Offering Circular dated July 5, 2016

3i Infotech Limited

(Incorporated with limited liability under the laws of the Republic of India)

Up to U.S.$52,000,000 2.5% Convertible Bonds due 2025

of 3i Infotech Limited

The 2.5% Convertible Bonds due 2025 in the aggregate principal amount of up to U.S.$52,000,000 (the "Bonds") will be issued by 3i Infotech Limited ("3i Infotech" or the "Issuer").

The Bonds will be the direct, unsecured and unsubordinated obligations of the Issuer and will rank at least *pari passu* in right of payment with all other unsecured and unsubordinated debt of the Issuer. U.S.$50,000 principal amount of each U.S.$130,000 principal amount of Bonds (the "Interest Bearing Portion") will bear interest at the rate of 2.5% per annum accruing from April 1, 2016. Interest on the Bonds will be payable on the Interest Bearing Portion semiannually on September 30 and March 31 of each year. The first semiannual payment which will represent a full six months of interest on the Interest Bearing Portion will be made on September 30, 2016. Sixty one and one half percent (61.5%) of the principal amount of each Bond (comprising US$80,000 principal amount per U.S.$130,000 principal amount of Bonds) is automatically convertible into Equity Shares on the date of issuance of the Bonds at an initial automatic Conversion Price (as defined in the "Terms and Conditions of the Bonds") of INR10 per Equity Share (applicable only to the principal amount of Bonds subject to automatic conversion) with a fixed rate of exchange on conversion of INR66.3260 = US$1.00. The US$80,000 principal amount of such U.S.$130,000 principal amount of Bonds subject to automatic conversion is non-interest bearing. The Conversion Price is subject to adjustment in certain circumstances described under "Terms and Conditions of the Bonds - Conversion." The Issuer will cause the Equity Shares to be issued upon conversion of the Bonds to be credited to the relevant securities account of each Bondholder not later than 30 days after the relevant Conversion Date (as defined in the Terms and Conditions of the Bonds). The Company's obligation to redeem such Sixty one and one half percent (61.5%) of the principal amount of each Bond shall be fully and unconditionally discharged by such automatic conversion in accordance with Condition 8.12. The Bonds are convertible at the option of the holders of the Bonds (the "Bondholders") at any time after the date of issuance and prior to the close of business on March 1, 2025 (being 30 days prior to the maturity date of the Bonds) into fully paid equity shares with full voting rights with a par value of INR10 each of the Issuer (the "Equity Shares") at an initial Conversion Price (as defined in the "Terms and Conditions of the Bonds") of INR12.5 per Equity Share (applicable only to the principal amount of Bonds not subject to automatic conversion as described above) with a fixed rate of exchange on conversion of INR66.3260= US$1.00. The Conversion Price is subject to adjustment in certain circumstances described under "Terms and Conditions of the Bonds - Conversion." On July 30 2016, the closing price of the Equity Shares on the National Stock Exchange Limited (the "NSE") was INR5.10 per Equity Share.

If at any time the aggregate principal amount of Bonds outstanding is less than 10% of the aggregate principal amount originally issued of such Bonds, the Issuer shall have the option to redeem such outstanding Bonds in whole but not in part at 100% of their principal amount plus accrued and unpaid interest (if any) to the date fixed for such redemption. The Bonds may be redeemed, in whole and not in part, at any time at the Issuer's option in the event of certain changes relating to taxation in India. Unless previously redeemed, converted or purchased and cancelled (in which case the portion of the principal amount of each Bond to be paid on each remaining Principal Payment Date (as defined in the "Terms and Conditions of the Bonds") shall be proportionately reduced), the Issuer will redeem one-sixth ($1/6^{th}$) of the outstanding principal amount (as of March 31, 2020) of each outstanding Bond, plus accrued and unpaid interest (if any) on March 31 of each year starting from March 31, 2020 through March 31 2025. See "Terms and Conditions of the Bonds."

Approval in-principle has been received for the listing and quotation of the Bonds on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Approval in-principle for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Bonds. The Issuer had applied to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE", together with BSE, the "Indian Exchanges") seeking their in-principle approval for listing of the Equity Shares issued upon conversion of the Bonds. While in-principle approval has been received from BSE in its letter dated June 10, 2016, in-principle approval from NSE is yet to be received. The Issuer has also undertaken to apply to each of the Indian Exchanges for the listing of the Equity Shares issued upon conversion of the Bonds.

For a discussion of certain risk factors relating to the Bonds, see "Risk Factors" beginning on page 23.

The Bonds will be represented initially by beneficial interests in global certificates (the "Global Certificate") in registered form, which will be deposited with and registered in the name of a nominee of the common depositary for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") on the closing date for the exchange offer (the "Closing Date") for the accounts of their respective accountholders.

Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records, maintained by Euroclear and Clearstream, Luxembourg. Except as described in the section herein entitled "Global Certificate," certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

Issue Price: 100%

The Bonds and 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 or to U.S. Persons, unless the Bonds and Equity Shares are registered under the

Securities Act or an exemption from the requirements of the Securities Act is available. The Bonds and the Equity Shares may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

The Issuer accepts full responsibility for the information contained in this Offering Circular and, having made all reasonable enquiries, confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, its subsidiaries (together with the Issuer, the "Group"), the Bonds and the Equity Shares that is material in the context of the issue and offering of the Bonds and Equity Shares; (ii) the statements contained in this Offering Circular relating to the Issuer and the Group are in every particular material true and accurate and not misleading in any material respects; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after due and careful consideration and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, the Bonds or the Equity Shares, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, Global Loan Agency Services Limited (the "Trustee") or the Agents (as defined in the Exchange Offer Memorandum dated July 5, 2016 (the "Exchange offer Memorandum")) to subscribe for or purchase any of the Bonds or Equity Shares and may not be used for the purpose of an offer to, or a solicitation by, any person in any jurisdiction in which such offer or invitation would be unlawful. The distribution of this Offering Circular and the offering of the Bonds and Equity Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Bonds and Equity Shares and distribution of this Offering Circular, see "Transfer Restrictions."

None of the Trustee or the Agents has separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by the Trustee or the Agents as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the offering of the Bonds or the Equity Shares. None of the Trustee or the Agents makes any recommendation as to whether Holders of Existing Bonds (as defined in the Exchange Offer Memorandum) should participate in the Exchange Offer (as defined in the Exchange Offer Memorandum). Each person receiving this Offering Circular acknowledges that such person has not relied on the Trustee or the Agents or on any person affiliated with the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision, each such person must rely on its own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved in investing in the Bonds and Equity Shares.

No person is authorised to give any information or to make any representation not contained in this Offering Circular, and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee or the Agents. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any market data and industry forecasts used throughout this Offering Circular have been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Trustee or the Agents makes any representation as to the accuracy of that information.

Prospective investors should consider the notification issued by the Indian Ministry of Finance, dated August 31, 2005, pursuant to which certain entities that are not eligible to invest in India through the portfolio route and entities prohibited by Securities and Exchange Board of India ("SEBI") from buying, selling or dealing in securities shall not be eligible to participate in a foreign currency convertible bond ("FCCB") offering. Each purchaser of the Bonds is deemed to have acknowledged, represented and agreed that it is eligible to invest in India under applicable law, including the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 of India, as amended from time to time, and have not been prohibited by SEBI from buying, selling or dealing in securities.

The information on the Issuer's website or any website directly or indirectly linked to such website does not form part of and is not incorporated by reference into this Offering Circular, and you should not rely on it.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

Our Bonds and Equity Shares may not be offered or sold to any person in the United Kingdom, other than to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom.

NOTICE TO PROSPECTIVE INVESTORS IN INDIA

This Offering Circular will not be registered as a prospectus with the Registrar of Companies, and the Bonds and Equity Shares will not be offered or sold in India, nor has the Registrar of Companies circulated or distributed nor will it circulate or distribute this Offering Circular or any other offering document or material relating to the Bonds and Equity Shares, directly or indirectly, to the public or any members of the public in India.

CONVENTIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "Holders" or "Bondholders" are to holders of the Bonds and Equity Shares from time to time. In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "India" are to the Republic of India and its territories and possessions, and all references to the "U.S.", "US", "USA" and "United States" are references to the United States of America and its territories and possessions. In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "Indian Government" or the "Government" are to the government of India, and all references to the "Companies Act" are to the Companies Act, 2013 of India, as amended. For further definition of terms, see "Glossary" beginning on page 178. Reference to "the Company," or "our Company," are to 3i Infotech Limited and its consolidated subsidiaries, unless the context otherwise requires.

PRESENTATION OF FINANCIAL INFORMATION

FINANCIAL DATA

All historical financial information included in this Offering Circular is that of the Company and its consolidated subsidiaries.

This Offering Circular includes the audited consolidated financial statements of the Company as of and for each of the years ended March 31, 2013, 2014, 2015, and audited consolidated financial statements for the nine months ended December 31, 2014 and December 31, 2015, prepared in accordance with generally accepted accounting principles in India ("Indian GAAP") and the Companies Act. the Company's fiscal year ends on March 31, and all references to a particular fiscal year refer to the twelve months ending on March 31 of that year. The consolidated financial statements of the Company as of and for the fiscal years ended March 31, 2013 and 2014 have been audited by R.G.N. Price & Co. and Lodha & Co., independent auditors as stated in their reports appearing in this Offering Circular. The consolidated financial statements of the Company as of and for the fiscal year ended March 31, 2015, and for the nine months ended December 31, 2014 and 2015, have been audited by Lodha & Co., independent auditors, as stated in their reports appearing in this Offering Circular. The financial statements of the Company are presented in Indian Rupees and have been prepared in accordance with Indian GAAP. There are significant differences between Indian GAAP and International Financial Reporting Standards ("IFRS"); accordingly, the degree to which the Indian GAAP financial statements included in this Offering Circular will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP and the Companies Act. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP and the Companies Act on the financial disclosures presented in this Offering Circular should accordingly be limited. For a narrative discussion of significant differences between Indian GAAP and IFRS, as they relate to us, see "Summary of Significant Differences between Indian GAAP and IFRS." the Company has not attempted to quantify the impact of these differences on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

Any percentage amounts, as set forth in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and elsewhere in this Offering Circular, unless otherwise indicated, have been calculated on the basis of the audited consolidated financial statements as of and for each of the years ended March 31, 2013, 2014 and 2015, or the audited consolidated financial statements as of and for the nine months ended December 31, 2014 and December 31, 2015, of the Company prepared in accordance with Indian GAAP and the Companies Act.

Where information has been presented in crores, thousands, millions or billions of units, amounts may have been rounded up or down. Totals of columns or rows in tables may not equal the sum of the individual items, and actual numbers may differ from those contained in this Offering Circular due to rounding.

NON-INDIAN GAAP FINANCIAL MEASURES

EBITDA is a non-Indian GAAP financial measure commonly used by financial analysts in evaluating the financial performance of companies. We believe that EBITDA may be useful for potential investors in assessing our operating performance and our ability to meet our debt service requirements, to fund capital expenditures and to expand our business. As there is no generally accepted method of calculating EBITDA, this term, as used herein, is not necessarily comparable to similarly titled measures of other companies. EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net profit, cash flows from operations or other data prepared in accordance with Indian GAAP. Some of these limitations are:

- it does not reflect cash outlays for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, working capital;
- it does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on indebtedness;
- it does not reflect income tax expense or the cash necessary to pay income taxes;
- although depreciation and amortization are noncash charges, the assets being depreciated and amortised will often have to be replaced in the future, and EBITDA does not reflect cash requirements for such replacements;
- it does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations; and
- other companies, including companies in our industry, may calculate this measure differently than as presented in this Offering Circular, limiting the usefulness of some measures for comparative measure.

Because of these limitations, EBITDA and the related ratios should not be considered as measures of discretionary cash available to invest in business growth or to reduce indebtedness. We compensate for these limitations by relying primarily on our Indian GAAP results, using EBITDA only supplementally. For more information, see the financial statements and related notes included elsewhere in this Offering Circular.

For presentation of net income as calculated under Indian GAAP and a reconciliation to our EBITDA, see "Selected Historical Financial Information and Other Data."

CURRENCY TRANSLATIONS

This Offering Circular contains translations of Indian Rupee amounts to U.S. dollars at specific rates solely for the convenience of the reader, and unless otherwise noted, all translations from Indian Rupee to U.S. dollars in this Offering Circular were made at the rates of INR66.19 to U.S.$1.00, being the exchange rate published by the Federal Reserve Bank of New York for December 31, 2015. No representation is made that the Indian Rupee or U.S. dollar amounts referred to in the Offering Circular could have been or could be converted to U.S. dollars or Indian Rupees, as the case maybe, at any particular rate or at all.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains both historical and forward-looking statements. All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding our future financial position and results of operations, strategy, projects and prospects, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "aim," "intend," "will," "would," "may," "anticipate," "project," "pursue," "shall," "seek," "should," "target," "estimate," "potential" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements relate to events that are subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- continued economic growth in India;
- regulatory changes pertaining to the information technology industry in India and our ability to respond to them;
- our ability to implement our plans to restructure our indebtedness;
- our ability to successfully implement our strategy, growth and expansion plans;
- technological changes;
- our exposure to market risks;
- equity prices or other rates or prices;
- performance of Indian debt and equity markets;
- our ability to hire and retain qualified personnel;
- general political, economic and business conditions in India and other countries;
- occurrence of natural calamities or natural disasters affecting the areas in which the Issuer has operations;
- changes in economic policies and regulatory environment (including foreign control regulations and legislation);
- changes in currency exchange rates;
- protracted global recession or depression;
- significant competition; and
- other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Industry Overview” and “Business,” of this Offering Circular. Such forward-looking statements and any other projections contained in this Offering Circular (whether made by us or any third party) are predictions and are subject to various known and unknown risks and uncertainties. Accordingly, there are or will be factors that could cause actual performance, achievements, 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 Offering Circular. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

The forward-looking statements contained in this Offering Circular are based on the beliefs of the management of the Issuer, as well as the assumptions made by and information currently available to the management of the Issuer. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, you should not place undue reliance on any forward-looking statements.

CAUTIONARY NOTE REGARDING MARKET AND INDUSTRY DATA

Information included in this Offering Circular regarding markets, market size, 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 Offering Circular 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.

While we have complied, extracted and reproduced this data from external sources, including third parties, trade, industry or general publications, we accept no responsibility for accurately or completely reproducing such data. We have not 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 we cannot assure potential investors as to their accuracy.

ENFORCEMENT OF CIVIL LIABILITIES IN INDIA

The Issuer is a limited liability Issuer incorporated under the laws of India. A majority of the directors and key managerial personnel of the Issuer are residents of India, and a substantial portion of the assets of the Issuer are located in India. As a result, it may not be possible for investors to effect service of process upon the Issuer or such persons outside India, or to enforce judgments obtained against such parties in courts outside India.

In India, 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:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- 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 to which such law is applicable;
- where the proceedings in which the judgment was obtained were opposed to natural justice;
- where the judgment has been obtained by fraud; or
- where the judgment sustains a claim founded on a breach of any law then in force in India.

Under Section 14 of 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 signatory to the "Convention on the recognition and enforcement of foreign judgments in civil and commercial matters" or any other international treaty in relation to the recognition or enforcement of foreign judgements. However, Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India that the Government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the competent court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, of other charges of a like nature or of a fine or other penalties and does not include arbitral awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Code is also subject to the exceptions under Section 13 of the Civil Code as discussed above.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for the purposes of Section 44A of the Civil Code, but certain other jurisdictions have not been so declared. A judgment of a court of a country that is not a reciprocating territory may be enforced only by a new proceeding suit instituted in a court of India and not by proceedings in execution. Such a suit has to be filed 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 was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with Indian public policy. 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 pursuant to the execution of such a judgment including being subject to income tax in accordance with applicable laws. In addition, any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of payment. The Issuer cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

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SUMMARY

COMPANY OVERVIEW

The Company is a global information technology company based out of Mumbai, India. The Company is in the business of providing a comprehensive set of more than 20 intellectual property-based software solutions, coupled with a wide range of IT services, which the Company believes strongly positions it to address the dynamic requirements of a variety of industry sectors, including banking, insurance, capital markets, and asset and wealth management (BFSI). The Company also provides solutions for other sectors such as government, manufacturing, retail, distribution, telecom and healthcare. As of December 2015, the Company had over 1,000 customers, in more than 50 countries across 5 continents. The Company's quality certifications include ISO 9001:2008 for IT enabled business process outsourcing, or BPO, services and other back-end and transaction support services and ISO/IEC 27001:2013 for data centre operations.

The Company's global delivery model provides for sufficient resources to be drawn from its large talent pool across the globe to offer optimal solutions. The Global Delivery Model of the Company involves delivery of products and services using resources from teams spread across delivery centres in different locations and countries. The Company integrates products and services to create customized solutions which allow customers to undertake technology-based business transformations that facilitate reorganization in line with today's dynamic digital business environment.

The Company was founded in 1993 and was listed on the Indian Exchanges in 2005. It has grown both organically and through acquisitions and achieved revenues of US$216.41 million for the year ended March 31, 2015. Since March 31, 2006, the Company has engaged in more than 25 acquisitions, and to finance such acquisitions, the Company raised short- and medium-term loans from various banks and financial institutions. The Company had expected that following the integration of these acquired companies, there would be significant growth and it would be able to repay such loans through the profits earned from this growth. However, the global financial crisis in 2008 severely impacted the Company's growth prospects due to its focus on the BFSI sector. In order to ease financial problems and meet certain payment obligations, the Company sold two of its US-based subsidiaries in June 2011 and repaid a portion of such loans.

DEBT RESTRUCTURING

Background and 2012 CDR

The Company provides technological solutions to companies in the BFSI sector with a focus on IT solutions (products and ADMS). The majority of the revenue of the Company is from its overseas operations. The prolonged slowdown in the US economy as well as the Eurozone crisis in 2008 and 2009 resulted in the deferment of large IT projects and discretionary spending on IT products, thereby reducing overall demand in the IT industry and limiting new client acquisition. This decline in business volumes and billing rates affected mid-sized IT companies such as the Company, especially since the major clients of the company comprise banking and financial companies. As a result, the Company's revenue growth has been limited since FY2009.

In line with the strategy of the Company to focus on core products and services, the Company had profitably divested its transaction services business consisting of Regulus and J&B Software in the first quarter of 2012 for a gross consideration of US$ 137.0 million. The Company used the divestment proceeds mainly for the repayment of acquisition related debt.

To mitigate the impact of the slowdown in the US and Europe, the Company tried to shift its revenue concentration to its higher margin IT solutions business in emerging markets, where the Company expected higher growth in revenues. Accordingly, the Company had made significant investments in its products business including building a team of skilled and experienced members for product development and delivery.

However, this shift in business mix also caused significant working capital requirements and increases in fixed costs (mainly employee costs). The IT solutions (product) business is generally characterized by fixed cost projects and milestone based payments, in contrast with IT services which are characterized by time and material billing. Emerging markets also generally have longer billing cycles, leading to increased working capital requirements.

The Company had historically utilized short tenor Rupee term loans to fund its working capital requirements. The Company embarked on a debt refinancing programme in the first quarter of 2012 to raise long term debt to fund long term working capital requirements as well as refinance foreign currency convertible bonds (FCCBs) maturing in April and July 2012. However, due to the Eurozone crisis which further worsened in the first half of 2012, the Company was not able to use such financing. The Company subsequently approached Indian lenders for refinancing through Rupee debt, however this was also not successful due to prevailing market conditions. The Company was able to raise only a portion (INR2500 million) of the targeted long term debt from ICICI Bank in the second quarter of FY 2012.

The Company had redeemed INR820 million of FCCBs in the fourth quarter of 2011 by raising long term debt from Standard Chartered Bank. The Company had earlier bought back a portion of outstanding FCCBs at an approximately 50% discount in FY2009 and FY2010, and had also taken steps to deleverage its balance sheet by raising equity through a series of qualified institutional placement (QIP) of INR5000 million in FY2010 and FY2011.

However, as a result of the foregoing factors, the Company faced liquidity constraints and was unable to repay short term liabilities maturing in the second quarter of 2012 on time. The Company also faced a credit rating downgrade from CRISIL due to payment delays, and the consequent negative publicity caused by such downgrade led to a major disruption in the business of the Company in the third quarter of 2012. The Company was faced with attrition of senior personnel and low customer confidence, both of which are of vital importance for business continuity in the IT industry. Consequently, the financial performance of the Company also suffered in the third quarter of 2012. The Company registered an approximate drop of 30% in quarterly revenue, with EBITDA of INR20 million as compared to an EBITDA of INR2250 million for the first half of 2012.

Therefore, at the end of the first half of FY2012, despite the fact that the Company made good progress on the business front, it was at the threshold of a serious liquidity problem leading to the accumulation of overdue payments owed to lenders. Internal accruals were being used to satisfy financial commitments and leading to reduced cash for our business and for funding growth. With our business being 60% focused towards the emerging markets which are highly working capital intensive, the lack of cash had an adverse impact on our business.

In spite of the liquidity stress and the negative media articles, the Company did not lose any existing customer contracts before its filing for corporate debt restructuring in 2012. Steps were taken by the Company to build confidence among customers through proactive communication. While there was a significant decline in sales due to the environment as mentioned above, operating costs could not be reduced immediately.

The Company had positive EBITDA in both FY2011 and FY2012, which indicate that the losses were primarily due to interest, depreciation and one-time write-offs which are mainly non-cash items.

The Company filed an application with Corporate Debt Restructuring Cell (“CDR”) to recast its debt obligations. A Letter of Approval was issued by the CDR on March 29, 2012, based on which all the lenders connected with the proposal signed a Master Restructuring Agreement on March 30, 2012 as amended by the amendment agreement dated July 25, 2012 (“MRA”). The significant highlights of the package include:

- The CDR package covered INR15,603.40 million.
- 15% of the secured borrowings amounting to INR1308.60 million and 20% of the unsecured borrowings amounting to INR1226.90 million, were converted into equity shares.
- A common pool of security was created and the lenders were given a charge on those assets in a structured manner as enumerated in the MRA. The Lenders were given primary and secondary charge on assets based on factors such as existing security status of the asset, tenure of the loan and specific lines of credit extended.
- The principal payments were to start after a moratorium of 2 years from the cut-off date, which was October 1, 2011, over 96 structured monthly instalments. The instalments were not equated over the 96 months, but were structured in an increasing manner so that the cash outflow of the Company was lower in the initial repayment

term and increased subsequently. The interest accrued from the cut-off date till 18 months after the cut-off date was to be converted into equity shares at the beginning of every quarter.

- The rate of interest was fixed at 14.75% per annum from October 1, 2011 until March 31, 2013 and to be reset at the beginning of every year, thereafter.
- Additional funding in the form of terms loans amounting to INR583.70 million was to be extended by the lenders upon completion of documentation of MRA.

The restructuring of the Company was one of the few cases of an IT company being restructured using the CDR mechanism, with an expectation that similar to manufacturers using the CDR mechanism, the Company would be able to make a quick turnaround. However, the Company's operating performance was not in line with assumptions used as a basis for the CDR restructuring in 2012, primarily due to the fact that overseas clients viewed the CDR as similar to bankruptcy and revenues from new product sales declined. In addition some of our existing customers did not renew their services contracts. One of the other assumptions of the CDR package was that one of the non-core subsidiaries, Locuz, would be divested and the funds from such divestment would be used to release the pledge of shares of another subsidiary, Professional Access (“PA”), which would provide operational control over PA to the Company and allow access to the profits and cash flows of PA. However, due to declines in the operating performance of Locuz, it has not been possible to sell the company and utilize the proceeds to secure access to the cash flows of PA.

The CDR gave the temporary relief to the Company so that the Company could improve its operating profitability. However, the fact that the Company had undergone a corporate debt restructuring was perceived by the clients of the Company as a sign of decline in financial stability. The international clients construed the CDR as the liquidation of the Company while the domestic clients were worried about the ability of the Company to be financially viable.

Due to high interest costs under the CDR and the publicity surrounding its status as a company under CDR, the Company found it difficult to maintain its client and vendor relations and obtain reasonable payment terms, which in turn had an adverse impact on its growth plans. In addition, the Company also experienced situations where it had to turn down certain engagements that were lucrative but required substantial working capital investment. Further, the clients of the Company questioned its solvency and its ability to perform its obligations under its contracts solely on the basis of its high interest cost and its having undergone a CDR. Also, given the operating structure of the Company, the Company had to provide funding to its overseas subsidiaries from time to time to ensure their continued operations.

Furthermore, certain overseas clients of the Company ceased to conduct business with the Company for the foregoing reasons. The Company also was unable to honour its commitments and accumulated amounts in arrears to be paid to its creditors. These arrears hampered further dealings with vendors and impacted employee morale.

The assumptions made at the time of CDR package with respect to revenues and margins have been very difficult to achieve. Fifty percent of the equity stake of the Company is held by CDR banks. However, other than a few of them, the Company has not received any support from those CDR banks either in the form of additional funding or in the form of business opportunity that would improve the financial performance of the Company and at the same time enable the Company to repay its obligations by providing products and services. The Company has continued to face severe constraints on selling its products and services, because clients of the Company, in light of its insufficient cash flow and debt burden, has been worried about the Company’s ability to sustain itself and therefore not willing to commit business to the Company. Existing CDR lenders themselves also cancelled contracts that had been awarded to the Company because of the above issues.

Other Efforts to Restructure Debt

Given that a significant portion of the Company’s revenue is in foreign currency, the Company proposed to prepay its rupee debt to CDR lenders through refinancing with lower-cost foreign-currency term debt. This would have allowed the Company to reduce its interest cost, and also to utilize the natural currency hedge available to it from its overseas operations where it earns revenues in foreign currency. Accordingly, in December 2012, 3i Infotech Holdings Pvt Ltd (Mauritius) approached the CDR lenders to seek a foreign-currency loan equivalent to the total

CDR debt of INR12,980 million. Following receipt of such loan, the Company had planned to repay the existing CDR lenders and to apply for an exit from the CDR. However, due to certain changes in the regulations pertaining to overseas direct investment, the Company concluded that the proposal might not be permitted under applicable regulatory requirements relating to overseas direct investment and accordingly withdrew the proposal.

On September 17, 2013, the Company approached the monitoring committee ("Monitoring Committee") constituted by its CDR Lenders, with the following proposal:

1. To convert the existing Rupee loan of INR12,980 million to an equivalent Foreign Currency Non Resident ("FCNR") (B) loan (approximately US$ 216.3 million at an exchange rate of US$ 1 = $ 60.00). The repayment terms of the FCNR (B) term loan would be similar to the repayment schedule of the CDR debt and have a similar security structure, subject to the security to be offered for an additional FCNR (B) loan as mentioned in 2 below.

2. To allow the Company to raise an additional FCNR (B) loan Rupee loan equivalent to INR2,150 million (approximately US$ 36.0 million) as priority debt with priority rights of repayment from proceeds of divestment of certain identified subsidiaries of the Company. The loan would be taken to meet its various long-term working capital requirements and to fund operating expenses.

3. To raise an additional FCNR (B) loan Rupee loan equivalent to INR2,150 million (approximately US$ 36.0 million) from the existing lenders in proportion to their outstanding loan amounts.

The CDR Empowered Group, the second tier of the structure of CDR mechanism, approved Priority Debt of INR2,150 million and conversion of the Rupee debt of the Company to FCNR(B) to alleviate the high rate of interest being incurred on the Rupee Debt. Consequently, the Company and the Monitoring Institution (on its behalf and on the behalf of the CDR lenders) executed an amendment agreement to the MRA dated January 9, 2014, permitting any CDR lender to convert the outstanding principal amounts under the Rupee denominated facilities (or any part thereof) extended by such CDR lender as part of the restructured term debt and/or the restructured working capital facilities (fund based) (as applicable) into a US Dollars denominated facility, in one or more tranches, as a sub-limit to the restructured term debt and/or the restructured working capital facilities (fund based) (as applicable) by entering into a foreign currency facility agreement together with a right to re-convert the outstanding amounts into a Rupee denominated facility any time after three years from the date of such foreign currency facility agreement. However –

- Due to various reasons, not all the CDR Lenders converted their Rupee exposure to FCNR(B);
- Even with partial conversion of Rupee debt to FCNR(B), the Company's total indebtedness remains high at approximately INR25,000 million; and
- Debt servicing costs remain high.

Consequently, customers, suppliers and employees remain concerned about the future of the Company**.**

Effects of Debt on Current Operations

The Company believes that services revenue is becoming more predictable, and there is potential for reasonable growth going forward. Furthermore, in the products business, the Company believes existing orders continue to be implemented largely to our customers' satisfaction. However, the Company is very concerned that its pipeline of new product orders, which is the higher margin part of the Company's businesses, is being reduced and the Company is encountering instances of orders being lost because of customer concerns relating to the Company's high debt levels and financial stability. In particular, the Company recently lost a large contract with Trancentra. Furthermore, ICICI Group, which is a large customer of the Company, has indicated that it would be moving its business to another vendor within the year. However, the business projections prepared by the Company and submitted to its lenders as part of the Debt Realignment Proposal factored in the loss of the entire business from ICICI Group and are still sufficient to address the servicing requirements of Lenders and FCCB Holders.

The Company has been taking and will continue to take steps to improve margins by means of reducing costs, delivering synergies and improving utilization of human resources and cash flows by means of strict control on receivables. However, following a comprehensive review by the Board, the Company believes that with its current levels of indebtedness, its business will continue to deteriorate, and it will continue to lose opportunities, if it is not able to restructure its indebtedness to a more manageable level.

In the absence of a comprehensive solution that would address all the aforementioned elements, sustaining even current EBITDA levels would be a challenge.

With this in mind, the Company proposed the DRS Package to its lenders. For further details, please see “Debt Realignment Scheme”.

Business Segments

IT Solutions

The IT Solutions segment includes selling of IT products developed by the Company and providing IT infrastructure services to companies in a number of different sectors, using an outsourcing business model. The IT products sold include packaged applications for the BFSI sector and an ERP suite. The IT services include customized software development and maintenance, system integration, IT consulting, and offshore and onsite support through the Company’s BPO operations. Through its IT service offerings, the Company provides clients with application development and maintenance, IT infrastructure services, e-governance services, retail e-commerce, business intelligence, document management services, business process management and data warehousing.

On the IT products front, the Company develops and sells products covering a spectrum of business applications including anti‒money laundering and financial crime detection and management (Amlock/FCDMS), investment management (MFund), corporate and retail lending (Kastle ULS), life insurance (Premia Life), general insurance (Premia General Insurance) and enterprise resource planning (Orion). The Company also packages its general purpose products such as data scanning (DataScan) and data management (DataFlow) products along with the aforementioned products to suit specific customer requirements. The Company believes that each of the aforementioned products is well established in its respective area of application and is being used by a large number of customers to their satisfaction.

On the IT services front, the Company has well-known customers, both in India as well as outside of India, for whom the Company is a vendor of choice, offering a range of services that is made possible by the range of domain and technology skills that the Company possesses. The IT services also include staff augmentation, particularly for clients in the US market. Bespoke application development and maintenance as well as testing are also services that the Company offers.

Transaction Services

The transaction services segment covers management of back-office operations for BFSI clients. Through its transaction service offerings, the Company provides clients with services such as remittance, cheque processing, human resources and payroll management services, account origination, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact centre services. The transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries. The Company’s major focus areas in the Transaction Services space are digitization, customer on-boarding, credentials validation and payment management.

The Company’s business of IT solutions and transaction services are segregated into two units from the perspective of operational governance, customer interaction, resource deployment and margins involved. These units are:

1. Software Products; and

2. Services Business.

SOFTWARE PRODUCTS

The software products business primarily comprises software applications for BFSI companies and an ERP suite of applications. The Company has more than 20 intellectual property rights, which it has acquired over a number of years. Set forth below are the flagship products offered by the Company:

(a) **Kastle** – Lending solution covering origination, disbursement and receivables management. Kastle is an enterprise-wide lending solution that automates the entire lending life cycle—from customer acquisition to recovery. It caters to several domains, such as automotive, commercial lending, consumer lending, home equity, project financing, Islamic lending, small to medium enterprise ("SME") finance, and micro finance.

(b) **Orion ERP** (an ERP solution) – Our suite of ERP products caters to companies of all sizes with powerful capabilities to manage enterprise-wide systems, teams and data. Built to ensure integrated information management and automated operations across the organization for a range of industries, Orion ERP gives companies control over the value chain and business processes and instant access to actionable and critical business information thereby reaping greater operational efficiency.

(c) **Premia** (end to end software for insurance companies) **–** Premia offers insurance organizations an array of powerful solution accelerators and software that enable efficient end-to-end management of insurance business processes. With sophisticated automation capabilities and quick-to-deploy solutions, our offerings help companies eliminate operational inefficiencies and hasten time-to-market across the entire portfolio of investment products (life, general and Islamic insurance).

(d) **Mfund** (investment management solution) –MFund is a multi-currency, multi-funds portfolio accounting, valuation and performance evaluation system catering to the operational needs of investment managers, portfolio managers, insurance companies, mutual funds, pension funds, unit trusts and investment management companies.

(e) **Amlock/FCDMS** (anti money-laundering and fraud detection software) **–** This is a state-of-the-art anti-money laundering and fraud detection solution that streamlines detection, monitoring and investigation operations. It is tailored for insurance, banking and capital market intermediaries like brokerages, mutual funds and registrars, and online gaming/gambling. It can be integrated seamlessly with the customers' core business applications.

SERVICES BUSINESS

Other IT service offerings include application development and maintenance services, IT infrastructure management services, e-governance services, business intelligence, document management service and transaction services. Through transaction service offerings, the Company provides clients with services such as cheque processing, account origination, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact centre services. The transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries.

ADMS

Application development and management service teams design, build and deploy IT applications that address the unique business and customer challenges of clients. The Company combines mature processes, robust delivery models and world-class expertise to help organizations leverage technology, and to drive business transformation. Its engineers enable organizations to bring about cost and operational efficiencies with streamlined and modernized application portfolios.

Testing and Compliance

Testing and compliance service helps organizations worldwide develop application testing strategies and execution models that focus on defect prevention rather than defect correction. The Company offers clients world-class solutions that draw on its deep practical domain knowledge—functional and nonfunctional, an incisive understanding of the quality process, the technological capability to deliver application testing services for any platform, and alliances with industry leaders in test automation.

Infrastructure Management Services

IT infrastructure management services accelerate innovation, align IT with business goals, and enable peak infrastructural efficiency across organizations worldwide. The Company's teams leverage technology alliances with industry leaders and original equipment manufacturers ("OEMs") to build optimal IT setups, implement organization-wide controls, offer round-the-clock support and facilitate business agility that powers growth through standards compliance.

Consulting Services

Consulting services provide quality, cost-effective information technology resource management ("ITRM") solutions for today's competitive environment. These consulting services provide customers with the ability to respond quickly to technology initiatives by strategically acquiring skills and cost-effectively managing the client's available resources.

Business Intelligence and Enterprise Application Solutions

Business intelligence and enterprise application solutions help organizations bring about business transformations across the enterprise. The Company's teams of solution architects and domain experts are supported by a variety of proprietary frameworks and tools that significantly hasten time to market for its solutions and help drive substantial cost savings.

