Accounting Framework Ltd.)	UK	100% held by 3i Infotech (Western Europe) Ltd	Feb 8, 2008
44	3i Infotech (Australia) Pty. Ltd.	Australia	100% held by 3i Infotech Asia Pacific Pte Ltd	Feb 5, 2008
45	3i Infotech Services (Bangladesh) Pvt. Ltd.	Bangladesh	100% held by Parent Company	Mar 4, 2008
46	3i Infotech Insurance & Re-insurance Brokers Ltd.	India	100% held by Parent Company	Mar 11, 2008
47	Locuz Enterprise Solutions Ltd.+	India	26% held by Parent Company	May 8, 2008
48	3i Infotech Consulting Services SDN BHD	Malaysia	100% held by 3i Infotech SDN BHD	May 2, 2008
49	J&B Software India Pvt. Ltd.	India	100% held by Parent Company	June 1, 2008
50	FinEng Solutions Pvt. Ltd.	India	51% held by Parent Company	June 9, 2008
51	Regulus Group LLC. *	USA	100% held by Regulus Holdings Inc	June 10, 2008
52	Regulus Integrated Solutions LLC.	USA	100% held by Regulus Group LLC	June 10, 2008
53	Regulus West LLC.	USA	100% held by Regulus Group LLC	June 10, 2008
54	Regulus America LLC.	USA	100% held by Regulus Group LLC	June 10, 2008
55	Regulus Tristate LLC.	USA	100% held by Regulus Group LLC	June 10, 2008
56	3i Infotech Consumer Services Ltd.	India	100% held by Parent Company	June 26, 2008
57	Elegon Infotech Ltd. #	China	51% held by Parent Company	July 10, 2008
58	Regulus Holdings Inc.	USA	100% held by 3i Infotech Financial Software Inc	Oct 31, 2008

+ Board controlled Subsidiary Company

*** Associate

Joint Venture

* 3i Infotech Financial Software Inc transferred its entire membership interest in Regulus Group LLC to its wholly owned subsidiary Regulus Holdings Inc on November 1, 2008.

1.6 Revenue Recognition

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

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

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

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

1.7 Unbilled and Unearned Revenue:

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

1.8a. 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 or the life given below whichever is lower.

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

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

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

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

1.9 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.

1.10 Accounting for Taxes on Income

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

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

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 reasonable/virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

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

1.11 Translation of Foreign Currency Items

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

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

In respect of integral foreign operations - (a) income and expenses are recorded at the average rates during the accounting period; (b) monetary items are translated at the exchange rates prevailing at the balance sheet date; and (c) non-monetary items like fixed assets, are recorded at the exchange rate on the date of the transaction. The resultant exchange differences are recorded in the Profit & Loss Account.

1.12 Accounting of Employee Benefits

Employee Benefits in India

a) Gratuity

(i) Parent

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

(ii) Subsidiaries

Liability for Gratuity for employees is provided on the basis of the actuarial valuation at the year end.

b) Superannuation

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

c) Provident fund

(i) Parent

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

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

(ii) Subsidiaries

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

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

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

Employee Benefits in the Foreign Branch

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

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

Employee Benefits in Foreign Subsidiary Companies/Joint Venture

In respect of employees in Foreign Subsidiary Companies, contributions to defined contribution pension plans are recognized as an expense in the Profit & Loss Account as incurred.

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

1.13 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

1.14 Borrowing Costs

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

1.15 Impairment of Assets

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

1.16 a) Securities issue expenses

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

b) Premium payable on FCCB

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

1.17 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.

1.18 Earnings Per Share

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

1.19 Inventories

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

2. NOTES TO ACCOUNTS

2.1 Figures for the previous year have been re-grouped/re-arranged, wherever considered necessary, to conform to current year's presentation. The current year's figures are not comparable with those of the previous year to the extent of acquisitions made by the Group during the current year.

2.2 Capital commitments and contingent liabilities

Rs. in Crores

	As at March 31, 2009	As at March 31, 2008
Capital Commitments*		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	127.14	27.79
Contingent Liabilities		
Outstanding guarantees **	495.42	31.59
Premium on redemption of FCCB (Refer Note No. 2.4)	165.21	236.86
Estimated amount of claims against the Group not acknowledged as debts in respect of :		
Disputed demands for Income Taxes	2.76	3.02
Customer claims	19.27	-
Others***	0.74	0.84

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

** Includes Rs. 443.48 crores to be secured by way of equitable mortgage of certain properties of the Company subject to prior charges created in favour of term lenders (as at Mar 31, 2008 - Rs. nil).

***Includes expenses of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of Rs. 0.34 crores (as at Mar 31, 2008 - Rs. 0.13 crores).

2.3.1 In May 2007, the Company had entered into a share purchase agreement with the owners of aok In-house BPO Services Ltd., New Delhi, to acquire the 15,605 shares (representing 50.5% of the paid up equity capital of aok In-house BPO Services Ltd., New Delhi) for a consideration of Rs. 3.48 crores along with a commitment to acquire the balance 0.50% of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement. In June 2008, the Company acquired the balance 0.50% of the paid up capital for a consideration of Rs. 3.64 crores.

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

2.3.2 In May 2007, the Company entered into a share purchase agreement with the owners of aok In-house Factoring Services Pvt. Ltd., New Delhi, to acquire the 5,318 shares (representing 50.5% of the paid up equity capital of aok In-house Factoring Services Pvt. Ltd., New Delhi) for a consideration of Rs. 2.46 crores along with commitment to acquire the balance 0.50% of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement. In June 2008, the Company acquired the balance 0.50% of the paid up capital at face value of the Equity Shares.

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

2.3.3 In April 2008, the Company entered into a share purchase agreement with the owners of Locuz Enterprise Solutions Ltd., Hyderabad, to acquire the 260,000 shares (representing 26.00% of the paid up equity capital of Locuz Enterprise Solutions Ltd.) 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.

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

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

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

2.3.5 Effective June 1, 2008, 3i Infotech Financial Software Inc., acquired 100% of the issued and outstanding stock of Regulus Inc; a Napa, California based company for a consideration of USD 112.07 million (approximately equivalent to INR 557.36 crores) along with a commitment to pay an additional consideration on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement.

Excess of consideration paid over the value of the net worth of Regulus Inc., of Rs. 474.48 crores is shown as goodwill arising on consolidation.

2.3.6 In March 2009, 3i infotech(Middle East) FZ LLC. has determined the additional earnout and paid USD 4.07 million for Objectsoft Group Inc. (approximately equivalent to INR 21.24 crores).

2.3.7 In March 2009, 3i infotech(Middle East) FZ LLC. has determined the additional earnout and paid USD 1.59 million for ePower Inc. (approximately equivalent to INR 8.28 crores).

2.3.8 In March 2009, 3i infotech(Middle East) FZ LLC. has determined the additional earnout and paid USD 1.84 million for Lantern Systems Inc. (approximately equivalent to INR 9.61 crores).

2.3.9 The assets and liabilities of Objectsoft Global Inc., is transferred to Objectsoft Group Inc., effective May 2008. The Company is in the process of completing the legal formalities for the aforesaid transfer.

2.3.10 In December 2007, the Company entered into a share purchase agreement with the owners of Linear Financial and Management Systems Pvt. Ltd., New Delhi to acquire the 16,386 shares (representing 59.50% of the paid up equity capital of Linear Financial and Management Systems Pvt. Ltd.) for a consideration of Rs. 9.32 crores along with a commitment to acquire the 40.5 % of the paid up capital as per the terms defined in the agreement. In July 2008, the Company has determined and paid the additional consideration of Rs. 6.79 crores and has acquired the balance 40.5% of the paid up capital.

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

2.3.11a) In May 2008, 3i Infotech Ltd. and Yucheng Technologies Limited, China entered into a joint venture contract for the establishment of Joint Venture Company in China. In pursuance to this, a Joint Venture Company, Elegon Infotech Limited was been set up in China in August 2008.

The contractual arrangement between the venturers indicate joint control in significant financial and operating decisions in the ordinary course of business regardless of the equity interests.

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

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
Assets	22.27	-
Liabilities	21.68	-

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
Income	0.50	-
Expense	4.71	-

	As at March 31, 2009	As at March 31, 2008
Contingent Liability	NIL	NIL
Capital Commitments	NIL	NIL

- b) Income for the year ended includes Rs. 18.27 crores (for the year ended Mar 31, 2008 Rs.Nil) 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.

2.4 Foreign Currency Convertible Bonds (FCCB):

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

	First Issue	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 - Mar 31, 2009	29.80 million	15.00 million	NIL	NIL
Mar 31, 2008	29.80 million	15.00 million	NIL	NIL
Bought back as at - Mar 31, 2009	NIL	NIL	4.00 million	25.13 million
Mar 31, 2008	NIL	NIL	NIL	NIL
Contingent premium payable - (Rs. in crores)				
as at Mar 31, 2009	19.92	NIL	41.83	103.46
as at Mar 31, 2008	35.57	NIL	54.78	146.52

* Subject to certain criteria as per offer document.

- 2.5 a) During the year, the Parent Company has bought back and cancelled FCCBs (out of the third and the fourth issues) in face value of EURO 4,000,000 and USD 25,133,000 equivalent to Rs. 152.99 crores at a discount resulting reduction of liability by Rs. 77.05 crores. The same has been shown as an exceptional income in the Profit & Loss Account.
- b) The Parent Company has incurred an amount of Rs. 51.09 crores towards the advisory fees, legal & other professional fees and other expenses for various financial re- structuring assignments including in respect of the aforesaid buyback. The same has been shown as an exceptional expenditure in the Profit & Loss Account.

2.6 **Goodwill arising on consolidation:**

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
Opening balance	1,003.10	578.34
Add: Additions during the year	540.45	415.19
Add: Translation Reserve	156.85	9.57
Closing balance	1,700.40	1,003.10

- 2.7 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 year's financial statements on such reconciliation/adjustments.

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

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
Within one year	102.30	65.25
Later than one year and not later than five years	132.82	85.63
Later than five years	-	-

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

	Rs. in Crores	
Particulars	As at March 31, 2009	As at March 31, 2008
Within one year	25.74	17.36
Later than one year and not later than five years	43.97	35.02
Later than five years	-	-

b) Financial Lease

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

2.9 Deferred Taxation:

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

Rs. in Crores

Deferred Tax Asset:	As at March 31, 2009*	Current Year (Charge)/Credit*#	As at March 31, 2008*
Unabsorbed losses /depreciation	49.21	13.45	33.92
Expenses allowable on payment and others	33.29	8.59	20.56
	82.50	22.04	54.48
Deferred Tax Liability:			
Fixed Assets (Depreciation /Amortization)	43.89	(26.28)	13.95
Net Deferred Tax (Liability)/ Asset	38.61	(4.24)	40.53

*Deferred tax balance in respect of companies acquired during the year and (charge)/credit for the post - acquisition period are included.

Exclude exchange gain/loss in respect of foreign subsidiaries.

