The information in this Preliminary Placement Document is not complete and may be changed. This Preliminary Placement Document is not an offer to sell Equity Shares and is not soliciting an offer to subscribe to Equity Shares.It is being issued for the sole purpose of providing information or discussion relating to the Equity Shares that may be issued through the Placement

3i INFOTECH LIMITED

(Incorporated in the Republic of India with limited liability with CIN L67120MH1993PLC074411 under the Companies Act, 1956)

3i Infotech Limited is issuing up to [●] Equity Shares of face value of Rs. 10 each (the "**Equity Shares**") at a price of Rs. [●] per Equity Share, including a premium of Rs. [●] per Equity Share, aggregating Rs. [●] million (the "**Issue**").

All of our outstanding Equity Shares are listed on the Bombay Stock Exchange Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on September 17, 2009 was Rs. 88.15 and Rs. 88.15 per Equity Share, respectively. Applications shall be made for the listing of the Equity Shares offered through this Preliminary Placement Document on the BSE and the NSE (collectively, the "**Stock Exchanges**"). The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our business or the Equity Shares.

WE HAVE PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PRELIMINARY PLACEMENT DOCUMENT.

A copy of this Preliminary Placement Document has been delivered to the Stock Exchanges. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India (the "**SEBI**"), the Reserve Bank of India (the "**RBI**"), the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Qualified Institutional Buyers ("**QIBs**"). Copies of the Placement Document will be filed with the Stock Exchanges and delivered to the SEBI for record purposes.

An investment in the Equity Shares involves significant risks. See "Risk Factors" beginning on page 10.

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SEBI REGULATIONS

THIS ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE ON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI REGULATIONS'). THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS.

YOU MAY NOT BE AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

Invitations, offers and sales of Equity Shares shall only be made pursuant to this Preliminary Placement Document together with the Application Form and Confirmation of Allocation Note. See "Issue Procedure". The distribution of this Preliminary Placement Document or the disclosure of its contents without our prior consent to any person, other than QIBs, as defined in the SEBI Regulations, and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (as defined in Regulation S ("**Regulation S**") under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold under the Securities Act outside the United States in reliance on Regulation S. See "Distribution and Solicitation Restrictions" and "Transfer Restrictions".

Sole Global Co-ordinator and Book Running Lead Manager

UBS Securities India Private Limited
2/F, 2 North Avenue
Maker Maxity, Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051
Tel: (91 22) 6155 6000
Fax: (91 22) 6155 6300

This Preliminary Placement Document is dated September 18, 2009.

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NOTICE TO INVESTORS

We have furnished and accept full responsibility for the information contained in this Preliminary Placement Document and, to the best of our knowledge and belief, having made all reasonable enquiries, confirm that this Preliminary Placement Document contains all information with respect to us and the Equity Shares which is material in the context of this Issue. The statements contained in this Preliminary Placement Document relating to us and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to us and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to us. There are no other facts in relation to us and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The Sole Global Co-ordinator and Book Running Lead Manager has not separately verified the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Sole Global Co-ordinator and Book Running Lead Manager nor any of its respective members, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Sole Global Co-ordinator and Book Running Lead Manager as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Preliminary Placement Document acknowledges that such person has neither relied on the Sole Global Co-ordinator and Book Running Lead Manager nor on any person affiliated with the Sole Global Co-ordinator and Book Running Lead Manager in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of us and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document, and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of us or the Sole Global Co-ordinator and Book Running Lead Manager. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. None of these authorities have passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary may be a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by us and the Sole Global Co-ordinator and Book Running Lead Manager which would permit an Issue of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction other than India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of us and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither we nor the Sole Global Co-ordinator and Book Running Lead Manager are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the Equity Shares in this Issue is

deemed to have acknowledged, represented and agreed that it is eligible to invest in India and us under chapter VIII of the SEBI Regulations and is not prohibited by the SEBI or any other regulatory authority from buying, selling or dealing in securities. Each purchaser of Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from, and review information relating to, us and the Equity Shares.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

All references to "you" in this section are to the prospective investors in the Issue. By subscribing to any Equity Shares under the Issue, you are deemed to have represented and warranted to us and the Sole Global Co-ordinator and Book Running Lead Manager, and acknowledged and agreed as follows:

- you are a QIB as defined in regulation 2(1)(zd) of the SEBI Regulations and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with chapter VIII of the SEBI Regulations;

- if you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges;

- you are aware that the Equity Shares have not been and will not be registered under the SEBI regulations or under any other law in force in India; the Preliminary Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies; the Preliminary Placement Document has been filed with the Stock Exchanges for record purposes only and has been displayed on our websites and the websites of the Stock Exchanges;

- you are entitled to subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities;

- you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorisations to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Preliminary Placement Document) and will honour such obligations;

- neither we nor the Sole Global Co-ordinator and Book Running Lead Manager are making any recommendations to you, advising you regarding the suitability of any transactions they may enter into in connection with the Issue, and that participation in the Issue is on the basis that you are not and will not be a client of the Sole Global Co-ordinator and Book Running Lead Manager and that the Sole Global Co-ordinator and Book Running Lead Manager will not have duties or responsibilities to you for providing the protection afforded to its clients or customers or for providing advice in relation to the Issue and is in no way acting in a fiduciary capacity;

- all statements other than statements of historical fact included in the Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements; such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements; such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future; you should not place undue reliance on forward-looking statements, which speak only as at the date of the Preliminary Placement Document; we assume no responsibility to update any of the forward-looking statements contained in the Preliminary Placement Document;

- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public, and the Allotment of the same shall be on a discretionary basis;

- you have made, or been deemed to have made, as applicable, the representations set forth under "Transfer Restrictions";

- you have been provided a serially numbered copy of the Preliminary Placement Document and Placement Document and have read them in their entirety;

- in making your investment decision, you have (i) relied on your own examination of us and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of us, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in the Preliminary Placement Document and no other disclosure or representation by us or any other party and (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares;

- the Sole Global Co-ordinator and Book Running Lead Manager has not provided you with any tax advice or otherwise made any representations regarding the tax consequences of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares); you will obtain your own independent tax advice from a reputable service provider and will not rely on the Sole Global Co-ordinator and Book Running Lead Manager when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares); you waive and agree not to assert any claim against the Sole Global Co-ordinator and Book Running Lead Manager with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares, and you and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to us and/or the Sole Global Co-ordinator and Book Running Lead Manager for all or part of any loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- you are not a Promoter and are not a person related to the Promoters, either directly or indirectly, and your Bid does not directly or indirectly represent the Promoters or promoter group or person related to the Promoters;

- you have no rights under a shareholders agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board of Directors other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter;

- you have no right to withdraw your Bid after the Bid Closing Date;

- you are eligible to Bid and hold Equity Shares so Allotted and any Equity Shares held by you prior to the Issue; you further confirm that your holding upon the issue of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- the Bids submitted by you would not eventually result in triggering a tender offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (the "**Takeover**

Code");

- to the best of your knowledge and belief, together with other QIBs in the Issue that belong to the same group or are under common control as you, the Allotment under the Issue shall not exceed 50% of the Issue; for purposes of this representation:

    a. the expression "belongs to the same group" shall by interpreted by applying the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act; and

    b. "control" shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code.

- you shall not undertake any trade in the Equity Shares credited to your Depository Participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;

- you are aware that applications have been made to the Stock Exchanges for in-principle approval for listing and admission of the Equity Shares to trading on the Stock Exchanges' market for listed securities;

- you are aware and understand that the Sole Global Co-ordinator and Book Running Lead Manager will have entered into a memorandum of understanding with us whereby the Sole Global Co-ordinator and Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use its best efforts as our agent to seek to procure subscription for the Equity Shares;

- the contents of this Preliminary Placement Document are exclusively our responsibility and that neither the Sole Global Co-ordinator and Book Running Lead Manager nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on our behalf and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise; by accepting a participation in this Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Sole Global Co-ordinator and Book Running Lead Manager or us or any other person, and neither the Sole Global Co-ordinator and Book Running Lead Manager nor we nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- the only information you are entitled to rely on, and on which you have relied, in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Sole Global Co-ordinator and Book Running Lead Manager (including any view, statement, opinion or representation expressed in any research published or distributed by the Sole Global Co-ordinator and Book Running Lead Manager or its affiliates or any view, statement, opinion or representation expressed by the staff (including research staff) of the Sole Global Co-ordinator and Book Running Lead Manager or its affiliates) or us and the Sole Global Co-ordinator and Book Running Lead Manager will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;

- you agree to indemnify and hold us and the Sole Global Co-ordinator and Book Running Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements and agreements in this Preliminary Placement Document; you agree that the

indemnity set forth in this paragraph shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

- we, the Sole Global Co-ordinator and Book Running Lead Manager, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to the Sole Global Co-ordinator and Book Running Lead Manager on its own behalf and on our behalf and are irrevocable;

- you understand that the Sole Global Co-ordinator and Book Running Lead Manager does not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us of any of our obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended from time to time, and have not been prohibited by the SEBI from buying, selling or dealing in securities;

- you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution; and

- each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment of the Equity Shares in the Issue.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, copies of this Preliminary Placement Document will be filed with the Stock Exchanges. The Stock Exchanges do not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document;
- warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or
- take any responsibility for our financial or other soundness, our Promoters, our management or any scheme or project of ours.

The filing of this Preliminary Placement Document should not for any reason be deemed or construed to mean that the Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, an FII may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments (all such offshore derivative instruments are referred to herein as "**P-Notes**") against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by appropriate foreign regulatory authorities in the countries of their incorporation or establishment and subject to compliance with "know your client" requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued by an FII are not our securities and do not constitute any obligation of, claims on or interests in us. We have not participated in any offer of any P-Notes, the establishment of the terms of any P-Notes or preparation of disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties unrelated to us. We do not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued by an FII are not securities of the Sole Global Co-ordinator and Book Running Lead Manager and do not constitute any obligations or claims on the Sole Global Co-ordinator and Book Running Lead Manager. FII affiliates of the Sole Global Co-ordinator and Book Running Lead Manager may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes. Neither the SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. In addition, statements regarding our expected financial condition and results of operations and business plans, strategies, projects and prospects are forward-looking statements.

Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be factors that could cause actual results or outcomes to differ materially from those contemplated by the relevant statement. We believe these factors include, but are not limited to, those described under "Risk Factors". These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Preliminary Placement Document. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

ENFORCEMENT OF CIVIL LIABILITIES

We are a limited liability company incorporated under the laws of India. Most of our directors and key managerial personnel named herein are residents of India and all or a substantial portion of assets belonging to us or such persons are located in India. As a result, it may be difficult for investors to affect service of process upon us or such persons outside India or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (the "**Civil Code**") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a "superior court" within the meaning of that section in any country or territory outside India which the Government has by notification declared to be in a "reciprocating territory", it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code, but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Preliminary Placement Document, unless the context otherwise indicates or implies, references to:

- "you", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investor" are to the prospective investors in this Issue;
- "we," "us," "our" and "Company" refer to 3i Infotech Limited and its consolidated subsidiaries, collectively;
- a particular year are to the calendar year ended on December 31; and
- a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

In this Preliminary Placement Document, references to "USD" and "U.S. dollars" are to the legal currency of the United States and references to "Rs." and "Rupees" are to the legal currency of the Republic of India. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions, and all references to "India" are to the Republic of India and its territories and possessions.

We publish our financial statements in Rupees. Unless otherwise indicated, all financial data in this Preliminary Placement Document is derived from our consolidated financial statements, which have been prepared in accordance with Indian GAAP and the Companies Act. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP. We do not provide a reconciliation of our consolidated financial statements to IFRS or U.S. GAAP financial statements.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

INDUSTRY AND MARKET DATA

Information included in this Preliminary Placement Document regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we compete. Certain statistical information included in this Preliminary Placement Document pertaining to the various sectors in which we operate has been reproduced from trade, industry and government publications and websites.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so we have relied on internally developed estimates.

Neither we nor the Sole Global Co-ordinator and Book Running Lead Manager have independently verified this data, nor do we make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the Sole Global Co-ordinator and Book Running Lead Manager can assure potential investors as to their accuracy.

CERTAIN DEFINITIONS AND ABBREVIATIONS

We have prepared this Preliminary Placement Document using the definitions and abbreviations below which you should consider when reading the information contained herein.

Company-Related Terms

Term	Description
Articles of Association	Articles of Association of 3i Infotech Limited
Auditors	Lodha & Company and R.G.N. Price & Co., statutory auditors of the Company
Board of Directors or Board	The Board of Directors of 3i Infotech Limited or any duly constituted committee thereof
Company	3i Infotech Limited together with its subsidiaries
Equity Shares	Equity shares of the Company of Rs. 10 each
FCCB	Foreign Currency Convertible Bond
Memorandum of Association	Memorandum of Association of the Company
Registrar of Companies	Registrar of Companies, Mumbai, Maharashtra,

Issue-Related Terms

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by them, in consultation with the Sole Global Co-ordinator and Book Running Lead Manager in compliance with chapter VIII of the SEBI Regulations
Allotees	Persons to whom Equity Shares are issued pursuant to the Issue
Allotment or Allotted	Unless the context otherwise requires, the issue and allotment of Equity Shares pursuant to the Issue
Application Form	The form pursuant to which a QIB shall submit a bid in the Issue
Bid Closing Date	[●], 2009, the date on which the Company (or the Sole Global Co-ordinator and Book Running Lead Manager, on behalf of the Company) shall cease acceptance of Application Forms
Bid Opening Date	September 18, 2009, the date on which the Company (or the Sole Global Co-ordinator and Book Running Lead Manager on behalf of the Company) shall commence acceptance of Application Forms
Bid(s)	Indication of a QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares in the Issue
Bidding Period	The period between the Bid Opening Date and Bid Closing Date, inclusive of both dates, during which prospective QIBs can submit their Bids
CAN or Confirmation of Allocation Note	Note, advice or intimation to not more than 49 QIBs confirming the Allocation of Equity Shares to such QIBs after discovery of the Issue Price and requiring payment of the Issue Price for all the Equity Shares allocated to such QIBs
Cut-off Price	The Issue Price of the Equity Shares which shall be finalised by the Company in consultation with the Sole Global Co-ordinator and Book Running Lead Manager
Escrow Bank	IDBI Bank Limited

Term	Description
Escrow Bank Account	Account into which payment of application money shall be made by the QIBs
Floor Price	The floor price of Rs. 84.74 which has been calculated in accordance with chapter VIII of the SEBI Regulations and below which the Equity Shares shall not be allotted in the Issue
Issue	The offer and sale of [●] Equity Shares to QIBs, pursuant to chapter VIII of the SEBI Regulations
Issue Price	Rs. [●] per Equity Share, which shall be equal to or more than the Floor Price
Issue Size	The issue of [●] Equity Shares aggregating Rs. [●] million
Listing Agreement	The agreement entered into between the Company and the Stock Exchanges in relation to listing of the Equity Shares on the Stock Exchanges
Pay-in Date	The last date specified in the CAN sent to the QIBs
Placement Document	The Placement Document to be issued in accordance with chapter VIII of the SEBI Regulations
Preference Shares	200,000,000 6.35% cumulative preference shares of face value of Rs. 5 each
Preliminary Placement Document	This Preliminary Placement Document issued in accordance with chapter VIII of the SEBI Regulations
Promoters	ICICI Bank Limited and ICICI Strategic Investments Fund
QIBs or Qualified Institutional Buyers	Qualified Institutional Buyers as defined under regulation 2(1)(zd) of the SEBI Regulations
QIP	Qualified Institutions Placement under chapter VIII of the SEBI Regulations
Sole Global Co-ordinator and Book Running Lead Manager	UBS Securities India Private Limited

Industry-Related Terms

Term	Description
APAC	Asia and Pacific region
BFSI	Banking, Financial Services and Insurance
BPO	Business Process Outsourcing
CIO	Chief Information Officer
CIS	Commonwealth of Independent States
CRM	Customer Relationship Management
DHCP	Dynamic Host Configuration Protocol
DIT	Department of Information Technology
DPS	Document Processing Solution
EAI	Enterprise Application Integration
e-products	Electronic Products
ERI	eReturn Intermediary

Term	Description
ERP	Enterprise Resource Planning
ESPi	Enterprise Solutions for Payment and Imaging
ICT	Information and Communication Technologies
IDS	Intrusion Detection System
Mbps	Mega bytes per second
MEARC	Middle East, Africa, Russia, CIS region
MENA	Middle East and North Africa region
MiFID	Markets in Financial Instruments Directive
NASSCOM	National Association of Software and Services Companies
RIMS	Remote Infrastructure Management Services
RPS	Remittance Processing Solution
SEI	Software Engineering Institute
STPs	Software Technology Parks
STQC	Standardisation, Testing & Quality Certification
VSAT	Very Small Aperture Terminal

Conventional and General Terms and Abbreviations

Term	Description
AGM	Annual General Meeting
BSE	The Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services Limited
CIN	Corporate Identity Number
Civil Code	The Code of Civil Procedure, 1908, as amended
Companies Act	The Companies Act, 1956, as amended
Depositories Act	The Depositories Act, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
ECB	External Commercial Borrowings
ECB Guidelines	The ECB guidelines issued by the RBI on July 1, 2008 (RBI/2008-09/20 Master Circular No. /07 /2008-09)
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESOP	Employee Stock Option Plan
ESOS	Employee Stock Option Scheme
FBT	Fringe Benefit Tax

Term	Description
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with the SEBI
FIPB	Foreign Investment Promotion Board
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI or Government	Government of India, unless otherwise specified
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
ISO	International Organisation for Standardization
IT	Information Technology
IT Act	The Income Tax Act, 1961, as amended
MAT	Minimum Alternate Tax
Mutual Fund or MF	A mutual fund registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
NAV	Net Asset Value
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OECD	Organization for Economic Co-operation and Development
PAN	Permanent Account Number
R&D	Research and Development
RBI	Reserve Bank of India
Regulation S/Reg S	Regulation S under the Securities Act
Rs. or Rupees	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

Term	Description
Securities Act	The U.S. Securities Act of 1933, as amended
SENSEX	Index of 30 stocks traded on BSE representing a sample of large and liquid listed companies
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997, as amended from time to time
UAE	United Arab Emirates

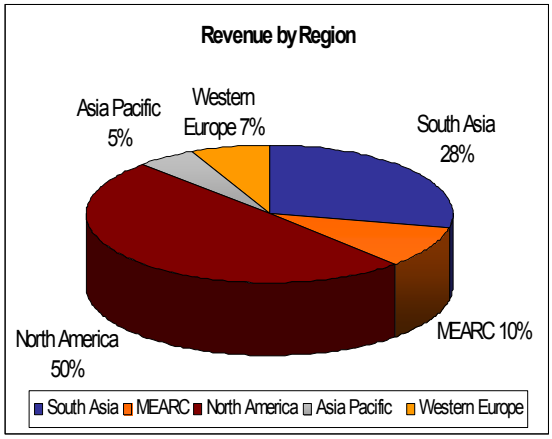
SUMMARY

Overview

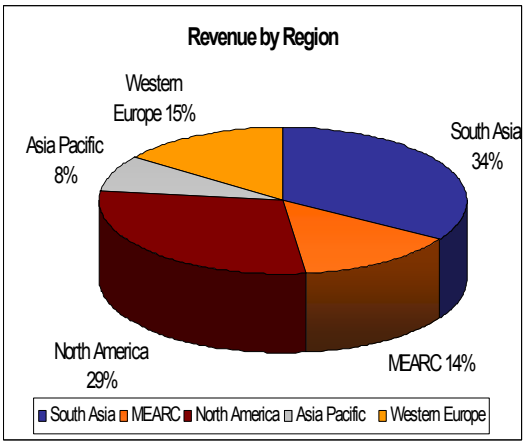
We are in the business of providing a range of IT & IT enabled solutions and services to companies worldwide, primarily companies in the banking, insurance and financial services industries. We were incorporated on October 11, 1993 as a wholly-owned subsidiary of ICICI Limited, which was merged with ICICI Bank Limited with effect from March 29, 2002. Over the years, we have evolved to a geographically diverse company that operates in three main business lines, namely IT products, IT services and transaction processing services. Through these three business lines, we offer a comprehensive range of software, IT services and IT enabled solutions, including packaged applications for the banking, insurance and financial services industries (encompassing corporate, retail and commercial banking, insurance policy sourcing and claims processing, investor servicing and Internet delivery of financial services, as well as business intelligence and analytical applications), an enterprise resource planning suite of applications, custom application software development, deployment, maintenance and support services (both onsite and offshore), IT consulting services and transaction services. In April 2005, we completed an initial public offering of our Equity Shares and our Equity Shares are currently traded on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). In March 2006, we issued the March 2006 Convertible Bonds. In October 2006, we issued the October 2006 Convertible Bonds and in April 2007, we issued the April 2007 Convertible Bonds. In July 2007, we issued the July 2007 Convertible Bonds.

Our total income was Rs. 6,707.72 million in fiscal 2007, Rs. 12,235.67 million in fiscal 2008, and Rs. 23,046.87 million in fiscal 2009, and Rs. 4,716.19 million and Rs. 6,021.47 million for the three months ended June 30, 2008 and 2009, respectively. Profit before interest, depreciation, extraordinary items and tax was Rs. 1,476.12 million in fiscal 2007, Rs. 2,732.25 million in fiscal 2008, and Rs. 4,534.63 million in fiscal 2009 and Rs. 942.92 million and Rs. 1,234.37 million for the three months ended June 30, 2008 and 2009, respectively. Profit after tax was Rs. 1,044.84 million in fiscal 2007, Rs. 1,831.98 million in fiscal 2008, and Rs. 2,664.24 million in 2009 and Rs. 581.00 million and Rs. 629.37 million for the three months ended June 30, 2008 and 2009, respectively.

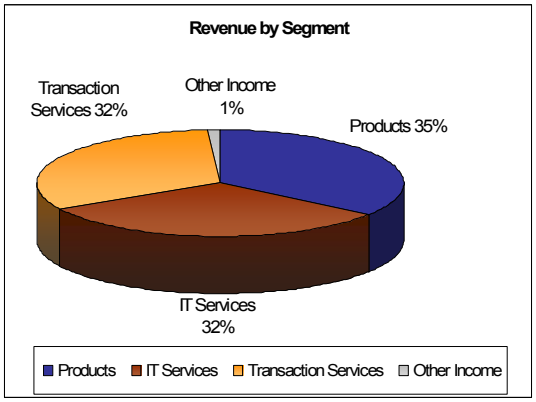
As of June 30, 2009, we serviced over 1,500 active customers in more than 50 countries through our portfolio of software products, IT services and transaction services. For fiscal 2009 and fiscal 2008, 28% and 34%, respectively, of our total income was from clients in South Asia, 50% and 29%, respectively of our total income was from clients in North America, 10% and 14%, respectively, of our total income was from clients in MEARC, 5% and 8%, respectively, of our total income was from clients in the APAC region and 7% and 15%, respectively, of our total income was from clients in Western Europe. In fiscal 2009 and fiscal 2008 income from software products, IT and transaction services provided to banks, insurance companies and other financial service companies contributed more than 74.3% and 72.5%, respectively, of our total income. For fiscal 2009 and fiscal 2008, 32% and 38%, respectively, of our total income was from IT-related services, 32% and 12%, respectively, of our total income was from transaction services , 35% and 49%, respectively, of our total income was from our software products business and 1% and 1%, respectively, of our total income was from other income. Further, for fiscal 2009 and fiscal 2008, 9% and 15%, respectively, of our total income was from ICICI Bank Limited and certain of its subsidiaries and affiliates, while our top five customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates) contributed 11% and 8%, respectively, of our total income during these periods.



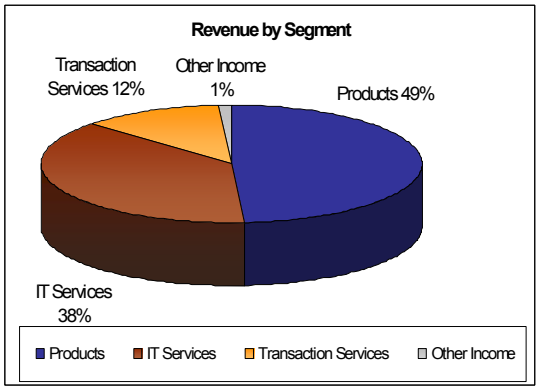
Fiscal 2009



Fiscal 2008

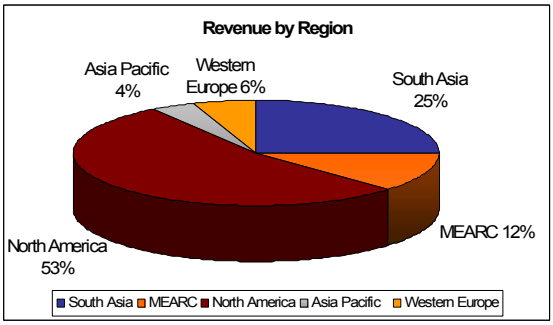


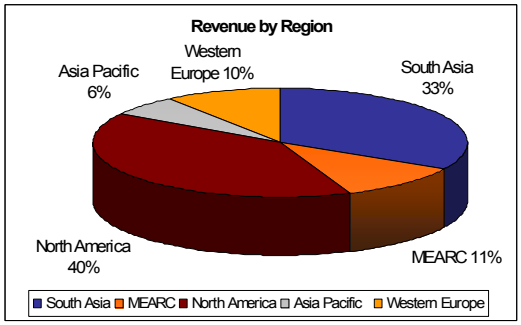
Fiscal 2009



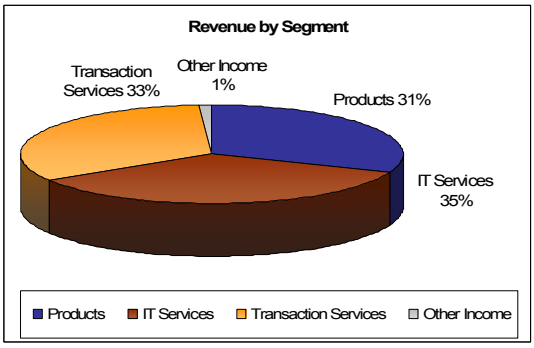
Fiscal 2008

For the three months ended June 30, 2008 and 2009, 33% and 25%, respectively, of our total income was from clients in South Asia; 40% and 53%, respectively of our total income was from clients in North America; 11% and 12%, respectively, of our total income was from clients in MEARC; 6% and 4%, respectively, of our total income was from clients in the APAC region; and 10% and 6%, respectively, of our total income was from clients in Western Europe. For the three months ended June 30, 2008 and 2009 income from software products and services provided to banks, insurance companies and other financial service companies contributed more than 72.2% and 70.2%, respectively, of our total income. For the three months ended June 30, 2008 and 2009, 37% and 35%, respectively, of our total income was from IT-related services, 22% and 33%, respectively, of our total income was from transaction services, 40% and 31%, respectively, of our total income was from our software products business and 1% and 1%, respectively, of our total income was from other income. Further, for the three months ended June 30, 2008 and 2009, 10% and 9%, respectively, of our total income was from ICICI Bank Limited and certain of its subsidiaries and affiliates, while our top five customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates) contributed 13% and 13%, respectively, of our total income during these periods.

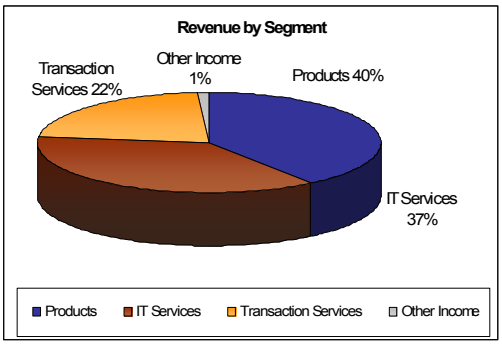




Quarter Ended June 30, 2009



Quarter Ended June 30, 2008



Quarter Ended June 30, 2009 **Quarter Ended June 30, 2008**

Our IT products offerings include software solutions for the banking and financial services industry (which includes insurance, mutual fund and capital market sectors), and an enterprise resource planning package.

- *Banking:* Our Kastle™ suite of banking products and our payment solutions products are sold in over 22 countries and comprise a range of software solutions addressing the retail, corporate banking, business intelligence, analytical applications, anti-money laundering (through our product Amlock) and Internet delivery needs of a wide range of financial institutions, including corporate banks, retail banks, universal banks, capital market intermediaries, investment banks and other specialized financial institutions.

- *Insurance:* Our PREMIA™ suite of software products comprises an integrated insurance management system for property, casualty, life and health insurance providers. The PREMIA insurance management solutions suite is designed to proficiently perform all the functions of an insurance company such as underwriting / policy administration, claims management, reinsurance and accounting. It covers various business classes such as property, general liability, workers compensation, commercial auto, business owners policy, marine cargo, personal auto, homeowners, umbrella / package, individual / group life, health, liabilities and related areas.

- *Mutual Funds and Private Wealth Management:* We offer products that have allowed us to service the market for mutual funds, private wealth management and insurance industry. Our software solutions focus on the operational elements of the asset management process, including clearing, settlement, order management and accounting. Our capital market and mutual fund products also include Tradis, a comprehensive solutions suite for stockbrokers and traders which manages the entire trading process from order to settlement; MFund/AM, a client-server based application suite that streamlines fund accounting, valuation, investment management and lending operations and is designed for mutual funds, unit trusts, asset management companies and other financial institutions; Mfund/ISS, a web-based investor services system that helps unit trust management companies cost effectively streamline their operations; Mfund/Dealing, a front-office automation system for investment managers which addresses requirements in the dealing, pre-dealing, decision support, intent generation and order management areas; C-matis, a comprehensive multi-currency Wealth Management solutions suite; Quantis, an application that allows for end-to-end Investment Management Operations - from Analytics and Order Management to Accounting and NAV Generation; and CRx a comprehensive multi-language and multi-currency browser based credit risk analysis product. See "Business – Product Offerings - Capital Market, Mutual Funds and Private Wealth Management Solutions."

- *Enterprise Resource Planning:* Our ORION™ products comprise an enterprise solutions suite of software products, including ORION Enterprise, an end-to-end integrated application and deployment platform that includes enterprise resource planning coupled with customer relationship management and supply chain management features. We also provide software solutions which provide enterprise

resource planning solutions for the process manufacturing industry, with a special emphasis on the chemical and paint manufacturing industries.

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

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

As of June 30, 2009, we had a pool of over 12,500 specialized employees and over 2,400 consultants who deliver our solutions both on-site and offshore through state of the art global delivery centers across India, in Dubai, Kuala Lumpur, New Jersey and China. We have subsidiaries in the United States, the United Kingdom, Singapore, Australia, Kenya, UAE, Bangladesh, Malaysia, Thailand, Saudi Arabia, Mauritius, China, Cyprus, Kazakhstan and India. In addition, we have a sales presence in other parts of the Middle East and in Eastern Europe.

The Company's quality certifications include SEI CMMI Level 5 for our software business, ISO 9001:2000 for BPO, ISO/IEC 27001:2005 for our data center operations and ISO/IEC 20000-1:2005 for our data center management services.

We have developed a strong sales team consisting of over 236 sales personnel globally across offices in India, the United States, Europe, the Middle East and the APAC region, which is supported by a global marketing team based in India. We also have alliance partnerships with leading hardware and software vendors.

Corporate Information

Our CIN is L67120MH1993PLC074411, and our registered office is located at International Infotech Park, Tower No.5, 3rd to 6th Floors, Vashi, Navi Mumbai – 400 703. Our website address is www.3i-infotech.com. The information contained on this website and any website directly or indirectly linked to this website is not a part of this Preliminary Placement Document.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue:

Issuer	3i Infotech Limited
Issue Size	[●] Equity Shares of face value of Rs. 10 each, aggregating Rs. [●] million. A minimum of 10% of the Issue Size (approximately [●] Equity Shares) shall be available for Allocation to MFs only, and up to [●] Equity Shares shall be available for Allocation to all QIBs, including MFs. If no MF is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other QIBs.
Issue Price	Rs. [●] per Equity Share
Eligible Investors	QIBs as defined in regulation 2(1)(zd) of the SEBI Regulations. See "Issue Procedure—Qualified Institutional Buyers".
Equity Shares issued and outstanding immediately prior to the Issue	130,921,896 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Listing	The Company has obtained in-principle approval for listing of Equity Shares issued pursuant to the Issue from each of the Stock Exchanges on August 31, 2009.
Lock-Up	We have agreed with the Sole Global Co-ordinator and Bookrunning Lead Manager, subject to certain exceptions, not to issue, offer, lend, pledge, sell, grant any option to purchase or otherwise dispose of any Equity Shares or similar securities for a period of 60 days after the Closing Date. See "Placement".
Transferability Restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges.
Use of Proceeds	We estimate that our net proceeds from the Issue, after deducting placement agent discounts and estimated offering expenses, will be approximately Rs. [●] million. We intend to use the net proceeds from the Issue towards repayment of bank borrowings and for general corporate purposes, including working capital requirements.

	See "Use of Proceeds" for additional information.
Closing.....	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about [●], 2009 (the "**Closing Date**").
Ranking.....	The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares including rights in respect of dividends. Shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by us after the Closing Date, in compliance with the Companies Act. Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held. See "Description of the Equity Shares".
Security Codes for the Equity Shares	ISIN: INE748C01020 BSE Code 532628 NSE Code 3IINFOTECH
Risk Factors	See "Risk Factors" for a discussion of risks you should consider before investing in the Equity Shares.

SUMMARY FINANCIAL INFORMATION

The following summary financial information as at and for the three years ended March 31, 2009, 2008 and 2007 has been derived from our audited consolidated financial statements included elsewhere in this Preliminary Placement Document. The following summary financial information as at and for the three-month periods ended June 30, 2009 and 2008 has been derived from our audited interim consolidated financial statements included elsewhere in this Preliminary Placement Document.

You should read the following summary financial information in conjunction with our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Preliminary Placement Document. Our consolidated financial statements have been prepared in accordance with Indian GAAP and are presented in Rupees.

Our historical results do not necessarily indicate our results expected for any future periods.

Consolidated Balance Sheet

As at June 30, 2009, June 30, 2008, March 31, 2009, March 31, 2008 and March 31, 2007

Rs. in Million

	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
I. SOURCES OF FUNDS					
1. Shareholders' Funds:					
A. Share Capital	2,308.46	2,306.54	2,307.51	2,305.35	1,562.99
B. Reserves and Surplus	8,359.37	5,666.39	8,062.75	5,135.29	3,397.44
	10,667.83	7,972.93	10,370.26	7,440.64	4,960.43
2. Minority Interest	186.30	99.88	211.60	102.13	19.02
3. Loan Funds :					
A. Secured Loans	10,394.06	5,810.83	9,393.65	1,078.65	1,519.31
B. Unsecured Loans	11,149.62	12,840.90	12,626.82	11,578.87	4,955.59
	21,543.68	18,651.73	22,020.47	12,657.52	6,474.90
4. Premium payable on Redemption of FCCB	1,009.98	641.21	1,094.52	362.37	-
	33,407.79	27,365.75	33,696.85	20,562.66	11,454.35
II. APPLICATION OF FUNDS					
1. Goodwill arising on consolidation	16,916.64	14,800.35	17,004.02	10,031.01	5,783.37
2. Fixed Assets :					
A. Gross Block	8,071.29	4,689.24	7,997.35	3,665.17	2,298.00
B. Less : Depreciation	2,571.91	1,683.91	2,329.87	1,525.27	927.81
C. Net Block	5,499.38	3,005.33	5,667.48	2,139.90	1,370.19
D. Capital Work-in-Progress	1,641.72	916.01	1,256.49	791.30	183.62
	7,141.10	3,921.34	6,923.97	2,931.20	1,553.81
3. Investments	91.73	65.31	36.05	33.54	1.02
4. Deferred Tax Asset (net)	464.30	381.22	386.14	405.32	373.69
5. Current Assets, Loans and Advances					
A. Current Assets :					
a. Inventories	64.92	86.86	110.55	-	-
b. Sundry Debtors	4,715.85	3,738.88	4,831.02	2,719.95	1,896.33
c. Unbilled Revenues	3,052.68	3,208.21	2,773.57	2,268.38	1,754.77
d. Cash and Bank Balances	1,566.59	2,837.00	3,196.16	2,665.44	973.70
	9,400.04	9,870.95	10,911.30	7,653.77	4,624.80
B. Loans and Advances	4,671.29	2,616.95	3,315.41	2,530.74	1,154.89
	14,071.33	12,487.90	14,226.71	10,184.51	5,779.69
Less: Current Liabilities and Provisions :					
A. Current Liabilities	4,644.56	3,612.98	4,268.44	2,448.61	1,622.49
B. Provisions	632.75	677.39	611.60	574.31	414.74
	5,277.31	4,290.37	4,880.04	3,022.92	2,037.23
Net Current Assets	8,794.02	8,197.53	9,346.67	7,161.59	3,742.46
	33,407.79	27,365.75	33,696.85	20,562.66	11,454.35

Consolidated Profit and Loss Account

For the quarter ended June 30, 2009 and June 30, 2008 and for the year ended March 31, 2009, March 31, 2008 and March 31, 2007

Rs. in million

	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
INCOME:					
Income from Operations	5,977.65	4,684.68	22,856.38	12,052.62	6,553.17
Other Income	43.82	31.51	190.49	183.05	154.55
Total Income	6,021.47	4,716.19	23,046.87	12,235.67	6,707.72
EXPENDITURE:					
Operating, Selling & other expenses	4,787.10	3,773.27	18,512.24	9,503.42	5,231.60
Total Expenditure	4,787.10	3,773.27	18,512.24	9,503.42	5,231.60
Profit before interest, depreciation and amortization	1,234.37	942.92	4,534.63	2,732.25	1,476.12
Interest	341.90	180.42	949.45	505.12	208.99
Depreciation and amortisation	285.80	118.23	700.35	243.96	168.84
Profit Before Taxation	606.67	644.27	2,884.83	1,983.17	1,098.29
Provision for Taxes					
- Deferred Taxes (net)	(83.60)	20.85	42.34	7.13	9.20
- Current Taxes	124.60	83.00	383.29	231.13	32.04
- Fringe Benefit Tax	6.00	5.26	23.35	22.01	12.21
- Mat Credit Entitlement	(69.10)	(47.09)	(232.99)	(110.33)	-
- Pertaining to earlier years written off /(back)	(0.60)	1.25	4.60	1.25	-
Profit After Taxation & Before Exceptional items	629.37	581.00	2,664.24	1,831.98	1,044.84
Add : Exceptional Income	291.89	-	770.54	-	120.06
(Less) : Exceptional expenditure	(13.23)	-	(510.91)	-	-
Profit After Exceptional Items	908.03	581.00	2,923.87	1,831.98	1,164.90
Add/ (less) : Provision for Contingency	-	-	-	-	(120.06)
Profit After Exceptional items	908.03	581.00	2,923.87	1,831.98	1,044.84
Add: Share of profit in Associate	-	-	2.48	-	-
Less: Minority Shareholders' Interest	40.46	(5.52)	106.20	66.24	7.36
Net Profit After Minority Interest	867.57	586.52	2,820.15	1,765.74	1,037.48
Earnings per Share					
Equity shares, par value Rs 10 each					
Before Exceptional items					
Basic (Rs.)	4.36	4.35	19.02	13.40	8.99
Diluted (Rs.)	4.33	4.19	19.02	12.65	8.69
After Exceptional items					
Basic (Rs.)	6.49	4.35	21.01	13.40	8.99
Diluted (Rs.)	6.45	4.19	21.01	12.65	8.69

RISK FACTORS

This offering involves a high degree of risk. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that the Company is an Indian company and is subject to a legal and regulatory environment which may be different from that which prevails in other countries. Prior to making an investment decision with respect to the Equity Shares offered hereby, all such prospective investors and purchasers should carefully consider all of the information contained in this Preliminary Placement Document, including the Risk Factors set out below and the financial statements and related notes thereto. The occurrence of any of the following events could have a material adverse effect on our business, results of operations, financial condition and future prospects and cause the market price of the Equity Shares to fall significantly. In this section only, any reference to "we," "us" or "our" refers to the Company and its subsidiaries on a consolidated basis.

You should not invest in this Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult you tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

RISKS RELATING TO 3I INFOTECH AND ITS BUSINESS

Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.

Our revenues and profitability have grown in recent years and may vary significantly in the future from period to period. Therefore, we believe that period-to-period comparisons of our results of operations may not be necessarily meaningful and may not be relied upon as an indication of our future performance. It is possible that in the future some of our results of operations may be below the expectations of market analysts and our investors, which could cause the price of our Equity Shares to decline significantly.

Factors which affect the fluctuation of our operating results include:

- the size, timing and profitability of significant service projects and the volume of product sales;
- the mix of IT and transaction services and its effect on product revenues;
- the pressures on our client's technology budgets and the proportion of their technology services requirements that they outsource;
- the ability to modify and enhance our suite of product offerings based on customer needs and evolving technologies;
- changes in our pricing policies or those of our competitors;
- the proportion of services that we perform outside India as compared to our development center in India;
- the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees, particularly information technology ("IT") professionals;
- the size and timing of facilities expansion;
- unanticipated cancellations, contract terminations or deferrals of projects; and
- unanticipated variations in the duration, size and scope of our projects.

In addition, a significant portion of our revenues is dependent upon the timely completion of various project milestones, which is dependent not only on our abilities but also on the readiness and capability of the project teams of our clients. Delays in meeting project milestones resulting from the deficiencies in our client's project teams, which is generally not within our control, will cause cost overruns and adversely affect our working capital.

A significant part of our total operating expenses, particularly expenses related to personnel and facilities, are fixed in advance for any particular period. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates, or the accuracy of our estimates of the resources required to complete ongoing projects, may cause significant variations in our operating results in any particular period.

There are also a number of additional factors that are not within our control that could cause fluctuations in our operating results from period to period. These include:

- the availability and duration of tax holidays or exemptions and the availability of other incentives from the central and state governments in India;
- currency exchange rate fluctuations, particularly when the Rupee appreciates in value against foreign currencies, such as the U.S. dollar, which reduces the Rupee value of our foreign currency revenues;
- changes in Indian law relating to foreign exchange management and to foreign equity ownership of Indian IT companies that could constrain our ability to raise capital outside India;
- the performance of the economies of India, the United States and our other principal international markets, as well as other general economic factors;
- changes in immigration laws in countries, such as the United States, which affect our ability to provide staffing at our non-India locations and which could affect our ability to earn revenues in foreign countries; and
- any changes in the factors mentioned above, that is unfavourable in our business may adversely impact our operating results leading to significant variations in our revenues and profitability.

Our multinational operations subject us to risks that could adversely affect our business.

We currently market our products and services in more than 50 countries directly or indirectly and we have direct onsite presence in 14 countries. Our future revenue growth depends upon the successful and continuous expansion of our sales, marketing, support and service teams through direct and indirect channels in various countries around the world where our current or potential customers are located. Such expansion has, in the past, required and will continue to require that we establish new offices, hire new personnel and manage businesses in widely disparate locations with different economies, legal systems, languages and cultures and has and will continue to require significant management attention and financial resources. Due to the global nature of our operations, we are affected by various factors inherent in international business activities, including:

- coordinating and managing global operations;
- political instability and related uncertainties;
- different economic and business conditions;
- difficulties in staffing and managing foreign operations, including coordinating and interacting with our local representatives and partners to fully understand local business and regulatory requirements;
- immigration and labour laws of various countries may prevent us from deploying or retaining an adequate number of employees in foreign countries;
- foreign currency exchange rate fluctuations;

- restrictions on repatriation of earnings;
- tariffs and other restrictions on trade and differing import and export licensing and other legal requirements;
- multiple and possibly overlapping tax structures;
- limited protection for intellectual property rights in some countries;
- exposure to varying legal standards;
- unexpected regulatory, economic or political changes; and
- travel restrictions.

Our inability to efficiently manage the aforesaid factors, considering that these factors are inherent in our business model, could have a material adverse effect on our business, financial condition and results of operations.

Intense competition in the market for IT products and services could affect our cost advantages, which could reduce our share of business from clients and may adversely impact our revenues and profitability.

The IT products and services markets are highly competitive and rapidly evolving. Our competitors include large consulting firms, large multinational technology firms, IT outsourcing firms, Indian IT services firms, software firms and in-house IT departments of large corporations. Our competitors include international companies such as Accenture, Temenos, Misys International, Computer Science Corporation, Fiserve, and Oracle, as well as Indian companies such as I-flex Solutions, Tata Consultancy Services, Wipro Limited, Nucleus Software Limited and Infosys Technologies Limited. Competitors for our transaction services include international companies, such as Sunguard, Ambersoft, Adventiti and Infoport Solutions and Indian companies such as, Genpact India Private Ltd, WNS Global Services (P) Ltd, Wipro BPO and TCS BPO. The IT industry is experiencing rapid changes that are affecting the competitive landscape, including recent divestitures and acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with significant resources. In addition, some of our competitors have added or announced plans to add cost-competitive offshore capabilities to their service offerings. Many of these competitors are substantially larger than us and have significant experience with international operations, and we may face competition from them in countries in which we currently offer our products and services, as well as in countries in which we expect to begin offering our products and services. We also expect additional competition from IT firms with current operations in other countries, such as China and the Philippines. While we have historically been able to provide our products and services in our principal markets at competitive prices and on a cost-efficient basis, there can be no assurance that we will be able to continue to do so in the future, or at all, as our competitors may be able to offer products and services using offshore and onshore models that are more effective than ours.

Growing competition may force us to reduce the prices of our products and services, which may reduce our margins and decrease our market share, any of which could have a material adverse effect on our business, financial condition and results of operations. Many of our competitors have significantly greater financial, technical and marketing resources, generate greater revenues and have greater name recognition than we do. We cannot be reasonably certain that we will be able to compete successfully against our existing or potential competitors, or that we will not lose clients to such competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the price at which our competitors offer comparable products and services, and the extent of our competitors' responsiveness to their clients' needs.

Our revenues are derived primarily from the banking, insurance and financial services industries.

We derive a significant portion of our revenues from the banking, insurance and financial services industry. During each of fiscal 2007, fiscal 2008, fiscal 2009 and the three months ended June 30, 2009, over 65.6% of our revenues were derived from clients in the banking, insurance and financial services industry. Accordingly, our future success depends on continued demand for our products and services in the banking, insurance and financial services

industries. We believe that there have been substantial changes in these industries in recent years, including continuing consolidation, decreasing profit margins in certain sectors, regulatory and technological changes and other trends. We believe these changes have led to increased IT spending by banks, insurance companies and financial institutions. If the pace of these changes were to slow down, we could experience reduced demand for our products and services. In addition, the banking, insurance and financial services industries are sensitive to changes in economic conditions and unforeseen events, including political instability, recession, inflation and other adverse occurrences. Any event that results in decreased consumer and corporate use of financial services, or increased pressure on banks and insurance companies to develop, implement and maintain solutions in-house, could have a material adverse effect on our business, financial condition and results of operations.

Any inability to manage our growth, organically or through acquisitions, could disrupt our business and reduce our profitability.

We have grown significantly in recent periods. Our total employee strength has grown from approximately 200 as of March 31, 2000 to over 13,450 as of June 30, 2009. In addition, in recent years, we have undertaken major acquisitions and have expanded our business to include both IT products and services. We have made 18 acquisitions in the last two years and any issues in the integration of those acquisitions into our Company may have a material adverse effect on our business, prospects, financial condition and results of operations. For example in June 2008, we acquired Regulus Group LLC and its group companies, which has caused in part the total percentage income from clients in North America to rise from 29% in the year ended March 31, 2008, to 50% for the year ended March 31, 2009, and 53% for the three months ended June 30, 2009. We cannot assure you that we will be successful at managing our growing dependence on North America as a source of our total income and whether our failure to do so may have a material adverse effect on our business, prospects, financial condition and results of operations.

Our growth strategy also relies on expanding our customer base to other parts of the world, including Europe, Australia and other parts of Asia. The costs involved in entering these markets may be higher than expected and we may face significant competition in these regions. Our inability to manage growth generally or in these regions may have an adverse effect on our business, results of operations and financial condition.

We have also expanded our existing facilities and acquired new facilities. Additionally, we aim to continue to develop and improve our operational, financial and other internal controls, both in India and elsewhere. This has exerted significant demands on our management and other resources. Continued growth increases the challenges involved in:

- recruiting, training and retaining sufficient skilled technical, marketing and management personnel;
- adhering to our high quality and process execution standards;
- preserving our culture, values and entrepreneurial environment;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems; and
- maintaining high levels of client satisfaction.

We cannot assure you that we will be successful at managing such risks and our failure to do so may have a material adverse effect on our business, prospects, financial condition and results of operations.

Future strategic investments, partnerships and acquisitions are important to our strategy but they may have an adverse impact on our business, dilute your ownership interest and require us to incur debt.

We have pursued acquisitions as the most significant part of our growth strategy and we may make further strategic investments, establish and/or make acquisitions relating to complementary businesses, technologies, services or products. Other than or disclosed in this Preliminary Placement Document, we have no definitive commitment or agreement for any material investment, partnership or acquisition. We may not identify suitable investment

opportunities, partners or acquisition candidates. If we do identify suitable investment opportunities, partners or acquisition candidates, we may be unable to negotiate terms commercially acceptable to us or complete those transactions at all. In particular, if we are unable to maintain our key partnerships, or enter into new partnerships, with independent software vendors, our marketing and research and development capabilities could suffer.

In fiscal 2008, we acquired 15 new companies and during fiscal 2009, we acquired 3 new companies. In June 2009, we acquired J.P. Morgan Treasury Services' National Retail Lockbox Business. The National Retail Lockbox Business offers several lockbox solutions to help speed remittance processing See "Business – Acquisitions and Incorporations" With respect to our recent and future acquisitions we could have difficulty in integrating these companies businesses, including personnel, operations, technology and software, with our business. In addition, the key personnel of an acquired company may decide not to work for us. Any potential acquisition, alliance or joint venture could involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortization of acquired intangible assets, some or all of which could have a material adverse impact on our business, financial condition and results of operations. In the event that we plan to acquire or invest in an overseas company, we may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all.

We may finance future investments, partnerships or acquisitions with a portion of the net proceeds from the issue of the Equity Shares, as well as with cash from operations, our existing cash balances, debt financing, or a combination of these. We cannot guarantee that we will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of our Equity Shares would dilute the ownership interest of our shareholders. In addition, there can be no assurance that the integration of any future acquisitions or alliances will be successful or that the expected strategic benefits of any future acquisitions or alliances will be realized.

Our business and profitability will suffer if we fail to anticipate and develop or acquire new products and services and enhance existing products and services in order to keep pace with rapid changes in technology and the industries on which we focus.

The IT products and services markets are characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and to develop or acquire new product and service offerings to meet client needs. We may not be successful in anticipating or adequately responding to these advances on a timely basis, or, if we do respond, the services or technologies we develop or acquire may not be successful in the marketplace. Further, products, services or technologies that are developed by our competitors may render our offerings uncompetitive, obsolete or force us to reduce prices, thereby adversely affecting our margins. We also face the risk of unforeseen complications in the deployment of new services and technologies, and there is no assurance that the estimate of the necessary capital expenditure to offer such services will not be exceeded. New services and technologies may not be developed and/or deployed according to expected schedules or may not achieve commercial acceptance or be cost effective. Failure to achieve commercial acceptance of products or services offered by us could result in additional capital expenditures or a reduction in profitability. Any such change could materially and adversely affect our business, financial condition and results of operations.

We may face difficulties in providing business and software solutions for our clients, which could lead to clients discontinuing their work with us, which in turn could harm our business and profitability.

Over the past three fiscal years, we have been expanding the nature and scope of our engagements by extending the breadth of services we offer and by offering a suite of software products. The success of these services and software product offerings is dependent, in part, upon continued demand by our existing and new clients and our ability to meet this demand in a cost-competitive and effective manner. In addition, our ability to effectively offer a wider breadth of business and software solutions depends on our ability to attract existing or new clients to these offerings. To obtain engagements for such business solutions, we will need to successfully compete with large, well-established international IT service and consultancy firms, resulting in increased competition and marketing costs. Accordingly, we cannot be certain that our new service and software offerings will effectively meet client needs or that we will be able to attract existing and new clients to these offerings.

Further, the increased breadth of our service and software offerings may result in larger and more complex projects with our clients. This will require us to establish closer relationships with our clients and a thorough understanding of their operations. Our ability to establish such relationships will depend on a number of factors including the proficiency of our IT professionals and our management personnel. Larger projects may involve multiple engagements or stages, and there is a risk that a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations, cancellations or delays could result from the business or financial condition of our clients or the economy generally, as opposed to factors related to the quality of our services and software products. Such cancellations or delays make it difficult to plan for project resource requirements, which could have a negative impact on our profitability, although we attempt to mitigate the effects of an unanticipated termination by staffing projects with a mix of IT professionals from our own employee base and IT professionals provided by outside agencies and hired solely for a particular project. As the proportion of our services delivered at client sites increases, our operating costs are likely to increase. Any of the factors discussed above could materially and adversely affect our business, financial condition and results of operations.

Disruptions in telecommunications and basic infrastructure could harm our service delivery model, which could result in client dissatisfaction and reduce our revenues.

A significant element of our distributed project management methodology is to continue to leverage and expand our global development centers. We currently have global delivery centers located in Mumbai, Bangalore, Kochi, Hyderabad, Delhi and Chennai. Our global development centers are linked with a network architecture that uses multiple service providers and various satellite and optical links with alternate routing and redundancies built in. We cannot guarantee that we will be able to maintain active voice and data communications between our various development centers and between our development centres and our clients' sites at all times. At times, this may be as a result of factors outside our control. Any significant loss in our ability to communicate or any temporary or permanent disruption in basic infrastructure could result in a disruption in business, which could hinder our performance and our ability to complete client projects on time. This, in turn, could lead to client dissatisfaction and may have a material adverse effect on our business, results of operations and financial condition. This could also result in us being required to pay contractual damages to certain clients or allow some clients to terminate or to re-negotiate their contracts. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecommunications lines are disrupted. This may result in the loss of clients and claims for damages against us, impose additional costs on us and have a material adverse effect on our business, results of operations and financial condition.

If we are unable to successfully protect our computer systems from security risks, our business could suffer.

Our client contracts require us to comply with certain security obligations, including maintenance of network security, back-up of data, ensuring our network is virus-free and ensuring the credentials of those employees who work with our clients. We cannot provide any assurance that we will be able to comply with all these obligations and not incur any liability. Further, while we have implemented industry-standard security measures, our network may still be vulnerable to unauthorized access, computer viruses and other disruptive problems. A party that is able to circumvent security measures could misappropriate proprietary information and cause interruptions in our operations. We may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurance that any measures implemented will not be circumvented in the future.