The Company offers organizations a variety of flexible engagement models (extended team, offshore development centre, build-operate-transfer, fixed bid projects and time and material. Its clients also benefit from a strong pool of certified consultants, and alliances with industry leaders.

Business Process Outsourcing Services ("BPO")

The Company's BPO services operate on a hub-and-spoke connectivity model to offer cost-effective, technology-powered operational solutions for organizations across the BFSI, logistics, telecom and public sectors. The Company empowers organizations with cost-efficient, innovative and cutting-edge business solutions. Its domain-rich expertise, technological prowess and extensive delivery capabilities enable it to deliver unmatched value and unrivalled quality to a wide variety of organizations.

RESULTS OF OPERATIONS

INCOME

Our total revenue from operations is derived from:

- IT Solutions; and
- Transaction Services.

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 2013, 2014 and 2015 and the nine-months ended December 31, 2015:

Income by Segment

	For the year ended March 31,			Nine Months Ended December 31,
	2013	2014	2015	2015
Income from Operations				
IT Solutions	94%	94%	95%	95%
Transaction Services	6%	6%	5%	5%
Total Income from Operations	**100%**	**100%**	**100%**	**100%**

Regional Breakdown of Income

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

	For the year ended March 31,			Nine Months Ended December 31,
	2013	2014	2015	2015
Emerging Markets	59%	51%	62%	68%
Developed Markets	41%	49%	38%	32%
Total Income from Operations	**100.0%**	**100%**	**100%**	**100%**

SUMMARY OF THE TERMS OF THE BONDS

The following is a general summary of the terms of the Bonds. This summary is derived from, and should be read in conjunction with, the full text of the "Terms and Conditions of the Bonds" and the Trust Deed (as defined herein) constituting the Bonds, which qualifies this summary in its entirely and prevails to the extent of any inconsistency with the terms set out in this section. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the "Terms and Conditions of the Bonds."

Issuer	3i Infotech Limited, a company incorporated in the Republic of India with limited liability under the Companies Act, 1956.
Bonds...	Up to U.S.$52,000,000 2.5% Convertible Bonds due 2025.
Issue Price of the Bonds	100% of the Bonds' principal amount.
Interest Rate on Bonds.............................	U.S.$50,000 principal amount of each U.S.$130,000 principal amount of Bonds (the "Interest Bearing Portion") will bear interest at the rate of 2.5% per annum accruing from April 1, 2016. Interest on the Bonds will be payable on the Interest Bearing Portion semiannually on September 30 and March 31 of each year. The first semiannual payment which will represent a full six months of interest on the Interest Bearing Portion will be made on September 30, 2016. The U.S.$80,000 principal amount of each principal amount U.S.$130,000 of Bonds subject to automatic conversion is non-interest bearing.
Issue Date	To be determined.
Maturity Date...	March 31, 2025.
Redemption of Bonds	Unless previously redeemed, converted or purchased and cancelled (in which case the portion of the principal amount of each Bond to be paid on each remaining Principal Payment Date (as defined in the "Terms and Conditions of the Bonds") shall be proportionately reduced), the Issuer will redeem one-sixth ($1/6^{th}$) of the outstanding principal amount (as of March 31, 2020) of each outstanding Bond, plus accrued and unpaid interest (if any) on March 31 of each year starting from March 31, 2020 through March 31, 2025.
Status of the Bonds..................................	The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference or priority among themselves. The Issuer's obligations under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of our other present and future direct, unsubordinated, unconditional and unsecured obligations.
Ratings of the Bonds................................	The Bonds are not, and are not expected to be, rated by any rating agency.
Automatic Conversion of the Bonds	Sixty one and one half percent (61.5%) of the principal amount of each Bond (comprising US$80,000 principal amount per U.S.$130,000 principal amount of Bonds) is automatically convertible into Equity Shares on their date of issuance, at an initial automatic Conversion Price (as defined in the "Terms and Conditions of the Bonds") of INR10 per Equity Share (applicable only to the principal amount of Bonds subject to

automatic conversion) with a fixed rate of exchange on conversion of INR66.3260= US$1.00. The Conversion Price is subject to adjustment in certain circumstances described under “Terms and Conditions of the Bonds - Conversion.” The Issuer will cause the Equity Shares to be issued upon conversion of the Bonds to be credited to the relevant securities account of each Bondholder not later than 30 days after the relevant Conversion Date (as defined in the Terms and Conditions of the Bonds). The Company's obligation to redeem such Sixty one and one half percent (61.5%) of the principal amount of each Bond shall be fully and unconditionally discharged by such automatic conversion in accordance with Condition 8.12.

Conversion Price...................................... The Conversion Price (as defined in the Terms and Conditions of the Bonds) is subject to adjustment in certain circumstances in the manner provided in the Terms and Conditions of the Bonds. The initial automatic Conversion Price for the portion of Bonds subject to automatic conversion as described under "—Automatic Conversion of the Bonds" is INR10 per Equity Share and for the portion of the Bonds not subject to such automatic conversion, the initial automatic Conversion Price is INR12.5 per Equity Share, in each case, with a fixed rate of exchange on conversion of INR66.3260 = U.S.$1.00.

Conversion of the Bonds at Options of Holder... The Bonds are convertible at the option of the Bondholders into Equity Shares, at any time after the date of issuance and prior to the close of business (at the place the Bonds are deposited for conversion) on March 1, 2025 (being 30 days prior to the maturity date of the Bonds) unless previously redeemed, converted, or repurchased and cancelled and except during a Closed Period (as defined in the Terms and Conditions of the Bonds). A Bondholder exercising its Conversion Right (as defined in the Terms and Conditions of the Bonds) for Equity Shares in uncertified form will be required to open a depository account with a depository participant under the Indian Depositories Act, 1996, for the purpose of receiving the Equity Shares in uncertificated form. The Issuer will cause the Equity Shares to be issued upon conversion of the Bonds to be credited to the relevant securities account of the Bondholder exercising its Conversion Right not later than 30 days after the Conversion Date (as defined in the Terms and Conditions of the Bonds).

Representations of Bondholders.............. A Bondholder will be required to represent and agree upon its purchase of the Bonds and Equity Shares pursuant to this offering that, among other things, it is not in the United States or a U.S. Person (within the meaning of Regulation S under the Securities Act (“Regulation S”)).

Negative Pledge....................................... So long as any Bond remains outstanding (as defined in the Trust Deed):

(i) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“Security”) upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities (as defined in the Terms and Conditions of the Bonds) or to secure any guarantee of or indemnity in respect of any International Investment Securities;

(ii) the Issuer will procure that no Subsidiary (as defined in the

Terms and Conditions of the Bonds) or other person (as defined in the Terms and Conditions of the Bonds) creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that Subsidiary or that other Person to secure (a) any International Investment Securities of the Issuer or any of its Subsidiaries, or any guarantee of or indemnity in respect of any International Investment Securities of the Issuer or any of its Subsidiaries, or (b) where the person in question is a Subsidiary (as defined in the Terms and Conditions of the Bonds) of the Issuer, any of the International Investment Securities of any person, or any guarantee of or indemnity in respect of any such International Investment Securities; and

(iii) the Issuer will ensure that none of its Subsidiaries or Affiliates give any guarantee of, or indemnity in respect of, any International Investment Securities of the Issuer or any of its Subsidiaries,

unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

Mandatory Conversion at Issuer's Option.. At any time after the date of the issuance of the Bonds, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), mandatorily convert the Bonds in whole but not in part into Shares on the date fixed for mandatory conversion, provided that no such mandatory conversion may be made unless the Closing Price of the Shares for each of the 45 consecutive Trading Days prior to the date upon which notice of such mandatory conversion is given, was at least 250 per cent. of the Conversion Price (translated into US dollars at the Fixed Exchange Rate).

Redemption for Taxation Reasons........... The Bonds may be redeemed in whole, but not in part, at the Issuer's option at any time at 100% of their principal amount plus accrued and unpaid interest (if any) to the date of redemption if certain changes affecting taxes as specified in "Terms and Conditions of the Bonds – Redemption, Repurchase and Cancellation – Redemption for Taxation Reasons."

Optional Redemption............................... The Bonds may be redeemed in whole, but not in part, at any time during such period at the option of the Issuer at 100% of their principal amount plus accrued and unpaid interest (if any) to the date of redemption (as defined in the Terms and Conditions of the Bonds) if less than 10% in aggregate principal amount of the Bonds originally issued remains outstanding.

Repurchase of Bonds in the Event of A Bondholder shall have the right, at such Bondholder's option, to

Change of Control	require the Issuer to redeem all but not part of such Bondholder's Bonds at 100% of their principal amount plus accrued and unpaid interest (if any) to the date of redemption upon the occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds) with respect to the Issuer. See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation."
Modification, Waivers and Substitution	The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of the Bondholders, agree to (i) any modification of, or the waiver or authorisation of any breach or proposed breach of, any of the Bonds, the Agency Agreement or the Trust Deed that is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders, (ii) any modification of the Bonds or the Trust Deed, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law or (iii) the substitution of another entity as principal debtor under the Bonds and the Trust Deed in place of the Issuer, in the circumstances described in Condition 14.2 and Condition 14.3.
RBI Approval Required for Early Redemption	Under current regulations of the RBI applicable to convertible bonds, prior approval of the RBI is required before providing notice for or effecting any redemption prior to the prescribed minimum average maturity period under the applicable law.
Form and Denomination of the Bonds.....	The Bonds will be issued in registered form in denominations of U.S.$10,000 each or integral multiples of U.S.$50 in excess thereof. The Bonds will be represented by a Global Certificate that will be issued in the name of a nominee of a common depositary (the "Common Depositary") on behalf of Euroclear Bank S.A./N.V. and Clearstream, Luxembourg (together, the "Clearing Systems") and deposited with the Common Depositary.
Events of Default.....................................	Certain events will permit acceleration of repayment of principal and interest on the Bonds. For a description, see "Terms and Conditions of the Bonds — Events of Default."
Trustee for the Bonds	GLAS Trust Corporation Limited.
Principal Paying Agent for the Bonds	Deutsche Bank AG, London Branch.
Transfer Agent for the Bonds	Deutsche Bank Luxembourg SA
Global Certificate	For as long as the Bonds are represented by the Global Certificate and such Global Certificate is held by the Common Depositary for the Clearing Systems, payments of principal in respect of the Bonds represented by such Global Certificate will be made against presentation for endorsement and, if no further payment is to be made in respect of such Bonds, surrender of the Global Certificate to or to the order of the

	Principal Agent for such purpose. The Bonds that are represented by such Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing Systems.
Additional Issuance of Bonds..................	The Issuer may, from time to time and without the consent of Bondholders, create and issue additional Bonds either having the same terms and conditions as the Bonds in all respects (save for the date of issue) so that such additional Bonds shall be consolidated and form a single series with the Bonds or upon such terms as the Issuer may determine.
Common Code for the Bonds	To be determined.
ISIN for the Bonds...................................	XS1423751418
Clearance and Settlement of Bonds.........	The Bonds will clear and settle solely through the book-entry transfer facilities maintained by the Clearing Systems.
General Market for the Equity Shares, Listing and Share Ownership Restrictions..	The Issuer's issued and paid-up Equity Shares are listed on the Indian Exchanges. The Equity Shares are expected to be listed on the Indian Exchanges and on other stock exchanges in India where the Issuer's Equity Shares are listed. There are restrictions on investments in shares of Indian companies by nonresidents of India. See "Foreign Investment and Exchange Control."
Indian Taxation..	Payments of principal, interest and default interest (if any) on the Bonds made by the Issuer in respect of the Bonds and all deliveries of Equity Shares made upon conversion of the Bonds will be made without deduction or withholding in respect of Indian taxation save to the extent required by law. Where so required, the Issuer will gross up the net taxable amount and will be required to account separately to the Indian tax authorities for any withholding taxes applicable on such amounts. The Bonds will have the benefit of the tax concessions available under the provisions of Section 115AC of the Income Tax Act, 1961, of India and The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depositary Receipt Mechanism) Scheme 1993 promulgated by the Government of India (the "Depositary Receipt Scheme"). These tax concessions include withholding at a reduced rate of 10% plus an applicable surcharge on such tax in respect of interest and premium (if any) on the Bonds, and education cess and higher education cess. Gains realised outside India on the sale or transfer of such Bonds (but not the Shares issued upon conversion of the Bonds) by a holder who is a nonresident of India to another nonresident of India are exempt from Indian capital gains tax. See "Taxation." Under current Indian laws, no tax is payable by the recipients of dividends on shares of an Indian company, including the Shares deliverable upon conversion of the Bonds. However, the Issuer will be liable to pay distribution tax on dividends paid on the Shares at a rate of approximately 20.36% (inclusive of surcharge and education cess).
Selling Restrictions..................................	There are restrictions on the offer, sale and/or transfer of the Bonds and Equity Shares in, among others, European Economic Area, Hong Kong, India, Singapore, the United Kingdom and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Bonds and Equity Shares, see "Transfer Restrictions."

Listing	Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive certificates. In addition, in the event that the Global Certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST, and such announcement will include all material information with respect to the delivery of the definitive Bonds, including details of the paying agent in Singapore. In-principle approval has been received from BSE under its letter dated June 10, 2016, in-principle approval from NSE is yet to be received. The Issuer has also undertaken to apply to each of the Indian Exchanges for the listing of the Equity Shares issued upon conversion of the Bonds
Governing Law	The Bonds will be constituted by a Trust Deed, which shall be governed by and construed in accordance with English law.
Government of India Approvals	The Issuer has applied for approval from the RBI through its letter dated April 6, 2016 to undertake the issuance of the Bonds in exchange of the Existing Bonds and to the extent the Exchange Offer is not accepted by Bondholders, to modify the terms of the Existing Bonds.

SUMMARY SELECTED FINANCIAL INFORMATION

The summary financial information for the three years ended March 31, 2013, 2014 and 2015, and the summary financial information for nine months ended December 31, 2014 and December 31, 2015, set forth below have been derived from our Financial Statements included elsewhere in this Offering Circular. Our summary financial information for the years ended March 31, 2013, 2014 and 2015, were prepared in accordance with Indian GAAP. For a summary of our significant accounting policies and the basis of the presentation of our Financial Statements, please refer to the notes to the Financial Statements included in this Offering Circular.

The summary financial information set forth below should be read in conjunction with our Consolidated Financial Statements included in this Offering Circular.

CONSOLIDATED FINANCIAL INFORMATION AS AT AND FOR THE PERIODS INDICATED

CONSOLIDATED BALANCE SHEET INFORMATION

	INR in million			US$ in million	INR in million		US$ in million
Particulars	**As at 31/03/13**	**As at 31/03/14**	**As at 31/03/15**	**As at 31/03/15**	**As at 31/12/14**	**As at 31/12/15**	**As at 31/12/15**
I. EQUITY LIABILITIES							
Shareholders' funds							
Share capital..........	6,365.55	6,376.44	6,687.51	101.04	6,511.20	7,011.90	105.94
Reserves and surplus	2,780.33	(419.10)	(10,530.05)	(159.09)	-6,679.50	(12,717.40)	-192.13
Share application money pending allotment..........	—	—	335.00	5.06	335.00	—	—
Minority interest	55.18	60.23	62.36	0.94	63.50	41.50	0.63
Noncurrent liabilities							
Long-term borrowings........	20,020.21	20,588.91	18,603.25	281.06	19,815.00	17,378.31	262.55
Deferred tax liabilities...........	14.70	9.25	—	—	-0.00	—	—
Other long-term liabilities...........	250.53	148.26	180.08	2.72	236.00	213.00	3.22
Current liabilities							
Short-term borrowings........	1,493.45	2,857.74	1,646.68	24.88	2,114.10	551.10	8.33
Trade payables	2,035.88	1,846.80	2,113.57	31.93	2,120.60	1,639.60	24.77
Other current liabilities...........	4,467.83	6,285.55	7,163.14	108.22	5,823.90	10,897.30	164.64
Short-term provisions..........	266.14	278.21	291.26	4.40	280.90	306.50	4.63
	37,749.80	**38,032.29**	**26,553.00**	**401.16**	**30,620.70**	**25,321.80**	**382.56**
II. ASSETS							
Non-current assets							
Fixed assets							
(i) Tangible assets.........	3,247.74	2,525.65	2,582.80	39.02	2,804.20	2,042.20	30.85
(ii) ... Intangibl	10,630.66	10,609.07	9,723.28	146.90	10,237.70	9,389.30	141.85

Particulars	INR in million As at 31/03/13	As at 31/03/14	As at 31/03/15	US$ in million As at 31/03/15	INR in million As at 31/12/14	As at 31/12/15	US$ in million As at 31/12/15
(iii) Capital work in Progress.....	—	7.61	0.29	0.00	2.90	0.30	0.00
(iv) Intangible a	327.11	147.42	—	—	-0.00	—	—
Goodwill arising on consolidation.....	15,466.63	16,326.00	7,105.59	107.35	10,640.90	7,105.60	107.35
Non-current investments.......	251.69	251.64	251.64	3.80	251.60	251.60	3.80
Deferred tax asset.................	1,058.68	1,238.40	1,258.37	19.01	1,253.50	1,259.20	19.02
Long-term loans and advances.....	1,980.29	1,885.64	1,738.30	26.26	1,933.50	1,831.70	27.67
Other non-current assets.....	195.08	255.76	98.77	1.49	104.50	92.50	1.40
Current assets							
Inventories	11.18	13.59	14.35	0.22	34.50	5.90	0.09
Trade receivables........	2,160.48	2,098.55	1,792.80	27.09	1,693.40	1,760.10	26.59
Cash and bank balances...........	510.87	612.11	228.81	3.46	214.20	313.80	4.74
Short-term loans and advances.....	576.68	732.29	755.48	11.41	763.20	494.20	7.47
Other current assets................	1,332.71	1,328.54	1,002.40	15.14	686.60	775.40	11.71
	37,749.80	**38,032.29**	**26,553.00**	**401.16**	**30,620.70**	**25,321.80**	**382.56**

CONSOLIDATED PROFIT AND LOSS ACCOUNT INFORMATION

	INR in million For the year ended 31/03/13	For the year ended 31/03/14	For the year ended 31/03/15	US$ in million For the year ended 31/03/15	INR in million For the Nine months ended 31/12/14	For the Nine months ended 31/12/15	US$ in million For the Nine months ended 31/12/15
INCOME							
I. Revenue from operations..................	13,113.60	13,078.92	13,440.00	203.05	10,386.90	8,538.40	129.00
II. Other income............	529.23	1,306.07	44.33	0.67	43.10	33.30	0.50
III. Total Revenue (I + II)..........................	**13,642.83**	**14,385.00**	**13,484.33**	**203.72**	**10,430.00**	**8,571.70**	**129.50**
IV. EXPENSES							
Employee benefits and expense and Cost of Revenue....................	9,854.40	10,286.20	10,022.70	151.42	7,838.50	6,465.80	97.69
Finance costs.................	3,076.20	3,211.00	2,114.00	31.94	1,641.60	1,424.70	21.52
Depreciation and amortization expense.....................	2,308.20	2,564.20	2,291.00	34.61	1,716.20	1,496.60	22.61
Other expenses..............	2,239.80	1,880.90	1,690.10	25.53	1,702.70	1,438.10	21.73
Total expenses...............	**17,478.60**	**17,942.30**	**16,117.80**	**243.51**	**12,899.00**	**10,825.20**	**163.55**
V. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS & TAX (III-IV)............................	(3,835.77)	(3,557.31)	(2,633.48)	(39.79)	(2,469.00)	(2,253.50)	(34.05)
VI. EXCEPTIONAL ITEMS – INCOME / (EXPENSES)..........	(1,058.39) (*)	—	(6,731.73)	(101.70)	(3,156.70)	(0.00)	(0.00)

VII. PROFIT / (LOSS) BEFORE TAX (V + VI)............	**(4,894.16)**	**(3,557.31)**	**(9,365.21)**	**(141.49)**	**(5,625.70)**	**(2,253.50)**	**(34.05)**
VIII. TAX EXPENSE	140.59	13.34	395.36	5.97	173.10	216.50	3.27
IX. PROFIT / (LOSS) FOR THE YEAR (VII-VIII)..................	**(5,034.75)**	**(3,570.65)**	**(9,760.57)**	**(147.46)**	**(5,798.80)**	**(2,470.00)**	**(37.32)**
X. MINORITY INTEREST	14.87	5.04	2.13	0.03	3.20	(20.80)	(0.31)
XI. PROFIT / (LOSS) AFTER MINORITY INTEREST (IX-X)...	**(5,049.65)**	**(3,575.59)**	**(9,762.70)**	**(147.50)**	**(5,802.00)**	**(2,449.20)**	**(37.00)**
Earnings per equity share of face value of '10 each:							
Before exceptional items and discontinued operations							
(1) Basic.........................	(9.19)	(6.33)	**(5.29)**	(5.29)	(4.66)	(4.05)	(4.05)
(2) Diluted......................	(9.19)	(6.33)	**(5.29)**	(5.29)	(4.66)	(4.05)	(4.05)
After exceptional items and discontinued operations							
(1) Basic.........................	(11.60)	(6.33)	**(16.85)**	(16.85)	(10.12)	(4.05)	(4.05)
(2) Diluted......................	(11.60)	(6.33)	**(16.85)**	(16.85)	(10.12)	(4.05)	(4.05)

Note :

(*) Exceptional items includes losses from discontinued operations RS 195.70 million in the year 2012 - 2013

CONSOLIDATED CASH FLOW INFORMATION

	INR in million			**US$ in million**	**INR in million**		**US$ in million**
	For the year ended 31/03/13	**For the year ended 31/03/14**	**For the year ended 31/03/15**	**For the year ended 31/03/15**	**For the nine months ended 31/12/14**	**For the nine months ended 31/12/15**	**For the nine months ended 31/12/15**
A. Cash Flow from / (used in) Operating Activities							
Profit/(Loss) before exceptional items and tax	**(3,835.80)**	**(3,557.30)**	**(2,633.50)**	**(39.79)**	**(2,469.00)**	**(2,253.50)**	(34.05)
Adjustments for:							
Depreciation/amortization..................	2,308.20	2,564.20	2,291.00	34.61	1716.20	1,496.60	22.61
Foreign exchange (gain)/loss (net).....	(349.70)	(1,030.10)	33.70	0.51	283.60	462.00	6.98
(Gain)/loss on sale/discarding of fixed assets (net)...........................	16.90	(87.40)	(0.90)	(0.01)	(1.40)	(1.20)	(0.02)
Interest income	(28.80)	(39.10)	(17.60)	(0.27)	(14.90)	(6.90)	(0.10)
Finance cost......................................	3,076.20	3,210.90	2,114.00	31.94	1,641.60	1,424.70	21.52
Provision for doubtful debts made/(written back).......................	198.00	91.80	140.70	2.13	201.20	53.50	0.81
Loss from discontinued operations.....	-	-	-	-	(3,156.70)	-	-
Liability/provision written back	(178.00)	-	-	-	-	-	-
Operating Profit/(Loss) before working capital changes.............	**1,207.00**	**1,153.00**	**1,927.40**	**29.12**	**(1,799.40)**	**1,175.20**	**17.75**
Adjustments for:							
Trade and other receivables	(163.20)	476.20	(819.20)	(12.38)	4,085.20	77.40	1.17
Inventories..	4.80	(2.40)	(0.80)	(0.01)	(20.90)	8.50	0.13
Trade payables and other liabilities....	(238.20)	(884.70)	(1,260.70)	(19.05)	(1,652.80)	(894.00)	(13.51)
	(396.60)	**(410.90)**	**(2,080.70)**	**(31.44)**	**2,411.50**	**(808.10)**	**(12.21)**
Cash Generated from/(used in) Operations	810.40	742.20	(153.30)	(2.32)	612.20	367.00	5.54
Income taxes paid	(315.60)	(244.60)	(359.90)	(5.44)	(296.10)	(179.10)	(2.71)
Net cash from/(used in) Operating Activities - A..................	**494.80**	**497.60**	**(513.20)**	**(7.75)**	**317.00**	**187.90**	**2.84**
B. Cash Flow from/(used in) investing Activities:							
Sale/(Purchase) of fixed assets (including Capital Work in Progress)	(425.60)	(229.10)	88.50	1.34	683.10	(33.90)	(0.51)

	INR in million			US$ in million	INR in million		US$ in million
	For the year ended 31/03/13	For the year ended 31/03/14	For the year ended 31/03/15	For the year ended 31/03/15	For the nine months ended 31/12/14	For the nine months ended 31/12/15	For the nine months ended 31/12/15
Purchase of noncurrent investments...	(0.60)	0.10	-	-	-	-	-
Proceeds from Sale of Subsidiary	-	-	3,036.70	45.88	-	-	-
Interest received................................	28.60	39.20	11.60	0.18	15.00	4.80	0.07
Net cash from/(used in) Investing Activities – C................................	**(397.60)**	**(189.80)**	**3,136.80**	**47.39**	**698.90**	**(29.10)**	**(0.44)**
C. Cash Flow from/(used in) Financing Activities:							
Payments towards FCCB expenses	(164.20)	-	-	-	-	-	-
Proceeds from/(Repayment of) borrowings	93.50	2,380.30	(2,046.50)	(30.92)	(372.50)	140.00	2.12
Interest paid	(532.80)	(2,548.00)	(979.90)	(14.80)	(1,006.60)	(174.30)	(2.63)
Net Cash from/(used in) Financing Activities – C	**(603.50)**	**(167.70)**	**(3,026.40)**	**(45.72)**	**(1,379.20)**	**(34.30)**	**(0.52)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)..	(506.30)	140.10	(402.80)	(6.09)	(363.20)	124.40	1.88
Cash and Cash Equivalents at beginning of the year.............	883.70	377.40	517.50	7.82	517.50	114.70	1.73
Cash and Cash Equivalents at end of the year	**377.40**	**517.50**	**114.70**	**1.73**	**154.30**	**239.10**	**3.61**

RECONCILIATION OF EBITDA TO NET INCOME AFTER EXCEPTIONAL ITEMS

	INR in millions			US$ in million	INR in millions		US$ in million
Particulars	**For the year ended 31/03/13**	**For the year ended 31/03/14**	**For the year ended 31/03/15**	**For the year ended 31/03/15**	**For the Nine months ended 31/12/14**	**For the Nine months ended 31/12/15**	**For the Nine months ended 31/12/15**
EBITDA	**1,548.63**	**2,217.89**	**1,771.52**	26.76	**888.79**	**667.80**	10.09
Less:							
Finance Costs....................	3,076.20	3,211.00	2,114.00	31.94	1,641.60	1,424.70	21.52
Depreciation and amortization expenses	2,308.20	2,564.20	2,291.00	34.61	1,716.20	1,496.60	22.61
Taxes	140.59	13.34	395.36	5.97	173.10	216.50	3.27
Net Income Before Exceptional Items	**(3,976.36)**	**(3,570.65)**	**(3,028.83)**	(45.76)	**(2,642.10)**	**(2,470.00)**	(37.32)
Add: Exceptional Income	33.00	—	—	—			
(Less): Exceptional expenditure..................	(1,091.39)	—	(6,731.73)	(101.70)	(3,156.70)	—	0
Net Income After Exceptional Items	**(5,034.75)**	**(3,570.65)**	**(9,760.57)**	(147.46)	**(5,798.80)**	**(2,470.00)**	(37.32)

Note :

(*) Exceptional items includes losses from discontinued operations RS 195.70 million in the year 2012 - 2013

DEBT REALIGNMENT SCHEME

The description in this section is a summary only. There are certain risks relating to the DRS Package. Please see "Risk Factors – Risks Associated with Our Business".

DEBT RESTRUCTURING

Corporate Debt Restructuring in 2012

In 2012, the Company had filed an application with the Corporate Debt Restructuring ("**CDR**") Cell to restructure its debt obligations ("**CDR Package**"). Pursuant to a letter of approval dated March 29, 2012 issued by the CDR Cell, a master restructure agreement dated March 30, 2012 (as amended by an amendment agreement dated July 25, 2012) was executed among the Company, IDBI Bank Limited (which was also selected to be the 'Monitoring Institution' for the restructuring), Allahabad Bank, Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, HDFC Bank Limited, Indian Overseas Bank, ICICI Bank Limited, Jammu & Kashmir Bank Limited, Oriental Bank of Commerce, Standard Chartered Bank, State Bank of Hyderabad, State Bank of Travancore, United Bank of India and YES Bank Limited (the "**MRA**"). The key terms of the MRA include the following:

- The CDR Package covered indebtedness totalling to INR15,603.40 million.

- 15% of the secured borrowings (amounting to INR1,308.60 million) and 20% of the unsecured borrowings (amounting to INR1,226.90 million) were converted into equity shares of the Company.

- A common pool of security was created and the lenders were given a charge on those assets in a structured manner as prescribed in the MRA. The lenders were given primary and secondary charges on assets based on factors such as the existing security status of the asset, tenure of the loan and specific lines of credit extended.

- The principal payments were to commence after a moratorium of two years from the cut-off date, which was October 1, 2011, and was to be paid in 96 structured monthly instalments. The instalments were structured to escalate so that the cash outflow from the Company would be lower for the initial repayment term and increase subsequently. The interest accrued from the cut-off date until 18 months after the cut-off date was to be converted into equity shares at the beginning of every quarter.

- The rate of interest was fixed at 14.75% per annum from October 1, 2011 until March 31, 2013 and to be reset with the approval of the CDR Empowered Group at the beginning of every year, thereafter, in the manner prescribed in the MRA.

- Additional funding in the form of terms loans amounting to INR583.70 million was to be extended by the lenders upon completion of documentation of MRA.

Subsequently, on September 17, 2013, the Company approached the Monitoring Committee constituted by the lenders forming part of the CDR Package ("**CDR Lenders**"), with the following proposal:

- To convert the existing Rupee loan of INR12,980 million to an equivalent foreign currency non-resident ("**FCNR**") (B) loan (approximately USD 216.3 million at an exchange rate of USD 1 = $ 60.00). The repayment terms of the FCNR (B) loan would be exactly similar to the repayment schedule of the CDR Package and have a similar security structure, subject to the security to be offered for an additional FCNR (B) loan as mentioned below.

- To allow the Company to raise an additional FCNR (B) loan equivalent to INR2,150 million (approximately USD 36.0 million) as priority debt with priority rights of repayment from proceeds of divestment of certain identified subsidiaries of the Company. The loan would be taken to meet its various long-term working capital requirements, fund operating expenses and clear key outstanding payments with pari-passu charge over existing security under CDR Package.

- To raise an additional FCNR (B) loan equivalent to INR2,150 million (approximately USD 36.0 million) from the existing lenders in proportion to their outstanding loan amounts.

The CDR Empowered Group approved priority debt of INR2,150 million and the conversion of the Rupee debt of the Company to an FCNR (B) loan to alleviate the high rate of interest being incurred on the Rupee debt. Consequently, the Company and the Monitoring Institution (on its behalf and on the behalf of the CDR lenders) executed an amendment agreement to the MRA dated January 9, 2014, permitting any CDR lender to convert the outstanding principal amounts under the Rupee denominated facilities (or any part thereof) extended by such CDR lender as part of the restructured term debt and/or the restructured working capital facilities (fund based) (as applicable) into a US Dollars denominated facility, in one or more tranches, as a sub-limit to the restructured term debt and/or the restructured working capital facilities (fund based) (as applicable) by entering into a foreign currency facility agreement together with a right to re-convert the outstanding amounts into a Rupee denominated facility any time after three years from the date of such foreign currency facility agreement.

However (i) due to various reasons, not all CDR Lenders converted their Rupee exposure to FCNR (B) loan, (ii) even with partial conversion of Rupee debt to FCNR (B) loan, the Company's total indebtedness remains high at approximately INR25,000 million, and (ii) debt servicing costs remain high.

The total principal outstanding as at September 30, 2015 was INR25,024 million (INR15,953 million to CDR Lenders, INR3,546.5 million to Non-CDR Lenders and INR5,523.9 million FCCB).

The Company and the Monitoring Institution have executed another amendment to the MRA on June 17, 2016 whereby CDR Lender may re-convert the FCNR (B) loan extended by such CDR Lender as part of the CDR Package to Rupee denominated facilities, at any time, by entering into a conversion agreement with the Company.

DRS Package

On November 2, 2015, the Joint Lenders' Forum ("**JLF**"), comprising of all the DRS Lenders, considered the Company's plan for a comprehensive debt realignment scheme ("**DRS Package**") with an aim to serve the interests of the lenders, offer the possibility of value enhancement and simultaneously support the sustainability and future growth of the Company. Accordingly, on November 2, 2015, the JLF granted its in-principle approval to consider the DRS Package, subject to approval of the respective competent authorities of each individual lender. Subsequently, the implementation of the DRS Package was approved by the JLF at its meeting held on April 1, 2016.

CDR Lenders

While the CDR Lenders form part of the JLF (which has granted its approval as mentioned above), CDR Lenders have considered implementation of the DRS Package under the aegis of the CDR mechanism by recording the terms of the DRS Package in an amendment / supplemental agreement to the MRA.

Accordingly, the CDR Empowered Group approved the final rework of the DRS Package ("**Restructured CDR Package**") in its meeting held on April 27, 2016. Thereafter, the CDR Cell issued a letter of approval dated June 14, 2016 confirming the approval of the Restructured CDR Package by the CDR Empowered Group. Under such letter of approval, the parties have been directed to implement the Restructured CDR Package within 120 days of the date of approval (August 24, 2016).

The salient features of the Restructured CDR Package are as follows:

- ***Restructuring of existing debt owed to DRS Lenders***: The key elements of the proposals are as follows:

- Conversion of 35% of the principal amount to non-convertible redeemable preference shares of face value INR5 each at par (and/or preference shares of INR1 each at premium of INR4 each) redeemable on March 15, 2026 and carrying a dividend of 0.10% per annum;

- Conversion of 40% of principal amount into Shares of the Company at face value. In the event that any CDR Lender is unable to subscribe to the Equity Shares due to regulatory constraints, such CDR Lender could opt for non-convertible redeemable preference shares of INR1 each at premium of INR4 each) redeemable on March 15, 2026 and carrying a dividend of 0.10% p.a.;

- Retention of the balance of the debt as a residual loan to the Company:

    - Retain 25% of principal amount as a loan to the Company;

    - Interest to be set at the base rate of IDBI Bank Limited (which would also be the Monitoring Institution) or at 10% per annum, whichever is higher, payable on monthly basis;

    - Moratorium on payment of principal amount up to March 31, 2018; and

    - Principal repayable from April 2018 in equal monthly instalments over 6 years;

- *Cut-off date*: April 1, 2016;

- Lenders to waive all unpaid interest/liquidated damages/penal interest etc. from April 1, 2014 until March 31, 2016;

- For lenders whose debt has not been serviced at par with other lenders with respect to interest, Equity Shares will be at face value, for an equivalent amount;

- Scheme to be applicable to all DRS Lenders;

- DRS Lenders to have pari-passu share in the cash flows of the Company subject to existing security position/other terms and conditions of the DRS Package; and

- Existing covenants and terms and conditions as approved by the CDR Empowered Group to continue including trust and retention account currently maintained with Monitoring Institution.