2.10 Earnings Per Share:

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

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

		For the year ended March 31, 2009	For the year ended March 31, 2008
Profit as per accounts (Rs. in Crores) (Including profit from Associate)		266.67	183.19
Minority shareholder's Interest (Rs. in Crores)		(10.62)	(6.62)
Net profit after minority interest (Rs. in Crores)		256.05	176.57
Less: Dividend on preference shares paid (incl. corporate taxes)		(6.21)	(6.20)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes)		(1.22)	(1.22)
Profit attributable to Equity Shareholders (Rs.in Crores)	A	248.62	169.15
Add: Profit due to Exceptional items (after considering Provision for contingency) (Rs. in Crores)		25.96	-
Profit attributable to Equity Shareholders after exceptional items (Rs. In Crores)	B	274.58	-
Weighted average number of Equity Shares outstanding during the year (Nos.)	C	130,696,488	126,267,212
Add: Effect of dilutive issues of options		-	7,394,738
Diluted weighted average number of Equity Shares outstanding during the year (Nos.)	D	130,696,488	133,661,950
Nominal value of Equity Shares (Rs.)		10	10
Before exceptional items			
Basic Earnings Per Share (Rs.) for the year	A/C	19.02	13.40
Diluted Earnings Per Share (Rs.) for the year	A/D	19.02	12.65
After exceptional items			
Basic Earnings Per Share (Rs.)	B/C	21.01	13.40
Diluted Earnings Per Share (Rs.)	B/D	21.01	12.65

2.11 Employee Stock Option Plan:

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

Method used for accounting for the share based payment plan:

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

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

	As at March 31, 2009		As at March 31, 2008	
	Options	Weighted average exercise price (Rs.)	Options	Weighted average exercise price (Rs.)
Options outstanding at beginning of the year	24,051,354	104.20	7,086,547	70.85
Granted during the year	5,000,000	116.00	6,662,000	139.32
Bonus issue during the year	-	-	11,561,752	100.97
Exercised during the year	(215,761)	56.02	(773,785)	58.97
Forfeited/lapsed during the year	(2,498,467)	119.88	(485,160)	94.23
Options outstanding at end of the year*	26,337,126	105.35	24,051,354	104.20
Vested options pending exercise	11,710,899	81.10	7,884,350	59.16

*Includes 3,587,000 options granted to managing director/whole time directors and non-executive directors (for the year ended March 31, 2008 3,212,000 options).

Weighted average market price of the shares with respect to stock options exercised during the year ended Mar 31, 2009 is Rs. 75.68 (for the year ended March 31, 2008 Rs.138.53).

The following summarizes information about stock options outstanding:

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

As at March 31, 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	5,775,790	7	48.85
Rs. 57 to Rs.150	18,275,564	9	121.70

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 March 31, 2009	As at March 31, 2008
Dividend yield	1.72%	1.39%
Expected volatility	10% - 27.50%	10% - 19.60%
Risk-free interest rate	6.32% - 8.25%	6.32% - 8.25%
Expected life of Option	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 income and earnings per share would have been, as indicated below:

	For the year ended March 31, 2009	For the year ended March 31, 2008
Profit attributable to Equity Shareholders	248.62	169.15
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock based compensation expense determined under fair value based method	8.03	7.15
Net Profit :	241.09	162.00
Basic earning per share (as reported)	19.02	13.40
Basic earning per share (under fair value method)	18.41	12.83
Diluted earning per share (as reported)	19.02	12.65
Diluted earning per share (under fair value method)	18.41	12.12

2.1.2 Related Party Transactions:

Directors/Key Management Personnel: Mr. V Srinivasan (Managing Director & Chief Executive Officer), Mr. Hariharan Padmanabhan (Deputy Managing Director till 15th May08), Mr. Amar Chintopanath (Executive Director & CFO), Mr. Anirudh Prabhakaran (Executive Director & President - South Asia from 25th April08).

Joint Venture – Elegon Infotech Ltd, China

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

	For the year ended March 31, 2009	For the year ended March 31, 2008
Joint Venture - Elegon Infotech Ltd		
Income	18.30	-
Directors, Key Management Personnel and their relatives:		
Remuneration/fees	7.42	5.61
Expenses	0.65	0.03

Rs. in Crores

	Outstanding balance as at March 31, 2009	Outstanding balance as at March 31, 2008
Joint Venture - Elegon Infotech Ltd		
Other Receivables	20.11	-

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

2.13 Disclosures pursuant to AS 17 – Segment Reporting:

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

Rs. in Crores

	For the year ended March 31, 2009	For the year ended March 31, 2008
b) Segment Revenues:		
Software Products	811.23	596.14
IT Services	748.17	463.86
Transaction Services	726.24	145.26
Total Revenues	2,285.64	1,205.26
c) Segment Results (Gross Profit):		
Software Products	439.12	326.94
IT Services	270.89	189.23
Transaction Services	209.85	43.67
Total Segment Results	919.86	559.84
Unallocable expenses:		
Selling and Other expenses	485.44	304.93
Interest	94.95	50.51
Depreciation & Amortization	70.06	24.40
Operating Profit	269.41	180.00
Other Income	19.06	18.30
Profit Before Taxation	288.47	198.30
Less : Taxes	22.05	15.11
Profit After Taxation	266.42	183.19
Add : Exceptional items	25.96	-
Profit After Taxation & After Exceptional items	292.38	-
Add : Share of Profit in Associate	0.25	-
Less : Minority Shareholders interest	10.62	6.62
Net Profit after Minority Interest and exceptional items	282.01	176.57

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

- d) Considering the nature of the Group's business, the assets and liabilities cannot be identified to any specific business segment.
- e) Disclosure of details of Secondary segments, being geographies, is as under:

Revenues	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
South Asia	639.74	400.84
Unites States of America	1,157.82	352.83
Middle East, Africa Russia and CIS	236.90	171.08
APAC	103.93	96.87
Western Europe	166.31	183.64
Total Revenues	2,304.70	1,205.26

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

Residual dividend of Rs.0.02 crores (inclusive of tax) is appropriated out of Profit & Loss Account.

- 2.15 Provision for Warranty and Contingencies:

	Rs. in Crores	
	Warranty	Contingencies
Balance as at April 1, 2008	5.51	12.01
Provisions made during the year	4.87	-
Provision written back during the year	1.98	12.01
Balance as at March 31, 2009	8.40	-

- 2.16 Amount of exchange difference (net) credited to Profit & Loss Account during the year ended March 31, 2009 is Rs.8.31 crores (for the year ended March 31, 2008 credited Rs.1.37 crores).

Signatures to Schedules "I" to "XIII"

For and on behalf of the Board

V. Srinivasan
Managing Director & CEO

S. Santhanakrishnan
Director & Chairman of Audit
Committee

Amar Chintopanth
Executive Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, April 24, 2009

3i INFOTECH LIMITED
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Sr. no.	Name of Subsidiary Company	Financial year of subsidiary ended on	Number of equity shares held by 3i Infotech Limited and / or its subsidiaries	Extent of interest of 3i Infotech Limited in the capital of the subsidiary	Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of 3i Infotech Limited and is not dealt with in the accounts of 3i Infotech Limited		Net aggregate amounts of profits/(losses) of the subsidiary so far as it concerns the members of 3i Infotech Limited dealt with or provided for in the accounts of 3i Infotech Limited	
					For the financial year ended on March 31, 2009	For the financial year ended on March 31, 2008	For the financial year ended on March 31, 2009	For the financial year ended on March 31, 2008
1	3i Infotech Inc. (USA)	March 31, 2009	55,264,840 shares of USD 0.30 each & 1,000,000 shares of USD 0.01 each	*100%	USD 2.55 Million	USD 2.78 Million	-	-
2	3i Infotech Consulting Inc. (USA)	March 31, 2009	3,095 Ordinary shares of USD 1 each	**100%	USD 0.45 Million	USD (0.63) Million	-	-
3	3i Infotech Holdings Private Limited, (Mauritius)	March 31, 2009	2,197,953,620 Ordinary shares of MUR 1 each	100%	USD (0.07) Million	USD (0.15) Million	-	-
4	3i Infotech Financial Software, Inc. (USA)	March 31, 2009	100,000 Ordinary shares of USD 1 each	*100%	USD (0.38) Million	USD (0.22) Million	-	-
5	3i Infotech (Africa) Limited (Kenya)	March 31, 2009	100 shares of 1000 Kenya Shillings each	**100%	KES (14.08) Million	KES 4.13 Million	-	-
6	Black Barret Holdings Limited (Cyprus)	March 31, 2009	872 Class A Shares of Euro 1 each.	*51%	-	USD (0.03) Million	-	-
7	Professional Access Software Development Pvt. Limited, (India)	March 31, 2009	860,000 equity shares of Rs. 10 each	*100%	INR 32.15 Crore	INR 6.35 Crore	-	-
8	Professional Access Limited, (USA)	March 31, 2009	51 shares of USD 1 each	*51%	USD 0.08 Million	USD 0.85 Million	-	-
9	Lantern Systems Inc., (USA)	March 31, 2009	500 shares of USD 1 each	**100%	USD 0.01 Million	USD 0.28 Million	-	-
10	3i Infotech Kazakhstan LLC. (Kazakhstan)	March 31, 2009	Share Contribution of KZT 530000 (No FV)	*100%	-	KZT 0.11 Million	-	-
11	ePower Inc., (USA)	March 31, 2009	3,000 shares of USD 1 each	**100%	USD 0.02 Million	USD 0.43 Million	-	-
12	J&B Software Inc., (USA)	December 31, 2008	1,560,000 ordinary shares of USD 0.01 each	**100%	USD 0.81 Million	USD 1.34 Million	-	-
13	J&B Software (Canada) Inc., (Canada)	December 31, 2008	1,000,000 shares of Canadian \$0.000001 each	*100%	USD 0.04 Million	USD (0.000458) Million	-	-
14	J&B Software India Pvt. Ltd., (India)	March 31, 2009	162,195 equity shares of Rs. 10 each	100%	INR (0.34) Crore	INR (0.06) Crore	-	-
15	Objectsoft Group Inc., (USA)	March 31, 2009	200 shares of No par value	**100%	USD (0.17) Million	USD 0.83 Million	-	-
16	3i Infotech Asia Pacific Pte. Ltd. (Singapore)	March 31, 2009	1,792,302 Ordinary shares of SGD 1 each	100%	SGD (0.79) Million	SGD 1.28 Million	-	-
17	3i Infotech SDN BHD (Malaysia)	March 31, 2009	250,000 Ordinary shares of MYR 1 each	*100%	MYR 6.46 Million	MYR 11.65 Million	-	MYR 1.00 Million
18	3i Infotech (Thailand) Limited (Thailand)	March 31, 2009	25,000 Ordinary shares of THB 100 each	*100%	THB 20.46 Million	THB 6.78 Million	-	-
19	Datacons Asia Pacific SDN BHD (Malaysia)	March 31, 2009	555,000 ordinary shares of MYR 1 each	*100%	MYR (0.12) Million	MYR (0.33) Million	MYR 0.66 Million	-
20	3i Infotech (Middle East) FZ LLC. (UAE)	March 31, 2009	1,792,302 Ordinary Shares of AED 1000 each	*100%	AED 36.00 Million	AED 15.30 Million	-	-
21	3i Infotech (Australia) Pty. Ltd. (Australia)	March 31, 2009	50,000 Ordinary shares of AUD 1 each	*100%	AUD (0.01) Million	-	-	-
22	3i Infotech (UK) Limited (England)	March 31, 2009	1,649,438 Equity shares of GBP 1 each	100%	GBP (1.66) Million	GBP 1.00 Million	-	-
23	Delta Services (India) Private Limited (India)	March 31, 2009	204,000 Ordinary shares of Rs.10 each	51%	INR 0.68 Crore	INR 2.63 Crore	-	-
24	E-Enable Technologies Pvt. Ltd (India)	March 31, 2009	152,600 Ordinary Shares of Rs.10/- each	100%	-	INR 0.01 Crore	-	-
25	Stex Software Pvt. Ltd (India)	March 31, 2009	51,000 Ordinary Shares of Rs.10/- each	100%	-	-	-	-
26	3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited), (England)	March 31, 2009	1,884,000 Equity shares of GBP 1 each	**100%	GBP (0.89) Million	GBP (9.4) Million	-	-
27	aok In-house BPO Services Limited (India)	March 31, 2009	15,759 Ordinary Shares of Rs.100/- each	51%	INR 2.02 Crore	INR 1.01 Crore	-	-
28	aok In-house Factoring Services Private Ltd (India)	March 31, 2009	26,852 Ordinary Shares of Rs.10/- each	51%	INR 0.12 Crore	INR 0.11 Crore	-	-
29	KNM Services Pvt. Ltd (India)	March 31, 2009	50,000 Ordinary Shares of Rs.10/- each	100%	INR 0.08 Crore	INR 0.21 Crore	-	-
30	Manipal Informatics Pvt Limited (India)	March 31, 2009	100,000 Ordinary Shares of Rs.10/- each	**100%	INR (1.41) Crore	INR (0.37) Crore	-	-
31	HCCA Business Services Private Limited (India)	March 31, 2009	26,996 Ordinary Shares of Rs.10/- each	51%	INR 2.14 Crore	INR 1.25 Crore	-	-
32	Taxsmile.com India Pvt Ltd (India)	March 31, 2009	1,040,000 Ordinary Shares of Rs.10/- each	26%	INR (13.77) Crore	INR (0.84) Crore	-	-
33	Antriksh Interactive Pvt. Ltd. (India)	March 31, 2009	175,000 Ordinary Shares of Rs.10/- each	*100%	INR 0.01 Crore	INR (0.06) Crore	-	-
34	Access Matrix Technologies Pvt. Ltd. (India)	March 31, 2009	100,000 Ordinary Shares of Rs.10/- each	*100%	INR (0.01) Crore	INR 0.06 Crore	-	-
35	Linear Financial and Management Systems Pvt Ltd (India)	March 31, 2009	50,122 Ordinary Shares of Rs.10/- each	100%	INR (0.98) Crore	INR 0.30 Crore	-	-
36	3i Infotech Trusteeship Services Limited (India)	March 31, 2009	5,569,762 Ordinary Shares of Rs. 10 each	100%	INR 0.62 Crore	INR 1.05 Crore	-	-
37	3i Infotech Saudi Arabia LLC (Saudi Arabia)	March 31, 2009	500 Ordinary shares of SAR 1000 each	100%	SAR 1.72 Million	SAR 1.37 Million	-	-
38	3i Infotech Services (Bangladesh) Pvt. Ltd. (Bangladesh)	March 31, 2009	347,630 Ordinary Shares of Taka 10 each	100%	BDT (1.14) Million	-	-	-
39	3i Infotech Insurance & Re-insurance Brokers Limited (India)	March 31, 2009	2,500,000 Ordinary Shares of Rs. 10/- each	100%	INR 0.06 Crore	-	-	-
40	3i Infotech Consultancy Services Limited (India)	March 31, 2009	100,000 shares of Rs. 10 each	100%	INR 0.06 Crore	-	-	-
41	FinEng Solutions Pvt. Limited (India)	March 31, 2009	60,165 Ordinary Shares of Rs. 10/- each	51%	INR 3.60 Crore	-	-	-
42	Locuz Enterprise Solutions Limited (India)	March 31, 2009	260,000 Ordinary Shares of Rs. 10/- each	26%	INR 5.49 Crore	-	-	-
43	3i Infotech Consumer Services Limited (India)	March 31, 2009	5,000,000 Ordinary Shares of Rs. 10/- each	100%	INR 0.71 Crore	-	-	-
44	Elegon Infotech Limited (China)	December 31, 2008	No Shares, only capital	**51%	CNY (12.19) Million	-	-	-
45	Regulus Holdings Inc (USA)	March 31, 2009	100,000 Class A shares of USD 0.01 each	*100%	USD 4.03 Million	-	-	-
46	3i Infotech Consulting Services SDN BHD (Malaysia)	March 31, 2009	2 Shares of MYR 1 each	***100%	-	-	-	-