We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects in our products or services, which in turn could adversely affect our results of operations.

Many of our contracts involve providing products and services that are critical to the operations of our customers' business. Any failure or defect in our software or in our customers' products, networks or computer systems could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. For example, our security systems software for the banking and securities industries with a focus on surveillance and fraud management involves an area of customers' business which is particularly high risk. We attempt to limit our contractual liability for all damages, including consequential damages, in rendering our services, however certain contracts particularly contracts with government agencies may not have limitation of liability clause in their contract. Therefore, we cannot be assured that the limitations on liability we provide for in our service contracts will

be enforceable in all cases, or that they will otherwise be sufficient to protect us from liability for damages. We maintain general liability insurance coverage, including coverage for errors or omissions, though all our insurance policies are subject to customary deductibles, limits and exclusions. However, we cannot assure you that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our results of operations. For example, during fiscal 2009, we paid a total of US$ 5.94 million to settle claims brought against us by customers that alleged failures or defects in our products and services, which we have not been able to recover from our insurers.

Our client's proprietary rights may be misappropriated by our employees, by our subcontractors or by our subcontractors' employees in violation of applicable confidentiality and non-disclosure agreements and as a result, cause us to breach our contractual obligations in relation to such proprietary rights.

We require our employees and subcontractors to enter into non-disclosure and assignment of rights arrangements to limit access to and distribution of our client's proprietary and confidential information. We can give no assurance that the steps taken by us will be adequate to enforce our clients intellectual property rights or to adequately prevent the disclosure of confidential information by an employee or subcontractor or a subcontractor's employee. If our client's proprietary rights are misappropriated by our employees or our subcontractors or their employees in violation of any applicable confidentiality agreements or otherwise, our clients may consider us liable for that act and seek damages and compensation from us. In addition to these confidentiality agreements, our client contracts may require us to comply with certain security obligations including maintenance of network security, back-up of data, ensuring our network is virus free and ensuring the credentials of our people that work with our clients. We cannot assure you that we will be able to comply with all such obligations and that we will not incur liability nor have a claim for substantial damages against us. Further, we have taken technology based and related professional services liability insurance policy covering certain claims arising out of any negligent act, error or omission occurring during the course of employment, which includes claims arising out of intellectual property infringements (excluding patent infringements). However, our insurance coverage has customary deductibles, limits and exclusions and may not be adequate to cover large claims against us arising out of such intellectual property infringements.

Third parties may claim we have infringed their intellectual property rights.

Although we believe that our products and services do not infringe upon the intellectual property rights of others and that we have all the rights necessary to use the intellectual property employed in our business, there can be no assurance that infringement claims will not be asserted against us in the future. Assertion of such claims against us could result in litigation. Any such claims, regardless of their outcome, could result in substantial monetary costs and time overruns to us and divert management's attention from our operations and require us to pay damages, cease selling the applications or solutions that contain the infringing technology, develop non-infringing intellectual property or acquire licenses to the intellectual property that is the subject of the asserted infringement, which licenses, if available, could be on unreasonable terms. This could have a material adverse effect on our business, financial condition and results of operations.

Unauthorized parties may infringe upon or misappropriate our intellectual property.

We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property, including our brand identity. We have registered "3i Infotech" (word and label mark) as a trademark in countries like Australia, India, Malaysia, Singapore, Thailand, UAE, USA, UK and have applied in countries like Brazil, Canada, China, Russia, and Saudi Arabia. We have also registered/ made applications for various trademarks in other countries. For more information on our intellectual property, see "Business - Intellectual Property." However, the applicable laws may not protect our proprietary rights and our efforts to protect our intellectual property may not be adequate.

The laws in certain countries in which we operate do not protect intellectual property rights to the same extent as the laws in the United States and the global nature of our IT services and the internet makes it difficult to control the ultimate destination of our products and services. Therefore, our efforts to protect our intellectual property may not

be adequate. The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. Further, we may not be able to obtain adequate or timely injunctive or equitable relief to protect our intellectual property. As a result, we may not be able to prevent unauthorized parties from infringing upon or misappropriating our services or proprietary information. If we are unable to successfully enforce or protect our material intellectual property rights, it could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline. As the number of patents, copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increases, we believe that companies in our industry will face more frequent infringement claims. Defense against these claims, even if not meritorious, could be expensive and divert our attention and resources from operating our business.

We derive a significant portion of our revenues in many foreign currencies and accordingly face exchange rate risks.

We generate a significant portion of our revenues in U.S. dollars and other foreign currencies, and a significant portion of our expenses are incurred in Rupees. An appreciation of the Rupee, particularly with respect to the U.S. dollar, decreases the Rupee value of our such revenues and also affects the competitive advantage of locating our global development centres in India. For example, the revenues generated from our subsidiaries in the United States will decrease in Rupees terms if the Rupee appreciates against the U.S. dollar. Also, we may be obliged to pay additional compensation for some of our acquisitions outside India through the earn-out mechanisms prescribed in their respective sale and purchase agreement for each acquisition. Conversely, if the Rupee depreciates against the relevant foreign currencies, such as the U.S. dollar, the additional cost arising from such earn-outs will increase. Further, we may import certain hardware and software for future expansion. A decrease in the value of the Rupee against the U.S. dollar will increase the cost of these imports. We have not identified the amount of hardware and software that we will need to import for future expansion. Further, an increase in the value of these foreign currencies against the Rupee can increase the servicing costs on our foreign currency denominated debt and the value of our foreign currency denominated debt in our balance sheet. During fiscal 2008 the value of the Rupee against the U.S. dollar appreciated by 8.15% and during fiscal 2009 depreciated by approximately 30.76%. We do not currently reduce the effect of exchange rate fluctuations by active hedging policies or purchasing foreign exchange forward contracts, although we may do so in the future. Any fluctuations in the Indian Rupee against the U.S. dollar and other foreign currencies could adversely affect our financial conditions and results of operation.

Our product sales cycle is long and we may be unable to recoup our investment costs to develop or acquire our software products.

Software product development and enhancement requires significant investments and the markets for our suite of software products are competitive. Our current software products or any new software products that we develop or acquire may not be commercially successful and the costs of developing or acquiring such new products may not be recouped. Since software product revenues typically occur in periods subsequent to the periods in which the costs are incurred for the development, acquisition or enhancement of such software products, delayed revenues may cause periodic fluctuations of our operating results.

Further, a client's decision to source software products involves a significant commitment of its resources, is influenced by its budget cycles and usually goes through a structured evaluation process. Consequently, the period between initial contact and the award of a contract is often long, typically ranging from six to nine months, and is subject to delays associated with the budgeting, approval and competitive evaluation processes that normally accompany a significant capital expenditure decision. Such delays could also cause our operating results to vary widely from quarter to quarter.

We have in the past received objections to our registration of the "3i" name in the United States.

3i People Inc., a corporation incorporated in the State of Georgia in the United States had previously provided notice of its intent to obtain registration of the "3i People" word and design mark. Asserting that it would be harmed by the registration of our "3i Infotech" word and design mark; 3i People Inc., on August 26, 2008, filed a petition with the

United States Trademark Office to cancel our registration for our "3i Infotech" word and design mark. On November 28, 2008, we entered into a consent agreement with 3i People Inc., regarding the use of the "3i Infotech" marks. Accordingly the cancellation proceeding filed by 3i People Inc has been dropped and we have retained our registration in the U.S. for the "3i Infotech" word and design mark. However, there can be no assurance that there may not be any other impediment to the use of the word by the Company. This could affect our ability to use our "3i Infotech" word mark in the U.S. If we are unable to continue to use the "3i Infotech" mark in the United States, we may suffer a loss of goodwill and sales which could have a material adverse effect on our business, financial condition and results of operations.

Our indebtedness, including the conditions and restrictions imposed on us by our financing agreements and any acceleration of amounts due under such arrangements, could adversely affect our ability to conduct our business, financial condition and results of operations.

As of June 30, 2009, we had total secured loans of Rs. 10,394.06 million, most of which accrued interest at variable rates. In March 2006, we received approximately US$ 49 million in net proceeds from our March 2006 Convertible Bonds, in October 2006, we received approximately €15 million, at par (equivalent to Rs. 884.55 million) in net proceeds from our October 2006 Convertible Bonds, in April 2007, we received approximately €29.25 million in net proceeds from our April 2007 Convertible Bonds and in July 2007, we received approximately US$ 98 million in net proceeds from our July 2007 Convertible Bonds. We may incur additional indebtedness in the future. Our indebtedness has several important consequences, including but not limited to the following:

- a portion of our cash flow will be used towards servicing and repayment of our existing debt, which will reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms is restricted;
- increases in market interest rates will adversely affect the cost of our borrowings, as a portion of our secured loans are at variable interest rates;
- we may be more vulnerable to economic downturns and changes in exchange rates;
- we may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions; and
- we are required to comply with certain financial and negative covenants, including maintenance of financial ratios, set forth in our financing agreements.

Our financing arrangements also limit our ability to incur other indebtedness, create liens or other encumbrances on our property, acquire other businesses, sell or otherwise dispose of assets, make certain payments and investments, and merge or consolidate with other entities in certain circumstances. Further, our lenders have certain rights to determine how we operate our business, to terminate the credit facilities, to seek early repayments of our loans and to charge penalties for prepayments or cancellations of our loan. Consent from these lenders is required for certain corporate and business actions, changes in shareholding and management decisions. Any failure to service our indebtedness, maintain the required security interests, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, penalties and acceleration of amounts due under such facilities, which may adversely affect our business, financial condition and results of operations.

We have applied to the RBI for compounding contravention of the ECB Guidelines in relation to our previous FCCB issuances

In March 2006, October 2006, April 2007 and July 2007 we issued FCCBs in the amounts of US$ 50 million, €15 million, €30 million and US$ 100 million, respectively. In relation to the FCCB issuances by us the RBI, by its letter dated April 2, 2009, has informed us that since the Company is not in the real sector, it is not an eligible borrower to avail external commercial borrowings under the automatic route as per the extant ECB Guidelines. The RBI has

intimated that the FCCB issuances undertaken by us were not in conformity with the ECB Guidelines and that in view of such contravention we could be held liable to pay penalty in accordance with the provisions of the Foreign Exchange Management Act, 1999.

We have filed an application dated August 6, 2009 with the RBI for compounding the contravention of provisions of ECB Guidelines. We have as on date not received any response from the RBI. There can be no assurance that RBI would compound the aforesaid contravention without levying any penalty on us, or at all. Further, there can be no assurance that the RBI would not levy a substantial penalty under provisions of the Foreign Exchange Management Act, 1999. The failure to get the aforesaid contravention compounded on reasonable terms, or at all, may result in us paying a fine which may adversely affect our business and financial condition.

Our failure to complete fixed-price contracts within budget and on time will negatively affect our profitability.

As an element of our business strategy, a significant portion of our contracts for IT services are on a fixed price basis, rather than on a time-and-materials basis. Fixed-price contracts are those contracts where the aggregate amount to be billed is specified in the contract. In fiscal 2007, 2008, 2009 and the three months ended June 30, 2009, revenues from fixed-price, fixed-time frame projects accounted for 74.7%, 68.5%, 49.6% and 49.3%, respectively, of our total revenues from our services business. We expect to continue to derive a significant proportion of our services revenues from fixed-price contracts. Although we use our software engineering methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing fixed price, fixed-time frame projects, we bear the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to estimate accurately the resources and time required for a project, future wage inflation rates, or currency exchange rates, or if we fail to complete our contractual obligations within the contracted time-frame, it may lead to a breach by us, which could have a material adverse affect on our business, financial condition and results of operations.

Delays or defaults in client payments could result in a reduction of our profits.

We regularly commit resources to projects prior to receiving advances or other payments from clients in amounts sufficient to cover expenditures on projects as they are incurred. We may be subject to working capital shortages due to delays or defaults in client payments. If clients default in their payments on a project to which we have devoted significant resources or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

We maintain a workforce based upon current and anticipated workloads and if we do not receive anticipated contracts, or if these contracts are delayed, we would incur significant compensation costs without the benefits of the anticipated revenues.

Revenues and, consequently, profitability, particularly in our services business, are affected by employee utilization rates, which are the proportion of total billed person months to total available person months, excluding support personnel. We manage utilization by monitoring project requirements and timetables. The number of consultants assigned to a project will vary according to the size, complexity, duration, and demands of the project. We maintain a workforce based upon current and anticipated workloads. This entails significant staffing commitments and fixed costs for anticipated assignments. While our estimates are based upon past experience, these estimates may frequently change based on newly available information. If we do not receive anticipated workload or if our clients cancel or delay our assignments we could incur significant costs including fixed costs such as salaries and other costs related to maintaining under utilized staff and facilities which could adversely affect our results of operations and employee morale.

We have certain "cool off period" restrictions in relation to some of our client contracts restricting our ability to maximize productivity.

Certain of our client contracts impose "cool off period" restrictions on us whereby our people who worked on a particular project for such client are restricted from working on similar projects for their competitors for a prescribed

period. The cool off periods typically range from one to three months. Although we budget for such restrictions and rotate our people on to other unrelated assignments to negate the impact of the cool off period restrictions, we cannot assure you that such restrictions will not have an adverse effect on our business, financial condition and results of operations in the future.

We may be unable to attract and retain skilled professionals in the competitive job market for IT professionals.

Our ability to execute current and future projects and to obtain new customers depends, in large part, on our ability to attract, train, motivate and retain highly skilled personnel, particularly project managers, project leaders and domain experts. We believe that there is significant demand for personnel who possess the skills needed to perform the services we offer. Our inability to hire and retain additional qualified personnel will impair our ability to bid for or obtain new projects and to continue to expand our business. In fiscal 2007, 2008, 2009 and the three months ended June 30, 2009, the employee attrition rates (or the total number of people who cease to be our employees during the fiscal year divided by the total number of employees as of the end of such fiscal year, expressed as a percentage) were 19.6%, 15.5%, 18.1% and 13.2%, (annualized) respectively. The majority of departing employees comprised highly-trained IT personnel, such as software engineers and project managers with three to four years experience, many of whom joined competing companies. Any increase in our attrition rates, particularly the rate of attrition for experienced software engineers and project managers and leaders, would adversely affect our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave. Further, we cannot assure you that we will be able to re-deploy and re-train our technical personnel to keep pace with continuing changes in IT, evolving technologies and changing customer preferences. Finally, while we have never experienced a work stoppage as a result of labour disagreements or otherwise and we believe our relationship with our employees is satisfactory, we cannot guarantee that our employees will not unionize or that we will not experience any strike, work stoppage or other industrial action in the future.

Increases in wages for IT professionals could reduce our cash flows and profit margins.

Historically, wage costs in the Indian IT services industry have been significantly lower than wage costs in developed countries for comparable skilled technical personnel, which has been one of India's competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than those in certain developed countries and also faster than some of the other developing countries such as China and the Philippines, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. In the long term, wage increases may make us less competitive unless we are able to continue increasing the efficiency and productivity of our professionals and the quality of our services and the prices we can charge for our products and services. Increases in wages, including an increase in the cash component of our compensation expenses, may reduce our cash flows and our profit margins and have a material adverse effect on our business, financial conditions and results of operations.

The license granted to us for the KASTLE Core Banking (formerly branded as NEWTON) suite of software products is limited in geographical scope.

Although the license currently granted to us by IMS System Company, Korea ("IMS") for the KASTLE Core Banking suite of software products that we offer to banking clients grants us all rights, benefits, title and interest, including all the intellectual property rights, relating to the KASTLE Core Banking software, the license specifically excludes the operation of these rights in the key markets of the United States, the United Kingdom, China, Japan and Korea. For the United States, the United Kingdom and China markets, we have only been granted exclusive distribution rights for KASTLE Core Banking, with an obligation on our part to pay royalties in relation to any sales made in these countries. Our inability to offer KASTLE Core Banking to customers in these key markets could limit our revenue growth and could have a material adverse effect on our business, financial condition and results of operations.

In addition, IMS has reserved the right to terminate the license in the event we fail to pay amounts due and owing to IMS for granting such licenses and distribution rights. In the event of such termination, our rights to KASTLE Core Banking will be limited to distribution rights within the territories of India, Sri Lanka and Nepal. Any termination of

our agreement with IMS could have a material adverse effect on our business, financial condition and results of operations.

Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Our clients typically retain us on a non-exclusive, project-by-project basis. Most of our client contracts, including those that are on a fixed-price basis, can be terminated with or without cause, with between 30 and 60 days' notice and without termination-related penalties. Additionally, our contracts with clients are typically limited to discrete projects without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination of a project or the loss of a client, including:

- financial difficulties for a client;
- a change in strategic priorities, resulting in a reduced level of IT spending;
- a demand for price reductions;
- a change in outsourcing strategy by moving more work to client in-house IT departments or to our competitors; and
- the replacement by our clients of existing software with packaged software supported by licensors.

Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in lower revenues generated than anticipated. A number of our contracts have incentive-based or other pricing terms that condition some or all of our fees on our ability to meet defined goals. Our failure to meet these goals or a client's expectations in such performance-based contracts may result in a less profitable or an unprofitable engagement.

We rely on third parties for sales and implementation services.

We sell our products and services directly through our sales teams and indirectly through third parties with whom we have entered into channel partnership agreements. A significant number of our product customers, particularly in Europe, are generated by such channel partners. If we fail to maintain and expand our relationships with our channel partners or such channel partners fail to perform adequately, our business, financial condition and results of operations could be adversely affected. This could adversely impact our revenues and financial conditions. Further, these channel partners are in possession of our products and services which may be used by them in ways without our authorization, impacting our business and financial condition

Our future success depends to a significant extent on key technical and managerial personnel.

We are highly dependent on the senior members of our technical and management team, including the continued efforts of our Managing Director and Chief Executive Officer ("CEO"), our whole-time Directors, our Chief Financial Officer and other members of our senior management. Our future performance may be affected by any disruptions in the continued service of these persons. We do not maintain any key person insurance for any of our key personnel. Competition for senior management in our industry is intense, and we may not be able to retain such senior technical and management personnel or attract and retain new senior technical and management personnel in the future. The loss of one or more members of our senior management team could impact our relationships with our longstanding clients and our ability to maintain and grow our revenues and may have a material adverse effect on our business, results of operations and financial condition.

High Days of Sales outstanding for significant number of days may increase our collection risk, which could adversely affect our results of operations.

We normally allow customers up to 90 days from the invoice date within which to pay amounts due. For both fiscal 2009 and the three months ended June 30, 2009, our days of sales outstanding (which is the ratio of sundry debtors

to total sales in a particular period multiplied by the number of days in that period) were approximately 71 days. Our provisions for bad debts were Rs. 165.57 million, Rs. 181.18 million, Rs. 183.79 million and Rs. 52.70 million for fiscal 2007, fiscal 2008, fiscal 2009 and the three months ended June 30, 2009, respectively. Further, we wrote off bad debts totaling Rs. 17.61 million, Rs.13.05 million, Rs. 90.25 million and Rs. 8.04 million during fiscal 2007, fiscal 2008, fiscal 2009 and the three months ended June 30, 2009, respectively. Our inability in the future to accelerate the realization of receivables could adversely impact our financial condition, liquidity and results of operations.

As of June 30, 2009, we had contingent liabilities and commitments as disclosed in our statement of assets and liabilities under Indian GAAP.

As of June 30, 2009, our contingent liabilities and commitments as disclosed in our statement of assets and liabilities, were as follows:

Contingent liabilities	**In Rs. Millions**
Outstanding guarantees given to banks	5,576.80
Disputed demands for income taxes	27.60
Premium on redemption of convertible bonds	1,259.20
Others	315.20

Capital Commitments	**In Rs. Millions**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	554.50

We cannot assure you that any or all of these contingent liabilities and commitments will not become direct liabilities. In the event any or all of these contingent liabilities and commitments become direct liabilities, it may have an adverse effect on our business, financial conditions and results of operations.

Our transfer pricing agreements with our subsidiaries may be subject to regulatory challenges, which may subject us to higher taxes and adversely affect our earnings.

We have entered into transfer pricing agreements with our subsidiaries because a portion of our assets, such as intellectual property that we have developed, and the services we provide are billed to our subsidiaries and affiliated corporations on the basis on usage. In such agreements, we have determined transfer prices that we believe are the same as the prices that would be charged by unrelated parties dealing with each other at an arm's length basis. In this regard, we are subject to risks not faced by other companies with international operations that do not create inter-company transfers. If the United States Internal Revenue Service or the taxing authorities of any other jurisdiction were to successfully challenge these agreements or require changes in our transfer pricing practices, it could require us to redetermine transfer prices, which may result in a higher overall tax liability, including accrued interest and penalties, to us and as a result our earnings would be adversely affected. We believe that we operate in compliance with all applicable transfer pricing laws in these jurisdictions. However, there can be no assurance that we will continue to be found to be operating in compliance with transfer pricing laws, or that such laws will not be modified any of which may require changes to our transfer pricing practices or operating procedures. Any modification of transfer pricing laws may result in a higher overall tax liability to us and adversely affect our earnings and results of operations.

Any loss of certain tax exemptions will increase our tax liability and decrease any profits we might have in the future.

The statutory corporate income tax rate in India is currently 30.0%. This tax rate is presently subject to a 10% surcharge provided that the net income of the Indian company exceeds Rs. 10 million and an education cess (including a secondary and higher education cess) of 3%, resulting in an effective tax rate of 33.99%. We cannot assure you that the tax rate or the surcharge will not be increased further in future. Presently, we benefit from the tax holiday given by the Government of India for the export of computer software/IT-enabled products or services from specially designated software technology parks and special economic zones in India. As a result of these incentives, which include a 10-year tax holiday from Indian corporate income taxes on export profits, our operations have been

subject to relatively low tax liabilities. Since the tax liability is currently lower than tax at the rate of 10% of our book profit (as defined under the Income Tax Act), we are subject to the minimum alternate tax rate of 10% (plus a surcharge of 10% and an education cess of 3%). The Finance Bill, 2009 has proposed increase in the minimum alternate tax rate to 15% which will be effective after receipt of assent of President of India to the Finance Bill.

The Finance Act, 2000, initially phased out the 10-year holiday over a 10 year period from March 31, 2000 through March 31, 2009. The Finance Act 2008 & the Finance Bill, 2009 have extended the tax holiday up to Fiscal 2010 and 2011 respectively. Further, once the tax on our regular taxable income is greater than the tax at the rate of 10% of our book profit, we will be subject to the statutory corporate income tax rate of 30% (plus the applicable surcharge and the prevailing education cess). Further, our Malaysian subsidiary, 3i Infotech SBN BHD, and our Thai subsidiary, 3i Infotech (Thailand), also benefit from income tax holidays of ten years and seven years, respectively, in accordance with Malaysian and Thai laws, which expire in fiscal 2012. There can be no assurance that our tax holidays and other tax benefits will continue or that similar or greater reductions in tax benefits will be introduced in future. When our tax benefits expire or terminate, our tax expense could materially increase, reducing our profitability.

Our principal shareholders may have the ability to determine the outcome of shareholder resolutions.

ICICI Bank Limited and ICICI Strategic Investments Fund, our two largest shareholders, owned 39.43% of our issued Equity Shares as of the date of this Preliminary Placement Document. Their affiliates are also customers of ours. As significant shareholders, ICICI Bank Limited and ICICI Strategic Investments Fund may have interests that are adverse to the interests of other shareholders and/or our own interests and may have the ability to determine the outcome of any shareholder resolution. As a result, you may not be able to determine the outcome of any resolution proposed at a shareholder meeting or influence any decision taken by ICICI Bank Limited and ICICI Strategic Investments Fund. This could delay, defer or prevent a change in control, impede a merger, consolidation, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer to obtain control over us even if it is in our best interest.

There is no assurance that ICICI Bank Limited and ICICI Strategic Investments Fund will remain significant shareholders.

ICICI Bank Limited and ICICI Strategic Investments Fund, our two largest shareholders, owned 39.43% of our issued Equity Shares as of the date of this Preliminary Placement Document. There are no restrictions on the sale of Equity Shares by ICICI Bank Limited and ICICI Strategic Investments Fund. Consequently, both ICICI Bank Limited and ICICI Strategic Investments Fund are free to sell their shareholdings in us at any time and either of them may, at any time, in the event they sell off a part or whole of their equity shareholding in us, or for any other reason, cease to be a significant shareholder. We cannot predict the effect, if any, on our business of any such sale by ICICI Bank Limited and/or ICICI Strategic Investments Fund, or of ICICI Bank Limited or ICICI Strategic Investments Fund ceasing to be a significant shareholder or promoter. For instance, there can be no assurance that, among other reasons, in the event ICICI Bank Limited ceases to be a significant shareholder, we will be able to provide software solutions to and IT-related services for ICICI Bank Limited or its subsidiaries and affiliates. Our ceasing to provide software solutions to and IT-related services for any of ICICI Bank Limited and its subsidiaries or affiliates could have a material adverse effect on our business, results of operations and financial condition.

We require certain registrations and permits from government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect our operations.

We require certain registrations and permits for operating our business, including those required for the use of contract labour under the Contract Labour (Regulation and Abolition) Act, 1970. If we fail to obtain approval or any of these registrations and permits in a timely manner or at all, our business may be adversely affected and our directors and officers may be subjected to criminal proceedings.

The entities acquired by us have not been independently valued.

We have acquired entities as part of our growth strategy in India and in other countries including the United Kingdom and the United States. Some of these entities are now our direct and indirect subsidiaries. These entities were not valued by an independent third party at the time of acquisition and therefore, the valuation considered by us may not be an accurate reflection of the market value of these entities.

RISKS RELATING TO INDIA

Restrictions on immigration may affect our ability to compete for and provide services to clients in other countries, which could hamper our growth and cause our revenues to decline.

The vast majority of our employees are Indian nationals. The ability of our IT professionals to work in the United States, Europe and in other countries depends on the ability to obtain the necessary visas and work permits. Our software professionals typically work in the United States on H1-B or L-1 visas. We have so far been able to obtain L-1 visas for employees temporarily working in the United States through our subsidiary, 3i Infotech Inc. Although there is no limit to new L-1 visas, there is a limit to the aggregate number of new H-1B visas that the United States Citizenship and Immigration Services, or CIS, may approve in any government fiscal year. Effective October 1, 2003, the annual limit on the number of new H-1B visas was reduced from 195,000 to 65,000. In November 2004, the United States Congress passed a measure that increased the number of available H-1B visas to 85,000 per year. The 20,000 additional visas are only available to skilled workers who possess a Master's or higher degree from institutions of higher education in the United States. Further, in response to the terrorist attacks in the United States, the CIS has increased its level of scrutiny in granting new visas. This may, in the future, also lead to limits on the number of L-1 visas granted. In addition, the granting of L-1 visas precludes companies from obtaining such visas for employees with specialized knowledge: (1) if such employees will be stationed primarily at the worksite of another company in the United States and the employee will not be controlled and supervised by his employer, or (2) if such offsite placement is essentially an arrangement to provide labor for hire rather than in connection with the employee's specialized knowledge. Immigration laws in the United States may also require us to meet certain levels of compensation, and to comply with other legal requirements, including labor certifications, as a condition to obtaining or maintaining work visas for our technology professionals working in the United States. We believe that the demand for H-1B visas will continue to be high, and therefore we may not be able to obtain as many H-1B visas as in the past. It is also possible that proposed legislation in the United States will impose stricter requirements on the granting and renewal of H1-B and L-1 visas. For example, recent regulations stipulate that certain work visas cannot be renewed in the United States and have to be renewed in the applicant's home country. These regulations could impose additional costs on us.

The CIS announced on April 3, 2007, the second day that the window was open for receipt of H-1 B visa petitions for fiscal 2008, that it had received enough H-1 B visa petitions to meet the congressionally mandated cap for fiscal 2008. The CIS will use a computer-generated random selection process among approximately 119,000 cap-subject petitions received by April 3, 2007 and will reject all petitions received on those days that are not randomly selected. Any inability to receive sufficient visas for travel to the United States during fiscal 2008 could affect our ability to staff projects there and therefore adversely affect our business condition and results of operations.

Immigration laws in the United States and in other countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our IT professionals. Our reliance on work visas for IT professionals makes us vulnerable to such changes and variations as it affects our ability to staff projects with IT professionals who are not citizens of the country where the work is to be performed. As a result, we may not be able to obtain a sufficient number of visas for our IT professionals or may encounter delays or additional costs in obtaining or maintaining the condition of such visas. Any inability to obtain such visas in the future could have an impact on our business, financial condition and results of operations.

Political opposition to offshore outsourcing in the United States, and other countries where we operate, could adversely affect our business.

In recent years, offshore outsourcing has been the subject of intense political debate, including in recent U.S. election campaigns, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. Several U.S. state governments have recently implemented or are actively considering implementing restrictions on outsourcing by U.S. state government entities to offshore IT services providers. Additionally, companies in the U.S. have been experiencing pressure from their employees and customers regarding their outsourcing practices. Any changes to existing laws in the United States or in other countries where we operate or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact our business and profitability.

Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian Governments have pursued policies of economic liberalisation and financial sector reforms. The parliament was dissolved on May 18, 2009 and following the general elections held during April and May 2009, a new coalition government was formed on May 22, 2009. The new cabinet was sworn in on May 28, 2009. The new Government of India has announced its general intention to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government of India's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

A significant change in the central and state governments' economic liberalization and deregulation policies could disrupt our business.

In recent years, India has been following a course of economic liberalization and our business could be significantly influenced by economic policies taken by the central government. The current coalition-led central government has implemented policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments.

The Indian central government has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies.

However, since the present government is a multi-party coalition, there can be no assurance that it will be able to generate sufficient cross-party support to implement any liberalization policies adopted by the previous central government or that such policies will continue in the future. Government corruption and protests against privatizations, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and, as substantially all of our assets are located in India.

Our growth is dependent on the Indian economy.

Our performance and the speed of growth of our business are necessarily dependant on the health of the overall Indian economy. India's economy could be adversely affected by a general rise in interest rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. If the current slowdown in the Indian economy continues it could adversely affect our business including our ability to implement our

business strategy and increase our participation in the infrastructure and property development sectors. The Indian economy is currently in a state of transition and it is difficult to gauge the impact of certain fundamental economic changes on our business. The continued downturn in the macroeconomic environment in India or in specific sectors will adversely affect the price of our shares and our business and financial performance.

Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing as well as the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our shares.

Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and our business and cause the trading price of the Equity Shares to decrease.

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, Latin America, Russia and elsewhere in the world in past years has had limited impact on the Indian economy and India was relatively unaffected by financial and liquidity crises experienced elsewhere. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This in turn could negatively impact the movement of exchange rates and interest rates in India. In short, any significant financial disruption could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

Terrorist attacks and other acts of violence or war involving India, the United States and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, prospects, financial condition and results of operations.

There has been an increase in the frequency and scale of terrorism in India and globally. In November 2008, terrorists attacked two hotels, a railway station, restaurant, hospital, and other locations in Mumbai causing over 100 fatalities. In July 2006, a series of seven explosions were launched by extremists on commuter trains and stations in India which killed at least 174 people. The seas east and west of India are prone to piracy. Each of our businesses is vulnerable to terrorism, whether due to physical damage, reduced usage or increased fuel, insurance or other costs.

Some parts of India have experienced communal disturbances and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income.

The South Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including those between India and Pakistan. The hostilities between India and Pakistan are particularly threatening because both India and Pakistan are nuclear powers. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Iraq, Afghanistan and other countries in the Indian sub-continent. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

Terrorist attacks as well as other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, prospects, financial condition and results of operations. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including leading to an economic recession.

The occurrence of natural or man-made disasters could adversely affect the Indian economy which may, in turn, have an adverse effect on our results of operations and financial condition.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition, including in the following respects:

- Catastrophic loss of life due to natural or man-made disasters could cause us to pay benefits at higher levels and/or much earlier than anticipated.

- A natural or man-made disaster could result in losses in our investment portfolio, or the failure of our counterparties to perform, or cause significant volatility in global financial markets.

- Pandemic disease, caused by a virus such as H5N1, the "avian flu" virus, or H1N1, the "swine flu" virus, could have a severe adverse effect on our business. The potential impact of such a pandemic on our results of operations and financial position is highly speculative, and would depend on numerous factors, including the probability of the virus mutating to a form that can be passed from human to human; the rate of contagion if and when that occurs; the regions of the world most affected; the effectiveness of treatment of the infected population; the rates of mortality and morbidity among various segments of the insured versus the uninsured population; our insurance coverage and related exclusions; the possible macroeconomic effects of a pandemic on our asset portfolio; the effect on lapses and surrenders of existing policies, as well as sales of new policies; and many other variables.

The Indian securities markets are more volatile than certain other securities markets.

The Indian securities markets are more volatile than the securities markets in certain countries which are members of the Organization for Economic Co-operation and Development ("OECD"). The Indian Stock Exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. During 2008, the NSE and BSE suffered from a high level of intra-day volatility.

The Indian Stock Exchanges have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Shares. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies, and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There is a lower level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants than in certain OECD countries. The SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in certain OECD countries.

Trade deficits could have a negative effect on our business and the trading price of the Equity Shares.

India's trade relationships with other countries can influence Indian economic conditions. For the nine month period ended December 31, 2008, India experienced a trade deficit of US$ 99.09 billion, an increase of US$ 32.26 billion from nine month period ended December 31, 2007. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of the Equity Shares, could be materially adversely affected.

Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessment of our financial condition.

The financial data included in this Preliminary Placement Document has been prepared in accordance with Indian GAAP. There are significant differences between Indian GAAP and IFRS or U.S. GAAP. We have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP Financial Statements included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

There may be less company information available in the Indian securities markets than securities markets in developed countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in the United States and other more developed countries. The SEBI is responsible for approving and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed countries.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, regulations of our board of directors and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.

Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us.

We are a limited liability company incorporated under the laws of India. Substantially all of our directors and executive officers named herein are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against such parties outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian practice.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within

the meaning of that Section, in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. In the case of reciprocating territories, a judgment of a court outside India may be enforced either by initiating execution proceedings pursuant to Section 44A of the Code of Civil Procedure, 1908 (the "Civil Code") or by a suit upon it. However, in the case of a non reciprocating territory such as the United states, a judgment of a court outside India may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Code and not by proceedings in execution. For more information, see "Enforcement of Civil Liabilities."

Risks Related to the Equity Shares

An investor will not be able to sell any of our Equity Shares purchased in the Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of issue of such Equity Shares.

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of our Equity Shares in the Issue, investors purchasing our Equity Shares in the Issue may only sell their shares on the NSE or the BSE and may not enter into any off-market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of our Equity Shares.

The ability of non-residents to sell their Equity Shares to a resident of India may be subject to delays if RBI approval is required.

Under current Indian regulations and practice, approval of the RBI is required for the sale of Equity Shares by a non-resident to a resident of India, unless the sale is made at the market price of the Equity Shares or in accordance with the pricing guidelines specified by the RBI. If the Equity Shares are thinly traded, then certain other pricing guidelines specified by the RBI must be followed. Prior to the repatriation of sale proceeds, certain filings must be made with an authorized dealer (bank) remitting the proceeds along with certain documents, including an undertaking from the resident buyer in the prescribed form stating that the pricing guidelines have been adhered to and a no objection/tax clearance certificate from the income tax authority or an accountant. If any approvals are required from the RBI or any other Government agency, they may not be obtained on terms favourable to a non-resident investor or at all. We cannot guarantee that any approval, if required, will be obtained in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

Your ability to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in this Preliminary Placement Document.

The Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions. See "Distribution and Solicitation Restrictions" and "Transfer Restrictions" in this Preliminary Placement Document. We, our representatives, our agents or the Placement Agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

There may be no active market for our Equity Shares, which may cause the price of our Equity Shares to fall.

Our Equity Shares have been listed on the BSE and the NSE. No assurance can be given as to the liquidity or sustainability of the trading market for our Equity Shares, the ability of shareholders to sell their shares or the price

at which shareholders will be able to sell their shares following completion of the Issue. If a market for our Equity Shares fails to be sustained, the trading price of our Equity Shares could fall. In addition, it is possible that our Equity Shares could trade at prices that may be lower than the Issue Price. The Placement Agents have no obligation to make a market for our Equity Shares. The market for equity securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to our Equity Shares. There can be no assurance that the markets for our Equity Shares, if any, will not be subject to similar disruptions. Any disruptions in these markets may have an adverse effect on the market price of our Equity Shares.

Future sales of Equity Shares by shareholders, including ICICI Bank Limited, may adversely affect the market price of the Equity Shares.

ICICI Bank Limited and ICICI Strategic Investments Fund, our two largest shareholders, owned 39.43% of our issued Equity Shares as of the date of this Preliminary Placement Document. The market price of the Equity Shares could decline due to the sale of a large number of the Equity Shares by these shareholders or other shareholders or the perception that such sales may occur. This, in turn, could make it difficult for you to sell Equity Shares in the future at a time and at a price that you deem appropriate.

Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends. Further, as our businesses are capital intensive, we may plan to make additional capital expenditure to complete various projects that we are developing, as described in this Preliminary Placement Document. Accordingly, our ability to pay dividends is dependent on our capital requirements and financing arrangements, financial conditions and results of operations.

Any future equity offerings by us could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. As a purchaser of the Equity Shares, you could experience dilution to your shareholding in the event that we conduct future equity offerings. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

You may be restricted in your ability to exercise preemptive rights under Indian law and thereby may suffer future dilution of your ownership position.

Under the Companies Act, a company incorporated in India must offer its holders of Equity Shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new Equity Shares, unless the preemptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution. However, if the law of the jurisdiction of the investor does not permit the exercise of such preemptive rights without us filing an offering document or registration statement with the applicable authority in the relevant jurisdiction, such investor will be unable to exercise such preemptive rights unless we make such a filing. We may elect not to file a registration statement in relation to preemptive rights otherwise available by Indian law to such investors. If we decide not to file a registration statement, the new securities may be issued to a custodian for such holders of the Equity Shares, which may sell the securities for the benefit of such holders. The value, if any, such custodian would receive upon the sale of such securities and the related transaction costs cannot be predicted. To the extent that such holders are unable to exercise preemptive rights granted in respect of the Equity Shares, such investors' proportional interests in us would be reduced.

Any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Investors will bear the risk of fluctuations in the price of our Equity Shares.

It is not possible to predict whether the price of our Equity Shares will rise or fall. Trading prices of our Equity Shares may fluctuate after this Issue and will be influenced by, among other factors, the volatility in the Indian and global securities markets, our financial condition and results of operations, our performance and the performance of our competitors, the perception in the market about investments in the businesses which we operate, media reports regarding us, changes in the estimates of our performance or recommendations by financial analysts, developments in India's economic liberalisation and regulation policies and developments in India's fiscal and environmental regulations, and other political, economic and financial factors. There can be no assurance that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequently. Any sales of a substantial number of our Equity Shares in the market could adversely affect the prevailing market price of our Equity Shares.

Currency exchange rate fluctuations may affect the value of the Equity Shares.

Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Rupees may affect the value of such investor's investment in the Equity Shares. Specifically, if there is a change in relative value of the Rupee to the U.S. Dollar, each of the following values will also be affected:

- The foreign currency equivalent of the Rupee trading price of the Equity Shares in India;
- The foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of the Equity Shares; and
- The foreign currency equivalent of cash dividends, if any, paid in Rupees on the Equity Shares.

You may be unable to convert Rupee proceeds into a foreign currency of your choice, or the rate at which any such conversion could occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Rupee if investors in jurisdictions outside India analyze its value based on the relevant foreign currency equivalent of our financial condition and results of operations.

Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realized on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax, or STT, has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realized on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of Equity

Shares. For more information, see “Taxation” in this Preliminary Placement Document. However, capital gains on the sale of our Equity Shares purchased in the Issue by residents of certain countries will not be taxable in India by virtue of the provisions contained in the taxation treaties between India and such countries.

USE OF PROCEEDS

We estimate that our net proceeds from the Issue, after deducting placement agent discounts and estimated offering expenses, will be approximately Rs. [●] million.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds from the Issue towards repayment of bank borrowings and for general corporate purposes, including working capital requirements. Some of the loan documents which we have entered into with bank and financial institutions contain mandatory prepayment clauses which are applicable in the event we undertake certain actions such as issuance of Equity Shares. We have applied to banks and financial institutions for a waiver from such mandatory prepayment clauses. In the event we are unable to obtain a waiver from the mandatory prepayment clauses we may be required to prepay certain loans which may include loans availed from our Promoter, ICICI Bank Limited.

Pending utilization of the net proceeds from the Issue for the purposes described above, our management will have flexibility in using such net proceeds, and we intend to temporarily invest the net proceeds in creditworthy instruments, including money market mutual funds and deposits with banks.

CAPITALISATION

The following table sets forth our capitalisation as at June 30, 2009 on an:

- actual basis; and
- as adjusted basis to give effect to the Issue.

You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes thereto included elsewhere in this Preliminary Placement Document.

	As at June 30, 2009	
	Actual	**As Adjusted**
	(Rs. millions)	
Loan Funds:		
Secured	10,394.06	10,394.06
Unsecured	11,149.62	11,149.62
Total debt	21,543.68	21,543.68
Shareholders' funds:		
Share capital[(1)]	2,308.46	[●]
Securities premium	2,217.55	[●]
Other Reserves and surplus	6,141.82	6,141.82
Minority interest	186.30	186.30
Total funds (excluding loan funds)	10,854.13	[●]
Total capitalisation	32,397.81	[●]

(1) Does not reflect (i) 25,967,074 Equity Shares issuable upon the exercise of 25,967,074 options outstanding as at June 30, 2009 (see "Description of the Equity Shares—Employees Stock Option Plans") and (ii) 31,577,694 Equity Shares issuable upon the conversion of 86,569 foreign currency convertible bonds outstanding as at June 30, 2009.

MARKET PRICE AND OTHER INFORMATION CONCERNING THE EQUITY SHARES

130,845,746 Equity Shares were issued and outstanding as at June 30, 2009. The Equity Shares have been listed on the BSE and NSE since April 2005.

On September 17, 2009 the closing price of the Equity Shares on the BSE and NSE was Rs. 88.15 and Rs. 88.15 per Equity Share, respectively.

The tables below provide certain market price and other information of the Equity Shares, including the high and low prices and the trading volume for the specified periods. Because the Equity Shares are actively traded on the BSE and NSE, the market price and other information for each of the BSE and NSE has been given separately.

	Bombay Stock Exchange[1]						
	High Closing Price[2]			Low Closing Price[2]			
	Date	Closing Price (Rs.)	Volume on Date of High[3]	Date	Closing Price (Rs.)	Volume on Date of Low[3]	Average (Rs.)[4]
Year Ended December 31:							
2006	May 17	211.65	881,706	June 13	125.75	80,593	171.95
2007	May 17	323.95	760,334	November 12	123.70	79,028	224.57
2008	January 9	154.20	1,340,404	December 1	31.35	82,692	91.54
Month:							
January 2009	January 2	41.81	674,702	January 13	30.90	388,287	34.42
February 2009	February 13	37.75	1,308,717	February 26	29.35	229,374	33.70
March 2009	March 31	32.50	210,510	March 12	25.15	74,127	28.95
April 2009	April 29	45.95	1,448,163	April 2	34.45	536,391	40.71
May 2009	May 29	73.45	1,070,752	May 6	47.70	794,059	58.66
June 2009	June 10	91.70	1,595,537	June 23	71.45	436,838	79.80
July 2009	July 27	81.20	545,998	July 13	61.90	125,378	72.61
August 2009	August 26	88.65	1,984,404	August 11	65.80	646,666	77.61

(1) Source: www.bseindia.com.

(2) High and low closing prices are based on the daily closing prices.

(3) In case of two days with the same closing price, the date with the higher volume has been chosen.

(4) In the case of a year, represents the average of the closing prices on the last day of each month of each year presented. In the case of a month, represents the average of the closing prices of each day of each month presented.

	National Stock Exchange of India[1]						
	High Closing Price[2]			Low Closing Price[2]			
	Date	Closing Price (Rs.)	Volume on Date of High[3]	Date	Closing Price (Rs.)	Volume on Date of Low[3]	Average (Rs.)[4]
Year Ended December 31:							
2006	May 17	212.45	1,468,744	June 13	126.30	170,738	172.27
2007	May 17	323.90	1,280,501	November 12	123.60	25,048	225.00
2008	January 9	154.40	2,263,275	December 1	31.35	194,644	91.60
Month:							
January 2009	January 2	41.15	1,011,412	January 13	30.95	759,282	34.43
February 2009	February 13	37.75	2,175,860	February 27	29.85	606,890	33.74
March 2009	March 31	32.50	463,041	March 9	25.10	158,562	28.93
April 2009	April 29	46.60	5,495,838	April 2	34.55	1,165,054	40.73
May 2009	May 29	73.60	1,735,063	May 6	47.65	1,886,770	61.54
June 2009	June 10	91.70	3,728,738	June 23	71.25	936,187	79.77
July 2009	July 27	81.25	1,302,134	July 13	62.10	390,025	72.69
August 2009	August 26	88.60	4,584,934	August 10	65.65	2,219,765	77.61

(1) Source: www.nse-india.com.

(2) High and low closing prices are based on the daily closing prices.

(3) In case of two days with the same closing price, the date with the higher volume has been chosen.

(4) In the case of a year, represents the average of the closing prices on the last day of each month of each year presented. In the case of a month, represents the average of the closing prices of each day of each month presented.

The following table provides the aggregate volume of the Equity Shares transacted during each month presented.

	Volume	
	Bombay Stock Exchange[1]	National Stock Exchange of India[2]
Month:		
January 2009	7,269,329	18,226,567
February 2009	11,401,160	21,566,316
March 2009	4,855,110	10,284,052
April 2009	20,938,304	43,820,701
May 2009	27,638,729	65,858,060
June 2009	19,530,957	46,174,410
July 2009	10,162,996	22,577,551
August 2009	28,363,151	57,444,777

(1) Source: www.bseindia.com.

(2) Source: www.nse-india.com.

The following table provides certain market price and other information of the Equity Shares for July 29, 2009, the first working day immediately following the Board Meeting approving the Issue.

	Bombay Stock Exchange[1]					National Stock Exchange of India[2]				
	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
July 29, 2009	39.00	94.90	25.00	72.00	574,360	78.00	81.20	74.45	76.50	1,493,008

(1) Source: www.bseindia.com.
(2) Source: www.nse-india.com.

DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividends upon the recommendation of its board of directors and approval by a majority of its shareholders, who have the right to decrease, but not to increase, the amount of the dividend recommended by the board of directors at the annual general meeting. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. Additionally, our Articles of Association grant discretion to our Board of Directors to declare and pay interim dividends from our profits as appear to it to be justified. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owners in the record of the depositary on the date specified as the "record date" or "book closure date". A listed company in India may declare and disclose the dividend it issues only on a per share basis.

Equity Shares

The Equity Shares to be issued in this Issue shall qualify for any dividend that is declared in respect of the financial year in which they have been allotted. Dividends declared by us on the Equity Shares during the last three fiscal years have been presented below.

	Fiscal Year Ended March 31,		
	2009	2008	2007
Face value of Equity Shares (Rs. Per Share)	10.00	10.00	10.00
Interim dividend on Equity Shares (Rs. Per Share)	—	—	—
Final dividend on Equity Shares (Rs. Per Share)	1.50	1.50	2.00
Total dividend on Equity Shares (Rs. million)	196.13	195.80	112.60
Residual dividend paid (Rs. million)*	0.22	13.41	0.28
Dividend tax (Rs. million)	33.36	33.70	19.13

* *Residual dividend represents dividend on Equity Shares issued (entitled to previous period dividend) between the date of proposed dividend and record date.*

Preference Shares

Dividends declared on our Preference Shares during the last three fiscal years have been presented below.

	Fiscal Year Ended March 31,		
	2009	2008	2007
Face value of Preference Shares (Rs. Per Share)	5.00	5.00	5.00
Interim dividend on Preference Shares (Rs. million)	53.24	53.24	53.24
Final dividend on Preference Shares (Rs. million)	10.26	10.44	10.26
Total dividend on Preference Shares (Rs. million)	63.50	63.68	63.50
Dividend rate	6.35%	6.35%	6.35%
Dividend tax (Rs. million)	10.79	10.79	8.91

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

Under current Indian tax laws, dividends are not subject to income tax in India in the hands of the recipient. However, a company is liable to pay a "dividend distribution tax" currently at the rate of 15% (plus surcharge at 10% and education cess on dividend distribution tax and surcharge at the rate of 3%) on the total amount distributed as dividend. The effective rate of dividend distribution tax is approximately 17%. See "Taxation".

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by the Reserve Bank of India. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. On September 16, 2009, the exchange rate was Rs. 47.97 to US$1.00.

	Period End	Average[1]	High	Low
Year Ended December 31:		(Rs. Per US$1.00)		
2006	Rs. 44.23	Rs. 45.30	Rs. 46.95	Rs. 44.07
2007	39.41	41.20	44.61	39.27
2008	48.45	43.84	50.52	39.27
Quarter Ended:				
September 30, 2008	Rs. 46.94	Rs. 44.41	Rs. 46.94	Rs. 41.89
December 31, 2008	48.45	49.18	50.52	46.88
March 31, 2009	50.95	50.23	52.06	48.37
June 30, 2009	47.87	48.46	50.53	46.84

(1) Represents the average of the reference rates released by the Reserve Bank of India on the last day of each month during the period for each year and quarter presented.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear in this Preliminary Placement Document, beginning on page F-1. Indian GAAP and IFRS differ in certain material respects. For more information see "Risk Factors – Risks Relating to India – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessment of our financial situation." Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements under Indian GAAP.

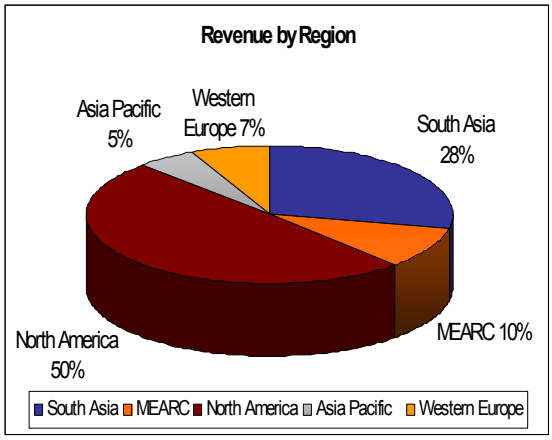
Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. In this section only, any reference to "we," "us" or "our" refers to 3i Infotech Limited on a consolidated basis.

OVERVIEW

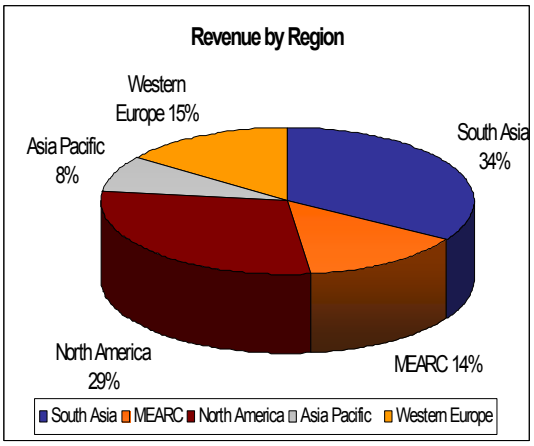
We are in the business of providing a range of IT & IT enabled solutions and services to companies worldwide, primarily companies in the banking, insurance and financial services industries. We were incorporated on October 11, 1993 as a wholly-owned subsidiary of ICICI Limited, which was merged with ICICI Bank Limited with effect from March 29, 2002. Over the years, we have evolved to a geographically diverse company that operates in three main business lines, namely IT products, IT services and transaction processing services. Through these three business lines, we offer a comprehensive range of software, IT services and IT enabled solutions, including packaged applications for the banking, insurance and financial services industries (encompassing corporate, retail and commercial banking, insurance policy sourcing and claims processing, investor servicing and Internet delivery of financial services, as well as business intelligence and analytical applications), an enterprise resource planning suite of applications, custom application software development, deployment, maintenance and support services (both onsite and offshore), IT consulting services and transaction services. In April 2005, we completed an initial public offering of our Equity Shares and our Equity Shares are currently traded on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). In March 2006, we issued the March 2006 Convertible Bonds. In October 2006, we issued the October 2006 Convertible Bonds and in April 2007, we issued the April 2007 Convertible Bonds. In July 2007, we issued the July 2007 Convertible Bonds.

Our total income was Rs. 6,707.72 million in fiscal 2007, Rs. 12,235.67 million in fiscal 2008, and Rs. 23,046.87 million in fiscal 2009, and Rs. 4,716.19 million and Rs. 6,021.47 million for the three months ended June 30, 2008 and 2009, respectively. Profit before interest, depreciation, extraordinary items and tax was Rs. 1,476.12 million in fiscal 2007, Rs. 2,732.25 million in fiscal 2008, and Rs. 4,534.63 million in fiscal 2009 and Rs. 942.92 million and Rs. 1,234.37 million for the three months ended June 30, 2008 and 2009, respectively. Profit after tax was Rs. 1,044.84 million in fiscal 2007, Rs. 1,831.98 million in fiscal 2008, and Rs. 2,664.24 million in 2009 and Rs. 581.00 million and Rs. 629.37 million for the three months ended June 30, 2008 and 2009, respectively.

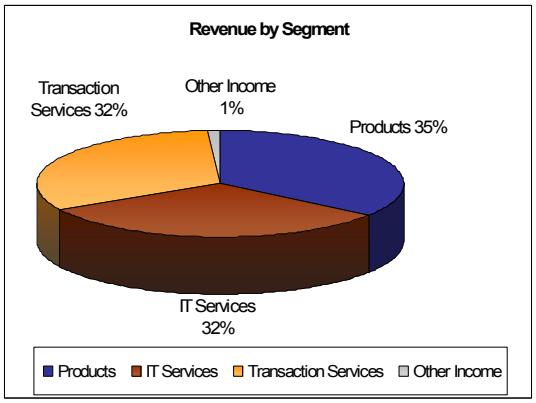
As of June 30, 2009, we serviced over 1,500 active customers in more than 50 countries through our portfolio of software products, IT services and transaction services. For fiscal 2009 and fiscal 2008, 28% and 34%, respectively, of our total income was from clients in South Asia, 50% and 29%, respectively of our total income was from clients in North America, 10% and 14%, respectively, of our total income was from clients in MEARC, 5% and 8%, respectively, of our total income was from clients in the APAC region and 7% and 15%, respectively, of our total income was from clients in Western Europe. In fiscal 2009 and fiscal 2008 income from software products, IT and transaction services provided to banks, insurance companies and other financial service companies contributed more than 74.3% and 72.5%, respectively, of our total income. For fiscal 2009 and fiscal 2008, 32% and 38%, respectively, of our total income was from IT-related services, 32% and 12%, respectively, of our total income was from transaction services , 35% and 49%, respectively, of our total income was from our software products business and 1% and 1%, respectively, of our total income was from other income. Further, for fiscal 2009 and fiscal 2008, 9% and 15%, respectively, of our total income was from ICICI Bank Limited and certain of its subsidiaries and affiliates, while our top five customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates) contributed 11% and 8%, respectively, of our total income during these periods.