• ***Restructuring of the Existing Bonds: The details of the proposed restructuring of the Existing Bonds, see*** exchange offer memorandum to which this Offering Circular is attached and see "Terms and Conditions of the Bonds" included in this Offering Circular.

Further, the Issuer is required to obtain prior approval of the CDR Empowered Group before affecting any change in the management set-up, declaration of dividend, making investments in other companies or incurring capital expenditure (other than those permitted under the Restructured CDR Package). The CDR Lenders may require the Company to make mandatory prepayment in the event 100% of the net proceeds of an asset / investment sale exceeding INR0.5 million subject to payment of any prior charge holder on the asset sold. The CDR Lenders shall also have the right to appoint two nominees on the Board.

Non-CDR Lenders

The Company is in process of executing a separate restructuring agreement with non-CDR Lenders who do not wish to join the CDR mechanism on the same terms as the Restructured CDR Package.

Corporate Approvals

Additionally, the DRS Package has been approved by the Board of Directors pursuant to its resolution dated February 11, 2016. The DRS Package was approved by the shareholders of the Company pursuant to their resolutions dated March 18, 2016 and May 13, 2016 passed by way of postal ballot.

RISK FACTORS

This offering involves a high degree of risk. Any potential investor in, and purchaser of, the Bonds should pay particular attention to the fact that the Issuer is an Indian company and is subject to a legal and regulatory environment that may be different from that which prevails in other countries. Prior to making an investment decision with respect to the Bonds offered hereby, all such prospective investors and purchasers should carefully consider all of the information contained in this Offering Circular, 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 the Issuer's business, results of operations, financial condition and future prospects and cause the market price of the Bonds and the Equity Shares to fall significantly. In this section only, unless the context otherwise requires, any reference to "we," "us," "our" or the Group refers to the Issuer and its subsidiaries on a consolidated basis.

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 Associated with Our Businesses

Although our domestic lenders have approved the CDR Package, they retain certain rights that allow the CDR Package to be revoked and permit the lenders to seek accelerated repayments of their facilities, to convert their outstanding amounts into Equity Shares and to seek compensation for accommodations made by such lenders.

Although the CDR Lenders have approved the CDR Package, the CDR Lenders retain certain rights, the exercise of which may have an adverse impact on the Issuer or on creditors, bondholders, lenders and the shareholders. The CDR Lenders are permitted to revoke all or part of the CDR Package either upon our failure to fully implement the CDR Package within the requisite time limit or upon the occurrence of certain events of default to be specified in the MRA, including defaults on any repayment or other obligations under the CDR Package, violation of any undertakings provided by the Issuer, withholding of important information or provision of misleading information by the Issuer, undertaking of any new project or expansion of existing projects without the prior approval of the CDR Empowered Group and any sale, transfer, mortgage, removal or disposal of fixed assets (other than in the normal course of the Issuer's business) in excess of an amount to be specified in the MRA, without the prior approval of the CDR Empowered Group. Such revocation would entitle the CDR Lenders to declare a default under both the CDR Package and under the existing financing arrangements and to enforce their rights under their credit agreements. Such action would cause a cross-default under the Bonds.

The actual trigger events for payment of compensation by the Issuer may vary subject to the finalisation of the master restructuring agreement.

After the restructuring of our debt, we will continue to have substantial indebtedness and may incur additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy outstanding and future debt obligations.

After the restructuring of our debt, the Group will continue to have a substantial amount of indebtedness and may incur substantial additional indebtedness in the future. As of December 31, 2015, the Group's total borrowings amounted to INR24,544.3 million.

The Group's indebtedness could:

- limit its ability to satisfy its obligations under the Bonds and other debt, including its ability to redeem the Bonds at maturity;
- increase its vulnerability to adverse general economic and industry conditions;
- require it to dedicate a substantial portion of its cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;

- limit its flexibility in planning for or reacting to changes in its businesses and the industry in which it operates;

- place the Group at a competitive disadvantage compared to its competitors that have less debt;

- limit, along with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds;

- increase the cost of additional financing; and

- lead to liquidity challenges that could result, and are currently resulting, in reduced revenue due to a decrease in customer confidence and difficulty in obtaining short-term financing to fund new projects.

In the future, the Group may from time to time incur additional indebtedness and contingent liabilities. The terms of the Bonds do not limit us and our restricted subsidiaries from incurring additional debt and contingent liabilities. Any such indebtedness could increase the risks that we face as a result of our already substantial indebtedness and leverage.

The Group's ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond its control. The Group may not generate sufficient cash flow for these purposes. If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

There can be no assurance that the debt restructuring that we are currently undertaking will improve our business prospects.

Following the 2012 CDR, we believe that our business prospects were adversely affected as a result of many of our international customers viewing our 2012 CDR as similar to a bankruptcy proceeding and our Indian customers having concerns regarding our financial viability. Accordingly, many customers and potential customers have been unwilling to purchase new products or renew services contracts. In addition, we have been encountering instances of orders being lost because of customer concerns relating to the Company's high debt load, lack of working capital and financial stability. In particular, the Company recently lost a large contract with Trancentra. Furthermore, ICICI group, which is a large customer of the Company, pursuant to its letter dated July 1, 2016 has informed that it shall terminate some of the agreements that it has executed with the Company and its subsidiaries. Whilst the letter states the termination date to be July 16, 2016, we are in discussions with them to provide us the full notice period as contemplated under our agreements and mutually agree on a termination date thereof. Although we are undertaking our current debt restructuring partly with a view to improving customers' perceptions of our long-term viability, there can be no assurance that this process will bring about the desired effect. In particular, our customers may again view our current debt restructuring negatively, which could cause us to lose business, and we may be unable to regain the confidence of existing or new customers.

In addition, our suppliers and employees have also expressed concerns about the ongoing financial viability of the Company. Our suppliers have and may continue to change our payment or credit terms, or refuse to provide credit at all, which could adversely affect our business. In addition, around the time of our 2012 CDR, we experienced and continue to experience relatively high employee attrition rates, which we believe was due to uncertainty regarding our financial viability. If we experience high attrition rates as a result of the current restructuring we are undertaking, or are unable to recruit talent now or in the future, our prospects would be materially and adversely affected.

We may face difficulties in providing business and software solutions to 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. 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. In addition, our ability to establish and maintain relationships may continue to be adversely affected by client concerns regarding our financial viability. 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.

We may be unable to repay the principal on the Bonds when due.

We currently intend to repay any principal amount outstanding in respect of the Bonds on their maturity date from cash generated by our group of companies. If we are unable to generate sufficient cash to allow us to repay the principal on the Bonds when due, we would need to obtain other financing for this purpose. However, as discussed above, our ability to obtain such financing may be extremely limited. Accordingly, no assurance can be given that we will be able to generate sufficient cash to repay the Bonds when due.

High days of sales outstanding adversely affect our liquidity and increase our collection risk, which could adversely affect our results of operations, financial condition and liquidity.

We normally grant customers a credit period of up to 90 days from the invoice date for them to pay the amounts due. For FY2014 and FY2015, our days of sales outstanding (being the ratio of sundry debtors to total sales in a quarter multiplied by the number of days in that quarter) were approximately 49 days and 59 days respectively. Our provisions for bad debts were INR140.70 million and INR91.80 million for FY2015 and 2014 respectively. Further, we wrote off bad debts totaling INR7.5 million during FY2015. Our inability in the future to accelerate the realization of receivables could adversely impact our financial condition, liquidity and results of operations

We are likely to lose our business with our largest customer, ICICI Group.

We have substantial transactions with ICICI Bank Limited and certain of its subsidiaries and affiliates. 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 2015 and the six months ended September 30, 2015, 15% and 17% of our total income was from ICICI Bank Limited and certain of its subsidiaries and affiliates. As of September 30, 2015, approximately 25.59% of our total outstanding long-term borrowings were payable to ICICI Bank Limited. 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. ICICI Group pursuant to its letter dated July 1, 2016 has informed that it shall terminate some of the agreements that it has executed with the Company and its subsidiaries. Whilst the letter states the termination date to be July 16, 2016, we are in discussions with them to provide us the full notice period as contemplated under our agreements and mutually agree on a termination date thereof.. In the event that ICICI Group moved its business to another vendor, as it has informed, we expect that our results of operations would be materially and adversely affected.

Our total income and expenses are difficult to predict and can vary significantly from period to period, which could cause the market price of the Equity Shares and the Bonds to decline.

Our total income and profitability has varied in recent years and may vary significantly in the future from period to period. Our results of operations are subject to significant variables and contingencies, and past results may not be indicative 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 market price of the Equity Shares and the Bonds to decline significantly.

Factors that affect the fluctuation of our operating results include:

- our ability to successfully restructure our indebtedness;
- the size, timing and profitability of significant service projects and the volume of product sales;
- the proportion of total income from IT solutions involving ADMs and products compared to total income from transaction services and its effect on product revenues;
- our clients' 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 and cost of services that we perform outside India as compared to those that we perform at our development centre in India;
- the effect of wage increases, seasonal hiring patterns and the time and cost required to train and productively utilise new employees, particularly information technology professionals;
- the size and timing of facilities expansion;
- unanticipated cancellations, contract terminations or deferrals of projects;
- unanticipated variations in the duration, size and scope of our projects;
- the growth rate of the business;
- changes to regulatory or accounting standards;
- the collection of receivables and our ability to reduce our days outstanding;
- variations in exceptional expenditure demands;
- competitive conditions in the industry; and
- the mix of projects between fixed-price contracts and time- and material-based contracts.

In addition, a significant portion of our total income 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 are 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, is fixed in advance for any particular period. As a result, unanticipated variations in the number and timing of our projects or employee utilisation 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, which 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; and

- 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.

Any changes in the factors mentioned above that are unfavourable in our business may adversely impact our operating results, leading to significant variations in our total income 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. Due to the global nature of our operations, we are affected by various factors and additional risks 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 that 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;

- customs and other legal requirements, including data privacy, corruption and anti-bribery laws;

- 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;

- different payment and accounting practices across different geographies;

- restrictions on transfer of funds into or out of a particular country;

- acts of war, terrorism, natural disasters and limits on the ability of regional governments to respond to such acts; and

- restrictions on owning and operating subsidiaries, or new rules and restrictions on making investments or acquiring new businesses in certain jurisdiction.

Furthermore, since our subsidiaries are located in various jurisdictions and are subject to diverse regulatory regimes, any adverse change in regulations and policies of the relevant jurisdiction may adversely affect our business and results of operations.

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 ability to expand internationally in the future and 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 total income 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. 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 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. In addition, we may have to make significant investments to counter the threat from our competitors. Increased competition, pricing pressures or loss of market shares could reduce our profit margins, which could harm our business, results of operations, financial condition and cash flows.

Our future success depends on continued demand for our products and services in the banking, insurance and financial services industries. 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.

We derive more than 60% of our total income from 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, 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 or a downturn was to take place in any of the industries, 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.

Our total employee strength has grown significantly over the last decade to reach 7,897 as of March 31, 2016. Our growth strategy also relies on expanding our customer base to other parts of the world. The costs involved, including the significant time and personnel investment, in entering new markets may be higher than expected and we may face significant competition. Our inability to manage growth generally or in these regions may have an adverse effect on our business, results of operations and financial condition.

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;
- keeping pace with evolving industry and technological standards; and
- maintaining client relationships and 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 ownership interests and require us to incur additional 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. We have in the past undertaken major acquisitions and have expanded our business to include both IT products and services. We have made more than 25 acquisitions since March 31, 2006 and any issues in the integration of those acquisitions may have a material adverse effect on our business, prospects, financial condition and results of operations. Other than disclosed in this Offering Circular, we have no definitive commitment or agreement for any pending 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.

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 (see "Business—Significant Acquisitions and Dispositions"). 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.

Certain other risks that we may face in connection with the integration of any acquisition with our existing businesses include the following:

- we may not be able to achieve the strategic purpose of such acquisition;
- we may not be able to complete the acquisition on commercially acceptable terms;
- our management and employees may be distracted by acquisition, transition or integration activities;
- our due diligence process may fail to identify all the problems, liabilities or other shortcomings or challenges of an acquired company;
- we may have higher than anticipated costs in continuing support and development of acquired companies' products and/or services;
- we may face cultural challenges associated with integrating employees from the acquired company into our organisation;
- our relationship with current and new employees, customers, partners and distributors could be impaired;
- there may be unknown liabilities or issues that could have a material adverse effect on our financial condition and results of operations;
- we may face litigation or other claims in connection with, or may inherit claims or litigation as a result of, an acquisition, including claims from terminated employees, customers or other third parties;
- we may have problems integrating each of the acquired company's accounting, management information, human resource and other administrative systems with our existing systems; and
- we may have difficulty integrating each of the acquired company's computer systems and software applications with ours.

If any of the foregoing risks materialise, they could have a material adverse effect on our business, results of operations, financial condition and prospects.

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 cash from operations, 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. 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 realised.

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 characterised 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. Our failure to maintain the competitiveness of our technological capabilities or to respond effectively to technological changes could have a material adverse effect on our business, results of operations or financial condition. There can be no assurance that products, services or technologies that are developed by our competitors will not render our offerings uncompetitive, obsolete or force us to reduce prices, or that we can successfully develop and market any new products or services or that any such new products or services will be commercially successful, 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.

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

A significant element of our distributed project management methodology is to continue to leverage and expand our global development centres. Our global development centres 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 centres and between our development centres and our clients' sites at all times. For instance, we experienced disruptions in our infrastructure in late 2015, as a result of the 2015 South Indian floods. 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 adversely affect our reputation, lead to client dissatisfaction and termination of client contracts, 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. 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, we may be in breach of our client contracts or applicable laws and our business could suffer.

Our client contracts require us to comply with certain security obligations, including maintenance of network security, back-up of data, maintaining confidentiality, 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 unauthorised 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 process sensitive and private financial and personal data that is protected under the laws of a number of jurisdictions, including India and the United States. There is a risk that this data could become public if there is a security breach at any of our facilities in respect of such data. There can be no assurance that any security systems or protocols put in place by us to protect sensitive data will always be adhered to by every employee or any other third-party who has been allowed access to our IT infrastructure. If a security breach were to occur, then we could face liability under data protection laws, violate our contractual obligations to our customers and also lose the goodwill of customers which would have a material adverse effect on our business.

Although we believe we have adequate insurance coverage, including coverage for errors or omissions and breaches of network security, that coverage may not continue to be available on reasonable terms or be available in sufficient amounts to cover one or more large claims and our insurers may disclaim coverage as to any future claims. Insurance coverage may also not be an adequate remedy where the loss suffered is not easily quantifiable, for example, in the event of severe damage to our reputation. The successful assertion of one or more large claims against us that exceed available insurance coverage, or changes to our insurance policy premiums, including premium increases or large deductibles, could adversely affect our business, reputation, results of operations, financial condition and cash flows.

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. example, our security systems software for the banking and securities industries with a focus on surveillance and fraud management involves an area of our 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 a 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 commercial 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.

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. 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 policies covering certain claims arising out of any negligent act, error or omission occurring during the course of employment. However, our insurance coverage has customary deductibles, limits and exclusions such as with respect to claims arising out of intellectual property infringement (including patent infringement) and may not be adequate to cover large claims against us arising out of such intellectual property infringements which may adversely affect our financial condition and results of operations.

Third parties may claim that 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.

Unauthorised 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 obtained registration for our trademark "3i Infotech" (word and label mark) in different countries, including India, Australia, Malaysia, Singapore, Canada, Thailand, Russia, UAE, USA and the UK and have applied for registration in various countries, including China, Taiwan, 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 total income 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 unauthorised 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 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. Defence 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 total income in many foreign currencies and accordingly face exchange rate risks.

We generate a significant portion of our total income 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 total income and also affects the competitive advantage of locating our global development centres in India. For example, the total income generated from our subsidiaries in the United States will decrease in Rupees terms if the Rupee appreciates against the U.S. dollar. 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 will increase the servicing costs on our foreign currency denominated debt (including the Bonds) and the value of our foreign currency denominated debt in our balance sheet. In addition, certain of our credit facilities have floating interest rates. Fluctuations in currencies in which we do business or in interest rates may increase our cost of financing, impact our ability to implement our business and growth strategies and adversely impact our results.

Many of our offshore subsidiaries generate profits and maintain assets denominated in currencies other than Indian Rupees. These profits and assets are converted into Indian Rupees during the consolidation of our annual accounts. Accordingly, if there are significant fluctuations between the respective local currencies and the Indian Rupee, our results of operations may be affected. 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.

We are subject to risks arising from exchange rate fluctuations.

The exchange rates between the Rupee and the U.S. dollar and between the Rupee and the Euro have changed substantially in recent years and may continue to fluctuate substantially in the future. From March 31, 2000 to May 31, 2002, the value of the Rupee declined by 12.4% against the U.S. dollar. From May 31, 2002 to October 31, 2007, the value of the Rupee against the U.S. dollar rose by approximately 19.8%. From October 31, 2007 to March 31, 2011, the value of the Rupee against the U.S. dollar declined by approximately 14.6%; from April 1, 2011 to March 31, 2015 the value of rupee against the U.S. dollar declined by approximately 38.63%. The Rupee against the Euro declined 40.4% from March 31, 2000 to December 31, 2011; from January 1,2012 to March 31, 2015 the Rupee against the Euro has appreciated by approximately 2.67%. We have significant U.S. dollar-denominated and Euro-denominated borrowing (including working capital, term-loan and FCCB borrowings). Furthermore, even if the offering is successful, we will continue to have substantial indebtedness denominated in U.S. dollars (and other foreign currencies). Accordingly, our operating and financial results would be negatively affected when the Rupee depreciates against the U.S. dollar or the Euro. We cannot assure you that we will be able to effectively mitigate the adverse impact of currency fluctuations on our results of operation. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosure about Market Risk – Exchange Rate Risk."

Our product sales and implementation 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, if awarded, 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 cause our operating results to vary widely from quarter to quarter.

Further, before committing to use our services, potential clients require us to expend substantial time and resources advising them as to the value of our services and assessing the feasibility of integrating our systems and processes with theirs. In addition, once we are engaged by a client in a new contract, our expenditures may represent a large percentage of income until the implementation phase for that contract is completed, which can last anywhere from a number of weeks to a number of months. Therefore, our product sales and implementation cycle is subject to a number of delays and many risks over which we have little or no control, including integrating our client's systems with ours, timing of our client's budget cycles and approval processes. There can also be no assurance that the amount of time and resources we expend in order to be awarded a client contract will lead to successful results.

If we are not successful in obtaining contractual commitments after the selling cycle, in maintaining contractual commitments after the implementation cycle or in maintaining or reducing the duration of the unprofitable initial period in our contracts, it may adversely affect our business, results of operations, financial condition and cash flows.

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

The registration of our "3i Infotech" word and design mark has been subject to a petition filed with the United States Trademark Office to cancel such registration. While the cancellation proceeding has been dropped and we have retained our registration in the U.S. for the "3i Infotech" word and design mark, there can be no assurance that there will not be any other impediment to the use of the word and design mark by us. This could affect our ability to use our "3i Infotech" word mark in the United States or in other geographies. If we are unable to continue to use the "3i Infotech" mark in the United States or in other geographies, 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.

Increases in interest rates may materially impact our results of operations.

We borrow funds in the domestic and international markets from various banks and financial institutions to meet our long-term and short-term funding requirements for our operations and for funding our growth initiatives. Substantially all of our secured and unsecured debt carries interest at fixed rates or at rates that are subject to adjustments at specified intervals. We are exposed to interest rate risk in respect of contracts for which we have not entered into any swap or interest rate hedging transactions in connection with our loan agreements, although we may decide to engage in such transactions in the future. In addition, we are unable to pass any increase in interest expense to our existing customers. Any such increase in interest expense may have a material adverse effect on our business, prospects, financial condition and results of operations.

Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us fully against our interest rate risk. Increases in interest rates may also impact our ability to make future borrowings on terms acceptable to us.

Pending and future legal proceedings may divert management's time and attention, and result in substantial costs of defence, damages or settlement, which could adversely affect our results of operations and financial condition.

We are involved in various legal proceedings filed by us and against us. These legal proceedings, which are pending adjudication, are primarily in the nature of (a) civil cases, (b) labour cases, (c) arbitration proceedings, (d) tax proceedings, (e) criminal proceedings, (f) consumer cases and (g) winding up petitions filed against our Company and subsidiaries. We have also received notices from consumers and government authorities in relation to failure to comply with the provisions of certain service agreements, and failure to provide requisite services and products. In the event these legal proceedings are determined against us, we may, among others, be required to pay damages and penalties or settlement costs which could have an adverse effect on our business, financial condition and result of operations. Further, regardless of the outcome of such legal proceedings, we may incur substantial costs of defence and our management's time and attention may be diverted.

In addition to these legal proceedings, the Office of the Commissioner of Service Tax-II, Mumbai had issued an ex parte order dated December 4, 2013 against us disallowing certain tax exemptions and levied a service tax demand of INR864.19 million along with interest and penalty upon us. Aggrieved by the said order, we filed an appeal challenging the order on February 28, 2014 before the Customs Excise and Service tax Appellate Tribunal, Mumbai ("CESTAT"). The CESTAT, before whom the matter is currently pending, vide its interim order dated July 7, 2014 directed us to make a pre-deposit of INR14 million and waived the balance amount of INR850.19 million during the pendency of our appeal.

For details of ongoing or pending legal proceedings which may have a material effect on our business and operations, please refer section "Business —Legal Proceedings."

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

As an element of our business strategy, a significant portion of our contracts 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. We expect to continue to derive a significant proportion of our services total income 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, our expenses would be higher than estimated which could have a material adverse effect 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. We maintain allowances against receivables and unbilled services. Actual losses on client balances could differ from those that we currently anticipate and as a result we might need to adjust our allowances. There is no guarantee that we will be able to accurately assess the creditworthiness of our clients. Macroeconomic conditions could also result in financial difficulties for our clients, and as a result could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us.

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 total income.

Total income and, consequently, profitability, particularly in our services business, is affected by employee utilisation rates, which are the proportion of total billed person months to total available person months, excluding support personnel. We manage utilisation by monitoring project requirements and timetables. The number of consultants assigned to a project varies 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 or the requirements of a project. 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 underutilised staff and facilities which could adversely affect our results of operations and employee morale. For example, a decrease in revenue in the third quarter of fiscal year 2012 led to a significant decrease in EBITDA because we did not have a corresponding decrease in fixed costs, partially due to our personnel costs.

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. While we have mitigated attrition rates in the past, any 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. Since the announcement of our Corporate Debt Restructuring in 2012, our attrition rates have been relatively high. During the last three years, overall attrition rates have been in the 18% - 21% range. The recent increase in attrition is primarily attributable to uncertainty regarding our current liquidity challenges. Such challenges have also made it more difficult to recruit employees. Continued high attrition rates, particularly attrition of 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 unionise or that we will not experience any strike, work stoppage or other industrial action in the future, which could adversely affect our business, financial condition and results of operations.

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 total income and may have a material adverse effect on our business, results of operations and financial condition.

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, 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.

Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our total income 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 notice periods ranging between 30 and 60 days 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 of 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.

Payments under many of our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in lower total income 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 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 total income 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 authorisation, adversely impacting our business and financial condition.

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 of 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 on 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, cause our tax expense to increase 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 for fiscal year 2016 is 30.00%. This tax rate is presently subject to a 7% surcharge if the net income of the Indian company exceeds INR10 million or 12% surcharge if the net income of the Indian company exceeds INR100 million and an education cess (including a secondary and higher education cess) of 3%, resulting in an effective tax rate of 33.063% or 34.608%. We cannot assure you that the tax rate or the surcharge will not be increased further in the future. Due to our brought forward loss our tax liability was lower than the minimum alternate tax payable on our book profit (as defined under the Income Tax Act), we are liable to pay minimum alternate tax at the rate applicable in those fiscal years (ranging from 10% to 18.5% plus applicable surcharge and cess).

Further, once the tax on our regular taxable income is greater than the tax at the rate of 18.5% 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), had also benefited from income tax holidays of ten years and seven years, respectively, in accordance with Malaysian and Thai laws, both of which expired 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 the future. When our tax benefits expire or term.

If the global trend toward outsourcing does not continue, our financial condition and results of operations could be materially affected.

Our total income growth depends in large part on the industry trend toward outsourcing IT services. Outsourcing involves companies contracting with a third party to provide IT services rather than perform such services in-house. There can be no assurance that this trend will continue, as organisations may elect to performing such services in-house. A significant change in this trend could have a materially adverse effect on our financial condition and result of operations.

The economies in some of the jurisdictions in which we operate have sustained high levels of inflation in the recent past.

Some of the jurisdictions in which we operate, including several countries in Africa, have experienced high levels of inflation in recent times. To the extent there are high rates of inflation in the jurisdictions in which we operate our costs could, which could have an adverse effect on our profitability and cash flows and, if significant, on our financial condition.

We may not be able to enforce our rights with respect to certain immovable properties leased by us.

We have entered into lease agreements for the immovable properties in India used by us. Some of these lease agreements have not been registered with the local land registry offices. Under Indian law, if a document relating to immovable property has not been registered with the local land registry offices, it is inadmissible as evidence in a legal proceeding. Accordingly, we may not be able to enforce our rights with respect to immovable properties leased by us if the lease agreements for such immovable properties have not been registered.

Although our financial statements have been prepared on a going concern basis, the ability of the Company to continue as a going concern is dependent on, among other things, the positive outcome our restructuring.

Lodha & Co., our independent registered public accounting firm has drawn attention without qualifying their audit report that accompanies our audited consolidated financial statements as of and for the nine months ended December 31, 2015, indicating that:

"During the financial year 2011-12, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond holders with respect to its obligations. Post the debts restructuring, there have been delays in payment/non-payment of Principal and interest in respect of CDR and lessors/non-CDR lenders as well as for the interest on the Foreign Currency Convertible Bonds. The Company has submitted a proposal to the aforesaid lenders (Joint Lenders Forum) for realignment/restructuring of the debt and the same is under their active consideration and the Company is reasonably certain to renegotiate and meet its financial obligations. Accordingly, the Company has prepared the consolidated financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with joint lenders forum and FCCB bond holders and restructuring of business."

Accordingly, if we are unable to successfully complete our restructuring as proposed, our ability to continue as a going concern may be affected. The accompanying consolidated financial statements do not include any adjustments that might result if we are unable to continue as a going concern and, therefore, we may be required to realize our assets and discharge our liabilities other than in the normal course of business which could cause investors to suffer the loss of all or a substantial portion of their investment.

We have pledged the shares of various subsidiaries to our lenders and if such pledges are enforced by such lenders, our interest in such subsidiaries would be reduced. In addition, the Company's shares have been pledged to secure certain indebtedness and to the extent the lenders enforce such pledge, your shareholding in the Company would be diluted.

We have pledged the shares of various subsidiaries, including 3i Infotech Holdings Pvt. Limited, 3i Infotech Asia Pacific Pte Ltd., 3i Infotech (UK) Ltd., 3i Infotech BPO Ltd., 3i Infotech (Western Europe) Holdings Ltd., 3i Infotech SDN BHD, 3i Infotech Inc., 3i Infotech Financial Software Inc. and 3i Infotech (Middle East) FZ LLC in favour of the CDR Lenders and an additional foreign currency lender, ICICI Bank Limited, in accordance with the MRA. These subsidiaries independently operate in each of their respective territories and help support our global operations. Other than 3i Infotech Inc. and 3i Infotech (Middle East) FZ LLC, none of the subsidiaries individually contributed more than 10% of our revenues in FY2015. In event of enforcement of any such pledge, the Company's shareholdings in the relevant subsidiary will be reduced or the Company may cease to have any shareholding the relevant subsidiary.

Public companies in India, including us, are required to prepare financial statements under Ind AS and compute income tax under the Income Computation and Disclosure Standards (the "ICDS"). The transition to Ind AS and ICDS in India is recent and remains unclear and we may be negatively affected by such transition.

India has adopted the "Convergence of its existing standards with IFRS" and not IFRS. These standards which are "IFRS based / synchronized Accounting Standards" are referred to in India as Ind AS. On January 2, 2015, the Ministry of Corporate Affairs announced a revised roadmap for the implementation of Ind AS (on a voluntary as well as mandatory basis) for companies other than banking companies, insurance companies and non-banking finance companies. By way of a notification dated February 16, 2015, the Ministry of Corporate Affairs has set out the Ind AS and the timelines for their implementation. The Ind AS Rules provide for voluntary adoption of Ind AS by companies in Fiscal 2015. The mandatory implementation of Ind AS will be done based on companies' respective net worth, as set out below:

Sr. No.	Category of companies	First Period of Reporting

1	Companies whose securities are either listed or proposed to list, on any stock exchange in India or outside India and having a net worth of INR5,000 million or more.	Financial year commencing on or after April 1, 2016
2	Companies other than those covered in (1) above and having a net worth of INR5,000 million or more.	Financial year commencing on or after April 1, 2016
3	Holding, subsidiary, joint venture or associate companies of companies covered above in serial number (1) and (2).	Financial year commencing on or after April 1, 2016
4	Companies whose securities are either listed or proposed to list, on any stock exchange in India or outside India and having a net worth of less than INR5,000 million.	Financial year commencing on or after April 1, 2017
5	Unlisted companies having a net worth of ₹2,500 million or more but less than INR5,000 million.	Financial year commencing on or after April 1, 2017
6	Holding, subsidiary, joint venture or associate companies of companies covered above in serial number (4) and (5).	Financial year commencing on or after April 1, 2017

Any holding, subsidiary, joint venture or associate companies of the companies specified above must also comply with the requirements from the respective periods specified above.

Given that Ind AS is different in many respects from Indian GAAP under which our financial statements are currently prepared, for the period commencing from our implementation of Ind AS, our financial statements may not be comparable to our historical financial statements.

Further, we have made no attempt to quantify or identify the impact of the differences between Ind AS and Indian GAAP as applied to our financial statements and there can be no assurance that the adoption of Ind AS will not affect our reported results of operations or financial condition. In addition, our management may also have to divert its time and other resources for the successful and timely implementation of Ind AS. Any failure to successfully adopt Ind AS may have an adverse effect on the trading price of the Equity Shares and/or may lead to regulatory action and other legal consequences. Moreover, our transition to Ind AS reporting may be hampered by increasing competition and increased costs for the relatively small number of Ind AS experienced accounting personnel available as more Indian companies begin to prepare Ind AS financial statements. Any of these factors relating to the use of Ind AS may adversely affect our financial condition and results of operations.

In addition, the Ministry of Finance has issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. ICDS came into effect from April 1, 2015 and shall apply to Financial Year 2016 onwards. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS based concepts, the ICDS-based calculations will have the effect of requiring taxable income to be recognized earlier, higher overall levels of taxation to apply, or both. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for MAT, which our Company currently pays. We have made no attempt to quantify or identify the impact of the computation of taxable income following ICDS. It is possible that the resultant computation of taxable income based on ICDS and net income based on our Company's financial statements may be significantly different and, if they differ, we may be required to recognize taxable income earlier and/or pay higher overall taxes.

Indian corporate and other disclosure and accounting standards differ from those in countries in the European Union and other jurisdictions.

Our financial statements are prepared in accordance with Indian GAAP, which differ in significant respects from IFRS. As a result, our financial statements and reported earnings could be significantly different from those which would be reported under IFRS, which may be material to your consideration of the financial information prepared and presented in accordance with Indian GAAP contained in this Offering Circular. In particular, greater reliance may be placed by the auditors on representations made by our management and there may be less independent verification of information than would be the case in certain other countries. In making an investment decision, investors must rely upon their own examination of us, the terms of this offer and the financial information contained in this Offering Circular. This Offering Circular does not contain any reconciliation of our financial statements to IFRS.

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 total income 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 USCIS 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 specialised 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 labour for hire rather than in connection with the employee's specialised 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 labour 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 USCIS announced on April 13, 2015, that they received about 233,000 applications for the H-1B FY 2016 Quota. The USCIS will use a computer-generated random selection process for these petitions received by April 7, 2015 and will reject all petitions received on those cases that are not randomly selected. Any inability to receive sufficient visas for travel to the United States during fiscal 2016 could affect our ability to staff projects there and therefore adversely affect our business condition and results of operations.

Recently H-1B and L-1 visa fee has been increased by $4,000 and $4,500 respectively on Friday (December 18, 2015) by the US Senate. The fee, previously $2,000, was waived off in September, 2014 but now it has again been imposed on IT companies. The new bill passed by the US President says, "Companies having more than 50 employees and having more than 50% of H-1B visa employees would pay an extra fee of $4,000 for H-1B visa and $4,500 for L-1 application." The effective date of this increase fee is expected to be from early 2016.

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 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.

Our business is substantially affected by prevailing economic, political and others prevailing conditions in India.

Our Company is incorporated in India, and the majority of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its information technology sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

Our ability to raise foreign capital is constrained by Indian law.

We are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit the financing sources available to us for our various projects under development, acquisitions and other strategic transactions. This could constrain our ability to obtain financing on competitive terms and to refinance existing indebtedness. In addition, there can be no assurance that we will be granted the required approvals without onerous conditions, or at all. Any constraint on our ability to raise foreign debt could have a material adverse impact on our business, financial condition, results of operations and prospects.

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.

Risks Related to the Bonds and the Equity Shares

If the holders of the Existing 4.75% Bonds do not approve of the Existing 4.75% Bonds Extraordinary Resolution and the Issuer waives such condition in respect of the Offer to Exchange the Existing 5% Bonds, then the Bonds may experience a cross default.

The Meeting of Holders (as defined in the Exchange Offer Memorandum) in respect of the Existing 4.75% Bonds (as defined in the Exchange Offer Memorandum) has been convened by the Issuer to consider, and if thought fit, pass the Existing 4.75% Bonds Extraordinary Resolution (as defined in the Exchange Offer Memorandum). If passed and effective, the Existing 4.75% Bonds Extraordinary Resolution will amend the terms and conditions of, and waive certain Events of Default under, the Existing 4.75% Bonds. The outstanding principal amount of the Existing 4.75% Bonds is US$2.3 million, and the Issuer has had difficulty contacting holders of the Existing 4.75% Bonds. Accordingly, the Issuer believes it is possible there will not be a quorum at the meeting of holders of the Existing 4.75% Bonds and so the Existing 4.75% Bonds Extraordinary Resolution may not be passed. If sufficient holders of the Existing 4.75% Bonds do not participate in, or provide a proxy for, the Meeting of Holders for the Existing 4.75% Bonds, the Meeting of Holders may not have a sufficient quorum to pass such Extraordinary Resolution or a sufficient number of Holders may not vote to pass such Extraordinary Resolution. In such case, the Existing 4.75% Bonds will continue to experience a default and such default may trigger a cross default in respect of the other indebtedness of the Issuer. However, if the Existing 5% Bonds Extraordinary Resolution (as defined in the Exchange Offer Memorandum) is passed, any such continuing default with respect to the Existing 4.75% Bonds will not in itself trigger a cross-default under the Existing 5% Bonds (as defined in the Exchange Offer Memorandum) or the Bonds given the amount of outstanding indebtedness under the Existing 4.75% Bonds is below the cross default thresholder under the Existing 5% Bonds (as amended by the Extraordinary Resolution relating thereto) and the Bonds.