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

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

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

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

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

Held by Black Barret Holdings Ltd.

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

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

@@Held by 3i Infotech Financial Software Inc.

^ Held by J&B Software Inc.

& Held by Taxsmile.com India Pvt Ltd

^^ Joint Venture with Yucheng Technologies Limited

^^^ Held by 3i Infotech SDN BHD

Note: UBV Fineng Services Limited and Convergent Payment Processing Services Inc., ceases to be subsidiaries as on 31st March, 2009.

3i INFOTECH LIMITED

STATEMENT RELATING TO SUBSIDIARY COMPANIES AS ON MARCH 31, 2009

Rs. in Crores

Entity	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
1 3i Infotech Inc. (USA) [§]	304.13	70.10	670.29	670.29	62.82	144.69	15.96	2.67	13.29	-
2 3i Infotech Consulting Inc.(USA) [§]	0.02	44.61	52.62	52.62	-	72.23	3.04	0.70	2.34	-
3 3i Infotech Holdings Private Limited (Mauritius) [§]	1,143.19	1.31	1,198.36	1,198.36	923.15	-	(0.36)	-	(0.36)	-
4 3i Infotech Financial Software Inc. (USA) [§]	158.60	14.75	928.09	928.09	341.51	5.75	(1.79)	0.20	(1.99)	-
5 3i Infotech (Africa) Limited, (Kenya) [§]	0.01	(0.75)	(0.74)	(0.74)	-	5.22	(0.95)	-	(0.95)	-
6 Black Barret Holdings Limited, (Cyprus) ^{***}	0.01	(0.08)	0.01	0.01	-	-	-	-	-	-
7 Professional Access Software Development Pvt. Limited, (India)	0.86	48.79	49.80	49.80	-	60.85	32.83	0.68	32.15	-
8 Professional Access Limited, (USA) [§]	0.01	(12.47)	62.79	62.79	-	184.56	1.46	1.06	0.40	-
9 Lantern Systems Inc., (USA) [§]	0.01	(5.81)	4.08	4.08	-	26.96	0.01	0.00	0.01	-
10 3i Infotech Kazakhstan LLC. (Kazakhstan) [†]	0.02	(0.61)	(0.59)	(0.59)	-	-	-	-	-	-
11 ePower Inc., (USA) [§]	0.02	3.22	7.45	7.45	-	36.88	0.11	-	0.11	-
12 J&B Software Inc.,(USA) [§]	79.54	(62.25)	46.97	46.97	-	141.48	7.51	3.29	4.22	-
13 J&B Software (Canada) Inc., (Canada) [§]	0.01	0.35	0.39	0.39	-	9.71	0.32	0.10	0.22	-
14 J&B Software India Pvt. Ltd., (India)	0.16	7.55	7.71	7.71	-	4.39	(0.40)	(0.06)	(0.34)	-
15 Objectsoft Group Inc., (USA) [§]	0.01	4.52	18.19	18.19	-	71.43	(0.87)	-	(0.87)	-
16 3i Infotech Asia Pacific Pte. Ltd. (Singapore) ^{§§}	6.15	16.93	23.14	23.14	1.80	38.42	(2.36)	0.34	(2.70)	-
17 3i Infotech SDN BHD (Malaysia) [†]	1.43	32.03	33.46	33.46	0.00	56.64	9.30	0.05	9.25	-
18 3i Infotech (Thailand) Limited (Thailand) ^{††}	0.37	4.80	5.17	5.17	-	14.05	3.03	-	3.03	-
19 Datacons Asia Pacific SDN BHD (Malaysia) [†]	0.79	0.27	1.06	1.06	-	-	(0.05)	0.12	(0.17)	0.94
20 3i Infotech (Middle East) FZ LLC., (UAE) ^{§§}	-	72.89	73.60	73.60	202.51	199.19	51.15	-	51.15	-
21 3i Infotech (Australia) Pty. Ltd. (Australia) ^{††}	0.18	(0.07)	0.11	0.11	-	-	(0.04)	-	(0.04)	-
22 3i Infotech (UK) Limited (England) [†]	119.75	131.36	294.61	294.61	157.84	6.52	(12.46)	(0.18)	(12.28)	-
23 Delta Services (India) Private Limited (India)	0.40	6.04	13.31	13.31	2.82	49.35	1.21	0.53	0.68	-
24 E-Enable Technologies Pvt. Ltd (India)	0.15	0.26	0.42	0.42	-	-	-	-	-	-
25 Stex Software Pvt. Ltd (India)	0.05	0.43	0.48	0.48	-	-	-	-	-	-
26 3i Infotech (Western Europe) Holdings Limited (formerly known as Rhyme Systems Holdings Limited) (England) [†]	13.97	3.70	17.68	17.68	-	149.31	4.43	(2.19)	(6.62)	-
27 aok In-house BPO Services Limited (India)	0.31	4.69	7.75	7.75	-	27.85	2.96	0.94	2.02	-
28 aok In-house Factoring Services Private Ltd (India)	0.05	1.02	1.97	1.97	-	6.69	0.18	0.06	0.12	-
29 KNM Services Pvt. Ltd (India)	0.50	3.86	0.44	0.44	-	0.57	0.11	0.04	0.08	-
30 Manipal Informatics Pvt Limited, (India)	0.10	1.38	1.48	1.48	-	2.33	(1.78)	(0.37)	(1.41)	-
31 HCCA Business Services Private Limited (India)	0.05	8.42	8.74	8.74	-	20.89	3.30	1.16	2.14	-
32 Taxsmile.com India Pvt Ltd., (India)	4.00	(16.02)	0.98	0.98	1.70	0.87	(12.56)	1.21	(13.77)	-
33 Antriksh Interactive Pvt. Ltd., (India)	0.18	(0.17)	0.01	0.01	-	0.46	0.00	(0.00)	0.00	-
34 Access Matrix Technologies Pvt. Ltd., (India)	0.10	0.11	0.21	0.21	-	-	(0.02)	0.00	(0.02)	-
35 Linear Financial and Management Systems Pvt Ltd., (India)	0.05	2.39	3.32	3.32	-	7.59	(0.94)	0.04	(0.98)	-
36 3i Infotech Trusteeship Services Limited (India)	5.57	(3.91)	1.66	1.66	-	3.61	1.00	0.38	0.62	-
37 3i Infotech Saudi Arabia LLC (Saudi Arabia) [§]	0.70	3.97	4.67	4.67	-	14.45	3.01	0.60	2.41	-
38 3i Infotech Services (Bangladesh) Pvt. Ltd. (Bangladesh) [†]	0.27	(0.09)	0.22	0.22	-	-	(0.09)	-	(0.09)	-
39 3i Infotech Insurance & Re-insurance Brokers Limited (India)	2.50	0.06	2.56	2.56	-	-	0.09	0.03	0.06	-
40 3i Infotech Consultancy Services Limited (India)	0.10	0.01	0.11	0.11	-	31.46	0.11	0.05	0.06	-
41 FinEng Solutions Pvt. Limited (India)	0.12	10.19	10.30	10.30	2.98	15.31	5.67	1.93	3.74	-
42 Locuz Enterprise Solutions Limited (India)	1.00	3.93	10.71	10.71	-	59.29	1.08	0.10	0.98	-
43 3i Infotech Consumer Services Limited (India)	5.00	0.71	17.72	17.72	-	6.33	1.09	0.38	0.71	-
44 Elegon Infotech Limited (China) [†]	10.46	(9.32)	1.14	1.14	-	1.09	(9.32)	-	(9.32)	-
45 Regulus Holdings Inc (USA) [†]	0.01	21.26	618.63	618.63	-	628.55	24.00	2.74	21.26	-
46 3i Infotech Consulting Services SDN BHD (Malaysia) [†]	-	-	-	-	-	-	-	-	-	-

§ Converted to Indian Rupees at the Exchange rate, 1 USD =52.17430
 S\$ Converted to Indian Rupees at the Exchange rate, 1 SGD =34.3209
 £ Converted to Indian Rupees at the Exchange rate, 1 GBP =74.15790
 * Converted to Indian Rupees at the Exchange rate, 1 MYR =14.3136
 ** Converted to Indian Rupees at the Exchange rate, 1 THB =1.4811
 # Converted to Indian Rupees at the Exchange rate, 1 SAR =13.9318
 \$\$ Converted to Indian Rupees at the Exchange rate, 1 AED =14.208
 & Converted to Indian Rupees at the Exchange rate, 1 KES =0.675
 *** Converted to Indian Rupees at the Exchange rate, 1 CYP =68.90970
 ^ Converted to Indian Rupees at the Exchange rate, 1 KZT =0.3354
 ^^ Converted to Indian Rupees at the Exchange rate, 1 AUD =35.6627
 ▯ Converted to Indian Rupees at the Exchange rate, 1 CNY = 7.6439
 + Converted to Indian Rupees at the Exchange rate, 1 BDT = 0.77150

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	US Dollar in Million	
	As at March 31, 2009	As at March 31, 2008
I. SOURCES OF FUNDS		
1. Shareholders' Funds:		
A. Share Capital	44.23	57.78
B. Reserves and Surplus	154.54	128.70
	198.77	186.48
2. Minority Interest		
	4.06	2.56
3. Loan Funds:		
A. Secured Loans	180.06	27.03
B. Unsecured Loans	242.03	290.20
	422.09	317.23
4. Premium payable on Redemption of FCCB		
	20.98	9.08
	645.90	515.35
II. APPLICATION OF FUNDS		
1. Goodwill arising on consolidation		
	325.93	251.40
2. Fixed Assets:		
A. Gross Block	153.29	91.86
B. Less : Depreciation	44.66	38.23
C. Net Block	108.63	53.63
D. Capital Work-in-Progress	24.08	19.83
	132.71	73.46
3. Investments		
	0.69	0.84
4. Deferred Tax Asset (net)		
	7.40	10.16
5. Current Assets, Loans and Advances		
A. Current Assets:		
a. Inventories	2.12	-
b. Sundry Debtors	92.60	68.17
c. Unbilled Revenues	53.16	56.85
d. Cash and Bank Balances	61.26	66.80
	209.14	191.82

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	US Dollar in Million	
	As at March 31, 2009	As at March 31, 2008
B. Loans and Advances	63.55	63.43
	272.69	255.25
Less: Current Liabilities and Provisions :		
A. Current Liabilities	81.80	61.37
B. Provisions	11.72	14.39
	93.52	75.76
Net Current Assets	179.17	179.49
	645.90	515.35

Note: The above Balance Sheet is just the conversion of Consolidated Balance Sheet of 3i Infotech Limited prepared as per Indian GAAP in Rs.in crores. The conversion has been done at exchange rate of Rs. 52.17 as at March 31, 2009 and Rs. 39.90 as at March 31, 2008.