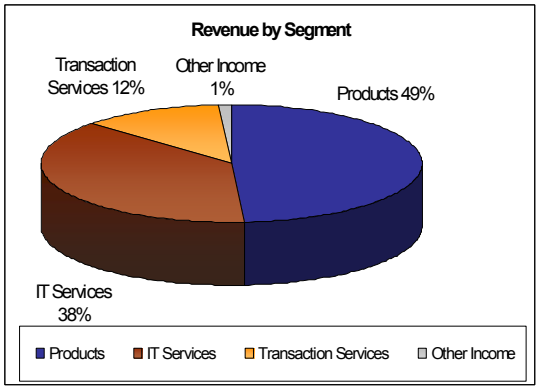
Fiscal 2009



Fiscal 2008

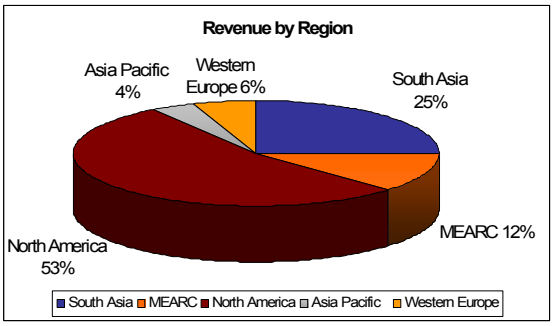


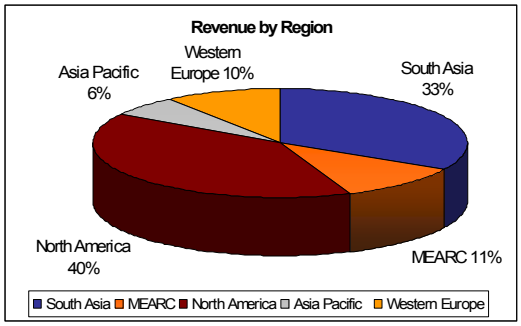
Fiscal 2009



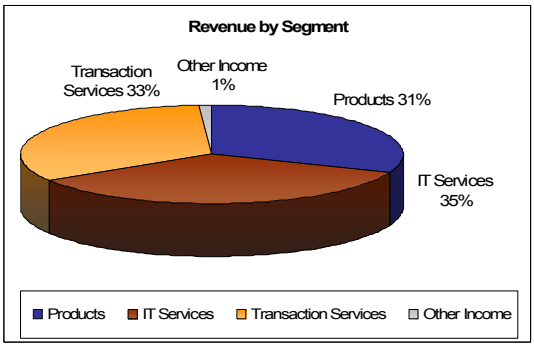
Fiscal 2008

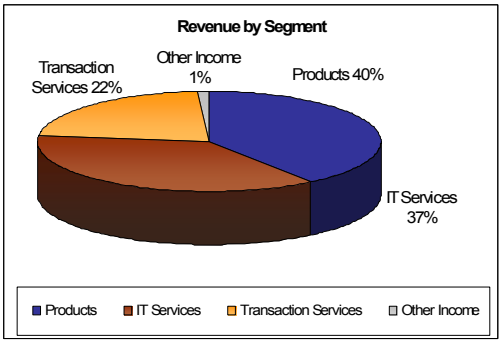
For the three months ended June 30, 2008 and 2009, 33% and 25%, respectively, of our total income was from clients in South Asia; 40% and 53%, respectively of our total income was from clients in North America; 11% and 12%, respectively, of our total income was from clients in MEARC; 6% and 4%, respectively, of our total income was from clients in the APAC region; and 10% and 6%, respectively, of our total income was from clients in Western Europe. For the three months ended June 30, 2008 and 2009 income from software products and services provided to banks, insurance companies and other financial service companies contributed more than 72.2% and 70.2%, respectively, of our total income. For the three months ended June 30, 2008 and 2009, 37% and 35%, respectively, of our total income was from IT-related services, 22% and 33%, respectively, of our total income was from transaction services, 40% and 31%, respectively, of our total income was from our software products business and 1% and 1%, respectively, of our total income was from other income. Further, for the three months ended June 30, 2008 and 2009, 10% and 9%, respectively, of our total income was from ICICI Bank Limited and certain of its subsidiaries and affiliates, while our top five customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates) contributed 13% and 13%, respectively, of our total income during these periods.





Quarter Ended June 30, 2009 **Quarter Ended June 30, 2008**





Quarter Ended June 30, 2009 **Quarter Ended June 30, 2008**

Our product offerings include providing software solutions for the banking and financial services industry (which includes insurance, mutual fund and capital market sectors), and an enterprise resource planning package. Through our IT service offerings, we provide clients with application development & maintenance, IT infrastructure services, e-governance services, retail e-commerce, business intelligence, document management service and business process management, data warehousing and other online retail services like online tax filing and digital signature certificates. Through our transaction service offerings, we provide clients with services such as payment remittance, cheque processing, human resources and payroll management services, account origination, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact center services. Our transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries. Our top customers include some of the leading banking, insurance and financial services companies in India and around the world.

As of June 30, 2009, we had a pool of over 12,500 specialized employees and over 2,400 consultants who deliver our solutions both on-site and offshore through state of the art global delivery centers across India, in Dubai, Kuala Lumpur, New Jersey and China. We have subsidiaries in the United States, the United Kingdom, Singapore, Australia, Kenya, UAE, Bangladesh, Malaysia, Thailand, Saudi Arabia, Mauritius, China, Cyprus, Kazakhstan and India. In addition, we have a sales presence in other parts of the Middle East and in Eastern Europe.

The Company's quality certifications include SEI CMMI Level 5 for our software business, ISO 9001:2000 for BPO, ISO/IEC 27001:2005 for our data center operations and ISO/IEC 20000-1:2005 for our data center management services.

We have developed a strong sales team consisting of over 236 sales personnel globally across offices in India, the United States, Europe, the Middle East and the APAC region, which is supported by a global marketing team based in India. We also have alliance partnerships with leading hardware and software vendors.

FACTORS AFFECTING RESULTS OF OPERATIONS

Several factors have affected our results of operations, financial condition and cash flow significantly over the past three years. These factors include:

- A complete downturn in the United States economy which led to a global economic recession;
- General economic conditions in India and the larger global markets;
- Changes in the demand for IT products and services, particularly in the banking and financial services sectors;
- Fluctuations in the rate of exchange of major foreign currencies;
- The increasing share of revenues from our transaction services business;
- Capital expenditures for our new business initiatives such as kiosks, Taxsmile and Elegon our Chinese joint venture;
- Increase in our debt component due to acquisitions and new business initiatives;
- Competition in India, the United States and other international markets from other IT product and service companies, especially the effect of such competition on our ability to penetrate these markets;
- Increase in salaries and wages due to increases in operations after acquisitions;
- Changes in interest rates;
- Increase in depreciation due to investment in new business initiatives;
- Changes in net working capital;
- Identification and integration of acquisition targets; and
- Management of differing regulations and taxation for our global operations.

These factors and a number of future developments may affect our results of operations, financial condition and cash flow in future periods. We believe that in addition to the foregoing factors, future developments which may affect our future results of operations, financial condition and cash flow include:

- Acceptance of our product offerings in the domestic and international markets;
- Pricing pressures for our products, IT services and transaction services businesses, due to continued competition from other IT product, service and transaction services companies;
- Capital expenditures and related financings;
- Competition in hiring and retaining skilled IT personnel;
- Our ability to expand international operations;
- Gain or loss of significant customers;
- New strategic partnerships or mergers/acquisitions; and
- Obtaining funding for additional working capital requirements.

For more information on these and other factors/developments which have affected or may affect us, see "Risk Factors."

Relationship with the ICICI Bank Limited, certain of its subsidiaries and affiliates

We were incorporated in 1993, as a wholly-owned subsidiary of ICICI Limited. Initially, our primary business activity was to provide back-office IT services for ICICI Limited and certain of its subsidiaries and affiliates. In early 1999, all IT-related services and operations for ICICI Limited, ICICI Bank Limited, and certain of their respective subsidiaries and affiliates, were consolidated under us. Beginning in late 1999, we began offering and providing software development, IT infrastructure and network management services to companies other than ICICI Limited, ICICI Bank Limited, and their respective subsidiaries and affiliates. The percentage of income derived from fees for IT-related services for ICICI Bank Limited, certain of its subsidiaries and affiliates, has declined from almost 100% in fiscal 1999 to approximately 9% in fiscal 2009. As of June 30, 2009, we continue to provide IT-related services for ICICI Bank Limited, certain of its subsidiaries and affiliates, including software services, network infrastructure management and IT-related services for the retail and wholesale borrowings of ICICI Bank Limited. We also act as the registrar for shares and bonds issued by ICICI Bank Limited and as transfer agent for such shares and bonds, dealing with all matters connected with the transfer and redemption thereof. See "Risk Factors - Risks Relating to 3i Infotech and its Business - There is no assurance that ICICI Bank Limited and ICICI Strategic Investments Fund will remain significant shareholders."

United States Operations

During fiscal 2008 the Company started looking at expanding its transaction services business as a natural extension of the current businesses already operated by the Company. In June 2008, we acquired Regulus Group LLC, based in the United States, which operates in the transaction services business and is one of the largest private cheque/payment processor in the United States. Regulus uses internally developed software to provide two types of transaction services; one, where bills and account statements are sent on behalf of our clients to consumers and, two, where payments from consumers are collected, aggregated and sent to our clients. The Regulus acquisition has increased our revenue in transaction services and Regulus now accounts for 27% of our total revenue. However, transaction services are normally a lower margin business than our IT software and IT services business and usually entails an increased use of outsourced services and expenditures.

In July of 2009, we also acquired J. P. Morgan Treasury Services' national retail lockbox business in the United States. The acquired business is complementary to Regulus' current operations and the acquisition has helped the Company consolidate our position in the United States market within the payments processing area. In addition, with our previous acquisition of J&B Software providing payments products and Regulus providing payment services, the Company has established a strong presence in the payments solutions business.

These acquisitions, consequently, have increased the percentage of total income of the Company derived from the US market. However since the payment services and products we provide are essential to our clients operations, we hope this may mitigate any adverse consequences from the growing dependence of our total income on the US market.

Foreign Currency Fluctuations and Regulations

Our functional currency is the Indian Rupee. The functional currency for our subsidiaries and branch offices is the respective local currency of each subsidiary or branch office. The financial statements included in this Preliminary Placement Document are reported in Indian Rupees. The translation to Indian Rupees is performed for the balance sheet accounts using the exchange rate in effect at the balance sheet date, and for revenue and expense accounts using a monthly average exchange rate for the respective periods. The gains or losses resulting from such translation are reported as other income/expense.

Our margins and net income are affected by the movements of the Indian Rupee against other currencies, including the US dollar. In fiscal 2008 and fiscal 2009, approximately 66% and 72%, respectively, of our total income was earned in currencies other than the Indian Rupee and were 66% and 75% for the three months ended June 30, 2008

and 2009, respectively. In fiscal 2008 and fiscal 2009, approximately 60% and 76%, respectively, of our operating, selling and other expenses were incurred in currencies other than the Indian Rupee and were 67% and 73% for the three months ended June 30, 2008 and 2009, respectively. Accordingly, the appreciation of the Indian Rupee against such foreign currencies can adversely affect our results of operations by reducing the amount of our foreign currency revenues in Indian Rupees. Conversely, an increase in the value of these foreign currencies against the Indian Rupee can increase the servicing costs on our foreign currency-denominated debt and the value of our foreign currency-denominated debt in our balance sheet. For more information regarding the effect of fluctuation of the exchange rate between the Indian Rupee and other currencies, including the U.S. dollar, please refer to the section entitled "Risk Factors - Risks relating to 3i Infotech and its Business - We derive a significant portion of our revenues in many foreign currencies and accordingly face exchange rate risks."

Section 8 of the Foreign Exchange Management Act ("FEMA") requires an Indian company to take all reasonable steps to realize and repatriate into India all foreign exchange earned by us outside India, within such time periods and in the manner as specified by the Reserve Bank of India (RBI). The RBI has promulgated the Foreign Exchange Management (Realization, Repatriation and Surrender of Foreign Exchange) Regulations, 2000 that require us to repatriate any realized foreign exchange back to India, and either:

- Sell it to an authorized dealer for Indian Rupees within seven days from the date of receipt of the foreign exchange;
- Retain it in a foreign currency account such as an Exchange Earners Foreign Currency ("EEFC") account with an authorized dealer; or
- Use it for the discharge of debt or liabilities denominated in foreign exchange.

Our overseas subsidiaries earn revenues and pay for expenses in the respective currencies of the countries in which they operate through bank accounts opened by such subsidiaries in these countries. With respect to our overseas branch operations, we typically collect our earnings and pay expenses denominated in foreign currencies using one or more dedicated foreign currency accounts located in the local country of operation. In order to do this, we are required to, and have obtained, special approval from the RBI to maintain foreign currency accounts in Dubai. However, the RBI approval is subject to limitations, including a requirement that we repatriate all foreign currency in the account back to India within a reasonable time, except an amount equal to our local monthly operational cost of our overseas branch and personnel. We currently pay such expenses and repatriate the remainder of the foreign currency to India on a regular basis. We have the option to retain those in an EEFC account (foreign currency-denominated) or an Indian Rupee-denominated account. We convert substantially all of our foreign currency to Indian Rupees to fund operations and expansion activities in India. Our failure to comply with these regulations could result in RBI enforcement actions against us.

Employee Utilization

Revenues and, consequently, gross profits, particularly in our IT services and transaction services business, are affected by employee utilization rates, which is defined as the proportion of total billed person months to total available person months, excluding support personnel. We manage utilization by monitoring project requirements and timetables. The number of consultants assigned to a project will vary according to the size, complexity, duration, and demands of the project. An unanticipated termination of a significant project could also cause us to experience lower IT professional utilization resulting in a higher than expected number of unassigned IT professionals, although we attempt to mitigate the effects of an unanticipated termination by staffing projects with a mix of IT professionals from our own employees and IT professionals provided by outside agencies and hired solely for a particular project. In addition, we do not fully utilize our IT professionals when they are enrolled in training programs, particularly during the training course for new employees.

The proportion of work performed at our facilities and at client sites varies from quarter to quarter. We charge higher rates and incur higher compensation and other expenses for work performed at client sites. Services performed at a client site located outside India typically generate higher revenues per-capita at a lower gross margin than the same services performed at our facilities in India. As a result, our total revenues, cost of revenues and gross profit in absolute terms and as a percentage of revenues fluctuate from quarter to quarter based on the proportion of

work performed outside India. Accordingly, any increase in work performed at client sites located outside India can decrease our gross profits due to higher costs involved in providing such services, such as travel and accommodation costs. See "Risk Factors - Risks Relating to 3i Infotech and its Business - We maintain a workforce based upon current and anticipated workloads and if we do not receive anticipated contracts, or if these contracts are delayed, we would incur significant compensation costs without the benefits of the anticipated revenues."

Product Development

There is a usually a gap from the time a product development project is completed and the time the results of that project generate revenue. This is due to delays associated with our ability to market and sell the product. There may also be delays associated with customer acceptance of the new product, as a potential customer's decision to source products involves a significant commitment of its resources and may be influenced by its budget cycles. Further, the new product usually has to undergo a structured evaluation process by the customer. Consequently, the revenues from new products may not be generated for a significant period (generally at least one year) after completion of the product development process.

See "Risk Factors - Risks Relating to 3i Infotech and its Business - Our product sales cycle is long and we may be unable to recoup our investment costs to develop our software products."

CRITICAL ACCOUNTING POLICIES

Preparation of financial statements in accordance with Indian GAAP, the applicable accounting standards issued by the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Companies Act require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the notes to our financial statements included in this Preliminary Placement Document.

Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "critical accounting policies." Our management uses our historical experience and analyses, the terms of existing contracts, historical cost convention, industry trends, information provided by our agents and information available from other outside sources, as appropriate, when forming our assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention:

Use of Estimates

The preparation of financial statements in conformity with Indian 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 has been made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

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 as transactions are processed or manpower is 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.

Depreciation/Amortization and Impairment of Assets:

Leasehold land, leasehold building and improvements thereon are amortized over the period of the 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 or 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

For Fiscal 08 and Fiscal 07

Fixed Asset	**Useful life in years**
Leasehold improvements	1 – 5
Furniture, Fixtures and Equipment	3 – 5
Vehicles	5 – 6
Computers	1 – 3

In accordance with AS 28 on 'Impairment of Assets', where there is an indication of impairment of 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 our 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.

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 Company 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.

RESULTS OF OPERATIONS

Income

Our total income has four components:

- Software Products;
- IT Services;
- Transaction Services; and
- Other Income.

The following table sets out the contribution of each of these components of income expressed as a percentage of our total income for fiscal years 2007, 2008 and 2009 and for the three months ended June 30, 2008 and 2009:

	For the year ended March 31,			For Three Months ended	
	2007	**2008**	**2009**	**June 30, 2008**	**June 30, 2009**
Income from Operations:					
Software Products	49%	49%	35%	40%	31%
IT Services	40%	38%	32%	37%	35%
Transaction Services	9%	12%	32%	22%	33%
Other Income	2%	1%	1%	1%	1%
Total Income	**100.0%**	**100.0%**	**100%**	**100%**	**100%**

Geographic Breakdown of Income

Our business is organized geographically and the following table represents the percentage breakdown of our total income by region:

	For the year ended March 31,			For Three Months ended	
	2007	**2008**	**2009**	**June 30, 2008**	**June 30, 2009**
South Asia	36%	34%	28%	33%	25%
North America	28%	29%	50%	40%	53%
MEARC	20%	14%	10%	11%	12%
Western Europe	6%	15%	7%	10%	6%
Asia Pacific	10%	8%	5%	6%	4%
Total Income	**100.0%**	**100%**	**100%**	**100%**	**100%**

Software Products

Income from software products includes license fees and professional fees for implementation and customer-specific enhancement services. Our software product agreements typically include an annual maintenance service provision.

The fees payable for the maintenance service is calculated as a percentage of license fee payable under the contract or in certain cases, as a lump sum payment for a fixed term.

License fees are recognized upon delivery or installation, as the case may be. Professional fees for implementation and enhancement services are recognized on a percentage of completion basis. Maintenance fees in respect of software products are deferred and recognized ratably over the period of the underlying maintenance service contract. We generally provide a warranty that is effective from the time the installation of the product has been accepted by the client. During fiscal 2009, 19.8% of income from our products business was from license fees, 62.7% was from implementation and enhancement services fees and 17.5% was from maintenance fees.

The contribution to total income of software products over the last three fiscal years has been 49% in fiscal 2007, 49% in fiscal 2008 and 35% in fiscal 2009 and were 40% and 31% for the three months ended June 30, 2008 and 2009, respectively.

In fiscal 2008, our suite of banking software solutions contributed 14% of total income, our suite of PREMIA software solutions contributed 13% of total income, our suite of capital markets solutions (including mutual funds software) contributed 14% of total income and our suite of ORION enterprise resource software contributed 8% of total income. In fiscal 2009, our suite of banking software solutions contributed 12% of total income, our suite of PREMIA software solutions contributed 9% of total income, our suite of ORION enterprise resource software contributed 3% of total income and our suite of capital market software solutions (including mutual funds software) contributed 11% of total income. In the three months ended June 30, 2008, our suite of banking software solutions contributed 13% of total income, our suite of PREMIA software solutions contributed 10% of total income, our suite of capital markets solutions (including mutual funds software) contributed 14% of our total income and our suite of ORION enterprise resource software contributed 3% of total income. In the three months ended June 30, 2009, our suite of banking software solutions contributed 11% of total income, our suite of PREMIA software solutions contributed 9% of total income, our suite of capital markets solutions (including mutual funds software) contributed 8% of total income and our suite of ORION enterprise resource software contributed 3% of total income.

IT Services

Revenue from IT related services includes revenues from software development and consulting services and revenues from our IT infrastructure networking and facilities management services, e-commerce applications, e-governance and retail applications. The contribution to total income of our IT services business over the last three fiscal years has been 40% in fiscal 2007, 38% in fiscal 2008 and 32% in fiscal 2009 and 37% and 35% for the three months ended June 30, 2008 and 2009, respectively.

Revenues for development and consulting services are recognized either on a time-and-material basis or on a fixed-price basis. Revenue on time-and-material contracts is recognized as and when services are performed. Revenue on fixed-price contracts is recognized with respect to percentage of completion for the contract. For fiscal 2008 and fiscal 2009, approximately 38.3% and 42.1%, respectively, of our services contracts were fixed-price contracts and were 38.4% and 48.6% for the three months ended June 30, 2008 and 2009, respectively. The contribution to total income from software development and consulting services over the last three fiscal years as a percentage of total income has been 45.5% in fiscal 2007, 61.7% in fiscal 2008 and 57.9% in fiscal 2009 and were 61.6% and 51.4% for the three months ended June 30, 2008 and 2009, respectively.

Transaction Services

The contribution to total income of our transaction services was 9% in fiscal 2007, 12% in fiscal 2008 and 32% in fiscal 2009 and were 22% and 33% for the three months ended June 30, 2008 and 2009, respectively. This significant increase was due to the acquisition of Regulus, the largest independent remittance services provider and one of the leading providers of document processing services in the United States.

Most of our client contracts can be terminated with or without cause, without penalties and with short notice periods between 30 and 60 days. Since we collect revenues on fixed-price contracts as portions of such contracts are completed, terminated fixed-price contracts are only subject to collection of the portions of the contract completed

through the time of termination. Our contracts do not contain specific termination-related penalty provisions. In order to manage and anticipate the risk of early or abrupt contract terminations, we monitor the progress on all contracts and change orders according to their characteristics and the circumstances in which they occur. This includes reviewing our ability and our client's ability to perform the contract, reviewing conditions that may lead to a contract termination, as well as historical client performance considerations. Since we bear the risk of cost overruns and inflation with respect to fixed-price projects, our operating results could be adversely affected by inaccurate estimates of contract completion costs and dates, including wage inflation rates and currency exchange rates that may affect cost projections. Losses on contracts, if any, are provided for in full in the period when determined. Although we revise our project completion estimates from time to time, such revisions have not, to date, had a material adverse effect on our results of operations or financial condition.

Other Income

Other income consists primarily of interest income, dividend income, foreign exchange gains and miscellaneous income. Other income as a percentage of total income was 2%, 1% and 1% for fiscal 2007, 2008 and 2009, respectively and were 1% and 1% for the three months ended June 30, 2008 and 2009, respectively.

Expenditures

Our total expenditures have twenty-five components. The following table sets out the contribution of each of these components of total expenditures expressed as a percentage of our total income for fiscal 2007, 2008 and 2009 and for the three months ended June 30, 2008 and 2009, respectively:

	For the year ended March 31,			For Three Months ended	
	2007	**2008**	**2009**	**June 08**	**June 09**
Salaries, bonuses and other allowances	40.8%	39.8%	43.3%	40.1%	45.3%
Contribution to provident and other funds	-			-	-
Staff welfare expenses	-			-	-
Recruitment and training expenses	0.6%	0.6%	0.4%	0.6%	0.2%
Cost of third party products/outsourced services	18.1%	20.9%	22.2%	24.6%	21.9%
Rent	3.8%	4.6%	3.8%	4.2%	3.8%
Insurance	0.3%	0.6%	0.9%	0.7%	0.6%
Traveling and conveyance	5.1%	4.1%	3.4%	4.1%	2.5%
Electricity charges	0.7%	0.9%	0.7%	0.8%	0.7%
Rates and taxes	0.3%	0.4%	0.3%	0.4%	0.2%
Communication expenses	1.4%	1.2%	1.1%	1.2%	1.0%
Directors sitting fees	-			-	-
Loss on sale/discarding of fixed assets (net)	0.1%			-	-
Printing and stationary	0.3%	0.2%	0.3%	0.3%	0.2%
Repairs and maintenance – building	0.1%	0.1%	0.1%	0.1%	0.1%
Legal and professional charges	0.4%	0.7%	0.7%	0.5%	0.6%
Bank charges and other financial charges	0.6%	0.3%	0.2%	0.3%	0.4%
Selling and distribution expenses	1.1%	0.7%	0.8%	0.6%	0.5%
Directors' commission	0.1%	0.1%		-	-
Obsolete stock written off	0.1%				
Bad debts written off	0.3%	0.1%	0.4%	0.1%	0.1%
Less – Provision withdrawn	-0.3%	-0.1%	-0.4%	-0.1%	-0.1%
Provision for doubtful debts	2.5%	1.5%	0.8%	1.2%	0.9%
Impairment of acquired software & losses on foreclosure of Contracts	-		0.7%	-	-
Miscellaneous expenses	1.6%	0.9%	0.5%	0.4%	0.7%
Total	**78.0%**	**77.7%**	**80.3%**	**80.0%**	**79.5%**

* *Less than 0.1%.*

Interest

Interest is comprised principally of interest expense on our bank debt facilities and short-term working capital loans.

Interest in fiscal 2007, 2008 and 2009 was Rs. 208.99 million, Rs. 505.12 million and Rs. 949.45 million, respectively, representing 3.1%, 4.1% and 4.1% of total income, respectively. Interest for the three month period ending June 30, 2008 and 2009 was Rs. 180.42 million and Rs. 341.90 million, respectively, representing 3.8% and 5.7% of total income, respectively. Total loans were Rs. 6,474.90 million as of March 31, 2007, Rs. 12,657.52 million as of March 31, 2008, Rs. 22,020.47 million as of March 31, 2009 and Rs. 21,543.68 million as of June 30, 2009.

Taxes

Our net income from our products business and services business earned outside India is subject to tax in the country where we perform the work.

Under Indian tax law and regulations, the income tax rate to which a company is subject is dependent on the amount of its taxable income. If the tax on such taxable income is lower than tax at the rate of 10% of its book profit (as defined under the Income Tax Act), then the minimum alternate tax rate of 10% is applicable. Similarly, if the tax on such taxable income is greater than the tax at the rate of 10% of such book profit, then a company is subject to the regular corporate income tax rate of 30%. In addition, a company must also pay a surcharge on the tax as applicable. The Finance Bill, 2009 has proposed increase in the minimum alternate tax rate to 15% which will be effective after receipt of assent of President of India to the Finance Bill.

In each of fiscal 2007, 2008 and 2009, we paid income tax and surcharge at the then-prevailing rates subject to provisions of minimum alternate tax. For the three months ended June 30, 2009, we paid income tax and surcharges at the then-prevailing rates subject to provisions of minimum alternate tax.

Deferred taxes are recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising from unabsorbed depreciation and carry forward losses under tax laws are recognized and carried forward only to the extent that there is a reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Other deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty of realization. Determining the probability of deferred tax assets requires our management to make certain assumptions about our future income, which may prove to be wrong.

Currently, we benefit from the tax holidays the Government of India gives to the export of software/services from specially designated Software Technology Parks ("STPs") in India. As a result of these incentives, we have incurred relatively low tax expenses. These tax incentives include a 10-year tax holiday from Indian corporate income taxes by way of an exclusion of taxable profits derived from exports of products and services from the operation of our STP facilities in Mumbai, Bangalore and Chennai. The Finance Act, 2000 initially phased out the 10-year tax holiday over a 10-year period from fiscal 2000 through fiscal 2009. However, the Finance Act 2008 & the Finance Bill, 2009 have extended the tax holiday until Fiscal 2010 and 2011, respectively. Accordingly, facilities set up in India on or before March 31, 2002 have a 10-year tax holiday, new facilities set up on or before March 31, 2003 have a nine-year tax holiday and so forth until March 31, 2011. After March 31, 2011, the tax holiday will no longer be available to new facilities. Our current tax holidays expire in March 31, 2010. Our Malaysian subsidiary, 3i Infotech SBN BHD, and our Thai subsidiary 3i Infotech (Thailand) also benefit from income tax holidays in accordance with Malaysian and Thai laws respectively, which expire in fiscal 2012. When our tax holiday and taxable income exclusions expire or terminate, our tax expense will materially increase and our profitability will be reduced.

For fiscal 2009 and for the three months ended June 30, 2009, our provision for deferred tax liability (net) was Rs. 42.34 million and Rs. (83.6) million, respectively, and was due to unabsorbed losses and depreciation, expenses allowable on payments and differences in tax depreciation and book depreciation rate.

Profit (Loss) After Tax, Minority Interest and Exceptional Items

Our profit (loss) after tax, minority interest and exceptional items for fiscal 2007, 2008 and 2009, was Rs. 1,037.48 million, Rs. 1,765.74 million and Rs. 2,820.15 million, respectively, and for the three month period ending June 30, 2008 and 2009 was Rs. 586.52 million and Rs. 867.57 million, respectively.

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 can be exercised within 10 years from the date of grant, or five years from the date of vesting, which ever is later. The maximum number of options granted to a single employee in a financial year must not exceed 5% of our issued Equity Shares at the time of the grant and the aggregate of all options granted to all employees must not exceed 25% of the aggregate number of our issued Equity Shares at the time of the grant of such options.

The vesting period would commence after the expiration of one year from the date of any grant and may vary from time to time as may be decided by our Board or our Board Governance Committee. The exercise price at which the options shall be issued will be the latest available closing price of the Equity Shares on either the NSE or BSE (whichever has the higher trading volume) prior to the date of the meeting of the Board during which the options are granted.

The exercise price at which the options have been issued is the fair market value of the Equity Shares on the date of grant of the option. As the options are issued at fair market value, we do not expect to incur any expense as per current guidelines under Indian GAAP.

RESULTS OF OPERATIONS — THREE MONTHS ENDED JUNE 30, 2009 COMPARED TO THREE MONTHS ENDED JUNE 30, 2008

Income

Total income from operations increased by 27.6% to Rs. 5,977.65 million for the three months ended June 30, 2009 from Rs. 4,684.68 million for the three months ended June 30, 2008. This was primarily due to the acquisition of Regulus in June 2008, resulting in the full quarter revenues for the current year and only one month revenue in the first quarter of the previous year. In addition, there had also been a marginal improvement in the revenues from IT services because of increased sales of our e-commerce applications in the United States and managed IT services in India. This resulted in:

- a 0.4% increase in income from our products business to Rs. 1,876.40 million for the three months ended June 30, 2009 from Rs. 1,868.71 million for the three months ended June 30, 2008;
- a 16.9% increase in income from our IT services business to Rs. 2,107.95 million for the three months ended June 30, 2009 from Rs. 1,803.85 million for the three months ended June 30, 2008; and
- a 96.9% increase in income from our transaction services business to Rs. 1,993.30 million for the three months ended June 30, 2009 from Rs. 1,012.12 million for the three months ended June 30, 2008.

Other income for the three months ended June 30, 2009 increased by 39.1% to Rs. 43.82 million from Rs. 31.51 million for the three months ended June 30, 2008. This was primarily due to an increase in the miscellaneous income to Rs. 23.01 million for the three months ended June 30, 2009 from Rs. 11.24 million for the three months ended June 30, 2008. Excess provisions were written back to the extent of Rs. 15.04 million for the three months ended

June 30, 2009. The Company had a foreign exchange loss of Rs. (0.27) million for the three months ended June 30, 2009 as compared to a foreign exchange gain of Rs. 12.92 million for the three months ended June 30, 2008.

Expenditures

Operating, selling and other expenses increased by 26.9% for the three months ended June 30, 2009 to Rs. 4,787.10 million from Rs. 3,773.27 million for the three months ended June 30, 2008. This was primarily due to the aggregation of expenses arising out of the acquisition of Regulus in June 2008 resulting in the full quarter expenses for the current year and only one month expense in the first quarter of the previous year. This was also due to an increase in the cost of third party related products/outsourced services which are expenses that result from purchases of hardware, third-party software licenses and outsourced services (such as data entry services) required to provide services to our clients. This resulted in:

- a 44% increase in salary and salary related expenses to Rs. 2,726.40 million for the three months ended June 30, 2009 from Rs. 1,893.22 million for the three months ended June 30, 2008 due to an increase in headcount of 1147 from the Regulus transaction as well as incremental increases on existing wages;

- a 13.9% increase in the cost of third party related products/outsourced services to Rs. 1,319.32 million for the three months ended June 30, 2009 from Rs. 1,158.78 million for the three months ended June 30, due to the increase in our transaction services business which requires an increased use of outsourced services and expenditures;

- a 13.3% increase in rent to Rs. 226.24 million for the three months ended June 30, 2009 from Rs. 199.71 million for the three months ended June 30, 2008;

- a 36% increase in legal and professional charges to Rs. 33.86 million for the three months ended June 30, 2009 from Rs. 24.92 million for the three months ended June 30, 2008; and

- a 104.5% increase in miscellaneous expenses to Rs. 42.16 million for the three months ended June 30, 2009 from Rs. 20.62 million for the three months ended June 30, 2008.

In addition these were increased by:

- a 14.8% increase in bad debts written off to Rs. 8.04 million for the three months ended June 30, 2009 from Rs. 7.01 million for the three months ended June 30, 2008 due to the increase in our sales during for quarter ended June 30, 2009, which led to a corresponding increase in receivables, with the expansion of our operations resulting in an increase in the amount of bad debt written off; and

- a 24.4% increase in selling and distribution expenses to Rs. 32.46 million for the three months ended June 30, 2009 from Rs. 26.09 million for the three months ended June 30, 2008 due to the increase in sales and the acquisition of Regulus.

These were partially offset by:

- a 23.2% decrease in traveling and conveyance to Rs. 150.23 million for the three months ended June 30, 2009 from Rs. 195.68 million for the three months ended June 30, 2008 due to cost rationalization and organizing travel activity in an efficient way; and

- a decrease in provision for doubtful debts to Rs. 52.70 million for the three months ended June 30, 2009 from Rs. 54.36 million for the three months ended June 30, 2008 due to improved collection of the receivables outstanding.

Interest

Interest expense increased by 89.5% to Rs. 341.90 million for the three months ended June 30, 2009 from Rs. 180.42 million for the three months ended June 30, 2008. This was primarily due to an increase in debt to Rs.

21,543.68 million for the three months ended June 30, 2009 from Rs. 18,651.73 million for the three months ended June 30, 2008. These loans were raised primarily for the acquisition of Regulus and the implementation of our retail strategy which includes the setting up and commissioning of almost 6,300 citizen service centers (kiosks) across India under the brand name of I-SERV, offering many government-to-customer and business-to-customer sevices.

Depreciation

Depreciation expense increased by 141.8% to Rs. 285.80 million for the three months ended June 30, 2009 from Rs. 118.23 million for the three months ended June 30, 2008 due to the investments made by the company in the retail initiatives and also the acquisition of Regulus.

Profit Before Taxation

As a result of the foregoing, profit before taxation deceased by 5.8% to Rs. 606.67 million for the three months ended June 30, 2009 from Rs. 644.27 million for the three months ended June 30, 2008.

Taxes

Deferred Taxes

We have a deferred tax credit of Rs. (83.60) million for the three months ended June 30, 2009 compared to a deferred tax charge of Rs. 20.85 million for the three months ended June 30, 2008. This was primarily due to creation of deferred tax assets by our subsidiaries in the UK in respect of available tax losses.

Current Taxes

Current taxes increased by 50% to Rs. 124.60 million for the three months ended June 30, 2009 from Rs. 83.00 million for the three months ended June 30, 2008. The increase was principally due to the increase in taxable profits from our Indian operations.

Fringe Benefit Tax

Fringe benefit tax for the three months ended June 30, 2009 was Rs. 6.00 million compared to Rs. 5.26 million for the three months ended June 30, 2008. The increase was principally due to increase in the number of employees entitled to fringe benefits and a corresponding increase in the taxes payable on fringe benefits. The Finance Bill, 2009 has proposed abolition of fringe benefit tax which will be effective after receipt of assent of President of India to the Finance Bill.

Profit After Taxation and Before Exceptional Items and Minority Shareholders' Interests

As a result, profit after taxation for the three months ended June 30, 2009 increased by 8.3% to Rs. 629.37 million from Rs. 581.00 million for the three months ended June 30, 2008.

Exceptional Items

During the three months ended June 30, 2009, we recorded a one-time net gain of Rs. 278.66 million, which resulted from the following:

- We bought back and cancelled outstanding debt from our April 2007 Convertible Bonds and July 2007 Convertible Bonds, a face value amount of € 6,000,000 and US$ 8,500,000, respectively, equivalent to Rs. 824.20 million at a discount. This resulted in reduction of liability of Rs 291.89 million. This has been reflected as an exceptional income in our profit & loss account.

- We incurred an amount of Rs. 13.23 million towards the advisory fees, legal & other professional fees and other expenses in respect of the aforesaid repurchases. This has been reflected as an exceptional expenditure in our Profit & Loss Account.

Minority Shareholders' Interests

Minority shareholders' interests totaled Rs. 40.46 million for the three months ended June 30, 2009 compared to Rs. (5.52) million for the three months ended June 30, 2008.

Net Profit After Minority Interest

As a result of the foregoing, we recorded a net profit after minority interest of Rs. 867.57 million for the three months ended June 30, 2009 compared to Rs. 586.52 million for the three months ended June 30, 2008.

RESULTS OF OPERATIONS — FISCAL 2009 COMPARED TO FISCAL 2008

Income

Total income from operations increased by 89.6% to Rs. 22,856.38 million in fiscal 2009 from Rs. 12,052.62 million in fiscal 2008. This was primarily due to the acquisition of Regulus in June 2008, resulting in significant increase in revenue from our transaction services business and from the North America region. In addition there had also been a improvement in the revenues from our products and IT services businesses. This resulted in:

- a 36.1% increase in income from our products business to Rs. 8,112.30 million in fiscal 2009 from Rs. 5,961.35 million in fiscal 2008 due primarily to increased sales in Asia;

- a 61.3% increase in income from our IT services business to Rs. 7,481.68 million for fiscal 2009 from Rs. 4,638.67 million for fiscal 2008 due primarily to the Locus acquisition, increased sales of our e-commerce applications in the United States and the opening of our data and remote operations center in Chennai; and

- a 399.9% increase in income from our transaction services business to Rs. 7,262.40 million for fiscal 2009 from Rs. 1,452.60 million for fiscal 2008 due mainly to the Regulus transaction.

Other income in fiscal 2009 increased by 4.1% to Rs. 190.49 million from Rs. 183.05 million in fiscal 2008. The increase in other income has been marginal. The components of other income include interest income, dividend income, net foreign exchange gain and miscellaneous income.

Expenditures

Operating, selling and other expenses increased by 94.8% in fiscal 2009 to Rs. 18,512.24 million from Rs. 9,503.42 million in fiscal 2008. This was primarily due to the aggregation of expenses arising out of the acquisition of Regulus in June 2008 resulting in the full expenses for the current year. This resulted in:

- a 104.8% increase in salary and salary related expenses to Rs. 9,970.86 million in fiscal 2009 from Rs. 4,869.73 million in fiscal 2008 due primarily to the acquisitions of Regulus, Locuz and FinEng and incremental increases in existing wages;

- a 100.3% increase in cost of third party related products/outsourced services to Rs. 5,126.57 million in fiscal 2009 from Rs. 2,558.86 million in fiscal 2008 due to the increase in our transaction services business which requires an increased use of outsourced services and expenditures;

- a 55% increase in rent to Rs. 869.13 million in fiscal 2009 from Rs. 560.80 million in fiscal 2008;

- a 1.5% increase in provision for doubtful debts to Rs. 183.79 million in fiscal 2009 from Rs. 181.18 million in fiscal 2008;
- a 55.5% increase in traveling and conveyance to Rs. 789.06 million in fiscal 2009 from Rs. 507.56 million in fiscal 2008;
- a 94.7% increase in legal and professional charges to Rs. 170.11 million in fiscal 2009 from Rs. 87.35 million in fiscal 2008;
- a 14.5% increase in miscellaneous expenses to Rs. 125.99 million in fiscal 2009 from Rs. 110.01 million in fiscal 2008;
- a 591.6% increase in bad debts written off to Rs. 90.25 million in fiscal 2009 from Rs. 13.05 million in fiscal 2008 due primarily to the new application of our provision policy as to our previous debt and those of acquired companies; and
- a 106.3% increase in selling and distribution expenses to Rs. 174.55 million in fiscal 2009 from Rs. 84.60 million in fiscal 2008.

Interest

Interest expense increased by 88% to Rs. 949.45 million in fiscal 2009 from Rs. 505.12 million in fiscal 2008. This was primarily due to an increase in total loans to Rs. 22,020.47 million in fiscal 2009 from Rs. 12,657.52 million in fiscal 2008. The increase in total loans was used to fund expansions, acquisitions such as Taxsmile, investment in new initiatives such as our retail business and Elegon, our joint venture in China, and for working capital requirements of the Company. Increase in interest cost was also due to the increase in interest rates mainly from our Indian Rupee-denominated indebtedness.

Depreciation

Depreciation expense increased by 187.1% to Rs. 700.35 million in fiscal 2009 from Rs. 243.96 million in fiscal 2008 due to the investments made by the Company in the retail initiatives and also the acquisition of Regulus.

Profit Before Taxation

As a result of the foregoing, profit before taxation increased by 45.5% to Rs. 2,884.83 million for fiscal 2009 from Rs. 1,983.17 million for fiscal 2008. This increase has occurred despite the fact that we have had generally higher interest rates on our indebtedness, increased depreciation costs and our margins have declined generally due to the costs associated with our retail initiatives and increased income from transaction services, which typically has lower margins than our IT products and IT services businesses.

Taxes

Deferred Taxes

We had a deferred tax charge of Rs. 42.34 million in fiscal 2009 compared to a deferred tax charge of Rs. 7.13 million in fiscal 2008. This was primarily due to deferred taxes provided in respect of companies we acquired during the period.

Current Taxes

Current taxes increased by 66% to Rs. 383.29 million for fiscal 2009 from Rs. 231.13 million for fiscal 2008. The increase was principally due to the increase in taxable profits from our Indian and United States operations and due to current taxes provided in respect of companies we acquired during the period.

Fringe Benefit Tax

Fringe benefit tax during fiscal 2009 was Rs. 23.35 million compared to Rs. 22.01 million in fiscal 2008. The increase was principally due to increase in the number of employees entitled to fringe benefits and a corresponding increase in the taxes payable on fringe benefits.

Profit After Taxation and Before Exceptional Items and Minority Shareholders' Interests

As a result, profit after taxation for fiscal 2009 increased by 45.4% to Rs. 2,664.24 million from Rs. 1,831.98 million for fiscal 2008.

Exceptional Items

During fiscal 2009, we recorded a one-time net gain of Rs. 259.63 million, which resulted from the following:

- We bought back and cancelled outstanding debt from our April 2007 Convertible Bonds and July 2007 Convertible Bonds, a face value amount of EURO 4,000,000 and USD 25,133,000, respectively, equivalent to Rs. 1,529.90 million at a discount. This resulted in reduction of liability of Rs 770.54 million. This has been reflected as an exceptional income in our profit & loss account.

- We incurred an amount of Rs. 510.91 million towards the advisory fees, legal & other professional fees and other expenses for various financial re-structuring assignments including in respect of the aforesaid repurchases. This has been reflected as an exceptional expenditure in our profit & loss account.

Minority Shareholders' Interests

Minority shareholders' interests totaled Rs. 106.20 million in fiscal 2009 compared to Rs. 66.24 million during fiscal 2008.

Net Profit After Minority Interest

As a result of the foregoing, we recorded a net profit after minority interest of Rs. 2,820.15 million in fiscal 2009 compared to Rs. 1,765.74 million in fiscal 2008.

RESULTS OF OPERATIONS — FISCAL 2008 COMPARED TO FISCAL 2007

Income

Total income from operations increased by 83.9% to Rs. 12,052.62 million in fiscal 2008 from Rs. 6,553.17 million in fiscal 2007. This was due to:

- a 79.6% increase in income from our products business to Rs. 5,961.35 million in fiscal 2008 from Rs. 3,319.25 million in fiscal 2007 due mainly to the acquisition of J&B Software Inc.;

- a 78.5% increase in income from our IT services business to Rs. 4,638.67 million for fiscal 2008 from Rs. 2,598.66 million for fiscal 2007 due mainly to the acquisition of Professional Access; and

- a 128.7% increase in income from our transaction services business to Rs. 1,452.60 million for fiscal 2008 from Rs. 635.26 million for fiscal 2007 due in part to various acquisitions we made in India in 2008.

Other income in fiscal 2008 increased by 18.4% to Rs. 183.05 million from Rs. 154.55 million in fiscal 2007. This was primarily due to an increase in interest income to Rs. 122.54 million in fiscal 2008 from Rs. 81.61 million in fiscal 2007 due to the increase in our cash balances resulting from our debt offerings in fiscal 2008. These increases

were partially offset by a decrease in foreign exchange gain to Rs. 13.71 million in fiscal 2008 from Rs. 35.91 million in fiscal 2007 due to the Indian Rupee depreciating against the US dollar.

Expenditures

Operating, selling and other expenses increased by 81.7% in fiscal 2008 to Rs. 9,503.42 million from Rs. 5,231.60 million in fiscal 2007. The increase in the following expenses are due to the impact of acquired entities which resulted in:

- a 77.8% increase in salary and salary related expenses to Rs. 4,869.73 million in fiscal 2008 from Rs. 2,739.53 million in fiscal 2007 due mainly to additional staff associated with our acquisitions, recruitment of employees in the ordinary course of our business and annual incremental increases in wages for our existing workers;

- a 110.6% increase in cost of outsourced services to Rs. 2,558.86 million in fiscal 2008 from Rs. 1,215.06 million in fiscal 2007 due to the acquisition of J&B Software Inc. and an increase of acquired licenses needed in connection with the growth of Rhymes Systems;

- a 120.2% increase in rent to Rs. 560.80 million in fiscal 2008 from Rs. 254.71 million in fiscal 2007 due to the leasing of additional premises and investment in office equipment with the expansion of business;

- a 9.4% increase in provision for doubtful debts to Rs. 181.18 million in fiscal 2008 from Rs. 165.57 million in fiscal 2007;

- a 236.6% increase in insurance to Rs. 74.42 million in fiscal 2008 from Rs. 22.11 million in fiscal 2007;

- a 120.8% increase in electricity charges to Rs. 107.50 million in fiscal 2008 from Rs. 48.69 million in fiscal 2007; and

- a 65.9% increase in communication expenses to Rs. 152.13 million in fiscal 2008 from Rs. 91.65 million in fiscal 2007.

These were partially offset by:

- a 25.89% decrease in bad debts written off to Rs. 13.05 million in fiscal 2008 from Rs. 17.61 million in fiscal 2007.

Interest

Interest expense increased by 141.7% to Rs. 505.12 million in fiscal 2008 from Rs. 208.99 million in fiscal 2007 due to the increase in borrowings due to the acquisitions and working capital increase. This increase was also due to the increase in interest rates in fiscal 2008 mainly from our Indian Rupee-denominated indebtedness.

Depreciation

Depreciation increased by 44.5% to Rs. 243.96 million in fiscal 2008 from Rs. 168.84 million in fiscal 2007. This is the result of additions in two areas. The e-governance projects that the Company launched required investment in infrastructure and IT equipment. In addition, the Company also moved from pure leasing to a combination of buy and lease in respect of IT equipment to rationalize the cost of lease vis-a-vis the interest rates.

Profit (Loss) Before Taxation

As a result of the foregoing, profit before taxation increased by 80.6% to Rs. 1,983.17 million in fiscal 2008 from Rs. 1,098.29 million in fiscal 2007. This increase has occurred due to a combination of factors like improved

operating margins in our IT businesses and additional profits derived from acquired entities during the year, but which were offset by generally higher interest rates on our indebtedness, increased depreciation costs and increased income from transaction services, which typically has lower margins than our IT products and IT services businesses.

Exceptional Items

During fiscal 2007, we recorded a one-time net gain of Rs. 120.06 million, which resulted from the following:

- A reinstatement of a Rs. 1,250.00 million charge which we incurred in fiscal 2004 relating to goodwill from our US subsidiaries. With the improved performance of our US subsidiaries during fiscal 2005, fiscal 2006 and fiscal 2007, consistent with applicable accounting standards we were able to reverse in full the charge which we recorded in fiscal 2004 and record it as a one-time gain.

- A one-time charge of Rs. 1,210.27 million representing 95% of capitalized software development costs as of April 1, 2006. This charge was taken in connection with the change in the manner in which we record software development expenses. As discussed earlier, prior to April 1, 2006 software development costs were capitalized and depreciated over ten years from the time a software development project was completed. Beginning in fiscal 2007, software development costs were recorded as expenses as they are incurred. Because this change in policy would make our financial statements as of and for the year ending March 31, 2007 inconsistent with our financial statements for prior periods, we determined that we would take a one-time charge to remove capitalized software development costs from our financial statements.

- As a result of the one-time charge described above, we were also able to reverse deferred tax liabilities totaling Rs. 250.11 million relating to the capitalized software development costs that were written off.

- We also took a one-time charge of Rs. 169.78 million in connection with the total amounts payable in connection with arbitration cases that were decided against our U.S. subsidiaries.

Taxes

Deferred Taxes

We made a provision for deferred tax assets of Rs. 7.13 million in fiscal 2008 compared to a provision for deferred tax assets of Rs. 9.20 million in fiscal 2007. This was primarily due to deferred taxes provided in respect of companies we acquired during the period.

Current Taxes

Current taxes increased by 621% to Rs. 231.13 million in fiscal 2008 from Rs. 32.04 million in fiscal 2007. The increase was principally due to significant exceptional items in fiscal 2007, which were tax deductible and absence thereof in fiscal 2008 and also due to the increase in taxable profits from our Indian operations.

Fringe Benefit Tax

Fringe benefit tax increased by 80.3% to Rs. 22.01 million in fiscal 2008 from Rs. 12.21 million in fiscal 2007. The increase was principally due to the increase in the number of employees entitled to fringe benefits and a corresponding increase in the taxes payable on fringe benefits.

Profit After Taxation Before Minority Interest

As a result, profit after taxation increased by 75.3% to Rs. 1,831.98 million in fiscal 2008 from Rs. 1,044.84 million in fiscal 2007.

Minority Shareholders' Interests

Minority shareholders' interests totaled Rs. 66.24 million during fiscal 2008 compared to Rs. 7.36 million during fiscal 2007.

Net Profit After Minority Interest

As a result of the foregoing, we recorded a net profit after minority interest of Rs. 1,765.74 million during fiscal 2008 compared to Rs. 1,037.48 million in fiscal 2007.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs have been to finance our working capital requirements and our capital expenditures. To fund these costs, we have relied principally on cash flows from operations and short-term and long-term borrowings.

Net Working Capital

As of March 31, 2009 and June 30, 2009 our consolidated net working capital (defined as the difference between current assets, loans and advances, on one hand, and current liabilities and provisions, on the other hand, under Indian GAAP) was Rs. 9,346.67 million and Rs. 8,794.02 million, respectively.

Current Assets, Loans and Advances

Current assets, loans and advances consist of inventories of hardware, sundry debtors, unbilled revenues, cash and bank balances and loans and advances. Total current assets, loans and advances as of March 31, 2009 and June 30, 2009, were Rs. 14,226.71 million and Rs. 14,071.33 million, respectively.

Sundry debtors, or receivables from customers, as of March 31, 2007, 2008, 2009 and as of June 30, 2009 were Rs. 1,896.33 million, Rs. 2,719.95 million, Rs. 4,831.02 million and Rs. 4,715.85 million, respectively. Sundry debtors increased due to the increase in the sales volume for our products and services businesses. We typically allow our customers to make payments against invoices within 90 days of the invoice date. As the number of our customers has increased over the last three years, there has been a corresponding increase in the amount of bills receivable. We have a policy for provisioning based on ageing of the receivables and the classification of clients.

Our days of sales outstanding (which is the ratio of sundry debtors to total sales in a quarter multiplied by the number of days in that quarter) for March 2007, 2008, 2009 and as of June 30, 2009 were approximately 82 days, 70 days, 71 days and 71 days, respectively. Our provisions for bad debts were Rs. 165.57 million, Rs. 181.18 million, Rs. 183.79 million and Rs. 52.70 million for fiscal 2007, 2008, 2009 and for the three months ended June 30, 2009, respectively. Further, we wrote off bad debts totaling Rs. 17.61 million, Rs. 13.05 million, Rs. 90.25 million and Rs. 8.04 million for fiscal 2007, 2008, 2009 and for the three months ended June 30, 2009, respectively. We are actively working with our clients to reduce our days of sales outstanding. The following table presents the percentage profile of our debtors in terms of days for which accounts receivable have been outstanding:

	Year ended March 31,			For Three Months ended
Period in Days	**2007**	**2008**	**2009**	**June 30, 2009**
0-180	84.8%	98.1%	96.62%	97.0%
More than 180	15.2%	1.9%	3.38%	3.0%
Total	**100%**	**100%**	**100%**	**100%**

Current Liabilities and Provisions

Current liabilities and provisions consist primarily of liabilities for acceptances, sundry creditors, advances from customers and other liabilities, as well as provisions for dividend payments, corporate dividend taxes and retirement

benefits. As of March 31, 2009 and June 30, 2009, current liabilities and provisions were Rs. 4,880.04 million and Rs. 5,277.31 million, respectively.

Net Cash Flows

The table below summarizes our consolidated cash flows under Indian GAAP for fiscal 2007, 2008 and 2009 and for the three months ended June 30, 2009:

	For the year ended March 31,			
	2007 (Rs. million)	**2008 (Rs. million)**	**2009 (Rs. Million)**	**For Three Months ended 30th, June, 2009 (Rs. Million)**
Net Cash Generated from Operating Activities	1,153.00	2,876.84	5,238.89	1,359.84
Net Cash from (Used in) Investing Activities	(4,447.62)	(6,324.72)	(10,411.62)	(1,820.50)
Net Cash Generated from (Used in) Financing Activities	1,649.62	5,105.98	5,035.88	(594.77)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,645.00)	1,658.10	(136.85)	(1,055.43)

As of June 30, 2009, our consolidated cash and cash equivalents totaled to Rs. 1,392.30 million. The principal sources of consolidated cash and cash equivalents in fiscal 2009 were cash flows from operating activities.