The Issuer's acceptance of Offers to Exchange is conditional upon certain conditions, including both Extraordinary Resolutions having been duly passed at the Meeting of Holders and become effective, provided that the Issuer may waive this condition and accept offers to exchange Existing Bonds for Bonds in the event that the Existing 4.75% Bonds Extraordinary Resolution is not duly passed. See "Summary of the Exchange Offer — Meetings of the Holders" in the Exchange Offer Memorandum. In that event, the Existing 4.75% Bonds will remain subject to an Event of Default and such default may be considered a cross default in respect of the Bonds.

The Bonds are highly complex and may not be a suitable investment for all investors.

The Bonds are highly complex equity-linked securities and each potential investor in the Bonds must determine the suitability of such an investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of the relevant financial markets; and
- have experience in buying complex securities, including convertible bonds, and securities issued by issuers operating in high risk sectors and geographies.

There are limitations on the ability of Bondholders to exercise their Conversion Rights.

The Bonds are convertible into Shares at the option of the Bondholders pursuant to the Terms and Conditions. Bondholders will be able to exercise their right to convert the Bonds into Shares (the "**Conversion Right**") only within the conversion period specified in the Terms and Conditions and will not be able to exercise their Conversion Right during any closed period specified in the Terms and Conditions.

Bondholders will have no rights as Shareholders until they acquire the Shares upon conversion of the Bonds.

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Accordingly, Bondholders who acquire Shares upon the exercise of a Conversion Right or upon automatic conversion (as indicated in the Terms and Conditions) will be entitled to exercise the rights of holders of Shares upon allotment of Equity Shares upon conversion of the Bonds.

The Bonds constitute unsecured obligations of our Company.

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the Terms and Conditions – Negative Pledge) unsecured obligations of our Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

As the Bonds are unsecured obligations, their repayment may be compromised if:

- our Company enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under our Company's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of our Company's indebtedness.

If any of these events occur, our Company's assets may not be sufficient to pay, or support the payment of, amounts due on the Bonds.

The majority of the initial outstanding principal amount of each Bond is non-interest bearing.

US$80,000 principal amount of each US$130,000 principal amount of Bonds will automatically convert into Equity Shares on the date of their date of issuance. Such portion of the principal amount of the Bonds is non-interest bearing. Accordingly, Bondholders should understand that only the remaining US$50,000 principal amount of such US$130,000 principal amount of Bonds will bear interest, accruing from April 1, 2016.

Bondholders may face uncertainties in their ability to convert Bonds into Shares and any such conversion may be subject to delay.

India's restrictions on foreign ownership of Indian companies limit the number of shares that may be owned by foreign investors and, in certain scenarios, require the FIPB's approval for foreign ownership. While under the extant laws of foreign investments is permitted up to 100% of the issued paid up capital of the Company under the automatic route i.e., without the prior approval of the FIPB, investors who convert Bonds into Equity Shares will be subject to Indian regulatory restrictions and / or conditions on foreign ownership upon such conversion imposed by the relevant regulatory authority from time to time (including at the time of such conversion). It is possible that the conversion process may be subject to delays.

It may take up to 30 days after the relevant Conversion Date before the Shares arising from the conversion of the Bonds are listed on BSE and NSE and credited to a Bondholder's securities account.

Our Company has undertaken to cause, as soon as practicable, and in any event not later than 30 days after the relevant Conversion Date, the relevant securities account of the Bondholder exercising his Conversion Right, or of his nominee, to be credited with the Shares arising from the conversion of the Bonds. Within this time period, the price of the Shares may fluctuate and this may have an adverse effect on the price that the Bondholder anticipates to receive from the transfer of any Shares. Our Company has also undertaken in the Trust Deed to obtain and maintain a listing for all the Shares issued on the exercise of Conversion Rights on BSE and NSE. Shares issued upon conversion of the Bonds will have to be listed on BSE and NSE before they are tradable on such stock exchanges, which listing is expected to occur within 30 days after the relevant Conversion Date. However, there is no assurance that the approval of BSE and NSE will be obtained within such a time frame. If there is any delay in obtaining the approval of BSE and NSE to list such Shares, such Shares shall not be tradable on BSE and NSE until the listing occurs.

The Bonds are subject to modification by a majority of Bondholders without the consent of all Bondholders.

The terms and conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions, steps or proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such actions, steps or proceedings if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions, steps or proceedings can be taken. The Trustee may not be able to take actions, steps or proceedings notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the trust deed constituting the Bonds, as amended or supplemented dated on or about the Closing Date and made between our Company and the Trustee (the "**Trust Deed**") and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the Trust Deed and the applicable law, it will be for the Bondholders to take such actions, steps or proceedings directly.

The ability to sell Shares to a resident of India is subject to certain pricing restrictions.

A person resident outside India (including a Non-Resident Indian) is generally permitted to transfer by way of sale the shares held by him to any other person resident in India without the prior approval of the RBI or the Foreign Investment Promotion Board (the "**FIPB**"). However, the price at which the transfer takes place must comply with the pricing guidelines prescribed by the RBI in its circular dated July 15, 2014. The pricing guidelines stipulate that where the shares of an Indian company are traded on a stock exchange, the sale of shares shall be at a price determined on the basis of the SEBI Regulations and in other cases it shall not be less than the fair value of the shares determined by a SEBI registered merchant banker or a chartered accountant as per any internationally accepted pricing methodology on arm's length basis.

Investors who convert Bonds into Shares will be subject to the above pricing restrictions on a sale of such Shares to residents of India.

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

Capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised 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 realised on the sale of listed 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 the 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 irrespective of whether such gain was liable for tax in their own jurisdiction upon the sale of the shares.

The Exchange Consideration represents a Substantial Discount to the face value of the Existing Bonds.

Given (i) the automatic conversion feature of the Bonds and the initial automatic Conversion Price thereunder of INR10; (ii) that the market value of an Equity Share of the Issuer as of June 30, 2016 was INR5.10; and (iii) that US$130,000 aggregate principal amount of Bonds is being offered as Exchange Consideration in that Exchange Offer for US$200,000 aggregate principal amount of Existing Bonds and of such US$130,000 aggregate principal amount of Bonds, US$80,000 aggregate principal amount is being automatically converted into Equity Shares on the date of issuance of the Bonds, the Exchange Consideration represents a substantial discount to the face value of the Existing bonds. Based on such market price and assumed exchange rate, the Bonds and Equity Shares represent a substantial discount to the face value of the equivalent Existing 5% Bonds (as defined in the Exchange Offer Memorandum) and Existing 4.75% Bonds (as defined in the Exchange Offer Memorandum), respectively. Given the Issuer's current financial condition and, in particular the level of indebtedness and other obligations of the Issuer Group and the servicing costs of such indebtedness and obligations, the Issuer believes that the prospects for its business and financial performance will continue to deteriorate unless the size, pricing, terms and tenor of such indebtedness and other obligations (including the Existing Bonds) are restructured. The Issuer believes that if the Exchange Offer is not successful and the Extraordinary Resolution is not passed, (i) restructuring of the other existing indebtedness and obligations of the Issuer Group, which is currently being implemented as part of the overall Restructured CDR Package may be adversely impacted, as the Exchange Offer is an element of the Restructured CDR Package and (ii) it is very unlikely that the Issuer will be able to service and repay the Existing Bonds in accordance with their terms. Furthermore, the Issuer believes that as the conversion price under the Existing Bonds is INR16.50 and INR165.935 for the Existing 5% Bonds and Existing 4.75% Bonds, which, in each case, is a substantial premium to the market price of the Equity Shares as of June 30, 2016 of INR5.10 per share, the conversion feature is unlikely to have any material value to holders of Existing Bonds. Nevertheless, while the Issuer believes the Exchange Offer and Extraordinary Resolution, together with the other restructuring the Issuer is seeking to undertake, provide Holders with the opportunity for greater value over time than if the debt restructuring (including the Exchange Offer and Extraordinary Resolution) did not succeed, there can be no assurance that that will be the case, or that by tendering Existing Bonds in the Exchange Offer and voting in favour of the Extraordinary Resolution, Holders would be in a better financial position.

Differences between the Existing Bonds and the Bonds.

There are some differences between the applicable Existing Bonds Conditions and the terms and conditions of the Bonds, the key differences being the maturity date, the automatic conversion feature of the Bonds, conversion price and the coupon payable on the Bonds. Holders are advised to refer to the "Summary of Key Differences between the Existing Bonds and the Bonds" set out in Annex C of the Exchange Offer Memorandum for a summary of these key differences.

The Exchange Offer is contingent to receipt of approvals from RBI.

The Exchange Offer is contingent to receipt of approvals from RBI. For further details, see "*Government of India Approvals and Other Approvals*". While the Company is currently in process of obtaining this approval, there is no assurance that such approval will be received in a timely manner or at all. Any failure or delay in obtaining such approval could delay the implementation of the Exchange Offer or if not obtained prior to December 31, 2016, could result in cancellation of the Exchange Offer. Additionally, this approval may be subject to certain conditions. In the event the Company is unable to comply with such conditions in a timely manner or at all, such approval may stand withdrawn, cancelled or revoked and this may adversely impact the ability of the Company to implement the Exchange Offer.

RBI approval is required for repayment of the Bonds prior to maturity.

Under the guidelines on policies and procedures for external commercial borrowings issued by the RBI, any prepayment of an external commercial borrowing prior to prescribed minimum average maturity period requires the prior approval of the RBI. Therefore, any repayment of the Bonds prior to maturity as a result of early redemption pursuant to Condition 8 or acceleration of the Bonds pursuant to Condition 10 would require the prior approval of the RBI. There can be no assurance that such approval would be obtained in a timely manner or at all.

We are a holding company and payments with respect to the Bonds are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

We are a holding company with no material operations. The Group conducts its operations entirely through our subsidiaries. The Bonds will not be guaranteed by any current or future subsidiaries. Accordingly, our ability to pay principal and interest on the Bonds will depend upon our receipt of principal and interest payments on intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of our subsidiaries, would have a claim on the subsidiaries' assets that would be prior to the claims of the holders of the Bonds. As a result, our payment obligations under the Bonds will be effectively subordinated to all existing and future obligations of our subsidiaries (including obligations of such subsidiaries under guarantees issued in connection with their businesses), and all claims of creditors of such subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Bonds. Furthermore, under the CDR process, our material subsidiaries will guarantee our secured indebtedness to the CDR Lenders. As of December 31, 2015, our subsidiaries had total indebtedness of U.S.$370.82 million and other liabilities of U.S.$ 97.31 million. The Bonds and the trust deed governing the Bonds do not restrict the ability of our subsidiaries to issue certain categories of guarantees in the ordinary course of business. In addition, our secured creditors would have priority over claims of the holders of the Bonds with respect to our assets securing the related obligations.

We and certain of our subsidiaries are subject to restrictions under existing loan agreements or guarantee agreements with banks and under the MRA to be entered into with the CDR Lenders, which may adversely affect our financial health and ability to generate sufficient cash to satisfy our and our subsidiaries' outstanding and future debt obligations.

We and some of our subsidiaries are subject to restrictions under existing loans with local banks and under the master restructuring agreement to be entered into with the CDR Lenders as part of the CDR Package. Such restrictions may limit our and our subsidiaries' ability to carry out certain actions without the consents of, among others, the CDR Empowered Group, including:

- carrying out reorganisations;
- selling or transferring material assets;
- taking on any more debt from another financial institution;
- providing any form of guarantee;
- encumber any assets;

- declare dividend;
- dispose or divest any investments or any other assets;
- amend memorandum or articles of association; and
- change statutory auditors or accounting policies.

Such restrictions under existing loans or the CDR Package could adversely affect our and our subsidiaries' financial health and general ability to generate sufficient cash to satisfy outstanding and future debt obligations, including obligations under the Bonds.

If the Group is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements or the trust deed governing the Bonds, which could cause repayment of its debt to be accelerated.

Our financing arrangements 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 loans. 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/or acceleration of amounts due under such facilities, which may adversely affect our business, financial condition and results of operations.

If the Group is unable to comply with the restrictions and covenants in the trust deed governing the Bonds, or its current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements contain cross-acceleration or cross-default provisions. As a result, a default by the Group under one debt agreement may cause the acceleration of debt, including the Bonds, or result in a default under its other debt agreements, including the trust deed governing the Bonds. If any of these events occur, the Group cannot assure you that its assets and cash flow would be sufficient to repay in full all of its indebtedness, or that the Group would be able to find alternative financing. Even if the Group could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable.

For example, we are currently in breach of payment obligations pursuant to the terms of certain of our facility agreements with domestic lenders and under our foreign currency convertible bonds. Our inability to remedy the breach constitutes a default by the Group under the terms of these facility agreements and such bonds. However, the Company has submitted a Debt Realignment Proposal (DRS) Scheme to its Lenders including CDR Lenders, Non-CDR Lenders and Lessors, which has been approved by the required super majority of Lenders including waiver of breaches (subject to approval by individual lenders) and the Company has also put forth an extraordinary resolution for vote by its bondholders to waive such breaches. However we cannot assure you that we will be able to comply with our debt covenants or restrictions in the future.

There is no existing market for the Bonds and an active market for the Bonds may not develop, which may cause the price of the Bonds to fall. In addition, the price of our Shares has been and may continue to be become highly volatile and an active trading market for the Equity Shares may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. While approval in-principle has been received for the listing and quotation of the bonds on the SGX-ST, no assurance can be given that an active trading market for either series of the Bonds will develop, even if such approval is granted and the Bonds are so listed, or as to the liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders of the Bonds will be able to sell their Bonds. If an active market for either series of the Bonds fails to develop or be sustained, the trading price of the Bonds could fall. If an active trading market were to develop, the Bonds could trade at prices that may be lower than the initial offering price of the applicable series Bonds.

In addition, the price of the Equity Shares may fluctuate after the offering. There can be no assurance that an active trading market for the Equity Shares to be issued in this offering will develop or be sustained after this offering, or that the price at which the Equity Shares are issued will correspond to the price at which the Equity Shares will trade in the market subsequent to the offering.

Whether or not either series of Bonds and Equity Shares will trade at lower prices depends on many factors, including:

- the market for similar securities;
- general economic conditions; and
- financial condition, results of operations and future prospects of our Group.

In addition, there will be no over-allotment or stabilization of the Bonds or Equity Shares, and as a result, the market price for the Bonds and Equity Shares may be more susceptible to a decline than if such actions were undertaken.

Upon a change of control, or upon acceleration following an event of default, we may not be in a position to redeem or repay the Bonds.

Upon a change of control of the Issuer, each Bondholder may require us to redeem in whole but not in part such Bondholder's Bonds. Following acceleration of the Bonds upon an event of default, we would be required to pay all amounts then due under the Bonds. See "Terms and Conditions of the Bonds." We may not be able to redeem all or any of such Bonds or pay all amounts due under the Bonds if (i) the requisite RBI regulatory approval is not received, if applicable or (ii) we do not have sufficient resources to redeem or repay the Bonds.

There is no guarantee that the Equity Shares to be issued in this offering will be listed on BSE and NSE in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing of the Equity Shares to be listed in this offering will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing those Equity Shares on BSE and/or NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

Fluctuations in the exchange rate between Indian Rupees and U.S. dollars may have a material adverse effect on the value of the Bonds in U.S. dollar terms.

Although the principal amount of the Bonds is denominated in U.S. dollars, the Equity Shares are quoted and traded in Indian Rupees. As a result, fluctuations in the exchange rate between Indian Rupees and U.S. dollars will affect, among other things, the secondary market price of the Bonds.

Future issues or sales of the Equity Shares may significantly affect the trading price of the Equity Shares.

A future issue of Equity Shares by us, the disposal of Equity Shares by any of our major shareholders, or the perception that such issues or sales may occur, may significantly affect the trading price of the Equity Shares. Other than obtaining consent from some of our lenders prior to altering our capital structure, there is no restriction on our ability to issue Equity Shares, and there can be no assurance that we will not issue Equity Shares.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Our listed Equity Shares are subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers are set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

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.

You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Under the Companies Act, a company incorporated in India must offer its holders of equity shares pre-emptive 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 pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution unless we have obtained government approval to issue without such rights. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing an offering document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by you, your proportional interest in us would be reduced.

Investors in the Bonds and 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 recognise 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 Section 14 of 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 signatory to the "Convention of the recognition and enforcement of foreign judgments and civil and commercial matters" or 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 such section, in any country or territory outside India which the Government of India 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 a fine or other penalties and does not include arbitral awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Code is also subject to the exception under Section 13 of the Civil Code as discussed above.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code, but certain jurisdictions have not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by new proceedings / suit instituted in a court of India, 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 in India.”

MARKET PRICE INFORMATION CONCERNING THE EQUITY SHARES

The Issuer's Equity Shares are listed on NSE and BSE. The Issuer's Equity Shares were first listed on NSE and BSE in April 2005. As of March 31, 2016, 640,803,928 Equity Shares of the Issuer were outstanding.

The table below sets forth, for the period indicated, the high and low prices and the average volume of trading activity for the Issuer's Equity Shares on NSE which the Issuer obtained from NSE:

	Rupee Price per Equity Share		Average Daily Equity Share Trading Volume
	High	Low	
Fiscal 2014:			
First Quarter	6.6	4.50	673,746
Second Quarter	6.5	3.55	792,280
Third Quarter	7.9	4.9	748,884
Fourth Quarter	9.45	6.45	671,435
Fiscal 2015:			
First Quarter	13.55	6.00	2,883,270
Second Quarter	11.50	7.90	921,404
Third Quarter	10.3	7.05	1,708,591
Fourth Quarter	10.2	5.5	1,362,881
Fiscal 2016:			
First Quarter	8.20	2.30	4,457,518
Second Quarter	5.00	2.80	1,841,085
Third Quarter	6.10	3.25	3,820,414
Fourth Quarter	6.00	3.85	2,411,725
Fiscal 2017:			
First Quarter	5.65	3.75	1,780,076
Monthly Prices:			
October 2015	4.40	3.25	3,089,539
November 2015	4.35	3.55	1,720,372
December 2015	6.10	3.90	6,298,518
January 2016	6.00	4.30	4,291,728
February 2016	5.40	3.85	1,683,099
March 2016	4.80	3.95	1,296,777
April 2016	4.60	4.10	1,098,385
May 2016	4.35	3.80	1,023,062
June 2016	5.65	3.75	3,094,837

On June 30, 2016, the closing price of Equity Shares on NSE was INR5.10.

The table below sets forth, for the period indicated, the high and low prices and the average volume of trading activity for Equity Shares on BSE which the Issuer obtained from BSE:

	Rupee Price per Equity Share		Average Daily Equity Share Trading Volume
	High	Low	
Fiscal 2014:			
First Quarter	6.60	4.55	1,358,790
Second Quarter	6.48	3.60	1,580,962
Third Quarter	7.99	5.06	2,557,418
Fourth Quarter	9.42	6.45	2,665,700
Fiscal 2015:			

	Rupee Price per Equity Share		Average Daily Equity Share
	High	Low	Trading Volume
First Quarter	13.59	5.97	12,379,104
Second Quarter	11.48	7.90	3,377,269
Third Quarter	10.31	6.50	5,964,304
Fourth Quarter	10.18	5.50	4,124,459
Fiscal 2016:			
First Quarter	8.18	2.18	11,865,978
Second Quarter	5.15	2.72	4,025,659
Third Quarter	6.09	3.25	6,988,943
Fourth Quarter	5.97	3.83	3,567,243
Fiscal 2017:			
First Quarter	5.67	3.75	2,227,096
Monthly Prices:			
October 2015	4.41	3.25	6,396,551
November 2015	4.34	3.56	2,623,598
December 2015	6.09	3.95	11,300,283
January 2016	5.97	4.31	6,011,607
February 2016	5.35	3.83	2,367,386
March 2016	4.78	4.00	2,382,729
April 2016	4.60	4.13	1,330,152
May 2016	4.34	3.81	1,155,221
June 2016	5.67	3.75	4,032,835

On June 23, 2016, the closing price of Equity Shares on BSE was INR5.09.

There is no public market outside India for the Equity Shares. As at June 24, 2016 (the latest record date for which such information is available), there were 161,428 holders of record of the Equity Shares.

DIVIDENDS

We have not distributed any cash dividends on our Equity Shares in respect of each of fiscal years ended March 31, 2012, 2013, 2014, and 2015. The last cash dividend was distributed in respect of the fiscal year ended March 31, 2011.

Dividend on Preference Shares

Statement Showing Preference Dividend for each of fiscal year 2012, 2013, 2014 and 2015.

Particulars	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Face Value of Preference Shares (INR Per share)	5.00	5.00	5.00	5.00
Dividend rate	6.35%	0.01%	0.01%	0.01%
Interim dividend on Preference Shares (INR Per share)	Nil	Nil	Nil	Nil
Final dividend on Preference Shares (INR Per share)	0.32	0.0005	0.0005	0.0005
Total dividend on Preference Shares (INR Million)	63.67	0.065	0.065	0.065
Dividend tax (INR Million)	10.33	0.011	0.011	0.011
Total Dividend (Inclusive of DDT) (INR Million)	**74.00**	**0.076**	**0.076**	**0.076**
Exchange Rate as at respective year-end date (US$ INR Rate)	**51.8521**	**54.3550**	**59.7580**	**62.5300**
US$ (million)	**1.43**	**0.0014**	**0.0013**	**0.0012**

Note:

1. Preference dividend has not been paid since Fiscal 2012. The above is shown as a contingent liability
2. 70 million preference shares of INR5 each amounting to INR350 million converted into equity shares @19.74 on June 29, 2012
3. Summary of preference dividend (inclusive of dividend distribution tax) as disclosed in contingent liability

Particulars	Amount in Millions of INR
Preference Dividend (**fiscal year ended March 31, 2012**)	74.00
Less: Pref Dividend on 70 million Preference Shares converted into equity	(25.90)
Preference Dividend (**fiscal year ended March 31, 2013**)	0.08
Preference Dividend (**fiscal year ended March 31, 2014**)	0.08
Preference Dividend (**fiscal year ended March 31, 2015**)	0.08
Total Preference Dividend (inclusive of DDT) as disclosed in Contingent Liability	**48.34**

Under the Companies Act, unless our Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. The shareholders at a general meeting may declare a lower, but not a higher dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value of our Shares. Under the Companies Act, dividends can only be paid in cash to shareholders listed on our register of shareholders on the date which is specified as the “record date” or “book closure date.” No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of such shareholder’s Equity Shares is outstanding.

USE OF PROCEEDS

The Bonds are being issued pursuant to an offer to exchange the Issuer's Existing Bonds for the Bonds and Equity Shares pursuant to the Exchange Offer Memorandum dated July 5, 2016. Accordingly, the Issuer does not expect to receive any proceeds from the offering of the Bonds contemplated hereby.

EXCHANGE RATE INFORMATION

Our consolidated financial statements are presented in Indian Rupees, which is the Issuer's functional and presentation currency.

However, we have local operations in various geographic locations and generally serve clients in each geographic location through local facilities. Accordingly, the functional currency of the Issuer's various operating subsidiaries generally varies according to the geography in which they operate and sales and operating costs are not influenced by the fluctuation of the Indian Rupee against such currency.

Many of our offshore subsidiaries generate profits and maintain assets denominated in currencies other than Indian Rupees. These profits and assets are converted into Indian Rupees during the consolidation of our annual accounts. Accordingly, if there are significant fluctuations between the respective local currencies and Indian Rupee, our results of operations may be affected.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. dollar (in Rupees per U.S. dollar) based on the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. In 1994, the Rupee was permitted to float fully for the first time. The exchange rate as at December 31, 2015 was INR66.19 = U.S. $1.00. This Offering Circular contains translations of Indian Rupees amounts to U.S. dollars at specific rates solely for the convenience of the reader and unless otherwise stated, all translations from Indian Rupee to U.S. dollars in this Offering Circular have been converted at the rate specified above. No representation is made that the Rupee amounts actually represent such amounts in U.S. dollars or could have been or could be converted into U.S. dollars at the rates indicated, any other rates or at all.

	Noon buying rate			
	Period End (Year ended March 31)	**Average**	**High**	**Low**
	(INR per U.S.$1.00)			
2011	44.54	45.46	47.49	43.90
2012	50.89	48.01	57.13	44.00
2013	54.52	54.48	57.13	50.64
2014	60.00	60.76	68.80	53.65
2015	62.31	61.34	63.67	58.30
December	66.19	66.50	67.10	66.00
January	67.87	67.33	68.08	66.49
February	68.21	68.24	68.84	67.57
March	66.25	66.89	67.75	66.25
2016	66.25	65.58	68.84	61.99
April	66.39	66.42	66.70	66.05
May	67.12	66.89	67.59	66.36
June (through June 24, 2016)	67.82	67.17	67.82	66.51

CAPITALISATION AND INDEBTEDNESS

The following table sets forth consolidated cash and bank balances and consolidated capitalization as of December 31, 2015 on an actual basis.

The table below should be read together with "Selected Historical Consolidated Financial Information and Other Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and our historical consolidated financial statements prepared in accordance with Indian GAAP and related Bonds included elsewhere in this Offering Circular. Except as otherwise disclosed in this Offering Circular, there had been no material adverse change in our indebtedness or capitalisation since December 31, 2015.

	As of December 31, 2015	
	Actual	
	(INR)	**(US$)**
	(in millions)	
Indebtedness:		
Cash credit	305.34	4.61
Short-term debt	784.86	11.86
Long-term debt	23454.14	354.35
Subordinated debt		0.00
Total Indebtedness	24544.34	370.82
Shareholders' Funds		
Capital (includes both equity and preference capital)*	7011.87	105.94
Reserves and Surplus	(12717.39)	(192.13)
Total Shareholders' Funds	(5705.52)	(86.20)
Total Capitalisation	18838.82	284.62

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* Note: The Company has allotted 307, 823 and 4,309,522 shares on February 1, 2016 against conversion of foreign currency convertible bonds of principal amount of US$100,000 and US$1,400,000, respectively.

The shareholders of the Company have, through their resolutions passed by way of postal ballot on March 18, 2016, approved (a) issuance of up to 1,000 million Shares to all lenders of the Company including the lenders of the Company's subsidiaries and lenders of facilities guaranteed by the Company and lessors of the Company ("**DRS Lenders**"), on preferential basis, in accordance with Chapter VII of the SEBI Regulations, (b) issuance of non-convertible redeemable preference shares ("**NCRPS**") of face value of INR5 each redeemable on March 15, 2016 (carrying dividend of 0.10% per annum) against the conversion of part of certain outstanding credit facilities granted by the DRS Lenders provided such issuance does not exceed INR1,500 million provided if DRS Lenders is unable to subscribe to the above NCPRS of INR5 each or Shares due to regulatory constraints, the DRS Lenders shall have an option to subscribe to NCPRS of face value of Re. 1 each with premium of INR4 each, redeemable on March 31, 2026 (carrying dividend of 0.10% per annum provided such NCPRS of face value of INR10 each does not exceed INR1,050 million, (c) increasing the authorized capital of the Company from INR12,000 million (dividend into 1,100 million Shares and 200 million preference shares of INR5 each) to INR29,550 million (dividend into 2,000 million Shares, 200 million preference shares of INR5 each, 1,500 million preference shares of INR5 each and 1,050 million preference shares of INR1 each).

Subsequently, the shareholders of the Company have, through their resolutions passed by way of postal ballot on May 13, 2016, approved the (i) increase authorized capital from INR29,550 million (dividends to 2,000 million Shares, 200 million preference shares of INR5 each, 1,500 million preference shares of INR5 each and 1,050 million preference share of Re. 1 each) to INR31,550 million (dividend into 2,200 million Shares, 200 million preference shares of INR5 each, 1,500 million preference shares of INR5 each and 1,050 million preference shares of Re. 1 each), (ii) issue of up to 212.40 million shares to those lenders who are unable to participate in the DSR Package of the Company under the CDR mechanism including the lenders of the Company's subsidiaries and lenders of facilities granted by the Company and lessors of the Company on preferential basis, issuance of the Bonds and issuance of the Equity Shares upon conversion of the Bonds and the Existing Bonds, as the case may be, of an amount not exceeding INR3,500 million.

Total Shareholder's Funds excludes Share application money pending allotment.

SELECTED HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The selected audited financial information for the three years ended March 31, 2013, 2014 and 2015 and summary financial information for the nine months ended December 31, 2014 and 2015 set forth below have been derived from our Financial Statements included elsewhere in this Offering Circular. Our selected audited financial information for the years ended March 31, 2013, 2014 and 2015 and summary financial information for the nine months ended December 31, 2014 and 2015 were prepared in accordance with Indian GAAP. For a summary of our significant accounting policies and the basis of the presentation of our Financial Statements, please refer to the notes to the Financial Statements included in this Offering Circular.

The selected financial information set forth below should be read in conjunction with our Consolidated Financial Statements included in this Offering Circular.

CONSOLIDATED FINANCIAL INFORMATION AS AT AND FOR THE PERIODS INDICATED

CONSOLIDATED BALANCE SHEET INFORMATION

	INR in million			US$ in million	INR in million		US$ in million
Particulars	**As at 31/03/13**	**As at 31/03/14**	**As at 31/03/15**	**As at 31/03/15**	**As at 31/12/14**	**As at 31/12/15**	**As at 31/12/15**
I. EQUITY LIABILITIES							
Shareholders' funds							
Share capital..........	6,365.55	6,376.44	6,687.51	101.04	6,511.20	7,011.90	105.94
Reserves and surplus	2,780.33	(419.10)	(10,530.05)	(159.09)	-6,679.50	(12,717.40)	-192.13
Share application money pending allotment..........	—	—	335.00	5.06	335.00	—	—
Minority interest............	55.18	60.23	62.36	0.94	63.50	41.50	0.63
Noncurrent liabilities							
Long-term borrowings........	20,020.21	20,588.91	18,603.25	281.06	19,815.00	17,378.31	262.55
Deferred tax liabilities...........	14.70	9.25	—	—	-0.00	—	—
Other long-term liabilities...........	250.53	148.26	180.08	2.72	236.00	213.00	3.22
Current liabilities							
Short-term borrowings........	1,493.45	2,857.74	1,646.68	24.88	2,114.10	551.10	8.33
Trade payables......	2,035.88	1,846.80	2,113.57	31.93	2,120.60	1,639.60	24.77
Other current liabilities...........	4,467.83	6,285.55	7,163.14	108.22	5,823.90	10,897.30	164.64
Short-term provisions..........	266.14	278.21	291.26	4.40	280.90	306.50	4.63
	37,749.80	**38,032.29**	**26,553.00**	**401.16**	**30,620.70**	**25,321.80**	**382.56**
II. ASSETS							
Non-current assets							
Fixed assets							
(i) Tangible assets.........	3,247.74	2,525.65	2,582.80	39.02	2,804.20	2,042.20	30.85
(ii) ... Intangibl	10,630.66	10,609.07	9,723.28	146.90	10,237.70	9,389.30	141.85

Particulars	INR in million			US$ in million	INR in million		US$ in million
	As at 31/03/13	As at 31/03/14	As at 31/03/15	As at 31/03/15	As at 31/12/14	As at 31/12/15	As at 31/12/15
(iii) Capital work in Progress.....	—	7.61	0.29	0.00	2.90	0.30	0.00
(iv) Intangible a	327.11	147.42	—	—	-0.00	—	—
Goodwill arising on consolidation.....	15,466.63	16,326.00	7,105.59	107.35	10,640.90	7,105.60	107.35
Non-current investments.......	251.69	251.64	251.64	3.80	251.60	251.60	3.80
Deferred tax asset.................	1,058.68	1,238.40	1,258.37	19.01	1,253.50	1,259.20	19.02
Long-term loans and advances.....	1,980.29	1,885.64	1,738.30	26.26	1,933.50	1,831.70	27.67
Other non-current assets.....	195.08	255.76	98.77	1.49	104.50	92.50	1.40
Current assets							
Inventories	11.18	13.59	14.35	0.22	34.50	5.90	0.09
Trade receivables........	2,160.48	2,098.55	1,792.80	27.09	1,693.40	1,760.10	26.59
Cash and bank balances...........	510.87	612.11	228.81	3.46	214.20	313.80	4.74
Short-term loans and advances.....	576.68	732.29	755.48	11.41	763.20	494.20	7.47
Other current assets................	1,332.71	1,328.54	1,002.40	15.14	686.60	775.40	11.71
	37,749.80	**38,032.29**	**26,553.00**	**401.16**	**30,620.70**	**25,321.80**	**382.56**

CONSOLIDATED PROFIT AND LOSS ACCOUNT INFORMATION

	INR in million			US$ in million	INR in million		US$ in million
	For the year ended 31/03/13	For the year ended 31/03/14	For the year ended 31/03/15	For the year ended 31/03/15	For the Nine months ended 31/12/14	For the Nine months ended 31/12/15	For the Nine months ended 31/12/15
INCOME							
I. Revenue from operations..................	13,113.60	13,078.92	13,440.00	203.05	10,386.90	8,538.40	129.00
II. Other income	529.23	1,306.07	44.33	0.67	43.10	33.30	0.50
III. Total Revenue (I + II)..........................	**13,642.83**	**14,385.00**	**13,484.33**	**203.72**	**10,430.00**	**8,571.70**	**129.50**
IV. EXPENSES							
Employee benefits and expense and Cost of Revenue.....................	9,854.40	10,286.20	10,022.70	151.42	7,838.50	6,465.80	97.69
Finance costs.................	3,076.20	3,211.00	2,114.00	31.94	1,641.60	1,424.70	21.52
Depreciation and amortization expense	2,308.20	2,564.20	2,291.00	34.61	1,716.20	1,496.60	22.61
Other expenses..............	2,239.80	1,880.90	1,690.10	25.53	1,702.70	1,438.10	21.73
Total expenses..............	**17,478.60**	**17,942.30**	**16,117.80**	**243.51**	**12,899.00**	**10,825.20**	**163.55**
V. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS & TAX (III-IV)	(3,835.77)	(3,557.31)	(2,633.48)	(39.79)	(2,469.00)	(2,253.50)	(34.05)
VI. EXCEPTIONAL ITEMS – INCOME / (EXPENSES)..........	(1,058.39) *	—	(6,731.73)	(101.70)	(3,156.70)	(0.00)	(0.00)

VII. PROFIT / (LOSS) BEFORE TAX (V + VI)............	**(4,894.16)**	**(3,557.31)**	**(9,365.21)**	**(141.49)**	**(5,625.70)**	**(2,253.50)**	**(34.05)**
VIII. TAX EXPENSE	140.59	13.34	395.36	5.97	173.10	216.50	3.27
IX. PROFIT / (LOSS) FOR THE YEAR (VII-VIII)..................	**(5,034.75)**	**(3,570.65)**	**(9,760.57)**	**(147.46)**	**(5,798.80)**	**(2,470.00)**	**(37.32)**
X. MINORITY INTEREST	14.87	5.04	2.13	0.03	3.20	(20.80)	(0.31)
XI. PROFIT / (LOSS) AFTER MINORITY INTEREST (IX-X)...	**(5,049.65)**	**(3,575.59)**	**(9,762.70)**	**(147.50)**	**(5,802.00)**	**(2,449.20)**	**(37.00)**
Earnings per equity share of face value of '10 each:							
Before exceptional items and discontinued operations							
(1) Basic.........................	(9.19)	(6.33)	**(5.29)**	(5.29)	(4.66)	(4.05)	(4.05)
(2) Diluted......................	(9.19)	(6.33)	**(5.29)**	(5.29)	(4.66)	(4.05)	(4.05)
After exceptional items and discontinued operations							
(1) Basic.........................	(11.60)	(6.33)	**(16.85)**	(16.85)	(10.12)	(4.05)	(4.05)
(2) Diluted......................	(11.60)	(6.33)	**(16.85)**	(16.85)	(10.12)	(4.05)	(4.05)