3i INFOTECH LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	US Dollar in Million	
	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME:		
Income from Operations	499.05	299.18
Other Income	4.16	4.54
Total Income	503.21	303.72
EXPENDITURE:		
Operating, Selling and other expenses	404.20	235.90
Total Expenditure	404.20	235.90
Profit before interest, depreciation and amortisation	99.01	67.82
Interest	20.73	12.54
Depreciation and Amortisation	15.30	6.06
Profit before taxation	62.98	49.22
Provision for Taxes		
- Deferred Taxes (net)	0.92	0.18
- Current Taxes	8.37	5.74
- Fringe Benefit Tax	0.51	0.55
- Mat Credit Entitlement	(5.09)	(2.74)
- Pertaining to earlier years written off	0.10	0.03
Profit after taxation & before exceptional items	58.17	45.46
Add : Exceptional income	16.82	-
Less : Exceptional expenditure	(11.16)	-
Profit after exceptional items	63.83	45.46
Add: Share of profit in Associate	0.05	-
Less: Minority Shareholders' Interest	2.32	1.64
Net Profit After Minority Interest	61.56	43.82

Note: The above Profit and Loss Account is just the conversion of Consolidated Profit and Loss of 3i Infotech Limited prepared as per Indian GAAP in Rs.in crores. The conversion has been done at exchange rate of Rs. 45.80 for the year ended March 31, 2009 and Rs. 40.29 for the year ended March 31,2008.

Auditors' Report

To

**The Members of
3i Infotech Limited**

1. We have audited the attached Balance Sheet of 3i Infotech Limited ("the Company") as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as "the Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
 - v) On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with "Significant Accounting Policies and Notes to Accounts" in Schedule XIII and notes to accounts appearing elsewhere in the accounts, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Lodha & Company
Chartered Accountants

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

R P Baradiya
Partner
Membership No. 44101

S Krishnan
Partner
Membership No. 10962

Mumbai, April 24, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2009 OF 3i INFOTECH LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified (including electronic verification) by the management during the year in accordance with the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. The phased programme is considered reasonable having regard to the size of the Company and nature of its business.
- (c) No substantial part of the fixed assets has been disposed off during the year.
- (ii) The Company is a service company, primarily rendering information technology services. Accordingly, it does not hold any physical inventories. Hence, paragraph 4(ii) of the Order, is not applicable.
- (iii) As informed, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register required to be maintained under Section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for the services rendered by the Company. Accordingly, paragraph 4(viii) of the Order is not applicable.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (xii) In our opinion and according to the information and explanations given to us, and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks and financial institutions, are not, prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, in our opinion, the funds raised on short term basis have, prima facie, not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act except employees stock options allotted to the directors of the Company as per Employees Stock Scheme approved by the shareholders of the Company.
- (xix) The Company has not issued any debentures in the recent past.
- (xx) The Company has not raised any money by public issues during the year, or in the recent past.
- (xxi) During the course of our examination of the books of accounts and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have been informed of such case by the management.

For Lodha & Company
Chartered Accountants

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

R P Baradiya
Partner
Membership No. 44101

S Krishnan
Partner
Membership No. 10962

Mumbai, April 24, 2009

3i INFOTECH LIMITED
BALANCE SHEET AS AT MARCH 31, 2009

		Rs. in Crores	
	Schedule	As at March 31, 2009	As at March 31, 2008
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
A. Share Capital	I	230.75	230.54
B. Reserves and Surplus	II	515.90	414.44
		746.65	644.98
2. Loan Funds:			
A. Secured Loans	III	257.16	72.09
B. Unsecured Loans	IV	1,263.82	1,153.78
		1,520.98	1,225.87
3. Premium payable on Redemption of FCCB		109.45	36.24
		2,377.08	1,907.09
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
A. Gross Block	V	542.75	290.50
B. Less : Depreciation		162.48	105.99
C. Net Block		380.27	184.51
D. Capital Work-in-Progress		71.89	64.87
		452.16	249.38
2. Investments	VI	1,455.42	1,204.36
3. Deferred Tax Asset (net)		24.64	24.71
4. Current Assets, Loans and Advances	VII		
A. Current Assets:			
a. Sundry Debtors		136.41	130.01
b. Unbilled Revenues		67.56	117.69
c. Cash and Bank Balances		99.15	37.06
d. Other Current Assets		37.33	24.72
		340.45	309.48
B. Loans and Advances			
		349.84	266.98
		690.29	576.46
Less: Current Liabilities and Provisions :	VIII		
A. Current Liabilities		190.79	91.37
B. Provisions		54.64	56.46
		245.43	147.83
Net Current Assets		444.86	428.64
		2,377.08	1,907.09
Significant Accounting Policies and Notes to Accounts	XIII		

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

As per our attached report of even date

For Lodha & Company
Chartered Accountants

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

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

S Santhanakrishnan
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, April 24, 2009

3i INFOTECH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		Rs. in Crores	
	Schedule	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME:			
Income from Operations	IX	527.24	447.27
Other Income	X	11.49	16.47
Total Income		538.73	463.74
EXPENDITURE:			
Operating, Selling and other expenses	XI	267.57	296.65
Total Expenditure		267.57	296.65
Profit before interest, depreciation/amortisation		271.16	167.09
Interest	XII	61.77	37.89
Depreciation and Amortisation		47.99	25.06
Profit before taxation		161.40	104.14
Provision for Taxes			
- Current Taxes		19.70	10.34
- Fringe Benefit Tax		1.81	1.83
- MAT credit entitlement		(19.67)	(10.32)
- Deferred Taxes (net)		0.55	1.61
- Pertaining to earlier years written off		0.40	0.24
Profit after taxation before exceptional items		158.61	100.46
Add : Exceptional income (Refer Note no.2.6 (a))		77.05	-
Less : Exceptional expenditure (Refer Note no.2.6 (b))		(51.09)	-
Profit after exceptional items		184.57	100.46
Add: Balance of profit brought forward		74.70	65.87
Less: Losses and amortisation of goodwill of merged subsidiaries (Refer note no.2.3.7)		-	4.95
Profit available for appropriation		259.27	161.37
Appropriations:			
General Reserve		9.00	10.10
FCCB Redemption Reserve		135.66	44.84
Proposed Dividend - Equity Shares		19.61	19.58
Residual Dividend paid		0.02	1.34

3i INFOTECH LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	For the year ended March 31, 2009	Rs. in Crores For the year ended March 31, 2008
Proposed Dividend - Preference Shares		1.03	1.04
Interim Dividend - Preference Shares		5.32	5.32
Corporate Dividend Tax		4.42	4.45
Balance carried over to Balance Sheet		84.21	74.70
		259.27	161.37
Earnings per Share			
Equity shares, par value Rs.10 each (Refer note no.2.14)			
Before Exceptional items			
Basic (Rs.)		11.57	7.37
Diluted (Rs.)		11.57	6.96
After Exceptional items			
Basic (Rs.)		13.55	7.37
Diluted (Rs.)		13.55	6.96

XIII

**Significant Accounting Policies
and Notes to Accounts**

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

As per our attached report of even date

For Lodha & Company
Chartered Accountants

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

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

S Santhanakrishnan
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, April 24, 2009

3i INFOTECH LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Rs. in Crores

	For the year ended March 31, 2009	For the year ended March 31, 2008
A Cash Flow from Operating Activities:		
Profit before taxation & exceptional items	161.40	104.14
Adjustments for:		
Depreciation / Amortization	47.99	25.06
Foreign exchange loss / (gain)	(6.30)	(1.52)
Loss / (Profit) on sale / discarding of fixed assets	1.00	0.21
Dividend income	(0.20)	(0.15)
Interest received	(2.54)	(13.22)
Interest paid	61.77	37.89
Credit balances / excess provision written back (net)	-	(0.17)
Provision for doubtful debts	13.76	16.06
Impairment of acquired software & losses on foreclosure of contracts	4.18	-
Operating Profit before Working Capital Changes	281.06	168.30
Adjustments for:		
Trade and Other Receivables	13.25	(215.44)
Trade Payables and Other Liabilities	92.73	273.50
	105.98	58.06
Cash generated from Operations	387.04	226.36
Income Taxes paid (including FBT)	(31.04)	(26.69)
Net cash from Operating Activities - A	356.00	199.67
B Cash Flow from Investing Activities:		
Purchase of fixed assets (Including Capital-Work-in-Progress & advances)	(262.37)	(122.95)
Sale of fixed assets	14.58	21.82
Purchase of Investments / application money ³	(228.42)	(139.02)
Investment/ transfer of shares in Subsidiary Companies / application money	(101.23)	(639.29)
Sale of Investments	147.19	114.14
Dividend received	0.20	0.15
Loans (given) / received back - Subsidiaries	0.14	(11.94)
Interest received	3.94	12.29
Net cash used in Investing Activities - B	(425.97)	(764.80)

3i INFOTECH LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
C Cash Flow from Financing Activities:		
Proceeds from issue of Equity Share Capital	1.21	6.22
Proceeds from Issue of Foreign Currency Convertible Bonds (FCCB)	-	562.50
Payment towards FCCB Buy Back (including advisory, legal, professional fee - Refer note no.2.6)	(127.03)	-
Share / FCCB Issue Expenses	-	(18.53)
Proceeds from/(Repayment of) borrowings - net	291.80	46.65
Dividends paid (including taxes)	(30.39)	(21.96)
Interest paid	(62.26)	(37.54)
Net Cash from Financing Activities - C	73.33	537.34
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	3.37	(27.79)
Cash and Cash Equivalents as at beginning²	32.66	60.45
Cash and Cash Equivalents as at end²	36.03	32.66

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.5.77 crores (as at Mar 31, 2008 - Rs. 4.40 crores) and monies lying in escrow account of Rs. 57.35 crores (as at Mar 31, 2008 - Rs. Nil) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.
- Includes amount paid for acquisition of equity for the year ended Mar 31, 2009:
 - Locuz Enterprise Solutions Ltd. - Rs.6.93 crores for the year ended Mar 31, 2009. (Refer note no.2.3.3)
 - FinEng Solutions Pvt. Ltd. - Rs.17.73 crores for the year ended Mar 31, 2009. (Refer note no.2.3.4)
 - aok In house BPO Services Ltd. - Rs.7.12 crores for the year ended Mar 31, 2009. (Refer note no.2.3.1)
 - Linear Financial & Management Systems Pvt. Ltd. - Rs.16.11 crores for the year ended Mar 31, 2009. (Refer note no.2.3.5)
- Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

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

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

As per our attached report of even date

For Lodha & Company
Chartered Accountants

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

For and on behalf of the Board

V Srinivasan
Managing Director & CEO

S Santhanakrishnan
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, April 24, 2009