As of March 31, 2009, our consolidated cash and cash equivalents totaled to Rs. 2,447.73 million. The principal sources of consolidated cash and cash equivalents in fiscal 2008 were cash flows from operating and financing activities.

Operating Activities

Our net cash provided by operating activities for the three months ended June 30, 2009 totaled to Rs. 1,359.84 million.

Our net cash provided by operating activities for fiscal 2009 totaled to Rs. 5,238.89 million primarily due to an increase in our net profit during this period adjusted for depreciation and working capital changes.

Our net cash inflow from operating activities totaled to Rs. 2,876.84 million in fiscal 2008. Our net cash inflow from operating activities was primarily the result of our net profit adjusted for depreciation and working capital changes.

Our net cash inflow from operating activities totaled to Rs. 1,153.00 million in fiscal 2007 primarily due to our net profit adjusted for depreciation and working capital changes.

Investing Activities

Our net cash used in investing activities for the three months ended June 30, 2009 totaled to Rs. 1,820.50 million.

Our net cash flow used in investing activities for fiscal 2009 totaled to Rs. 10,411.62 million primarily due to the consideration paid for acquisitions we made during this period of Rs. 5,722.18 million and our purchase of fixed

assets totaling Rs. 4,859.80 million. This was partially offset by sale of fixed assets/ investments totaling Rs. 145.28 million.

Consolidated net cash used in investing activities was Rs. 6,324.72 million in fiscal 2008 compared to Rs. 4,447.62 million for fiscal 2007. The increase was primarily due to acquisitions made by us totaling Rs. 3,532.44 million, the purchase of fixed assets totaling Rs. 3,110.72 million. This was partially offset by sale of fixed assets/ investments totaling Rs. 209.76 million.

Financing Activities

Our net cash from financing activities for the three months ended June 30, 2009 totaled to Rs. 594.77 million.

Consolidated net cash flow from financing activities for fiscal 2009 totaled to Rs. 5,035.88 million as compared to Rs. 5,105.98 million in fiscal 2008 primarily due to payment towards repurchases of debt equal to Rs. 1,270.31 million, dividend payment of Rs. 303.93 million, interest payment of Rs. 932.85 million and net proceeds from borrowings amounting to Rs. 7,530.94 million.

Consolidated net cash from financing activities was Rs. 5,105.98 million in fiscal 2008 as compared to net cash used in financing activities of Rs. 1,649.62 million in fiscal 2007. The increase was primarily due to receipt of proceeds from the foreign currency convertible bonds we issued in July 2007 equivalent to Rs. 5,625.05 million, net proceeds from borrowings amounting to Rs. 327.52 million, dividend payment of Rs. 219.54 million and interest payment of Rs. 503.90 million.

Capital Expenditure

We have made consolidated investments totaling approximately Rs. 5,904.77 million over the last three fiscal years, including Rs. 4,797.36 million in fiscal 2009 and Rs. 1,974.85 million in fiscal 2008, and Rs 459.17 million for three months ended June 2009 and Rs. 1,148.78 million for three months ended June 2008, respectively, to fund capital expenditures related to infrastructure facilities. The increase in capex is towards investment in infrastructure and e-governance projects.

We expect to fund our capital expenditure requirements through a combination of internally generated cash and external funding. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; governmental approvals including approvals of regulators in our target markets; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. We cannot assure you that we will execute our capital expenditure plans as contemplated.

Contractual Obligations, Including Long-term Debt

The following table discloses our contractual and other obligations, excluding contingent liabilities, that were outstanding as of June 30, 2009 and the effect such obligations are expected to have on liquidity and cash flow in future periods:

	Payments Due By Period (Rs. million)				
	Total	**Within 1 year**	**2-3 years**	**4-5 years**	**After 5 years**
Cash Credit	1,444.70	1,444.70			
Short-term Loans	2,540.94	2,540.94	-	-	-
Long-term Debt Obligations.....	17,557.96	4,420.76	9,195.82	3,268.08	673.30
Operating Lease Obligations	617.60	239.37	339.54	38.69	
Total.....	22,161.20	8,645.77	9,535.36	3,306.77	673.30

Debt Obligations and Facilities

Total consolidated debts were Rs. 6,474.90 million, Rs. 12,657.52 million, Rs. 22,020.47 million and Rs. 21,543.68 million as of March 31, 2007, 2008, 2009 and June 30, 2009 respectively. Long-term debt (excluding the current portion thereof) was Rs. 4,235.98 million, Rs. 8,818.44 million, Rs. 14,340.29 million and Rs. 13,137.20 million as of March 31, 2007, 2008, 2009 and June 30, 2009 respectively. Debt denominated in currencies other than Indian Rupees was Rs. 3,660.44 million, Rs. 7,050.69 million, Rs. 13,538.50 million and Rs. 12,019.88 million as of March 31, 2007, 2008, 2009 and June 30, 2009 respectively.

The weighted average rate of interest with respect to outstanding long-term loans denominated in Indian Rupees for the fiscal years 2007, 2008 and 2009 and the three months ended June 30, 2009 was 9.96%, 10.83%, 10.52% and 11.64% per annum, respectively. The weighted average rate of interest with respect to outstanding long-term loans denominated in currencies other than Indian Rupees for the same respective periods was 4.08%, 5.04%, 7.62% and 7.14% per annum, respectively.

We fund our short-term working capital requirements through cash flows from operations, overdraft facilities with domestic banks, short- and medium-term borrowings from financial institutions. The maturities of these short- and medium-term borrowings are generally matched to particular cash flow requirements. Consolidated short-term borrowings (including the current portion of our long-term debt) were Rs. 2,238.92 million, Rs. 3,839.08 million, Rs. 7,680.18 million and Rs. 8,406.40 million as of March 31, 2007, 2008, 2009 and June 30, 2009 respectively.

The following table sets forth our total indebtedness:

	(Rs. Million)			For Three Months ended
	As of March 31,			
	2007	2008	2009	June 30, 2009
Cash Credit	390.57	320.82	1,405.51	1,444.70
Short-Term Debt	1,067.80	1,033.71	1,885.88	2,540.94
Total current portion of Long-Term Debt	780.55	2,484.55	4,388.79	4,420.76
Other Long-Term Debt	4,235.98	8818.44	14,340.29	13,137.20
Total	6,474.90	12,657.52	22,020.47	21,543.60

The Company in March 2006, October 2006, April 2007 and July 2007 issued foreign currency convertible bonds (each a "FCCB"), 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 – Jun 30, 2009 Mar 31, 2009	 29.80 million 29.80 million	 15.00 million 15.00 million	 NIL NIL	 NIL NIL
Bought back as at – Jun 30, 2009	NIL	NIL	10.00 million 4.00 million	33.63 million

	First Issue	Second Issue	Third Issue	Fourth Issue
Mar 31, 2009	NIL	NIL		25.13 million
Pending utilization as at – (Rs. in million) Jun 30, 2009 Mar 31, 2009	 NIL NIL	 NIL NIL	 NIL NIL	 NIL NIL
Contingent premium payable - (Rs. in million) * As at Jun 30, 2009 as at Mar 31, 2009	 216.50 199.20	 NIL NIL	 300.50 418.30	 742.20 1,034.60

* Premium payable on a redemption of a FCCB is amortized proportionately till the date of redemption and is adjusted against the balance in the Company's securities premium account. The balance premium amount payable is shown as a contingent liability.

The terms of certain of our borrowings contain certain restrictive covenants, such as requiring lender consent *inter alia* for incurring further indebtedness, creating further encumbrances on our assets, disposing of our assets, undertaking guarantee obligations, declaring dividends or incurring capital expenditures beyond certain limits. Some of these borrowings also contain covenants which limit our ability to make any change or alteration in our capital structure, make investments, effect any scheme of amalgamation or restructuring, enlarge or diversify our scope of business. Certain of our long-term debt is secured by a charge over our immoveable and moveable property, and certain of our short-term debt (excluding the current portion of long term debt) is secured by a charge on our current assets, including, but not limited to, our inventory and receivables. As of the date of this Preliminary Placement Document, we believe that we are in full compliance with all the covenants and undertakings as described above.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

We prepare our financial statements in accordance with Indian GAAP, which differs in certain significant respects from IFRS. For more information see "Risk Factors - Risks Relating to India - Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessment of our financial condition."

SEASONALITY AND INFLATION

Seasonality has not had a significant impact on the results of our operations. Inflation has not had a significant effect on our results of operations to date.

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT

We have substantial transactions with ICICI Bank Limited and certain of its subsidiaries and affiliates. We also have transactions with affiliates of Emirates Bank International PJSC. There is no obligation on the part of our significant shareholders and their respective subsidiaries and affiliates to enter into transactions with us for software solutions, IT-enabled or other services and our policy is to negotiate and enter into contracts with our significant shareholders and their respective subsidiaries and affiliates on an arm's-length basis.

As of June 30, 2009, ICICI Bank Limited owned 9.62% of our Equity Shares. We provide IT-related services to ICICI Bank Limited and certain of its subsidiaries and affiliates, including software services, infrastructure management and services in connection with the retail and wholesale borrowings of ICICI Bank Limited. For fiscal 2009 and the three months ended June 30, 2009, 9% and 9% respectively, of our total revenues were from ICICI Bank Limited and certain of its subsidiaries and affiliates. As of June 30, 2009, approximately 32% of our total

outstanding long-term borrowings were payable to ICICI Bank Limited. The use of the proceeds from this Issue will include payment of debt to our lenders, one of which is ICICI Bank Limited.

As of June 30, 2009, ICICI Strategic Investments Fund owned 29.83% of our Equity Shares. As of the date of this Preliminary Placement Document, we do not provide any software products or IT-related services to ICICI Strategic Investments Fund.

For more information, see "Risk Factors – Risk Relating to 3i Infotech and its Business - There is no assurance that ICICI Bank Limited and ICICI Strategic Investments Fund will remain significant shareholders."

From time to time, we also extend loans to senior management, which are negotiated on an arm's-length basis. As of June 30, 2009, total outstanding loans extended to senior management (and their families and affiliates) were nil.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2009, we were not a financial guarantor of obligations of any unconsolidated entity, and we were not a party to any similar off-balance sheet obligation or arrangement.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risk from changes in foreign exchange rates and interest rates. The following discussion is based on our consolidated financial statements under Indian GAAP.

Interest Rate Risk

Our exposure to interest rate risks relates primarily to our debt. Approximately 41% of our total debt as of June 30, 2009, bears interest at floating rates, which are primarily tied to the prime lending rates of the banks which extended the loans.

Exchange Rate Risk

Even though our functional currency is the Indian Rupee, we transact a significant portion of our business in foreign currencies, including the US dollar. The exchange rate between the Rupee and various international currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of our operations are adversely affected as the Indian Rupee appreciates against foreign currencies. For fiscal 2007, 2008, 2009 and as of June 30, 2009, our foreign currency denominated income represented approximately 64%, 66%, 72% and 75% of our total income, respectively. Our exchange rate risk primarily arises from our foreign currency income, receivables and payables and also due to our foreign currency denominated debts. We may seek to reduce the effect of exchange rate fluctuations on our operating results by purchasing foreign exchange forward contracts and we may, in the future, adopt more active hedging policies.

Changes in exchange rates influence the cost of our borrowings denominated in currencies other than Rupees and the Indian Rupee value of such borrowings in our balance sheet and cost of servicing such debts. As of June 30, 2009, our total debt denominated in foreign currencies was US$ 235.95 million, or approximately 53.32% of our total debt outstanding.

INDUSTRY OVERVIEW

Unless otherwise indicated, all financial and statistical data relating to the IT industry in the following discussion is derived from the NASSCOM report titled "The IT-BPO Sector in India, Strategic Review 2009" (the "NASSCOM Report") and other industry reports. The data may have been re-classified by us for presentation purposes.

Global IT Industry – Overview

As per the NASSCOM Report, worldwide IT services spending grew by 5.5% to reach US$ 556.6 billion in 2008, and is expected to grow with a compound annual growth rate ("CAGR") of 4.8% by 2012. In addition, IT outsourcing continues to exhibit above average growth of more than 7.0% in spending in the same period. Business process outsourcing (BPO) is the fastest growing segment in the IT and IT enabled services segments. The worldwide spending for BPO grew by 11.7% in 2008 and is expected to grow with a CAGR of 11.9% by 2012.

(US$ million)	2007	2008	2009	2010	2011	2012
Worldwide services total	527,682	556,578	578,170	604,767	636,289	671,843
Worldwide BPO total	102,972	115,065	130,789	146,239	164,283	180,711
Worldwide software total	276,628	294,746	308,268	326,021	348,811	375,907

IT products and IT services spending moderated in 2008 due to adverse economic conditions, however outsourcing continued its growth, with the decline in developed markets being offset by increasing spend in emerging economies. Even though the second half of 2008 witnessed a decrease in the number of contracts due to global economic uncertainty, 2008 overall saw an increase in the number of contracts, total contract value and annualized contract values as compared to 2007. The North American and Western European regions constitute the majority of the total spending on IT services (more than 76.0%) and BPO (80.0%) but they are growing at a slower rate as compared to the developing markets. As per the NASSCOM Report, the share of India based service providers in the global IT industry is increasing gradually as Indian offshore IT-BPO service providers continue to build a delivery footprint and continue to grow through acquisitions in the European and US markets.

Though the economic environment remains challenging due to a reduction in discretionary IT spending, the upside is that outsourcing can help organizations generally to work through these financial and competitive challenges.

Importance of Information Technology in the Global Financial Services Industries

In the current market environment, the global financial services industry is faced with a number of challenges, including increased regulatory scrutiny, growing competition and ongoing domestic and international consolidation. In addition, for many financial institutions customer service has become a key differentiator. As a result, providing rapid access to, and delivery of, real-time information and implementing solutions and processes that minimize system downtime are vital to the success of these financial institutions. However, providing these solutions and processes internally is often more costly and time-consuming than outsourcing these solutions and services. Furthermore, given the cyclicality of the financial services industry, companies in global financial services industry often seek to reduce their fixed-cost expenditures. Consequently, companies within the financial services and securities industries are looking externally for solutions that allow them to reduce costs and improve performance. With the current market dynamics and the rising importance of IT solutions and services within the financial services industry, it is important for IT vendors to have industry-specific knowledge and expertise. Many financial services companies are now demanding that external solutions providers have the same expertise as their in-house IT staff.

In 2008, the BFSI segment retained its position as the largest sector in terms of IT adoption, however this was the sector most affected by the economic recession which resulted in a relatively slow growth rate of 3.6%. In the future, technology services spending in the BFSI sector will likely be driven by integration, optimization and regulation.

Increasing trend towards leveraging offshore delivery capabilities

To attain high quality IT solutions and services at a lower cost, companies are turning to providers with a global delivery model that combines onsite client teams with offshore delivery centres. IT vendors with offshore delivery capabilities that are able to offer products and services at a lower total cost of ownership are increasingly being preferred by clients globally, for the quality of their services, their responsiveness to clients and their on-time delivery capabilities.

Indian IT Services and the BPO Industry

Increasingly, India is a recognized destination for offshore technology services and there are several key factors contributing to the growth of IT and IT-enabled services in India:

Significant Cost Benefits. The NASSCOM Report indicates that companies experience cost savings of approximately 60.0% to 70.0% by outsourcing their IT and BPO requirements to India as compared to their own locations, and suggests that the cost advantage offered by the Indian IT-BPO industry is sustainable over the long term.

Abundant Skilled Resources. India has a large and highly skilled English-speaking labor pool. According to the NASSCOM Report, the total number of graduates in India in the fiscal year 2009 is estimated to have been 3.5 million, including technical graduates of approximately 514,000. The NASSCOM Report indicates that the large and growing pool of skilled professionals has been a key driver of the rapid growth in the Indian IT services sector and that India accounts for over 28.0% of the total suitable talent pool available to work in the IT-BPO sector across all the potential global sourcing low-cost locations.

Enabling Environment. According to the NASSCOM Report, timely government policies and increased public-private participation assisted in creating an enabling business environment for the Indian IT services industry. The Government of India's establishment of Software Technology Parks of India is specifically targeted towards encouraging, promoting and increasing the export of software and services from India. Public and private enterprises have contributed by building the required capacities of key business infrastructure. The Government of India's proactive approach towards the IT services industry has also led to the adoption of IT Act Amendment in 2008, which has, among other things, extended tax incentives by a year.

In Fiscal 2009, Indian IT software and services revenues are expected to be US$ 59.6 billion, growing at a CAGR of 25.3% from Fiscal 2006 to Fiscal 2009.

	2005–06		**2006–07**		**2007–08**		**2008–09E**	
(US$ million)	**Exports**	**Domestic**	**Exports**	**Domestic**	**Exports**	**Domestic**	**Exports**	**Domestic**
IT services	13,305	4,476	17,850	5,531	23,100	7,882	26,909	8,322
BPO	6,300	914	8,410	1,097	10,930	1,576	12,843	1,941
Software products and engineering services [1]	4,000	1,329	4,940	1,600	6,400	2,234	7,287	2,260
Hardware	584	6,500	477	7,978	500	11,497	300	11,807
Total	**24,189**	**13,219**	**31,622**	**16,206**	**40,880**	**23,189**	**47,339**	**24,329**
Exchange rate	**44.1**		**44.9**		**40.2**		**45.7**	

Source: NASSCOM Report

Note:

1 *Export revenues are comprised of revenues from software products (comprising sales of own or resale of software products, packaged software and offshore product development) and engineering services. Domestic revenue are comprised of revenues from software products (comprising sales of own or resale of software products, packaged software and offshore product development).*

This growth is primarily driven by:

- High quality delivery capabilities of Indian organizations;
- Accelerated delivery through round-the-clock execution for global clients;
- Significant cost savings; and
- A large pool of skilled IT professionals.

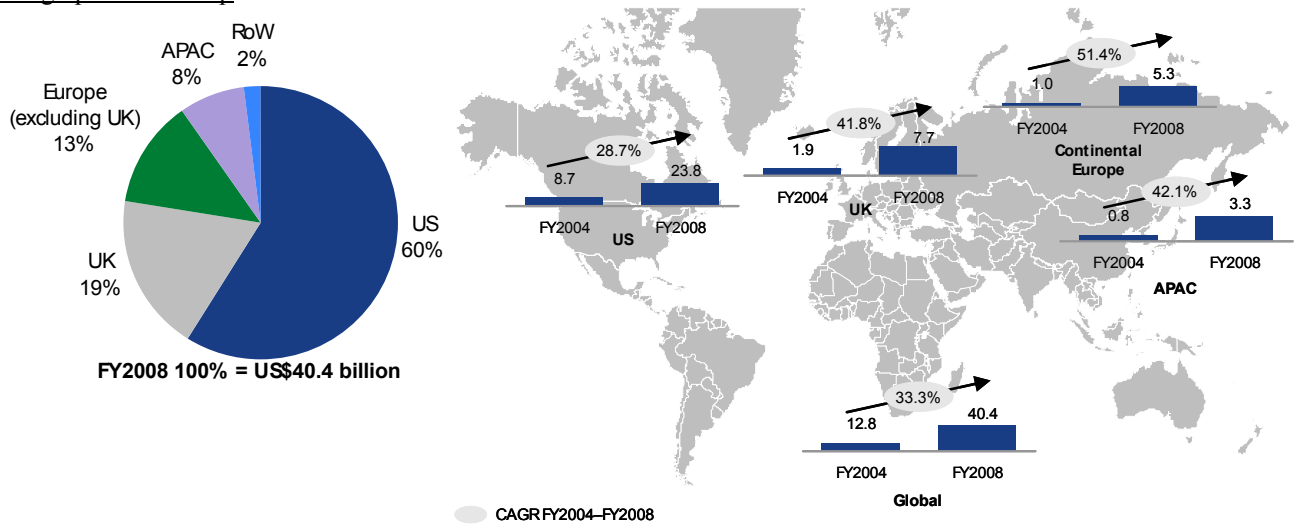
Utilizing a global delivery model presents a number of challenges to IT service providers. The global implementation of value-added IT solutions and services requires providers to continually attract, train and retain highly skilled software development professionals with the advanced technical skills necessary to keep pace with continuing changes in the IT industry, evolving 25 industry standards and changing customer requirements. These skills are necessary to design, develop and deploy high-quality technology solutions in a cost-effective and timely manner. In addition, IT vendors must have the infrastructure and communications capabilities to seamlessly integrate onsite and offsite execution capabilities and deliver consistent solutions worldwide. These IT vendors must also have strong training and employee development capabilities, technology competency centres and long-term relationship development and management skills in order to compete effectively.

Indian Export Market

Indian export revenues are estimated to grow to approximately US$ 46.3 billion in fiscal 2009, accounting for 66.0% of the total IT services industry revenues for India. Cross currency movement during the year, led to the strengthening (and high volatility) of the US Dollar versus some of the major invoicing currencies (the Euro and the Pound), which suppressed volume growth in the European markets by about 2.2% at an industry level. Software and services exports (including BPO) are expected to account for over 99.0% of the total exports, employing over 1.76 million employees. (Source: NASSCOM Report)

Geographic focus: The United States is the largest export market for Indian IT services providers with approximately 60.0% of the market share. The chart below sets forth the export markets for Indian IT services:

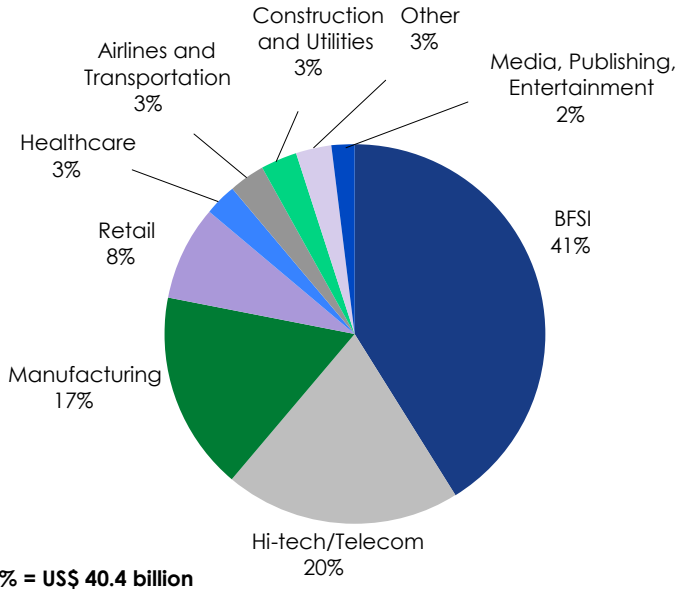
Geographical breakup



(Source: NASSCOM Report)

Vertical Markets: BFSI is the largest contributor of revenues to Indian IT exports accounting for over 41.0% of total revenues. The chart below sets forth a break-up of the industry sectors accounting for the revenues of Indian IT services providers:

Break-up of IT services export revenues by verticals



(Source: NASSCOM Report)

Indian Domestic Market

The evolution of certain customer segments such as small and medium businesses and government services are expected to lead to greater IT spending in the Indian domestic market. E-governance initiatives across various states are growing at a fast pace leading to higher budget allocations. With customer focus being a central theme in the banking industry this has resulted in investments in sophisticated CRM packages and business intelligence tools. In addition, domestic large and mid-size companies are increasingly adopting IT in order to improve their competitiveness through enhanced business efficiency. The BFSI segment saw the highest average IT spending as a percentage of revenues at 1.5% and IT spending in India is growing at a pace faster than any other country in the Asia-Pacific region.

Domestic revenues from IT services are expected to reach US$ 8.3 billion for the fiscal year 2009, driven by increased IT adoption. (Source: NASSCOM Report)

US$ million	**2005-06**	**2006-07**	**2007-08**	**2008-09E**
IT Services	4,476	5,531	7,882	8,322

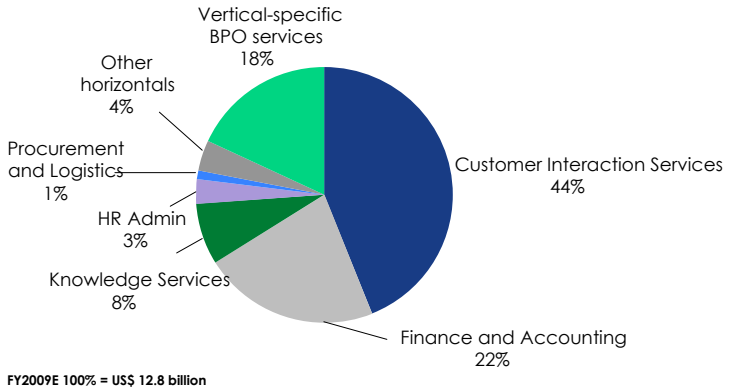
Indian BPO Market

BPO is the fastest growing segment of the Indian IT-BPO sector. Despite the economic slowdown, revenues in this segment is expected to grow at 18% and reach export revenues of US$ 12.8 billion in Fiscal 2009 while employing 790,000 professionals.

US$ million	**2005-06**		**2006-07**		**2007-08**		**2008-09E**	
	Exports	Domestic	Exports	Domestic	Exports	Domestic	Exports	Domestic
BPO	6,300	914	8,410	1,097	10,930	1,576	12,843	1,941

The Indian BPO sector has matured significantly in terms of service offerings, buyer segments served and service delivery models. BPO service providers are increasingly developing vertical and domain specialization to capture greater value.

Exports revenue distribution of BPO



(Source: NASSCOM Report)

Indian Software Products and Engineering Services:

Revenues in the engineering research and development and software products segment is also expected to grow by 14.4% in fiscal 2009, to reach US$ 7.3 billion which highlights the strong impetus on improving IP driven service capabilities in India.

	2005-06		**2005-06**		**2005-06**		**2005-06**	
US$ million	Exports	Domestic	Exports	Domestic	Exports	Domestic	Exports	Domestic
Software products and engineering services	4,000	1,329	4,940	1,600	6,400	2,234	7,287	2,260

(Source: NASSCOM Report)

Due to the current recessionary environment, many software products are now being centered by customers around cost reduction and risk management with various new delivery models evolving based on these requirements. In addition, software as an appliance is gaining popularity among small and medium size businesses which provide for a growing market for software that enable these companies to simplify IT usage, reduce costs, ensure security and make backing-up of data simpler. In addition, the evolution in the Indian software products industry is continuing with a focus on emerging concepts like cloud computing, virtualization and a focus on environmentally friendly IT.

The success of Indian developed software products in the global markets has helped demonstrate a strong case for strong growth in the Indian software product industry. According to the NASSCOM Report, the Indian software products industry is at an inflection point in its evolution curve fueled by increasing overseas demand for Indian software products due to their improved value perception by global CIOs and IT heads.

BUSINESS

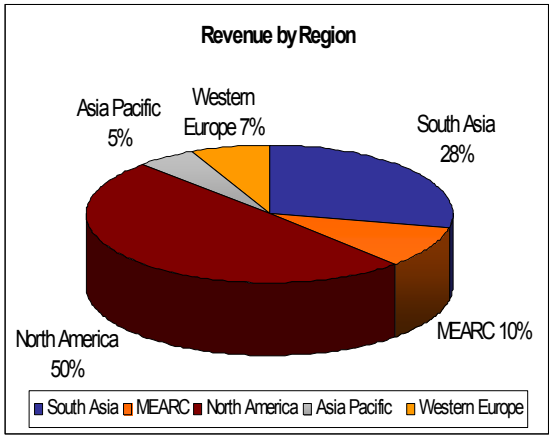
Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Preliminary Placement Document. In this section only, any reference to "we" "us" or "our" refers to 3i Infotech Limited and its subsidiaries on a consolidated basis.

OVERVIEW

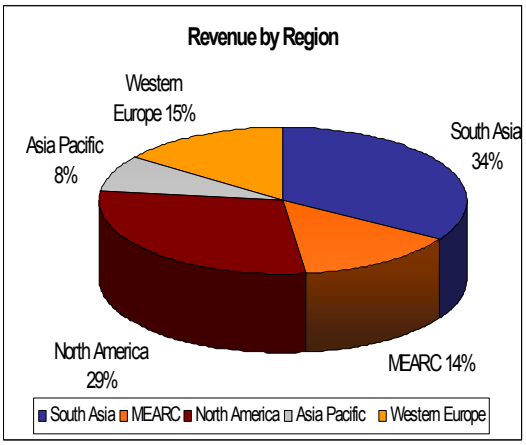
We are in the business of providing a range of IT & IT enabled solutions and services to companies worldwide, primarily companies in the banking, insurance and financial services industries. We were incorporated on October 11, 1993 as a wholly-owned subsidiary of ICICI Limited, which was merged with ICICI Bank Limited with effect from March 29, 2002. Over the years, we have evolved to a geographically diverse company that operates in three main business lines, namely IT products, IT services and transaction processing services. Through these three business lines, we offer a comprehensive range of software, IT services and IT enabled solutions, including packaged applications for the banking, insurance and financial services industries (encompassing corporate, retail and commercial banking, insurance policy sourcing and claims processing, investor servicing and Internet delivery of financial services, as well as business intelligence and analytical applications), an enterprise resource planning suite of applications, custom application software development, deployment, maintenance and support services (both onsite and offshore), IT consulting services and transaction services. In April 2005, we completed an initial public offering of our Equity Shares and our Equity Shares are currently traded on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). In March 2006, we issued the March 2006 Convertible Bonds. In October 2006, we issued the October 2006 Convertible Bonds and in April 2007, we issued the April 2007 Convertible Bonds. In July 2007, we issued the July 2007 Convertible Bonds.

Our total income was Rs. 6,707.72 million in fiscal 2007, Rs. 12,235.67 million in fiscal 2008, and Rs. 23,046.87 million in fiscal 2009, and Rs. 4,716.19 million and Rs. 6,021.47 million for the three months ended June 30, 2008 and 2009, respectively. Profit before interest, depreciation, extraordinary items and tax was Rs. 1,476.12 million in fiscal 2007, Rs. 2,732.25 million in fiscal 2008, and Rs. 4,534.63 million in fiscal 2009 and Rs. 942.92 million and Rs. 1,234.37 million for the three months ended June 30, 2008 and 2009, respectively. Profit after tax was Rs. 1,044.84 million in fiscal 2007, Rs. 1,831.98 million in fiscal 2008, and Rs. 2,664.24 million in 2009 and Rs. 581.00 million and Rs. 629.37 million for the three months ended June 30, 2008 and 2009, respectively.

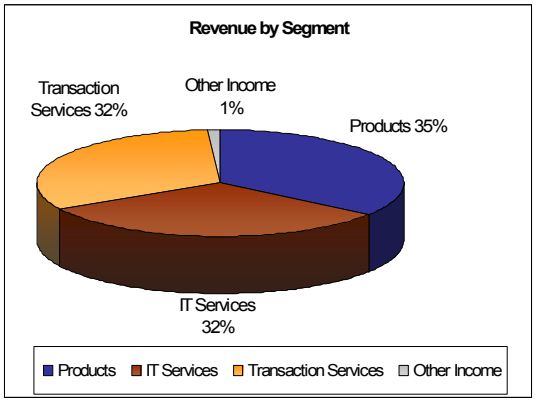
As of June 30, 2009, we serviced over 1,500 active customers in more than 50 countries through our portfolio of software products, IT services and transaction services. For fiscal 2009 and fiscal 2008, 28% and 34%, respectively, of our total income was from clients in South Asia, 50% and 29%, respectively of our total income was from clients in North America, 10% and 14%, respectively, of our total income was from clients in MEARC, 5% and 8%, respectively, of our total income was from clients in the APAC region and 7% and 15%, respectively, of our total income was from clients in Western Europe. In fiscal 2009 and fiscal 2008 income from software products, IT and transaction services provided to banks, insurance companies and other financial service companies contributed more than 74.3% and 72.5%, respectively, of our total income. For fiscal 2009 and fiscal 2008, 32% and 38%, respectively, of our total income was from IT-related services, 32% and 12%, respectively, of our total income was from transaction services , 35% and 49%, respectively, of our total income was from our software products business and 1% and 1%, respectively, of our total income was from other income. Further, for fiscal 2009 and fiscal 2008, 9% and 15%, respectively, of our total income was from ICICI Bank Limited and certain of its subsidiaries and affiliates, while our top five customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates) contributed 11% and 8%, respectively, of our total income during these periods.



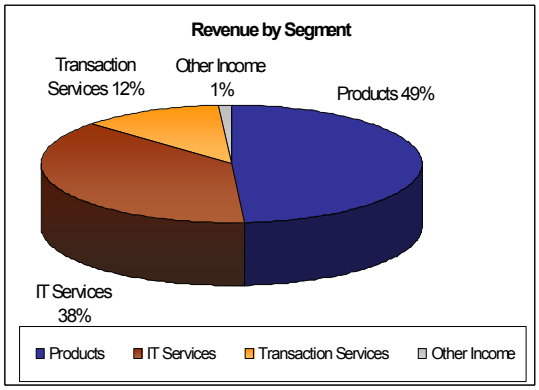
Fiscal 2009



Fiscal 2008

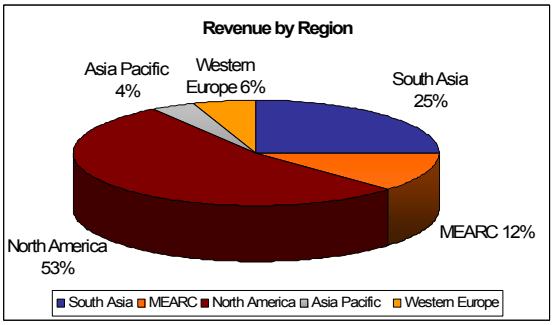


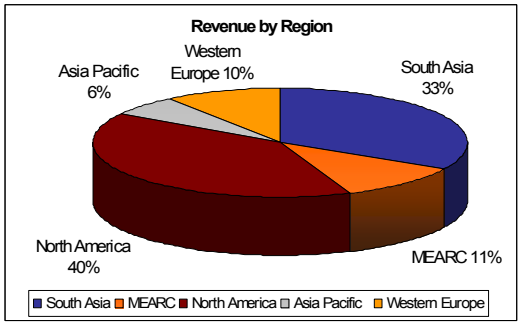
Fiscal 2009



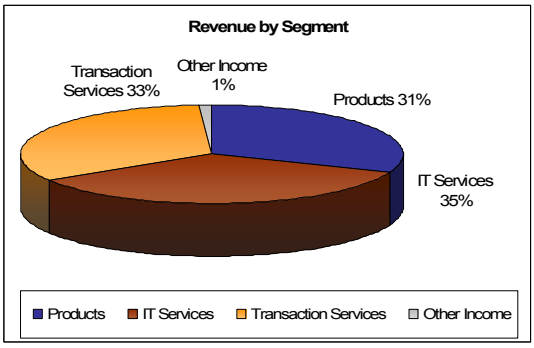
Fiscal 2008

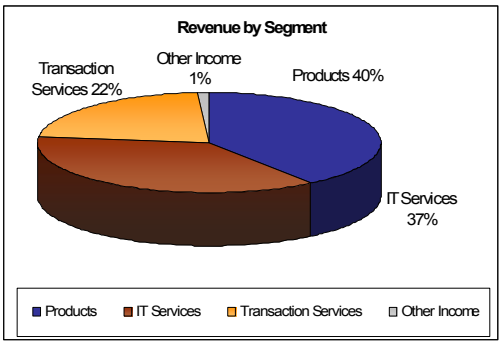
For the three months ended June 30, 2008 and 2009, 33% and 25%, respectively, of our total income was from clients in South Asia; 40% and 53%, respectively of our total income was from clients in North America; 11% and 12%, respectively, of our total income was from clients in MEARC; 6% and 4%, respectively, of our total income was from clients in the APAC region; and 10% and 6%, respectively, of our total income was from clients in Western Europe. For the three months ended June 30, 2008 and 2009 income from software products and services provided to banks, insurance companies and other financial service companies contributed more than 72.2% and 70.2%, respectively, of our total income. For the three months ended June 30, 2008 and 2009, 37% and 35%, respectively, of our total income was from IT-related services, 22% and 33%, respectively, of our total income was from transaction services, 40% and 31%, respectively, of our total income was from our software products business and 1% and 1%, respectively, of our total income was from other income. Further, for the three months ended June 30, 2008 and 2009, 10% and 9%, respectively, of our total income was from ICICI Bank Limited and certain of its subsidiaries and affiliates, while our top five customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates) contributed 13% and 13%, respectively, of our total income during these periods.





Quarter Ended June 30, 2009 **Quarter Ended June 30, 2008**





Quarter Ended June 30, 2009 **Quarter Ended June 30, 2008**

Our IT products offerings include software solutions for the banking and financial services industry (which includes insurance, mutual fund and capital market sectors), and an enterprise resource planning package.

- *Banking:* Our Kastle™ suite of banking products and our payment solutions products are sold in over 22 countries and comprise a range of software solutions addressing the retail, corporate banking, business intelligence, analytical applications, anti-money laundering (through our product Amlock) and Internet delivery needs of a wide range of financial institutions, including corporate banks, retail banks, universal banks, capital market intermediaries, investment banks and other specialized financial institutions.

- *Insurance:* Our PREMIA™ suite of software products comprises an integrated insurance management system for property, casualty, life and health insurance providers. The PREMIA insurance management solutions suite is designed to proficiently perform all the functions of an insurance company such as underwriting / policy administration, claims management, reinsurance and accounting. It covers various business classes such as property, general liability, workers compensation, commercial auto, business owners policy, marine cargo, personal auto, homeowners, umbrella / package, individual / group life, health, liabilities and related areas.

- *Mutual Funds and Private Wealth Management:* We offer products that have allowed us to service the market for mutual funds, private wealth management and insurance industry. Our software solutions focus on the operational elements of the asset management process, including clearing, settlement, order management and accounting. Our capital market and mutual fund products also include Tradis, a comprehensive solutions suite for stockbrokers and traders which manages the entire trading process from order to settlement; MFund/AM, a client-server based application suite that streamlines fund accounting, valuation, investment management and lending operations and is designed for mutual funds, unit trusts, asset management companies and other financial institutions; Mfund/ISS, a web-based investor services system that helps unit trust management companies cost effectively streamline their operations; Mfund/Dealing, a front-office automation system for investment managers which addresses requirements in the dealing, pre-dealing, decision support, intent generation and order management areas; C-matis, a comprehensive multi-currency Wealth Management solutions suite; Quantis, an application that allows for end-to-end Investment Management Operations - from Analytics and Order Management to Accounting and NAV Generation; and CRx a comprehensive multi-language and multi-currency browser based credit risk analysis product. See "Business – Our Offerings - Product Offerings - Capital Market, Mutual Funds and Private Wealth Management Solutions."

- *Enterprise Resource Planning:* Our ORION™ products comprise an enterprise solutions suite of software products, including ORION Enterprise, an end-to-end integrated application and deployment platform that includes enterprise resource planning coupled with customer relationship management

and supply chain management features. We also provide software solutions which provide enterprise resource planning solutions for the process manufacturing industry, with a special emphasis on the chemical and paint manufacturing industries.

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

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

As of June 30, 2009, we had a pool of over 12,500 specialized employees and over 2,400 consultants who deliver our solutions both on-site and offshore through state of the art global delivery centers across India, in Dubai, Kuala Lumpur, New Jersey and China. We have subsidiaries in the United States, the United Kingdom, Singapore, Australia, Kenya, UAE, Bangladesh, Malaysia, Thailand, Saudi Arabia, Mauritius, China, Cyprus, Kazakhstan and India. In addition, we have a sales presence in other parts of the Middle East and in Eastern Europe.

The Company's quality certifications include SEI CMMI Level 5 for our software business, ISO 9001:2000 for BPO, ISO/IEC 27001:2005 for our data center operations and ISO/IEC 20000-1:2005 for our data center management services.

We have developed a strong sales team consisting of over 236 sales personnel globally across offices in India, the United States, Europe, the Middle East and the APAC region, which is supported by a global marketing team based in India. We also have alliance partnerships with leading hardware and software vendors.

COMPETITIVE STRENGTHS

We believe that the following are our principal competitive strengths, which differentiate us from other IT solutions providers:

- ***Broad range of technology and transaction services:*** Our service offerings span the complete software life cycle, including consulting, architecture, development, testing, maintenance, migration, re-engineering and integration services. Over the past few years, we have further expanded into software package implementation, IT infrastructure management, engineering and R&D services. We have a well-defined methodology to update and expand our service offerings to meet the evolving needs of the global marketplace. With the acquisition of Regulus and JP Morgan's national retail lockbox business, we have further strengthened our positioning as a leader in the payment solution space. In addition, since Regulus, prior to our acquisition, served 150 clients through its direct sales force and approximately 85 additional clients generated through reseller partnerships, the acquisition provided us with significant cross-selling opportunities. Our retail initiatives through the kiosks business bring various services to common citizens in rural India. We also have a variety of online services which include online tax filing and digital signature certificates. These initiatives have been pioneering steps in India, aimed at transforming the way retail transactions are handled in the country.

- ***Our range of product offerings:*** Over the years we have either developed and rolled out or acquired a broad range of solutions for the banking, insurance and financial services industries, as well as a suite of enterprise resource planning solutions. Our offerings include complete life-cycle services to property and casualty, life and health and reinsurance carriers, as well as a range of products and services for retail and corporate banking. These solutions have been designed to address the varied and expanding requirements of our clients and to help them achieve their business objectives. We have

attempted to position ourselves as a one stop shop for the banking, financial services and insurance segment ("BFSI") by providing both products and services

- ***Strong management team and corporate governance:*** Our top management brings with them extensive experience in the BFSI industries. Many of our senior management team are professionals with qualifications from premier institutes. Our corporate governance practices have been assigned a CGR2 rating by ICRA Limited (an associate of Moody's Investors Service), a leading provider of investment information and credit rating services in India.

- ***Industry-specific knowledge and experience:*** Our extensive experience in the banking, insurance and financial services industries, dating from our incorporation as a back-office and IT service company, allows us to accurately define and deliver customized products and solutions to effectively address the business challenges faced by our clients in these industries.

- ***Experience with fixed-price engagement models:*** We have demonstrated the ability to successfully work with our clients to develop engagement models that tie into their business objectives. We deliver services on a range of fixed-price and time-and-material driven engagement models, through short-term as well as multi-year contracts. We believe our ability to manage projects on a fixed-price basis to achieve our clients' business objectives is an important differentiator in our long-term client relationships.

- ***Global delivery model:*** We believe our delivery model represents a key competitive advantage. Over the past years, we have developed our onsite and offshore execution capabilities to deliver high quality and scalable services. In doing so, we have made substantial investments in our processes, infrastructure and systems and refined our delivery model to effectively integrate onsite and offshore services. Our delivery model aims to provide clients with seamless, high quality solutions in reduced timeframes which enables our clients to achieve operating efficiencies and realize significant cost savings. Our facilities have been constructed and our employees trained, with the objective of delivering world-class quality and operational excellence to our clients. The Company's quality certifications include SEI CMMI Level 5 for Software business, ISO 9001:2000 for Transaction Services, ISO/IEC 27001:2005 for Data Center Operations and ISO/IEC 20000-1:2005 for Data Center Management Services. These help us deliver services in a timely, consistent and accurate manner, maintain a high level of client satisfaction and focus on improvements in all aspects of delivery.

- ***Strategic focus on emerging markets****:* We have constantly been identifying markets for growth and consequently have taken a strategic focus on the emerging markets. This has enabled us to grow even while our competition has been hit by sluggish growth in the developed markets because we believe emerging markets have been less adversely affected by the current market slowdown than developed markets.

- ***Focus on Solutions:*** We are able to provide our clients with solutions which could be a combination of products, IT services and transaction services. This helps us in deepening relationships with clients. This also differentiates us from organizations providing only either products, IT services or transaction services.

- ***Expanding global operations:*** Since 1999, we have expanded our sales and marketing presence to over 50 offices in 14 countries. We have also expanded our on-site implementation capability for our products to multiple cities across countries worldwide, including the United States, the United Kingdom, the Middle East and Asia Pacific. We believe that our global presence enables us to service and support our existing clients in a number of important markets and positions us well to develop new clients. Our recent acquisitions across the world have enabled us to acquire new product lines and offer a wide range of services seamlessly across geographies, and we have been able to integrate successfully our acquisitions, such as the integration of the acquisition of JP Morgan's national retail lockbox business into the operation of Regulus.

- ***Ability to scale:*** We have successfully managed our growth by investing in infrastructure and by recruiting, training and rapidly deploying new professionals from a pool of qualified candidates from our base in India. We can rapidly deploy resources and execute new projects through the scalable network of our global delivery centers. These factors allow us to execute large-scale and long-term projects in an efficient and cost-competitive manner.

BUSINESS STRATEGY

We seek to further enhance our position as a leading provider of integrated IT solutions and transaction services. We intend to accomplish this through:

- *Geography-wise focused business plans:* We intend to further expand the client base for our existing businesses. For our banking, insurance and capital market solutions, we intend to market to and obtain clients in regions where emerging regulatory frameworks require increased automation of operations, such as in Eastern Europe, the Middle East, South and Southeast Asia. In the U.S. we continue to pursue our payment solution offerings, both retail and e-commerce, into greater niche segments. In addition, in Western Europe we intend to expand the sale of our Rhymes products as well as our private wealth management solutions. For our IT services business we will continue to address the needs in all the markets globally in respect of e-commerce applications, managed IT services and Regulus application development and maintenance. With respect to our transaction service business, we intend initially to expand these operations in the U.S., South Asia and China.

- *Cross-selling and up-scaling to our existing customer base*: As of June 30, 2009, we serviced a customer base of over 1500 customers in more than 14 countries. Repeat business and proposing new services and products to our existing customers constitutes an important revenue opportunity for us. As we add new offerings to our portfolio of products and services, cross-selling and up-scaling opportunities to our existing customer base should continue to grow as well.

- *Maintaining our strategic focus on the Indian market:* We believe that India is a strategically important growth market that offers opportunities for us to build competencies in terms of domain expertise, leverage our assets and develop our employees for complex project execution. We intend to continue to focus on growing our India business through increasing our brand name recognition. We will also continue to utilize the experience and expertise gained in our Indian operations to win and execute international projects.

- *Strengthening our brands:* We intend to continue to invest in developing and enhancing recognition of our brands, including our corporate name, through brand building efforts, communication and promotional initiatives such as interaction with industry research organizations, participation in industry events, public relations and investor relations efforts. We believe that these initiatives will enhance the visibility of our brands and strengthen our recognition in the Indian IT solutions industry.

- *Continuing to attract, train and retain employees:* We intend to place special emphasis on attracting and retaining highly skilled employees and will continue to invest in the career development and training of our employees, with the objective of further enhancing their technical and leadership skills.

- *Further developing our alliances:* We intend to grow and strengthen our technology alliances with leading technology companies which assist us in sales and delivery. These alliances typically involve systems integration, joint product development and joint "go to market" strategies. We also intend to develop other alliances with local companies that have a strong presence in emerging markets so as to acquire business development capabilities and a an increased local presence in those markets.

- *Reduction of current leverage position:* We intend to increase cash flow generation by reducing our current overall indebtedness and therefore decreasing our interest expenses. As part of this plan, we have already retired approximately US$ 47 million of our outstanding foreign currency convertible bonds at a discount of approximately 50%. We intend also to repay nearly Rs. 2,000 million of various bank borrowings denominated in Indian Rupees.

- *Focus on improving operating efficiencies:* We intend to increase profitability by finding opportunities to improve operating efficiencies in our delivery systems and use of outsourced services. We are currently implementing a centralized structure for the delivery of our products which should provide for quicker implementation and collections, which will also entail the consolidation of our delivery centers. In addition, we are also looking to opportunities to increase the use of offshore activities from India to reduce costs.

ACQUISITIONS

We believe that a global presence enables us to service and support our existing clients in a number of important markets and positions us well to develop new clients. Our recent acquisitions across the world have enabled us to acquire new product lines and offer a wide range of services seamlessly across geographies, and we have been successful in integrating these acquisitions into our existing operations. Our major acquisitions include:

- In June, 2009, we acquired the J.P. Morgan Treasury Services' National Retail Lockbox Business for a consideration of US$ 9.25 million. The National Retail Lockbox Business offers several lockbox solutions to help speed remittance processing.

- In June 2008, we acquired 100% of the issued and outstanding stock of Regulus Group LLC and its group companies for a consideration of US$ 112.07 million along with a commitment to pay an additional consideration on achieving certain measurable criteria such as future revenue/profitability. Regulus, a Napa, California based company, is one of America's largest independent payment processor. Regulus is also one of leading providers of document (bills) processing services in the U.S., providing services for the full document lifecycle from print and electronic bill presentment to remittance.

- In February 2008, we acquired 100% of the paid up equity capital of Accounting Frameworks Limited for a consideration of £ 6.27 million. Accounting Frameworks, Limited provides software solutions for general partners and private equity and venture capital fund administrators. Its software modules cover marketing, administration and accounting for investing in unquoted companies or funds. The company also offers advice, and application maintenance and support services. The name of Accounting Frameworks Limited has been changed to 3i Infotech Frameworks Limited.

- In December 2007, we acquired 100% of Objectsoft Group Inc. and Objectsoft Global Services Inc. for a consideration of US$ 12.95 million, with an additional earn out of US$ 4.07 million made in March 2009. Objectsoft Group Inc. is an information technology solutions and services provider with vast experience in several areas of systems and applications integration, enterprise resource planning, custom applications development, web services, data warehousing, data migration, business intelligence, electronic data interchange, customer relationship management, mobile applications and B2B commerce technology. Objectsoft Global Services Inc. has been merged with Objectsoft Group Inc.

- In November 2007, we acquired 100% of J&B Software Inc. for a consideration of US$ 26 million. J&B Software is specialized in payment and remittance processing solutions. It provides market leading systems for processing and managing automated electronic payments and other transactions to organizations worldwide. Their application suite consists of robust and flexible solutions designed to improve cash flow, maximize productivity, reduce cost, reduce risk and optimize workflow. In June 2009, the Board approved the amalgamation of J&B Software India Private Limited, a subsidiary of J&B Software Inc. with the Company. In principle approval has been received from both the BSE and the NSE. The Company is in process of filing a petition in Madras High Court for further approval of the amalgamation.

- In May 2007, we acquired 51% of the paid up equity share capital of Professional Access Limited, New York for a consideration of US$ 2.04 million along with a commitment, prior to September 30, 2009, to acquire the balance of 49% of its paid up capital for an additional consideration to be determined based on achieving certain measurable criteria such as future revenue/profitability subject to a maximum consideration of US$ 2.45 million as per the agreement to acquire the company. Professional Access has

offshore development centers in India specializing in the area of e-commerce for the banking and financial services sector and retail segment.

- In May 2007, we acquired 51% of the paid up capital of Black Barret Holdings Limited, Cyprus pursuant to a share purchase agreement entered into by us with its selling shareholders in February 2007, for a consideration of US$ 10.20 million, with a commitment to acquire the balance of 49% of its paid up capital for an additional consideration payable on achieving certain measurable criteria such as future revenue/profitability subject to a maximum consideration of US$ 45.31 million. In April 2007, Black Barret acquired Professional Access India, as a condition precedent to closing of our acquisition of the 51% share capital of Black Barret. Professional Access India is engaged in the business of providing offshore software development and project execution services and has two development centers in India located in Bangalore and Mumbai.

- In October 2006, we acquired Rhyme Systems Holding Limited, for a consideration of £19.60 million (approximately Rs. 1,666.00 million) with further consideration payable on Rhyme Systems achieving certain measurable criteria such as future revenue/profitability. In June 2007, the Company entered into an agreement with the owners of Rhyme and paid this additional consideration in the amount of £ 1.20 million as full and final consideration for the acquisition. Rhyme Systems provides software solutions for asset management companies with a focus on the operational elements of the asset management process, including clearing, settlement, order management and accounting. Its software solutions include Rhyme Sight, Altimis, Arrow, Fiscal and Quasar. The name of Rhyme Systems Holdings Limited has been changed to 3i Infotech (Western Europe) Holdings Limited.