*NOTE : EXCEPTIONAL ITEMS INCLUDES LOSSES FROM DISCONTINUED OPERATIONS INR195.70 MILLION IN THE YEAR 2012 - 2013

CONSOLIDATED CASH FLOW INFORMATION

	INR in million			**US$ in million**	**INR in million**		**US$ in million**
	For the year ended 31/03/13	**For the year ended 31/03/14**	**For the year ended 31/03/15**	**For the year ended 31/03/15**	**For the nine months ended 31/12/14**	**For the nine months ended 31/12/15**	**For the nine months ended 31/12/15**
A. Cash Flow from/(used in) Operating Activities							
Profit/(Loss) before exceptional items and tax..	**(3,835.80)**	**(3,557.30)**	**(2,633.50)**	**(39.79)**	**(2,469.00)**	**(2,253.50)**	(34.05)
Adjustments for:							
Depreciation/amortization.....	2,308.20	2,564.20	2,291.00	34.61	1716.20	1,496.60	22.61
Foreign exchange (gain) / loss (net)	(349.70)	(1,030.10)	33.70	0.51	283.60	462.00	6.98
(Gain)/loss on sale/discarding of fixed assets (net)	16.90	(87.40)	(0.90)	(0.01)	(1.40)	(1.20)	(0.02)
Interest income.....................	(28.80)	(39.10)	(17.60)	(0.27)	(14.90)	(6.90)	(0.10)
Finance cost..........................	3,076.20	3,210.90	2,114.00	31.94	1,641.60	1,424.70	21.52
Provision for doubtful debts made / (written back)	198.00	91.80	140.70	2.13	201.20	53.50	0.81
Loss from discontinued operations..........................	-	-	-	-	(3,156.70)	-	-
Liability/provision written back..................................	(178.00)	-	-	-	-	-	-

	INR in million			US$ in million	INR in million		US$ in million
	For the year ended 31/03/13	For the year ended 31/03/14	For the year ended 31/03/15	For the year ended 31/03/15	For the nine months ended 31/12/14	For the nine months ended 31/12/15	For the nine months ended 31/12/15
Operating Profit / (Loss) before working capital changes............................	**1,207.00**	**1,153.00**	**1,927.40**	**29.12**	**(1,799.40)**	**1,175.20**	**17.75**
Adjustments for:							
Trade and other receivables ..	(163.20)	476.20	(819.20)	(12.38)	4,085.20	77.40	1.17
Inventories	4.80	(2.40)	(0.80)	(0.01)	(20.90)	8.50	0.13
Trade payables and other liabilities	(238.20)	(884.70)	(1,260.70)	(19.05)	(1,652.80)	(894.00)	(13.51)
	(396.60)	**(410.90)**	**(2,080.70)**	**(31.44)**	**2,411.50**	**(808.10)**	**(12.21)**
Cash Generated from/(used in) Operations.................	810.40	742.20	(153.30)	(2.32)	612.20	367.00	5.54
Income taxes paid	(315.60)	(244.60)	(359.90)	(5.44)	(296.10)	(179.10)	(2.71)
Net cash from / (used in) Operating Activities – A	**494.80**	**497.60**	**(513.20)**	**(7.75)**	**317.00**	**187.90**	**2.84**
B Cash Flow from / (used in) Investing Activities:							
Sale/(Purchase) of fixed assets (including Capital Work in Progress)............	(425.60)	(229.10)	88.50	1.34	683.10	(33.90)	(0.51)
Purchase of non-current investments	(0.60)	0.10	-	-	-	-	-
Proceeds from Sale of Subsidiary	-	-	3,036.70	45.88	-	-	-
Interest received...................	28.60	39.20	11.60	0.18	15.00	4.80	0.07
Net cash from / (used in) Investing Activities - B	**(397.60)**	**(189.80)**	**3,136.80**	**47.39**	**698.90**	**(29.10)**	**(0.44)**
C Cash Flow from / (used in) Financing Activities:							
Payment towards FCCB expenses...........................	(164.20)	-	-	-	-	-	-
Proceeds from/(Repayment of) borrowings	93.50	2,380.30	(2,046.50)	(30.92)	(372.50)	140.00	2.12
Interest paid	(532.80)	(2,548.00)	(979.90)	(14.80)	(1,006.60)	(174.30)	(2.63)
Net Cash from / (used in) Financing Activities – C	**(603.50)**	**(167.70)**	**(3,026.40)**	**(45.72)**	**(1,379.20)**	**(34.30)**	**(0.52)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(506.30)	140.10	(402.80)	(6.09)	(363.20)	124.40	1.88
Cash and Cash Equivalents at beginning of the year ..	883.70	377.40	517.50	7.82	517.50	114.70	1.73
Cash and Cash Equivalents at end of the year............	**377.40**	**517.50**	**114.70**	**1.73**	**154.30**	**239.10**	**3.61**

***NOTE : EXCEPTIONAL ITEMS INCLUDES LOSSES FROM DISCONTINUED OPERATIONS RS 195.70 MILLION IN THE YEAR 2012 - 2013**

RECONCILIATION OF EBITDA TO NET INCOME AFTER EXCEPTIONAL ITEMS

Particulars	INR in millions			US$ in million	INR in millions		US$ in million
	For the year ended 31/03/13	For the year ended 31/03/14	For the year ended 31/03/15	For the year ended 31/03/15	For the Nine months ended 31/12/14	For the Nine months ended 31/12/15	For the Nine months ended 31/12/15
EBITDA	**1,548.63**	**2,217.89**	**1,771.52**	26.76	**888.79**	**667.80**	10.09
Less:							
Finance Costs	3,076.20	3,211.00	2,114.00	31.94	1,641.60	1,424.70	21.52
Depreciation and amortization expenses	2,308.20	2,564.20	2,291.00	34.61	1,716.20	1,496.60	22.61
Taxes	140.59	13.34	395.36	5.97	173.10	216.50	3.27
Net Income Before Exceptional Items	**(3,976.36)**	**(3,570.65)**	**(3,028.83)**	(45.76)	**(2,642.10)**	**(2,470.00)**	(37.32)
Add: Exceptional Income	33.00	—	—	—			
(Less): Exceptional expenditure	(1,091.39)	—	(6,731.73)	(101.70)	(3,156.70)	—	0
Net Income After Exceptional Items	**(5,034.75)**	**(3,570.65)**	**(9,760.57)**	(147.46)	**(5,798.80)**	**(2,470.00)**	(37.32)

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 Offering Circular, beginning on page F-1. Indian GAAP and IFRS differ in certain material respects. For more information see "Risk Factors – Risks Associated with Investments in an Indian Company – Indian corporate and other disclosure and accounting standards differ from those in countries in the European Union and other jurisdictions." Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements under Indian GAAP.

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

OVERVIEW

The Company is a global Information Technology company based out of Mumbai India. The Company is in the business of providing a comprehensive set of more than 20 IP based software solutions, coupled with a wide range of IT services, which the Company believes strongly positions it to address the dynamic requirements of a variety of industry sectors, including primarily banking, insurance, capital markets, and asset and wealth management (BFSI). The Company also provides solutions for other sectors such as government, manufacturing, retail, distribution, telecom and healthcare. As of December 2015, the Company had over 1,000 customers, in more than 50 countries across 5 continents. The Company's quality certifications include ISO 9001:2008 for BPO and ISO/IEC 27001:2013 for Data Centre Operations.

The Company's Global Delivery Model provides for sufficient resources to be drawn from its large talent pool across the globe to offer optimal solutions. The Company's Global Delivery Model involves delivery of products and services using resources from teams spread across delivery centres in different locations and countries. The Company integrates products and services to create customized solutions which allow customers to undertake technology-based business transformations that facilitate reorganization in line with today's dynamic digital business environment. The Company, which has won many awards and recognitions globally, operates in two main business lines, IT solutions and transaction services.

The IT Solutions business comprises of revenue from the sale of software products which in 2015 accounted for 21% of total operating revenue and revenue from the provision of IT services, which accounted for 74% of total operating revenue in 2015. Transaction services comprises of BPO and KPO services and accounted for 5% of total operating revenue in 2015.

Our total income was INR14,385.00 million in fiscal 2014, INR13,440.00 million in fiscal 2015, and INR10,386.90 and INR8,538.40 million for the nine months ended December 31, 2014 and 2015, respectively. Profit before interest, depreciation, extraordinary items and tax was INR2217.89 million in fiscal 2014, INR1,771.52 million in fiscal 2015, and INR888.79 million and INR667.80 million for the nine months ended December 31, 2014 and 2015, respectively.

As of March 31, 2015, we serviced over 1,500 active customers in more than 50 countries through our portfolio of IT solutions and transaction services. For fiscal 2014 and fiscal 2015, 25% and 22%, respectively, of our total income was from clients in North America, 23% and 28%, respectively, of our total income was from clients in South Asia, 13% and 12%, respectively, of our total income was from clients in MEARC, 6% and 6%, respectively, of our total income was from clients in the APAC region. For fiscal 2014 and fiscal 2015, 94% and 95%, respectively, of our total income was from IT solutions 6% and 7%, respectively, of our total income was from transaction services, and 0% and 0.9%, respectively, of our total income was from other income.

Our strategy is to maintain a balance between revenue derived from developed and emerging markets, as well as a spread between IT products and IT services. The BPM practice continues to be closely integrated to our services offering. Our core business continues to be our strong portfolio of software product offerings in the BFSI and ERP segments with the Middle East and Asia Pacific being our primary markets. On the services front, India and North America are our two primary markets.

We continue to re-align our delivery approach based on market requirements and have focused on core competencies, thereby deriving higher value for costs incurred. In FY2015, the Company undertook a multi-pronged program covering stringent delivery governance, increasing resource utilization, optimization of delivery teams and significant cost reductions, with the objective of maximizing margins. We believe that these measures have produced positive results. Sales efforts on the products license revenue front have been strengthened with a view to address the setback faced in the previous year. Our revenue and margins during the current year have therefore seen an overall improvement on multiple fronts including increased revenue from existing customers, improved license revenue, reduction in costs and accelerated project closures. However, despite these improvements, we continue to face challenges as we experience delays in closing new orders as well as the loss of prospective orders due to our financial difficulties, which continue to adversely impact the Company.

Since undergoing the 2012 CDR, we have aimed to retain our customer base and acquire new customers, despite the constraints we have been facing. Considering the challenges in bringing in new customers we face in light of our financial difficulties, we have focused on increased our revenue from existing customers. One of the key strengths of the Company is its domain rich resource pool and the Company is acutely aware of the need to retain this pool and restrict attrition, to the maximum extent possible. Despite our efforts, attrition continues to industry rates. The Company is focused on sustaining its business model and thereby protecting the value inherent in its operations to its stakeholders. However, the challenges faced in the market due to the Company’s CDR status, exacerbated by cash flow constraints, have been obstacles to achieving potential growth.

On the debt front, the Company has made multiple attempts to re-align its debt, first through conversion of loans into Standby Letters of Credit (“SBLC”) in December 2012 and through the FCNR (B) option in November 2013. The evaluation of the SBLC option was delayed considerably and could not be implemented. The conversion of rupee debt into foreign currency debt despite CDR Empowered Group’s (CDR-EG) and approval its CDR lenders. The Company has attempted to service interest and principal during the current financial year. Further, as per the mandate received from the CDR-EG, the Company has, during the current financial year, divested three identified subsidiaries, being Professional Access Limited, US and 3i Infotech (Western Europe) Limited and 3i Infotech (Flagship – UK) Limited, UK. Concurrently, substantial efforts are being made by the Joint Lenders Forum of the Company, constituted by Lenders who have participated in CDR as well as those outside the gambit of CDR, to arrive at a solution for the restructuring of the Company's debt. Seeking a strategic partner for the Company or for any specific part of the Company was one of the options being evaluated collectively by all lenders along with other potential options.

RECENT DEVELOPMENTS

Debt Restructuring

Background and 2012 CDR

In 2012 the Company carried out a debt restructuring (the “2012 CDR”) under the Indian Corporate Debt Restructuring (CDR) mechanism under India law. The terms of the CDR were determined based on certain assumptions about the future growth of the Company’s business. However, the Company’s business did not perform in line with the assumptions. The Company believes this was, in particular, due to customers in many overseas countries viewing the CDR process as akin to a bankruptcy proceeding, and customers in India being concerned about the overall financial viability of the Company’s business. Accordingly many customers and potential customers were unwilling to purchase new products or renew services contracts from the Company. In addition, at the time of the 2012 CDR, the Company expected it would be able to divest one of its non-core subsidiaries, Locuz, and use the proceeds to repay certain loans and have a pledge over the shares of another subsidiary, Professional Access (PA), released. This would have provided the Company with operational control over PA and access to PA’s cash flows. Unfortunately, due to declines in the operating performance of Locuz’s business, the Company has not able to divest Locuz or secure access to the cash flows of PA.

While the 2012 CDR did restructure certain indebtedness of the Company, the Company's debt servicing costs remained high. Furthermore, in addition to the adverse effects on customers' willingness to purchase from the Company, many suppliers became unwilling to provide credit to the Company or offer reasonable payment terms. In addition, the Company also experienced situations where it had to give up potentially lucrative opportunities which required a minimum amount of working capital investment that the Company did not have.

As a result of the foregoing the Company has been unable to honour its commitments and pay all its debts as they fall due. The Company continues to face severe constraints on selling its products and services, obtaining credit from suppliers, raising needed working capital, hiring talent and servicing its debts.

Other Efforts to Restructure Debt

Given that a significant portion of the Company's revenue is in foreign currency, the Company proposed to prepay its rupee debt to its CDR lenders through refinancing with lower-cost foreign-currency term debt. This would have allowed the Company to reduce its interest cost, and also to utilize the natural currency hedge available to it from its overseas operations where it earns revenues in foreign currency. Accordingly, in December 2012, 3i Infotech Holdings Pvt Ltd approached the CDR lenders to seek a foreign-currency loan equivalent to the total CDR debt of INR12,980 million. Following receipt of such loan, the Company had planned to repay the existing CDR lenders and to apply for an exit from the CDR. However, due to certain changes in the regulations pertaining to overseas direct investment, the Company concluded that the proposal might not be permitted under applicable regulatory requirements relating to overseas direct investment and accordingly withdrew the proposal.

On September 17, 2013, the Company approached the Monitoring Committee constituted by its CDR Lenders, with the following proposal:

1. To convert the existing Rupee loan of INR12,980 million to an equivalent FCNR (B) loan (approximately US$ 216.3 million at an exchange rate of US$ 1 = $ 60.00). The repayment terms of the FCNR (B) term loan would be similar to the repayment schedule of the CDR debt and have a similar security structure, subject to the security to be offered for an additional FCNR (B) loan as mentioned in 2 below.
2. To allow the Company to raise an additional FCNR (B) loan Rupee loan equivalent to INR2,150 million (approximately US$ 36.0 million) as priority debt with priority rights of repayment from proceeds of divestment of certain identified subsidiaries of the Company. The loan would be taken to meet its various long-term working capital requirements and to fund operating expenses.
3. To raise an additional FCNR (B) loan Rupee loan equivalent to INR2,150 million (approximately US$ 36.0 million) from the existing lenders in proportion to their outstanding loan amounts

The CDR Empowered Group, the second tier of the structure of CDR mechanism, approved Priority Debt of INR2,150 million and conversion of the Rupee debt of the Company to FCNR (B) to alleviate the high rate of interest being incurred on the Rupee Debt. However **–**

- Due to various reasons, not all the CDR Lenders converted their Rupee exposure to FCNR (B);
- Even with partial conversion of Rupee debt to FCNR (B), the Company's total indebtedness remains high at approximately INR25,000 million; and
- Debt servicing costs remain high.

Consequently, customers, suppliers and employees remain concerned about the future of the Company**.**

Effects of Debt on Current Operations

The Company believes that services revenue is becoming more predictable, and there is potential for reasonable growth going forward. Furthermore, in the products business, the Company believes existing orders continue to be implemented largely to our customers' satisfaction. However, the Company is very concerned that its pipeline of new product orders, which is the higher margin part of the Company's businesses, is being reduced and the Company is encountering instances of orders being lost because of customer concerns relating to the Company's high debt levels and financial stability. In particular, the Company recently lost a large contract with Trancentra. Furthermore, ICICI Group, which is a large customer of the Company, has indicated that it would be moving its business to another vendor within the year.

The Company has been taking and will continue to take steps to improve margins by means of reducing costs, delivering synergies and improving utilization of human resources and cash flows by means of strict control on receivables. However, following a comprehensive review by the Board, the Company believes that with its current levels of indebtedness, its business will continue to deteriorate, and it will continue to lose opportunities, if it is not able to restructure its indebtedness to a more manageable level.

In the absence of a comprehensive solution that would address all the aforementioned elements, sustaining even current EBITDA levels would be a challenge.

With this in mind, the Company proposed the DRS Package to its lenders. For further details, please see "Debt Realignment Scheme".

FACTORS AFFECTING RESULTS OF OPERATIONS

Several factors have affected our results of operations, financial condition and cash flow significantly over the past three years and the nine months ended December 31, 2015. These factors include:

- Our 2012 CDR, substantial indebtedness, and the perceptions of our customers, suppliers and current and potential employees that our financial stability is in doubt, which has adversely affected our financial condition and results of operations;
- General economic conditions in India and the larger global markets, including the pace of recovery of the U.S. economy and the risk of another recession or global downturn;
- 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 lower margin total income from our transaction services business;
- Inadequate capital expenditures for our new business initiatives such as technology upgrades for products, expansion into prospective markets;
- Increase in our debt burden and debt security requirements due to acquisitions and new business initiatives;
- Increasing 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;
- Our ability to collect receivables and manage our days outstanding;
- Increase in depreciation due to investment in new business initiatives;

- Divestments of certain businesses; 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, developments which may affect our future results of operations, financial condition and cash flow include:

- Our ability to successfully restructure our Indian Rupee and foreign currency debt and the perceptions of customers, suppliers and employees of our financial viability during and following such restructuring;
- 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;
- Obtaining funding for additional working capital requirements; and
- Penalties or claims by clients.

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

Ability to Complete Restructuring and Customer, Supplier and Employee Confidence in our Business.

Following the 2012 CDR, we believe that our business prospects were adversely affected as a result of many of our international customers viewing our 2012 CDR as similar to a bankruptcy proceeding and our Indian customers harbouring concerns our financial viability. Accordingly, many customers and potential customers were unwilling to purchase new products or renew services contracts. In addition, we have been encountering instances of orders being lost because of customer concerns relating to the Company's high debt load and financial stability. In particular, the Company recently lost a large contract with Trancentra. Furthermore, ICICI Group, which is a large customer of the Company, has indicated that it would be moving its business to another vendor within the year. Although we are undertaking our current CDR partly with a view toward improving customers perceptions our long-term viability, there can be no assurance that this process will have the desired effect. We expect that our ability to regain customer confidence will be a key factor affecting our results.

In addition, our suppliers and employees have also expressed concerns about the ongoing financial viability of the Company. Our suppliers may change our payment or credit terms, or refuse to provide credit at all, which could adversely affect our business. In addition, around the time of our 2012 CDR, we experienced and continue to experience relatively high employee attrition rates, which we believe was due to uncertainty regarding our financial viability. If we experience high attrition rates as a result of the current debt restructuring we are undertaking, or are unable to recruit talent now or in the future, our prospects would be materially and adversely affected.

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 Offering

Circular 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 U.S. dollar and £. In fiscal 2014 and fiscal 2015, and for the nine months ended December 31, 2014 and 2015, approximately 50%, 52%, 45% and 52%, respectively, of our total income was earned in currencies other than the Indian Rupee. 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 Associated with Our Businesses— We derive a significant portion of our total income in many foreign currencies and accordingly face exchange rate risks."

Employee Utilisation

Total income and, consequently, gross profits, particularly in our IT services and transaction services business, are affected by employee utilisation rates, which is defined as the proportion of total billed man months to total available man months, excluding support personnel. We manage utilisation by monitoring project requirements and timesheets. The number of consultants assigned to a project will vary according to the size, complexity, duration, and demands of the project. To ensure the optimum utilization of resources within a project life cycle, we have set up a full-fledged and robust resource management team.

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 total income per-capita at a lower gross margin than the same services performed at our facilities in India. As a result, our total income, cost of income and gross profit in absolute terms and as a percentage of total income 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, despite the higher total income earned, due to higher costs involved in providing such services, such as travel and accommodation costs. See "Risk Factors — Risks Associated with Our Businesses— 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 total income.

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 total income. 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 total income 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 Associated with Our Businesses— Our product sales and implementation cycle is long and we may be unable to recoup our investment costs to develop or acquire our software products."

CRITICAL ACCOUNTING POLICIES

Preparation of financial statements in accordance with the accounting principles generally accepted in India ('GAAP'), the applicable accounting standards issued by the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Companies Act, 2013 ('the 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 total income and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the Bonds to our financial statements included in this Offering Circular.

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 analysis, 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:

I. Basis of preparation of consolidated financial statements

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

II. Use of estimates

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

III. Principles of consolidation

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

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

a) The financial statements of the Company, its subsidiaries and joint venture (consolidated proportionately) have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that the recoverable value of related assets is lower than their cost to the Group.

b) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its standalone financial statements.

c) The consolidated financial statements are prepared using uniform accounting policies across the Group.

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

e) Minority interest in the net assets of consolidated financial statements consists of amount of equity attributable to the minority shareholders as on the date on which investment in the subsidiary companies are made and further movement in their share in the equity, subsequent to the date of investment.

IV. Revenue recognition

a) Revenue from IT Solutions:

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

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

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

Revenue from supply of hardware/other material and sale of third party software license/term license/other materials incidental to the aforesaid services is recognized based on delivery/installation, as the case may be. Recovery of incidental expenses is added to respective revenue.

b) Revenue from Transaction Services:

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

c) Interest / Dividend Income:

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

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

V. Unbilled and unearned revenue:

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

VI. Fixed assets and depreciation/amortisation

Tangible assets:

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

Leasehold building has been revalued and are reinstated at updated revalued amount.

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

Intangible assets:

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

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

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

Business and commercial rights are capitalized at the acquisition price.

Depreciation/Amortisation:

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

Business and commercial rights are amortized over their estimated useful life or ten years, whichever is lower while software products-others are amortized over a period of five years.

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

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

Depreciation on tangible assets is provided on straight line method (SLM) over the useful lives of assets determined based on internal technical assessments which are as follows:

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

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

VII. Investments

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

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

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

VIII. Accounting for Taxes on Income

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

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

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

IX. Translation of Foreign Currency Items other than hedged transactions

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transaction. Exchange differences in respect of all current monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains / losses arising there from are recognised in the consolidated statement of profit and loss.
Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are accounted as below:

- In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and

- In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortised over the balance period of such long term asset/liability.

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

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

X. Hedge Accounting

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

XI. Accounting of Employee Benefits

Employee benefits in Company/Indian subsidiaries

Gratuity

(i) Company

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

(ii) Subsidiaries

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

Superannuation

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

Provident fund

(i) Company

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

(ii) Subsidiaries

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

Leave entitlement

Liability for leave entitlement for employees is provided on the basis of actuarial valuation semi-annually and based on estimates for interim financial reporting.

Employee Benefits in Foreign Branch

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

Employee Benefits in Foreign Subsidiaries

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

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

XII. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

XIII. Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are charged to the consolidated statement of profit and loss.

XIV. Impairment of assets

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

XV. Securities issue expenses

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

XVI. Premium payable on redemption of Foreign Currency Convertible Bonds (FCCB)

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

XVII. Lease

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

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

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

XVIII. Earnings per share

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

XIX. Cash and cash equivalents

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

XX. Cash Flow Statement

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

XXI. Inventories

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

Income

Our total revenue from operations is derived from:

- IT Solutions; and
- Transaction Services

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 2013, 2014 and 2015 and the nine-months ended December 31, 2015:

	For the year ended March 31,			Nine Months Ended December 31,
	2013	2014	2015	2015
Income from Operations				
IT Solutions	94%	94%	95%	95%
Transaction Services	6%	6%	5%	5%
Total Income from Operations	**100%**	**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: Emerging markets include South Asia, Asia Pacific, Middle East and Africa geographies. Developed markets include US and European geographies.

	For the year ended March 31,			Nine Months Ended December 31,
	2013	2014	2015	2015
Emerging Markets	59%	51%	62%	68%
Developed Markets	41%	49%	38%	32%
Total Income from Operations	**100.0%**	**100%**	**100%**	**100%**

IT Solutions

The IT Solutions segment includes the sale of IT products developed by the Company and providing IT infrastructure services to companies in a number of different sectors using an outsourcing business model. The IT products sold include packaged applications for the BFSI sector and an ERP suite. The IT services include customized software development and maintenance, system integration, IT consulting, and offshore and onsite support through the Company's BPO operations. Through its IT service offerings, the Company provides clients with application development and maintenance, IT infrastructure services, e-governance services, retail e-commerce, business intelligence, document management services, business process management and data warehousing.

On the IT products front, the Company develops and sells products covering a spectrum of business applications including anti-money laundering and financial crime detection and management (Amlock / FCDMS), investment management (MFund), corporate and retail lending (Kastle ULS), life insurance (Premia Life), general insurance (Premia General Insurance) and enterprise resource planning (Orion). The Company also packages its general purpose products such as data scanning (Data Scan) and data management (Data Flow) products along with the aforementioned products to suit specific customer requirements. The Company believes that each of the aforementioned products is well established in its respective area of application and is being used by a large number of customers to their satisfaction.

On the IT services front, the Company has well known customers, both in India as well as outside of India, for whom the Company is a vendor of choice, offering a range of services which is made possible by the range of domain and technology skills that the Company possesses. The IT services also include staff augmentation, particularly for clients in the US market. Bespoke application development and maintenance as well as testing are also services which the Company specializes in.

Transaction Services

The transaction services segment covers management of back office operations for BFSI clients. Through its transaction service offerings, the Company provides clients with services such as remittance, cheque processing, human resources and payroll management services, account origination, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact centre services. The transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries. The Company's major focus areas in the Transaction services space are digitization, customer on-boarding, credentials validation and payment management.

The Company's business of IT solutions and transaction services are segregated into two units from the perspective of operational governance, customer interaction, resource deployment, and margins involved. These units are:

1. Software Products

2. Services Business

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, respectively, 3.88% (INR529.23 million), 9.08% (INR1306.07 million)and 0.33% (INR44 million) for fiscal 2013, 2014 and 2015 and was 0.41% (INR43.09 millions), 0.39% (INR33.2 millions) for the nine months ended December 31, 2014 and 2015, respectively.

Expenditures

Our total expenditures have the following 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 2013, 2014 and 2015 and for the nine months ended December 31, 2014 and 2015, respectively:

	For the Year Ended March 31,			**For the Nine Months ended**	
	2013	**2014**	**2015**	**December 31, 2014**	**December 31, 2015**
Salaries and wages	59.94%	65.02%	58.37%	57.41%	58.22%
Contribution to provident funds and other funds	1.19%	2.85%	2.34%	2.15%	2.17%
Recruitment and training expenses	0.18%	0.21%	0.23%	0.18%	0.14%
Staff welfare expenses	0.92%	1.08%	0.78%	0.74%	0.74%
Cost of third party products / outsourced services	19.26%	15.38%	23.85%	21.67%	20.55%
Rent	3.37%	4.53%	3.11%	3.15%	2.88%
Loss on sale/discarding of Fixed Assets (net)	0.14%	0.00%	0.00%	0.00%	0.00%
Foreign exchange loss (net)	0.00%	0.00%	0.29%	2.97%	5.84%
Travelling and conveyance	4.26%	2.69%	2.68%	2.47%	2.65%
Power and fuel	1.09%	1.01%	0.84%	0.83%	0.74%
Selling and distribution expenses	0.58%	0.23%	0.17%	0.16%	0.19%
Repairs and Maintenance	0.57%	0.65%	0.56%	0.51%	0.44%
Insurance	0.44%	0.58%	0.71%	0.67%	0.64%
Rates and taxes	0.57%	0.46%	0.43%	0.52%	0.57%
Communication expenses	1.52%	1.29%	0.93%	0.95%	0.60%
Printing and stationery	0.23%	0.16%	0.16%	0.16%	0.13%
Directors' Sitting Fees	0.01%	0.01%	0.01%	0.01%	0.02%
Legal and Professional charges	2.52%	2.12%	2.24%	2.31%	2.17%

	For the Year Ended March 31,			For the Nine Months ended	
	2013	2014	2015	December 31, 2014	December 31, 2015
Bad debts written off	0.18%	2.43%	0.06%	0.06%	0.26%
Less: Provision for doubtful debts withdrawn	-0.18%	-2.43%	-0.06%	-0.06%	-0.26%
Provision for doubtful debts	1.64%	0.75%	1.20%	2.11%	0.68%
Miscellaneous expenses	1.59%	0.99%	1.09%	1.03%	0.64%
Total	**69.19%**	**67.81%**	**72.67%**	**85.32%**	**84.73%**

Interest and Finance Charges

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

Interest and finance charges in fiscal 2013, 2014 and 2015 were INR3,076.18 million, INR3,211.00 million and INR2,114.00 million, respectively, representing 23%, 22% and 15.68% of total income, respectively. Interest and finance charges the nine months ended December 31, 2014 and 2015 INR1,641.60 million and INR1,424.70 million respectively, representing 15.74% and 16.62% of total income respectively. Total loans were INR21,764.19 million as of March 31, 2013, INR23,594.90 million as of March 31, 2014, INR20,430.00 million as of March 31, 2015 and as of December 31, 2014 INR22,165 million and as of December 31, 2015 INR18,142.40 million.

Taxes

Our net income from our 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 rate on such taxable income is lower than 18.5% of its book profit (as defined under the Income Tax Act), then the minimum alternate tax rate of 18.5% is applicable. Similarly, if the tax rate on such taxable income is greater than 18.5% 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 and education cess on the tax as applicable.

Deferred taxes are recognised, 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 recognised 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 realised. Other deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty of realisation. Determining the probability of deferred tax assets requires our management to make certain assumptions about our future income, which may prove to be wrong.

For fiscal 2015 and the nine months ended December 31, 2015 our provision for deferred tax assets was INR(1,259.20) million and INR(1,259.20) million was due to unabsorbed losses and depreciation, expenses.

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

Our profit/(loss) after tax, minority interest and exceptional items for fiscal 2013, 2014 and 2015, was INR(5,049.66) million, INR(3,575.60) million and INR(9,762.68) million and for nine month ended December 31, 2015 INR(2,449.20) million, respectively.

Employee Stock Option Scheme

The Issuer has two Employee Stock Option Schemes ("ESOS") instituted in the fiscal year 2000 and 2007 to enable the employees and directors of the Issuer and its subsidiaries to participate in the future growth and financial success of the Issuer. Options can be exercised within 10 years from the date of grant, or five years from the date of vesting, whichever is later. The maximum number of options granted to a single employee in a financial year must not exceed 5% of our issued 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 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 shares on either 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 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 under current guidelines under Indian GAAP.

The table below shows the profit and loss account of the Group for the year ending March 31, 2013, 2014 and 2015 and the nine months ending December 31, 2014 and 2015:

	INR in million			US$ in million	INR in million		US$ in million
	For the year ended 31/03/13	For the year ended 31/03/14	For the year ended 31/03/15	For the year ended 31/03/15	For the Nine months ended 31/12/14	For the Nine months ended 31/12/15	For the Nine months ended 31/12/15
INCOME							
I. Revenue from operations	13,113.60	13,078.92	13,440.00	203.05	10,386.90	8,538.40	129.00
II. Other income	529.23	1,306.07	44.33	0.67	43.10	33.30	0.50
III. Total Revenue (I + II)	**13,642.83**	**14,385.00**	**13,484.33**	**203.72**	**10,430.00**	**8,571.70**	**129.50**
IV. EXPENSES							
Employee benefits and expense and Cost of Revenue	9,854.40	10,286.20	10,022.70	151.42	7,838.50	6,465.80	97.69
Finance costs	3,076.20	3,211.00	2,114.00	31.94	1,641.60	1,424.70	21.52
Depreciation and amortization expense	2,308.20	2,564.20	2,291.00	34.61	1,716.20	1,496.60	22.61
Other expenses	2,239.80	1,880.90	1,690.10	25.53	1,702.70	1,438.10	21.73
Total expenses	**17,478.60**	**17,942.30**	**16,117.80**	**243.51**	**12,899.00**	**10,825.20**	**163.55**
V. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS & TAX (III-IV)	(3,835.77)	(3,557.31)	(2,633.48)	(39.79)	(2,469.00)	(2,253.50)	(34.05)
VI. EXCEPTIONAL ITEMS – INCOME / (EXPENSES)	(1,058.39)	—	(6,731.73)	(101.70)	(3,156.70)	(0.00)	(0.00)
VII. PROFIT / (LOSS) BEFORE TAX (V + VI)	**(4,894.16)**	**(3,557.31)**	**(9,365.21)**	**(141.49)**	**(5,625.70)**	**(2,253.50)**	**(34.05)**
VIII. TAX EXPENSE	140.59	13.34	395.36	5.97	173.10	216.50	3.27
IX. PROFIT / (LOSS) FOR THE YEAR (VII-VIII)	**(5,034.75)**	**(3,570.65)**	**(9,760.57)**	**(147.46)**	**(5,798.80)**	**(2,470.00)**	**(37.32)**
X. MINORITY INTEREST	14.87	5.04	2.13	0.03	3.20	(20.80)	(0.31)

XI. PROFIT / (LOSS) AFTER MINORITY INTEREST (IX-X)...	**(5,049.65)**	**(3,575.59)**	**(9,762.70)**	**(147.50)**	**(5,802.00)**	**(2,449.20)**	**(37.00)**

NOTE : EXCEPTIONAL ITEMS INCLUDES LOSSES FROM DISCONTINUED OPERATIONS RS 195.70 MILLION IN THE YEAR 2012 - 2013

The net loss of the Group increased to INR9365.2 million for the year ending March 31, 2015 (FY2015) from INR3557.3 million for the year ending March 31, 2014 (FY2014) primarily due to the following:

- During the three months ending September 30, 2014, the Group had sold its e-Commerce business, consisting of the entity Professional Access Limited, US and the business undertaking of Professional Access Software Development Private Limited, India. Such transaction has resulted in profit of INR970.5 million. As a result of the sale of the business, goodwill arising on consolidation amounting to INR2622.7 million and credit pertaining to such goodwill in translation reserve amounting to INR691.3 million has been adjusted against the aforesaid profit, resulting in loss of INR960.9 million, which has been shown separately as an exceptional item.