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
I Share Capital		
Authorised		
300,000,000 Equity shares of Rs.10 each (as at Mar 31, 2008 - 300,000,000 of Rs.10 each)	300.00	300.00
200,000,000 6.35% Cumulative Preference shares of Rs. 5 each	100.00	100.00
	400.00	400.00
Issued, Subscribed & Paid - up		
130,750,946 Equity shares of Rs.10 each ¹ (130,535,185 Equity shares as at Mar 31, 2008) ¹	130.75	130.54
200,000,000 6.35 % Cumulative Preference shares of Rs. 5 each ²	100.00	100.00
	230.75	230.54
Notes		
1. Of the above, 84,788,331 Equity shares are allotted as fully paid-up Bonus shares (as at Mar 31, 2008 - 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
b. Securities Premium Account		
Balance as per last Balance Sheet	285.17	228.48
Add : Received on allotment of equity shares under ESOS	0.99	5.44
Add : On account of Conversion of FCCBs	-	170.81
Less : Utilised towards issue of bonus shares	-	64.79
Less : Utilised towards FCCB expenses	-	18.53
Less : Utilised towards Premium payable on redemption of FCCB	73.21	36.24
	212.95	285.17
c. General Reserve		
Balance as per last Balance Sheet	16.00	10.94
Add: Transfer from Profit and Loss Account	9.00	10.10
Less : Adjustment for employee benefits (Refer note no. 2.2)	-	7.63
Add: Deferred Tax on above adjustment	-	2.59
	25.00	16.00
d. Translation Reserve		
Adjusted against Profit and Loss Account balance	13.18	(6.32)
	(13.18)	6.32
	-	-

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
e. FCCB Redemption Reserve		
Balance as per last Balance Sheet	44.84	-
Add: Transfer from Profit and Loss Account	135.66	44.84
	<u>180.50</u>	<u>44.84</u>
f. Profit and Loss Account		
Balance as per annexed account	84.21	74.70
Translation reserve adjusted	13.18	(6.32)
	<u>97.39</u>	<u>68.38</u>
	<u>515.90</u>	<u>414.44</u>
III Secured Loans		
a. From Banks:		
Term Loans	143.94	49.34
Cash Credit	112.17	22.01
b. Other Bodies Corporate		
	1.05	0.74
	<u>257.16</u>	<u>72.09</u>

Notes

- Security and terms and conditions for Term Loans:
 - Rs.1.46 crores (as at Mar 31, 2008 - Rs. 1.19 crores) loan is secured by way of hypothecation on certain Company owned vehicles.
 - Rs.93.53 crores (as at Mar 31, 2008 - Rs. 48.88 crores) loan is secured/ to be secured by way of Equitable Mortgage of certain properties of the Company situated at Navi Mumbai & Mumbai.
 - Rs. 50 crores (as at Mar 31, 2008 - Rs. nil) loan is secured by way of hypothecation on certain movable project assets.
- Certain non-fund facilities of Rs.Nil crores (as at Mar 31, 2008 - Rs. 17.63 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)	672.79	669.48
Rupee Loans from banks*	588.54	484.30
Others	2.49	-
	<u>1,263.82</u>	<u>1,153.78</u>
*Repayable within one year	428.41	327.69

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS
V Fixed Assets

Rs. in Crores

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2008	Additions on Business Purchase/ Merger	Additions during the Year	Ded / Adj during the Year	As at Mar 31, 2009	Upto April 1, 2008	Additions on Business purchase / merger	Depreciation for the year	Ded / Adj during the Year	Upto Mar31, 2009	As at Mar 31, 2009	As at Mar 31, 2008
Intangible assets												
Goodwill	42.73	-	-	-	42.73	15.54	-	8.46	-	24.00	18.72	27.18
Software Products												
- Meant for sale	8.44	-	-	0.50	7.94	2.19	-	-	0.02	2.17	5.77	6.29
- Others	43.51	2.99	18.86	-	65.36	17.85	1.79	8.12	-	27.76	37.60	25.62
Business & Commercial Rights	44.62	-	-	-	44.62	20.14	-	3.81	-	23.95	20.67	24.48
Tangible assets												
Land - Leasehold	0.52	-	-	-	0.52	0.07	-	0.01	-	0.08	0.44	0.45
- Freehold	2.09	-	-	-	2.09	-	-	-	-	-	2.09	2.09
Buildings - Owned	0.77	-	-	-	0.77	0.25	-	0.01	-	0.26	0.51	0.51
- Leasehold	32.34	-	-	-	32.34	3.64	-	1.50	-	5.14	27.20	28.70
Leasehold Improvements	12.07	2.92	12.28	-	27.27	4.61	2.22	1.07	-	7.90	19.37	7.46
Plant & Machinery / Electrical Installations	16.17	0.11	1.89	-	18.17	6.23	0.11	0.73	-	7.07	11.10	9.94
Computers	40.23	3.37	22.42	0.14	65.88	24.50	2.63	4.57	0.02	31.68	34.20	15.74
Furniture & Fixtures	14.65	1.22	0.86	-	16.73	6.46	0.86	0.88	-	8.20	8.53	8.19
Office Equipment	5.57	1.11	0.54	-	7.22	1.55	0.88	0.31	-	2.74	4.48	4.02
Vehicles	5.99	0.13	1.60	0.27	7.45	1.18	0.06	0.62	0.02	1.84	5.61	4.81
Project Assets ^{as}	20.80	-	182.86	-	203.66	1.78	-	17.91	-	19.69	183.97	19.02
Total	290.50	11.85	241.31	0.91	542.75	105.99	8.55	47.99	0.06	162.48	380.27	184.51
Previous year	195.69	7.70	112.32	25.19	290.50	70.89	4.55	25.06	3.16	105.99	184.51	-
Capital work-in-progress (including Capital Advances)	64.87	-	170.56	163.54	71.89	-	-	-	-	-	71.89	64.87

Notes :

1 Buildings- Leasehold include:

- Rs.20.85 crores (as at Mar 31, 2008 Rs. 20.85 crores), Accumulated Depreciation - Rs.2.88 crores (as at Mar 31, 2008 Rs.2.53 crores) and Net Value Rs.17.97 crores (as at Mar 31, 2008 Rs.18.32 crores) being lease premium paid in respect of building taken on lease for sixty years.
- Rs.11.49 crores(as at Mar 31, 2008 Rs.11.49 crores), Accumulated Depreciation Rs.2.26 crores (as at Mar 31, 2008 Rs.1.11 crores) and Net Value Rs.9.23 crores(as at Mar 31, 2008 Rs.10.38 crores) being lease premium paid in respect of building taken on lease for ninety nine years.

2* 'Project assets' include 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 relevant agreements. The details whereof are as under:

- Computers of Rs.107.25 crores (as at Mar 31, 2008 Rs. 16.54 crores), Accumulated Depreciation - Rs.11.61 crores (as at Mar 31, 2008 Rs.1.78 crores) and Net Value Rs.95.64 crores (as at Mar 31, 2008 Rs.14.76 crores).
- Plant & Machinery / Electrical Installations of Rs.78.92 crores (as at Mar 31, 2008 Rs. 3.98 crores), Accumulated Depreciation - Rs.6.50 crores (as at Mar 31, 2008 Rs. 0.00 crores) and Net Value Rs.72.42 crores (as at Mar 31, 2008 Rs.3.98 crores).
- Furniture & Fixtures of Rs.17.49 crores (as at Mar 31, 2008 Rs. 0.28 crores), Accumulated Depreciation - Rs.1.58 crores (as at Mar 31, 2008 Rs.0.00 crores) and Net Value Rs.15.91 crores (as at Mar 31, 2008 Rs. 0.28 crores).

3 Capital work- in- progress comprise

- advance towards project Assets Rs.70.36 crores (as at Mar 31, 2008 Rs. 54.45 crores)
- others Rs.1.53 crores (as at Mar 31, 2008 Rs.10.42 crores)

\$ Interest cost capitalized during the year Rs.6.46 crores (as at Mar 31, 2008 Rs.0.71 Crores)

Rs. 0.00 crores denotes figures less than Rs. 50000

3i INFOTECH LIMITED**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS****Rs. in Crores**

	As at March 31, 2009	As at March 31, 2008
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
1,649,438 Equity shares of GBP 1 each of 3i Infotech (UK) Ltd. ² , U.K.	230.30	173.73
2,197,953,620 Ordinary Shares of MUR 1 each of 3i Infotech Holdings Pvt. Ltd., Mauritius (as at Mar 31,2008 - 2,197,953,620 shares)	296.22	296.22
500 Shares of SR 1,000 each of 3i Infotech Saudi Arabia LLC., Saudi Arabia	0.67	0.67
204,000 Equity Shares of Rs. 10 each fully paid up of Delta Services (I) Pvt. Ltd., India	10.19	10.19
5,569,762 Equity Shares of Rs. 10 each fully paid up of 3i Infotech Trusteeship Services Ltd., India	0.01	0.01
51,000 Equity Shares of Rs. 10 each fully paid up of Stex Software Pvt. Ltd., India (as at March 31, 2008 - 51,000 shares)	9.56	9.56
152,600 Equity Shares of Rs. 10 each fully paid up of E-Enable Technologies Pvt. Ltd., India (as at March 31, 2008 - 152,600 shares)	12.27	12.27
15,759 Equity Shares of Rs. 100 each fully paid up of aok BPO Services Pvt. Ltd., India (as at March 31, 2008 - 15,605 shares)	7.12	3.49
26,852 Equity Shares of Rs. 10 each fully paid up of aok In-house Factoring Services Pvt. Ltd., India (as at March 31, 2008 - 26,590 shares)	2.47	2.47
50,000 Equity Shares of Rs. 10 each fully paid of KNM Services Pvt. Ltd., India (as at March 31, 2008 - 50,000 shares)	2.92	2.92
26,996 Equity Shares of Rs. 10 each fully paid of HCCA Business Services Pvt. Ltd., India (as at March 31, 2008 - 26,996 shares)	4.59	4.59
1,040,000 Equity Shares of Rs. 10 each fully paid of Taxsmile.com India Pvt. Ltd. [#] , India (as at March 31, 2008 - 1,040,000 shares)	2.08	2.08

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
50,122 Equity Shares of Rs. 10 each fully paid of Linear Financial & Management Systems Pvt. Ltd., India (as at March 31, 2008 - 29,822 shares)	16.11	9.32
347,630 Equity Shares of Taka 10 each fully paid of 3i Infotech Services(Bangladesh) Pvt. Ltd., India (as at March 31, 2008 - 347,630 shares)	0.20	0.20
100,000 Equity Shares of Rs. 10 each fully paid of 3i Infotech Consultancy Services Ltd. ³ , India	0.10	-
260,000 Equity Shares of Rs. 10 each fully paid of Locuz Enterprise Solutions Ltd. ^{4#} , India	6.93	-
60,165 Equity Shares of Rs. 10 each fully paid of FinEng Solutions Pvt. Ltd. ⁵ , India	17.73	-
162,195 Equity Shares of Rs. 10 each fully paid of J & B Software India Pvt. Ltd. ⁶	0.47	-
5,000,000 Equity Shares of Rs. 10 each fully paid of 3i Infotech Consumer Services Limited. ³ , India	5.00	-
2,500,000 Equity Shares of Rs. 10 each fully paid of 3i Infotech Insurance & Re-Insurance Brokers Ltd. ³ , India	2.68	-
14,518,699 Redeemable Convertible Preference Shares of GBP 1 each of 3i Infotech (UK) Ltd., UK (as at March 31, 2008 - 14,518,699 shares)	107.67	115.72
Redeemable Convertible Preference Shares of 3i Infotech Holdings Pvt. Ltd., Mauritius:		
494,954,680 Series A - Redeemable Convertible Preference Shares of MUR 1 each (as at March 31, 2008 - 494,954,680 shares)	80.47	73.70
541,885,200 Series B - Redeemable Convertible Preference Shares of MUR 1 each (as at March 31, 2008 - 541,885,200 shares)	105.75	80.69
2,682,600,000 Series C - Redeemable Convertible Preference Shares of MUR 1 each (as at March 31, 2008 - 2,682,600,000 shares)	523.50	399.45
In Joint Venture	3.33	-
Elegon Infotech Limited,China ⁷		