In addition, since the completion of our initial public offering in April 2005, we have undertaken a series of other strategic acquisitions and investments, which are briefly described below:

Initial Date of Acquisition:	Company:	Description:	Consideration Paid *To Be Paid
September 2005	IBSI	IBSI provides consulting services in the fields of enterprise application integration, business intelligence and IT security.	US$ 3.60 million
September 2005	Formula-ware Inc.	Formula-ware provides enterprise resource planning solutions for the process manufacturing industry, with special emphasis on the chemical and paint segments.	US$ 2.50 million
November 2005	SDG Software Technologies Private Limited	SDG has developed several software products for the banking and securities industries, with a focus on surveillance and fraud management.	Rs. 160 million
April 2006	Distinctive Solutions Inc.	Distinctive Solutions Inc. is engaged in providing factoring software solutions.	US$ 1 million
May 2006	Datacons Private Limited	Datacons offers software products for the mutual funds industry and is a SEI CMM Level 4 organization with clients and offices located worldwide.	Rs. 355.41 million

Initial Date of Acquisition:	Company:	Description:	Consideration Paid *To Be Paid
July 2006	Delta Services (India) Private Limited	Delta Services is a business processing and IT-enabled services company that services companies in the financial services industry.	Rs. 249.93 million* *of which Rs. 117.44 million to be paid by December 2009
September 2006	G4 Software Technologies (India) Limited & G4 Software Technologies Inc. (USA)	G4 Software specializes in the area of payment solutions, back office exception processing solutions and business process integration services.	Rs. 34 million
September 2006	Edge Technologies Inc.	Edge Software is engaged in the business of software services consultancy.	US$ 1.20 million
November 2006	Stex Software Private Limited	Stex Software offers document management systems, business process workflow management solutions and allied technologies and services to enterprises worldwide.	Rs. 95.61 million
November 2006	Genesis Imaging and Allied Technologies Private Limited	Genesis Imaging offers document archival and processing through scanning of documents, indexing and uploading images onto the customers' database.	NIL
November 2006	e-Enable Technologies Private Limited	E-Enable Technologies is a software consultancy firm and offers business intelligence solutions as its main offering.	Rs. 122.73 million
November 2006	Corban Systems, Inc.	Corban Systems, Inc. is engaged in providing software solutions to insurance companies in the property and casualty segment.	US$ 1.05 million
January 2007	WhizInfo Technologies Inc.	WhizInfo Technologies is engaged in the software consulting business.	US$ 4.08 million
April 2007	Lantern Systems Inc.	Lantern Systems is engaged in information technology infrastructure services.	US$ 9.34 million
May 2007	KNM Services Private Limited	KNM Services is engaged in providing business processing and other IT-enabled services.	Rs. 29.24 million

Initial Date of Acquisition:	Company:	Description:	Consideration Paid *To Be Paid
May 2007	aok In-house BPO Services Limited and aok In-house Factoring Services Private Limited	aok In-house BPO Services Limited is a provider of outsource IT enabled business processing and backend support services. aok In-house Factoring Services Private Limited provides diverse factoring services which includes debt collection, physical & telephone verification, credit analysis, telephone-calling services, data fulfillment and updating services.	Rs. 276.75 million* * of which Rs. 180.86 million to be paid by December 2009
June 2007	Transworks LLP	Transworks LLP is engaged in distribution of providing enterprise data processing equipment including servers and data storage equipment, and also delivers IT solutions to the BFSI segment.	US$ 4.50 million
August 2007	HCCA Business Services Private Limited	HCCA has delivery capabilities in human resources operations including large scale payroll processing for clients in the banking, financial services and insurance sector.	Rs. 180.90 million* * of which Rs. 131.80 million to be paid by December 2009
August 2007	Manipal Informatics Private Limited & Subsidiaries	Manipal Informatics provides customer relationship management strategies to clients for both inbound and outbound requirements.	Rs. 28.18 million
September 2007	ePower Inc.	ePower Inc is engaged in the software consulting business.	US$ 7.72 million
September 2007	Taxsmile.com India Private Limited	Taxsmile provides solutions to help taxpayers file income tax returns and is an eReturn Intermediary (ERI) authorized by the Income Tax Department of India.	51% interest for Rs. 40.80 million
October 2007	Nile Information Technology, Egypt (associate)	Nile Information Technology is engaged in capital market information dissemination, providing software solutions to its customers in Egypt and Middle East and Africa.	US$ 0.71 million
December 2007	Linear Financial and Management Systems Private Limited	Linear Financial & Management Systems Private Limited is a business process outsourcing company that provides contact point verification for banks and financial organizations.	Rs. 161.14 million

Initial Date of Acquisition:	Company:	Description:	Consideration Paid *To Be Paid
January 2008	Exact Technical Services Limited	Exact Technical Services (Exact) supplies MiFID-compliant, multi-currency, agency stockbroking solutions to the UK asset management market.	£ 1.46 million
May 2008	Locuz Enterprise Solutions Limited	Locuz is a system integrator, IT infrastructure solutions and services specialist.	26% interest for Rs. 69.30 million, additional interest pending
June 2008	FinEng Solutions Private Limited	FinEng is a software company developing and supporting products for the financial services industry.	60% interest for Rs. 214 million, additional interest pending
May 2008	Elegon Infotech Limited	Elegon, a joint venture with Yucheng Technologies Limited, focuses on selling financial technology software from the Company, including our insurance, banking, and securities software platforms, in China.	51% interest

Acquisition case study

- In 2001, the Company entered into the market for insurance related products in the Middle East through the acquisition of Insyst Business Technologies Limited ("Insyst"). At the time of the acquisition, Insyst had revenues of US$ 2.5 million derived from about 15 customers. After the acquisition, the Company invested in Insyst by making its product relevant and attractive to the global market outside the Middle East. The Company made the Insyst product multilingual and included capabilities to allow the product to handle multiple currencies. As a consequence the product is sold as part of the Company's world-wide network to clients across the globe. The Company's investment and management of this acquisition has now resulted, for the year ended March 31, 2009, in revenues from this product of US$ 40 million from 150 customers. A significant growth from the US$ 2.5 million and 15 customers at the time of the acquisition in 2001.

OUR OFFERINGS

We are a global information technology company providing software products, information technology services and transaction services for a variety of industries and clients including banking, insurance, capital markets, mutual funds, asset management, wealth management, government, manufacturing and retail.

The following table sets forth the percentage contribution of our product and service offerings to our total income for the periods indicated:

	Percentage of total revenues for the year ended March 31,			Percentage of total revenues for the quarter ended June 30,	
	2007	**2008**	**2009**	**2008**	**2009**
Services:					
IT Services	40%	38%	32%	37%	35%
Transaction Services	9%	12%	32%	22%	33%
Total Services	49%	50%	64%	59%	68%
Products:					
Banking	15%	14%	12%	13%	11%
Insurance	14%	13%	9%	10%	9%
Capital Markets	11%	14%	11%	14%	8%
Enterprise Resource Planning (ERP)	9%	8%	3%	3%	3%
Total Products	49%	49%	35%	40%	31%
Other income	2%	1%	1%	1%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Product Offerings

Innovation in design and a deep understanding of our client's problems have helped us build products that solve some of the most vexing problems faced by our clients. Our portfolio includes products for varied industries, applications and operational requirements. We are among the top IT software products providers in India having been recognized by *Dataquest*, an Indian IT publication, in 2008 as fourth in the market for vertical applications, fifth among Indian software products companies and fifth in the ERP market.

Banking Solutions

KASTLE™, our secure banking solutions suite, comprises an extensive range of enterprise banking products that cater to the varied operations and departments of banks and other financial services organizations. This gives our customers a cost-effective option to go for multiple solutions that can be integrated with each other from a single vendor**.**

The KASTLE™ product suite consists of:

- *KASTLE™ Core Banking:* KASTLE™ Core Banking is an end-to-end solution designed to address core banking needs, such as recording deposits and loans, and is designed to assist centrally controlled commercial banking operations across a medium-to-large branch network. It can be configured to run in both centralized and distributed environments.

- *KASTLE™ Treasury:* KASTLE™ Treasury is an integrated treasury management solution for the treasury operations of commercial banks. It supports multiple entities, multiple dealing rooms and multiple portfolios, handling transactions from initiation to settlement. It provides end-to-end processes for a range of market and instrument coverage, including fixed income, money market, foreign exchange and derivatives transactions.

- *KASTLE™ Asset Liability Management:* KASTLE™ Asset Liability Management provides analytical tools that enable active asset liability management that help clients stay balanced, maximize profitability, thus providing prudent capital adequacy.

- *KASTLE™ Risk Management:* KASTLE™ Risk Management is a web-enabled multi-entry risk management engine that interfaces with a bank's treasury system to pick up transactions/cash flows, which can be used as a tool by the organization's management to understand and interpret treasury risk faced by the organization.

- *KASTLE™ Universal Lending:* KASTLE™ Universal Lending is a web-based application that simplifies the customer acquisition process by providing business components for prospecting and processing. Designed to automate transaction processing for the retail industry (banking, insurance, mutual funds), it supports multiple products (insurance, mutual fund, mortgages and car loans) of the company offered through multiple channels (centres and web portals) or business partners (mortgage agents, auto agents, insurance agents and credit bureaus).

- *KASTLE™ Factoring:* KASTLE™ Factoring enables factoring institutions to help their clients enhance the velocity of their investment with respect to open account trade receivables.

- *AMLOCK:* Amlock is our automated anti-money laundering solution that assists reporting organizations in complying with regulatory requirements under the anti-money laundering rules and regimes that exist globally. The product is used by banks, insurance companies, securities broker-dealers, money transmitters and asset management companies.

- *KASTLE™ Payments*: KASTLE™ Payments acts as a bank's central processing hub to manage processing of payment messages in standardized format, for electronic funds transfers and trade settlements with different clearing systems. KASTLE™ Payments also monitors fund balances and optimizes liquidity management across various payment channels and currencies for the client bank, generating alerts to avoid penalties and charges.

- *KASTLE™ Internet Banking:* KASTLE™ Internet Banking helps banks and other providers of financial services harness the potential of the Internet to offer and enhance their services to the customer.

- *KASTLE™ Fraud Detection & Management:* KASTLE™ Fraud Detection & Management is a comprehensive solution for organizations to mitigate risks from fraud and theft with respect to identity, customers, loans, merchants and employees.

In addition we also have payment solutions products which provide transaction management system solutions for the payment processing industry. Our payment solutions offerings have evolved from our Enterprise Solutions for Payment & Imaging ("ESPi") framework which provided for various payment and imaging capabilities. Our payment solutions application suite consists of flexible solutions designed to improve cash flow, maximize productivity, reduce cost, reduce risk and optimize workflow. Our solutions are targeted at commercial banks, mutual funds, credit card companies, utilities, state and local governments, insurance companies as well as retail and wholesale lockbox service providers.

Our core products and solutions include those related to cheque clearing, cheque truncation systems, retail remittance processing, wholesale remittance processing, post-dated cheque processing, forms processing, record management system and electronic bill presentment and payment. In addition we have add-on products and solutions developed using ESPi for extending product functionality including: Remote Capture Archive & NetQueryAnywhere Item Data Entry Interactive Lockbox.

During fiscal 2009 and the three months ended on June 30, 2009, licensing, implementation and maintenance fees for our suite of banking products and solutions contributed 12% and 11%, respectively, of our total income.

Insurance Solutions

Our PREMIA suite of insurance products comprises an integrated insurance management system for property, casualty, life and health insurance providers. These products offer integration across many categories of insurance activity, including policy and endorsement entry and approval, claims processing and re-insurance. During fiscal 2009 and the three months ended June 30, 2009, licensing, implementation and maintenance fees for our PREMIA suite of products contributed 9% and 9% to our total income respectively.

The Premia product suite consists of:

- *Premia General Insurance:* PREMIA General Insurance, is a general insurance software product that optimizes underwriting, claims, reinsurance and financial accounting processes which provides assistance in rating, quoting, policy administration, and general ledger accounting.

- *Premia Life:* PREMIA Life is an all-inclusive, cost-efficient life insurance software product for insurance providers, which covers individual life, group life, group pension and agency management.

- *Premia Collaborator:* PREMIA Collaborator, our solution for effectively streamlining disparate information flow processes and allowing the management of customer and partner relationships. PREMIA Collaborator also allows the agents of clients to track premiums, and commission statements from their locations online.

- *Premia Broker:* PREMIA Broker is an enterprise-class insurance brokering management and control system that supports brokering, consultancy and claims, and is backed by comprehensive financial accounting, reporting and analysis features.

- *Premia Takaful:* PREMIA Takaful allows streamlining insurance operations with respect to Islamic financial practices - driven by the shariah law. It supports both Mudharabah and Wakalah models of Islamic insurance.

Capital Market, Mutual Funds and Private Wealth Management Solutions

We offer a wide range of products for capital market and mutual fund entities such as stockbrokers, traders, exchanges, regulators, unit trust management companies, asset management companies and other financial institutions. Our capital market products are designed for market surveillance and monitoring, internet trading, trade order and risk management and clearing and settlement processes. Our mutual fund products address operations such as fund accounting, valuation, investment management, lending operations, investor services, dealing, pre-dealing, intent generation and order management. Software solutions for asset management companies are designed for the operational elements of the asset management process, including clearing, settlement, order management and accounting. Our solutions for the financial services industry include funds management, wealth management and credit risk analysis.

Our capital market and mutual fund products include:

- *MFund/AM:* A client-server based application suite that streamlines fund accounting, valuation, investment management and lending operations. It is designed for mutual funds, unit trusts, asset management companies and other financial institutions.

- *Mfund/ISS:* A web-based investor services system that helps unit trust management companies streamline their operations in a cost-effective manner.

- *Mfund/Dealing:* A front-office automation system for investment managers which addresses requirements in the dealing, pre-dealing, decision support, intent generation and order management areas.

- *Rhyme SIGHT:* This is an integrated wealth management solution providing functionality to support front and back office operations to many asset management users, including dealers, client relationship managers, compliance teams, fund managers and operations staff.

- *Fiscal:* This is a large-scale stock broking back office solution.

- *Arrow:* This is a product which provides interface to Crest, which is a low-cost settlement facility operated by CrestCo. for a range of corporate and government securities. CrestCo. is the Central Securities Depositary for the United Kingdom market and for Irish equities. Crest also settles transactions in money market instruments and funds, in addition to a variety of international securities.

- *Framework:* Framework provides an end-to-end alternative assets software solution which helps manage risk, enables transparency and increases operational efficiency for all types of organisations across the entire private equity market. Customers include limited partners, general partners, administrators, fund of funds, private equity groups, real estate investors and development funds.

- *Exact:* Exact supplies MiFID-compliant, multi-currency, agency stockbroking solutions to the U.K. asset management market. This product provides contract and commodity, futures and derivatives management and settlement, client and market dealing, deposit and margin accounting, and custody and portfolio services.

- *Quantis:* Our product for the funds management segment is used by institutional funds and portfolio managers as an end-to-end dealing, compliance and accounting solution.

- *Telesto:* It has been developed for institutional wealth managers, including private banks. The solution integrates core banking, custody and transfer agents in providing a 'single view' of the customer portfolio across asset classes.

- *CRx:* This credit risk analysis product, is used by credit analysts of banks as a credit risk analysis and management solution with a view to implementing Basel II requirements on capital adequacy. Currently CRx is being used by banks for maintaining financial history, computing projections, creating risk models for internal rating based lending and tracking financial covenants of large corporations as well as small and medium scale enterprises.

- *Tradis Workstation:* A front-office solution, Tradis Workstation is a customizable, high performance trader workstation for retail, professional and institutional traders, that handles exchange-traded instruments such as equities, commodities, futures and options.

- *Tradis RMS:* Tradis RMS is a real-time risk management and post trade analysis system. It is also a real-time surveillance system that allows brokerage houses to proactively monitor and contain risks.

- *Tradis Online:* Tradis Online is a comprehensive end-to-end solution for real-time Internet trading.

- *Tradis Backoffice:* A back-office application for broker-dealers, Tradis Backoffice is a clearing and settlement system with integrated processing capabilities, encompassing many facets of trade management.

During fiscal 2009 and the three months ended June 30, 2009, licensing, implementation and maintenance fees for our capital markets suite of products contributed 11% and 8%, respectively, of our total income.

Enterprise solutions

Our ORION suite of enterprise resource planning solutions assists clients in the manufacturing, retail, fashion, distribution and trading industries by integrating many facets of their respective businesses, including planning, manufacturing, customer relationship management, inventory control, customer service and human resources. Our enterprise solutions suite of products includes:

- *ORION Enterprise:* An end-to-end integrated application and deployment platform that includes enterprise resource planning coupled with customer relationship management and supply chain management features.

- *ORION Advantage:* A pre-configured enterprise resource planning solution designed to meet the business requirements of companies in various markets, including the pharmaceutical, automotive and chemical industries.

- *ORION Lite:* A simple enterprise resource planning solution for trading operations.

- *Xroadz:* An open-ended enterprise relationship management solution that not only allows the client to improve its relationships with its customers, suppliers, business partners and employees, but also assures them enhanced measurable returns from each of these relationships.

During fiscal 2009 and the three months ended June 30, 2009, licensing, implementation and maintenance fees for our ORION suite of products contributed 3% and 3%, respectively, of our total income.

Product Offering Revenues

Revenues from our product offerings include license fees and professional fees for implementation and customer-specific enhancement services. Our software product agreements typically include an annual maintenance service provision. The fees payable for the maintenance service are calculated as a percentage of the license fee payable under the contract or in certain cases, as a lump sum payment for a fixed term.

License fees are recognized upon delivery or installation. Professional fees for implementation and enhancement services are recognized on a percentage of completion basis. Maintenance fees in respect of software products are deferred and recognized ratably over the period of the underlying maintenance service contract. We generally provide a warranty that will be effective from the time the installation of the product has been accepted by the client.

IT Service Offerings

We bring together advanced technology, robust infrastructure, a large pool of talent and a proven global delivery model to provide a range of cost-effective and seamless technology services to companies around the world. Our IT services include application development and maintenance, custom software development, product re-engineering, application rehabilitation, software testing, Enterprise Application Integration (EAI), IT infrastructure services, e-governance, retail e-commerce, data warehousing, business intelligence, electronic tax filing, digital signature and other business-to-customer services.

We custom design, develop and install software for a variety of client needs. Our projects range from single-platform, single site systems to multi-platform, multiple-site systems and typically include new development and/or functional enhancements to existing software applications. We offer a range of services, including requirements analysis, design, implementation, integration and testing for our projects.

We also provide a range of services based on software packages that are licensed by our clients from third-party vendors. Our services in respect of these software packages include business process definition, gap analysis, process reengineering, configuration, implementation, global deployment, version upgrades and maintenance.

Our services also include the integration of distinct IT solutions and software systems, and often include procurement of various hardware and software products, development of software that enhances the compatibility between various components of the overall IT infrastructure and management of programs, vendors and consortia during this process.

Our e-commerce solutions enable us to provide organizational, technical and tactical consulting expertise for helping retailers in implementing best practices in e-commerce. Our solutions in e-commerce are designed to help retailers improve customer experience, make accurate product mix forecasts and enhance supply chain efficiencies. Implementation of our solutions help retailers garner visibility in every part of the business including supply chains,

logistics, security, inventory management, carrying costs, web analystics. Our e-commerce solutions make us an Art Technology Group (ATG) accredited and preferred implementation partner to offer services across the retail industry and on different business models like business to consumer, business to business and business to enterprise.

Our IT infrastructure solutions and services offerings include solutions for datacenters, high performance computing, secure communications, identity and access management, infrastructure management, consultancy services, branch rollouts and selective outsourcing. We have partnerships with many leading technology companies which give us access to the latest in resources, tools, knowledgebase and support from these technology leaders.

IT facilities management services cater to the constant service demands on IT facilities to help to ensure availability and performance of IT infrastructure. This service includes IT helpdesk, data center operations and end-user support.

Our operations support services include data centre management, technical support services and application and management services and are delivered on a remote basis from our facilities in India. Our system monitors and manages these services through recorded system agent alerts, telephone calls, e-mails and faxes

We have identified retailing as a key focus area and embarked upon an aggressive plan to set up ICT (Information and Communication Technologies) based retail stores under the brand name of I-SERV, covering 9 states in India. These stores will offer a variety of products and services, both in the government to consumers and business to consumers space, and are equipped with technology infrastructure like PCs, scanners, Web cameras, photocopiers, telephones and VSATs, to ensure maximum utility to the customer.

We also provide business intelligence and data warehousing solutions to our customers which enables them to analyse customer and market trends from customer data and which we believe will assist them in making informed business decisions based on customer preferences.

IT Service Revenues

Software Development and Consulting Services: Revenue from software development and consulting services is recognized either on a time-and-material basis or on a fixed-price basis. Revenue on a 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.

Most of our client contracts can be terminated with or without cause, without penalties and with short notice periods typically between 30 to 60 days. Since we collect revenues on fixed-price contracts as portions of such contracts are completed, terminated fixed-price contracts are only subject to collection for portions of the contract completed through the time of termination. Our contracts do not contain specific termination-related penalty provisions. In order to manage and anticipate the risk of early or abrupt contract terminations, we monitor the progress on all contracts and change orders according to their characteristics and the circumstances in which they occur. This includes reviewing our ability and our client's ability to perform the contract, reviewing conditions that may lead to a contract termination, as well as historical client performance considerations.

IT Infrastructure Networking and Facilities Management Services: Revenue from IT infrastructure networking and facilities management services is recognized based on measurable criteria, such as the number of transactions processed or manpower deployment, in accordance with the terms of the relevant contracts with our clients.

Other Software Services: Revenue from other software services is recognized based on measurable criteria, such as the number of transactions processed or manpower deployment, in accordance with the terms of the relevant contracts with our clients

Transaction Services Offerings

With established outsourcing competencies across retail banking, credit cards, insurance, capital markets, finance & accounting services, cheque truncation, remittance processing services and telecommunication sector processes, our range of transaction services can help clients enhance operational and organizational efficiency, business process integration and cost savings. Our broad range of offerings cover, among others, remittance services, cheque clearing, cheque truncation, post dated cheque management, account origination and services for the BFSI and telecommunications industry, record management services, registrar and transfer agency services and human resources and payroll services.

We further strengthened our presence in the transaction services business with the acquisition of Regulus in the U.S. Regulus offers a comprehensive billing and payment solution suite to address all of the clients' needs throughout the entire consumer transaction lifecycle. Regulus' Document Processing Solution ("DPS"), Remittance Processing Solution ("RPS") and Electronic Products ("e-products") support both paper-based and electronic statement delivery and payment processing while also providing automated workflow, imaging, data management and decision solutions. Its transactions suite offers the flexibility to provide its core DPS and RPS solutions either separately or on a combined basis. Regulus also provides an online client interface, 'View', which provides clients with a full-image library of all outgoing bills and incoming payments. Regulus is one of the largest independent payment processor and statement presentment services provider in the United States.

With the acquisition of J.P. Morgan Treasury Services' National Retail Lockbox Business in July 2009, the lockbox business of cash management and payment collection services for retailers will be integrated into our existing services.

Transaction Service Revenues

Revenue from transaction services is recognized based on measurable criteria, such as the number of transactions processed or manpower deployment, in accordance with the terms of the relevant contracts with our clients.

GEOGRAPHIES

We are a global company with offices in 14 countries. In each of our locations, consisting of South Asia, North America, Western Europe, the Middle East, Africa, Russia and CIS region ("MEARC") region and the APAC region, we have dedicated sales, pre-sales and consulting professionals who service our clients. We believe that this enables us to develop a better understanding of local requirements and service our clients more effectively.

The following table sets forth the percentage contribution of our geographic segments to our total revenues for the periods indicated:

	For the year ended March 31,			For the quarter ended June 30,	
Geographic segments:	**2007**	**2008**	**2009**	**2008**	**2009**
South Asia	36%	34%	28%	33%	25%
North America	28%	29%	50%	40%	53%
MEARC	20%	14%	10%	11%	12%
Asia Pacific	10%	8%	5%	6%	4%
Western Europe	6%	15%	7%	10%	6%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

South Asia

In South Asia, we have clients primarily in the banking and financial services industry. In fiscal 2009 and the three months ended June 30, 2009, India contributed 28% and 25%, respectively, of our total revenues. We will continue to place special emphasis on executing large, end-to-end projects in India as we believe that this market offers long-term growth potential. We have also established a presence in the field of e-governance, representing Indian government clients in connection with their computerization and systems integration projects and acting as an e-

governance consultant to the Ministry of Information Technology. We also intend to expand the scope of our products business in India.

North America

Operations in the United States contributed to 50% and 53% in fiscal 2009 and the three months ended June 30, 2009, of total revenues, respectively. The four major revenue contributors in North America geography include the business segments of transaction services, payment solutions, e-commerce applications, and generic software services. In North America, we service clients across banking, financial services, insurance, utilities, telecommunication, and healthcare industries.

MEARC

In the MEARC region, we service clients in the banking, financial services, insurance manufacturing and distribution industries, including major regional banks and insurance companies. MEARC has become a strategic market for our products business since all our products are currently sold here. We believe we have become one of the leading enterprise solutions providers in the MENA (Middle East and North Africa) region.

Asia-Pacific

In the APAC region, we service clients, primarily in the banking, financial services and insurance industries. Our customers are located in the Philippines, Indonesia, Vietnam, Hong Kong, Australia and other countries in the APAC region. During fiscal 2009 and the three months ended June 30, 2009, the contribution of APAC operations to total revenues was 5% and 4%, respectively.

Western Europe

The Western Europe region is a market where we been able to sell our private wealth management and private equity products, with a focus on four key industries: banking, insurance, asset management and capital markets.

CLIENT RELATIONSHIPS

We believe that the quality and breadth of our client relationships differentiate us from our competitors. As of June 30, 2009, we had over 1,500 active clients.

The tables below set forth the concentration of our revenues among our top clients:

	Percentage of revenues			
	For the year ended March 31,			For the quarter ended June 30,
Revenue Concentration:	**2007**	**2008**	**2009**	**2009**
ICICI Bank Limited and certain of its subsidiaries and affiliates	16%	15%	9%	9%
Top five customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates)	9%	8%	11%	13%
Top ten customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates)	15%	12%	17%	20%

COMPETITION

The market for IT products, IT enabled services and transaction services is rapidly evolving and highly competitive, and we expect that competition will continue to intensify. As we are an IT product, IT services and transaction

services company with clients primarily from the banking, insurance and financial services industries, we face competition from software companies that offer similar products as well as software services companies that provide similar services.

Products

We believe that providers of financial services products compete principally on the basis of the following factors:

- satisfied customers that act as product advocates;
- product quality and reliability;
- breadth of functionality;
- quality of customer service and support; and
- value of offering.

Although we believe that we compete effectively in each of these areas, the market for financial services product is intensely competitive and characterized by rapidly changing technology, evolving standards and emerging customer requirements.

For our banking solutions, we face competition from:

- International competitors such as Oracle Financial Services Software Limited (formerly IflexSolutions Limited), Temenos, InfraSoft Technologies and Misys plc; and
- Indian competitors, such as TCS Limited, Infosys, Wipro Limited, HCL Technologies Limited and InfraSoft Technologies.

For our insurance solutions, we face competition from companies, such as Computer Sciences Corporation (CSC), Infosys, Pentafour, ARIG, Agile Financial Technologies and DynaFront Systems Bhd.

For our enterprise solutions, we compete with multinationals, such as SAP, Oracle, Infor, Microsoft Dynamics, Microsoft Navison and Microsoft Axapta.

For our Capital Markets and Mutual Fund solutions, we face competition from companies, such as Thomson Reuters, Simcorp, DST International, Temenos, Citibank and Credence.

IT and Transaction Services

We face competition from software services vendors that are providing or can provide software services to financial institutions. The key differentiators for our services business, we believe, lie in our domain knowledge software of the banking, insurance and financial services industries, as well as a mixed services portfolio.

We face competition from:

- Indian IT services companies, such as TCS Limited, Infosys, Wipro Limited, HCL Technologies Limited, and Mahindra Satyam;
- Indian transaction services companies, such as Genpact India Private Limited, WNS Global Services (P) Limited, Wipro BPO and TCS BPO;
- International transaction services companies, such as Sungard, Data Systems Inc., Ambersoft, Adventiti and Infoport Solutions;

- International IT services companies, such as MindTree Consulting, Shell Infotech, Optimum solutions, Emirio and CNS;

- Divisions of large multinational technology firms, such as IBM-Daksh, and in-house IT departments of large corporations like HSBC and Xerox;

- In e-governance, we face competition from Indian and Multinational consulting firms such as Wipro Infotech, Ernst & Young, Deloitte & Touche, PricewaterhouseCoopers, Infrastucture Leasing and Financial Services; and KPMG; and

- Other international, national, regional and local firms from a variety of market segments, including major international accounting firms, systems consulting and implementation firms, applications software firms, service groups of computer equipment companies, general management consulting firms, programming companies and temporary staffing firms.

SALES AND MARKETING

We sell our product and service offerings directly through our own global sales force and indirectly through strategic alliances. Our sales staff is organized into five regions, namely: (i) South Asia; (ii) APAC; (iii) Western Europe, (iv) MEARC; and (v) North America. Each of the regional teams is headed by senior executives who report to their respective geography heads. In turn, the sales staff for each region interacts with the head of sales for each of our business segments, namely: services; banking products; insurance products; capital markets products; and enterprise solutions. In addition, we have a marketing support team based in India that coordinates the production and distribution of marketing materials, such as product brochures and market reports, and maintains our website. As of June 30, 2009, our sales and marketing staff totaled over 236 employees, located globally across 14 countries, including India.

Our sales teams target certain industries and service offerings through focused sales executives, geographies through regional sales executives and large clients through account managers. In addition to the sales executives, we have industry experts, sales specialists and solution architects who complement our sales efforts by providing specific industry and service offering expertise. Our senior management is actively involved in managing client relationships and business development through targeted interaction with multiple contacts at different levels in the client organization. In addition, for strategic clients, an identified senior executive has responsibility for overall client development and leads periodic reviews with the client.

Our marketing initiatives include participating in major industry events, sponsoring user group events and seminars, and targeted advertising in industry publications and participation in industry trade groups. We have regular contact with industry research organizations, have established relationships with academic institutions and are members of universal standards bodies.

In certain geographies, we have appointed channel partners to complement our sales teams, as these entities have a local presence and knowledge of the market-place. These channel partners are responsible for generating sales of our software products in the specified territories. We have multiple channel partners assisting our sales team in selling our products and services, including in India, the United States, the Middle East, Central Europe and Southeast Asia. Channel partners are appointed either on a commission basis or on a purchase order basis. Channel partners appointed on a commission basis are paid a percentage of the license fees paid by clients sourced by the channel partner, with percentage dependent on the amount of the license fee and normally ranging between 12.5% to 20.0%. Those that are appointed on a purchase order basis pay us a license fee for the use by a prospective client of our software products and take full responsibility for implementation services.

We also seek business through joint partnerships with our technology and platform suppliers. In addition to enabling us to offer comprehensive solutions, these arrangements also benefit us as they provide opportunities to share technical know-how with these partners. We have also entered into alliances with leading software companies pursuant to which we have the right to sub-license certain products of these companies in specific geographical markets. These companies provide us enhanced access to the latest technologies.

We have entered into alliances with leading consulting and software integration companies. Under these agreements, we have joint marketing arrangements and also assist them in building business practices around our products.

DELIVERY MODEL

We have an integrated global delivery model that allows us to service client requirements for onsite and offshore delivery of IT services. Our onsite delivery is performed through a combination of employees based at client premises and our international offices. Offshore delivery is performed through our global delivery centers located in Mumbai, Bangalore, Kolkata, Hyderabad, Delhi, Chennai and China. Our global network architecture provides client connectivity, offshore development center connectivity and internet connectivity, allowing us to use our Indian delivery centers to provide clients with cost-efficient products and services that are delivered and performed in an efficient and timely manner.

We manage and staff our projects with the objective of efficiently meeting a client's objectives. Our project management skills have been strengthened through our client engagements, especially our extensive work on large, end-to-end projects and multi-location projects. We have a fully digitized process for managing the global delivery of projects, which enables more effective allocation and release of resources from projects.

We also provide business continuity and disaster recovery plans to our clients. To this end, we use redundant systems for our critical technical and communication infrastructure that enable us to plan for rapid recovery from unplanned outages.

QUALITY PROCESSES

We have a long-standing focus on processes for ensuring high quality delivery of services. Our global development centers have been assessed at SEI CMMI Level 5. We received ISO 9001 certification for our BPO services in 1999, which was upgraded to ISO 9001:2000 in 2002. This certification is valid until March 2011. Our infrastructure management division also received an ISO 9001:2000 certification in April 2005. The 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. Our quality management system encompasses all the stages of a project, including pre-project proposals, resource requests and allocation, project planning and monitoring, and design, construction and testing.

Some of our quality initiatives have been:

- institutionalization of our Quality Management Group, which monitors all projects;
- implementation of a broad-based metrics program that captures a variety of data regarding the projects. Analysis of this historical database has improved our project planning and execution by focus on a proactive approach to prevent defects;
- continuous updating of our quality management systems through participative internal processes, study of best industry best practices and implementing project-specific best practices;
- implementation of SAM (Software Asset Management) for cost effective operations;
- development and deployment of an on-line learning repository to ensure knowledge software sharing within our organization;
- use of our internal network infrastructure to provide efficient quality management assessments;
- DHCP (Dynamic Host Configuration Protocol) facilities provided to enable mobile users work efficiently across offices of the Company and avoid tedious re-configuration of network settings and also save time;

- data centers of the Company are Tier - III specification compliant;
- ISO 27001 certified Information Security Management for technology setup and services;
- partnerships with major technology providers enabling access to technical resources, tools and 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; and
- migration from a conventional network across all offices to the latest technology on MLPS and also wireless for faster turn around times.

The 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.

FACILITIES AND INFRASTRUCTURE

Our corporate headquarters are located at the Akruti Centre Point in Andheri, Mumbai, India. This facility houses software employees and those in other support functions, such as sales, marketing and general administration. We have six global delivery centers across India and local delivery centers in Dubai, Kuala Lumpur, New Jersey and China. Our delivery centers and offices are equipped with workstations and servers that use a variety of platforms. To address our communication needs, we have 100mbps ethernet connectivity for all our desktops. Our employees have access to modern communication facilities including data and voice, video-conferencing, Internet.

A key component of our global delivery model is the telecommunication linkages between our sites. We have Multi Protocol Label Switching connectivity with meshed topology across domestic and global offices as required; to avoid point to point latency issues. We have totally controlled static routing between all locations. Network team is available at all hours to address issues anytime.

Our client contracts often impose particular confidentiality and security standards. We have independently established a system of security measures to protect our computer systems from security breaches and computer viruses that may attempt to gain access to our communications network. We have deployed advanced technology and process based methods to ensure a high level of security. We have multilayered firewall with module of intrusion detection system (IDS) built-in. Periodic vulnerability and penetration tests are conducted to ensure safety from information leakage through network & communication links. We are also ISO/IEC 27001:2005 certified. We also use encryption techniques for confidentiality of client data as required. See "Risk Factors – Risks Relating to 3i Infotech and its Business - If we are unable to successfully protect our computer systems from security risks, our business could suffer."

RESEARCH AND DEVELOPMENT

We continuously invest in research and development ("R&D") so that our products keep pace with changing market requirements and technology trends, and remain competitive. Although historically our R&D has also focused on the creation of new intellectual property, going forward, we intend to focus our R&D efforts on enhancement of existing products, integration with third-party packages, creation of multi-lingual versions of our products, upgrading the technology and architecture of our products to keep pace with technology changes, qualifying our products on new and diverse platforms and benchmarking, performance tuning, and other measures to enhance and prove the scalability of our products.

Our products are currently customized to meet country-specific requirements and client needs in the geographic markets in which they are offered. We intend to invest in technology that will allow all the features of each product offering to be aggregated, thus decreasing the level of customization needed to meet a particular client's needs in a

particular region, as features can be enabled or disabled as required in a particular region. We believe this investment will allow us to enhance the competitive positioning of our product offerings and expand the size of the markets that we target.

Our R&D activities also include developing and refining our methodologies, tools and techniques, implementing metrics, improving estimation processes and adopting new technologies in order to allow us to service clients in the most efficient manner possible.

HUMAN RESOURCES

We believe that our employees are key contributors to our business success. To achieve this, we focus on attracting and retaining the best people possible. We believe that a combination of our strong brand name, our working environment and competitive compensation programs allows us to attract and retain these talented people.

The following table sets forth the number of our employees as of the end of the last three fiscal years:

	As of March 31,			As of June 30,
Number of employees (approximate)	**2007**	**2008**	**2009**	**2009**
Products	796	1,076	572	649
IT Services	2,776	5,411	7,256	7,242
Transaction Services	772	4,696	5,357	4,775
Others	404	656	795	784
	4,748	**11,839**	**13,980**	**13,450**

As of the date of this Preliminary Placement Document, none of our employees are members of any labour unions. There have been no strikes or lockouts, and we have experienced no work stoppages, during the past five years. We believe that we have a good relationship with our employees.

Employee Profile

The average age of our employees is approximately 30 years. Our IT professionals have diverse educational backgrounds. As of June 30, 2009, a Bachelor's in Engineering comprised approximately 22%, a Master's in Computer Application comprised approximately 15%, a Master's in Business Management comprised approximately 7% and other degrees comprised approximately 56% of our IT professionals' base education, respectively. We believe that we have a balanced mix of experience with approximately 27%, 33% and 40% of our IT professionals with work experience of less than three years, three to six years and over six years, respectively, as of June 30, 2009.

Recruitment

We have developed processes to evaluate and recruit large numbers of employees. Our hiring is driven by annual manpower plans, which are adjusted based on business viability on a periodic basis. We recruit talent from premier universities, colleges and institutes. In order to maintain our brand image and attract the best students from campus, we maintain relationships with these institutions through campus interactions. We also hire laterally on a global basis. All new hires are inducted into our organization through a structured program, which involves extensive training as well as mentoring.

Training

We place special emphasis on the training of our employees to enable them to develop their skills and to meet our changing requirements. We focus on an initial learning programme for our trainees as well as continuous learning programmes for all our employees.

For the purpose of training our employees, we have set up a training facility at each of our major offices. Each training facility has a well-equipped library and modern IT facilities and infrastructure. In addition to permanent

faculty members, we invite visiting faculty that includes our senior management, senior employees of our clients and recognized academics. We conduct continuous learning programmes that address project specific, technology and soft skills learning needs of our employees.

We believe that well-trained project managers are key enablers for the efficient growth of our operations and our ability to manage large, complex projects. We are specifically focused on developing project management competencies among our employees. Some of our initiatives that have helped us develop quality project managers include project manager conferences, external certifications and our portal-based systems for knowledge software sharing and capability building.

We organize management development programmes for our experienced employees, which focus on enhancing their people management, client management and process management skills. In order to strengthen client management competencies, we conduct employee workshops and personal excellence programmes on effective client communication, consulting and conversation skills, as well as negotiation skills.

Employee Retention and Care

We strive to foster a feeling of well-being in our employees through care and respect. We have several structured processes including employee mentoring, grievance management and corporate ethics programmes which are intended to facilitate a friendly and cohesive organizational culture. We have established a mentoring programme that enables us to facilitate and associate ourselves closely with our employees' interests and aspirations. We periodically conduct employee satisfaction surveys. We have created an internal network that is used to promote an open community culture among our employees.

The attrition rate of employees for fiscal 2007, 2008, 2009 and for the three months ended June 30, 2009 was 19.6%, 15.5%, 18.2% and 13.2% (annualized), respectively

Compensation and Performance Management

Our compensation policy is performance based and we believe it is competitive with industry standards globally. Our compensation packages are adjusted annually based on industry salary correction, compensation surveys and individual performance. Senior employees are eligible for variable compensation depending upon attainment of pre-defined objectives.

We have an elaborate performance management system which involves setting key performance indicators, mid-year reviews and annual reviews. The review sessions impress upon several aspects of the professionals' careers such as career and competency development, financial rewards and recognition. We endeavour to link careers to competencies, individual preferences and organizational needs. We also allow our professionals sufficient flexibility and opportunities to rotate across streams and geographic locations.

Employee Stock Option Scheme

We have in place an employee stock option scheme, ESOS 2000 and ESOS 2007 (the "Schemes"), to enable our employees, including our directors to participate in our future growth and financial success. Under the Schemes, the maximum number of options granted to any employee is limited to 5% of our issued Equity Shares at the time of the grant, and the aggregate of all such options is limited to 25% of then issued Equity Shares. As of June 30, 2009, 25,967,074 options for Equity Shares were outstanding under the Schemes.

For more information on the Schemes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Employee Stock Option Scheme."

Employee Post-Retirement Benefits

Our India-based employees' post-retirement benefits include a provident fund and a gratuity. Both the provident fund and the gratuity have been approved by the relevant statutory authorities. All India-based employees are

entitled to provident fund benefits as laid down by Indian law. Each India-based employee makes monthly contributions to the plan equal to 12% of the employee's base monthly salary and we contribute a matching amount. We have no further obligations under the plan beyond our monthly contributions.

In accordance with Indian law, we also provide our India-based employees with a gratuity consisting of a defined contribution retirement plan covering all eligible employees. For this purpose, we have taken a group gratuity policy with the Life Insurance Corporation of India. The policy provides for a lump sum payment to long-term employees at retirement or upon termination of employment due to resignation, death or disability. The amount of the lump sum is based on the employee's salary and years of employment.

Our employees based in other jurisdictions are provided with such post-retirement benefits as are required by law in each such jurisdiction.

INTELLECTUAL PROPERTY

Over the last ten years, we have acquired and created a range of intellectual property which we brand and protect through trademarks, service marks and copyrights. Trademarks and service marks are used to brand and protect our product and service offerings, while copyright is used to protect the content of our intellectual property. We own, or have acquired exclusive rights to, all of the intellectual property rights for such trademarks, service marks and copyrights.

We require our employees and subcontractors to enter into non-disclosure and assignment of rights arrangements to limit access to and distribution of our client's proprietary and confidential information as well as our own.

We may, from time to time, need to enforce and defend our intellectual property rights from infringement by others. We are not currently involved in any material intellectual property litigation or enforcement. Although we believe that our intellectual property rights do not infringe on the intellectual property rights of any other party, infringement claims may be asserted against us in the future. If we were called upon to defend against a claim that we have infringed intellectual property rights, or were we to be compelled to litigate to assert our intellectual property rights, we could incur substantial legal and court costs and be required to consume substantial management time and resources in the process. See "Risk Factors – Risks Relating to 3i Infotech and its Business – Unauthorized parties may infringe upon or misappropriate our intellectual property."

Trademarks and Service Marks

We have registered 51 trademarks in India, 8 trademarks in the United States, 17 trademarks in the UAE, 3 trademarks in Australia, 3 trademarks in Kuwait, 3 in United Kingdom, 17 trademarks in Singapore, 4 trademarks in Bahrain, 4 in Malaysia, 4 in Saudi Arabia, 3 in Thailand and 3 in Community Trademark (applicable to the U.K.) for our products and have made more than 38 applications for registration of trademarks in various countries including India.

Copyrights

We have 37 registered copyrights in India for products developed by us. We have made applications for the registration of 2 copyrights in India.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Per our Articles of Association, we shall not have fewer than three directors and not more than 15 directors. Currently, we have ten directors. Our Articles of Association permit certain investors to appoint one or more directors to our Board of Directors while any amount due is outstanding to them. Further, our Board of Directors may appoint any person as an additional director, but such additional director shall hold office only up to the date of the next Annual General Meeting unless appointed by our shareholders. Our Articles of Association allow the Board of Directors to appoint an alternate director to act for a director during his absence for a period of not less than three months from the state in which Board meetings are ordinarily held.

Pursuant to the Companies Act, not less than two-thirds of the total number of our directors shall be persons whose period of office is subject to retirement by rotation and one-third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every Annual General Meeting. The directors to retire are those who have longest held their office since their last appointment. A retiring director is eligible for re-election. Our directors are not required to hold any qualification shares.

The following table sets forth details regarding the Board of Directors as at the date of this Preliminary Placement Document.

Name, DIN, Designation, Term and Address	Age	Designation	Other directorships
Mr. Hoshang N. Sinor **DIN:** 00074905 **Term:** Liable to retire by Rotation **Address:** 764-F, Sarosh Court Tilak Road Dadar, Mumbai – 400 014 **Nationality:** Indian	64	Chairman, Non-Executive and Independent Director	3i Infotech Holdings Private Limited ICICI Lombard General Insurance Company. Limited ICICI Venture Funds Management Company Limited ICICI Prudential Asset Management Company Limited CRISIL Limited JM Asset Reconstruction Company Pvt. Ltd. Sahara India Financial Corporation Limited Themis Medicare Limited Tata Investment Corporation Limited Tata Capital Limited Tata Motors Finance Limited India Strategic Assets Fund Ltd., Guernsey Zoroastrian Co-operative Bank Limited Avaya Global Connect Limited
Mr. V. Srinivasan **DIN:** 00640646 **Term:** October 27, 2010 **Address:** Akruti Atria, Flat no 803/A 8th Floor, A Wing N S Phadke Marg Sai Wadi Andheri (E) Mumbai 400 069 **Nationality:** Indian	53	Managing Director and CEO	3i Infotech Asia Pacific Pte. Ltd. 3i Infotech (UK) Limited 3i Infotech (Western Europe) Holdings Limited 3i Infotech (Middle East) FZ LLC 3i Infotech Holdings Private Limited 3i Infotech Consumer Services Limited Cadenza Solutions Inc. Elegon Infotech Limited

Name, DIN, Designation, Term and Address	Age	Designation	Other directorships
Mr. Amar Chintopanth **DIN:** 00048789 **Term:** March 6, 2012 **Address:** Flat No. 1403 Tower 4, Raheja Tipco Heights Sati Rani Marg Malad (East) Mumbai **Nationality:** Indian	50	Executive Director and Chief Financial Officer	3i Infotech Trusteeship Services Limited Delta Services (India) Pvt. Ltd. 3i Infotech (UK) Ltd 3i Infotech (Western Europe) Holdings Limited 3i Infotech (Western Europe) Group Limited 3i Infotech (Western Europe) Limited Rhyme Systems Limited 3i Infotech Holdings Private Limited 3i Infotech Saudi Arabia LLC 3i Infotech (Africa) Limited AOK In House BPO Services Limited AOK In House Factoring Services Private Limited Manipal Informatics Private Limited Taxsmile.com India Pvt. Ltd. Linear Financial & Management Services Ltd. Professional Access Software Development Private Limited 3i Infotech (Middle East) FZ LLC 3i Infotech Consultancy Services Limited 3i Infotech Insurance & Re-insurance Brokers Limited 3i Infotech Consumer Services Limited FinEng Solutions Private Limited 3i Infotech Frameworks Limited Exact Technical Services Limited 3i Infotech Asia Pacific Pte. Ltd. Elegon Infotech Limited
Mr. Anirudh Prabhakaran **DIN:** 00588346 **Term:** April 24, 2013 **Address:** 306, Phase II, Palm Meadows Airport Whitefield Road Rama Gondana Halli Bangalore – 560066 **Nationality:** Indian	44	Executive Director and President – South Asia	Stex Software Private Limited Delta Services (India) Private Limited 3i Infotech Insurance & Re-insurance Brokers Limited 3i Infotech Consultancy Services Limited e-Enable Technologies Private Limited Locuz Enterprise Solutions Limited HCCA Business Services Private Limited AOK In–House BPO Services Limited AOK In-House Factoring Services Private Limited Linear Financial and Management Systems Limited Manipal Informatics Private Limited
Mr. Mahadevan Chandrasekaran	60	Non-Executive and	MeritTrac Services Private Limited

Name, DIN, Designation, Term and Address	Age	Designation	Other directorships
DIN: 00169291 **Term:** Liable to retire by Rotation **Address:** No. 405, Sobha Opal 18th Main, 39th Cross 4th Block, Jayanagar Bangalore – 560041 Karnataka **Nationality:** Indian		Independent Director	Ujwal Management Services Limited MEMG International India Private Limited Universitas 21 Global Pte Ltd
Mr. Dileep C. Choksi **DIN:** 00016322 **Term:** Liable to retire by Rotation **Address:** E/7, Sea Face Park Bhulabhai Desai Road Mumbai – 400026 **Nationality:** Indian	59	Non-Executive and Independent Director	ICICI Lombard General Insurance Company Limited ICICI Prudential Asset Management Company Limited NSE.IT Limited State Bank of India Reliance GeneMedix Plc.
Dr. Ashok Jhunjhunwala **DIN:** 00417944 **Term:** Liable to retire by Rotation **Address:** C/2/2/5, 3rd Loop Road IIT Campus, IIT Madras Chennai – 600036 **Nationality:** Indian	56	Non-Executive and Independent Director	Polaris Software Lab Limited Tejas Networks Private Limited Sasken Communications Technologies Limited State Bank of India Vishal Bharath Comnet (Sec. 25 Company) National Internet Exchange of India Ltd (Sec. 25 Company) Tata Teleservices (Maharashtra) Limited Institute for Development & Research in Banking Technology (IDRBT) (Sec. 25 Company) Tata Communication Ltd. Exicom Tele-Systems Ltd.
Dr. Bruce Kogut **DIN:** 00214060 **Term:** Liable to retire by Rotation **Address:** 2828 Broadway St., #10B New York, New York 10025 U.S.A. **Nationality:** U.S.A.	55	Non-Executive and Independent Director	3i Infotech (Western Europe) Holdings Limited 3i Infotech (UK) Limited
Mr. Samir Kumar Mitter **DIN:** 00009452 **Term:** Liable to retire by Rotation **Address:** 13th Belvedere Court	57	Non-Executive and Independent Director	IDBI Trusteeship Services Limited Legal Value Technology Private Limited Mukpreet Business Solutions Private Limited Narnil Infosolutions Private Limited Dhar Infotech Private Limited

Name, DIN, Designation, Term and Address	Age	Designation	Other directorships
Opposite Oval Maidan Maharshi Karve Marg Mumbai 400 020 **Nationality:** Indian			Quadratech BPO Services Private Limited Seepa Investment Consultants Private Limited
Ms. Vishakha Mulye **DIN:** 00203578 **Term:** Liable to retire by Rotation **Address:** A-303, Atria Akruti Niharika Complex, Prof N S Phadke Marg Andheri (E) Mumbai 400 069 **Nationality:** Indian	40	Non-Executive Director	ICICI Venture Funds Management Company Limited ICICI Securities Primary Dealership Limited I-Ven Realty Limited

Relationships between our Directors

None of our directors are related to one another.

Biographies of our Directors:

Mr. Hoshang N. Sinor

Mr. Sinor has been our non-executive Chairman since July 24, 2003. He is a graduate in commerce and law, with a career of 43 years in the banking sector. He started his career in 1965 with the Central Bank of India, and in 1969 moved to Union Bank of India where he worked in various capacities before becoming the General Manager. In 1996, he was appointed Executive Director of the Central Bank of India. In 1997, he joined as an Executive Director of ICICI Bank, and became Managing Director and CEO in 1998. After the merger of ICICI with ICICI Bank in 2002, he worked as the Joint Managing Director of ICICI Bank Limited and retired from the services of the ICICI Bank Limited with effect from May 31, 2003. Mr. Sinor was the Chief Executive of the Indian Banks Association until July 31, 2008. He has worked on various committees of the Government of India, Reserve Bank of India and Confederation of Indian Industry.

Mr. V. Srinivasan

Mr. Srinivasan has been our Managing Director and Chief Executive Officer since April 1999. Since that time, we have become a global technology company with over 13,450 employees servicing customers in over 50 countries, across 5 continents. He is a graduate in Mathematics from Madras University, where he secured the First Rank. He is a rank holder in the Chartered Accountancy examination, and he is a qualified cost-and-works accountant and a company secretary. He has attended the Executive Development Programme at the Kellogg School of Management at Northwestern University. Mr. Srinivasan also has authored a book entitled "New Age Management Philosophy from Ancient Indian Wisdom".

Mr. Amar Chintopanth

Mr. Amar Chintopanth has been our Chief Financial Officer since December 6, 2001. Mr. Chintopanth is a Chartered Accountant with over 25 years of experience with banking, treasury, accounting and regulatory issues. Throughout his career, he has been actively involved in mergers and acquisitions, corporate planning, transfer pricing policies, US GAAP and dealing with the Reserve Bank of India and the Software Technology Parks of India.

Before joining us, he was Vice President-Finance at Polaris Software Lab Ltd. He has also been associated with various companies such as ITC Classic Finance, AF Ferguson and Masterstrips.

Mr. Anirudh Prabhakaran

Mr. Anirudh Prabhakaran oversees our South Asia business. Mr. Prabhakaran has extensive experience in the Indian IT industry, having previously worked at Cable & Wireless and Wipro Infotech. Immediately prior to joining us, Mr. Prabhakaran was Director-Sales & Marketing for Cable & Wireless, overseeing operations in India and Sri Lanka. He also directed business development for the Middle East. During his 14 year career at Wipro Infotech, he initially was a Senior Marketing Executive and later became the General Manager of the Technology Products Division and subsequently of General Manager of Enterprise Services. Mr. Prabhakaran received his B.E. from BITS, Pilani, and his PGDM from the Indian Institute of Management Calcutta (IIM-C).

Mr. Mahadevan Chandrasekaran

Mr. Chandrasekaran is an advisor to the Manipal Education and Medical Group and IDFC Private Equity. He has been advisor to venture capital-financed companies and software technology companies. He was the founder and Executive Chairman of Impulsesoft Pvt. Ltd., a provider of short-range wireless solutions, which was acquired in 2005 by SiRF Technologies, a NASDAQ listed company. Mr. Chandrasekaran has previously advised and served on boards of directors of several Indian companies including Sasken, Aztec and Aditi Technologies. He was also an advisor to ChrysCapital. He has been involved in the PGSM programme for working IT professionals at the Indian Institute of Management-Bangalore and the Advanced Masters Programme in Management of Globally Distributed Work launched in 2008 by the Globally Distributed Work Foundation. He was a member of the group formed by the Government of Karnataka to conceptualize the establishment of the Indian Institute of Information Technology, Bangalore, and he has been a guest faculty at IIM-B. He writes regularly on corporate matters. Mr. Chandrasekaran received a degree in engineering from the College of Engineering, Guindy, and an MBA from the Indian Institute of Management Ahmedabad (IIM-A).

Mr. Dileep C. Choksi

Mr. Choksi, has over 35 years of experience as a Chartered Accountant, specializing in tax planning, structuring for domestic and international clients, collaborations and joint ventures, executive advisory and decision-support, corporate restructuring with a focus on start-ups, turnaround and change management strategies and analyzing the tax impact of various instruments. He advises some of India's largest businesses on various strategic decisions, including mergers and acquisitions and advises multinational clients on cross-border structuring. He has contributed to various papers on mergers and acquisitions, valuation of business enterprises, company law, and taxation. He has been an ex-visiting faculty member of the Jamnalal Bajaj Institute of Management Studies, Bankers Training College and the Reserve Bank of India. He was earlier on the Taxation Committee of the Indian Merchants' Chambers. He also was the Chairman of Banque Nationale de Paris, Mumbai. He has contributed in the preparation of the eighth edition of Kanga and Palkhivala's "The Laws and Practice of Income Tax". He was a trustee of Child Relief and You, an organization dedicated to the education and welfare of underprivileged children. He received a Bachelor of Law, and he is a Fellow Member of the Institute of Chartered Accountants of India, a rank holder at the intermediate and final examination and a member of the Institute of the Cost and Works Accountants of India.

Dr. Ashok Jhunjhunwala

Dr. Jhunjhunwala, is Professor at the Department of Electrical Engineering of the Indian Institute of Technology Madras, and previously was the department chairman. He received his B.Tech from the Indian Institute of Technology Kanpur, and his MS and PhD degrees from the University of Maine. From 1979 to 1981, he was an Assistant Professor at Washington State University. Since 1981, he has taught at IIT Madras. He leads the Telecommunications and Computer Networks Group (TeNeT) at IIT Madras, a group working on the development of a number of telecommunications and computer network systems. He was awarded the Padma Shri in the year 2002. He received the Shanti Swarup Bhatnagar Award in 1998, the Dr. Vikram Sarabhai Research Award in 1997, the Millennium Medal at the Indian Science Congress in 2000, the H.K. Firodia Award for Excellence in Science & Technology in 2002, the Shri Om Prakash Bhasin Foundation Award for Science & Technology in 2004, the Jawaharlal Nehru Birth Centenary Lecture Award by the Indian National Science Academy (INSA) in 2006 and the

IBM Innovation and Leadership Forum Award by IBM in 2006. Dr. Jhunjhunwala was selected as one of India's 50 most powerful people in the year 2009 by *Business Week*. He is a Fellow of the Indian National Academy of Engineering, the Indian Academy of Sciences and the National Academy of Sciences, INSA, and he also is a member of the Prime Minister's Scientific Advisory Committee. He is also on the Advisory Board of the Institute of Financial Management and Research, and he serves on the boards of I-TECH (International Training and Education Center on HIV, India), the Centre of Excellence in Wireless Technology (CEWiT) and the Rural Technology and Business Incubator (RTBI) of IIT Madras.