- During the three months ending December 31, 2014, the Group sold its wealth management business, consisting of the step down subsidiaries, 3i Infotech (Western Europe) Limited and 3i Infotech (Flagship – UK) Limited. Such transaction has resulted in profit of INR769.9 million. As a result of the sale of the business, goodwill arising on consolidation amounting to INR3128.4 million and credit pertaining to such goodwill in translation reserve amounting to INR443.0 million has been adjusted against the aforesaid profit, resulting in loss of INR1915.5 million, which has been included in exceptional item.

- In line with the impairment analysis carried out annually by the Company of its cash generating units / Long term investments, during the year ending March 31, 2015(FY2015) the Company impaired INR350 crores worth of goodwill in consolidated financial statements.

Total Income

Income from IT solutions has increased to INR12,802.6 million in the year ending March 31, 2015 (FY2015) from INR12,306.6 million in the year ending March 31, 2014(FY2014). This is despite the sale of two subsidiaries during the year ending March 31, 2015 (FY2015).

The revenue from transaction services was at INR637.4 million in the year ending March 31, 2015 (FY2015) as compared to INR772.3 million in the year ending March 31, 2014(FY2014).

Other income includes interest income, foreign exchange gain / (loss) and other non-operating income.

Total Expenses

Staff Costs

Staff cost were INR10,022.7 million in the year ending March 31, 2015(FY2015) as compared to INR10,286.2 million in the year ending March 31, 2014(FY2014).

Other Costs

The breakup of the other costs is given in the table below in millions of Rupees.

	For the Year Ended March 31,			For the Nine Months Ended December 31,	
	2013	**2014**	**2015**	**2014**	**2015**
Salaries and wages................	7,248.95	7,910.76	6,837.27	5,477.58	4,601.35
Contribution to provident funds and other funds........	143.36	346.61	274.33	205.21	171.12

	For the Year Ended March 31,			For the Nine Months Ended December 31,	
	2013	**2014**	**2015**	**2014**	**2015**
Recruitment and training expenses	22.01	26.00	26.61	16.82	10.85
Staff welfare expenses	111.23	130.97	91.11	70.90	58.30
Cost of third party products / outsourced services	2,328.82	1,871.75	2,793.37	2,068.01	1,624.15
Rent	407.92	551.04	364.52	300.83	228.02
Loss on sale/discarding of Fixed Assets (net)	16.87	0.00	0.00	0.00	0.00
Foreign exchange loss (net)	0.00	0.00	33.70	283.62	461.97
Travelling and conveyance	514.91	326.88	313.84	235.92	209.47
Power and fuel	131.44	122.57	98.38	79.10	58.73
Selling and distribution expenses	70.04	27.39	19.85	15.37	14.68
Repairs and Maintenance	68.61	78.92	65.95	48.31	34.72
Insurance	53.46	71.18	83.15	63.51	50.77
Rates and taxes	69.12	55.80	50.68	49.36	44.83
Communication expenses	183.41	157.18	109.26	90.27	47.05
Printing and stationery	27.37	19.47	18.26	15.29	10.62
Directors' Sitting Fees	1.10	0.73	1.51	1.06	1.78
Legal and Professional charges	305.36	257.51	262.78	220.70	171.79
Bad debts written off	21.17	295.47	7.53	5.70	20.33
Less: Provision for doubtful debts withdrawn	-21.17	-295.47	-7.53	-5.70	-20.33
Provision for doubtful debts	197.98	91.84	140.67	201.25	53.51
Miscellaneous expenses	192.21	120.43	127.48	98.07	50.23
Total	**12,094.17**	**12,167.02**	**11,712.72**	**9,541.19**	**7,903.93**

The Company has been successful in carrying out various cost optimization measures reducing other costs from INR9541.19 million in the nine months ending December 31, 2014 to INR7903.93 million in the nine months ending December 31, 2015.

Profit before depreciation and interest, excluding other income (operating profit) for the current financial nine month ended December 31, 2015 was INR667.80 million as compared to INR888.79 million for the previous year.

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, 2015 and September 30, 2015 our consolidated net working capital (defined as the difference between current assets, on one hand, and current liabilities and provisions, on the other hand, under Indian GAAP) was INR(7420.81) million and INR(9290.93) million respectively. Similarly, for the nine months ended December 31, 2015 our consolidated net working capital was INR(10045.10) million.

Current Assets, Loans and Advances

Current assets consist of inventories, trade receivables, cash and bank balances, short-term loans and advances and other current assets. Total current assets as of March 31, 2015 and December 31, 2015 were INR3793.84 million and INR3349.40 million respectively.

Sundry debtors, or receivables from customers, as of March 31, 2013, 2014 and 2015 were INR2160.48 million, INR2098.55 million and INR1792.80 million respectively. Sundry debtors decreased due to the decrease in the volume for our operations, mainly from our IT solutions business in fiscal 2015. We typically allow our customers to make payments against invoices within 90 days of the invoice date. We have a policy for provisioning based on ageing of the receivables and the classification of clients.

We normally allow customers up to 90 days from the invoice date within which to pay amounts due. For both fiscal 2014 and 2015, 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) were approximately 49 days and 59 days respectively. Our provisions for bad debts were INR140.70 million and INR91.80 million for fiscal 2015, and 2014 respectively. Further, we wrote off bad debts totaling INR7.5 million during fiscal 2015. Our inability in the future to accelerate the realization of receivables could adversely impact our financial condition, liquidity and results of operations

	Year ended March 31,			For the Nine Months ended
Period in Days	**2013**	**2014**	**2015**	**December 31, 2015**
0-180	89.18%	84.26%	85.48%	79.66%
More than 180	10.82%	15.74%	14.52%	20.34%
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, 2013, 2014,2015 and as of December 31, 2015 current liabilities and provisions were INR8263.29 million, INR11268.29 million, INR11214.65 million, and INR13394.49 million respectively.

Net Cash Flows

The table below summarises our consolidated cash flows under Indian GAAP for fiscal 2013, 2014 and 2015 and for nine months ended December 31, 2014 vis-à-vis December 31, 2015:

	For the Year Ended March 31,			For the Nine Months ended	
	2013	**2014**	**2015**	**December 31, 2014**	**December 31, 2015**
			INR Million		
Net cash from / (used in) Operating Activities – A	494.77	497.61	(513.18)	317.00	187.80
Net cash from / (used in) Investing Activities – B	(397.55)	(189.80)	3136.83	698.90	(29.10)
Net Cash from / (used in) Financing Activities – C	(603.50)	(167.71)	(3026.38)	(1,379.20)	(34.30)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(506.28)**	**140.10**	**(402.73)**	**(363.30)**	**124.40**

Analysis of Certain Balance Sheet Items

Particulars	Year ending March 31, 2015 (INR million)	Year ending March 31, 2014 (INR million)
EQUITIES & LIABILITIES		
Share Capital (including minority interest)	**6749.9**	6,436.6
Share application money pending allotment	**335.0**	—
Reserves and Surplus	**(10,530.0)**	(419.1)
Borrowings	**20,250.0**	23,446.6
Deferred tax liabilities	**—**	9.2
Trade payables (including other liabilities & provisions)	**9,748.1**	8,558.9
Total	**26,553.0**	38,032.2
ASSETS		
Fixed Assets	**12,306.4**	13,289.7
Goodwill on consolidation	**7,105.6**	16,326.0
Non-current investments	**251.6**	251.6
Deferred tax assets	**1,258.4**	1,238.4
Loans & Advances and Other non-current assets	**1,837.1**	2,141.4
Cash & Bank balance	**228.8**	612.1
Inventories	**14.4**	13.6
Trade receivables and Unbilled	**3,550.7**	4,159.4
Total	**26,553.0**	38,032.2

Equities and Liabilities

1. Share Capital (including minority interest)

The Company's authorised capital was INR29,550 million divided into 2,000 million equity shares of INR10 each, and 1,500 million preference shares of INR5 each (called Class A Preference Shares), 1,500 million preference shares of INR5 each (called Class B Preference Shares) and 1,050 million preference shares of INR1 each (called Class C Preference Shares) as at March 31, 2016.

The issued, subscribed and paid-up capital stood at INR6,687.5 million as at March 31, 2015 compared to INR6,376.4 million at March 31, 2014.

An amount of INR335.0 million appearing as share application money pending allotment represents equity shares to be allotted to DBS Bank Limited as per approval from members received through postal ballot on June 2, 2015.

2. Reserves and Surplus

Reserves and surplus declined to INR(10,530) million as at March 31, 2015 from INR(419.1) million in March 31, 2014, primarily due to the impact of sale of subsidiaries and impairment of provision for diminishing value in investment.

3. Borrowings

The net movement in the borrowings from INR23,446.6 million as at March 31, 2014 to INR20,250 million as at March 31, 2015 is due to repayments made out of sales proceeds of subsidiaries.

4. Deferred Tax Asset / liability

Deferred tax assets are primarily comprised of deferred taxes on fixed assets and other expenses allowable on payments.

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

5. **Trade payables and other liabilities**

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

Assets

1. **Fixed Assets**

   As at March 31, 2015, the fixed assets of the Company stand at INR12,306.4 million, which includes tangible assets of INR2582.8 million and intangible assets of INR9723.3 million. The decrease in fixed assets is attributable to amortization of intangible assets.

2. **Goodwill on consolidation**

   Goodwill on consolidation represents the excess of purchase consideration over the net asset value on the date of such acquisitions. The Company annually carries out an impairment analysis of its cash generating units and long term investments, in order to ascertain the extent of impairment, if any, in their carrying values. During fiscal 2015, the company impaired INR3500 million worth of goodwill in its consolidated financial statements.

3. **Non-Current Investments**

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

4. **Loans and Advances and other Non-current assets**

   Long term loans and advances decreased from INR2141.4 million as at March 31, 2014 to INR1837.1 million as at March 31, 2015.

5. **Cash and Bank balance**

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

6. **Inventories**

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

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

   Total receivables including unbilled revenue reduced from INR4159.4 million as at March 31, 2014 to INR3550.7 million as at March 31, 2015.

Capital Expenditure

We expect to fund our capital expenditure requirements through internally generated cash . 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. As mentioned above, the Company has not been in a position to invest adequately even for critical requirements since admittance to CDR.

Contractual Obligations, Including Long-term Debt

The following table discloses our current contractual and other obligations, excluding contingent liabilities, that were outstanding as of December 31, 2015 and the effect such obligations are expected to have on liquidity and cash flow in future periods:

	Payments Due By Period (INR Million)			
	Total	**Within 1 year**	**1-5 years**	**After 5 years**
		(INR Million)		
Cash Credit	305.34	305.34	0	0
Short-term Loans	784.86	784.86	0	0
Long-term Debt Obligations	23,454.14	6,075.64	17,378.51	0
Operating Lease Obligations	767.09	222.35	277.04	267.70
Total	**25,311.43**	**7,388.18**	**17,655.55**	**267.70**

In the event that our restructuring is approved by our current Lenders and FCCB Holders, the repayment obligations would be subject to change.

Debt Obligations and Facilities

Total consolidated debts were INR23465.31 million, INR26466.82 million, INR24445.35 million and INR24544.34 million as of March 31, 2013, 2014, 2015 and as of December 31, 2015 respectively. Long-term debt (excluding the current portion thereof) was INR17,683.26 million, INR20588.81 million, INR18603.25 million and INR17,378.51 million as of March 31, 2013, 2014, 2015 and as of December 31, 2015, respectively. Debt denominated in currencies other than Indian Rupees was INR5231.29 million, INR14621.68 million, INR17421.57 million and 18090.01 million as of March 31, 2013, 2014, 2015 and as of December 31, 2015, respectively.

The weighted average rate of interest with respect to outstanding long-term loans denominated in Indian Rupees for the fiscal years 2013, 2014, 2015 and as of December 31,2015 was 14.75%, 14.75%, 6.75% and 6.80% 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 4.88%, 4.88%, 4.88% and 4.88% for the fiscal years 2013, 2014,2015 and as of December 31, 2015 per annum, respectively.

We fund our short-term working capital requirements through cash flows from operations, overdraft facilities with domestic banks, long 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 INR5,782.06 million, INR5878.02 million, INR5,842.10 million and INR7,165.83 million as of March 31, 2013, 2014, 2015 and as of December 31,2015 respectively.

The following table sets forth our total indebtedness:

	(INR Million)			
	As of March 31,			**As of December 31,**
	2013	**2014**	**2015**	**2015**
Cash Credit	2,689.55	593.33	360.15	305.34
Short-Term Debt	484.49	2,898.20	1,427.26	784.86
Total current portion of Long-Term Debt	2,608.01	2,386.49	4,054.70	6,075.64
Other Long-Term Debt	17,683.26	20,588.81	18,603.25	17,378.51
Total	**23,465.31**	**26,466.82**	**24,445.35**	**24,544.34**

In March 2006, October 2006, April 2007, July 2007 and April 2012 we issued, exchanged or amended foreign currency convertible bonds (each a "FCCB"). Of these, the details of the outstanding FCCB issues (being April 2007, July 2007 and April 2012) are summarised as follows:

	April 2007**	July 2007***	April 2012
Issue currency	EURO	US$	US$
Issue size	30 million	2.435 million#	125.356 million
Issue date	April 2, 2007	July 26, 2007	April 26, 2012
Maturity date	April 3, 2012	July 27, 2017	April 26, 2017
Coupon rate	Zero coupon	4.75%	5%
Conversion price–post bonus	INR154.32	INR165.94	INR16.50
Fixed exchange rate of conversion	INR57.60	INR40.81	INR50.7908
Number of Convertible Equity Shares as at			
March 31, 2015	**NIL**	**598,863**	**258,395,886**
March 31, 2014	NIL	598,863	288,057,713
March 31, 2013	NIL	598,863	288,762,628
Early redemption option*	Yes	Yes	Yes
Conversions as at (in millions of US$ and Euro)			
March 31, 2015	**NIL**	**NIL**	**0.96**
March 31, 2014	NIL	NIL	0.23
March 31, 2013	NIL	NIL	31.55
Redemptions as at (in millions of US$ and Euro)			
March 31, 2015	**NIL**	**NIL**	**NIL**
March 31, 2014	NIL	NIL	NIL
March 31, 2013	NIL	NIL	NIL
Bought back as at (in millions of US$ and Euro)			
March 31, 2015	**NIL**	**NIL**	**NIL**
March 31, 2014	NIL	NIL	NIL
March 31, 2013	NIL	NIL	NIL
Outstanding as at (in millions of US$ and Euro)			
March 31, 2015	**NIL**	**2.44**	**83.94**
March 31, 2014	NIL	2.44	93.58
March 31, 2013	NIL	2.44	93.81
Outstanding as at (INR in crores)			
March 31, 2015	NIL	15.22	524.90
March 31, 2014	NIL	14.55	559.21
March 31, 2013	NIL	13.24	509.89
Contingent premium payable (INR in crores)*			
March 31, 2015	**NIL**	**NIL**	**NIL**
March 31, 2014	NIL	NIL	NIL
March 31, 2013	NIL	NIL	NIL

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

** *The April 2007 issue of FCCBs was fully exchanged against the March 2012 issue of FCCBs in 2012.*

*** *The July 2007 issue of FCCBs was mostly exchanged against the March 2012 issue of FCCBs in 2012 and the terms and conditions of the remaining portion were amended.*

\# *Represents 3.67% of the outstanding portion of U.S.$100 million on April 25, 2012. Initial Issue Size: U.S.$100 million; original initial issue date: July 26, 2007; Original Maturity date: July 27, 2012; Original coupon rate: Zero.*

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, or 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.

We are currently in breach of payment obligations pursuant to the terms of certain of our facility agreements with domestic lenders and under our foreign currency convertible bonds. Our inability to remedy the breach constitutes a default by the Group under the terms of these facility agreements and such bonds. However, the Company has submitted a Debt Realignment Proposal (DRS) Scheme to its Lenders including CDR Lenders, Non-CDR Lenders and Lessors, which has been approved by the required super majority of Lenders including waiver of breaches (subject to approval by individual lenders) and the Company has also put forth an extraordinary resolution for vote by its bondholders to waive such breaches. However, the receipt and effectiveness of such waivers remain contingent upon the completion of the transactions described under "Debt Realignment Scheme," and the passage and effectiveness of the extraordinary resolutions. As a result, as of the date of this Offering Circular, we believe that we are not in compliance with certain of 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 Associated with Investments in an Indian Company – Indian corporate and other disclosure and accounting standards differ from those in countries in the European Union and other jurisdictions.”

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. 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.

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 2015 and the six months ended September 30, 2015, 15% and 17% of our total income was from ICICI Bank Limited and certain of its subsidiaries and affiliates. As of September 30, 2015, approximately 25.59% of our total outstanding long-term borrowings were payable to ICICI Bank Limited. ICICI Group has indicated that it would be moving its business to another vendor by the end of this year. See “Risk Factors— Risks Associated with Our Businesses —There can be no assurance that the debt restructuring which we are currently undertaking will improve our business prospects.”

As of December 31, 2015, ICICI Strategic Investments Fund owned 4.80% of our shares. As of the date of this Offering Circular, we do not provide any software products or IT-related services to ICICI Strategic Investments Fund.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2015, 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. As of December 31, 2015, with the exception of certain foreign borrowings that are primarily tied to LIBOR, almost all of our debt bears interest at fixed rates.

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 U.S. 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 2012, 2013 and 2014 and for the nine months ended December 31, 2015, our foreign currency denominated income represented approximately 9.89%, 7.51%, 10.41% and 26.12% 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 December 31, 2015, our total debt denominated in foreign currencies was U.S.$ 273.57 million or approximately 73.70% of our total debt outstanding.

Safe Harbour

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

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 – BPM Sector in India – Strategic Review 2015" (the "NASSCOM Report") and other industry reports. The data may have been re-classified by us for presentation purposes.

Indian IT Industry – Overview

The Indian Information Technology – Business Process Management (IT-BPM) industry is continuing its growth path. The industry demonstrated flexibility and resolve to adjust to turbulent economic conditions and experience double digit growth. Overall revenue (exports and domestic) for FY2015 is expected at US$ 146 billion, a growth of approximately 13 per cent over last year, an overall year on year addition of approximately US$ 17 billion. Industry contribution relative to India's GDP is set to touch an estimated 9.5 per cent and share in total services exports of greater than 38 per cent. Exports (including hardware) are likely to record a 12.3 per cent growth to reach over US$ 98 billion, up by approximately US$ 11 billion last year. Domestic IT-BPM market at US$ 48 billion is set to grow faster than exports market at 14 per cent, driven largely by the addition of eCommerce into the picture. IT services is the largest segment, with a share of approximately 47 per cent followed by BPM with share of approximately 18 per cent. Packaged software, Engineering, Research and Design and product development segments together have >16 per share followed by eCommerce (9.5 per cent) and hardware (approximately 9 per cent). The industry currently employs >3.5 million – India's largest private sector employer. It is also playing a key role in promoting diversity within the industry – women employees (>34 per cent share), 170,000 foreign nationals and a greater share of employees from non-Tier 1 Indian cities.

Exports market:

FY2015 is expected to see the exports market at over US$ 98 billion, recording a 12.3 per cent growth over last year. Er&D and product development segment is the fastest growing at 13.2 per cent, driven by higher value-added services from existing players and an increased business from Global Industry Classification standards (GICs). IT services exports are to grow at industry rate of 12.6 per cent. value-added services around Social, Mobile, Analytics and Cloud (SMAC) – upgrading legacy systems to be SMAC enabled, greater demand for ErP, CrM, mobility from manufacturing segment and user experience technologies in retail segment is driving growth in IT services. BPM is being driven by greater automation, expanding omni-channel presence, application of analytics across entire value chain, etc. Exports to USA, the largest market grew above industry average, aided by an economic revival and higher technology adoption. Demand from Europe remained strong during the first half of the year, but softened during the second half due to currency movements and economic challenges. Manufacturing, utilities and retail growth remained strong as clients increase discretionary spend on customer experience, digital, analytics, ErP updates and improving overall efficiency. BFSI, the most mature market, experienced cost pressures affecting growth.

The industry is attempting to shift from a linear to a non-linear growth model and has therefore been following a differentiated growth path. These strategies include both inward- and outward-looking initiatives. One of the primary strategies focuses on product/IP development; this is further being supported by their verticalised offerings. Expertise developed in specific verticals is enabling IT-BPM firms to deliver innovative products and services to customers that in turn facilitates entry into new markets/geographies, access to customers, etc., and rapid up-scaling of capabilities around SMAC and other emerging technologies is enabling it to expand services to existing customers and also attract new customers.

Domestic market:

The need for Indian firms to effectively compete in a globalized world presents an immense untapped opportunity for the supply side. As an economy, India is beginning to stabilise post elections. Overall business confidence is picking up with the new government in place and its clear policies and economic growth agendas, particularly Digital India and Make in India, have helped drive a vision of a technology enabled India. India is jumping the technology maturity curve and is already a well-established digital economy – a trend driven largely by consumers. >75 per cent of the population is mobile-enabled, and India has 278 million internet users (2nd largest after the US) a rapidly multiplying online population, and an US$ 14 billion eCommerce market, which is growing at an average of >30 per cent. A further push in this direction is coming from the government's Digital India campaign which envisages a US$ 20 billion investment covering mobile connectivity throughout the country, re-engineering of government process via technology and enabling e-delivery of citizen services. The domestic IT-BPM market is rapidly approaching the US$ 50 billion mark. In FY2015, the market is expected to be a little over US$ 48 billion, an annual growth of 14 per cent. This is faster-than-industry growth that is largely being driven by the growth in eCommerce segment. IT services (>US$ 13 billion) and packaged software (>US$ 4 billion) segments are the next fasten growing segments at 10 per cent and 12 per cent respectively. IT services is being driven by SMAC-cloud enablement, custom developing application for mobile; with the return of focus on infrastructure projects (largely in later half of 2014), there is an uptick in demand for Systems Integration (SI) and IT consulting. SMEs are also increasingly opting for managed and data centre services as a cost saving measure. Packaged software is growing on the back of demand for mobile app development, security software, system software, customer analytics products, etc. BPM segment is likely to grow 8 per cent to US$ 3.5 billion; although there is growing demand for knowledge services, particularly analytics, it remains a CIS dominated segment. BPM is seeing continuous demand for outsourcing from home-bred firms in the BFSI, telecom, healthcare, and retail sectors, among others.

India continues to reinforce its position as the only country in the world from where one can do anything and everything. India has continued to maintain its first mover advantage and retained its leadership position in the global sourcing arena with a share of 55 per cent in FY2015. At the foundation of this value proposition are four robust growth pillars, which defines its attractiveness as a key destination.

A highly connected and a digital ready economy

India remains a high potential market worldwide, offering multiple opportunities for unmet needs. With the world's second largest population (approximately 1.2 billion), India also presents a large, burgeoning end-user market. Additionally, with 937 million mobile subscribers, 278 million internet users, an US$ 14 billion eCommerce market, and an economic growth rate that is soon expected to surpass that of China, India is set to leapfrog into the digital world. The Government's Digital India and Make in India initiatives are only expected to accelerate India's plunge into the connected digital world.

India, remains an excellent business delivery centre for the IT-BPM industry

Currency movements and increased operational efficiencies have ensured that India's position as the world's most cost competitive sourcing destination has only become stronger in the past year. Even Tier I cities in India like Bengaluru continue to be between 8-10 times cheaper than source countries and significantly cheaper than other low-cost destinations. Additional cost benefits have been passed on to customers through astute internal initiatives including moderate wage inflation, adopting automation and nonlinear models to control salary expenses, introducing newer career bands, flattening organisational pyramid, etc.

India is home to the highest volume of diverse, employable talent in the world. India is expected to churn out nearly 5.8 million graduates and postgraduates in FY2015, out of which 1.5 million people form an industry suitable, ready to hire pool. At the same time, the IT-BPM industry has been growing in size, scale, maturity and domain expertise and focusing on addressing what customer businesses demand. The industry has been catalysing business transformation for global clients through its established global delivery chain – approximately 640 Offshore Development Centers (ODCs) across >78 countries, acquiring local talent for language skills and cultural compatibility with clients. The variety and scale on offer in India again allows for multiple collaborative models to exist. This unique diversity gives ample opportunities to providers to choose their organisation size, business models to adopt, and what kind of partnerships to create. The agile start-up ecosystem (3,100+ start-ups) in the country has impacted large enterprises too – the need to be nimble has prompted larger firms to re-organise their structure with advanced decision-making capabilities, while the need to offer innovative, unmet needs has led them to build partnerships with smaller firms.

The Indian technology industry is today a global "Digital Skills Hub"-

Today, the country hosts approximately 7,000 digital focused firms with start-ups fuelling innovation by investing further in futuristic technologies. India has been creating a future-ready digital workforce, with more than 1, 50,000 employees with SMAC skills. Approximately 50,000 employees are skilled in analytics, 30,000 people in enterprise mobility and less than 50,000 in cloud and social media and collaboration.

A strong innovation backed ecosystem–

Organisations in India are consistently innovating around products, processes and business models to deliver enhanced value propositions to the clients. While start-ups are increasingly driving innovation around emerging tech-dependent areas such edu-tech, health-tech, ad-tech, among others, large firms are looking to benefit by investing, co-creating and partnering with innovative start-ups. The above initiatives are ensuring consistently high Customer Satisfaction (CSAT) scores from clients, with over 85 per cent agreeing that transformative work can be delivered out of India, and further reinforcing India's leadership position in the global sourcing market.

Future outlook:

The future of the global technology industry will be shaped by economic forces and adoption of new technologies. To survive in a globally connected and increasingly competitive world, IT enabled enterprise digital transformation will be a must. With rapidly-evolving technologies, changing consumer preferences and oftentimes competing channels, many organizations struggle with how to transform internally to meet the challenges of this new, always connected digital world. Organizations therefore need to carefully walk the path towards a comprehensive digital transformation with a concrete strategy to utilize their strengths and alleviate their challenges. As the global economy improves, and consumer confidence increases, investing in new technologies such as smart computing products, internet of things, products and platforms, cloud computing, mobility and analytics will enable vendors to gain efficiency, agility, access to consumers, and innovation, which when properly leveraged will provide tremendous opportunity for the delivery of real competitive value to clients. The Indian IT-BPM industry is expected to continue to partner and handhold clients to enable business success in the digital era, and is well set on its goal to reach revenues of US$ 300 billion by 2020. At the same time, challenges around economic volatility, protectionism, competition and customer understanding will need to be addressed by concerned stakeholders.

BUSINESS

COMPANY OVERVIEW

The Company is a global information technology company based out of Mumbai, India. The Company is in the business of providing a comprehensive set of more than 20 intellectual property-based software solutions, coupled with a wide range of IT services, which the Company believes strongly positions it to address the dynamic requirements of a variety of industry sectors, including banking, insurance, capital markets, and asset and wealth management (BFSI). The Company also provides solutions for other sectors such as government, manufacturing, retail, distribution, telecom and healthcare. As of December 2015, the Company had over 1,000 customers, in more than 50 countries across 5 continents. The Company's quality certifications include ISO 9001:2008 for IT enabled business process outsourcing, or BPO, services and other back-end and transaction support services and ISO/IEC 27001:2013 for data centre operations.

The Company's global delivery model provides for sufficient resources to be drawn from its large talent pool across the globe to offer optimal solutions. The Global Delivery Model of the Company involves delivery of products and services using resources from teams spread across delivery centres in different locations and countries. The Company integrates products and services to create customized solutions which allow customers to undertake technology-based business transformations that facilitate reorganization in line with today's dynamic digital business environment.

The Company was founded in 1993 and was listed on the Indian Exchanges in 2005. It has grown both organically and through acquisitions and achieved revenues of US$216.41 million for the year ended March 31, 2015. Since March 31, 2006, the Company has engaged in more than 25 acquisitions, and to finance such acquisitions, the Company raised short- and medium-term loans from various banks and financial institutions. The Company had expected that following the integration of these acquired companies, there would be significant growth and it would be able to repay such loans through the profits earned from this growth. However, the global financial crisis in 2008 severely impacted the Company's growth prospects due to its focus on the BFSI sector. In order to ease financial problems and meet certain payment obligations, the Company sold two of its US-based subsidiaries in June 2011 and repaid a portion of such loans.

Business Segments

IT Solutions

The IT Solutions segment includes selling of IT products developed by the Company and providing IT infrastructure services to companies in a number of different sectors, using an outsourcing business model. The IT products sold include packaged applications for the BFSI sector and an ERP suite. The IT services include customized software development and maintenance, system integration, IT consulting, and offshore and onsite support through the Company's BPO operations. Through its IT service offerings, the Company provides clients with application development and maintenance, IT infrastructure services, e-governance services, retail e-commerce, business intelligence, document management services, business process management and data warehousing.

On the IT products front, the Company develops and sells products covering a spectrum of business applications including anti‒money laundering and financial crime detection and management (Amlock/FCDMS), investment management (MFund), corporate and retail lending (Kastle ULS), life insurance (Premia Life), general insurance (Premia General Insurance) and enterprise resource planning (Orion). The Company also packages its general purpose products such as data scanning (Data Scan) and data management (Data Flow) products along with the aforementioned products to suit specific customer requirements. The Company believes that each of the aforementioned products is well established in its respective area of application and is being used by a large number of customers to their satisfaction.

On the IT services front, the Company has well-known customers, both in India as well as outside of India, for whom the Company is a vendor of choice, offering a range of services that is made possible by the range of domain and technology skills that the Company possesses. The IT services also include staff augmentation, particularly for clients in the US market. Bespoke application development and maintenance as well as testing are also services that the Company offers.

Transaction Services

The transaction services segment covers management of back-office operations for BFSI clients. Through its transaction service offerings, the Company provides clients with services such as remittance, cheque processing, human resources and payroll management services, account origination, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact centre services. The transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries. The Company's major focus areas in the transaction services space are digitization, customer on-boarding, credentials validation and payment management.

The Company's business of IT solutions and transaction services are segregated into two units from the perspective of operational governance, customer interaction, resource deployment and margins involved. These units are:

1. Software Products; and

2. Services Business.

SOFTWARE PRODUCTS

The software products business primarily comprises software applications for BFSI companies and an ERP suite of applications. The Company has more than 20 intellectual property rights ("**IPR**"), which it has acquired over a number of years. Set forth below are the flagship products offered by the Company:

(a) **Kastle** – Lending solution covering origination, disbursement and receivables management. Kastle is an enterprise-wide lending solution that automates the entire lending life cycle—from customer acquisition to recovery. It caters to several domains, such as automotive, commercial lending, consumer lending, home equity, project financing, Islamic lending, SME finance, and micro finance.

(b) **Orion ERP** (an ERP solution) – Orion ERP caters to clients/companies of all sizes with powerful capabilities to manage enterprise-wide systems, teams and data. Built to ensure integrated information management and automated operations across the organization for a range of industries, Orion ERP gives companies control over the value chain and business processes and instant access to actionable and critical business information thereby reaping greater operational efficiency.

(c) **Premia** (end to end software for insurance companies) – Premia offers insurance organizations an array of powerful solution accelerators and software that enable efficient end-to-end management of insurance business processes. With sophisticated automation capabilities and quick-to-deploy solutions, our offerings help companies eliminate operational inefficiencies and hasten time-to-market across the entire portfolio of investment products (life, general and Islamic insurance).

(d) **Mfund** (investment management solution) – MFund is a multi-currency, multi-funds portfolio accounting, valuation and performance evaluation system catering to the operational needs of investment managers, portfolio managers, insurance companies, mutual funds, pension funds, unit trusts and investment management companies.

(e) **Amlock/FCDMS** (anti money-laundering and fraud detection software) – This is a state-of-the-art Anti-Money Laundering and Fraud Detection solution that streamlines detection, monitoring and investigation operations. It is tailored for insurance, banking and capital market intermediaries like brokerages, mutual funds and registrars, and online gaming/gambling. It can be integrated seamlessly with the customers' core business applications.

SERVICES BUSINESS

Other IT service offerings include application development and maintenance services, IT infrastructure management services, e-governance services, business intelligence, document management service and transaction services. Through transaction service offerings, the Company provides clients with services such as cheque processing, account origination, printing and mail room services, collection services, record management, registrar and transfer agent services, securitization and contact centre services. The transaction service offerings cover the banking, insurance, capital markets, healthcare, energy, utilities and telecommunications industries.

ADMS

Application development and management service teams design, build and deploy IT applications that address the unique business and customer challenges of clients. The Company combines mature processes, robust delivery models and world-class expertise to help organizations leverage technology, and to drive business transformation. Its engineers enable organizations to bring about cost and operational efficiencies with streamlined and modernized application portfolios.

Testing and Compliance

Testing and Compliance service helps organizations worldwide develop application testing strategies and execution models that focus on defect prevention rather than defect correction. The Company offers clients high-quality solutions that draw on its deep practical domain knowledge—functional and nonfunctional, an incisive understanding of the quality process, the technological capability to deliver application testing services for any platform, and alliances with industry leaders in test automation.

Infrastructure Management Services

IT infrastructure management services accelerate innovation, align IT with business goals, and enable peak infrastructural efficiency across organizations worldwide. The Company's teams leverage technology alliances with industry leaders and OEMs to build optimal IT setups, implement organization-wide controls, offer round-the-clock support and facilitate business agility that powers growth through standards compliance.

Consulting Services

Consulting services provide quality, cost-effective information technology resource management ("ITRM") solutions for today's competitive environment. These consulting services provide customers with the ability to respond quickly to technology initiatives by strategically acquiring skills and cost-effectively managing the client's available resources.

Business Intelligence and Enterprise Application Solutions

Business intelligence and enterprise application solutions help organizations bring about business transformations across the enterprise. The Company's teams of solution architects and domain experts are supported by a variety of proprietary frameworks and tools that significantly hasten time to market for its solutions and help drive substantial cost savings.

The Company offers organizations a variety of flexible engagement models (Extended Team, ODC, BOT, Fixed Bid Projects and T&M). Its clients also benefit from a strong pool of certified consultants, and alliances with industry leaders.

Business Process Outsourcing Services ("BPO")

- The Company's BPO services operate on a hub-and-spoke connectivity model to offer cost-effective, technology-powered operational solutions for organizations across the BFSI, logistics, telecom and public sectors. The Company empowers organizations with cost-efficient, innovative and cutting-edge business solutions. Its domain-rich expertise, technological prowess and extensive delivery capabilities enable it to deliver value and high quality to a wide variety of organizations.

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 2013, 2014 and 2015:

	For the year ended March 31,			Nine Months Ended December 31,	
	2013	2014	2015		2015
Income from Operations					
IT Solutions	94%	94%	95%		95%
Transaction Services	6%	6%	5%		5%
Total Income from Operations	**100%**	**100%**	**100%**		**100%**

Geographic Breakdown of Income

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

	For the year ended March 31,			Nine Months Ended December 31,	
	2013	2014	2015		2015
Emerging Markets	59%	51%	62%		68%
Developed Markets	41%	49%	38%		32%
Total Income from Operations	**100.0%**	**100%**	**100%**		**100%**

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 organised into two markets in accordance with our operations, namely, (i) emerging markets and (ii) developed markets. Each market group is headed by the sales head of that respective market who reports directly to our Managing Director and global chief executive officer.

Our sales teams target certain industries and service offerings through focused sales executives, and 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 organisation. In addition, for strategic clients, an identified senior executive has responsibility for overall client development and leads periodic reviews with the client.