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
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
National Savings Certificates [§]	0.00	0.00
Aggregate Value Of Unquoted Investments	1,455.42	1,204.36

Notes

1. During the year, the Company has purchased 147,186,601 units (for the year ended Mar 31, 2008 - 114,138,091) and sold 147,186,601 (for the year ended Mar 31, 2008 - 114,138,091) 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. Established during the year, representing 100% of the holding
 4. Acquired during the year, representing 26% of the holding
 5. Acquired during the year, representing 51% of the holding
 6. Transferred from 3i Infotech Inc, USA, representing 100% of the holding
 7. Joint Venture established during the year, representing 51% of the holding
- # 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 March 31, 2009	As at March 31, 2008
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 *	4.01	3.91
(net of doubtful debts provided for Rs.45.57 crores; as at Mar 31, 2008 - Rs.37.31 crores)		
- Other debts *	132.40	126.10
(net of doubtful debts provided for Rs.3.03 crores; as at Mar 31, 2008 - Rs.1.42 crores)		
	136.41	130.01
*Includes amount due from subsidiary companies.	70.65	52.64
b) Unbilled Revenues	67.56	117.69
c) Cash and Bank Balances :		
i. Cash on hand	0.05	0.03
ii. Balances with scheduled banks:		
in current accounts *	33.82	26.62
in EEFC accounts [§]	0.54	0.57
in deposit accounts	0.04	0.04
in margin money accounts***	2.69	2.96
	37.09	30.19
iii. Balances with Non-scheduled banks:		
in current accounts		
with HSBC Bank, Dubai, UAE [§]	0.00	0.01
(Maximum balance held at any time during the year Rs.0.01 crores; for the year ended Mar 31, 2008 - Rs. 0.01 crores)		
with HSBC Bank, Deira, UAE [§]	0.00	0.42
(Maximum balance held at any time during the year Rs.0.30 crores; for the year ended Mar 31, 2008 - Rs. 1.72 crores)		
with Commerz Bank, Germany	0.05	0.03
(Maximum balance held at any time during the year Rs.0.05 crores; for the year ended Mar 31, 2008 - Rs. 0.10 crores)		
with Emirates Bank International, Dubai, UAE	1.52	4.94
(Maximum balance held at any time during the year Rs.9.18 crores; for the year ended Mar 31, 2008 - Rs. 24.89 crores)		

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in Crores

	As at March 31, 2009	As at March 31, 2008
in margin money accounts :***		
with Emirates Bank International, Dubai, UAE (Maximum balance held at any time during the year Rs.0.53 crores; for the year ended Mar 31, 2008 - Rs 2.08 crores)	3.09	1.44
in escrow accounts	57.35	-
with Citi Bank Hongkong (Maximum balance held at any time during the year Rs.69.58 crores; for the year ended Mar 31, 2008 - Rs Nil)		
	<u>62.01</u>	<u>6.84</u>
	<u>99.15</u>	<u>37.06</u>
d) Other Current Assets		
Project/Intellectual Property Rights Assets Receivable	37.33	23.32
Interest Receivable on bank deposits	-	1.40
	<u>37.33</u>	<u>24.72</u>
	<u>340.45</u>	<u>309.48</u>
	7.53	12.07
* Includes cheques on hand and remittances in transit		
*** Towards performance guarantees		
\$ Rs. 0.00 crores denotes figures less than Rs.50,000		
B Loans and Advances		
(Unsecured, considered good)		
Loans :		
To subsidiary companies	14.06	14.19
To others (including employees)	-	0.01
Advance against Share Capital to subsidiaries (Share Application Money)	79.23	-
Advance tax and tax deducted at source (net of provisions of Rs.36.70 crores; as at Mar 31, 2008 - Rs.16.81 crores)	37.08	30.19
MAT credit receivable	32.69	11.27
Service tax recoverable	6.27	7.23
VAT recoverable	1.46	3.82
Deposits	49.39	45.01
Advances recoverable from subsidiary companies	90.69	107.30
Other advances recoverable in cash or in kind or for value to be received	38.97	47.96
	<u>349.84</u>	<u>266.98</u>
	<u>690.29</u>	<u>577.40</u>

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in Crores	
	As at	As at
	March 31, 2009	March 31, 2008
VIII Current Liabilities and Provisions		
A Current Liabilities*		
Acceptances	9.65	-
Sundry creditors		
(Refer note no.2.4 for dues to Micro, Small and Medium Enterprises)		
- Trade	140.01	71.81
- others	4.96	0.49
Advances received from Customers (including unearned income)	4.43	2.98
Interest accrued but not due	-	0.50
Other liabilities	31.74	15.59
	190.79	91.37
B Provisions		
Provision for Employee benefits	23.91	15.21
Provision for warranty	6.59	5.11
Provision for Contingencies	-	12.01
Proposed dividend (including tax thereon)	24.14	24.13
	54.64	56.46
	245.43	147.83

* There are no amounts payable to Investors Education and Protection Fund

3i INFOTECH LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

Rs. in Crores

	For the year ended March 31, 2009	For the year ended March 31, 2008
IX Income from Operations		
Software Products	130.03	167.99
IT Services	309.87	190.60
Transaction Services	87.34	88.68
	<u>527.24</u>	<u>447.27</u>
X Other Income		
Interest (Gross, TDS - Rs.0.37 crores; previous year Rs 0.15 crores)	2.54	13.22
Dividend - on current investments (Non Trade)	0.20	0.15
Credit balances / excess provision written back (net)	-	0.17
Foreign exchange gain/ (loss) - net	6.30	1.52
Miscellaneous income	2.45	1.41
	<u>11.49</u>	<u>16.47</u>
XI Operating, Selling and other expenses		
Salaries, bonus and other allowances	177.48	165.59
Contribution to provident and other funds	17.20	12.31
Staff welfare expenses	15.77	11.11
Recruitment and training expenses	4.30	5.13
Cost of third party products/outsourced services	103.85	81.87
Rent	49.96	34.95
Insurance	3.90	2.75
Travelling and conveyance	29.71	22.01
Electricity Charges	10.61	9.24
Rates and taxes	2.28	2.17
Communication expenses	10.75	8.24
Directors sitting fees	0.13	0.15
Loss on sale/discarding of fixed assets (net)	1.00	0.21
Printing and stationery	2.49	1.76
Repairs and maintenance - building	0.90	0.49
Legal and professional charges	3.32	1.51
Bank charges and other financial charges	2.94	2.68
Selling and distribution expenses	1.97	3.22
Directors' commission	0.70	1.21
Bad debts written off	6.65	0.58
Less - Provision withdrawn	(6.65)	(0.58)
Provision for doubtful debts	13.76	16.06

3i INFOTECH LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
Impairment of acquired software & losses on foreclosure of Contracts (net of reversal of contingency provision of Rs. 12.01 crores)	4.18	-
Miscellaneous expenses	13.49	10.19
	470.69	392.85
Less : Re-imburement of costs by subsidiary companies	(203.12)	(96.20)
	267.57	296.65
XII Interest		
- On term loans	58.56	35.72
- Others	3.21	2.17
	61.77	37.89

3i INFOTECH LIMITED

XIII SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 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 excess of billing over the revenue recognized in respect of a customer is classified as unearned revenue.

1.5a. 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 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.

In respect of integral foreign operations - (a) income and expenses are recorded at the average rates during the accounting year; (b) monetary items are translated at the exchange rates prevailing at the balance sheet date; and (c) non-monetary items like fixed assets, are recorded at the exchange rate on the date of the transaction. The resultant exchange differences are recorded in the Profit & Loss account.

1.9 Accounting of Employee Benefits

Employee Benefits in India

a) Gratuity

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

b) Superannuation

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

c) Provident fund

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

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

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

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

Employee Benefits in Foreign Branch

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

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

1.10 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

1.11 Borrowing Costs

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

1.12 Impairment of Assets

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

1.13 a) Securities issue expenses

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 extraordinary/exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares which includes potential FCCB conversions. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

2 NOTES TO ACCOUNTS

2.1 Capital commitments and contingent liabilities

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
Capital Commitments*:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	66.02	14.65
Contingent Liabilities not provided for in respect of:-		
Outstanding guarantees **	488.72	31.48
Premium on redemption of FCCB (Refer Note no 2.5)	165.21	236.87
Estimated amount of claims against the Company not acknowledged as debts in respect of:		
- Disputed Income tax matters	2.74	1.73
- Customer Claims	19.27	-
- Others***	0.74	0.54

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

** Includes Rs. 443.48 Crores to be secured by way of equitable mortgage of certain properties of the Company subject to prior charges created in favour of term lenders (as at Mar 31, 2008 - Rs. nil).

***Includes expenses of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of Rs. 0.34 Crores (as at Mar 31, 2008 - Rs.0.13 Crores).

2.2 Employee Benefit Plans

Effective April 1, 2007 the Company adopted the revised Accounting Standard (AS) 15 on Employee Benefits. Pursuant to the adoption, the transitional obligation i.e. for the period up to March 31, 2007 amounted to Rs. 7.63 Crores (net of deferred tax of Rs. 2.59 Crores) with respect to gratuity and leave encashment/entitlement. As provided by the standard, such obligation has been adjusted to the opening balance of General Reserve.

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

Change in benefit obligation	For the year ended March 31, 2009	For the year ended March 31, 2008
Obligation at the beginning of the year	9.35	8.51
Interest cost	0.77	0.72
Current Service cost	5.04	1.36
Benefits paid	(0.77)	(0.55)
Actuarial (gain)/loss in obligations	(1.27)	(0.69)
Obligation at year end	13.12	9.35

Rs. in Crores

Change in Fair value of plan assets	For the year ended March 31, 2009	For the year ended March 31, 2008
Fair value of plan assets at the beginning of the year	2.63	2.42
Expected return on the plan assets	0.22	0.21
Contributions by the employer	1.79	0.53
Benefits paid	(0.77)	(0.55)
Actuarial gain/(loss) on plan assets	0.04	-
Fair value of plan assets at year end	3.91	2.61

Rs. in Crores

Expenses recognized in Profit & Loss Account	For the year ended March 31, 2009	For the year ended March 31, 2008
Current service cost	5.04	1.36
Interest cost	0.77	0.72
Expected return on plan assets	(0.22)	(0.21)
Net actuarial (gain)/loss recognized during the year	(1.31)	(0.69)
Expenses recognized in Profit & Loss account	4.28	1.18

Rs. in Crores

Reconciliation of Present Value of the obligation and the Fair value of the plan assets	As at March 31, 2009	As at March 31, 2008
Liability at year end	13.12	9.35
Fair value of plan assets at year end	3.91	2.61
Liability recognized in the balance sheet	9.21	6.74

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

The liability recognized with respect to leave encashment/entitlement in the balance sheet as on Mar 31, 2009 is Rs.7.53 Crores (as on Mar 31, 2008 - Rs. 4.61 Crores).

The liability recognized with respect to Gratuity in the balance sheet in respect of Dubai branch as on Mar 31, 2009 is Rs.7.16 Crores (as on Mar 31, 2008 - Rs. 3.85 Crores).