Dr. Bruce Kogut

Dr. Bruce Kogut is currently the Sanford Bernstein Professor of Leadership and Ethics at the Columbia Business School and was previously the Eli Lilly Professor of Strategy at INSEAD business school and the Dr. Felix Zandman Professor at the Wharton School, University of Pennsylvania. He obtained his Ph.D. in International Management and Finance from the Sloan School of Management at the Massachusetts Institute of Technology and was awarded an honorary doctorate by the Stockholm School of Economics. His areas of focus include international direct investment, international strategy, technology policy and corporate governance. He has authored several books and his articles have been published in leading journals. Dr. Kogut held the first visiting Professor Lecture for Singapore's Infocomm Development Agency. In 2003, Peter Cornelius (presently the senior economist at Alpinvest) and he edited the book "Corporate Governance and International Capital Flows", which was presented at the meetings of the World Economic Forum. In February 2005, he co-organized a conference on corporate governance for the United Nations in Geneva. He recently finished a report for the World Bank reviewing their privatization policies in East and Central Europe. Dr. Kogut has consulted and taught for several corporations in the United States, Europe and Asia, and he serves on the boards of several non-profit and research institutes.

Mr. Samir Kumar Mitter

Mr. Mitter is the Managing Director and Chief Executive Officer of IDBI Trusteeship Services Limited, and he is on deputation from the Life Insurance Corporation of India, or LIC. He joined LIC as a Direct Recruit Officer in 1978. He has 31 years of experience at LIC, including service as the Senior Divisional Manger, Kolkata Metro-1, Kolkata Suburban Divisional Office and the Regional Manager (Marketing), Eastern Zone. He was a director the Chief Executive Officer of LIC Housing Finance Limited from 2005 to 2008. He has attended various national and international seminars held at the Administrative Staff College of India, Hyderabad, the National Law School, Bangalore, the Indian School of Business (ISB), Hyderabad, the Indian Institute of Management Bangalore and the World Bank Conference on Contractual Savings at the Academy of Educational Development, Washington.

Ms. Vishakha Mulye

Ms. Mulye is the Managing Director & Chief Executive Officer of ICICI Venture Funds Management Company Limited. Ms. Mulye previously was the Executive Director of ICICI Lombard General Insurance Company Limited and the Group Chief Financial Officer of ICICI Bank Limited, India's largest private sector bank and second largest bank overall. She is a Chartered Accountant and joined the ICICI group in 1993. She has worked in the areas of project finance, structured finance, treasury, corporate planning and strategy, investor relations and resolution of distressed assets. She played a pivotal role in establishing the Special Asset Management Group, which was formed for proactive resolution of distressed assets. She also was involved in the merger of ICICI with ICICI Bank. Between 2001 and 2005, she established ICICI Bank's structured finance business, which contributed to the development of the securitisation market in India. During this period, she was also responsible for ICICI Bank's client-related treasury and markets operations, capital markets business and relationships with domestic financial institutions and multilateral institutions. As the Group Chief Financial Officer of ICICI Bank, she was responsible for financial reporting, balance sheet management, planning, strategy, investor relations, corporate communications and market and operational risk management functions. She was involved in ICICI Bank's first simultaneous ADR and domestic equity offering and, more recently, the first issuance of hybrid Tier-1 capital by an Indian bank. She received the award for 'Most Powerful Women in Indian Business – 2007' from *Business Today*. She also received the CA Corporate Leader Award 2008 organized by the Institute of Chartered Accountants of India (ICAI). She received the India CFO Award, 2006, instituted by IMA for excellence in finance at a large corporation. The World Economic Forum also selected her as a 'Young Global Leader' in 2007. She is a member of Aspen Institute for the 'India Leadership Initiative'.

Borrowing Powers of Our Board of Directors

Pursuant to a shareholders' resolution dated July 25, 2008, the Board has been authorised to borrow money upon such terms and conditions as the Board may think fit, provided that the aggregate amount of our borrowings shall not exceed, at any time, Rs. 30,000,000,000 (Rupees thirty billion only).

Interest of Our Directors

All of our directors may be deemed to be interested to the extent of fees payable to them for attending Board or Board committee meetings as well as to the extent of other remuneration and reimbursement of expenses payable to them. Our executive directors also may be deemed interested to the extent of remuneration paid to them for services rendered as our officers or employees.

All of our directors may also be regarded as interested in any Equity Shares and stock options held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. All directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trust, in which they are interested as directors, members, partners, trustees.

All of our directors may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership firm in which they are partners. Except as otherwise stated in this Preliminary Placement Document and our statutory registers, we have not entered into any contracts, agreements or arrangements during the preceding two years from the date of this Preliminary Placement Document in which any of our directors are interested directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. Our directors have not taken any loans from us.

Shareholding of Directors

The following table sets forth the shareholding of our directors as on June 30, 2009.

Name	Number of Equity Shares	Shareholding Percentage
Mr. Hoshang N. Sinor	100,000	0.07
Mr. V. Srinivasan	242,040	0.18
Mr. Amar Chintopath	–	–
Mr. Anirudh Prabhakaran	2,000	0.00
Mr. Mahadevan Chandrasekaran	20,000	0.02
Mr. Dileep C. Choksi	–	–
Dr. Ashok Jhunjhunwala	11,410	0.01
Dr. Bruce Kogut	–	–
Mr. Samir Kumar Mitter	–	–
Ms. Vishakha Mulye	12,000	0.01
Total	**387,450**	**0.29**

Executive Directors

Terms of Employment of our Executive Directors

Mr. V. Srinivasan. Mr. Srinivasan was reappointed as our Managing Director and Chief Executive Officer for a period of five years, commencing October 1, 2005. In addition to the basic salary and the performance bonus/incentive, Mr. Srinivasan is granted earned and medical leave, leave encashment, superannuation benefits and gratuity as per our employment rules and guidelines. Details of Mr. Srinivasan's remuneration are set forth below under "—Board of Directors—Executive Directors—Remuneration of our Executive Directors".

Mr. Amar Chintopanth. Mr. Chintopanth was appointed as an Executive Director and our Chief Financial Officer for a period of five years, commencing January 17, 2007. In addition to the basic salary and the performance bonus/incentive, Mr. Chintopanth is granted, among other things, furnished accommodation or a house rental allowance; allowances for gas, electricity, water and furnishings; reimbursement of club membership fees; personal insurance; use of company-issued car; reimbursement of medical expenses; and leave and leave travel concessions as per our employment rules and guidelines. Details of Mr. Chintopanth's remuneration are set forth below under "—Board of Directors—Executive Directors—Remuneration of our Executive Directors".

Mr. Anirudh Prabhakaran. Mr. Prabhakaran was appointed as an Executive Director for a period of five years, commencing April 25, 2008. In addition to the basic salary and the performance bonus/incentive, Mr. Prabhakaran is granted, among other things, furnished accommodation or a house rental allowance; allowances for gas, electricity, water and furnishings; reimbursement of club membership fees; personal insurance; use of company-issued car; reimbursement of medical expenses; and leave and leave travel concessions as per our employment rules and guidelines. Details of Mr. Prabhakaran's remuneration are set forth below under "—Board of Directors—Executive Directors—Remuneration of our Executive Directors".

Remuneration of our Executive Directors

The following table sets forth all compensation paid to our Executive Directors for the fiscal year ended March 31, 2009.

Name	Annual Base Salary	Performance Bonus/Incentive	Perquisites and All Other Allowances	Total
		(in USD Million)		
Mr. V. Srinivasan[(1)].....	4.0	3.0	0.2	7.2
		(in Rs. Million)		
Mr. Amar Chintopath	4.2	6.1	4.6	14.9
Mr. Anirudh Prabhakaran	2.5	5.0	1.9	9.4

(1) Mr. Srinivasan receives his remuneration from foreign subsidiaries of the Company.

Remuneration of our Non-Executive Directors

The following table sets forth all compensation paid to our presently serving non-Executive Directors for the fiscal year ended March 31, 2009.

Name	Total Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Hoshang N. Sinor	240,000	1,900,000	2,140,000
Mr. Mahadevan Chandrasekaran	–	–	–
Mr. Dileep C. Choksi	–	–	–
Dr. Ashok Jhunjhunwala	100,000	1,800,000	1,900,000
Dr. Bruce Kogut	300,000	1,800,000	2,100,000
Mr. Samir Kumar Mitter	180,000	1,800,000	1,980,000
Ms. Vishakha Mulye	100,000	900,000	1,000,000

Key Management Personnel

Name	Designation	Age	Date of Joining
M.B. Battliwala	Head - Marketing & Public Relations	60	September 1, 1999
Chandrashekar M.S	Head - GDC - Banking & Investment Management	48	June 1, 2006
Pankaj Chawla	President & CEO - Middle East, Africa, Russia and CIS	38	March 2, 2008
Kathleen Hamburger	President & CEO - North America	56	June 10, 2008
Padmanabhan Iyer	Head - Technology Services & COO - Elegon Infotech Ltd.	45	March 3, 2004
Jayaraman Jagannadhan	Head - GDC - Insurance & ERP	56	June 1, 2008
Ravi Jagannathan	Managing Director & CEO - 3i Infotech Consumer Services Ltd.	46	June 21, 2001
Manoj Mandavgane	Managing Director & CEO, 3i Infotech Consultancy Services Ltd.	45	February 1, 2000
Jyotin Mehta	Head - Enterprise Risk Management & Internal Audit	51	November 29, 2007
Debneel Mukherjee	President & CEO - Asia Pacific	44	September 1, 1999
Sripat Pandey	Head - Mergers & Acquisitions	42	May 15, 2006
Chris Potts	President & CEO - Western Europe	52	October 20, 2006
Suheim Sheikh	Head - Capital Markets	44	November 1, 2006
Shivanand R. Shettigar	Company Secretary & Head - Legal & Compliance	44	October 9, 1995
Babu Venkatesh	CEO, Professional Access Ltd.	52	May 8, 2007
David Wang	CEO - Elegon Infotech Ltd	45	August 22, 2008

Corporate Governance

We comply with all applicable corporate governance requirements, including the listing agreement with the Stock Exchanges and the SEBI Regulations, including constitution of the Board and committees thereof. Our corporate governance framework is based on an effective independent Board of Directors, separation of the supervisory role of the Board of Directors from the executive management team and proper constitution of committees of the Board of Directors. Our Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board of Directors with detailed reports on our performance periodically.

Currently our Board of Directors consists of ten directors out of which six are independent directors.

Committees of the Board of Directors

We have four Board-level committees, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreement: (i) Audit Committee, (ii) Board Governance/Compensation Committee, (iii) Shareholders'/Investors' Grievances Committee and (iv) Fund Raising and Acquisitions' Committee.

Audit Committee

The Audit Committee consists of the following directors:

- Mr. Dileep C. Choksi, Chairman;
- Mr. Samir Kumar Mitter;
- Ms. Vishakha Mulye.

The responsibilities of the Audit Committee include:

- Overseeing the financial reporting process and disclosure of financial information;
- Reviewing with management, quarterly and annual financial statements and ensuring their accuracy and correctness before submission to the Board of Directors;
- reviewing with management and internal auditors the adequacy of internal control systems, approving the internal audit plans and reviewing the efficacy of their function and discussing and reviewing periodic audit reports, including findings of internal investigations;
- recommending the appointment of the internal and statutory auditors and fixing their remuneration; and
- holding discussions with the statutory and internal auditors.

During the fiscal year ended March 31, 2009, the Audit Committee held four meetings.

Board Governance/Compensation Committee

The Board Governance/Compensation Committee consists of the following Directors:

- Mr. Hoshang N., Sinor, Chairman;

- Dr. Bruce Kogut; and
- Mr. Mahadevan Chandrasekaran.

The responsibilities of the Board Governance/Compensation Committee include:

- identifying prospective directors, evaluating the composition of our Board of Directors and recommending directors appointments;
- evaluating the performance of the Board of Directors and its committees;
- recommending to the Board of Directors compensation terms of the executive directors; and
- assisting the Board in determining and implementing our executive director remuneration policy.

During the fiscal year ended March 31, 2009, the Board Governance/Compensation Committee held three meetings.

Shareholders'/ Investors' Grievances Committee

The Shareholders'/Investors' Grievances Committee consists of the following directors:

- Mr. Samir Kumar Mitter, Chairman;
- Dr. Ashok Jhunjhunwala; and
- Mr. Amar Chintopanth.

The responsibilities of the Shareholders'/Investors' Grievances Committee is as per Clause 49 of the listing agreement. One of the primary functions carried out by Shareholders'/Investors' Grievances Committee is to approve requests for share transfers and transmission and requests for rematerialisation of shares as well as the sub-division, consolidation, issue of renewed and duplicate share certificates. The Shareholders'/Investors' Grievances Committee oversees all matters encompassing shareholders/investor-related issues.

During the fiscal year ended March 31, 2009, the Shareholder's/Investor Grievances Committee held four meetings.

Fund Raising and Acquisitions' Committee

The Fund Raising and Acquisitions' Committee consists of the following directors:

- Mr. Hoshang N. Sinor, Chairman;
- Dr. Bruce Kogut; and
- Mr. Mahadevan Chandrasekaran.

The responsibilities of the Fund Raising and Acquisitions' Committee include:

- reviewing and making recommendations to the Board of Directors of our long-term funding needs;
- approve acquisitions upto certain limits and recommend acquisitions to the Board above those limits; and
- reviewing the performance of all acquisitions.

During the fiscal year ended March 31, 2009, the Fund Raising and Acquisitions' Committee held four meetings.

PRINCIPAL SHAREHOLDERS

Shareholding Pattern

The following table sets forth our shareholding pattern as at June 30, 2009.

	Category of Shareholder	Number of Shareholders	Total Shares	Total Shares Held in Dematerialised Form	Shareholding as a % of Total Shares: As a % of (A+B)	Shareholding as a % of Total Shares: As a % of (A+B+C)	Shares Pledged or Otherwise Encumbered: Number	Shares Pledged or Otherwise Encumbered: As a % of Total Number of Shares
(A)	**Promoter and Promoter Group**							
	(1) Indian							
	Financial Institutions/Banks	1	12,591,718	12,591,718	9.62	9.62	-	-
	Others:							
	Trusts	1	39,036,190	39,036,190	29.83	29.83		
	Sub Total (A) (1)	**2**	**51,627,908**	**51,627,908**	**39.45**	**39.45**	**-**	**-**
	(2) Foreign	-	-	-	-	-	-	-
	Sub Total (A) (2)	-	-	-	-	-	-	-
	Total shareholding of Promoter and Promoter Group (A)	**2**	**51,627,908**	**51,627,908**	**39.45**	**39.45**	**-**	**-**
(B)	**Public**							
	(1) Institutions							
	Mutual Funds/UTI	16	6,438,486	6,438,486	4.92	4.92	-	-
	Financial Institutions/Banks	9	229,383	229,383	0.18	0.18	-	-
	Insurance Companies	3	10,963,273	10,963,273	8.38	8.38	-	-
	Foreign Institutional Investors	23	10,125,191	10,125,191	7.74	7.74	-	-
	Others:							
	Foreign Bank	2	4,608,537	4,608,537	3.52	3.52	-	-
	Sub Total (B) (1)	**53**	**32,364,870**	**32,364,870**	**24.74**	**24.74**	**-**	**-**
	(2) Non-Institutions							
	Bodies Corporate	1,763	12,506,892	12,506,892	9.56	9.56	-	-
	Individuals						-	-
	Individuals holding nominal share capital up to Rs. 1 lakh	102,627	26,357,787	26,323,178	20.14	20.15	-	-
	Individuals holding nominal share capital in excess of Rs. 1 lakh	195	7,988,157	7,968,157	6.11	6.11	-	-
	Others:							
	Foreign Corporate Bodies	1	132	132	-	-	-	-
	Sub Total (B) (2)	**104,586**	**46,852,968**	**46,798,359**	**35.81**	**35.81**	**-**	**-**
	Total Public Shareholding Group (B)	**104,639**	**79,217,838**	**79,163,229**	**60.54**	**60.54**	**-**	**-**
	Total (A)+(B)	**104,641**	**130,845,746**	**130,791,137**	**100.00**	**100.00**	**-**	**-**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**104,641**	**130,845,746**	**130,791,137**	**-**	**100.00**	**-**	**-**

The following table sets forth the shareholding of the "Promoter and Promoter Group" as at June 30, 2009.

	Total Shares Held		Shares Pledged or Otherwise Encumbered		
Name	**Number**	**As a % of Total Number of Shares**	**Number**	**As a % of Total Shares Held**	**As a % of Total Number of Shares**
IDBI Trusteeships Services Ltd (A/c ICICI Strategic Investments Fund)	39,036,190	29.83	-	-	-
ICICI Bank Limited	12,591,718	9.62	-	-	-
Total	**51,627,908**	**39.45**	**-**	**-**	**-**

The following table sets forth the shareholding of those shareholders, other than those belonging to the "Promoters and Promoter Group", holding more than 1% of our paid-up capital as at June 30, 2009.

Name	**No. of Shares**	**As % of Total Number of Shares**
Life Insurance Corporation of India Limited	9,747,422	7.45
Emirates Bank International PJSC	4,608,536	3.52
Birla Sun Life Insurance Company Limited	1,871,937	1.43
Norges Bank A/C Government Petroleum Fund	3,071,415	2.35
JM Financial Mutual Fund JM Contra Fund	2,252,931	1.72
Sandstone Capital India Master Fund Limited	1,944,636	1.49
Total	**23,496,877**	**17.96**

ISSUE PROCEDURE

Below is a summary of the procedure relating to the bidding, application payment, Allocation and Allotment for a QIP. The procedure followed in the Issue may differ from the one mentioned below, and prospective investors are assumed to have apprised themselves of the same from us or the Sole Global Co-ordinator and Book Running Lead Manager. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See "Distribution and Solicitation Restrictions" and "Transfer Restrictions".

Qualified Institutions Placements

The Issue is being made to QIBs in reliance upon chapter VIII of the SEBI Regulations through the mechanism of a QIP. Under chapter VIII of the SEBI Regulations, an issuer which is a listed company in India may issue equity shares, non convertible debt instruments along with warrants or convertible securities other than warrants, provided that:

- a special resolution approving the qualified institutions placement has been passed by its shareholders;
- the equity shares of the same class of such issuer have been listed on a recognised stock exchange in India that has nationwide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution; and
- such issuer complies with the minimum public shareholding requirements set out in the listing agreement with the stock exchange referred to above.

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The issue price of the securities shall not be less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date.

The "relevant date" refers to the date of the meeting on which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and "stock exchange" means any of the recognized stock exchanges in which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

Securities must be allotted within twelve months from the date of the shareholders resolution approving the QIP. The securities issued pursuant to the QIP must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XVIII of the SEBI Regulations. The placement document is a private document provided to less than 49 investors through serially numbered copies and is required to be placed on the website of the concerned stock exchange and of the issuer with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors. A copy of the placement document is required to be filed with the SEBI for record purposes within 30 days of the allotment of the securities.

The aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of the issuer as per its audited balance sheet of the previous financial year. The issuer shall furnish a copy of the placement document to each stock exchange on which its equity shares are listed.

Securities allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on a recognised stock exchange in India.

We have applied for and received the in-principle approval of the Stock Exchanges under Clause 24(a) of the Equity Listing Agreements for the listing of the Equity Shares on the Stock Exchanges. The Company has also filed a copy of the Preliminary Placement Document with the Stock Exchanges.

Issue Procedure

We and the Sole Global Co-ordinator and Book Running Lead Manager shall circulate serially numbered copies of the Preliminary Placement Document and the Application Form, either in electronic or physical form, to not more than 49 QIBs.

The list of QIBs to whom the Application Form is delivered shall be determined by the Sole Global Co-ordinator and Book Running Lead Manager in consultation with us. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Sole Global Co-ordinator and Book Running Lead Manager.

Each QIB will be required to indicate the following in the Application Form:

- name of the QIB to whom Equity Shares are to be Allotted;
- number of Equity Shares Bid for;
- price at which the QIB is agreeable to subscribe for the Equity Shares, provided that the QIB may also indicate that it is agreeable to submit an Application Form at a "Cut-off Price"; and
- the details of the dematerialised account(s) to which the Equity Shares should be credited.

Note: Each sub-account of an FII will be considered as an individual QIB and separate Application Forms would be required from each such sub-account for submitting Application Form(s).

Once a duly completed Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid Closing Date. The Bid Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

Upon receipt of the Application Form, we shall determine the Issue Price and the number of Equity Shares to be issued in consultation with the Sole Global Co-ordinator and Book Running Lead Manager. Upon determination of the Issue Price and the QIBs to whom Allocation shall be made, the Sole Global Co-ordinator and Book Running Lead Manager will send the CAN to the QIBs who have been Allocated the Equity Shares. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB.

Pursuant to receiving a CAN, each QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our designated bank account by the Pay-In Date as specified in the CAN sent to the respective QIBs.

Upon receipt of the application monies from the QIBs, we shall Allot Equity Shares as per the details in the CAN to the QIBs. We shall not Allot Equity Shares to more than 49 QIBs. We will intimate to the Stock Exchanges the details of the Allotment.

After receipt of the listing approval from the Stock Exchanges, we shall credit the Equity Shares into the Depository Participant accounts of the respective QIBs. We shall then apply for the trading permissions from the Stock Exchanges.

The Equity Shares that have been credited to the Depository Participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, we shall inform the QIBs who have received an Allotment of the receipt of such approval. We and the Sole Global Co-ordinator and Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or us.

Qualified Institutional Buyers

Only QIBs as defined in regulation 2(1)(zd) of the SEBI Regulations and not otherwise excluded pursuant to regulation 86 of the SEBI Regulations are eligible to invest. Currently a QIB means:

- a mutual fund, venture capital fund and foreign venture capital investor registered with SEBI;
- a foreign institutional investor and sub-account registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- a public financial institution as defined in section 4A of the Companies Act;
- a scheduled commercial bank;
- a multilateral and bilateral development financial institution;
- a state industrial development corporation;
- an insurance company registered with the Insurance Regulatory and Development Authority;
- a provident fund with minimum corpus of Rs. 250 million;
- a pension funds with minimum corpus of Rs. 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.

FIIs are permitted to participate in the QIP through the portfolio investment scheme in this Issue. FIIs are permitted to participate in the QIP subject to compliance with all applicable laws and the shareholding of the FIIs does not exceed specified limits as prescribed under applicable laws in this regard.

Our shareholders have passed a special resolution dated January 18, 2005 increasing the investment limits by FIIs up to 100% of our share capital.

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue, issued capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital, or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being a Promoter or any person related to a Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to a Promoter:

- rights under a shareholders agreement or voting agreement entered into with a Promoter or persons related to a Promoter;

- veto rights; or

- a right to appoint any nominee director on our Board;

provided, however, a QIB which does not hold any of our Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to a Promoter.

We and the Sole Global Co-ordinator and Book Running Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code.

A minimum of 10% of the Equity Shares in this Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Note: Affiliates or associates of the Sole Global Co-ordinator and Book Running Lead Manager who are QIBs may participate in this Issue in compliance with applicable laws.

Application Process

Application Form

QIBs shall only use the serially numbered Application Forms supplied by the Sole Global Co-ordinator and Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid).

By making a Bid (including any revision thereof) through Application Forms, the QIB will be deemed to have made the representations and warranties and agreements made under "Representations by Investors" and "Transfer Restrictions".

QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

Details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of the Allotment (as indicated by the CAN) and becomes a binding contract on the QIB upon our issuance of the CAN in favour of the QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied. The Application Form shall be submitted to the Sole Global Co-ordinator and Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Name:	UBS Securities India Private Limited
Address:	2/F, 2 North Avenue Maker Maxity, Bandra-Kurla Complex Bandra (E) Mumbai 400 051
Contact Person:	Mr. Ashish Mukkirwar
Email:	ashish-omprakash.mukkirwar@ubs.com
Phone:	(91 22) 6155-6000

The Sole Global Co-ordinator and Book Running Lead Manager shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Book Building

The QIBs shall submit their Bids (including any revision thereof) within the Bidding Period to the Sole Global Co-ordinator and Book Running Lead Manager.

Price Discovery

In consultation with the Sole Global Co-ordinator and Book Running Lead Manager, we shall determine the Issue Price for the Equity Shares, which shall be at or above the Floor Price.

Method of Allocation

We shall determine the Allocation in consultation with the Sole Global Co-ordinator and Book Running Lead Manager on a discretionary basis and in compliance with chapter VIII of the SEBI Regulations.

Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

OUR DECISION IN CONSULTATION WITH THE SOLE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT OUR SOLE AND ABSOLUTE DISCRETION, AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER WE NOR THE SOLE GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGER IS OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Sole Global Co-ordinator and Book Running Lead Manager as per the details provided in the respective CAN.

Number of Allottees

The minimum number of Allottees in the Issue shall not be less than:

- two, where the issue size is less than or equal to Rs. 2,500 million; or
- five, where the issue size is greater than Rs. 2,500 million.

Provided that no single Allottee shall be Allotted more than 50% of the aggregate amount of the Issue Size.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of this clause. For details of what constitutes "same group" or "common control" see "—Application Process—Application Form".

The maximum number of Allottees of Equity Shares shall not be greater than 49 Allottees. Further the Equity Shares will be Allotted within 12 months from the date of the shareholders resolution approving the Issue.

CAN

Based on the Application Forms received, we in consultation with the Sole Global Co-ordinator and Book Running Lead Manager, in our sole and absolute discretion, decide the QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the amounts payable for Allotment of such Equity Shares by the Pay-in Date in their respective names shall be notified to such QIBs. Additionally, the CAN will include details of the bank account(s) for transfer of funds if done electronically, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective QIB's account.

The eligible QIBs would also be sent a serially numbered Preliminary Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Preliminary Placement Document and the CAN by the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Sole Global Co-ordinator and Book Running Lead Manager and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

Company Account for Payment of Application Money

We have opened the Escrow Bank Account with IDBI Bank Limited as escrow bank in terms of the arrangement between us, the Sole Global Co-ordinator and Book Running Lead Manager and IDBI Bank Limited. The QIB will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Escrow Bank Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, we and the Sole Global Co-ordinator and Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirement of ensuring that the Application Forms are sent to not more than 49 QIBs.

Payment Instructions

The payment of application money shall be made by the QIBs in the name of "**3i Infotech Limited Escrow Account**" as per the payment instructions provided in the CAN.

QIBs should make payment only through electronic fund transfer.

Note: Payment of the amounts through cheques will be rejected.

Allotment of Equity Shares

The Equity Shares will not be Allotted unless the QIBs pay the entire Issue Price to the Escrow Bank Account as stated above.

In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to materialise the Equity Shares as per the provisions of the Companies Act and the Depositories Act.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without any reason whatsoever.

Following the Allotment and credit of Equity Shares into the QIBs Depository Participant account, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

The Escrow Bank shall not release the monies lying to the credit of the Escrow Bank Account to us until such time as we deliver to the Escrow Bank documentation regarding the final approval of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to the Issue.

After finalization of the Issue Price, we shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

We also shall submit the Placement Document to the SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Application Form.** Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN, as the Application Form is liable to be rejected on this ground.

Right to Reject Applications

We, in consultation with the Sole Global Co-ordinator and Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reasons whatsoever. Our and the Sole Global Co-ordinator and Book Running Lead Manager's decision in relation to the rejection of Bids shall be final and binding.

Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but shall be fungible and be represented by the statement issued through electronic mode).

A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account with the Depository Participant of the QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with CDSL and NSDL.

The trading of the Equity Shares would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

We will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or otherwise on part of the QIBs.

PLACEMENT

Placement Agreement

The Sole Global Co-ordinator and Book Running Lead Manager has entered into a Placement Agreement with us (the "**Placement Agreement**"), pursuant to which the Sole Global Co-ordinator and Book Running Lead Manager has agreed to place, on a best efforts basis, up to such number of the Equity Shares, the aggregate subscription amount of which shall be up to Rs. [●] million, to Qualified Institutional Buyers, pursuant to chapter VIII of the SEBI Regulations.

The Placement Agreement contains customary representations and warranties, as well as indemnities from us and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

In connection with the Issue, the Sole Global Co-ordinator and Book Running Lead Manager (or its affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Sole Global Co-ordinator and Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Sole Global Co-ordinator and Book Running Lead Manager may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See "Offshore Derivative Instruments".

Lock-Up

We have agreed that we will not issue, offer, lend, pledge, sell, grant any option to purchase or otherwise dispose of any Equity Shares or securities convertible into or exchangeable or exercisable for any Equity Shares, or publicly announce any intention to do so, without the prior written consent of the Sole Global Co-ordinator and Bookrunning Lead Manager for a period of 60 days after the Closing Date, except issuances pursuant to (i) the conversion of any of our convertible securities outstanding on the date of this Preliminary Placement Document and (ii) the exercise of employee stock options outstanding on the date hereof.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Preliminary Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI Regulations. Each purchaser of the Equity Shares in the Issue will be required to make, or be deemed to have made, as applicable, the acknowledgments and agreements as described under "Transfer Restrictions" on page 123 of this Preliminary Placement Document.

Australia

This Preliminary Placement Document:

- does not constitute a disclosure document under part 6D.2 of the Corporations Act of the Commonwealth of Australia ("Corporations Act");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC") as a disclosure document for the purposes of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors ("Exempt Investors") available under section 708 of the Corporations Act .

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this document will be made without disclosure in Australia under Part 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") an offer to the public of any Equity Shares which are the subject of the placement contemplated by this Preliminary Placement Document may not be made in that Relevant Member State

except that an offer to the public in that Relevant Member State of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last (or, in Sweden, in its last two) annual or consolidated accounts;

(iii) by the Book Running Lead Manager to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead manager for any such offer; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase any Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

This offer is for the intended recipients only and may not in any way be forwarded to the public in Sweden. Accordingly, the Book Running Lead Manager represents, warrants and agrees that it has not offered or sold and will not offer or sell the Equity Shares in Sweden in a manner that would require the registration of a prospectus by the Swedish Financial Supervisory Authority according to the Financial Instruments Trading Act.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, by means of any document, other than to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, whether in Hong Kong or otherwise, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the laws of Hong Kong) other than with respect to Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor.

Shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except:

(i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law.

Switzerland

No Equity Shares will be publicly offered or distributed in Switzerland. Equity Shares shall be offered in Switzerland privately only to a select circle of investors without the use of any public means of information or advertisement. This Preliminary Placement Document does not constitute an offer prospectus within the meaning of Art. 652a of the Swiss Code of Obligations. It has not been filed with or approved by any Swiss regulatory authority or stock exchange. The Equity Shares will not be registered in Switzerland or listed at any Swiss stock exchange. This Preliminary Placement Document may not be distributed or used in Switzerland without our prior written approval.

United Arab Emirates

This document has not been reviewed, approved or licensed by the Central Bank of the United Arab Emirates (the "UAE"), Emirates Securities and Commodities Authority or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai International Financial Services Authority (the "DFSA"), a regulatory authority of the Dubai International Financial Centre (the "DIFC"). The Issue does not constitute a public offer of securities in the UAE, DIFC and/or any other free zone in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended), DFSA Offered Securities Rules and the Dubai International Financial Exchange Listing Rules, accordingly, or otherwise.

The Equity Shares may not be offered to the public in the UAE and/or any of the free zones including, in particular, the DIFC. The Equity Shares may be offered and this document may be issued, only to a limited number of investors in the UAE or any of its free zones (including, in particular, the DIFC) who qualify as sophisticated investors under the relevant laws and regulations of the UAE or the free zone concerned. Management of the company and the representatives represent and warrant that the Equity Shares will not be offered, sold, transferred or delivered to the public in the UAE or any of its free zones including, in particular, the DIFC.

United Kingdom

The Book Running Lead Manager has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Market Act 2000 (the "FSMA") received by it in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to it; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States except in certain transactions exempt from or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S. Accordingly, the Equity Shares are being offered and sold outside the United States to non-U.S persons in compliance with Regulation S and the applicable laws of the jurisdiction where those offer and sales occur.

TRANSFER RESTRICTIONS

Purchasers of the Equity Shares in this Issue are not permitted to sell the Equity Shares for a period of one year from the date of allotment except through the Stock Exchanges.

Subject to the foregoing, each purchaser of the Equity Shares issued pursuant to this Issue, by accepting delivery of this document, will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of such Equity Shares in compliance with all applicable laws and regulations.

- Since no action has been taken to permit an offering of the Equity Shares in any jurisdiction, it will not offer or sell any of the Equity Shares which it may acquired in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.

- It acknowledges that the Equity Shares have not been and will not be registered under the Securities Act, and have not been and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act.

- It is not within the United States (within the meaning of Regulation S) and is purchasing the Equity Shares in an offshore transaction (within the meaning of Regulation S) made in accordance with Rule 903 of Regulation S.

- If the purchaser of Equity Shares is in Hong Kong, it is a person whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent and that it is a professional investor within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

- If the purchaser of Equity Shares is in India, it is a QIB as defined in regulation 2(1)(zd) of the SEBI Regulations and undertakes to acquire, hold, manage or dispose of any Equity Shares that are allocated to it for the purposes of its business in accordance with chapter VIII of the SEBI Regulations.

- If the purchaser of Equity Shares is in Singapore, it is an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or a relevant person specified in Section 275 of the SFA.

- If the purchaser of Equity Shares is in the United Kingdom, it is a person (i) who has professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) who falls within article 49(2)(a) to (d) of the Financial Promotion Order, or (iii) to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services And Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

- If the purchaser of Equity Shares is in the European Economic Area ("EEA"), it is a "Qualified Investor" within the meaning of Article 2(e) of the Prospectus Directive (Directive 2003/71/EC), and is aware that the offering of the Equity Shares within the EEA will be made in reliance on Article 3(2) of the Prospectus Directive or another exemption under the Prospectus Directive or local implementing legislation in respect thereof applicable in any European Member State.

- It acknowledges that we and the Sole Global Co-ordinator and Book Running Lead Manager, our respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or

agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify us.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI, the BSE and the NSE, and has not been prepared or independently verified by us or the Lead Manager or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulations

Indian Stock Exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Stock Exchange Division, under the Securities Contracts (Regulation) Act, 1956, as amended (the "SCRA") and the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"). The SCRA and the SCRR along with the rules, by-laws and regulations of the respective stock exchanges regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act granted SEBI, the powers to regulate the business of Indian securities markets, including stock exchanges and other financial intermediaries, promote and monitor self-regulatory organisations, prohibit fraudulent and unfair trade practices and insider trading and regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants.

SEBI has also set up a committee for the review of Indian securities laws, which has proposed a draft Securities Bill. The draft Securities Bill, if enacted in its present form may result in a substantial revision in the laws relating to securities transactions in India. The Companies Bill has been introduced in the Lok Sabha on October 23, 2008.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines issued by SEBI and the listing agreements of the respective stock exchanges. Under the SCRR, the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of an issuer's obligations under such listing agreement or for any other reason, subject to the issuer receiving prior notice of the intent of the exchange and upon granting of a hearing in the matter. In the event that a suspension of a company's securities continues for a period in excess of three months, the company may appeal to the Securities Appellate Tribunal ("SAT") established under the SEBI Act to set aside the suspension. SEBI has the power to veto stock exchange decisions in this regard. SEBI also has the power to amend such listing agreements and the by-laws of the stock exchanges in India.

Clause 49 of the Listing Agreement provides that if non-executive chairman of a listed company is a promoter or is related to promoters of the company or persons occupying management positions at the board level or at one level below the board, at least one-half of the board of the company should consist of independent directors.

The Listing Agreement requires that all listed companies are required to ensure a minimum level of public shareholding at 25% of the total number of issued shares of a class or kind for the purpose of continuous listing.

The exceptions to this rule are for companies which (i) are offering or have offered shares to the extent of at least 10% of the issue size in terms of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957; (ii) have 20 million or more outstanding shares; (iii) have a market capitalisation of Rs. 10,000 million or more and the minimum public shareholding to be maintained by such companies is 10%. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place varying individual scrip-wise price bands. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Delisting of Securities

SEBI has recently, pursuant to a notification dated June 10, 2009, notified the SEBI (Delisting of Equity Shares) Regulations, 2009 ("**Delisting Regulations**").

The Delisting Regulations are applicable to: (i) voluntary delisting of securities by promoters of a company; (ii) any acquisition of shares of a company (either by a promoter or by any other person) or a scheme or arrangement, consequent to which the public shareholding in such company falls below the minimum limits specified in the listing conditions or listing agreement that may result in delisting of securities; (iii) promoters of companies who voluntarily seek to delist their securities from some or all stock exchanges on which the security is listed; (iv) cases where a person in control of the management is seeking to consolidate his holdings in a company in a manner that would result in the public shareholding in the company falling below the limit specified in the listing conditions or in the listing agreement that may have the effect of company being delisted; and (v) companies which may be compulsorily delisted by the stock exchanges on account of, among other things, violation of stock exchange by-laws. Following a compulsory delisting, a company, its whole time directors, its promoters and the firms promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting.

No company can apply for permission to delist: (i) pursuant to a buy back of equity shares or preferential allotment made by a company or (ii) unless a period of three years has elapsed since the listing of that class of equity shares on any recognized stock exchange. Furthermore, if any instruments issued by the company which are convertible into the same class of equity shares that are sought to be delisted, are outstanding, delisting is disallowed.

The Delisting Regulations allow a company to delist its equity shares from all or only recognized stock exchanges on which they are listed, provided an exit opportunity is given to shareholders. However they provide that an exit opportunity need not be given to the shareholders in cases where the securities continue to be listed on a stock exchange having nationwide trading terminals. Presently, only the BSE and the NSE have nationwide trading terminals. When an exit option is required, the Delisting Regulations require a promoter or an acquirer intending to delist securities of a company to obtain the prior approval of the shareholders by a special resolution, make a public announcement in the manner provided for in the Delisting Regulations and make an in-principle application to and obtain final approval of the stock exchanges within one year of the passing of the shareholders resolution for delisting. A proposed delisting where no exit option is required to be given, does not require a shareholders resolution and a resolution of the board of directors is sufficient.

The floor price for delisting will be determined by calculating the average of the weekly high and low of the closing prices during the last 26 weeks or two weeks preceding the date on which the recognized stock exchanges were notified. The offer must fulfil the criteria prescribed in the Delisting Regulations to be successful. Upon closure of the open offer process, all shareholders whose equity shares are verified will be paid the final price stated in the public announcement within 10 working days.

Further, the Ministry of Finance has, on June 10, 2009, proposed certain amendments to the Securities Contracts (Regulation) Rules, 1957 ("MoF Notification") in relation to voluntary and compulsory delisting, to bring them in line with the Delisting Regulations. The MoF Notification shall become effective from the date that it is published in the Official Gazette. Due to their recent issuance, the applicability of the Delisting Regulations and MoF Notification have not been tested in any manner and hence it is possible that some of the clauses may be amended to make either the Delisting Regulations or the MoF Notification more effective or clarify any ambiguities contained therein. Investors are also requested to consult their advisors before taking any steps under the Delisting Regulations.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act and the SEBI Regulations, and be filed with the Registrar of Companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters may be subjected to civil and criminal liability for misstatements in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, the SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. Prior to the repeal of certain rules in mid-1992, the Controller of Capital Issues of the Government regulated the prices at which companies could issue securities. The SEBI Regulations permit companies to freely price their issues of securities. All companies, including public limited companies, are required under the Companies Act to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts, which comply with the disclosure requirements of the Companies Act and regulations governing their manner of presentation, which include sections pertaining to corporate governance and the management's discussion and analysis. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange, including the requirement to publish un-audited financial statements on a quarterly basis, and is required to inform stock exchanges immediately regarding any stock price-sensitive information.

The Companies Act further requires mandatory compliance with accounting standards issued by the ICAI. The ICAI and SEBI have implemented changes which require Indian companies to account for deferred taxation, consolidate their accounts (subsidiaries only), and provide segment-wise reporting and disclosure of related party transactions from April 1, 2001 and accounting for investments in affiliated companies and joint ventures in consolidated accounts from April 1, 2002.

As at April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as at April 1, 2004 accounting standards set by the ICAI will regulate accounting for impairment of assets. The ICAI has recently announced that all listed companies and public interest entities have to comply with International Financial Reporting Standards from April 1, 2011.

Indian Stock Exchanges

There are currently 23 recognized stock exchanges in India. Most of the stock exchanges have their own governing board for self regulation. The BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation, and trading activity.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956 it became the first stock exchange in India to obtain permanent recognition from the Indian Government under the SCRA. Recently, pursuant to the SEBI's BSE (Corporatisation and Demutualisation) Scheme, 2005, with effect from August 20, 2005 the BSE has been corporatised and demutualised and is now a company under the Companies Act. The BSE switched over from an open outcry trading system to an online trading network in May 1995 and has today expanded this network to over 349 cities in India. As at March 2009, the BSE had 1,007 members, comprising 175 individual members, 809 Indian companies and 23 FIIs. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As at March 2009, there were 4,929 listed companies trading on the BSE and the estimated market capitalisation of stocks

trading on the BSE was Rs.30, 861 billion. In March 2009, the average daily turnover on the BSE was Rs. 34, 895 million. As at March 2009, the BSE had 15,402 trader work stations spread over 349 cities.

NSE

The NSE was established by financial institutions and banks to provide nationwide, online, satellite-linked, screen-based trading facilities for market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. In March 2009, the average daily traded value of the capital market segment was Rs. 101,400 million. As at March 31, 2008, the NSE had 1,075 trading members and over 21,083 registered sub-brokers on the capital market segment and the wholesale debt market segment. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. As at April 17, 2009, the market capitalisation of the NSE was approximately Rs. 33,106 billion. NSE has a wide network in major metropolitan cities, screen based trading and a central monitoring system.

Internet-Based Securities Trading and Services

SEBI approved Internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by the SEBI. The NSE became the first exchange to grant approval to its members for providing Internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday through Friday, between 9:55 a.m. and 3:30 p.m. The BSE and NSE are closed on public holidays.

Trading Procedure

In order to facilitate smooth transactions, in 1995, BSE replaced its open outcry system with BSE On-line Trading ("BOLT") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

Electronic trading was introduced in India by NSE, which developed its technology in-house. NSE introduced for the first time in India, fully automated screen based trading, which uses a modern, fully computerised trading system designed to offer investors across the length and breadth of the country a safe and easy way to invest. The NSE trading system called 'National Exchange for Automated Trading' (NEAT) is a fully automated screen based trading system, which adopts the principle of an order driven market. The derivatives turnover on the NSE has surpassed the equity market turnover. The turnover of derivatives on the NSE increased from Rs. 23,654 million (US$ 207 million) in 2000-2001 to Rs. 130,904,779 million (US$ 3,275,076 million) in 2007-2008.

NSE faired very well in 2007 in terms of traded volumes in futures and options taken together, improving its worldwide ranking from 15th in 2006 to 9th in 2007. The traded volumes in the derivatives segment of the NSE saw an increase of 95% in 2007 over the figure in 2006.

Stock Market Indices

There is an array of indices of stock prices on NSE. The popular indices are the S&P CNX Nifty, CNX Nifty Junior, S&P CNX Defty, S&P CNX 500, CNX Midcap and CNX 100.

The following two indices are generally used in tracking the aggregate price movements on the BSE.

- The BSE Sensitive Index, or Sensex, consists of listed shares of 30 large market capitalisation companies. The companies are selected on the basis of market capitalisation, liquidity and industry representation. Sensex was first compiled in 1986 with the fiscal year ended March 31, 1979 as its base year. This is the most commonly used index in India.

- The BSE 100 Index (formerly the BSE National Index) contains listed shares of 100 companies including the 30 in Sensex. The BSE 100 Index was introduced in January 1989 with the fiscal year ended March 31, 1984 as its base year.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code, which prescribes certain thresholds or trigger points that give rise to these obligations. The Takeover Code is under constant review by the SEBI and was last amended on January 28, 2009. Since we are an Indian listed company, the provisions of the Takeover Code apply to us.

The salient features of the Takeover Code are as follows:

- The term "shares" is defined under the Takeover Code to mean equity shares or any other security, which entitles a person to receive shares with voting rights but does not include preference shares.

- Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company, or acquires or agrees to acquire control over a company, either by himself or with any person acting in concert with him) who acquires shares or voting rights that would entitle him to more than 5%, 10%, 14%, 54% or 74% of the shares or voting rights in a company is required to disclose the aggregate of his shareholding or voting rights in that company to the company and to each of the stock exchanges on which the company's shares are listed at every such stage within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be. Such company in turn is also required to disclose the same to the stock exchanges on which the company's shares are listed.

- A person who holds more than 15% of the shares or voting rights in any company is required to make an annual disclosure of his holdings to that company within 21 days of the financial year ending on March 31 (which in turn is required to disclose the same to each of the stock exchanges on which that company's shares are listed). Further, such person who holds 15% or more but less than 55% of the shares or voting rights in any company is required to disclose any purchase or sale of shares aggregating 2% of the share capital of a company along with the aggregate shareholding after such acquisition or sale, to that company (which in turn is required to disclose the same to each of the stock exchanges on which the company's shares are listed) and to each of the stock exchanges on which the shares of the company are listed within two days of (i) the receipt of intimation of the allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be.

- Promoters or persons in control of a company are also required to make periodic disclosure of their holdings or the voting rights held by them along with persons acting in concert, in the same manner as above, annually within 21 days of the end of each financial year as well as from the record date for entitlement of dividends. The company is also required to disclose the holdings of its promoters or persons in control as at March 31 of the respective year and on the record date fixed for the declaration of dividends to each of the stock exchanges on which its equity shares are listed. In addition, promoters or persons forming part of the promoter group of the company are also required to disclose to the company the details of the shares of the company pledged by them within 7 days of the creation, or invocation, of the pledge, as the case may be. The company is, in turn, required to disclose the information to the stock exchanges within 7 days of receipt of such information, if during any quarter ending March, June, September and December of any year: (i) the aggregate number of pledged shares taken together with the shares already

pledged during that quarter exceeds 25,000, or (ii) the aggregate total pledged shares taken together with the shares already pledged during that quarter exceeds 1% of the total shareholding or voting rights of the company, whichever is lower.

- An acquirer who, together with persons acting in concert with him, acquires or agrees to acquire 15% or more (taken together with existing equity shares or voting rights, if any, held by it or by persons acting in concert with it) of the shares or voting rights of a company would be required to make a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of a company (public shareholding is defined as shareholding held by persons other than the promoters) and within four working days of entering into an agreement for the acquisition of or of the decision to acquire shares or voting rights which exceed 15% or more of the voting rights in a company. A copy of the public announcement is required to be delivered on the date on which such announcement is published to SEBI, the company and the stock exchanges on which a company's equity shares are listed.

- An acquirer who, together with persons acting in concert with him, has acquired 15%, or more, but less than 55% of the shares or voting rights in the shares of a company, cannot acquire additional shares or voting rights that would entitle him to exercise more than 5% of the voting rights in any financial year ending on March 31 unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- An acquirer who, together with persons acting in concert with him, if any, holds 55% or more but less than 75% of the shares or voting rights (or, where the company concerned obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90% of the shares or voting rights in the company) in a company cannot acquire additional shares entitling him to exercise voting rights or voting rights unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- However, an acquirer may acquire, together with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise up to 5% voting rights in the company, without making a public announcement as aforesaid if (i) the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk/block deal/negotiated deal/preferential allotment, or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by the company; and (ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond 75%

- Where an acquirer who (together with persons acting in concert) holds 55% or more, but less than 75% of the shares or voting rights (or, where the company concerned obtained initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90% of the shares or voting rights) in the company, intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only through an open offer under the Takeover Code. Such open offer would be required to be made for the lesser of (i) 20% of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the open offer, enable the acquirer (together with persons acting in concert), to increase the holding to the maximum level possible, i.e. up to the delisting threshold (75% or 90%, as the case may be).

- In addition, regardless of whether there has been any acquisition of shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20% of the shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the

acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each of its subsidiary companies which is listed. However, the public announcement requirement will not apply to any change in control which takes place pursuant to a special resolution passed by way of postal ballot by shareholders. The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are "frequently" or "infrequently" traded (as defined in the Takeover Code). In the case of shares which are Frequently traded, the minimum offer price shall be the highest of:

a. the negotiated price under the agreement for the acquisition of shares or voting rights in the company;

b. the highest price paid by the acquirer or persons acting in concert with him/her for any acquisitions, including through an allotment in a public, preferential or rights issue, during the 26-week period prior to the date of the public announcement; or

c. the average of the weekly high and low of the closing prices of the shares of the company as quoted on the stock exchange where the shares of the company are most frequently traded during the 26-week period prior to the date of the public announcement or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two-week period prior to the date of the public announcement, whichever is higher.

- The open offer for the acquisition of a further minimum of 20% of the shares of a company has to be made by way of a public announcement which is to be made within four working days of entering into an agreement for the acquisition or the decision to acquire shares or voting rights exceeding the relevant percentages or within four working days after the decision to make any such change(s) is made which would result in acquisition of control.

- The Takeover Code provides that an acquirer who seeks to acquire any shares or voting rights which would result in the public shareholding in the target company being reduced to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on a continuous basis, shall take the necessary steps to facilitate the compliance by the company with the relevant provisions of such listing agreement, within the time period mentioned therein. Further, the Takeover Code contains penalties for the violation of any provisions.

- The Takeover Code permits conditional offers and provides specific guidelines for the gradual acquisition of shares or voting rights. Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been set out.

- Acquirers making a public offer are also required to deposit a percentage of the total consideration for such offer in an escrow account. This amount will be forfeited in the event that the acquirer does not fulfil his/her obligations.

The public offer provisions of the Takeover Code (subject to certain specified conditions), do not apply, inter alia, to certain specified acquisitions, including the acquisition of shares (i) by allotment in a public and rights issue subject to the fulfilment of certain conditions, (ii) pursuant to an underwriting agreement, (iii) by registered stockbrokers in the ordinary course of business on behalf of clients, (iv) in unlisted companies (unless such acquisition results in an indirect acquisition of shares in excess of 15% in a listed company), (v) pursuant to a scheme of arrangement or reconstruction including an amalgamation or demerger, under any law or regulation of India or any other country, (vi) pursuant to a scheme under Section 18 of SICA, (vii) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and their relatives, provided the relevant conditions are complied with, (viii) through inheritance on succession, (ix) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with the SEBI, to their respective promoters or to other venture capital undertakings, (x) by companies controlled by the Indian Government unless such acquisition is made pursuant to a disinvestment process undertaken by the Indian Government or a State

Government, (xi) pursuant to a change in control by the takeover/restoration of the management of a borrower company by a secured creditor under the terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (xii) by acquisition of shares by a person in exchange for equity shares received under a public offer made under the Takeover Code, and (xiii) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions, either on their own account or as a pledgee. An application may also be filed with the SEBI seeking exemption from the requirements of the Takeover Code.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations 1992, as amended ("Insider Trading Regulations") have been notified by SEBI to prohibit and penalize insider trading in India. The Insider Trading Regulations prohibit an "insider" from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchanges when in possession of unpublished price-sensitive information. The terms "insider" and "unpublished price-sensitive information" are defined in the Insider Trading Regulations. The insider is also prohibited from communicating, counselling or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who while in possession of such unpublished price-sensitive information is prohibited from dealing in securities. The prohibition under the Insider Trading Regulations extends to all persons, including a company dealing in the securities of a company listed on any stock exchange or associate of that other company, while in the possession of unpublished price-sensitive information. Pursuant to recent amendments to the Insider Trading Regulations, the definition of the term insider has been broadened to include any person who has received or has had access to unpublished price sensitive information of the company.

On a continuous basis any person who holds more than 5% of the shares or voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by such person and change in shareholding or voting rights (even if such change results in the shareholding falling below 5%) and any such change in such holding since last disclosure made, where such change exceeds 2% of the total shareholding or voting rights in the company. Such disclosure is required to be made within two working days of either: (i) the receipt of intimation of allotment of shares; or (ii) the acquisition or sale of shares or voting rights, as the case may be.

Further, all directors and officers of a listed company are required to disclose to the company the number of shares or voting rights held and positions taken derivatives by such person in such company within two working days of becoming a director or officer of such company. All directors and officers of a listed company are also required to make periodic disclosures of their shareholding in the company as specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading deals and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct. As per the recent amendments, the Insider Trading Regulations require that the model code of conduct should not be diluted in any manner and shall be complied with. The model code of conduct has also been amended to prohibit all directors/ officers/ designated employees who buy or sell any number of shares of the company from entering into opposite transactions during the next six months following the prior transaction. All directors and designated employees have also been prohibited from taking positions in derivative transactions in shares of the company at any time. Further, certain provisions pertaining to, inter alia, reporting requirements have also been extended to dependants of directors and designated employees of the company.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. SEBI framed the Securities and Exchange Board of India (Depositories and Participants) Rules and Regulations, 1996 which provide inter alia, for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets. The Depositories Act requires that every person subscribing

to securities offered by an issuer has the option either to receive the security certificate or hold the securities with a depository. The National Securities Depository Limited and the Central Depository Services Limited are two depositories that provide electronic depository facilities for the trading of equity and debt securities in India. Trading of securities in book-entry form commenced in December 1996. In order to encourage "dematerialization" of securities, SEBI has set up a working group on dematerialization of securities comprising foreign institutional investors, custodians, stock exchanges, mutual funds and the National Securities Depository Limited to review the progress of securities and trading in dematerialised form and to recommend scrips for compulsory, dematerialised trading in a phased manner. In January 1998, the SEBI notified scrips of various companies for compulsory dematerialised trading by certain categories of investors such as foreign institutional investors and other institutional investors and has also notified compulsory dematerialised trading in specified scrips for all retail investors. SEBI has subsequently significantly increased the number of scrips in which dematerialised trading is compulsory for all investors. SEBI has also provided that the issue and allotment of shares in public offers, rights offers or offers for sale after specified dates to be notified from time to time by SEBI shall only be in dematerialised form and an investor shall be compulsorily required to open a depository account with a participant. Under the Depositories Act, a company shall give the option to subscribers/shareholders to receive the security certificates or hold securities in dematerialised form with a depository. However, even in the case of scrips notified for compulsory dematerialised trading, investors, other than institutional investors, are permitted to trade in physical shares on transactions outside the stock exchange where there are no requirements for reporting such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities.

Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants registered with the depositories established under the Depositories Act. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant and have to be borne by the accountholder. Upon delivery, the shares shall be registered in the name of the relevant depository on the company's books and this depository shall enter the name of the investor in its records as the beneficial owner. The transfer of beneficial ownership shall be effected through the records of the depository. The beneficial owner shall be entitled to all rights and benefits and be subject to all liabilities in respect of his/her securities held by a depository.