We also have a corporate marketing team based in India that coordinates corporate events, collaterals (including brochures and case studies), brand management (including aspects like website management), equity and industry analyst relations, mailers and newsletters, public relations and Corporate Social Responsible (“CSR”) initiatives.

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 maintain regular contact with industry research organisations, have established relationships with academic institutions and are members of certain universal standards bodies. In certain regions, we have appointed channel partners to complement our sales teams, as these entities have a local presence and knowledge of the marketplace. These channel partners are responsible for generating sales of our software products in specified territories. We have multiple channel partners assisting our sales team in selling our products and services in various regions. 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. The channel partners 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 centres located in Mumbai, Bangalore, Hyderabad, Delhi and Chennai. Our global network architecture provides client connectivity, offshore development centre connectivity and internet connectivity, allowing us to use our Indian delivery centres 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 digitised 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, for which we use redundant systems for our critical technical and communication infrastructure that enable us to plan for rapid recovery from unplanned outages.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

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 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 a variety of acquisitions into our existing operations. We have also made periodic strategic divestments in order to better focus on our strengths and business plan.

During the last three fiscal years there have not been any acquisitions. Our significant dispositions during this period include:

- We sold our entire stake in 3i Infotech-Framework Limited for a consideration of £206,330 in January 2016.
- On October 16, 2015, we sold our 100% stake in 3i Infotech Trusteeship Services Limited for a consideration of INR12.50 million.
- 3i Infotech (Western Europe) Limited and 3i Infotech (Flagship-UK) Limited, two of our wholly owned step-down subsidiaries, were sold for a consideration of £ 85 million effective December 23, 2014.
- On August 14, 2014, Professional Access Limited, a wholly owned step-down subsidiary of the Company based in US was sold for a consideration of US$ 16.5 million.
- On August 14, 2014, the entire business undertaking of Professional Access Software Development Private Limited, a wholly owned step-down subsidiary of the Company, was sold by way of a slump sale in an all cash deal for a consideration of INR1223.60 million.
- 3i Infotech GmbH, one of the wholly owned subsidiaries of the Company based in Germany was deregistered by German authorities on January 28, 2013.

- 3i Infotech Services (Bangladesh) Private Limited, a wholly owned subsidiary of the Company, was wound up voluntarily on December 20, 2012.

- 3i Infotech (Kazakhstan) LLC, a wholly owned step-down subsidiary of the Company was sold for a consideration of 0.53 million tenge effective June 18, 2012.

GEOGRAPHIES

We are a global company with offices in 11 countries and delivery centres across 14 locations. In each of our locations, consisting of South Asia, North America, Western Europe, the 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 income for the periods indicated:

	For the year ended March 31,			Nine Months Ended December 31,
	2013	**2014**	**2015**	**2015**
Emerging Markets	59%	51%	62%	68%
Developed Markets	41%	49%	38%	32%
Total Income from Operations ...	**100.0%**	**100%**	**100%**	**100%**

CLIENT RELATIONSHIPS

We believe that the quality and breadth of our client relationships and our low client-concentration differentiates us from our competitors. As of December 31, 2015, we had over 1,000 active clients.

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

Income Concentration:	2013	2014	2015
ICICI Bank Limited and certain of its subsidiaries and affiliates	11%	11%	15%
Top five customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates).......	10%	8%	9%
Top ten customers (excluding ICICI Bank Limited and certain of its subsidiaries and affiliates).......	14%	11%	12%

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. In addition, our debt restructuring process had and may place us at a competitive disadvantage. See "Risk Factors— Risk Associated with Our Businesses —There can be no assurance that the restructuring which we are currently undertaking will improve our business prospects."

IT Products and Services

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 characterised 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.

We believe the key differentiators for our services business are driven by the following factors:

- domain knowledge software of the banking, insurance and financial services industries; and
- 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;
- 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.

QUALITY PROCESSES

We are committed and aim to continually deliver high quality products and services that meet or exceed customer expectations. In order to meet our commitments, our business processes have been carefully designed to develop solutions that fully meet customer expectations and are in accordance with industry and domain specific standards.

Our quality management system ("QMS") addresses the entire software development and project management life cycle and conforms to capability maturity model integration ("CMMI") process framework. It has been objectively designed to standardise engineering and management practices, enhance productivity and reduce inefficiencies.

Our quality management group works closely with project teams to review and improve delivery capabilities on a regular basis. They facilitate process implementation from the project kick-off and later audit the projects periodically to ensure that the implementation is effective and the risks are being managed. Training sessions are held for project teams on QMS and various other quality methodologies and audit findings are published. Subsequent to the audit, the Quality Management Group supports teams to take corrective and preventive actions. The Quality Management Group also collects data on projects and reports process performance to senior management on a regular basis.

We have achieved a variety of quality certifications including ISO 9001:2008, ISO/IEC 27001:2013 and CMMI Ver. 1.3 at Maturity Level 3 and are in the process of being certified for CMMI Ver. 1.3 at Maturity Level 5. We are focused on delivering quality at every stage of our operations by driving improvement projects around key business and process metrics and adopting industry wide best practices.

FACILITIES AND INFRASTRUCTURE

Our corporate headquarters are located at Vashi, Navi Mumbai, India. This facility houses employees who are IT software professionals and BPO resources and employees in other support functions, such as sales, marketing and general administration. We have centres in Mumbai, Chennai, Bangalore, Hyderabad, Kochi, New Delhi, Kuala Lumpur, Bangkok, Dubai, Sharjah, Riyadh, New Jersey and California. Our delivery centres and offices are equipped with workstations and servers that use a variety of platforms. To address our communication needs, we have 100 mbps 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 (MPLS) 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 and our network team is available at all hours to address issues anytime.

Our client contracts often impose specific confidentiality and security standards. We have independently established 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 multi-layered 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 and communication links as per ISO/IEC 27001:2013 and ISO/IEC 9001:2008 standards for best practices in data centre and support services. We also use encryption techniques for confidentiality of client data as required. See "Risk Factors — Risks Associated with Our Businesses— If we are unable to successfully protect our computer systems from security risks, we may be in breach of our client contracts or applicable laws and our business could suffer." As part of our support to environmental sustainability, we have partnered with Eco Recycling Limited as a life member to ensure effective scrapping of old assets in an eco-friendly manner.

RESEARCH AND DEVELOPMENT

We continuously invest in 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 customised 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 customisation 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.

INTERNAL CONTROL SYSTEMS

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

ENTERPRISE RISK MANAGEMENT

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

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

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

The Company, as of December 31, 2015, has a pool of nearly 7,842 employees specialized in delivering our solutions from on-site and offshore global delivery centres spread across 5 cities in India and in Dubai, Kuala Lumpur, New Jersey, Sharjah, London. We have presence in the United States, the United Kingdom, Singapore, Kenya, UAE, Malaysia, Thailand, Saudi Arabia, Mauritius, Kazakhstan and India.

We strive to improve the quality and utilization of our human resources. Our products group has an experienced team, which has considerable domain and product knowledge and which is able to tailor solutions to specific customer needs. In the services and BPM Groups, the Company has taken measures to strengthen processes and controls, thereby facilitating employees gaining multiple skill sets and expertise in the domain. The Company engages regularly with employees and seeks to provide career enhancement opportunities in order to retain resources. Despite our efforts, attrition continues to industry rates. As of March 31, 2015, the Company had 2,649 full time employees.

Number of employees	As of March 31, 2013	2014	2015	As of December 31 2015
IT Services	6,088	6,292	5,900	5,954
Transaction Services	2,650	3,156	2,234	1,462
Others	520	511	415	426
Total	**9,258**	**9,959**	**8,549**	**7,842**

BUSINESS AND PEOPLE STRUCTURE

Our business offering is delivery and service focused comprising of:

A. Products Business;

B. Services Business; and

C. BPO Business.

The delivery teams in all these lines of business strive to ensure on-time delivery with high quality resulting in customer satisfaction. These teams primarily consist of technical and functional resources. These resources are ably managed by our project and program managers who are in turn lead by the delivery heads. Each of these businesses is led by senior professionals who look at all aspects of the business from sales to delivery. A strong solutions team ensures that our services are kept up to date with changing market and industry trends from both technical and functional specifications.

A capable and customer facing team of more than 100 global sales and pre-sales team members work in collaboration with delivery teams to ensure that there is consistent increase in business volumes. These teams have strong functional experts who work with a solution mindset in approaching prospective clients, with the aim of creating a strong opportunity pipeline.

Our existing customers continue to be the biggest source of our revenue and their satisfaction is of paramount importance to the business teams.

The business functions are further enabled by professional corporate support functions of human resources, finance, legal, administration, and technology support, ensuring that we have the right mix of people, strong financial governance, creating a positive work environment.

The common goal across both the business and support teams is enhanced customer satisfaction which can be seen in strong revenue retention and in obtaining recommendations from current and past customers in acquiring new customers.

HEAD COUNT PROGRAMS

Over that last 3 years, the Company has ramped up its focus on operational on key operational metrics through its “Organizational Transformational” program.

A number of initiatives were taken up to achieve higher productivity, improved resource fulfilment, optimal utilization of resources and enhanced fresh intake of talent. This was done by using industry experts and institutionalizing the contemporary best practices for these areas. The effectiveness of these measures is evident in the improving operating parameters across all our businesses, including on time delivery of projects, improved profitability and wider knowledge base.

Keeping the talent pipeline strong is important for Information technology (IT)/IT enabled services players. We have focused on the recruitment of young and energetic talent. Our senior team members place importance on fresh hiring of individuals they believe will learn quickly, can adapt to changing industry dynamics and bring a positive attitude. We recruit through, among others, technical institutes, management institutes, internships for professional courses; job portals; and word of mouth referrals. New hires are put through training programs which consist of on-the-job training, following which they are deployed on projects. New hires are periodically assessed for their performance to ensure it meets our standards.

We also focus on hiring laterally, as such hires can bring expertise of domain and technology which helps in filling gaps that occur from time to time. In order to have the right talent within the organization, attractive employee referral schemes are put in place from time to time.

The Company has put in place an initiative with an aim to effectively utilize of all our resources. A Resource Management Group (RMG) has been put in place to ensure that adequate resources are available at the appropriate time resulting in acceptable utilization rates. One of the main objectives of RMG group has been to coordinate and leverage fungible technical and functional skills across the organization in order to maximize utilization of resources. The RMG has also been focusing on planning the skill enhancement of employees so that employees are able to access more opportunities across the organization.

We consider delivery efficiency to be a key part of our business. Effective project management office has a continuous cycle of "Plan-Act-Review" with proactive issue identification and problem solving by project teams. We believe we are an employer of choice in a product suite, hence, in order to improve delivery efficiencies and to create a structured mechanism for issue escalation and resolution a "Governance & Delivery Assurance Process" team was formed to monitor project execution and reward high performers. We aim to maintain a robust management approach across all our projects and maintain accreditation and certification that we believe to be in line with industry standards and strive to consistently improve efficiency at our delivery centre.

Our focus on project management and reviews coupled with our RMG initiative for delivery and project teams across products, BPO and IMS has resulted in improved margins, project closures, client appreciation and, above all, on-ground urgency to complete project sand collect revenue. Project reviews are performed on a periodic basis and project teams showing exemplary results are recognized with team rewards. More than 30 teams have received such rewards over the last year.

INCENTIVE PROGRAM FOR EMPLOYEES

We seek to maintain a motivated workforce. Our managing director and CEO holds "Connect" forums in order to interact with employees and keep them informed. We strive to ensure that our compensation levels are competitive in the market and provide incentives for top performers. Key talent and management are further incentivized through the following programs

Employee Stock Option Scheme

We have in place two employee stock option schemes, 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 shares at the time of the grant, and the aggregate of all such options is limited to 25% of then-issued shares. As of March 31, 2016, 33,741,940 options for our shares were outstanding under the Schemes.

Employee Post-Retirement Benefits

Our India-based employees' post-retirement benefits include provident fund and gratuity. These benefits are as laid down under applicable Indian law and provide for a lump sum payment to employees upon retirement or upon termination of employment due to resignation, death or disability.

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

INTELLECTUAL PROPERTY

We have acquired and created a range of intellectual property which we brand and protect through trademarks, service marks and copyrights. We own, or have acquired exclusive rights to, certain 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 Associated with Our Businesses – Unauthorised parties may infringe upon or misappropriate our intellectual property."

Trademarks and Service Marks

We have a total of 161 registered trademarks for our products and services, including 57 trademarks in India, 13 trademarks in the United States, 17 trademarks in the UAE, 7 trademarks in Australia, 3 trademarks in Kuwait, 6 trademarks in United Kingdom, 18 trademarks in Singapore, 4 trademarks in Bahrain, 7 trademarks in Malaysia, 8 trademarks in Saudi Arabia, 3 trademarks in Thailand, 3 Community Trademark (CTM) Registration in European Union, 2 trademarks in Canada, 1 trademark in Oman, 2 trademarks in China, 6 trademarks in Russia and 4 trademarks in Qatar. We have 31 applications pending for registration of trademarks in various countries including India.

Our Subsidiaries have a total of 5 registered trademarks, including 3 trademarks in India, 2 trademarks in the United States (2 of these Indian trademarks are under renewal).

Copyrights

We have 40 registered copyrights in India for our products and other literary works. 29 applications are pending for registration of copyrights in India.

Patents

One Patent Registration Application is pending in India.

LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings filed by and against us, arising in the ordinary course of our business. Certain legal proceedings which may have a material impact on our business and operations are as follows:

1. Yes Bank Limited ("**Complainant**") has filed a criminal complaint dated February 21, 2012 before the Court of the Metropolitan Magistrate, Dadar, Mumbai (the "**Court**") against the Issuer and others (the "**Accused**") under Section 138 of the Negotiable Instruments Act, 1881 for the dishonour of two cheques amounting to ` 172,418,682 and `15,594,256 issued by the Company in lieu of availing credit/ financial facilities provided by the Complainant. The Complainant has prayed that the Accused shall be summoned and tried in accordance with applicable law and shall be ordered to pay compensation and fine in accordance with the provisions of the Code of Criminal Procedure, 1973, as amended and the Negotiable Instruments Act, 1881, as amended. The Court issued process against the Accused. Previously, the Accused also received a statutory notice dated January 5, 2012 from the Complainant alleging dishonour of cheques. It has been alleged by the Accused that the Complainant along with other banks have entered into a master

restructuring agreement dated March 30, 2012, by virtue of which the Complainant has waived its rights of pursuing any legal proceedings against the Accused and to file consent terms in this regard. The Accused *vide* application dated July 16, 2013 sought the closure of the said complaint or the adjournment of the matter till the said restructuring mechanism is in force. The said application was rejected by the Metropolitan Magistrate, Bhoiwada *vide* his order dated November 20, 2013. The Accused also filed a miscellaneous application dated December 24, 2013 seeking stay on the proceedings of the Metropolitan Magistrate, Bhoiwada. Aggrieved by the said order, the Accused filed a criminal revision application dated December 22, 2013 before the Sessions Court of Greater Bombay (the "**Sessions Court**") against the Complainant and the State of Maharashtra. The Sessions Court *vide* its order dated March 25, 2014 dismissed the criminal revision application. Thereafter, the Accused filed two criminal writ petitions in April, 2014 before the Bombay High Court challenging the legality and validity of the orders dated November 20, 2013 and March 25, 2014 and have *inter alia*, prayed for quashing of the said orders and grant of stay on the proceedings in the criminal complaint filed by the Complainant pending the final hearing and disposal of the writ petition by the Bombay High Court (the "**High Court**"). The High Court *vide* its order dated October 12, 2015 ordered the Court to hear and dispose of the matter within a year. The Court *vide* its order dated February 9, 2016 directed the Accused to submit the requisite documents for expeditious disposal of the matters. The matters are currently pending.

2. The Government of Kerala (the "**Plaintiff**") invited tenders for supply of geographical information systems for implementation of the Kerala Sustainable Urban Development Project in five municipal corporations of Thiruvananthapuram, Kollam, Kochi, Thrissur and Kozhikode in the State of Kerala. The bids of the Issuer were accepted by the Plaintiff and subsequently agreements were executed between the Issuer and the Plaintiff in respect of the same. Thereafter, the Plaintiff terminated the contract on the ground that the Issuer was not able to deliver as per the contract and invoked bank guarantee amounting to 10% of the contract value. In this regard, the Plaintiff sent a demand notice dated June 12, 2012 seeking the aforementioned damages to which the Issuer denied to pay the amount. Thereafter, the Plaintiff instituted a suit before the Subordinate Judge's Court, Thiruvananthapuram (the "**Court**") against the Issuer for recovery of damages for breach of contract. It was alleged by the Plaintiff that the Issuer has been irresponsible to its contractual obligations and the quality of work undertaken was substandard due to which the Plaintiff has incurred irreparable financial losses. The Plaintiff has prayed before the Court to grant of decree for an amount of `401,199,800, interest at the rate of 18% per annum and other costs. The matter is currently pending.

3. The Master Rental Agreement dated September 7, 2010 ("**MRA**") was executed between M/s. One Point Contract Services Private Limited (the "**Vendor**") and the Company for providing computers and other peripherals to the Company. The Vendor *vide* deed of assignment dated March 15, 2012 assigned its rights and interests under the MRA to SREI Equipment Finance Limited ("**SREI**") for an aggregate value of ` 520,463,254 and intimated about the same to the Company. The Company failed to make payments when requested by SREI. Thereafter, SREI, *inter alia*, issued demand notices dated July 26, 2013, October 4, 2013 and December 27, 2013 calling upon the Company to make the required payments Thereafter, the Company paid an amount of ` 3,05,30,000 to SREI and failed to make the full payment, as required. Consequently, SREI issued a statutory notice of demand dated January 18, 2014, to the Company demanding an aggregate sum of `44,40,41,695 including present and future rental instalments. SREI further adjusted an amount of ` 46,73,700 towards the services provided by the Company to SREI. Thereafter, SREI filed a winding up petition against the Company before the Bombay High Court (the "**High Court**") under sections 433 and 434 of the Companies Act, 1956 alleging that the Company is liable to pay `44,17,92,324 as on Mach 26, 2014 along with delayed payment charges at the rate of 18% per annum and *inter alia*, prayed for (i) the winding up of the Company, (ii) appointment of liquidator, (iii) injunction against the Respondent, its officers and directors to restrain them from disposing off the assets of the Respondent, pending the disposal of the petition and (iv) other costs of the petition. The High Court *vide* its order dated October 13, 2015, *inter alia*, directed the Company to (i) file their reply within two weeks' time AND include in the reply the present status of the implementation of the MRA along with the CDR scheme underway, (ii) place on record their proposal to repay SREI and (iii) allow SREI to inspect the assets leased by the Company, which form security for SREI. The High court vide its order dated November 24, 2015 noted that the Company and SREI will jointly try to identify the equipments for inspection. The

matter is currently pending for settlement as SREI is a signatory to the DRS proposal and whilst 3i Infotech has forwarded draft revised Deed of Accession and Consent Terms to be approved by SREI.

4. The Company had obtained certain equipments from Rentworks India Private Limited ("**Rentworks**") on lease. Rentworks assigned the rent receivables under the aforesaid arrangement to Tata Capital Financial Services Limited ("**TCFSL**") accruing from such lease. TCFSL *vide* its letter dated September 18, 2014 intimated the Company about its failures to pay the outstanding rentals. On further failure of the Company to pay, TCFSL sent a statutory notice dated October 10, 2014 (the "**Notice**"), to the Company demanding an amount of ` 29,89,90,448 due as on September 23, 2014 along with interest, costs and expenses until full realisation of its debts within 21 days from the date of the Notice. On failure of the Company to pay or to return the equipments leased to it, TCFSL filed a winding up petition against the Company before the Bombay High Court (the "**High Court**") under sections 433 and 434 of the Companies Act, 1956 on the ground that the Company is heavily indebted and not in a sound financial position and *inter alia*, prayed for (i) the winding up of the Company, (ii) appointment of liquidator, (iii) injunction against the Company, its officers and directors to restrain them from disposing off the assets of the Company, pending the disposal of the petition and (iv) other costs of the petition. The Company filed an application dated November 21, 2014 before the High Court requesting the same reliefs. The Bombay High Court *vide* its order dated December 30, 2014 directed the Company that until January 8, 2015, the Company shall not alienate, transfer, sell, encumber or create any third party rights or any charge of whatsoever nature on any of its assets and properties, otherwise than in the ordinary course of its business. The High Court *vide* its order dated January 5, 2015 directed that the aforementioned order shall continue until further orders. The High Court further *vide* its order dated gave another opportunity to the Company to resolve the issue in light of the joint lenders meeting to be scheduled in the nest week. The High court *vide* its order dated November 24, 2015 noted that the Company and TCFSL will jointly try to identify the equipments for inspection to be conducted by TCFSL. The matter is currently pending.

5. The Company had obtained certain equipments from Rentworks India Private Limited ("**Rentworks**") on lease. Rentworks assigned the rent receivables accruing from such lease to Kotak Mahindra Bank Limited (the "**Petitioner**"). On failure to pay the rentals by the Issuer, Rentworks pursuant to its letter dated January 23, 2012 issued termination notice to the Issuer demanding return of equipment leased and repayment of overdue rentals and other costs. Subsequently, the Petitioner *vide* its letter dated January 27, 2012 demanded payment of ` 94,923,760 from the Issuer. The Petitioner also filed an application before the Debt Recovery Tribunal, Mumbai ("**DRT**") for gaining possession of the equipments leased and realisation of the outstanding amount from the proceeds of sale of equipment. The Issuer admitted debt in its written statement and thereafter, the Petitioner also filed an interim application for order on admission of debt under rule 12(5) of the Debts Recovery Tribunal (Procedure) Rules, 1993 for order / decree on admission. The original and the interim application are pending before the DRT. On further failure of the Company to pay, the Petitioner sent a statutory notice dated April 14, 2014 (the "**Notice**"), to the Company demanding an amount of ` 114,746,135 due as on March 31, 2014 along with interest, costs and expenses until full realisation of its debts within 21 days from the date of the Notice. Thereafter, the Petitioner filed a winding up petition on June 17, 2014 against the Company before the Bombay High Court (the "**High Court**") under sections 433 and 434 of the Companies Act, 1956 on the ground that the Company is heavily indebted and not in a sound financial position and *inter alia*, prayed for (i) the winding up of the Company, (ii) appointment of liquidator, (iii) injunction against the Company, its officers and directors to restrain them from disposing off the assets of the Company, pending the disposal of the petition and (iv) other costs of the petition. The High Court *vide* its order dated April 8, 2015 noted the following consent terms and ordered that upon filing of these consent terms, the Petitioner will become a part of the Joint Lenders Forum and shall abide by its decisions on restructuring of the Issuer's debts. The High Court recorded the following consent terms. The Issuer admitted to being indebted to the Petitioner for ` 86,474,159 as on March 31, 2012 along with interest till realisation. The Issuer shall also make the following payments to the Petitioner: (a) ` 16.30 million on or before April 15, 2015, ` 16 million on or before June 15, 2015, a further sum of ` 8.60 million shall be paid in six equal monthly instalments starting from July 15, 2015. The High Court further said that the winding-up petition and the applications before the DRT shall be kept in abeyance until the Petitioner receives all amounts in accordance with the aforesaid consent terms. In the event that the payments are not made, the petition shall stand revived. The Petitioner has received all

amounts in accordance with the consent terms and the matter is kept for filing of consent terms before the DRT court.

6. KrungthaiPanich Insurance Public Company Limited, our customer has filed an arbitration petition against the Issuer in the Thai Arbitration Institute in Thailand stating that the Issuer has breached the terms and conditions of the Agreement dated 15th September, 2008 claiming THB 68,901,584.92 as liquidated and other damages for the breach of the agreement. The Issuer in all its communications has expressly denied any breach of the terms of the Agreement and has contested the said claim and has filed a counter claim of THB 129,943,234. Currently, the matter stands before the Arbitrator appointed by the Thai court.

7. 3i Infotech Africa Ltd, our wholly owned subsidiary, has received a claim notice dated June 7, 2011 from one of its customers (Heritage Insurance Company Limited) claiming the liquidated damages of U.S.$223,650 and other damages of KShs 32,108,636.75 alleging breach of license agreement dated October 2, 2008 with the customer and has invoked arbitration to settle the dispute. We have contested the claim with suitable reply. The matter currently stands at the stage of appointment of arbitrator from both parties.

8. A master service agreement dated July 7, 2008 was entered into between the Issuer and Tamil Nadu e-Governance Agency ("TNeGA") as per which service centres were to be rolled out by the Company for providing government services to the citizens within the stipulated time. Subsequently disputes arose over delay in implementation of the scheme. TNeGA issued a termination order dated March 6, 2010 terminating the master service agreement. Aggrieved by this order, the Issuer filed three applications in the Madras High Court (the "High Court"). The High Court through its judgement dated February 25, 2011 observed that the issue shall be resolved by an arbitrator and R. Thiagarajan was appointed as the sole arbitrator (the "Arbitration Tribunal") to resolve the issue. The Arbitration Tribunal *vide* its award dated June 6, 2014, *inter alia*, upheld the termination order issued by TNeGA and the invocation of bank guarantee by TNeGA for an amount of INR64.22 million. Aggrieved by the award, the Issuer filed a petition before the High Court *inter alia*, praying before the High Court to set aside the award and alternatively to remit the matter to the Arbitration Tribunal to decide the matter in accordance with the findings of the High Court.

Litigation against our Subsidiaries

HDFC Bank Limited ("**HDFC**") granted credit facilities to the 3i Infotech Consultancy Services Limited, a wholly owned subsidiary of the Issuer ("**Respondent**") *vide* its sanction letter dated June 18, 2010. In order to secure the facilities, the Issuer executed a corporate guarantee (among other security) for an amount of ` 5,50,04,000. On account of defaults in repayments, HDFC issued a demand cum winding up notice dated December 12, 2014 under sections 433 and 434 of the Companies Act, 1956 calling upon the Respondent to repay ` 49,255,178 along with further interest at the rate of 16.55% per annum. However, the Respondent failed to repay the amount and therefore, HDFC filed a winding up petition against the Respondent before the Bombay High Court (the "**High Court**") under sections 433 and 434 of the Companies Act, 1956 and *inter alia*, prayed for the winding up of the Respondent, appointment of liquidator, injunction against the Respondent, its officers and directors to restrain them from disposing off the assets of the Respondent, depositing an amount of ` 49,255,178 along with interest at the rate of 16.55 % per annum with effect from December 12, 2014. The matter is currently pending.

In addition to the above matters, we are also involved in certain administrative and legal proceedings pending before the relevant courts and authorities at various levels. While we cannot predict the outcome of any pending or future litigation, examination or investigation, based on the amounts sought in pending actions against us and our history of resolving litigation matters in the past, as well as the advice of legal counsel, we do not believe that any pending legal matter other than those set forth above will have a material adverse effect on our business, financial condition or results of operations.

REGULATION

A brief summary of the relevant regulations and policies as prescribed by the Government of India and the relevant state governments that are applicable have been provided below. Please note that the same are based on the existing legal provisions and the judicial interpretations as on the date hereof, which are available in public domain and are subject to change. The regulations and policies set out below are only for general information to the investors and is neither exhaustive nor is a substitute for professional legal advice.

Information Technology Act, 2000

The Information Technology Act, 2000, as amended (the "IT Act") was enacted with the purpose of providing legal recognition to electronic transactions and facilitating electronic filing of documents. The IT Act provides for civil and criminal liability including fines and imprisonment for various cyber crimes, including unauthorised access to computer systems, unauthorised modification to the contents of computer systems, damaging computer systems, the unauthorised disclosure of confidential information and computer fraud. The IT Act governs and regulates information technology including information storage, processing and communication. Further, the Ministry of Communications and Information Technology, Government of India has recently notified rules under the IT Act which prescribe certain rules for collection, handling, disclosure and protection of sensitive personal data.

Software Technology Parks Scheme ("STP Scheme")

The STP Scheme (under The Ministry of Communications and Information Technology, Government of India) has been notified by the Ministry of Commerce, Central Government, in exercise of its powers under Section 3(1) of the Foreign Trade (Development and Regulation) Act, 1992 to permit the establishment of Software Technology Parks ("STPs") with the objective of encouraging, promoting and boosting the software exports from India. The STP Scheme is a 100% export oriented scheme for undertaking software development for export using data communication link or in the form of physical exports including export of professional services.

Benefits under the STP Scheme

Various benefits available to a unit under the STP Scheme including:

(i) 100% custom duty exemption on imports of capital equipment;

(ii) the import of second hand capital goods is permitted and the re-export of capital goods is also permitted (except prohibited items). Further, domestic purchases by the unit are eligible for the benefit of deemed exports to the equipment suppliers;

(iii) sales in the domestic tariff area (DTA) are permissible up to 50% of free on board value of exports subject to fulfilment of positive net foreign exchange on payment of concessional duties;

(iv) 100% exercise duty exemption on indigenous item procurement and central sales tax reimbursement on indigenous item procurement;

(v) STP units are entitled to a green card for priority treatment for government clearances and other services;

(vi) depreciation up to 100% is permissible for computers and computer peripherals in 5 years; and

(vii) 100% FDI investment permitted through Automatic Route similar to SEZ units.

IT/IT-Enabled Services Scheme

The Government of Maharashtra launched the Maharashtra's Information Technology/Information Technology Enabled Services, 2015 ("**IT/ITES Policy -2015**") with an objective to retain the state's leadership position in the

IT/ITES sector and to further accelerate investment flow to industrially underdeveloped regions of the state. Establishment of private and public IT parks throughout the state are encouraged through incentives and provisions such as up to 100% additional floor space index for all registered IT/ITES Parks, Animation, Visual Effects, Gaming and Comics (AVCG) Parks, IT SEZs, IT Parks in SEZs and approved IT/ITES Public Parks in public IT Park set up under present and previous policies., with a premium of up to 30% of the prevailing ready reckoner for all areas in the State subject to certain exceptions. Additional incentives include exemption from payment of stamp duty, electricity duty, octroi, local body tax, entry tax, escort tax, power tariff subsidy, electricity tariff at industrial rates, etc. The IT/ITES Policy – 2015 also aims at the promotion of AVCG by setting up private AVCG parks, AVCG centres, Digital Art Centre as fine arts colleges, Entrepreneurship, Innovation and IT Incubation Facility, Data Centres, etc. The IT/ITES Policy – 2015 shall be valid for a period of 5 years.

Merchandise Export from India Scheme and Services Export from India Scheme

Under the Indian Foreign Trade Policy, 2015-2020, has introduced two new schemes, namely, Merchandise Export from India Scheme and Services Export from India Scheme, for increasing exports of notified services. There may be no conditions attached to any scrip issued under the schemes.

Labour laws

The conditions of service of employees of IT companies are inter alia regulated by the relevant shops and establishment laws of the various states in which such units are situated. Further, we are also required to comply with various labour laws, rules and regulations including the Factories Act, 1948, the Payment of Gratuity Act, 1972, the Contract Labour (Regulation and Abolition Act, 1970), the Payment of Bonus Act, 1965, the Maternity Benefit Act, 1961, the Employees' Provident funds and Miscellaneous Act, 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Payment of Wages Act, 1936 and the Workmen's Compensation Act, 1923.

Foreign investment

100% foreign investment is permissible under the automatic route in the information technology sector, provided that the foreign investor satisfies and complies with the requirements as specified in the Foreign Exchange Management Act, 1999 as amended and the relevant rules and regulations framed thereunder and the various notifications and press notes issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. Pursuant to any foreign investment, a company would be required to make filings with the RBI and such banks authorised by the RBI to deal with foreign exchange and securities, intimating them of the details of such foreign investment.

Intellectual property

Intellectual property in India has been given statutory protection under various laws. The legal regime in India provides for protection of patent under the Patents Act, 1970 as amended, copyright protection under the Copyright Act, 1957 as amended and trademark protection under Trade Marks Act, 1999 as amended. These legislations provide for civil and criminal liability for infringement of intellectual property. India is also a party to several international instruments relating to intellectual property including the Patent Co-operation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1833, the Berne Convention for the Protection of Literary and Artistic Works, 1886, the Universal Copyright Convention, 1952, the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 1961 and as a member of the World Trade Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights.

Trade secrets and confidential information

In India, trade secrets and confidential information enjoy no special statutory protection and are protected under Common Law and through contracts (as governed by the Indian Contract Act, 1872).

Foreign currency

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

- Sell it to an authorised 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 authorised dealer; or

- Use it for the discharge of debt or liabilities denominated in foreign exchange.

Our overseas subsidiaries earn income 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. 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Board is responsible for the management and administration of the Issuer's affairs. Under the Articles of Association, the Issuer cannot have less than three directors or more than fifteen directors. The Issuer currently has five directors, out of which two are independent directors. Our Articles of Association permit certain lenders to appoint one or more directors to our Board while any amount due is outstanding to them. As a public company in India, under the Companies Act, not less than two-thirds of the total number of our directors are subject to retirement by rotation, and one-third of such directors (or the number nearest to one-third in the event the number is not three or a multiple of three) retire from office at every annual general meeting of the Issuer. Each such retiring director is eligible for reelection.

The following table sets forth details regarding the Board of Directors as at the date of this Offering Circular.

Name	Age	Designation	Nationality
Mr. Ashok Shah	65	Chairman and Non-Executive Independent Director	Indian
Ms. Sarojini Dikhale	55	Non- Executive Director	Indian
Mr. Shantanu Prasad	44	Nominee Director – IDBI Bank Limited	Indian
Dr. Shashank Desai	60	Non-Executive Independent Director	Indian
Mr. Padmanabhan Iyer*	53	Whole-Time-Director, Chief Financial Officer and acting Chief Executive Officer	Indian

Note: Mr. Padmanabhan Iyer's appointments as Whole-Time-Director and acting Chief Executive Officer were approved by the Board on May 18, 2016 and June 7, 2016, respectively. However, his appointment as Whole-Time Director is currently subject to the approval of the shareholders of the Company in the upcoming general meeting.*

Relationships between our Directors

None of our directors are related to one another.

Biographies of our Directors:

Mr. Padmanabhan Iyer

Mr. Padmanabhan Iyer (known as Paddy) brings with him profound knowledge and experience of 30+ years in the techno-financial arena. Prior to joining 3i Infotech Limited (3i Infotech), Paddy has been associated with Reliance Infocomm as Head – Loan Operations & Fraud Control Operations. He has held senior management positions in ISPAT Industries Ltd, ITC Classic Finance, Empire Finance Company Ltd, ISPL Industries Ltd and has also worked with Caprihans and Shalimar Tar Products.

In addition to being the Whole-Time Director and acting CEO, Paddy is also the CFO. In the past Paddy has held the portfolios of MD & CEO of 3i Infotech BPO Ltd and CEO of Elegon Infotech Ltd, China, a subsidiary of 3i Infotech. He has also headed the Product Development & Delivery for the Company's Banking, Insurance and ERP businesses as well as the Technology Services & Managed Services businesses.

Paddy holds a Master's degree in Financial Management from the Jamnalal Bajaj Institute of Management Studies, University of Mumbai & has completed the Advanced Masters Program in Management of Global Enterprises from Indian Institute of Management, Bangalore (IIMB).