- 2.3.1** In May 2007, the Company had entered into a share purchase agreement with the owners of aok In-house BPO Services Limited, New Delhi, to acquire the 15,605 shares (representing 50.5% of the paid up equity capital of aok In-house BPO Services Limited, New Delhi) for a consideration of Rs. 3.48 Crores along with a commitment to acquire the balance 0.50% of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement. In June 2008, the Company acquired the balance 0.50% of the paid up capital for a consideration of Rs. 3.64 Crores.
- 2.3.2** In May 2007, the Company entered into a share purchase agreement with the owners of aok In-house Factoring Services Pvt. Limited, New Delhi, to acquire the 5,318 shares (representing 50.5% of the paid up equity capital of aok In-house Factoring Services Pvt. Limited, New Delhi) for a consideration of Rs. 2.46 Crores along with a commitment to acquire the balance 0.50% of the paid up capital at a future date for additional consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement. In June 2008, the Company acquired the balance 0.50% of the paid up capital at face value of the Equity Shares.
- 2.3.3** 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.
- 2.3.4** 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 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** In December 2007, the Company entered into a share purchase agreement with the owners of Linear Financial and Management Systems Pvt. Limited, New Delhi to acquire the 16,386 shares (representing 59.50% of the paid up equity capital of Linear Financial and Management Systems Pvt. Limited) for a consideration of Rs. 9.32 Crores along with a commitment to acquire the 40.5 % of the paid up capital as per the terms defined in the agreement. In July 2008 the Company has determined and paid the additional consideration of Rs. 6.79 Crores and has acquired the balance 40.5% of the paid up capital.
- 2.3.6** In June 2008, the Company entered into business purchase agreement with J&B Software India Private Limited, Chennai (J&B). The Profit and Loss Account for the period also includes transactions carried on by J&B on behalf of the Company from June 01, 2008 to June 30, 2008. The Company had acquired / assumed the following assets and liabilities at their respective book values as appearing in J&B books as at May 31, 2008:

	(Rs. in Crores)
Fixed Assets	11.83
Accumulated Depreciation	(8.54)
Deferred Tax Asset	0.48
Net Current Assets	3.92
Unsecured loans	(0.02)

Net Assets	7.67

2.3.7 (a) Effective April 1, 2006 the Company merged its 100% subsidiary SDG Software Technologies Limited after obtaining the requisite approval in the month of December 2007. Accordingly the following assets and liabilities have been accounted for under the Pooling of Interest Method as prescribed in the AS -14 "Accounting Amalgamation" and included in the corresponding assets and liabilities of the Company:

	(Rs. in Crores)
Fixed Assets	3.55
Accumulated Depreciation	(1.53)
Deferred Tax Liability	(0.05)
Net Current Assets	0.34

Net Assets	2.31

On cancellation of investment of Rs. 16 Crores against the aforesaid net assets, Rs. 13.69 Crores has been accounted for as Goodwill. The loss and goodwill amortized of Rs. 1.92 Crores and Rs. 2.74 Crores, respectively for the year from April 1, 2006 to March 31, 2007 has been adjusted against the opening balance of the Profit & Loss Account.

(b) Effective May 10, 2006 the Company merged its 100% subsidiary Datacons Private Limited after obtaining the requisite approval in the month of January 2008. Accordingly the following assets and liabilities have been accounted for under the Pooling of Interest Method as prescribed in the AS -14 "Accounting for Amalgamation" and included in the corresponding assets and liabilities of the Company:

	(Rs. in Crores)
Fixed Assets	4.15
Accumulated Depreciation	(3.02)
Deferred Tax Asset	0.26
Net Current Assets	6.91

Net Assets	8.30

On cancellation of investment of Rs. 35.54 Crores against the aforesaid net assets, Rs. 27.24 Crores has been accounted for as Goodwill. The profit and goodwill amortized of Rs. 4.69 Crores and Rs 4.99 Crores, respectively for the period from May 10, 2006 to March 31, 2007 has been adjusted against the opening balance of the Profit & Loss Account.

2.4 As at March 31 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 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 -				
Mar 31, 2009	29.80 million	15.00 million	NIL	NIL
Mar 31, 2008	29.80 million	15.00 million	NIL	NIL
Bought back as at -				
Mar 31, 2009	NIL	NIL	4.00 million	25.13 million
Mar 31, 2008	NIL	NIL	NIL	NIL
Contingent premium payable - (Rs. in crores)				
as at Mar 31, 2009	19.92	NIL	41.83	103.46
as at Mar 31, 2008	35.57	NIL	54.78	146.52

* Subject to certain criteria as per offer document.

2.6 (a) During the year, the Company has bought back and cancelled FCCBs (out of the third and the fourth issues) of face value of 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. 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. 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

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 March 31, 2009	As at March 31, 2008
Assets	22.27	-
Liabilities	21.68	-

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
Income	0.50	-
Expense	4.71	-

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
Contingent Liability	-	-
Capital Commitments	-	-

2.8 Income for the year includes Rs. 37.29 Crores (for the year ended Mar 31, 2008 Rs. Nil) 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.

2.9 **Managerial Remuneration:**

a) Whole-time Directors *

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
Salaries (including Company contribution to Provident and Superannuation funds)	5.50	2.85
Estimated value of perquisites and allowances	0.01	0.02

* 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) Non Whole-time Directors

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
Commission	0.70	1.21
Sitting fees	0.14	0.15

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

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
Profit After Taxation after exceptional items as per Profit and Loss Account	184.57	100.46
Add: Provision for Current taxes under Income Tax Act, 1961	2.24	2.08
Directors Commission	0.70	1.21
Net Profit to ascertain commission payable to Director	187.51	103.75
Add: Directors Remuneration	5.50	2.87
Directors Sitting Fees	0.14	0.15
Net Profit to ascertain remuneration to Directors	193.15	106.76
Percentage of Commission payable to Non whole time directors*	0.37%	1.17%
Percentage of Remuneration paid to Directors	2.85%	2.69%

*Central Government's approval vide No 1/392/2005-CLVII date January 17 2006, was obtained for payment in excess of 1%.

2.10 Leases:

a) Operating Lease:

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

	Rs. in Crores	
	As at March 31, 2009	As at March 31, 2008
- within one year	38.39	42.90
- later than one year and not later than five years	17.71	37.45
- 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 March 31, 2009	As at March 31, 2008
- within one year	25.74	17.36
- later than one year and not later than five years	43.97	35.02
- later than five years	-	-

b. Financial Lease:

There were no financial leases entered into by the Company.

2.11 Auditors' Remuneration:

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
Audit Fees	0.73	0.45
Tax Audit Fees	0.07	0.05
Certification Fees	0.13	0.02
Re-imbusement of out of pocket expenses	0.18	0.02
Service Tax	0.14	0.06
Total	1.25	0.60

2.12 Cost of third party products/outsourced services includes:

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
IT Outsourced Cost	29.49	21.09
Commission on sales	0.81	4.78
Infrastructure Charges	11.03	19.59
Transaction Processing Charges	13.84	6.93
Non IT - Outsourced cost	15.07	6.71
Purchases – Hardware/Software	23.24	11.61
Repairs & Maintenance – Computers	3.54	4.61
Non IT Facilities Management Rent & Office Expenses	6.83	6.55
Total	103.85	81.87

2.13 Deferred taxation:

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

	Rs. in Crores	
	As at March 31, 2009*	As at March 31, 2008*
Deferred Tax Asset:		
Unabsorbed losses/depreciation	33.73	19.45
Expenses allowable on payment and others (including provision for doubtful debts)	25.92	18.94**
	59.65	38.39
Deferred Tax Liability:		
Fixed Assets (depreciation/amortization)	35.01	13.68
Net Deferred Tax Liability/(Asset)	(24.64)	(24.71)

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

** Deferred tax asset of Rs. 2.59 Crores created on the employee benefits pertaining to earlier years is adjusted against general reserve(Refer note no. 2.2).

2.14 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 year ended March 31, 2009	For the year ended March 31, 2008
Profit as per accounts (Rs. in Crores)		158.61	100.46
Less: Dividend on preference shares paid (incl. Corporate taxes)		(6.21)	(6.20)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes)		(1.22)	(1.22)
Profit attributable to Equity Shareholders before exceptional items (Rs. in Crores)	A	151.18	93.04
Add: Profit due to Exceptional items (after considering provision for contingency) (Rs. in Crores)		25.96	-
Profit attributable to Equity Shareholders after exceptional items (Rs. in Crores)	B	177.14	93.04
Weighted average number of Equity Shares outstanding during the year (Nos.)	C	130,696,488	126,267,212
Add : Effect of dilutive issues of options (Nos.)		-	7,394,738
Diluted weighted average number of Equity Shares outstanding during the year (Nos.)	D	130,696,488	133,661,950
Nominal value of Equity Shares (Rs.)		10	10
Basic EPS (Rs.)	A/C	11.57	7.37
Diluted EPS (Rs.)	A/D	11.57	6.96
After exceptional items			
Basic EPS (Rs.)	B/C	13.55	7.37
Diluted EPS (Rs.)	B/D	13.55	6.96

2.15 Employee Stock Option Plan

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

Method used for accounting for the share based payment plan:

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

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

	As at March 31, 2009		As at March 31, 2008	
	Options	Weighted average exercise price (Rs.)	Options	Weighted average exercise price (Rs.)
Options outstanding at beginning of the year	24,051,354	104.20	7,086,547	70.85
Granted during the year	5,000,000	116.00	6,662,000	139.32
Bonus issue during the year	-	-	11,561,752	100.97
Exercised during the year	(215,761)	56.02	(773,785)	58.97
Forfeited/lapsed during the year	(2,498,467)	119.88	(485,160)	94.23
Options outstanding at end of the year*	26,337,126	105.35	24,051,354	104.20
Vested options pending exercise	11,710,899	81.10	7,884,350	59.16

* Includes 3,587,000 options granted to managing director/whole time directors and non-executive directors (for the year ended March 31, 2008 3,212,000 options).

Weighted average market price of the shares with respect to stock options exercised during the year ended March 31, 2009 is Rs. 75.68 (for the year ended March 31, 2008 Rs. 138.53).

The following summarizes information about stock options outstanding:

As at Mar 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

As at Mar 31, 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	5,775,790	7	48.85
Rs. 57 to Rs. 150	18,275,564	9	121.70

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 March 31, 2009	As at March 31, 2008
Dividend yield	1.72%	1.39%
Expected volatility	10% - 27.50%	10% - 19.60%
Risk-free interest rate	6.32% - 8.25%	6.32% - 8.25%
Expected life of Option	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 year ended March 31, 2009	For the year ended March 31, 2008
Profit attributable to Equity Shareholders	151.18	93.04
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock based compensation expense determined under fair value based method	8.03	7.15
Net Profit :	143.15	85.89
Basic earning per share (as reported)	11.57	7.37
Basic earning per share (under fair value method)	10.95	6.80
Diluted earning per share (as reported)	11.57	6.96
Diluted earning per share (under fair value method)	10.95	6.43

2.16 Amount of exchange difference (net) credited to Profit & Loss account during the year ended March 31, 2009 is Rs.6.30 Crores (for the year ended March 31, 2008 credited Rs. 1.52 Crores).

2.17 Related Party Transactions:

1. The parties where control exists -

Foreign Subsidiaries -

Sr No.	Name of Subsidiary	Country of Incorporation
1	3i Infotech Inc.	USA
2	3i Infotech Asia Pacific Pte Ltd.	Singapore
3	3i Infotech SDN BHD	Malaysia
4	3i Infotech UK Ltd.	UK
5	3i Infotech (Thailand) Ltd.	Thailand
6	3i Infotech Consulting Inc.	USA
7	Datacons Asia Pacific SDN BHD	Malaysia
8	3i Infotech (Western Europe) Holdings Ltd.	UK
9	3i Infotech (Western Europe) Group Ltd.	UK
10	3i Infotech (Western Europe) Ltd.	UK
11	Rhyme Systems Ltd.	UK
12	3i Infotech Holdings Pvt. Ltd.	Mauritius
13	3i Infotech Saudi Arabia LLC.	Saudi Arabia
14	3i Infotech Financial Software Inc.	USA
15	3i Infotech (Africa) Ltd.	Kenya
16	Professional Access Ltd.	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

Sr No.	Name of Subsidiary	Country of Incorporation
21	Black Barret Holdings Ltd.	Cyprus
22	Objectsoft Group Inc.	USA
23	Exact Technical Services Ltd.	UK
24	3i Infotech Framework Ltd.	UK
25	3i Infotech (Australia) Pty Ltd.	Australia
26	3i Infotech Services (Bangladesh) Pvt. Ltd.	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	Objectsoft Global Services Inc.	USA
36	Regulus Holdings Inc.	USA

Indian Subsidiaries -

Sr No.	Name of Subsidiary
1	Delta Services (I) Pvt. Ltd.
2	3i Infotech Trusteeship Services Ltd., (earlier G4 Software Solutions (India) Ltd.)
3	E-Enable Technologies Pvt. Ltd.
4	aok In-house BPO Services Ltd.
5	aok In-house Factoring Services Pvt. Ltd.
6	KNM Services Pvt. Ltd.
7	Professional Access Software Development Pvt. Ltd.
8	HCCA Business Services Pvt. Ltd.
9	Manipal Informatics Pvt. Ltd.
10	Taxsmile.com India Pvt. Ltd.
11	Linear Financial and Management Systems Pvt. Ltd.
12	J&B Software (India) Pvt. Ltd.
13	3i Infotech Consumer Services Ltd.
14	FinEng Solutions Pvt. Ltd.
15	Locuz Enterprise Solutions Ltd.
16	3i Infotech Consultancy Services Ltd.
17	Stex Software Pvt. Ltd.
18	Access Matrix Technologies Pvt. Ltd.
19	Antariksh Interactives Pvt. Ltd.
20	3i Infotech Insurance & Reinsurance Brokers Ltd.