The Companies Act compulsorily provides that Indian companies making any initial public offerings of securities for or in excess of Rs.100 million should issue the securities in dematerialised form in accordance with the provisions of the Depositories Act of 1996 and the Regulations made thereunder.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRA Rules and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organisation under the supervision of SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001, respectively.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to the share capital of the Company including a brief summary of some of the provisions of the Memorandum and Articles of Association of the Company and the Companies Act relating to the rights attached to its Shares.

General

The authorized share capital of the Company is Rs. 4,000,000,000 comprising of 300,000,000 Equity Shares of Rs. 10 each and 200,000,000 Preference Shares of Rs. five each.

Articles of Association

The Company is governed by its Articles of Association.

Description of the Shares

Dividends

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. However, the board of directors is not obligated to recommend a dividend. The decision of the Board of Directors and shareholders of the Company may depend on a number of factors, including but not limited to the Company's profits, capital requirements and overall financial condition. According to the Articles of Association, the profits of the Company, subject to any special rights relating thereto created or authorized to be created by the Memorandum or the Articles, and subject to the provisions of the Companies Act and of the Articles, shall be divisible among the members in proportion to the amount of capital paid up on the Shares held by them respectively. In terms of the Articles, the Company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others. Under the equity listing agreement listed companies are mandated to declare dividend on per share basis only. Under the Articles of the Company, no dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits of the Company and no dividend shall carry interest as against the Company. The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owners in the record of the depository on the date specified as the "record date" or "book closure date."

The Company shall pay the dividend to the shareholder entitled within 30 days from the date of declaration of the dividend. No unpaid or unclaimed dividend shall be forfeited unless the claim thereto becomes barred by law. The Company shall comply with the provisions of sections 205A of the Companies Act in respect of unpaid or unclaimed dividend. Where the Company had declared a dividend which has not been paid or claimed by the shareholders entitled to the payment of such dividend, the Company shall within seven days from the expiry of 30 days from declaration of such dividend open a special account in any scheduled bank called the "Unpaid Dividend Account of the 3i Infotech Limited" and transfer to the same the amount that remains unpaid. Any dividend payments unclaimed by the shareholders for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF") established by the Central Government. No claim shall lie against the Company or the IEPF after the said transfer.

Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous fiscal years or out of both in compliance with the provisions of Companies (Declaration of Dividend out of Reserves) Rules, 1975. Under the Companies Act, a company may pay a dividend in excess of 10 per cent of paid-up capital in respect of any year out of the profits of that year only after it has transferred to the reserves of the company a percentage of its profits for that year, ranging between 2.5 per cent to 10 per cent depending on the rate of dividend proposed to be declared in that year. The Companies Act further provides that if the profit for a year is insufficient, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following

conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding the year, or 10 per cent of paid-up capital; (ii) the total amount to be drawn from the accumulated profits from previous years may not exceed an amount equivalent to 10 per cent of paid-up capital and reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference shares or shares; and (iii) the balance of reserves after withdrawals must not be below 15 per cent of paid-up capital.

Capitalization of Profits

In terms of the Articles, the Company at a general meeting may resolve that any moneys, investments to other assets forming part of the undivided profits, including profits or surplus moneys arising from the realization (where permitted by law) and from the appreciation in value of any capital assets of the Company, standing to the credit of the reserve or reserve fund or any other fund of the Company or in the hands of the Company and available for dividend or representing premiums received on the issue of Shares and standing to the credit of the share premium account, to be capitalized. The Articles of Association of the Company provide that such sums are required to be capitalized by the issue and distribution as fully paid up Shares, debentures, debenture stock, bonds or other obligations of the Company or by crediting shares of the Company which may have been issued to and are not fully paid up, with the whole or any part of sum remaining unpaid thereon.

In addition to permitting dividends to be paid out of current or retained earnings, the Companies Act also permits the issue of bonus shares from a share premium account. Any issue of bonus shares is subject to guidelines issued by SEBI.

The relevant SEBI regulations prescribe that no company shall, pending conversion of convertible securities, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible securities, through reservation of shares in proportion to such conversion. Further, as per the Companies Act, for the issuance of bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The bonus issue must be made out of free reserves built out of genuine profits or share premium account collected in cash only. The issuance of bonus shares must be implemented within two months from the date of meeting of the Board of Directors wherein the decision to announce bonus was taken subject to shareholders' approval.

Pre-Emptive Rights and Alteration of Share Capital

The Companies Act gives the shareholders the pre-emptive right to subscribe for new shares in proportion to their respective existing shareholdings unless the shareholders elect otherwise by a special resolution. The offer must include: (a) the right, exercisable by the shareholders of record, to renounce the shares offered in favour of any person; and (b) the number of shares offered and the period of the offer, which may not be less than 30 days from the date of offer. If the offer is not accepted it is deemed to have been declined. The board of directors is authorised to distribute any new shares not purchased by the pre-emptive rights holders in the manner that it deems most beneficial to the company.

The Articles of the Company provide that the Company from time to time, by ordinary resolution:

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- convert any paid up shares into stock and reconvert that stock into paid up shares of any denomination;
- Subdivide Shares or any of them into shares of smaller amount than originally fixed by the Memorandum and Articles of Association, subject, nevertheless, to the provisions of the Companies Act in that behalf. Subject to the Articles, the resolution by which any shares are sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares may be given any preference or advantage or otherwise over the others or any other such shares. However, in terms of an amendment to equity listing agreement, a listed company cannot issue shares in any manner which may confer on any person, superior rights as to voting or dividend vis-à-vis the rights on equity shares that are already listed.

- cancel any shares which, at the date of such general meeting, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of share so cancelled.

General Meetings of Shareholders

In accordance with section 166 of the Companies Act, a company must hold its annual general meeting each year within 15 months of the previous annual general meeting or within six months after the end of each accounting year, whichever is earlier, unless extended by the Registrar of Companies at the request of the company for any special reason.

The Articles of Association of the Company provide that the Board of Directors may, whenever it thinks fit, call an extraordinary general meeting. Written notices convening a meeting setting out the date, place, hour and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting in accordance with section 171 of the Companies Act. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote in case of an Annual General Meeting, or in case of any other meeting, by members of the Company holding not less than 95 per cent of such part of the paid up share capital of the Company as gives them a right to vote at the meeting. The accidental omission to give notice of any meeting to or the non-receipt of any, notice by the member or other person to whom it should be given shall not invalidate the proceedings at the meetings. The Articles of the Company provide that no business shall be transacted at any general meeting unless a quorum of members is present throughout the meeting. Five members present in person shall constitute the quorum. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine. If at such adjourned meeting also a quorum be not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.

Voting Rights

In terms of the Articles of the Company, subject to the rights or restrictions for the time being attached to any class or classes of Shares, upon a show of hands, every member entitled to vote and present in person or by attorney or proxy shall have one vote. Upon a poll, every member entitled to vote and present in person or by attorney or by proxy shall have one vote for every share held by him. In the event of the Company issuing preference shares, the holders of such preference shares shall have no right to vote either in person or by proxy, at any general meeting by virtue or in respect of their holding of preference shares, unless the preferential dividend due on such preference shares or any part of such dividend has remained unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting or unless a resolution is proposed directly affecting the rights or privileges attached to such preference shares.

The instrument appointing a proxy is required to be lodged with the company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the company at the office before the vote is given. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid for more than one month.

Registration of Transfers and Register of Members

A company is required to maintain a register of members wherein the particulars of the members of the Company are entered. For the purpose of determining the shareholders, entitled to corporate benefits declared by the Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the listing agreements of the stock exchanges on which the Company's Shares are listed, the

Company may, upon at least seven days' advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Directors

The Articles of the Company provide that the total number of Directors of the Company shall not be less than three and not be more than 15, excluding the debenture Director and the alternate Director. The Directors shall be appointed by the Company in the general meeting subject to the provisions of the Companies Act and the Articles of Association. In terms of the Articles, so long as the Company owes any money to any lender, pursuant to the agreement signed for the financial assistance between the Company and the lender, the lender shall have a right to appoint from time to time any person or persons as a Director on the Board of Directors of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.

The Directors shall have power to appoint any person or persons as a Director or Directors, either to fill a causal vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed. However, any Director or Directors so appointed shall hold office only until the next following Annual General Meeting of the Company and shall then be eligible for re-election. Subject to the provisions of section 313 of the Companies Act the board of directors shall also have the power to appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months from the state in which the meeting of the directors is ordinarily held. A director is not required to hold any qualification shares. Pursuant to the Companies Act not less than two-thirds of the total numbers of directors shall be persons whose period of office is subject to retirement by rotation and one third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every annual general meeting. The directors to retire are those who have been the longest in the office since their last appointment. The retiring Directors shall be eligible for re-appointment.

Annual Report and Financial Results

In terms of the provisions of the Companies Act, the annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company. Under the Companies Act, a company must file the annual report with the Registrar of Companies within 30 days from the date of the annual general meeting. As required under the listing agreements with the stock exchanges, copies are required to be simultaneously sent to the stock exchanges. The Company must also publish its financial results in at least one English language daily newspaper circulating the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of the Company is situate. The Company files certain information on-line, including its Annual Report, financial statements and the shareholding pattern statement, in accordance with the requirements of the listing agreements and as may be specified by SEBI from time to time.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services (India) Limited.

Pursuant to the listing agreements, in the event the Company has not effected the transfer of Shares within one month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the Company is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Companies Act provides that the shares or debentures of

a publicly listed company shall be freely transferable. However, the board of directors may, subject to Section 111A of the Companies Act, at any time in their discretion by giving reasons, decline to register shares on grounds mentioned under the Companies Act. Notice of such refusal must be sent to the transferee within one month of the date on which the transfer was lodged with the company. According to the Company's Articles, any person who becomes entitled to shares by reason of death, lunacy, bankruptcy or insolvency of a member shall be entitled to the same dividend and other advantages to which he would be entitled if he was a registered member.

If a company without sufficient cause refuses to register a transfer of shares within two months from the date on which the instrument of transfer is delivered to the company, the transferee may appeal to the Indian Company Law Board seeking to register the transfer of shares. The Company Law Board may, in its discretion, issue an interim order suspending the voting rights attached to the relevant shares before completing its investigation of the alleged contravention. Under the Companies (Second Amendment) Act, 2002, the Indian Company Law Board will be replaced with the National Company Law Tribunal. Further, under the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, which is expected to come into force shortly, the SICA is sought to be repealed and the Board of Industrial and Financial Reconstruction, as constituted under the SICA, is to be replaced with the National Company Law Tribunal.

Acquisition by the Company of its own Shares

The Articles of the Company authorize the purchase of its own Shares by the Company subject to the compliance of the Companies Act. Sections 77A, 77AA and 77B of the Companies Act empower a company to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of the issue of any shares or other specified securities (other than from the proceeds of an earlier issue of the same kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy-back should be authorized by the articles of association of the company;
- a special resolution has been passed in the general meeting of the company authorizing the buy-back;
- the buy-back in a financial year should be limited to 25% of the total paid-up capital and free reserves;
- all the shares or other specified securities for buy-back are fully paid-up;
- the debt owed by the company is not more than twice the capital and free reserves after such buy-back; and
- the buy-back is in accordance with the SEBI (Buy-Back of Securities) Regulations, 1998.

The requirement of special resolution mentioned above would not be applicable if the buy-back is for less than 10 per cent of the total paid-up equity capital and free reserves of the company and provided that such buy-back has been authorized by the board of directors of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the buy-back and to issue securities for six months. Every buy-back must be completed within a period of one year from the date of passing of the special resolution or resolution of the board of directors, as the case may be. A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company, including its own subsidiary companies, or through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by trustees of or for shares to be held by or for the benefit of employees of the company) or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with certain other provisions of the Companies Act.

Secrecy Clause

In terms of the Articles, no member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which may be in the nature of a trade secret, mystery of trade or secret process which, may relate to the conduct of the business of the Company and which in the opinion of the Directors, it will be inexpedient in the interest of the members of the Company to communicate the same.

Liquidation Rights

The Articles of Association of the Company provide that without prejudice to the right of the holders of Shares issued upon special terms, and conditions if the Company is wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid-up at the commencement of the winding up, on the Shares held by them, respectively. And, if in winding up, the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them, respectively.

Employee Stock Option Plans

The Company has two Employee Stock Option Plans namely 3i Infotech Limited – Employees Stock Options Scheme – 2000 and the 3i Infotech Limited – Employees Stock Options Scheme – 2007 (the "**ESOP Plans**")

3i Infotech Limited – Employees Stock Options Scheme - 2000 was established on January 23, 2000 and 3i Infotech Limited – Employees Stock Options Scheme – 2007 was established on July 25, 2007

Maximum Authorised Options: Maximum number of options granted to any employee under the ESOP Plans is limited to 5% of our issued Equity Shares at the time of the grant, and the aggregate of all such options is limited to 25% of then issued Equity Shares collectively under both the schemes. As on June 30, 2009 maximum authorised options under the ESOP Plans is 32,711,436 (convertible into 32,711,436 Equity Share).

3i Infotech Limited – Employees Stock Options Scheme - 2000

- ***Vesting Schedule:*** 3 years (Options to vest in a phased manner with 20%, 30% and 50% of the grants vesting at the end of each year)
- ***Grants:*** 192,50,074 options.
- ***Weighted Average Exercise Price:*** Rs. 99.45.
- ***Ungranted Options:*** NIL

3i Infotech Limited – Employees Stock Options Scheme – 2007

- ***Vesting Schedule:*** 3 years (Options to vest in a phased manner with 20%, 30% and 50% of the grants vesting at the end of each year)
- ***Grants:*** 67,17,000 options.
- ***Weighted Average Exercise Price:*** Rs. 121.41.
- ***Ungranted Options:*** 40, 03,545 as on June 30, 2009

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Equity Shares, under the current tax laws presently in force in India. Several of these benefits are dependent on our shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of any shareholder to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. You are advised to consult your own tax consultant and advisors with respect to the tax implications of an investment in the Equity Shares, particularly in view of certain recently enacted legislation which may not have a direct legal precedent or may have a different interpretation on the benefits which you can avail.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 ("IT ACT") AND OTHER DIRECT TAX LAWS PRESENTLY IN FORCE IN INDIA TAX BENEFITS AVAILABLE TO OUR SHAREHOLDERS

- This statement sets out below the possible tax benefits available to our shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on such shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of our shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the shareholders may or may not choose to fulfil;

- This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of Equity Shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

- In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and

- The stated benefits will be available only to the sole/first-named holder in case the Equity Shares are held by joint shareholders.

I. Benefits Under the IT Act

A. Resident Shareholders

1. Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.

2. As per Section 10(34), read with Section 115-O(6) of the ITA, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the Equity Shares is exempt from tax. However it is pertinent to note that Section 14A of the IT Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income is not an allowable expenditure.

3. As per Section 2(29A), read with Section 2(42A), Equity Shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the Equity Shares are held for more than twelve months.

4. As per Section 10(38) of the ITA, long term capital gains arising from the transfer of a long term capital asset being an Equity Share, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

5. As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

   However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007 by the:

   - National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or

   - Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

6. As per Section 54F of the ITA, long term capital gains (in cases not covered under Section 10(38)) arising on the transfer of the Equity Shares held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

   if the individual or Hindu Undivided Family-

   - owns more than one residential house, other than the new residential house, on the date of transfer of the Equity Shares; or

   - purchases another residential house within a period of one year after the date of transfer of the Equity Shares; or

   - constructs another residential house within a period of three years after the date of transfer of the Equity Shares; and

   the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

   If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

   If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

7. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight

years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

8. As per Section 111A of the ITA, short term capital gains arising from the sale of Equity Shares transacted through a recognised stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

9. As per Section 112 of the ITA, taxable long-term capital gains, if any, on sale of listed securities will be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less. Under Section 48 of the ITA, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

B.1 Non-Resident Shareholders – Other Than Foreign Institutional Investors

1. Under Section 10(32) of the IT Act, any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1,500 per minor child whose income is so included.

2. As per Section 10(34) read with Section 115-O(6) of the ITA, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the Equity Shares is exempt from tax.

3. As per Section 2(29A) read with Section 2(42A), Equity Shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the Equity Shares are held for more than twelve months.

4. As per Section 10(38) of the ITA, long term capital gains arising from the transfer of long term capital asset being an Equity Share, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

5. As per first proviso to Section 48 of the ITA, in case of a non-resident shareholder, the capital gain/loss arising from transfer of Equity Share, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilised in the purchase of Equity Shares. Cost Indexation benefit will not be available in such a case. As per Section 112 of the ITA, taxable long-term capital gains, if any, on sale of Equity Shares is chargeable to tax at the rate of 20% (plus applicable surcharge and education cess).

6. As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

   However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" for making investment under this Section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

- National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or

- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act.

7. As per Section 54F of the ITA, long term capital gains (in cases not covered under Section 10(38)) arising on the transfer of the Equity Shares held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

   if the individual or Hindu Undivided Family-

   - owns more than one residential house, other than the new residential house, on the date of transfer of the Equity Shares; or

   - purchases another residential house within a period of one year after the date of transfer of the Equity Shares; or

   - constructs another residential house within a period of three years after the date of transfer of the Equity Shares; and

   the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

   If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

   If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

8. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

9. As per Section 111A of the ITA, short term capital gains arising from the sale of Equity Shares transacted through a recognised stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

10. As per Section 115E of the ITA, in the case of a shareholder being a Non-Resident Indian, and subscribing to the Equity Shares in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the Equity Shares (in cases not covered under Section 10(38) of the ITA) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

11. As per Section 115F of the ITA and subject to the conditions specified therein, in the case of a shareholder being a Non-Resident Indian, gains arising on transfer of a long term capital asset being Equity Shares will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the ITA. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the ITA then such gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

12. As per Section 115G of the ITA, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the ITA, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the ITA.

13. As per Section 115H of the ITA, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the ITA to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

14. As per Section 115I of the ITA, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under Section 139 of the ITA, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the ITA.

For the purpose of aforesaid clauses "Non-Resident Indian" means an Individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

Provisions of the ITA vis-à-vis provisions of the Tax Treaty

15. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is resident. As per the provisions of Section 90(2) of the ITA, the provisions of the ITA would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

B.2 Non-Resident Shareholders – Foreign Institutional Investors

1. We are required to pay a "dividend distribution tax" currently at the rate of 16.995% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the IT Act, income by way of dividend referred to in Section 115-O received on our Equity Shares is exempt from income tax in the hands of shareholders. However it is pertinent to note that Section 14A of the IT Act restricts claim for deduction of expenses incurred in relation to exempt income.

2. As per Section 10(34) read with Section 115-O(6) of the ITA, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the Equity Shares is exempt from tax.

3. As per Section 2(29A) read with Section 2(42A), Equity Shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the Equity Shares are held for more than twelve months.

4. As per Section 10(38) of the ITA, long term capital gains arising from the transfer of long term capital asset being Equity Shares, where such transaction is chargeable to securities transaction tax, will be exempt to tax in the hands of the FIIs.

5. As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

   However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" for making investment under this Section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

   - National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or

   - Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

6. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

7. As per Section 111A of the ITA, short term capital gains arising from the sale of Equity Shares transacted through a recognised stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

8. As per Section 115AD of the ITA, FIIs will be taxed on the capital gains that are not exempt under the provision of Section 10(38) of the ITA, at the following rates:

Nature of income	**Tax Rate (%)**
Long term capital gains	10
Short term capital gains (other than referred to in Section 111A)	30

   The above tax rates have to be increased by the applicable surcharge and education cess.

   In case of long term capital gains, (in cases not covered under Section 10(38) of the ITA), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

9. As per Section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of Equity Shares payable to Foreign Institutional Investor.

   Provisions of the ITA vis-à-vis provisions of the Tax Treaty

10. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII is resident. As per the provisions of Section 90(2) of the ITA, the provisions of the ITA would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

II. Benefits Available Under the Wealth-Tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, Equity Shares are not liable to wealth tax in the hands of shareholders.

III. Benefits Under the Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of Equity Shares will not attract gift tax.

IV. Benefits available to Mutual Funds

As per Section 10(23D) of the ITA, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

V. Tax Deduction at Source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (except long-term capital gains exempt under section 10(38) of the IT Act), may fall within the ambit of with-holding tax provisions, subject to the provisions of the relevant tax treaty. Accordingly income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities

LEGAL PROCEEDINGS

Save as described below, the Company believes it is not involved in any legal proceedings and in the opinion of the Company no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Preliminary Placement Document, material adverse effect on the Company's business, financial position, profitability or results of operations.

1. NLB Interfinance AG ("**Claimant**") has filed a civil suit against the Company before the Dubai Honorary court of First Instance, Dubai. The Company entered into a contract with Valut Transit Bank ("**VTB**") under the terms of which the Company was required to sell, supply and install a banking software to VTB in consideration of a letter of credit opened with VTB in favour of the Company. Thereafter, the Company assigned the proceeds of the letter of credit to the Claimant, on a condition that it would perform its obligations under the contract with VTB. VTB agreed to pay the letter of credit amount in deferred installments to the Claimant. However, VTB went into liquidation and the Claimant was not able to recover the amount due from VTB. The Claimant thereafter initiated proceedings against the Company alleging that the said software was not properly installed and the Company did not fulfill its obligations under the contract with VTB. The Company has filed its reply in the court and matter is pending adjudication. The court has appointed an expert to review the submission of the parties. The expert is examining the contentions of the parties and shall submit its final report. The total amount involved is approximately USD 3.69 million along with legal interest at the rate of 12% from the due date until full payment.

2. The RBI by its letter dated April 2, 2009 has informed us that since the Company is not in the real sector, it is not an eligible borrower to avail external commercial borrowings under the automatic route as per the extant ECB Guidelines. The RBI has intimated that the FCCB issuances undertaken by us were not in conformity with the ECB Guidelines and that in view of such contravention we could be held liable to pay penalty in accordance with the provisions of the Foreign Exchange Management Act, 1999. We have filed an application dated August 6, 2009 with the RBI for compounding the contravention of provisions of ECB Guidelines.

From time to time, we are involved in other legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings, which are pending adjudication, are primarily in the nature of (a) civil cases, (b) labour cases, (c) arbitration proceedings, (d) direct tax proceedings, (c) criminal proceedings and (d) consumer cases. The Company has also received notices from its consumers and government authorities in relation to the services and products provided by it.

GENERAL INFORMATION

- We were incorporated on October 11, 1993. Our registered office is located at International Infotech Park, Tower No.5, 3rd to 6th Floors, Vashi, Navi Mumbai – 400 703. We are registered with the Registrar of Companies, Mumbai, Maharashtra, under CIN L67120MH1993PLC074411.

- The Issue was authorised and approved by the Board of Directors on July 28, 2009 and approved by the shareholders via postal ballot on August 31, 2009.

- We have obtained in-principle approval to list the Equity Shares on the BSE and the NSE.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10.00 A.M. to 1.00 P.M. any weekday (except Saturdays and public holidays) at our registered office.

- We will obtain all consents, approvals and authorisations required in connection with this Issue.

- There has been no material change in our financial or trading position since June 30, 2009, the date of the latest financial statements prepared in accordance with Indian GAAP included in this Preliminary Placement Document, except as disclosed herein.

- Except as disclosed herein, there are no litigation or arbitration proceedings against or affecting us, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue.

- Our current auditors are Lodha & Company and R.G.N. Price & Co., Chartered Accountants. M/s. Lodha & Company have audited the standalone financial statements of 3i Infotech Limited and our consolidated financial statements, in each case, as at and for the periods ended June 30, 2009 and 2008 and March 31, 2009, 2008 and 2007. We appointed M/s. R.G.N. Price & Co. as an additional auditor on July 25, 2008, and accordingly, M/s. R.G.N. Price & Co. have audited the standalone financial statements of 3i Infotech Limited and our consolidated financial statements, in each case, as at and for the periods ended June 30, 2009 and March 31, 2009.

- We confirm that we are in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Stock Exchanges.

- The Floor Price for the Issue is Rs. 84.74 per Equity Share. The Floor Price has been calculated in accordance with chapter VIII of the SEBI Regulations.

FINANCIAL STATEMENTS

Indian GAAP Financial Statements of 3i Infotech Limited for the years ended on March 31, 2009, March 31, 2008, March 31, 2007 and quarters ended June 30, 2009 & June 30, 2008.

To,
The Board of Directors of
3i Infotech Limited
Tower 5, 3rd Floor to 6th Floor,
International Infotech Park,
Vashi, Navi Mumbai - 400 705

1. We, Lodha & Co. (LCO) and R.G.N. Price & Co., have jointly audited the consolidated balance sheets of 3i Infotech Limited and its Subsidiaries, Joint Venture and Associate (together the "Group") as of June 30, 2009 and March 31, 2009 and the consolidated profit and loss accounts and statements of cash flows for the three month period ended June 30, 2009 and the year ended March 31, 2009. We, LCO have audited the consolidated balance sheets of the Company as of June 30, 2008 and March 31, 2008 & March 31, 2007 and the consolidated profit and loss accounts and statements of cash flows for the three month period ended June 30, 2008 and for each of the two years ended March 31, 2008 and March 31, 2007.

2. These Financial Statements are the responsibility of the 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.

3. 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 whether the Consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosure in the Consolidated 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

4. The financial statements of 2 subsidiaries, whose financial statements reflect total assets of INR 6,186.04 million as at March 31, 2009 & INR 5,531.27 million as at June 30, 2009 and total revenue of INR 5,598.13 million & INR 1,619.55 million for the year & quarter ended on March 31, 2009 & June 30,2009, respectively have been jointly audited by LCO with other auditor.

5. We have not audited the financial statements of certain subsidiaries whose financial statements reflect the total assets and revenue as per details given below. These financial statements of the subsidiaries have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports so furnished.

(INR in Million)

Year/Quarter	Number of subsidiary audited by other auditors	Total Assets as at	Revenue for Year/Quarter
March 31, 2007	11	4,696.72	2,489.69
March 31,2008	27	16,283.67	6,020.76
June 30,2008	26	19,845.40	2,570.24
March 31,2009	30	19,645.20	8,780.50
June 30, 2009	30	21,214.62	2,258.35

6. (i) The financial statements of certain subsidiaries whose financial statements reflect total assets and revenue as per details given below have not been audited. Our opinion is based on the management certificate provided to us.

(INR in Million)

Year/Quarter	**Number of subsidiary not audited**	**Total Assets as at**	**Revenue for Year/Quarter**
March 31,2008	3	978.24	40.65
June 30,2008	1	8.71	Nil
March 31,2009	1	8.69	Nil
June 30, 2009	1	0.16	Nil

(ii) In respect of the fi*nancials of an associate in Egypt –*

(a) in which the Group has invested a sum of INR 32.50 million in the month of October, 2007 has not been consolidated, for the year ended March 31,2008 and quarter ended June 30, 2009 in view of the financials then under preparation. The management is of the opinion that the impact of the same on the said consolidated financials is insignificant.

(b) Further, for the year ended on March 31, 2009 reflect net profit after tax of INR 9.50 million for the sixteen months period ended December 31, 2008 being consideration for the first time under the equity method.

(iii) *Financials of a joint venture in China, whose financial statements reflect total assets of INR 436.61 million as at March 31, 2009 & INR. 4,18.04 million as at June 30, 2009 and total revenue of INR9.67 million for the year ended March 31, 2009 and INR 8.10 million for the quarter ended on June 30, 2009 have not been audited. Our opinion is solely based on the management certificate provided to us.*

7. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial reporting on interest in Joint Venture" and other applicable Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 as amended from time to time.

8. *Subject to the matter referred to in paragraph 6 (ii)(a) and (iii),* based on our audit 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 para 4 & 5 above and Significant Accounting Policies and Notes to Accounts in 'Schedule XIII', 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 Group as at March 31, 2009, March 31, 2008, March 31, 2007 and as at June 30, 2009 and June 30, 2008;

(ii) in the case of Consolidated Profit and Loss account, of the results for the years and quarters ended on those dates; and

(iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the years and quarters ended on those dates.

9. This report is solely for your information and for the inclusion in the placement document being issued by the Company in connection with the issue of the Qualified Institutional Placement offered by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

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

S. Krishnan
Partner
Membership No. 10962
Mumbai
Date: August 30, 2009

For **LODHA & CO.**
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 44101
Mumbai
Date: August 30, 2009

Consolidated Balance Sheet

AS AT JUNE 30, 2009, JUNE 30, 2008, MARCH 31, 2009, MARCH 31, 2008 AND MARCH 31, 2007

Rs. in Million

	Schedule	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
I. SOURCES OF FUNDS						
1. Shareholders' Funds:						
A. Share Capital	**I**	2,308.46	2,306.54	2,307.51	2,305.35	1,562.99
B. Reserves and Surplus	**II**	8,359.37	5,666.39	8,062.75	5,135.29	3,397.44
		10,667.83	7,972.93	10,370.26	7,440.64	4,960.43
2. Minority Interest	**III**	186.30	99.88	211.60	102.13	19.02
3. Loan Funds :						
A. Secured Loans	**IV**	10,394.06	5,810.83	9,393.65	1,078.65	1,519.31
B. Unsecured Loans	**V**	11,149.62	12,840.90	12,626.82	11,578.87	4,955.59
		21,543.68	18,651.73	22,020.47	12,657.52	6,474.90
4. Premium payable on Redemption of FCCB		1,009.98	641.21	1,094.52	362.37	-
		33,407.79	27,365.75	33,696.85	20,562.66	11,454.35
II. APPLICATION OF FUNDS						
1. Goodwill arising on consolidation		16,916.64	14,800.35	17,004.02	10,031.01	5,783.37
2. Fixed Assets :	**VI**					
A. Gross Block		8,071.29	4,689.24	7,997.35	3,665.17	2,298.00
B. Less : Depreciation		2,571.91	1,683.91	2,329.87	1,525.27	927.81
C. Net Block		5,499.38	3,005.33	5,667.48	2,139.90	1,370.19
D. Capital Work-in-Progress		1,641.72	916.01	1,256.49	791.30	183.62
		7,141.10	3,921.34	6,923.97	2,931.20	1,553.81
3. Investments	**VII**	91.73	65.31	36.05	33.54	1.02
4. Deferred Tax Asset (net)		464.30	381.22	386.14	405.32	373.69
5. Current Assets, Loans and Advances	**VIII**					
A. Current Assets :						
a. Inventories		64.92	86.86	110.55	-	-
b. Sundry Debtors		4,715.85	3,738.88	4,831.02	2,719.95	1,896.33
c. Unbilled Revenues		3,052.68	3,208.21	2,773.57	2,268.38	1,754.77
d. Cash and Bank Balances		1,566.59	2,837.00	3,196.16	2,665.44	973.70
		9,400.04	9,870.95	10,911.30	7,653.77	4,624.80
B. Loans and Advances		4,671.29	2,616.95	3,315.41	2,530.74	1,154.89
		14,071.33	12,487.90	14,226.71	10,184.51	5,779.69

	Schedule	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Less: Current Liabilities and Provisions :	**IX**					
A. Current Liabilities		4,644.56	3,612.98	4,268.44	2,448.61	1,622.49
B. Provisions		632.75	677.39	611.60	574.31	414.74
		5,277.31	4,290.37	4,880.04	3,022.92	2,037.23
Net Current Assets		8,794.02	8,197.53	9,346.67	7,161.59	3,742.46
		33,407.79	27,365.75	33,696.85	20,562.66	11,454.35

Significant Accounting Policies and Notes to Accounts **XIII**

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

As per our attached report of even date **For and on behalf of the Board**

For Lodha & Company
Chartered Accountants

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

V. Srinivasan
Managing Director & CEO

R P Baradiya
Partner
Membership No. 44101

S Krishnan
Partner
Membership No. 10962

Amar Chintopanth
Executive Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, August 30, 2009

Consolidated Profit and Loss Account

FOR THE QUARTER ENDED JUNE 30, 2009 AND JUNE 30, 2008 AND FOR THE YEAR ENDED MARCH 31, 2009, MARCH 31, 2008 AND MARCH 31, 2007

Rs. in million

	Schedule	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
INCOME:						
Income from Operations	**X**	5,977.65	4,684.68	22,856.38	12,052.62	6,553.17
Other Income	**XI**	43.82	31.51	190.49	183.05	154.55
Total Income		6,021.47	4,716.19	23,046.87	12,235.67	6,707.72
EXPENDITURE:						
Operating, Selling & other expenses	**XII**	4,787.10	3,773.27	18,512.24	9,503.42	5,231.60
Total Expenditure		4,787.10	3,773.27	18,512.24	9,503.42	5,231.60
Profit before interest, depreciation and amortization		1,234.37	942.92	4,534.63	2,732.25	1,476.12
Interest		341.90	180.42	949.45	505.12	208.99
Depreciation and amortisation		285.80	118.23	700.35	243.96	168.84
Profit Before Taxation		606.67	644.27	2,884.83	1,983.17	1,098.29
Provision for Taxes						
- Deferred Taxes (net)		(83.60)	20.85	42.34	7.13	9.20
- Current Taxes		124.60	83.00	383.29	231.13	32.04
- Fringe Benefit Tax		6.00	5.26	23.35	22.01	12.21
- Mat Credit Entitlement		(69.10)	(47.09)	(232.99)	(110.33)	-
- Pertaining to earlier years written off /(back)		(0.60)	1.25	4.60	1.25	-
Profit After Taxation & Before Exceptional items		629.37	581.00	2,664.24	1,831.98	1,044.84
Add : Exceptional Income (Refer Note no.2.5.1(a) and 2.5.2)		291.89	-	770.54	-	120.06
(Less) : Exceptional expenditure (Refer Note no.2.5.1 (b))		(13.23)	-	(510.91)	-	-
Profit After Exceptional Items		908.03	581.00	2,923.87	1,831.98	1,164.90
Add/ (less) : Provision for Contingency		-	-	-	-	(120.06)
Profit After Exceptional items		908.03	581.00	2,923.87	1,831.98	1,044.84
Add: Share of profit in Associate		-	-	2.48	-	-

	Schedule	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Less: Minority Shareholders' Interest		40.46	(5.52)	106.20	66.24	7.36
Net Profit After Minority Interest		867.57	586.52	2,820.15	1,765.74	1,037.48
Earnings per Share						
Equity shares, par value Rs 10 each						
Before Exceptional items						
Basic (Rs.)		4.36	4.35	19.02	13.40	8.99
Diluted (Rs.)		4.33	4.19	19.02	12.65	8.69
After Exceptional items						
Basic (Rs.)		6.49	4.35	21.01	13.40	8.99
Diluted (Rs.)		6.45	4.19	21.01	12.65	8.69

Significant Accounting Policies and Notes to Accounts XIII

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

As per our attached report of even date **For and on behalf of the Board**

For Lodha & Company
Chartered Accountants

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

V. Srinivasan
Managing Director & CEO

R P Baradiya
Partner
Membership No. 44101

S Krishnan
Partner
Membership No. 10962

Amar Chintopanth
Executive Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, August 30, 2009

Consolidated Cash Flow Statement

FOR THE QUARTER ENDED JUNE 30, 2009 AND JUNE 30, 2008 AND FOR THE YEAR ENDED MARCH 31, 2009, MARCH 31, 2008 AND MARCH 31, 2007

Rs. in Million

		For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended Mar 31, 2009	For the year ended Mar 31, 2008	For the year ended Mar 31, 2007
A	**Cash Flow from Operating Activities :**					
	Profit before Taxation & Exceptional items	606.67	644.27	2,884.83	1,983.17	1,098.29
	Adjustments for:					
	Depreciation / Amortization	285.80	118.23	700.35	243.96	168.84
	Foreign Exchange loss / (gain)	0.27	(12.92)	(83.08)	(13.71)	(35.91)
	Loss / (Profit) on sale / discarding of fixed assets	2.67	0.03	10.43	2.55	8.83
	Dividend Income	(0.38)	(0.61)	(2.95)	(1.56)	(1.45)
	Interest earned	(5.39)	(6.74)	(19.99)	(122.54)	(81.61)
	Interest Paid	341.90	180.42	949.45	505.12	208.99
	Credit balances / excess provision written back (net)	(15.04)	-	-	-	-
	Obsolete stock written off	-	-	-	-	3.42
	Provision for doubtful debts	52.70	54.36	183.79	181.18	165.57
	Share of profit in Associate	-	-	2.48	-	-
	Impairment of acquired software & losses on foreclosure of Contracts	-	-	152.14	-	-
	Operating Profit before Working Capital Changes	1,269.20	977.04	4,777.45	2,778.17	1,534.97
	Adjustments for:					
	Trade and Other Receivables	(453.99)	(1,286.21)	(2,607.47)	(2,373.92)	(2,264.53)
	Inventories	45.63	(86.86)	(110.55)	-	-
	Trade Payables and Other Liabilities	761.67	1,254.91	3,640.39	2,910.37	1,988.93
		353.31	(118.16)	922.37	536.45	(275.60)
	Cash generated from Operations	1,622.51	858.87	5,699.82	3,314.62	1,259.37
	Income Taxes (including FBT (paid) / refund received)	(262.67)	(79.84)	(460.93)	(437.78)	(106.37)
	Net cash from Operating Activities-A	1,359.84	779.03	5,238.89	2,876.84	1,153.00

		For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended Mar 31, 2009	For the year ended Mar 31, 2008	For the year ended Mar 31, 2007
B	**Cash Flow from Investing Activities :**					
	Acquisitions / earnout paid during the period	(977.60)	(4,154.64)	(5,722.18)	(3,532.44)	(3,862.89)
	Purchase of fixed assets(including Capital Work-in-Progress & advances)	(792.77)	(1,723.09)	(4,859.80)	(3,110.72)	(641.24)
	Sale / write off of fixed assets	(0.01)	-	145.28	209.76	(16.84)
	Purchase of Investments / application money	(55.68)	(338.90)	(1,468.69)	(1,157.09)	(1,190.95)
	Sale of Investments	-	310.41	1,471.94	1,141.43	1,190.95
	Dividend received	0.38	0.61	2.95	1.56	1.45
	Loans and advances (given) / received back	(0.21)	(2.23)	(1.11)	0.24	(1.41)
	Interest received	5.39	6.74	19.99	122.54	73.31
	Net cash used in Investing Activities - B	(1,820.50)	(5,901.10)	(10,411.62)	(6,324.72)	(4,447.62)
C	**Cash Flow from Financing Activities :**					
	Proceeds from issue of Equity Share Capital	4.46	6.14	12.03	62.15	133.24
	Proceeds from issue of Foreign Currency Convertible Bonds (FCCB)	-	-	-	5,625.05	884.55
	Payment towards FCCB Buy Back (including advisory, legal, Professional fee Refer note no. 2.5)	(545.50)	-	(1,270.31)	-	-
	Share / FCCB Issue Expenses	-	-	-	(185.30)	(122.90)
	Proceeds from / (Repayment of) borrowings -net	313.42	5,507.61	7,530.94	327.52	1,153.95
	Dividends paid (including taxes)	(18.11)	(18.32)	(303.93)	(219.54)	(193.63)
	Interest paid	(349.04)	(168.10)	(932.85)	(503.90)	(205.59)
	Net Cash from Financing Activities - C	(594.77)	5,327.33	5,035.88	5,105.98	1,649.62
	Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,055.43)	205.26	(136.85)	1,658.10	(1,645.00)
	Cash and Cash Equivalents as at beginning[2]	2,447.73	2,584.58	2,584.58	926.48	2,571.48

		For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended Mar 31, 2009	For the year ended Mar 31, 2008	For the year ended Mar 31, 2007
	Cash and Cash Equivalents as at end[2]	1,392.30	2,789.84	2,447.73	2,584.58	926.48

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method'
2. Margin money of Rs. 174.14 million (as at June 30, 2008 - Rs.47.16 , as at Mar 31, 2009 - Rs. 174.98 million as at Mar 31, 2008 - Rs. 80.86 million as at Mar 31, 2007 - Rs. 47.22 million) and monies lying in escrow account of Rs. 0.15 million (as at Mar 31, 2009 - Rs. 573.45 million) has been excluded from Cash and Cash equivalents and included in Trade and Other Receivables.
3. Previous period/ year's figures have been regrouped / rearranged wherever necessary to conform to the current period/ year's presentation.

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

As per our attached report of even date **For and on behalf of the Board**

For Lodha & Company
Chartered Accountants

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

V. Srinivasan
Managing Director & CEO

R P Baradiya
Partner
Membership No. 44101

S Krishnan
Partner
Membership No. 10962

Amar Chintopanth
Executive Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, August 30, 2009

Schedules forming part of the Consolidated Financial Statements

Rs. in Million

		As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
I	**Share Capital**					
	Authorized					
	300,000,000 Equity shares of Rs. 10 each	3,000.00	3,000.00	3,000.00	3,000.00	1,500.00
	as at Mar 31, 2008 - 300,000,000 of Rs. 10 each)					
	as at Mar 31, 2007 - 150,000,000 of Rs. 10 each)					
	200,000,000 Cumulative Preference shares of Rs.5 each	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
		4,000.00	4,000.00	4,000.00	4,000.00	2,500.00
	Issued, Subscribed & Paid - up 130,845,746 Equity shares of Rs. 10 each (130,653,520 equity shares as at Jun 30, 2008;130,750,946 equity shares as at Mar 31, 2009;130,535,185 equity shares as at Mar 31, 2008; 56,298,739 equity shares as at Mar 31, 2007)	1,308.46	1,306.54	1,307.51	1,305.35	562.99
	200,000,000 6.35% Cumulative Preference shares of Rs.5 each	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
		2,308.46	2,306.54	2,307.51	2,305.35	1,562.99
II	**Reserves and Surplus**					
	a Capital Reserve (on merger)					
	Balance as per last Balance Sheet	-	0.58	-	0.58	0.58
	b Securities Premium Account					
	Balance as per last Balance Sheet	2,129.50	2,851.75	2,851.75	2,284.83	1,861.54
	Add : Received on allotment of equity shares under ESOS	3.51	4.96	9.89	54.42	119.74
	Add : On account of Conversion of FCCBs	-	-	-	1,708.05	381.99
	Less : Utilized towards issue of Bonus shares	-	-	-	647.88	-
	Less : Utilized towards FCCB issue expenses	-	-	-	185.30	106.73
	Add/(Less) : written back/(Utilized) towards premium payable on redemption of FCCB	84.54	(278.83)	(732.14)	(362.37)	-
	Add : IPO / FCCB issue expense provision written back	-	-	-	-	28.29
		2,217.55	2,577.88	2,129.50	2,851.75	2,284.83
	c General Reserve					
	Balance as per last Balance Sheet	250.09	160.09	160.09	109.44	60.00

		As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
	Add : Transferred from Profit & Loss Account	-	-	90.00	101.00	49.44
	Less : Adjustment for employee benefits	-	-	-	76.28	-
	Add: Deferred Tax on above adjustment	-	-	-	25.93	-
		250.09	160.09	250.09	160.09	109.44
	d Translation Reserve	(640.48)	236.97	1,134.14	(227.08)	(7.16)
	Adjusted against Profit and Loss Account balance	640.48	(236.97)	(1,134.14)	227.08	7.16
		-	-	-	-	-
	e FCCB Redemption Reserve					
	Balance as per last Balance Sheet	1,804.94	448.37	448.37	-	-
	Transferred from/ (to) Profit and Loss Account	(18.02)	529.86	1,356.57	448.37	-
		1,786.92	978.23	1,804.94	448.37	-
	f Profit and Loss Account					
	Profit brought forward as per last Balance Sheet	3,878.22	1,674.50	1,674.50	1,002.59	226.13
	Add : Profit for the year	867.57	586.52	2,820.15	1,765.74	1,037.48
	Add : FCCB Redemption Reserve written back	18.02	-	-	-	-
		4,763.81	2,261.02	4,494.65	2,768.33	1,263.61
	Translation reserve adjusted	(640.48)	236.97	1,134.14	(227.08)	(7.16)
		4,123.33	2,497.99	5,628.79	2,541.25	1,256.45
	Less: Appropriations					
	- General Reserve	-	-	90.00	101.00	49.44
	- FCCB Redemption Reserve	-	529.86	1,356.57	448.37	-
	- Proposed Dividend - Equity Shares	-	-	196.13	195.80	112.60
	- Residual Dividend Paid	-	-	0.22	13.41	0.28
	- Proposed Dividend - Preference Shares	10.61	10.61	10.26	10.44	10.26
	- Interim Dividend - Preference Shares	5.22	5.22	53.24	53.24	53.24
	- Corporate Dividend Tax	2.69	2.69	44.15	44.49	28.04
		18.52	548.38	1,750.57	866.75	253.86
		4,104.81	1,949.61	3,878.22	1,674.50	1,002.59
	Total	8,359.37	5,666.39	8,062.75	5,135.29	3,397.44
III	**Minority Interest**	186.30	99.88	211.60	102.13	19.02
IV	**Secured Loans**					
	Term Loans	8,949.35	5,167.75	7,988.17	757.83	1,128.74
	Cash Credit	1,444.71	643.08	1,405.48	320.82	390.57
		10,394.06	5,810.83	9,393.65	1,078.65	1,519.31

		As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
V	**Unsecured Loans**					
	Foreign Currency Convertible Bonds (Refer note no. 2.4)	5,577.67	7,181.40	6,727.92	6,694.80	2,645.71
	Loans from banks	5,539.90	5,623.92	5,889.18	4,884.07	2,309.88
	Others	32.05	35.58	9.72	-	-
		11,149.62	12,840.90	12,626.82	11,578.87	4,955.59

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

VI. Fixed Assets Schedule as on June 30, 2009

Rs. in Million

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2009	Adjustments during the period*	Additions during the period	Ded / Adj during the period	As at June 30, 2009	Upto Mar 31, 2009	Adjustments during the period*	For the period	Ded / Adj during the period	Upto June 30, 2009	As at June 30, 2009	As at Mar 31, 2009
Intangible assets												
Goodwill	17.91	-	-	-	17.91	16.25	-	0.90	-	17.15	0.76	1.66
Software Products												
-Meant for sale	79.46	-	-	-	79.46	21.66	-	-	-	21.66	57.80	57.80
- Others	1,981.22	-	95.58	169.19	1,907.61	438.18	-	59.13	(15.81)	513.12	1,394.49	1,543.04
Business & Commercial Rights	496.59	-	-	-	496.59	235.57	-	10.53	0.65	245.45	251.14	261.02
Tangible assets												
Land - Leasehold	5.24	-	-	-	5.24	0.74	-	0.02	-	0.76	4.48	4.50
- Freehold	20.88	-	-	(0.01)	20.89	-	-	-	-	-	20.89	20.88
Buildings - Owned	14.90	-	-	-	14.90	2.92	-	0.06	-	2.98	11.92	11.98
- Leasehold	323.40	-	-	-	323.40	51.25	-	2.39	-	53.64	269.76	272.15
Leasehold Improvements	603.98	-	14.10	18.84	599.25	161.64	-	7.73	(8.67)	178.04	421.21	442.34
Plant & Machinery / Electrical Installations	291.41	-	2.57	8.93	285.05	87.85	-	2.08	(2.96)	92.89	192.16	203.56
Computers	1,427.23	-	116.22	81.68	1,461.77	881.82	-	34.57	18.19	898.20	563.57	545.41
Furniture & Fixtures	368.11	-	5.31	8.17	365.25	125.97	-	6.70	(0.57)	133.24	232.01	242.14
Office Equipment	225.04	-	2.66	1.67	226.03	76.41	-	56.25	51.22	81.44	144.59	148.63
Vehicles	105.40	-	10.92	1.63	114.69	32.71	-	3.74	1.63	34.82	79.87	72.69
Project Assets**#	2,036.58	-	116.67	-	2,153.25	196.90	-	101.62	-	298.52	1,854.73	1,839.68
Total	**7,997.35**	**-**	**364.03**	**290.09**	**8,071.29**	**2,329.87**	**-**	**285.72**	**43.68**	**2,571.91**	**5,499.38**	**5,667.48**
Capital work - in - progress (including Capital Advances)#	1,256.49	-	2,035.50	1,650.27	1,641.72	-	-	-	-	-	1,641.72	1,256.49

* pertains to adjustments arising out of merger /acquisitions

1 Buildings- Leasehold include:

(i) Rs.208.50 million , Accumulated Depreciation - Rs.29.54 million and Net Value Rs.178.96 million being lease premium paid in respect of building taken on lease for sixty years.

(ii) Rs.114.90 million , Accumulated Depreciation Rs.24.10 million and Net Value Rs.90.80 million being lease premium paid in respect of building taken on lease for ninety nine years.

2** 'Project assets' includes assets purchased for contracts entered into with various state governments for e-governance projects. Certain assets are liable to be transferred to the respective Governments at various points of time as per the terms of the relevent agreements. The details whereof are as under:

(i) Computers of Rs.1141.15 million , Accumulated Depreciation - Rs.169.62 million and Net Value Rs.971.53 million .

(ii) Plant & Machinery / Electrical Installations of Rs.829.50 million ,Accumulated Depreciation - Rs.104.40 million and Net Value Rs.725.10 million .

(iii) Furniture & Fixtures of Rs.182.60 million, Accumulated Depreciation - Rs.24.50 million and Net Value Rs.158.10 million .

Interest & Finance cost capitalized during the quarter ended Jun 30, 2009 Rs.154.00 million.

Schedules forming part of the Consolidated Financial Statements

VI. Fixed Assets Schedule as on June 30, 2008

Rs. In Million

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2008	Adjustments during the period*	Additions during the period*	Ded / Adj during the period*	As at June 30,2008	Upto Mar 31, 2008	Adjustments during the period*	For the period*	Ded / Adj during the period*	Upto June 30,2008	As at June 30,2008	As at Mar 31, 2008
Intangible assets												
Goodwill	17.91	-	-	-	17.91	12.67	-	0.90	-	13.57	4.34	5.24
Software Products												
-Meant for sale	84.45	-	-	-	84.45	21.81	-	-	-	21.81	62.64	62.64
- Others	755.91	92.51	39.72	(19.47)	907.61	239.60	2.10	30.59	(2.68)	274.97	632.64	516.31
Business & Commercial Rights	497.41	-	-	-	497.41	201.07	-	10.21	0.05	211.23	286.18	296.34
Tangible assets												
Land - Leasehold	5.24	-	-	-	5.24	0.65	-	0.02	-	0.67	4.57	4.59
- Freehold	18.64	-	-	-	18.64	-	-	-	-	-	18.64	18.64
Buildings – Owned	17.14	-	-	(0.00)	17.15	3.95	-	0.06	(0.00)	4.02	13.13	13.19
- Leasehold	504.74	179.32	-	(4.19)	688.26	150.20	-	7.13	(3.10)	160.42	527.83	354.54
Plant & Machinery / Electrical Installations	154.57	-	4.98	-	159.54	49.88	-	1.82	0.00	51.70	107.85	104.69
Computers	826.55	153.39	49.08	(21.40)	1,050.42	567.37	9.00	45.48	(16.63)	638.47	411.95	259.18
Furniture & Fixtures	309.95	11.70	1.56	(3.32)	326.53	160.94	1.82	3.84	(0.88)	167.48	159.05	149.01
Office Equipment	176.14	64.59	9.90	(2.66)	253.29	76.33	1.41	5.39	(2.18)	85.31	167.98	99.81

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2008	Adjustments during the period*	Additions during the period*	Ded / Adj during the period*	As at June 30,2008	Upto Mar 31, 2008	Adjustments during the period*	For the period*	Ded / Adj during the period*	Upto June 30,2008	As at June 30,2008	As at Mar 31, 2008
Vehicles	88.55	54.21	2.85	(0.31)	145.93	23.02	0.68	2.24	-	25.94	119.99	65.53
Project Assets**	207.97	-	308.90	-	516.87	17.78	-	10.54	-	28.32	488.55	190.19
Total	3,665.17	555.74	416.99	(51.35)	4,689.24	1,525.27	15.02	118.22	(25.41)	1,683.91	3,005.34	2,139.90

* pertains to adjustments arising out of merger /acquisitions

** 'Project assets' includes assets purchased for contracts entered into with various state governments for e-governance projects. These assets are liable to be transferred to the respective Governments at various points of time as per the terms of the relevent agreements. The details whereof are as under:

(i) Computers of Rs 323.20 million , Accumulated Depreciation-Rs.26.10 million and Net Value Rs.297.10 million

(ii) Plant & Machinery / Electrical Installations of Rs 159.40 million , Accumulated Depreciation-Rs. 2.07 million and Net Value Rs. 157.33 million

(iii) Furniture & Fixtures of Rs 34.27 million , Accumulated Depreciation-Rs.0.15 million and Net Value Rs. 34.12 million

Schedules forming part of the Consolidated Financial Statements

VI. Fixed Assets Schedule as on March 31, 2009

Rs. in Million

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	17.91	-	-	-	17.91	12.67	-	3.58	-	16.25	1.66	5.24
Software Products												
-Meant for sale	84.45	-	-	4.99	79.46	21.81	-	-	0.15	21.66	57.80	62.64
- Others	755.91	107.18	1,067.44	(50.69)	1,981.22	239.60	12.98	135.62	(49.98)	438.18	1,543.04	516.31
Business & Commercial Rights	497.41	-	-	0.82	496.59	201.07	-	25.28	(9.22)	235.57	261.02	296.34
Tangible assets												
Land - Leasehold	5.24	-	-	-	5.24	0.65	-	0.09	-	0.74	4.50	4.59
- Freehold	18.64	-	-	(2.24)	20.88	-	-	-	-	-	20.88	18.64
Buildings - Owned	17.14	-	-	2.24	14.90	3.95	-	0.24	1.27	2.92	11.98	13.19
- Leasehold	323.40	-	-	-	323.40	36.30	-	14.95	-	51.25	272.15	287.10
Leasehold Improvements	181.34	275.15	128.78	(18.71)	603.98	113.90	-	18.16	(29.58)	161.64	442.34	67.44
Plant & Machinery / Electrical Installations	154.57	72.33	49.57	(14.94)	291.41	49.88	-	7.89	(30.08)	87.85	203.56	104.69
Computers	826.55	187.58	344.13	(68.96)	1,427.23	567.37	50.75	121.93	(141.77)	881.82	545.41	259.19
Furniture & Fixtures	309.95	13.27	61.97	17.08	368.11	160.94	1.82	19.76	56.55	125.97	242.14	149.01
Office Equipment	176.14	4.30	120.08	75.48	225.04	76.33	1.39	163.33	164.64	76.41	148.63	99.81
Vehicles	88.55	13.18	37.33	33.66	105.40	23.02	0.67	10.40	1.38	32.71	72.69	65.53
Project Assets**$	207.97	-	1,828.61	-	2,036.58	17.78	-	179.12	-	196.90	1,839.68	190.19
Total	3,665.17	672.99	3,637.92	(21.27)	7,997.35	1,525.27	67.61	700.35	(36.64)	2,329.87	5,667.48	2,139.90

* pertains to adjustments arising out of merger /acquisitions

1. Buildings- Leasehold include:
   (i) Rs.208.50 million (as at Mar 31, 2008 Rs. 208.50 million), Accumulated Depreciation - Rs.28.65 million (as at Mar 31, 2008 Rs.25.30 million) and Net Value Rs.179.85 million (as at Mar 31, 2008 Rs.183.20 million) being lease premium paid in respect of building taken on lease for sixty years.
   (ii) Rs.114.90 million(as at Mar 31, 2008 Rs.114.90 million), Accumulated Depreciation Rs.22.60 million(as at Mar 31, 2008 Rs.11.00 million) and Net Value Rs.92.30 million(as at Mar 31, 2008 Rs.103.90 million) 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:

(i) Computers of Rs.1072.48 million (as at Mar 31, 2008 Rs. 165.44 million), Accumulated Depreciation - Rs.116.10 million (as at Mar 31, 2008 Rs.17.76 million) and Net Value Rs.956.38 million (as at Mar 31, 2008 Rs.147.68 million).