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

Joint Venture - Elegon Infotech Limited, China

Associates - Nile Information Technologies, Egypt

Directors / Key Management Personnel: Mr. V Srinivasan (Managing Director & Chief Executive Officer), Mr. Hariharan Padmanabhan (Deputy Managing Director till 15th May08), Mr. Amar Chintopanth (Executive Director & CFO), Mr. Anirudh Prabhakaran (Executive Director & President - South Asia from 25th April08).

The following transactions were carried out during the year:

Rs. in Crores

	For the year ended March 31, 2009	For the year ended March 31, 2008
Subsidiaries – 3i Infotech Inc		
Income	21.63	20.37
Rent Expense	0.50	0.49
Financial guarantees released	24.99	-
Subsidiaries – 3i Infotech Holdings Private Limited, Mauritius		
Investment in Equity shares	-	493.53
Investment in Equity shares bought back	-	539.49
Investment in Redeemable Convertible Preference Shares	-	553.84
Advances given/(repaid)	(16.50)	16.50
Corporate guarantee given	-	-
Subsidiaries – 3i Infotech (UK) Limited and its subsidiaries		
Income	1.33	3.31
Investment in Equity Shares	56.57	-
Investment in Redeemable Convertible Preference Shares	-	115.70
Advances given/(repaid)	(53.77)	53.76
Subsidiaries – Delta Services (I) Private Limited		
Interest Income	0.22	0.07
Purchase of Services	3.46	8.21
Income	4.03	-
Advances given/(repaid)	(3.72)	4.55
Loan granted/(repaid)	(0.07)	0.67
Corporate guarantee given	16.55	-
Subsidiaries – 3i Infotech (Middle East) FZ LLC		
Income	27.47	16.48
Advances given/(repaid)	44.46	28.70
Subsidiaries – Taxsmile.com India Private Limited		
Interest income	0.96	3.24
Income	1.23	0.32
Loans granted/(repaid)	5.74	4.50
Joint Venture – Elegon Infotech Limited		
Income	0.06	-
Investment in Equity Shares	3.33	-

Rs. in Crores

	For the year ended March 31, 2009	For the year ended March 31, 2008
Transfer of IPR	37.29	-
Share Application Money	1.25	-
Subsidiaries – Others		
Income	18.17	12.74
Interest Income	0.84	0.31
Purchase of services	34.61	5.09
Loans granted/(repaid)	(8.91)	7.16
Investment made/(transferred)	18.57	0.19
Advances given/(repaid)	10.69	7.95
Directors, Key Management Personnel and their relatives		
Remuneration / fees	5.51	2.87
Expenses	0.65	0.03

Rs. in Crores

	Outstanding balance as at March 31, 2009	Outstanding balance as at March 31, 2008
Subsidiaries - 3i Infotech Inc		
Financial guarantees outstanding	28.70	29.96
Sundry Debtors	-	43.15
Sundry Creditors	55.76	-
Corporate guarantees outstanding	443.48	7.99
Subsidiaries - 3i Infotech Holdings Private Limited, Mauritius		
Investment in Equity Shares	296.22	296.22
Other Advances	-	16.50
Investment in Redeemable Convertible Preference Shares	709.92	553.84
Corporate guarantees outstanding	422.60	-
Sundry Debtors	0.92	-
Subsidiaries - 3i Infotech (UK) Limited and its subsidiaries		
Investment in Equity Shares	230.30	173.72
Other Advances	-	53.76
Investment in Redeemable Convertible Preference Shares	107.67	115.70
Sundry Creditors	2.53	-
Subsidiaries - Delta Services (I) Private Limited		
Investment in Equity Shares	10.19	10.19
Sundry Creditors	-	3.39
Loan Granted	0.79	0.86
Sundry Debtors	-	1.00
Other Advances	2.82	6.54

Rs. in Crores

	Outstanding balance as at March 31, 2009	Outstanding balance as at March 31, 2008
Corporate guarantees outstanding	16.55	-
Subsidiaries - 3i Infotech (Middle East) FZ LLC		
Other Advances	73.16	28.70
Subsidiaries - Taxsmile.com India Private Limited		
Investment in Equity Shares	2.08	2.08
Loan Granted	10.24	4.50
Sundry Creditors	-	0.42
Advances	2.23	-
Joint Venture - Elegon Infotech Limited		
Investment in Equity Shares	3.33	-
Other Receivables	41.03	-
Share Application Money	1.25	-
Subsidiaries – Others		
Investment in Equity Shares	71.05	52.48
Loan Granted	3.03	7.88
Other Advances	12.47	1.77
Sundry Debtors	28.69	8.47
Sundry Creditors	9.62	0.90

3. Related party as identified by the management and relied upon by the auditor.

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

5. Maximum balances due from the above parties:

Rs. in Crores

	Maximum balance outstanding during the year ended March 31, 2009	Maximum balance outstanding during the year ended March 31, 2008
Loans		
a. Taxsmile.com India Private Limited	18.40	4.50
b. Delta Services (I) Private Limited	1.12	-
c. HCCA Business Services Private Limited	0.60	-
d. Linear Financial & Management Systems Private Limited	0.48	-
e. aok In-house BPO Services Limited	4.15	-
f. aok In-house Factoring Services Private Limited	0.50	-
g. Professional Access Software Development Private Limited	4.36	-
Other Advances		
a. 3i Infotech Holdings Private Limited	88.56	30.89
b. 3i Infotech Trusteeship Private Limited	1.65	0.12
c. 3i Infotech (UK) Limited	120.15	0.15

Rs. in Crores

	Maximum balance outstanding during the year ended March 31, 2009	Maximum balance outstanding during the year ended March 31, 2008
d. 3i Infotech (Middle East) FZ LLC	174.51	93.40
e. HCCA Business Services Private Limited	1.54	1.20
f. KNM Services Private Limited	1.73	0.45
g. 3i Infotech Western Europe Limited	67.16	29.55
h. Delta Services (I) Private Limited	52.48	-
i. aok In-house BPO Services Limited	3.21	-
j. 3i Infotech Consultancy Services Limited	4.90	-
k. Linear Financial & Management Systems Private Limited	3.09	-
l. aok In-house Factoring Services Private Limited	0.40	-

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

- 2.18** (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 year's financial statements on such reconciliation/adjustments.

2.19 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.

2.20 Foreign exchange currency exposures not covered by derivative instruments as at March 31, 2009:-

	As at March 31, 2009			As at March 31, 2008	
	Currency Type	Amount (Foreign currency in crores)	Amount (Rs. in crores)	Amount (Foreign currency in crores)	Amount (Rs. in Crores)
Foreign Currency Convertible Bonds	Dollar	9.51	496.18	-	480.13
	Euro	2.60	179.17	-	189.34
Secured Loan	AED	0.01	0.13	12.02	0.24
Redeemable Convertible Preference Shares	GBP	1.45	107.67	3.00	115.70
	USD	12.02	627.14	0.02	480.13
	EURO	3.00	206.73	1.45	73.61

	As at March 31, 2009			As at March 31, 2008	
	Currency Type	Amount (Foreign currency in crores)	Amount (Rs. in crores)	Amount (Foreign currency in crores)	Amount (Rs. in Crores)
Current Assets, Loans and Advances	Dollar	0.00	0.26	1.23	49.44
	SGD	0.36	12.44	0.30	8.86
	MUR	0.57	0.92	10.69	16.50
	MYR	-	-	0.00	0.04
	SAR	0.61	8.45	0.32	3.42
	KES	4.03	2.72	1.45	0.88
	AED	15.66	222.49	11.55	125.70
	CNY	5.63	41.03	-	-
	BDT	0.53	0.41	0.96	0.57
	GBP	-	-	0.67	53.85
Current Liabilities	GBP	0.02	1.40	-	-
	Dollar	1.13	58.87	-	-
	AED	13.73	195.13	3.73	40.62

- 2.21** Residual Dividend represents dividend on shares issued (entitled to previous year dividend) between the date of proposed dividend and record date. Residual dividend of Rs.0.02 Crores (inclusive of tax) is appropriated out of Profit & Loss account.
- 2.22** Provision for Warranty and Contingencies disclosure as per Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets":

	Rs. in Crores	
	Warranty	Contingencies*
Balance as at April 1, 2008	5.11	12.01
Provision made during the year	3.35	-
Provision written back during the year	1.87	12.01
Balance as at March 31, 2009	6.59	-

* The Company has made provision for contingencies such as customer claims/ arbitration claims/penalties, contract losses etc.

2.23 CIF value of imports & expenditure in foreign currency:

	Rs. in Crores	
	For the year ended March 31, 2009	For the year ended March 31, 2008
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	0.35	2.09
(ii) Travelling and other expenses	11.05	6.72
(iii) Dubai branch expenses*	81.14	114.39
c. Dividend remitted in foreign currency		
Number of shares	4,634,536	2,317,268
Dividend for the year	2007-08	2006-07
Amount remitted	0.69	0.46
d. Earnings in foreign currency		
(i) Income from operations	148.42	179.65
(ii) Interest Income	-	13.15

* Including Professional and Consultancy charges Rs. 1.58 Crores (for the year ended Mar 31, 2008 Rs. 1.65 Crores) and Commission paid/payable to agents Rs. nil (for the year ended Mar 31, 2008 Rs 4.13 Crores).

- 2.24** a) Figures for the previous year have been re-grouped / re-arranged, wherever considered necessary to conform to current year's presentation.
b) Rs. 0.00 Crores denotes figures less than Rs. 50,000.

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

V Srinivasan
Managing Director & CEO

Amar Chintopanth
Executive Director & CFO

S Santhanakrishnan
Director & Chairman of Audit
Committee

Shivanand R Shettigar
Company Secretary

Mumbai, April 24, 2009

3i INFOTECH LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

CIN No : U67120MH1993PTC074411 State Code :11
Balance sheet Date : March 31, 2009

II. Capital raised during the year (Amount in Rs. crores)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL
ESOS Allotment	
0.22	

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. crores)

Total Liabilities	Total Assets
2,377.08	2,377.08
Source of Funds:	Reserve and Surplus
Paid-up Capital	515.90
230.75	
Secured Loans	Unsecured Loans
257.16	1,263.82
	Deferred Tax Liability
	NIL
Application of funds:	Investments
Net Fixed Assets	1,455.42
452.16	
Net Current Assets	Miscellaneous Expenditure
444.86	NIL
Accumulated Losses	Deferred Tax Asset
NIL	24.64

IV. Performance of Company (Amount in Rs.crores)

Turnover	Total Expenditure
538.73	377.33
Profit Before Tax	Profit After Tax
161.40	158.61
Earning per Share in Rs.	Dividend
11.57	19.61

V. Generic Name of Principal Product/Service of the Company (as per monetary terms)

Item Code No.	:	Not applicable
Product and Service Description	:	IT Enabled Transaction Processing Services Software Development and Consulting Services Development and sale of software products and services affiliated to these products IT Infrastructure Networking & Facilities Management Services Transaction Services Others

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

**V Srinivasan
Managing Director & CEO**

**S Santhanakrishnan
Director & Chairman of Audit
Committee**

**Amar Chintopanth
Executive Director & CFO**

**Shivanand R Shettigar
Company Secretary**

Mumbai, April 24, 2009