(ii) Plant & Machinery / Electrical Installations of Rs.789.20 million (as at Mar 31, 2008 Rs. 39.78 million), Accumulated Depreciation - Rs.65.00 million (as at Mar 31, 2008 Rs. 0.02 million) and Net Value Rs.724.20 million (as at Mar 31, 2008 Rs.39.76 million).

(iii) Furniture & Fixtures of Rs.174.90 million (as at Mar 31, 2008 Rs 2.75 million), Accumulated Depreciation - Rs.15.80 million (as at Mar 31, 2008 Rs.0.00 million) and Net Value Rs.159.10 million (as at Mar 31, 2008 Rs. 2.75 million).

$ Interest Cost capitalized during the period Rs. 64.60 million (as on Mar 31, 2008 Rs. 7.10 million)

Schedules forming part of the Consolidated Financial Statements

VI. Fixed Assets Schedule as on March 31, 2008

Rs. in Million

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2007	Adjustments during the year*	Additions during the year	Ded / Adj during the year	As at March 31,2008	Upto Mar 31, 2007	Adjustments during the year*	For the year	Ded / Adj during the year	Upto March 31,2008	As at March 31,2008	As at Mar 31, 2007
Intangible assets												
Goodwill	17.91	-	-	-	17.91	9.09	-	3.58	-	12.67	5.24	8.82
Software Products												
– Meant for sale	84.45	-	-	-	84.45	21.98	-	-	0.17	21.81	62.64	62.47
– Others	292.17	82.28	378.95	(2.51)	755.91	132.98	67.17	39.60	0.15	239.60	516.31	159.19
Business & Commercial Rights	446.24	51.78	-	0.61	497.41	158.04	-	43.18	0.15	201.07	296.34	288.20
Tangible assets												
Land – Leasehold	5.24	-	-	-	5.24	0.56	-	0.09	-	0.65	4.59	4.68
– Freehold	20.88	-	-	2.24	18.64	-	-	-	-	-	18.64	20.88
Buildings – Owned	17.14	-	-	-	17.14	2.67	-	1.50	0.22	3.95	13.19	14.47
– Leasehold	436.09	69.24	-	0.59	504.74	94.77	32.17	23.34	0.08	150.20	354.54	341.32
Plant & Machinery / Electrical Installations	133.05	6.47	16.22	1.17	154.57	41.46	1.16	7.28	0.02	49.88	104.69	91.59
Computers	371.63	286.70	240.01	71.79	826.55	299.65	211.80	60.60	4.68	567.37	259.18	71.98
Furniture & Fixtures	223.32	59.42	30.56	3.35	309.95	113.14	40.16	9.45	1.81	160.94	149.01	110.18
Office Equipment	70.47	72.59	35.22	2.14	176.14	25.59	32.04	19.04	0.34	76.33	99.81	44.88
Vehicles	56.02	13.49	26.89	7.85	88.55	15.54	4.04	6.09	2.65	23.02	65.53	40.48
Project Assets**	123.39	-	244.67	160.09	207.97	12.34	-	30.19	24.75	17.78	190.19	111.05
Total	2,298.00	641.97	972.52	247.32	3,665.17	927.81	388.54	243.96	35.02	1,525.27	2,139.90	1,370.19

* pertains to adjustments arising out of merger /acquisitions

** 'Project assets' includes assets purchased for contracts entered into with various state governments for e-governance projects.These assets are liable to be transferred to the respective Governments at various points of time as per the terms of the relevent agreements.The details whereof are as under:

(i) Computers of Rs 165.44 million (as at Mar 31, 2007 Rs. 123.39 million), Accumulated Depreciation-Rs.17.76 million (as at Mar 31, 2007 Rs.12.34 million) and Net Value Rs.147.68 million (as at Mar 31, 2007 Rs.111.05 million) .

(ii) Plant & Machinery / Electrical Installations of Rs 39.78 million (as at Mar 31, 2007 Nil), Accumulated Depreciation-Rs.0.02 million (as at Mar 31, 2007 Nil) and Net Value Rs.39.76 million (as at Mar 31, 2007 Nil) .

(iii) Furniture & Fixtures of Rs 2.75 million (as at Mar 31, 2007 Nil), Accumulated Depreciation-Rs.0.00 million (as at Mar 31, 2007 Nil) and Net Value Rs.2.75 million (as at Mar 31, 2007 Nil) .

Schedules forming part of the Consolidated Financial Statements

VI. Fixed Assets Schedule as on March 31, 2007

Rs. in Million

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2006	Adjustments during the year*	Additions during the year	Ded / Adj during the year	As at Mar 31,2007	Upto Mar 31, 2006	Adjustments during the year*	For the year	Ded / Adj during the year	Upto Mar 31,2007	As at Mar 31,2007	As at Mar 31, 2006
Intangible assets												
Goodwill	17.91	-	-	-	17.91	7.55	-	1.54	-	9.09	8.82	10.36
Software Products												
-Meant for sale	1,688.93	-	-	1,604.48	84.45	437.51	-	-	415.53	21.98	62.47	1,251.42
- Others	173.81	0.65	122.00	4.29	292.17	101.59	0.58	31.07	0.26	132.98	159.19	72.22
Business & Commercial Rights	365.12	-	75.12	(6.00)	446.24	116.02	-	42.02	-	158.04	288.20	249.10
Tangible assets												
Land - Leasehold	5.24	-	-	-	5.24	0.47	-	0.09	-	0.56	4.68	4.77
- Freehold	20.88	-	-	-	20.88	-	-	-	-	-	20.88	20.88
Buildings – Owned	12.16	7.22	-	2.24	17.14	1.39	1.19	0.30	0.21	2.67	14.47	10.77
- Leasehold	311.55	28.47	98.17	2.10	436.09	62.73	20.70	13.13	1.79	94.77	341.32	248.82
Plant & Machinery / Electrical Installations	131.63	2.92	1.26	2.76	133.05	32.95	2.17	7.75	1.41	41.46	91.59	98.68
Computers	317.88	40.15	21.20	7.60	371.63	251.96	20.06	33.93	6.30	299.65	71.98	65.92
Furniture & Fixtures	145.93	80.60	4.73	7.94	223.32	67.94	34.91	16.00	5.71	113.14	110.18	77.99
Office Equipment	58.51	1.56	13.46	3.06	70.47	20.18	0.72	5.12	0.43	25.59	44.88	38.33
Vehicles	46.80	10.04	10.37	11.19	56.02	10.61	5.51	5.55	6.13	15.54	40.48	36.19
Project Assets**	-	-	123.39	-	123.39	-	-	12.34	-	12.34	111.05	-
Total	3,296.35	171.61	469.70	1,639.66	2,298.00	1,110.90	85.84	168.84	437.77	927.81	1,370.19	2,185.45

* pertains to adjustments arising out of merger /acquisitions

** Project assets comprises of office equipments, plant & machinery / electrical installations, furniture and fixtures and computers purchased for contracts entered into with various state governments for e-governance projects.

Schedules forming part of the Consolidated Financial Statements

Rs. in Million

		As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
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	1.02	1.02	1.02	1.02	1.02
	b. 37,500 Equity Shares of Egyptian Pounds 100 each of Nile Information	34.98	32.50	34.98	32.50	-
	Technology					
	c. National Savings Certificate	0.05	0.05	0.05	0.02	-
	d. 8% holding in Four Seasons Software, LLC, a 'S' corporation, Connecticut, USA	21.00	21.00	21.00	21.00	21.00
	Less : Provision for diminution in the value of current investments	21.00	21.00	21.00	21.00	21.00
		-	-	-	-	-
	Current Investments					
	In Mutual Funds (at cost)	55.68	31.74	-	-	-
	Aggregate value Investments	91.73	65.31	36.05	33.54	1.02
VIII	**Current Assets, Loans and Advances**					
A	**Current Assets**					
	a) Inventories	64.92	86.86	110.55	-	-
	b) Sundry Debtors	4,715.85	3,738.88	4,831.02	2,719.95	1,896.33
	c) Unbilled Revenues	3,052.68	3,208.21	2,773.57	2,268.38	1,754.77
	d) Cash and Bank Balances :					
	i. Cash on hand	4.13	3.10	2.53	2.05	0.89
	ii. Balances with banks:					
	in current accounts *	1,174.19	2,212.85	2,260.87	2,559.96	454.82
	in deposit accounts	213.98	573.89	184.33	22.57	470.77
	in escrow account	0.15	-	573.45	-	-

		As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
	in margin money accounts	174.14	47.16	174.98	80.86	47.22
		1,562.46	2,833.90	3,193.63	2,663.39	972.81
		1,566.59	2,837.00	3,196.16	2,665.44	973.70
		9,400.04	9,870.95	10,911.30	7,653.77	4,624.80
	* Includes cheques on hand and remittances - in - transit	36.50	68.13	75.30	1,684.46	22.20
B	**Loans and Advances**					
	(Unsecured, Considered good)					
	Loans to staff	3.19	4.10	2.98	1.86	2.10
	Advance tax and tax deducted at source (net of provisions of Rs.700.10 million; previous quarter Rs.601.64 million) March 2009 - Rs. 646.40 million, March 2008 - Rs.484.59 million and March 2007 - Rs.84.11 million)	463.10	309.06	325.25	315.49	145.28
	MAT Credit Receivable	439.05	167.17	369.89	120.09	9.41
	Deposits	750.43	605.62	723.69	554.24	283.96
	Advances recoverable in cash or in kind or for value to be received	3,015.52	1,531.00	1,893.60	1,539.06	714.14
		4,671.29	2,616.95	3,315.41	2,530.74	1,154.89
		14,071.33	12,487.90	14,226.71	10,184.51	5,779.69
IX	**Current Liabilities and Provisions**					
A	**Current Liabilities**					
	Acceptances	161.63	-	134.53	26.09	226.46
	Sundry creditors	3,254.45	2,764.87	3,040.44	1,769.68	1,070.27
	Advances received from Customers (including unearned income)	396.57	249.91	309.33	218.20	192.18
	Interest accrued but not due	14.65	17.52	21.80	5.20	3.98
	Other liabilities	817.26	580.68	762.34	429.44	129.60
		4,644.56	3,612.98	4,268.44	2,448.61	1,622.49
B	**Provisions**					
	Provision for employee benefits	300.93	257.00	286.18	157.89	97.06
	Provision for warranty	89.96	58.83	83.96	55.07	54.18
	Provision for Contingencies	-	120.06	-	120.06	120.06
	Proposed dividend (including tax thereon)	241.86	241.50	241.46	241.29	143.44

		As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
		632.75	677.39	611.60	574.31	414.74
		5,277.31	4,290.37	4,880.04	3,022.92	2,037.23

Schedules forming part of the Consolidated Financial Statements

Rs. in Million

		For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March31, 2007
X	**Income from Operations**					
	Software Products	1,876.40	1,868.71	8,112.30	5,961.35	3,319.25
	IT Services	2,107.95	1,803.85	7,481.68	4,638.67	2,598.66
	Transaction Services	1,993.30	1,012.12	7,262.40	1,452.60	635.26
		5,977.65	4,684.68	22,856.38	12,052.62	6,553.17
XI	**Other Income**					
	Interest	5.39	6.74	19.99	122.54	81.61
	Dividend - on current investment (Non-Trade)	0.38	0.61	2.95	1.56	1.45
	Credit balances / excess provision written back (net)	15.04	-	-	-	-
	Foreign Exchange gain (net)	-	12.92	83.08	13.71	35.91
	Miscellaneous income	23.01	11.24	84.47	45.24	35.58
		43.82	31.51	190.49	183.05	154.55
XII	**Operating, Selling and Other Expenses**					
	Salary and related expenses	2,726.40	1,893.22	9,970.86	4,869.73	2,739.53
	Recruitment and Training Expenses	9.37	27.46	101.18	74.21	40.90
	Cost of third party products / outsourced services	1,319.32	1,158.78	5,126.57	2,558.86	1,215.06
	Rent	226.24	199.71	869.13	560.80	254.71
	Insurance	34.68	32.95	199.55	74.42	22.11
	Travelling and conveyance	150.23	195.68	789.06	507.56	344.02
	Electricity Charges	41.37	36.82	166.32	107.50	48.69
	Rates and taxes	13.67	17.27	59.41	46.78	23.43
	Communication expenses	58.68	55.08	246.60	152.13	91.65

		For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March31, 2007
	Loss on sale/discarding of Fixed Assets (net)	2.67	0.03	10.43	2.55	8.83
	Printing and stationery	10.43	12.43	72.06	25.83	20.20
	Repairs and maintenance - building	7.70	5.58	30.68	7.79	3.97
	Directors' Commission	-	-	7.00	12.10	7.50
	Obsolete stock written off	-	-	-	-	3.42
	Foreign Exchange Loss (net)	0.27	-	-	-	-
	Legal and professional charges	33.86	24.92	170.11	87.35	24.22
	Bank Charges and other financial charges	24.88	12.27	56.81	40.02	40.64
	Selling and distribution expenses	32.46	26.09	174.55	84.60	72.01
	Bad debts written off	8.04	7.01	90.25	13.05	17.61
	Less: Provisions withdrawn	(8.04)	(7.01)	(90.25)	(13.05)	(17.61)
	Provision for doubtful debts	52.70	54.36	183.79	181.18	165.57
	Impairment of acquired software & losses on foreclosure of Contracts (net of reversal of contingency provision of Rs 120.06 million in March 2009)	-	-	152.14	-	-
	Miscellaneous Expenses	42.16	20.62	125.99	110.01	105.14
		4,787.10	3,773.27	18,512.24	9,503.42	5,231.60

XIII SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2009, JUNE 30, 2008 AND FOR THE YEAR ENDED MARCH 31, 2009, MARCH 31, 2008 AND MARCH 31, 2007.

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 # 2.3.38).

- 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 period/ year has 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.[3]	USA	100% held by 3i Infotech Holdings Private Limited, Mauritius [1]	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 Asia Pacific Pte Ltd.	Sept 29, 2002
4	3i Infotech (UK) Ltd. [2]	UK	100% held by Parent Company	April 1, 2005
5	3i Infotech (Thailand) Ltd.	Thailand	100% held by 3i Infotech Asia Pacific Pte Ltd.	May 12, 2005
6	3i Infotech Consulting Inc.[4]	USA	100% held by 3i Infotech Inc.	Sep 26, 2005
7	Datacons Asia Pacific SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Ltd.	May 11, 2006
8	Delta Services (India) Pvt. Ltd.	India	100% 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.	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
11	3i Infotech (Western Europe) Group Ltd.	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
12	Rhyme Systems Ltd.	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
13	3i Infotech (Western Europe) Ltd.	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
14	Stex Software Pvt. Ltd.	India	100% held by Parent	Nov 7, 2006

Sr. No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition/ establishment
			Company	
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
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	100% held by Parent Company	May 29, 2007
24	aok In-house Factoring Services Pvt. Ltd.	India	100% 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. [5]	USA	100% held by J&B Software (Canada) Inc.	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. [5]	USA	100% held by J&B Software (Canada) Inc.	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	100% held by Parent Company	Aug 29, 2007
32	Taxsmile.com India Pvt. Ltd	India	51% 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)	Canada	100% held by J&B	Nov 1, 2007

Sr. No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition/ establishment
	Inc.		Software Inc.	
37	Nile Information Technology *	Egypt	25% held by 3i Infotech (Middle East) FZ LLC	Oct 1, 2007
38	Objectsoft Group Inc. [5]	USA	100% held by J&B Software (Canada) Inc.	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
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.	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	March 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	60% held by Parent Company	June 9, 2008
51	Regulus Group LLC [6]	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
59	Regulus Group ll LLC	USA	100% held by	Jun 30, 2009

Sr. No.	Entity	Country of incorporation	Percentage of holding	Date of acquisition/ establishment
			Regulus Holdings Inc.	

Notes
+ Board controlled Subsidiary Company
* Associate
# Joint Venture

1. Established on November 20, 2006. During the year 2006-07, 3i Infotech Inc.'s shares have been transferred from the Parent Company to 3i Infotech Holdings Private Limited, Mauritius.
2. During the year 2006-07, 3i Infotech (UK) Limited's shares have been transferred from 3i Infotech Inc. to the Parent Company.
3. During the year 2007-08, 3i Infotech Enterprise Solutions Inc, 3i Infotech Insurance Solutions Inc and 3i Infotech Investment Services Inc have been merged with 3i Infotech Inc and consequently the assets and liabilities pertaining to those entities which were hitherto owned by 3i Infotech Holdings Private Ltd. have been transferred to 3i Infotech Inc.
4. During the year 2007-08, Whizinfo Technologies Inc. has been merged with 3i Infotech Consulting Inc.
5. During the quarter ended June 30, 2009, 3i infotech (Middle East) FZ LLC transferred its entire membership interest in Objectsoft Group Inc., ePower Inc. and Lantern Systems Inc. to J&B Software (Canada) Inc.
6. 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 billing over and above the revenue recognized in respect of a customer is classified as "unearned revenue".

1.8 a. Fixed Assets

Intangible: Purchased software meant for in house consumption, 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

As on March 08 and March 07

Fixed Asset	Useful life in years
Leasehold improvements	1 – 5
Furniture, Fixtures and Equipment	3 – 5
Vehicles	5 – 6
Computers	1 – 3

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 equity investments are recorded at the rate of exchange in force on the date of allotment/acquisition.

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

1.12 Accounting of Employee Benefits

Employee Benefits in India

a) Gratuity

(i) Parent

The Parent 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 period/year end.

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

All actuarial gains/losses are charged to revenue in the period/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 period/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 extra-ordinary/exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the period/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 period/year have been re-grouped/re-arranged, wherever considered necessary, to conform to current period/year's presentation. The current period/year's figures are not comparable with those of the previous period/year to the extent of acquisitions made by the Group during the current year and those made during the previous year.

2.2 Capital commitments and contingent liabilities

Rupees in million

	As at Jun 30, 2009	As at Jun 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Capital Commitments*					
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	554.50	303.56	1271.40	277.87	589.72
Contingent Liabilities					
Outstanding guarantees **	5576.80	4029.86	4954.20	315.85	325.81
- Premium on redemption of FCCB (Refer Note No. 2.4)	1259.20	2089.91	1652.10	2,368.74	940.37
Estimated amount of claims against the Group not acknowledged as debts in respect of :					
-Disputed demands for Income Taxes	27.60	25.88	27.60	30.25	20.18
-Disputed Sales Tax matter	29.30	-	-	-	-
- Customer claims	275.50	158.12	192.70	-	-
- Others***	10.40	11.84	7.40	8.43	4.36

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

** Includes Rs.4134.70 million 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 June 30, 2008 – Rs. 3642.20 million, as at March 31, 2009 - Rs. 4434.80 million, March 31, 2008 - Rs. Nil, March 31, 2007 - Rs. Nil).

***Includes expenses of legal cases relating to Registrar & Transfer Services, which are reimbursable by the Principal to the extent of Rs. 5.90 million (as at June 30, 2008 – Rs. 4.00 million, as at March 31, 2009 - Rs.3.40 million, March 31, 2008 - Rs. 1.32 million, March 31, 2007 - Rs. 1.42 million).

2.3.1 In September 2005, 3i Infotech Inc., USA entered into a share purchase agreement with the owners of 3i Infotech Consulting Inc. (formerly Innovative Business Solutions Inc.), USA (IBSI) to acquire all the 1000 shares of IBSI for a consideration of USD 3.60 million with scope for additional compensation payable subject to achievement of certain measurable criteria. As of December 31, 2006 the entire additional consideration had been paid in full. The assets and liabilities were recorded at book values as of September 30, 2005. Excess of consideration paid over the value of the net worth of the company is shown as goodwill arising on consolidation.

2.3.2 In September 2005, 3i Infotech Inc., USA entered into a share purchase agreement with the owners of Formula-ware Inc., USA to acquire all the 1000 shares of Formula-ware Inc. for a consideration of USD 0.60 million with scope for additional compensation payable not exceeding USD 1.90 million (approximately equivalent to INR 85.60 million) subject to achievement of certain measurable criteria. The assets and liabilities were recorded at book values as of September 30, 2005. As of December 31, 2006, the entire additional consideration had been paid in full. Additional consideration of USD 1.09 million (approximately equivalent to INR 48.63 million) paid during the year 2006-07 had been recognized as goodwill arising on consolidation.

2.3.3 In November 2005, the Parent entered into a share purchase agreement with the owners of SDG Software Technologies Limited (SDG), Hyderabad, India to acquire 800,000 equity shares (representing 80% of the paid up capital of SDG) for a consideration of Rs 99.00 million along with a commitment to acquire the balance 20% of the paid up capital at a future date for additional consideration of Rs. 1.00 million and further maximum consideration (earn out) of Rs.60.00

million payable upon achievement of certain measurable criteria. As of December 31, 2006 the earn out and the entire additional consideration for the balance equity shares had been paid in full. In respect of additional consideration and earn out paid aggregating Rs 61.00 million, goodwill of Rs 56.31 million had been recognized. Effective April 1, 2006 the Parent Company merged its 100% subsidiary SDG Software Technologies Limited after obtaining the requisite approval in the month of December 2007.

2.3.4 In April 2006, 3i Infotech Inc., USA acquired 100% of the issued and outstanding stock of Distinctive Solutions Inc., a California based company, engaged in providing factoring software solutions for a consideration of USD 1 million (approximately equivalent to INR 46.42 million).Excess of consideration paid over the value of the net worth of the company is shown as goodwill arising on consolidation. Distinctive Solutions Inc. was subsequently merged with the 3i Infotech Inc. in June 2006.

2.3.5 In May 2006, the Parent Company had entered into a share purchase agreement with the owners of Datacons Pvt. Ltd., Bangalore, India to acquire 3,500,000 equity shares for a consideration of Rs. 355.41 million. The assets (including investment in foreign subsidiaries) and liabilities were recorded at book values as of May 10, 2006.Excess of consideration paid over the value of the net worth of the company is shown as goodwill arising on consolidation. Effective May 10, 2006 the Parent merged its 100% subsidiary Datacons Private Limited after obtaining the requisite approval in the month of January 2008.

2.3.6 In July 2006, the Parent entered into a share purchase agreement with the owners of Delta Services (India) Pvt Ltd, Mumbai, (DSIPL) to acquire 202,000 equity shares (representing 50.5% of the paid up equity capital of DSIPL) for a consideration of Rs 51.93 million 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 subject to a maximum cap of Rs 50 million. In June 2007 the Parent has determined and paid the additional consideration and this being more than the maximum consideration of Rs 50.00 million, the Company had acquired the balance of 0.50%. Excess of consideration paid over the value of the net worth of DSIPL is shown as goodwill arising on consolidation. Effective April 2009, the Parent Company acquired balance 49% of paid up capital of Delta Services (India) Pvt Ltd, Mumbai, (DSIPL) for a consideration of Rs 147.50 million.

2.3.7 **(i)** In September 2006, the Parent Company entered into a share purchase agreement with the owners of G4 Software Technologies (India) Limited, Mumbai to acquire the 100% paid up capital of G4 Software Technologies (India) Limited for a consideration of Rs. 34.00 million. Subsequently, the Parent Company acquired the business of G4 Technologies (India) Limited, Mumbai effective September 5, 2006.

(ii) In September 2006, 3i Infotech Inc., USA, acquired G4 Software Technologies Inc., USA, from the Parent Company for a consideration of USD 0.32 million (approximately equivalent to INR 14.51 million). The assets and liabilities were recorded at book values as of September 2006. G4 Software Technologies Inc., is merged with its holding company. Excess of consideration paid over the value of the net worth of the company is shown as goodwill arising on consolidation.

2.3.8 Effective July 1, 2006,, 3i Infotech Consulting Inc., USA entered into a share purchase agreement with the owners of Edge Software Technologies Inc., USA to acquire all 250,000 shares of the Company for a consideration of USD 1.20 million (approximately equivalent to INR 55.19 million). The assets and liabilities were recorded at book values as of July 31, 2006. Excess of consideration paid over the value of the net worth of the company is shown as goodwill arising on consolidation. Edge Technologies Inc., subsidiary of 3i Infotech Consulting Inc. is merged with its holding company.

2.3.9 In October 2006, 3i Infotech (UK) Limited entered into a share purchase agreement with the owners of Rhyme Systems Holding Limited.(Rhyme), UK, to acquire all the shares of the Company for a consideration of GBP 19.60 million (approximately equivalent to INR 1666.00 million) and further consideration (earn out) payable on achieving certain measurable criteria such as future revenue / profitability etc., as defined in the agreement. The assets and liabilities were

recorded at book values as of October 20, 2006. In June 2007, the Parent has determined the earn out at GBP 1.2 million and had entered into an agreement with the owners of Rhyme to pay a sum of GBP 1.2 million as full and final consideration for the acquisition of shares of Rhyme. Excess of consideration paid over the value of the net worth of Rhyme of is shown as goodwill arising on consolidation.

2.3.10 In November 2006, the Parent entered into a share purchase agreement with the owners of E-Enable Technologies Pvt. Ltd, New Delhi, (ETPL) to acquire 77,826 shares (representing 51% of the paid up equity capital of (ETPL) for a consideration of Rs 52.73 million along with a commitment to acquire the balance 49% 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 subject to a maximum consideration of Rs 304 million. In June 2007, the Parent had acquired the balance 49% at Rs 70.00 million. Excess of consideration over the value of the net worth of ETPL is shown as goodwill arising on consolidation.

2.3.11 In November 2006, the Parent entered into a share purchase agreement with the owners of Stex Software Pvt. Ltd, Calcutta, (SSPL) to acquire 51,000 shares (representing 100% of the paid up equity capital of SSPL) for a consideration of Rs 60.60 million and a further maximum consideration (earn out) of Rs.35.01 million payable upon achievement of certain measurable criteria such as future revenue / profitability etc., as per the agreement. In April 2007, the Parent had determined the earn out at Rs 35.01 million and had entered into an agreement with the owners of SSPL to pay a sum of Rs 35.01 million as full and final consideration for the acquisition of shares of SSPL. Excess of consideration including additional consideration over the value of the net worth of SSPL is shown as goodwill arising on consolidation.

2.3.12 In November 2006, 3i Infotech Inc., USA acquired 100% of the issued and outstanding stock of Corban Systems, Inc., engaged in providing software solutions for a consideration of USD 1.05 million (approximately equivalent to INR 47.25 million).Excess of consideration paid over the value of the net worth of the company is shown as goodwill arising on consolidation. Corban Systems, Inc., was subsequently merged with the 3i Infotech Inc.

2.3.13 The Parent Company had incorporated a new subsidiary 3i Infotech Holdings Pvt. Ltd. on November 20, 2006 in Mauritius with a share capital of MUR 100. The Mauritius Subsidiary had formed four subsidiaries in USA in order to reorient the corporate structure for the US operations in line with the various business segments. Accordingly, the assets and liabilities pertaining to each of the business segments have been transferred to those entities:

- 3i Infotech Enterprise Solutions Inc. (for ERP and related services)
- 3i Infotech Insurance Solutions Inc. (for Insurance Software and related services)
- 3i Infotech Factoring Solutions Inc. (for Factoring Software and related services)
- 3i Infotech Investment Services Inc. (for Software Services - Datacons Inc., subsidiary of 3i Infotech Inc., renamed)

2.3.14 In January 2007, 3i Infotech Consulting Inc., USA acquired 100% of the issued and outstanding stock of WhizInfo Technologies Inc., engaged in software consulting business for a consideration of USD 4.08 million (approximately equivalent to INR 183.60 million). Excess of consideration paid over the value of the net worth of the company is shown as goodwill arising on consolidation.

2.3.15 In April 2007, 3i Infotech Inc. entered into a share purchase agreement with the owners of Lantern Systems Inc., to acquire 500 shares (representing 100% of the paid up equity capital of Lantern) for a consideration of USD 7.50 million . Excess of the value of net worth of Lantern over the consideration had been adjusted from goodwill.

In March 2008, the above mentioned shares have been transferred to 3i Infotech (Middle East) FZ LLC. In March 2009, 3i infotech(Middle East) FZ LLC.had determined the additional earnout and paid USD1.84 million for Lantern Systems Inc.(approximately equivalent to INR 96.10 million). During the quarter ended June 30, 2009, 3i infotech (Middle East) FZ LLC transferred its entire membership interest in Lantern Systems Inc. to J&B Software (Canada) Inc.

2.3.16 In May 2007, the Parent entered into a share purchase agreement with the owners of KNM Services Pvt. Ltd, New Delhi, to acquire the 6,000 shares (representing 60% of the paid up equity capital of KNM) for a consideration of Rs 8.06 million along with an option to acquire the balance 40% 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 Feb 2008, the Parent had determined and paid the additional consideration and this being more than the maximum consideration of Rs.21.18 million for the balance of 40%. Excess of consideration over the value of the net worth of KNM is shown as goodwill arising on consolidation.

2.3.17 In May 2007, 3i Infotech Holdings Private Limited, Mauritius, entered into a share purchase agreement with the owners of Black Barret Holdings Limited to acquire 510 shares (representing 51% of the paid up equity capital of Black Barret) for a consideration of USD 10.20 million along with a commitment to acquire the balance 49% of the paid up capital at a future date for further consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement subject to a maximum consideration of USD 45.31 million. Excess of consideration over the value of the net worth of Black Barret is shown as goodwill arising on consolidation.

2.3.18 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 34.88 million 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 36.29 million. Excess of consideration over the value of the net worth of aok–BPO is shown as goodwill arising on consolidation. Effective April 2009, the Parent Company acquired balance 49% of paid up capital of aok In-house BPO Services Limited, New Delhi, for a consideration of Rs 156.70 million.

2.3.19 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 24.67 million 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. Excess of consideration over the value of the net worth of aok is shown as goodwill arising on consolidation. Effective April 2009, the Parent Company acquired balance 49% of paid up capital of aok In-house Factoring Services Limited, New Delhi, for a consideration of Rs 24.10 million.

2.3.20 In May 2007, 3i Infotech Holdings Private Limited, Mauritius, entered into a share purchase agreement with the owners of Professional Access Limited to acquire 51 shares (representing 51% of the paid up equity capital of Professional Access) for a consideration of USD 2.04 million along with a commitment to acquire the balance 49% of the paid up capital at a future date for further consideration payable on achieving certain measurable criteria such as future revenue/profitability etc., as per the agreement subject to a maximum consideration of USD 2.45 million. Excess of consideration over the value of the net worth of Professional Access is shown as goodwill arising on consolidation.

2.3.21 In June 2007**,** 3i Infotech Holdings Private Limited, Mauritius, acquired all the shares of Transworks LLP from the owners of Transworks LLP for a consideration of USD 4.5 million. Excess of consideration over the value of the net worth of Transworks LLP is shown as goodwill arising on consolidation.

2.3.22 In July 2007**,** 3i Infotech Consulting Inc, acquired 3000 shares of ePower Inc., from the owners of ePower Inc., for a consideration of USD 6.13 million.

In December 2007, the above mentioned shares have been transferred to 3i Infotech (Middle East) FZ LLC. Excess of consideration over the value of the net worth of ePower Inc, is shown as goodwill arising on consolidation. In March 2009, 3i infotech (Middle East) FZ LLC. had

determined the additional earnout and paid USD 1.59 million for ePower Inc. (approximately equivalent to INR 82.80 million). During the quarter ended June 30, 2009, 3i infotech(Middle East) FZ LLC transferred its entire membership interest in ePower Inc. to J&B Software (Canada) Inc.

2.3.23 In August 2007, the Parent entered into a share subscription and purchase agreement with HCCA Business Services Private Ltd., Mumbai, to invest in 11,932 shares (representing 51% of the paid up equity capital of HCCA) for a consideration of Rs 45.90 million along with a commitment to acquire the balance 49% 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 subject to a maximum of Rs 120.00 million. Excess of consideration over the value of the net worth of HCCA is shown as goodwill arising on consolidation. Effective April 2009, the Parent Company acquired balance 49% of paid up capital of HCCA Business Services Private Ltd., Mumbai, for a consideration of Rs 135.00 million.

2.3.24 In August 2007, Delta Services (India) Private Limited entered into a share purchase agreement with the owners of Manipal Informatics Private Limited to invest in 70,000 shares (representing 70% of the paid up equity capital of Manipal) for a consideration of Rs.22.76 million along with a commitment to acquire 20% for a consideration of Rs 6.50 million. Further, Delta Services (India) Private Limited had an option to acquire the balance 10% on 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 Manipal Informatics is shown as goodwill arising on consolidation.

2.3.25 In September 2007, the Company entered into a share purchase agreement with the owners of Taxsmile.com India Pvt. Ltd., Mumbai, to acquire the 1,040,000 shares (representing 26% of the paid up equity capital of Taxsmile.com India Pvt. Ltd., Mumbai) for a consideration of Rs 20.80 million. In May 2009, the Company acquired additional 25% of the paid up capital for a consideration of Rs 20.00 million 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 is shown as goodwill arising on consolidation.

2.3.26 In October 2007, 3i Infotech Holdings Private Limited, Mauritius has invested in Nile Information Technology, Egypt , associate with holding of 25% of the total paid up capital. The financials of this associate has not been consolidated in view of the financials being under preparation. The impact of the same on the consolidated financial is insignificant.

2.3.27 In November 2007, 3i Infotech Financial Software Inc. (formerly 3i Infotech Factoring Solutions Inc.) entered into a share purchase agreement with the owners of J&B Software Inc., to acquire the 3,000,000 shares (representing 100% of the paid up equity capital of J&B) for a consideration of USD 26 million. Excess of consideration over the value of the net worth of J&B is shown as goodwill arising on consolidation.

2.3.28 In November 2007, 3i Infotech Consulting Inc. entered into a share purchase agreement with the owners of Objectsoft Group Inc. and Objectsoft Global Services Inc., to acquire the 400 shares (representing 100% of the paid up equity capital of Objectsoft Group and Objectsoft Global) for a consideration of USD 12.95 million. The shares were transferred to 3i Infotech (Middle East) FZ LLC in December 2007. In March 2009, 3i infotech (Middle East) FZ LLC. had determined the additional earnout and paid USD 4.07 million for Objectsoft Group Inc. (approximately equivalent to INR 212.40 million). Excess of consideration over the value of the net worth of Objectsoft is shown as goodwill arising on consolidation.

2.3.29 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 93.24 million 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 had determined and paid the additional consideration of Rs 67.89 million and had 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

2.3.30 In January 2008, Rhyme Systems Limited entered into a share purchase agreement with the owners of Exact Technical Services Limited, UK to acquire 100 shares (representing 100% of the paid up equity capital of Exact) for a consideration of GBP 1.46 million (approximately equivalent to INR 116.81 million).The assets and liabilities were recorded at book values as of January 29, 2008. Excess of consideration paid over the value of the net worth of Exact is shown as goodwill arising on consolidation.

2.3.31 In February 2008, Rhyme Systems Limited entered into a share purchase agreement with the owners of Accounting Frameworks Limited (AFL), UK to acquire 1000 shares (representing 100% of the paid up equity capital of AFL) for a consideration of GBP 6.27 million (approximately equivalent to INR 499.37 million).The assets and liabilities were recorded at book values as of February 08, 2008. Excess of consideration paid over the value of the net worth of AFL is shown as goodwill arising on consolidation.

2.3.32 In April 2008, the Parent Company entered into a share purchase agreement with the owners of Locuz Enterprise Solutions Ltd., Hyderabad, to acquire the 260,000 shares (representing 26.00% of the paid up equity capital of Locuz Enterprise Solutions Ltd.) for a consideration of Rs.69.30 million 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.

2.3.33 In May 2008, the Parent Company entered into a share purchase agreement with the owners of FinEng Solutions Private Limited, Mumbai to acquire the 60,165 shares (representing 51.00% of the paid up equity capital of FinEng Solutions Private Limited) for a consideration of Rs 177.30 million. In June 2009, the Parent Company had acquired additional 9% of the paid up capital of FinEng Solutions Private Limited for a consideration of Rs 36.70 million, 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.

2.3.34 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 5573.60 million) 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. 4744.80 million is shown as goodwill arising on consolidation.

2.3.35 In June, 2009, Regulus Holding, Inc., paid a consideration of USD 9.25 million (approximately equivalent to INR 449.90 million). for J.P. Morgan Treasury Services' National Retail Lockbox Business. The Company is in process of completing the necessary formalities for the closure of the said transaction.

2.3.36 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.

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

2.3.38 **a)** 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 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:

Rupees in million

	As at June 30, 2009	**As at June 30, 2008**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**
Assets	208.30	NIL	222.70	NIL	NIL
Liabilities	225.80	NIL	216.80	NIL	NIL

Rupees in million

	For the quarter ended June 30, 2009	**For the quarter ended June 30, 2008**	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**
Income	4.10	NIL	5.00	NIL	NIL
Expense	21.90	NIL	47.10	NIL	NIL

	As at June 30, 2009	**As at June 30, 2008**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**
Contingent Liability	NIL	NIL	NIL	NIL	NIL
Capital Commitments	NIL	NIL	NIL	NIL	NIL

b) Income for the quarter ended includes Rs. Nil million (for the quarter ended June 30, 2008 Rs. Nil, for the year ended March 31, 2009 Rs.182.70 million, for the year ended March 31, 2008 and March 31,2007 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.

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

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

	First Issue	Second Issue	Third Issue	Fourth Issue
Conversions as at –				
Jun 30, 2009	29.80 million	15.00 million	NIL	NIL
Jun 30, 2008	29.80 million	15.00 million	NIL	NIL
Mar 31, 2009	29.80 million	15.00 million	NIL	NIL
Mar 31, 2008	29.80 million	15.00 million	NIL	NIL
Mar 31, 2007	5.10 million	3.00 million	NIL	NIL
Bought back as at –				
Jun 30, 2009	NIL	NIL	10.00 million	33.63 million
Jun 30, 2008	NIL	NIL	NIL	NIL
Mar 31, 2009	NIL	NIL	4.00 million	25.13 million
Mar 31, 2008	NIL	NIL	NIL	NIL
Mar 31, 2007	NIL	NIL	NIL	NIL
Pending utilization as at – (Rs. in million)				
Jun 30, 2009	NIL	NIL	NIL	NIL
Jun 30, 2008	NIL	NIL	NIL	NIL
Mar 31, 2009	NIL	NIL	NIL	NIL
Mar 31, 2008	NIL	NIL	NIL	NIL
Mar 31, 2007	459.80	NIL	NIL	NIL
Contingent premium payable - (Rs. in million)				
As at Jun 30, 2009	216.50	NIL	300.50	742.20
as at Jun 30, 2008	195.63	NIL	513.57	1380.72
as at Mar 31, 2009	199.20	NIL	418.30	1034.60
as at Mar 31, 2008	355.69	NIL	547.80	1465.25
as at Mar 31, 2007	790.61	149.76	NIL	NIL

* Subject to certain criteria as per offer document.

2.5.1 Exceptional items for the quarter ended June 30, 2009 and for the year ended March 31, 2009 comprise :-

a) During the quarter ended Jun 30, 2009, the Parent Company has bought back and cancelled FCCBs (out of the third and the fourth issues) of face value of EUR 6,000,000 and USD 8,500,000 equivalent to Rs. 824.20 million (for the year ending March 31, 2009, EURO 4,000,000 and USD 25,133,000 equivalent to Rs. 1529.90 million) at a discount resulting in reduction of liability by Rs 291.89 million (for the year ending March 31, 2009, Rs. 770.54 million). The same has been shown as exceptional income in the Profit & Loss account.

b) For the quarter ended June 30, 2009, the Parent Company has incurred an amount of Rs. 13.23 million towards professional fees (for the year ending March 31, 2009 Rs.510.91 million 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.

2.5.2 Exceptional item for the year ended March 31, 2007 comprise :-

Rupees in million

a)	Reinstatement of Goodwill (Refer note no. 2.5.2 (a))	1250.00
b)	Software meant for sale capitalized in earlier years written off (Refer note no. 2.5.2 (b))	(1210.27)
c)	Reversal of deferred tax liability on (b) above	250.11
d)	Customer claims / penalties	(169.78)

	Total: (a-b+c-d)	**120.06**

(a) Pursuant to the reorganization of the US business and the transfer of 3i Infotech Inc. from the parent to its subsidiary in Mauritius, 3i Infotech Holdings Private Limited, the goodwill got re-instated by Rs 1250 million.

(b) The Group has a suite of software products meant for sale (both acquired and developed in-house) for the banking, financial services, insurance and ERP markets. These are mature products having multiple clients. As the future costs on these products would be more to bring in innovation in the base products and not in the nature of bringing into being completely new products, the Company had decided to change its accounting policy for such products by writing off the costs as incurred. Any acquired software will be amortized at lower of the estimated life of the product and five years.

As this would bring in an inconsistency between the policy followed wherein the Company had been amortizing both acquired and internally developed software over a ten year period, the Company had as a one time exercise, written off 95% book value of its software products meant for sale as on April 1, 2006 to the Profit & Loss account as an exceptional item.

2.6 Goodwill arising on consolidation:

Rupees in million

	As at June 30, 2009	**As at June 30, 2008**	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**
Opening balance	17,004.02	10,031.01	10,031.01	5,783.37	704.44
Add: Additions during the year	461.92	4,271.33	5,404.51	4,151.88	5,078.93
Add:(Less) Translation Reserve	(549.30)	498.01	1,568.50	95.76	-
Closing balance	16,916.64	14,800.35	17,004.02	10,031.01	5,783.37

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.4.96 million starting from December 4, 2000 for Land and Rs.156.17 million starting from March 13, 2000 and Rs.50.54 million 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:

Rupees in million

	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Within one year	1039.70	983.12	1023.00	652.53	217.18
Later than one year and not later than five years	1634.00	1646.33	1328.20	856.32	332.05
Later than five years	40.60	-	-	-	0.13

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:

Rupees in million

	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Within one year	239.40	176.17	257.40	173.58	69.07
Later than one year and not later than five years	378.20	315.80	439.70	350.26	116.93
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:

Rupees in million

Deferred Tax Asset:	As at June 30, 2009	As at June 30, 2008*	As at March 31, 2009*	As at March 31, 2008*	As at March 31, 2007*
Unabsorbed losses /depreciation	645.60	300.22	492.10	339.17	289.97
Expenses allowable on payment and others	243.90	227.95	332.90	205.61	113.15
	889.50	528.17	825.00	544.78	403.12
Deferred Tax Liability:					
Fixed Assets (Depreciation / Amortization)	425.20	146.95	438.86	139.46	29.43
Net Deferred Tax (Liability) / Asset	464.30	381.22	386.14	405.32	373.69

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

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 quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Profit as per accounts (Rs. in million) (Including profit from Associate)		629.37	581.00	2666.72	1831.98	1044.84
Minority shareholder's Interest (Rs. in million)		(40.46)	5.52	(106.20)	(66.24)	(7.36)
Net profit after minority interest (Rs. in million)		588.91	586.52	2,560.52	1,765.74	1,037.48
Less: Dividend on preference shares paid (incl. corporate taxes)		(6.11)	(6.11)	(62.10)	(62.08)	(60.70)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes)		(12.41)	(12.41)	(12.20)	(12.21)	(11.70)
Profit attributable to Equity Shareholders (Rs. in million)	A	570.39	568.00	2486.22	1,691.45	965.08
Add: Profit due to Exceptional items (after considering Provision for contingency) (Rs. In million)		278.66	-	259.63	-	-
Profit attributable to Equity Shareholders after exceptional	B	849.05	568.00	2745.85	1,691.45	965.08

		For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
items (Rs. In million)						
Weighted average number of Equity Shares outstanding (Nos.)	C	130,771,806	130,592,227	130,696,488	126,267,212	107,320,058
Add: Effect of dilutive issues of options		932,701	5,033,255	-	7,394,738	3,773,596
Diluted weighted average number of Equity Shares outstanding (Nos.)	D	131,704,507	135,625,482	130,696,488	133,661,950	111,093,654
Nominal value of Equity Shares (Rs.)		10	10	10	10	10
Before exceptional items Basic Earnings Per Share (Rs.)	A/C	4.36	4.35	19.02	13.40	8.99
Diluted Earnings Per Share (Rs.)	A/D	4.33	4.19	19.02	12.65	8.69
After exceptional items Basic Earnings Per Share (Rs.)	B/C	6.49	4.35	21.01	13.40	8.99
Diluted Earnings Per Share (Rs.)	B/D	6.45	4.19	21.01	12.65	8.69

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 June 30, 2009		**As at June 30, 2008**		**As at March 31, 2009**	
	Options	Weighted average exercise price (Rs.)	Options	Weighted average exercise price (Rs.)	Options	Weighted average exercise price (Rs.)
Options outstanding beginning of the period/year	26,337,126	105.35	24,051,354	104.20	24,051,354	104.20
Granted during the period/year	180,000	58.00	5,000,000	116.00	5,000,000	116.00
Bonus issue during the period/year	-	-	-	-	-	-
Exercised during the period/year	(94,800)	47.07	(118,335)	51.88	(215,761)	56.02
Forfeited/lapsed during the period/year	(455.252)	111.49	(492,869)	119.29	(2,498,467)	119.88
Options outstanding end of period/year*	25,967,074	105.13	28,440,150	106.23	26,337,126	105.35
Vested options pending exercise	16,826,074	86.37	11,707,362	75.87	11,710,899	81.10

	As at March 31, 2008		**As at March 31, 2007**	
	Options	Weighted average exercise price (Rs.)	Options	Weighted average exercise price (Rs.)
Options outstanding, beginning of the year	7,086,547	70.85	5,701,292	51.79
Granted during the year	6,662,000	139.32	3,314,500	92.16
Bonus issue during the year	11,561,752	100.97	-	-
Exercised during the year	(773,785)	58.97	(1,350,262)	49.35
Forfeited/lapsed during the year	(485,160)	94.23	(578,983)	55.27
Options outstanding, end of year	24,051,354	104.20	7,086,547	70.85
Vested options pending exercise	7,884,350	59.16	2,245,555	54.75

*Includes 3,737,000 options granted to managing director/whole time directors and non-executive directors (for the quarter ended June 30, 2008 3,637,000 options, for the year ended March 31, 2009 3,587,000 options, for the year ended March 31, 2008 3,212,000 options and for the year ended March 31, 2007 2,221,000 options).

Weighted average market price of the shares with respect to stock options exercised during the quarter ended June 30, 2009 is Rs. 59.38 (for the quarter ended June 30, 2008 Rs.117.16, for the year ended March 31, 2009 Rs.75.68, for the year ended Mar 31, 2008 is Rs.138.53 and for the year ended Mar 31, 2007 Rs. 96.68).

The following summarizes information about stock options outstanding:

As of June 30, 2009

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

As of June 30, 2008

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

As at March 31, 2009

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

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

As at March 31, 2007

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	6,536,284	7	48.65
Rs 57 to Rs 150	7,636,810	9	89.85

Fair Value methodology for the option

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

	As at June 30, 2009	As at June 30, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Dividend yield	2.59%	1.72%	1.72%	1.39%	1.08%
Expected volatility	10% - 15.5%	10% - 20.40%	10% - 27.50%	10% - 19.60%	10% - 22.30%
Risk-free interest rate	6.32% - 8.25%	6.32% - 8.25%	6.32% - 8.25%	6.32% - 8.25%	6.32% - 8.00%
Expected life of Option	3 – 10 yrs	3 - 10 yrs	3 – 10 yrs	3 - 10 yrs	3 – 10 yrs

Impact of Fair value method on Net profit and EPS

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

Rupees in million

	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Profit attributable to Equity Shareholders	570.39	568.00	2486.22	1,691.45	965.08
Add: Stock-based employee compensation expense included in net income	-	-	-	-	-
Less: Stock based compensation expense determined under fair value based method	19.50	17.41	80.30	71.49	30.39
Net Profit :	550.89	550.59	2405.92	1,619.96	934.69
Basic earning per share (as reported)	4.36	4.35	19.02	13.40	8.99
Basic earning per share (under fair value method)	4.21	4.22	18.41	12.83	8.71
Diluted earning per share (as reported)	4.33	4.19	19.02	12.65	8.68
Diluted earning per share (under fair value method)	4.18	4.06	18.41	12.12	8.41

2.12 Related Party Transactions:

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

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:

Rupees in million

	For the quarter Ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Joint Venture - Elegon Infotech Ltd.					
Purchase of Services	4.00	-	-	-	-
Transfer of IPR	-	-	183.00	-	-
Directors, Key Management Personnel and their relatives:					
Remuneration/fees	26.40	-	74.20	56.10	45.63
Expenses	2.50	-	6.50	0.34	0.34

Rupees in million

	Outstanding balance as at June 30, 2009	Outstanding balance as at June 30, 2008	Outstanding balance as at March 31, 2009	Outstanding balance as at March 31, 2008	Outstanding balance as at March 31, 2007
Joint Venture – Elegon Infotech Ltd.					
Receivables	190.60	-	201.10	-	-

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

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

2.13 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:

Rupees in million

	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
b) Segment Revenues:					
Software Products	1876.40	1868.71	8112.30	5,961.35	3,319.25
IT / IT Enabled Services	2107.95	1803.85	7481.68	4,638.55	2,598.66
Transaction Services	1993.30	1012.12	7262.40	1,452.72	635.26
Total Revenues	5977.65	4684.68	22856.38	12,052.62	6,553.17
c) Segment Results (Gross Profit):					
Software Products	920.70	991.54	4391.20	3,269.44	1,802.29
IT / IT Enabled Services	910.30	678.75	2708.90	1,892.30	1,229.13*

	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Transaction Services	547.70	291.73	2098.50	436.75	-
Total Segment Results	2378.70	1962.02	9198.60	5,598.49	3,031.42
Unallocable expenses:					
Selling and Other expenses	1188.15	1050.61	4854.46	3,049.29	1,709.85
Interest	341.90	180.42	949.45	505.12	208.99
Depreciation & Amortization	285.80	118.23	700.35	243.96	168.84
Operating Profit	562.85	612.76	2694.34	1,800.10	943.74
Other Income	43.82	31.51	190.49	183.05	154.55
Profit Before Taxation	606.67	644.27	2884.83	1,983.17	1,098.29
Less / (Add)Taxes	(22.70)	63.27	220.59	151.19	53.45
Profit After Taxation	629.37	581.00	2664.24	1,831.98	1,044.84
Add : Exceptional items	278.66	-	259.63	-	120.06
Less : Provision for Contingency	-	-	-	-	120.06
Profit After Taxation & Exceptional items	908.03	581.00	2923.87	1,831.98	1,044.84
Add : Share of Profit in Associate	-	-	2.48	-	-
Less/ (Add) : Minority Shareholders' Interest	40.46	(5.52)	106.20	66.24	7.36
Net Profit after Minority Interest and exceptional items	867.57	586.52	2820.15	1,765.74	1,037.48

Note: The segment operating profit is arrived at before allocating certain expenses to segments and such un-allocable expenses are separately disclosed as 'Selling and Other expenses'.
* Figures for Transaction Services are included in IT / IT Enabled Services.

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:

Rupees in million

Revenues	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
- South Asia	1,517.27	1,585.07	6,397.27	4,191.50	2,438.99
- Unites States of America	3,189.00	1,893.98	11,578.20	3,528.34	1,847.88
- Middle East, Africa, Russia and CIS	684.90	513.90	2,369.00	1,710.84	1,755.95*
-APAC	252.70	268.58	1,039.30	968.69	664.90
- Western Europe	377.60	454.66	1,663.10	1,836.30	-
Total Revenues	6,021.47	4,716.19	23,046.87	12,235.67	6,707.72

* Includes Western Europe

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.Nil (inclusive of tax) (for the quarter ended June 30, 2008 Rs.Nil, for the year ended March 31, 2009 Rs.0.22 million,for the year ended March 31, 2008 Rs.13.41 million, for the year ended March 31, 2007 Rs.0.28 million), is appropriated out of Profit & Loss account

2.15 Provision for Warranty and Contingencies:

Rupees in million

Warranty	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Balance as at the beginning	83.96	55.07	55.07	54.18	60.06
Provisions made during the qarter/year	9.00	5.21	48.70	3.21	3.41
Provision written back during the quarter/year	3.00	1.45	19.81	2.32	9.29
Balance as at as at the end	89.96	58.83	83.96	55.07	54.18

Rupees in million

Contingencies	For the quarter ended June 30, 2009	For the quarter ended June 30, 2008	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Balance as at the beginning	-	120.06	120.06	120.06	-
Provisions made during the qarter/year	-	-	-	-	120.06
Provision written back during the quarter/year	-	-	120.06	-	-
Balance as at as at the end	-	120.06	-	120.06	120.06

2.16 Amount of exchange difference (net) debited to Profit & Loss account during the quarter ended June 30, 2009 is Rs. 0.27 million (for the quarter ended June 30, 2008 credited Rs.12.92 million and for the year ended March 31, 2009 credited is Rs.83.08 million, for the year ended March 31, 2008 credited is Rs.13.71 million and for the year ended March 31, 2007 credited is Rs.35.91 million).

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

V. Srinivasan
Managing Director & CEO

Amar Chintopanth
Executive Director & CFO

Shivanand R. Shettigar
Company Secretary

Mumbai, August 30, 2009

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. The Company further certifies that all statements in this Preliminary Placement Document are true and correct.

Signed by:

V. Srinivasan
Managing Director & Chief Executive Officer
3i Infotech Limited

Date: September 18, 2009 Place: Mumbai

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