Mr. Ashok Shah

Mr. Ashok Shah holds a bachelor's degree in science with a post graduate degree in Economics. Mr. Ashok Shah is an independent director of the Issuer.

Mr. Ashok Shah joined Life Insurance Corporation of India (LIC) as a direct recruit officer in 1977. In his more than three decades with LIC, he has served in important positions dealing with operations. He retired as zonal manager (executive director cadre) at Delhi and was in charge of LIC's premier zone, the northern zone, for five years. Subsequently, he went on deputation to the National Insurance Academy, Pune, as Chair Professor. In June 2010, he subsequently joined Life Insurance Marketing and Research Association (LIMRA), a U.S. based entity as Director – India.

Mr. Shantanu Prasad

Mr. Shantanu Prasad graduated in commerce in 1992 and joined IDBI Bank Limited in 1993. He has a total experience of 21 years, having worked in various departments, which include 14 years in Treasury. Mr. Shantanu Prasad has handled Rupee and forex functions of treasury in Mumbai.

Mr. Shantanu Prasad is General Manager, IDBI Bank Limited.

Dr. Shashank Desai

Dr. Shashank Desai, graduate in commerce and Bachelor in Law, is qualified as a Chartered Accountant from the Institute of Chartered Accountants of India.

Dr. Shashank Desai is a practicing Chartered Accountant in Mumbai, having over 30 years of experience. He is a founding partner of M/s. Desai Saksena & Associates, Chartered Accountants.

His areas of specialization are valuation, investigative audits, financial restructuring of companies and financial strategies. Based on this extensive experience, he has completed his doctorate from the University of Mumbai in 2003. The subject of his thesis was "Business Strategy for Maximising Shareholder's Value with Special Emphasis on Financial Strategies". His work involved analysing the financial strategies in conjunction with business strategies of over 40 listed fast-moving consumer goods Companies. He is a visiting faculty member in the Certificate Course of Valuation conducted by the Institute of Chartered Accountants of India (lCAI). He has been an expert on several arbitrations which involve issues of valuation. He is the founder director of Orion Capital Services Ltd., which is engaged in fee based financial services.

Ms. Sarojini Dikhale

Ms. Sarojini Dikhale, holds a Bachelor's Degree in Arts and a Master's Degree in Economics from Mumbai University and a post-graduate Diploma in Advance Marketing from the International Institute of Advanced Marketing (IIAM, ACTE approved), certifying her as a Fellow of Advanced Marketing. She is also a law graduate and an associate of the Insurance Institute of India.

Ms. Sarojini Dikhale joined Life Insurance Corporation of India (LIC) in 1983 as a Direct Recruit Officer (AAO) of the 12th batch, and that marked the start of her career spanning over 32 years. She was deputed as a faculty member at the National Insurance Academy Pune, which trains senior officials from the life insurance industry. Her last assignment prior to deputation was to LIC Nomura Mutual Fund Asset Management Company Limited (LIC NMF AMC) as Executive Director (HRD). She was given the "Outstanding Young Indian Award," organised by the Junior Chamber of Indian Jaycees in September 2003.

Borrowing Powers of Our Board of Directors

Pursuant to a shareholders' resolution dated September 22, 2014, 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, INR30,000 million.

Interest of Our Directors in the Issuer

All of our directors may be deemed to be interested to the extent of fees payable to them for attending Board or committee meetings of the Board 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 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 shares. All directors may also be regarded as interested in the shares held by, or subscribed by and allotted to, the companies, firms and trust, in which they are interested as directors, members, partners or 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 Offering Circular, we have not entered into any contracts, agreements or arrangements during the preceding two years from the date of this Offering Circular 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.

Transactions between the Issuer and its Directors and Key Management Personnel

There are no loans or guarantees provided and outstanding, other than those entered into in the Issuer's ordinary course of business, to any of its directors or key management personnel. In addition, there have been no transactions during the current or previous audited fiscal year of the Issuer between the Issuer and any of its directors and its key management personnel or the key management personnel of any of its subsidiaries, which, because of their unusual nature or the circumstances in which they have been entered into, are or will be required to be disclosed in the Issuer's accounts or approved by its shareholders, and there are no such transactions during an earlier fiscal year which remain in any respect outstanding or unperformed.

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.

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 Securities and Exchange Board of India (listing Obligations and Disclosure Requirements) Regulations, 2015: (i) Audit Committee, (ii) Nomination and Remuneration Committee, (iii) Stakeholders' Relationship Committee and (iv) Corporate Social Responsibility Committee.

Audit Committee

The Audit Committee consists of the following directors:

- Dr. Shashank Desai, Chairman;
- Mr. Ashok Shah; and
- Mr. Shantanu Prasad.

The responsibilities of the Audit Committee inter alia include:

- Overseeing the financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;

- Reviewing with management, quarterly and annual financial statements the auditors' report thereon before submission to the Board;

- Reviewing with management the adequacy of internal control systems and performance of External and Internal Auditors;

- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- Recommending the appointment/removal of Statutory Auditor(s) & Internal Auditor(s), fixing the audit fee and also approving the payment for any other services;

- holding discussions with the statutory and internal auditors;

- Reviewing the Company's financial and risk management policies and the functioning of Whistle Blower mechanism;

- Scrutinising inter-corporate loans and investments;

- Approving the appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience and background, etc. of the candidate before finalization of the appointment by the Management;

- Looking into reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors and

- Carrying out any other function as may be required to be carried out by the Audit Committee under the Companies Act 2013 and the rules thereunder, the listing agreement and all other applicable laws (including any statutory modification(s) or re-enactment thereof for the time being in force)

During the fiscal year ending March 31, 2015, the Audit Committee held five meetings on May 2, 2014; July 25, 2014; November 11, 2014; February 10, 2015 and March 16, 2015.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following Directors:

- Dr. Shashank Desai, Chairman;

- Mr. Ashok Shah; and

- Ms. Sarojini Dikhale.

The responsibilities of the Nomination and Remuneration Committee include:

- identifying prospective directors, evaluating the composition of our Board of Directors and recommending directors appointments of the Issuer and its subsidiaries;

- evaluating the performance of the Board of Directors and its committees and boards of the subsidiaries;

- determining the Director(s) who shall be liable to retire;

- 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 ending March 31, 2015, the Nomination and Remuneration Committee held two meetings on May 2, 2014 and February 10, 2015.

Stakeholders' Relationship Committee

This committee was formerly called as the Shareholders'/Investors' Grievances Committee. The Stakeholders' Relationship Committee consists of the following directors:

- Mr. Ashok Shah, Chairman;

- Dr. Shashank Desai and

- Mr. Shantanu Prasad.

The responsibilities of the Stakeholders' Relationship Committee are as per Clause 49 of the listing agreement with BSE and NSE. One of the primary functions carried out by Stakeholders' Relationship Committee is to approve requests for share and other securities transfers and transmission and requests for rematerialisation of shares as well as the sub-division, consolidation, issue of renewed and duplicate certificates of shares and other securities. The Stakeholders' Relationship Committee oversees all matters encompassing shareholders / investor-related issues.

During the fiscal year ending March 31, 2015, the Stakeholders' Relationship Committee held four meetings on May 2, 2014; July 25, 2014; November 11, 2014 and February 10, 2015.

Corporate Social Responsibility Committee

This Committee was constituted by the Board of Directors on May 2, 2014. The Corporate Social Responsibility Committee consists of the following directors:

- Mr. Ashok Shah, Chairman;

- Ms. Sarojini Dikhale; and

- Mr.Padmanabhan Iyer.

The responsibilities of this Committee are as per section 135 of Companies Act, 2013. The Corporate Social Responsibility Committee is responsible for:

- monitoring and overseeing the implementation of the Issuer's corporate social responsibility policy and practices;

- reviewing and endorsing the Issuer's annual corporate social responsibility report for the Board's approval for public disclosure; and

- Evaluating and enhancing the Issuer's corporate social responsibility performance and making recommendations to the Board for improvement.

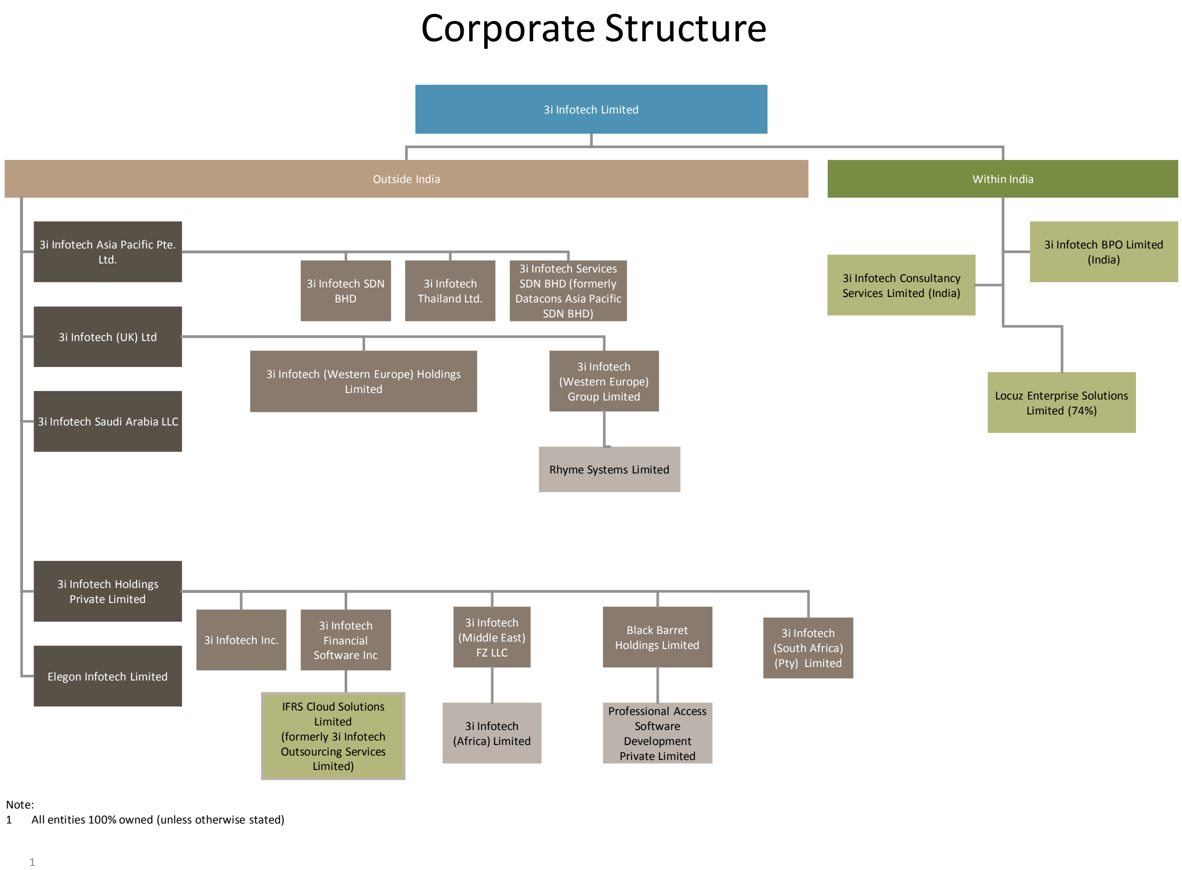
During the fiscal year ending March 31, 2015, the Corporate Social Responsibility Committee met once on November 11, 2014.

Policy on disclosures and internal procedure for prevention of insider trading

All Directors, officers and employees of the Issuer are required to comply with the SEBI (Prohibition of Insider Trading Regulations), 2015 and also adhere to the model code of conduct for Prevention of Insider Trading for listed companies as prescribed under the SEBI (Prohibition of Insider Trading Regulations), 2015. Pursuant to the model code of conduct, employees / Directors of the Issuer shall maintain the confidentiality of all price sensitive information about the Issuer, which is not in the public domain and constitutes insider information, and shall not pass on such information to any person, directly or indirectly, by way of making a recommendation for the purchase or sale of securities.

ORGANISATION STRUCTURE

The following chart sets forth our Group structure:



PRINCIPAL SHAREHOLDERS

The principal shareholders and their respective shareholdings in the Issuer as of March 31, 2016 are set out below:

Shareholder Name	Number of Shares	Percentage of Outstanding Shares	Percentage of Total Shares*
IDBI Bank Limited................................	42,117,513	6.62	4.79
Standard Chartered Bank.......................	40,013,264	6.29	4.55

* As a percentage of our paid-up share capital, comprising 879,716,303 Shares, assuming full conversion of warrants and convertible securities outstanding.

Additionally, as of March 31, 2016, IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund), being member of the promoter and promoter group of the Company, holds 3,05,60,488 Equity Shares (constituting 4.77% of the total issued Equity Shares) of the Company.

TERMS AND CONDITIONS OF THE BONDS

The following, other than the words in italics, is the text of the Terms and Conditions of the Bonds (the "Conditions") which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of up to U.S.$52,000,000 in aggregate principal amount of 2.5% Convertible Bonds Due 2025](the "**Bonds**"), which term shall include, unless the context requires otherwise, any further Bonds issued in accordance with Condition 16 and consolidated and forming a single series therewith, of 3i Infotech Limited was authorised by a resolution of the Board of Directors of the Issuer passed on February 11, 2016 and a special resolution passed by the shareholders of the Issuer on May 13, 2016 by way of postal ballot. The Bonds will be constituted by a trust deed (as amended or supplemented from time to time) (the "**Trust Deed**") to be dated on or around [*the Issue Date*], 2016, and made between the Issuer and GLAS Trust Corporation Limited as trustee for the holders of the Bonds (the "**Trustee**", which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed). The Issuer will also enter into a paying, conversion and transfer agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") to be dated on or around [*the Issue Date*], with Deutsche Bank Luxembourg S.A. as registrar and transfer agent, Deutsche Bank AG, London Branch as principal paying agent and conversion agent (together the "**Agents**"), the other principal paying agents and conversion agents appointed under it and the Trustee relating to the Bonds. References to the "Principal Paying Agent," "Conversion Agent," Transfer Agent" and "Registrar" below are references to the principal paying agent, conversion agent, transfer agent and the registrar for the time being for the Bonds. The statements in these terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and of the Agency Agreement are available for inspection at the registered office of the Trustee being at the date hereof at 45 Ludgate Hill, London EC4M 7JU and at the specified offices of each of the Agents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. The issue date for the Bonds shall be [*insert Issue Date*], 2016 (the "**Issue Date**").

1. Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

2. Form, Denomination and Title

2.1 Form and Denomination

The Bonds are issued in registered form in the denominations of U.S.$10,000 each and integral multiples of U.S.$50 in excess thereof. A bond certificate (each a "Certificate") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by a Global Certificate deposited with a common depositary for and registered in the name of a common nominee of, Euroclear Bank S.A./N. V., and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2.2 Title

Title to the Bonds passes only by transfer and registration in the register of Bondholders as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions "Bondholder" and (in relation to a Bond) "holder" means the person in whose name a Bond is registered in the Register (as defined below).

3. Transfers of Bonds; Issue of Certificates

3.1 Register

The Issuer will cause to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement a register for the Bonds on which shall be entered the names and addresses of the respective holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds (the "Register").

Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding.

3.2 Transfers

Subject to Condition 3.5 and the terms of the Agency Agreement, a Bond may be transferred or exchanged by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by a Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

3.3 Delivery of New Certificates

3.3.1 Each new Certificate to be issued upon a transfer or exchange of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Paying Agent.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds will not be entitled to receive physical delivery of the Certificates.

3.3.2 Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, redeemed or converted, a new Certificate in respect of the Bonds not so transferred, redeemed or converted will, within seven business days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, redeemed or converted (but free of charge to the holder) to the address of such holder appearing on the Register.

3.3.3 For the purposes of these Conditions, "**business day**" shall mean a day other than a Saturday or Sunday on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is operating and on which banks are open for business in London, New York City, Mumbai, New Delhi and the city in which the specified office of the relevant Agent is located and, in the case of surrender of Certificates, the place where such Certificate is surrendered; and "Mumbai business day" shall mean a day other than a Saturday or Sunday on which banks are generally open for business in Mumbai.

3.4 Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

3.5 Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including), the dates for payment of interest pursuant to Condition 5 or redemption pursuant to Condition 8.2 and Condition 8.3; (ii) after a Conversion Notice (as defined in Condition 6.2.1) has been delivered with respect to a Bond; (iii) after a Relevant Event Put Exercise Notice (as defined in Condition 8.4.1) has been deposited in respect of such a Bond; (iv) after a Purchase Notice (as defined in Condition 8.5.3) has been deposited in respect of such a Bond; and (v) on the Closing Date.

So long as the Bonds are represented by the Global Certificate, the relevant period under Condition 3.5(i) shall be one business day prior to, and ending on (and including), the dates for payment of interest pursuant to Condition 5 or redemption pursuant to Condition 8.2 and Condition 8.3.

3.6 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge to the holder and at the Issuer's expense) by the Registrar to any Bondholder upon request.

4. Negative pledge

So long as any Bond remains outstanding (as defined in the Trust Deed):

4.1 the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities (as defined below) or to secure any guarantee of or indemnity in respect of, any International Investment Securities;

4.2 the Issuer will procure that no Subsidiary (as defined in Condition 10.1.11) or other person (as defined in Condition 8.4.5) creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that Subsidiary or that other person to secure (a) any International Investment Securities of the Issuer or any of its Subsidiaries, or any guarantee of or indemnity in respect of any International Investment Securities of the Issuer or any of its Subsidiaries, or (b) where the person in question is a Subsidiary of the Issuer, any of the International Investment Securities of any person, or any guarantee of or indemnity in respect of any such International Investment Securities; and

4.3 the Issuer will procure that none of its Subsidiaries nor any of its Affiliates (as defined below) gives any guarantee of, or indemnity in respect of, any International Investment Securities of the Issuer or any of its Subsidiaries,

unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

For the purposes of these Conditions:

(i) an “**Affiliate**” of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person; and

(ii) “**International Investment Securities**” means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities which (i) are denominated in a currency other than Rupees or are by their terms payable, or confer a right to receive payment, in any currency other than Rupees, or are denominated or payable in Rupees, and (ii) are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market (but excluding any Rupee-denominated securities issued solely in India and quoted, listed, ordinarily dealt with or traded solely on a stock exchange or over the counter or other securities market in India).

5. Interest

5.1 Interest Rate and Interest Payment Dates

The Relevant Portion of the Bonds to be automatically converted on the Closing Date in accordance with Condition 8.12 shall not bear or accrue interest. The Bonds (other than the Relevant Portion) shall bear interest on 100% of their outstanding principal amount (such interest accruing principal amount of Bonds, the "**Interest Bearing Portion**") from time to time, accruing from and including April 1, 2016 (notwithstanding that such date is prior to the Issue Date, provided that for the period from and including April 1, 2016 to and including the Issue Date, such interest will accrue on the outstanding Interest Bearing Portion of the Bonds on the Issue Date) to but excluding the next applicable Interest Payment Date at the rate of 2.5 per cent. per annum, payable semi-annually in arrear on March 31 and September 30 of each year, commencing on September 30, 2016 (each date for payment of interest, an “**Interest Payment Date**”) and calculated on the basis of a 360 day year consisting of 12 months of 30 days each.

5.2 Interest Accrual

The Interest Bearing Portion of each Bond will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue as provided in the Trust Deed.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months (or, in respect of the first interest payment, twelve months), it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

5.4 Default Interest

If any payment of principal or interest is not paid on its due date for payment, default interest shall accrue on such overdue amount at the rate of 5.0 per cent per annum. Default interest shall be calculated in the manner set forth in Condition 5.3, shall compound monthly and shall be payable on demand by the Trustee.

6. Conversion

6.1 Conversion Right

6.1.1 Conversion Period:

Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below.

(i) The right of a Bondholder to convert any Bond into Shares is called the "Conversion Right". The "Conversion Period" for the Bonds will be as follows:

Subject to and upon compliance with the provisions of this Condition 6, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time (subject to paragraph (ii) below) after the Closing Date, up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on March 1, 2025, being the date 30 days prior to the Maturity Date, (but, except as provided in Condition 6.1.4, in no event thereafter) or if such Bond shall have been called for redemption by the Issuer before such date, then up to the close of business (at the place aforesaid) on a date no later than three business days (at the place aforesaid) prior to the date fixed for redemption thereof.

(ii) Conversion Rights may not be exercised in relation to any Bond during the period ("Closed Period") commencing on: (a) the date falling 30 days prior to the date of the Issuer's annual general shareholders' meeting and ending on the date of that meeting, (b) the date falling 30 days prior to an extraordinary shareholders' meeting and ending on the date of that meeting, (c) seven days after the date that the Issuer notifies the Indian Exchanges or, if the Shares are listed on one of the Indian Exchanges only, the National Stock Exchange of India Limited (the "NSE") or BSE Limited (the "BSE", and together with NSE, the "Indian Exchanges") (as applicable), of the record date for determination of the shareholders entitled to receipt of dividends, subscription of shares due to capital increase or other benefits, and ending on the record date for the distribution or allocation of the relevant dividends, rights and benefits or (d) on such date and for such period as determined by Indian law applicable from time to time that the Issuer is required to close its stock transfer books. The Issuer will give notice of such Closed Period to the Trustee, the Bondholders and the Conversion Agent at the beginning of each such period.

(iii) The number of Shares to be issued on conversion of a Bond will be determined by dividing the outstanding principal amount of the Bond to be converted (translated into Rupees at the fixed rate of Rs. 66.326 = U.S.$ 1.00 (the "Fixed Exchange Rate")) by the Conversion Price in effect at the Conversion Date (both as hereinafter defined).

A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

Upon exercise of Conversion Rights in relation to any Bond and the fulfilment by the Issuer of all its obligations in respect thereof, the relevant Bondholder shall have no further rights in respect of such Bond and the obligations of the Issuer in respect thereof shall be extinguished.

6.1.2 Fractions of Shares:

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any time such that the Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or reclassification of Shares by operation of law or otherwise occurring after the Issue Date which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in U.S. dollars by means of a cheque drawn on a bank in London) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6.1.1, as corresponds to any fraction of a Share not issued if such sum exceeds U.S.$ 10.00 (which sum shall be translated into U.S. dollars at the Fixed Exchange Rate). Any such sum shall be paid not later than 14

Mumbai business days after the relevant Conversion Date by transfer to a U.S. dollar account with a bank in New York City specified in the relevant Conversion Notice.

6.1.3 Conversion Price and Conversion Ratio:

The price at which Shares will be issued upon conversion, as adjusted from time to time (the "Conversion Price") will initially be Rs. 12.50 per Share, except with respect to the Relevant Portion as described in Condition 8.12 for which the Conversion Price will initially be Rs. 10 per Share.

This initial Conversion Price for the Bonds will be subject to adjustment in the manner provided in Condition 6.3. The "Conversion Ratio" is equal to the principal amount of the Bonds divided by the then Conversion Price translated into U.S. dollars at the Fixed Exchange Rate.

6.1.4 Revival and/or survival after Default:

Notwithstanding the provisions of Condition 6.1.1, if (i) the Issuer shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof, or (ii) any Bond has become due and payable prior to the Maturity Date (as defined in Condition 8.1) by reason of the occurrence of any of the events referred to in Condition 10, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Paying Agent or the Trustee and notice of such receipt has been duly given to the Trustee and the Bondholders and, notwithstanding the provisions of Condition 6.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined in Condition 6.2.1 (ii)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Paying Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date. Notwithstanding provisions of Condition 6.1.1, if a Bondholder deposits a Conversion Notice during a Closed Period, the Conversion Date in respect of the relevant Bond shall be the next business day after the end of that Closed Period, notwithstanding that such date may fall outside the Conversion Period.

6.1.5 Meaning of "Shares":

As used in these Conditions, the expression "Shares" means (i) shares of the class of share capital of the Issuer which, at the date of the Trust Deed, are designated as equity shares of the Issuer with full voting rights, together with shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer; and (ii) fully-paid and non-assessable shares of any class or classes of the share capital of the Issuer authorised after the date of the Trust Deed which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Issuer; provided that, subject to the provisions of Condition 11, shares to be issued on conversion of the Bonds means only "Shares" as defined in sub-clause (i) above.

6.2 Conversion Procedure

6.2.1 Conversion Notice:

(i) To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of any Conversion Agent a notice of conversion (a "Conversion Notice") in duplicate in the form (for the time being current) obtainable from the specified office of each Agent, together with (a) the relevant Certificate; and (b) certification by the Bondholder, in the form obtainable from any Conversion Agent, as may be required under the laws of the Republic of India or the jurisdiction in which the specified office of such Conversion Agent shall be located. A Conversion Notice deposited outside the normal business hours or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the normal business hours on the next business day following such business day. Any Bondholder who deposits a Conversion Notice during a Closed Period will not be permitted to convert the Bonds into Shares (as specified in the Conversion Notice) until the next business day after the end of that Closed Period, which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds. A Bondholder exercising its Conversion Right for Shares will be required to open a depository account with a depositary participant under the Depositories Act (Act 22), 1996 of India (the "1996 Depositories Act"), for the purposes of receiving the Shares.

(ii) The conversion date in respect of a Bond (the "Conversion Date") must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6.1.4 above) and will be deemed to be the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents to such withdrawal.

6.2.2 Stamp Duty, etc.:

As a condition precedent to a conversion, a Bondholder must pay all taxes, stamp, issue, registration and similar taxes and duties arising on conversion (other than any taxes or stamp duties payable in India on the exercise of Conversion Rights and, if relevant, in the place of the Alternative Stock Exchange, in respect of the allotment and issue of Shares and listing of the Shares on the Indian Exchanges on conversion, which shall be payable by the Issuer to the relevant authorities) (the "Taxes") and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of the Bonds and all charges of the Agents and the share transfer agent for the Shares ("Share Transfer Agent") in connection with conversion. The Bondholder (and, if applicable, the person other than the Bondholder to whom the Shares are to be issued) must provide the relevant conversion Agent with confirmation of such payment (as provided in the Conversion Notice) to the relevant tax authorities in settlement of Taxes payable pursuant to this Condition 6.2.2. None of the Conversion Agents and the Trustee are under any obligation to determine whether a Bondholder is liable to pay any taxes including stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6.2.2 and shall not be responsible or liable for any failure by such Bondholder or the Issuer to pay any such taxes, duties or expenses.

6.2.3 Delivery of Shares:

(i) Delivery of Shares: Upon exercise by a Bondholder of its Conversion Right for Shares, the Issuer will, on or with effect from the relevant Conversion Date, enter the relevant Bondholder or his/their nominee in the register of members of the Issuer in respect of such number of Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and will, as soon as practicable, and in any event not later than 30 days after the Conversion Date, cause the relevant securities account of the Bondholder exercising his Conversion Right for Shares or of his/their nominee, to be credited with such number of relevant Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and shall further cause the name of the concerned Bondholder or its nominee to be registered accordingly, in the record of the depositors, maintained by the depository registered under the 1996 Depositories Act with whom the Issuer has entered into a depository agreement and, subject to any applicable limitations then imposed by Indian laws and regulations, shall procure the Share Transfer Agent to, as soon as practicable, and in any event within 30 days of the Conversion Date, despatch or cause to be despatched to the order of the person named for that purpose in the relevant Conversion Notice at the place and in the manner specified in the relevant Conversion Notice (uninsured and the risk of delivery at any such place being that of the converting Bondholder), a U.S. dollar cheque drawn on a branch of a bank in New York City in respect of any cash payable pursuant to Condition 6.1.2 required to be delivered on conversion and such assignments and other documents (if any) as required by law to effect the transfer thereof.

The crediting of the Shares to the relevant securities account of the converting Bondholder will be deemed to satisfy the Issuer's obligation to pay the principal and interest on the Bonds. No accrued but unpaid interest shall be paid on conversion of the Bonds, unless the Conversion Date falls on an Interest Payment Date.

(ii) If the Conversion Date in relation to any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6.3, but before the relevant adjustment becomes effective under the relevant Condition (a "Retroactive Adjustment"), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares ("Additional Shares") as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective as at such Conversion Date immediately after the relevant record date and in such event and in respect of such Additional Shares references in Conditions 6.2.3(i) and (iii) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

(iii) The Shares issued upon conversion of the Bonds will in all respects rank pari passu with the Shares in issue on the relevant Conversion Date (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights the record date for which falls on or after such Conversion Date to the same extent as all other fully-paid and non-assessable Shares of the Issuer in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.

(iv) The Issuer shall ensure that the Shares issued upon conversion are listed with all applicable trading approvals on either of NSE or BSE as soon as practicable, and in any event not later than 30 days after the Conversion Date, and that such listing is maintained so long as such shares are in existence. In the event that the Issuer is unable to obtain or maintain such listing, the Issuer shall obtain, within 15 days of such refusal or a delisting, and shall maintain thereafter, so long as such shares are in existence, a listing with all applicable trading approvals for the Shares issued on the exercise of the Conversion Rights, on any Alternative Stock Exchange (as defined in Condition 6.5.1) as the Issuer may from time to time (with the prior written consent of the holder) determine.

(v) In the case of Bonds mandatorily converted in accordance with Condition 8.2 in respect of which Conversion Notices have not been received by a Conversion Agent or the Principal Paying Agent on the business day immediately following the Mandatory Conversion Notice Period (as defined in Condition 8.2), the Issuer will, as soon as reasonably practicable thereafter, register, or procure the registration of, an agent of the Issuer, located in Mumbai in accordance with Condition 8.2, as holder of the relevant number of Shares in the Issuer's share register and will make a certificate or certificates for the relevant Shares available for collection at the office of the Issuer's share registrar (as specified herein), together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

6.3 Adjustments to Conversion Price

The Conversion Price will be subject to adjustment in certain events set out in the Trust Deed, including the following events:

6.3.1 Free distribution, bonus issue, division, consolidation and re-classification of Shares; Demerger:

Adjustment: If the Issuer shall (i) make a free distribution of Shares or other securities (other than by way of a dividend in Shares), (ii) make a bonus issue of its Shares or other securities, (iii) divide its outstanding Shares, (iv) consolidate its outstanding Shares into a smaller number of Shares or (v) re-classify any of its Shares into other securities of the Issuer, then the Conversion Price shall be appropriately adjusted so that the holder of any Bond, the Conversion Date in respect of which occurs after the coming into effect of the adjustment described in this Condition 6.3.1, shall be entitled to receive the number of Shares and/or other securities of the Issuer which such holder would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive any such free distribution or bonus issue of Shares or other securities issued upon any such division, consolidation or re-classification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter; provided that, if the Issuer shall enter into any scheme of arrangement or demerger (or any similar arrangement) (any, a “Scheme”) with any person other than its wholly-owned subsidiary pursuant to which the Issuer’s shareholders shall become entitled to receive shares, securities or other interests of or in any person other than the Issuer, then, as a part of such Scheme, lawful provision shall be made so that the holder of any Bond shall thereafter be entitled to receive upon exercise of conversion rights in respect of such Bond, subject to the terms and conditions contained herein, the number of shares of stock, securities or other interests of or in such other person resulting from such Scheme that a holder of Shares would have been entitled to receive pursuant thereto had such Bond been converted immediately prior to the effectiveness of such Scheme (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive any such shares of capital stock, securities or other interests of or in such other person issued pursuant to such Scheme, immediately prior to such record date), all without prejudice to any other condition of this Condition 6.3.1 and subject to further adjustment as provided in this Condition 6.3.

Effective date of adjustment: An adjustment made pursuant to this Condition 6.3.1 shall become effective immediately on the relevant event referred to above becoming effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a free distribution or bonus issue of Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution or issue, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

6.3.2 Declaration of Dividend in Shares:

Adjustment: If the Issuer shall issue Shares as a Dividend (as defined in Condition 6.3.4) in Shares or make a distribution of Shares which is treated as a capitalisation issue for accounting purposes under Indian GAAP (including, but not limited to, capitalisation of capital reserves and employee stock bonus), then the Conversion Price in effect when such dividend and/or distribution is declared (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive such dividend and/or distribution, on such record date) shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{N}{N + n} \right]$$

where:

NCP = the Conversion Price after such adjustment.

OCP = the Conversion Price before such adjustment.

N = the number of Shares outstanding, at the time of issuance of such dividend and/or distribution (or at the close of business in Mumbai on such record date as the case may be).

n = the number of Shares to be distributed to the shareholders as a dividend and/or distribution.

Effective date of adjustment: An adjustment made pursuant to this Condition 6.3.2 shall become effective immediately on the relevant event referred to in this Condition 6.3.2 becoming effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a dividend in Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders of the Issuer or be approved at a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

6.3.3 Concurrent adjustment events:

If the Issuer shall declare a dividend in, or make a free distribution or bonus issue of, Shares which dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

(i) the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to Conditions 6.3.5, 6.3.6 or 6.3.7;

(ii) the day immediately before the date of issue of any securities convertible into or exchangeable for Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.9;

(iii) the day immediately before the date of issue of any Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.10 or, if applicable, the record date for determination of stock dividend entitlement as referred to in Condition 6.3.10; or

(iv) the day immediately before the date of issue of any rights, options or warrants which requires an adjustment of the Conversion Price pursuant to Condition 6.3.11;

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under Conditions 6.3.1 and 6.3.2) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under Conditions 6.3.1 or 6.3.2, but in lieu thereof an adjustment shall be made under Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10 or 6.3.11 (as the case may require) by including in the denominator of the fraction described therein the aggregate number of Shares to be issued pursuant to such dividend, bonus issue or free distribution.

6.3.4 Other Dividends

Adjustment: If the Issuer shall pay or make to its Shareholder any Dividend then, in such case, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{CMP - C}{CMP} \right]$$

Where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2

CMP = the Current Market Price (as defined in Condition 6.3.15 below) per Share on the record date for the determination of Shareholders entitled to receive such Dividend; and

C = the Dividend attributable to one Share.

Effective date of adjustment: Any adjustment pursuant to this Condition 6.3.4 shall become effective immediately after the record date for the determination of Shareholders entitled to receive the relevant Dividend; provided that in the case of such a Dividend which must, under applicable law of India, be submitted for approval to a general meeting of Shareholders or be approved by a meeting of the Board of Directors of the Issuer before such Dividend may legally be made and is so approved after the record date fixed for the determination of Shareholders entitled to receive such Dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

If such Dividend is not so paid, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such Dividend had not been approved.

For the purposes of this Condition 6.3.4:

"Dividend" means any dividend or distribution of cash or other property or assets or evidences of the Issuer's indebtedness, whenever paid or made and however described provided that:

(a) where a cash Dividend is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the issue or delivery of Shares or other property or assets, or where a capitalization of profits or reserves is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the payment of a Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of (i) such cash Dividend or (ii) the Fair Market Value (on the date of announcement of such Dividend or date of capitalization (as the case may be) or, if later, the date on which the number of Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined) of such Shares or other property or assets if such Fair Market Value is greater than the Fair Market Value of such cash Dividend; and

(b) any tender or exchange offer falling within Condition 6.3.12 and any issue or distribution of Shares falling within Condition 6.3.2 shall be disregarded.

"Fair Market Value" means, with respect to any Dividend on any date, (i) in the case of a cash Dividend paid or to be paid, the amount of such cash Dividend; and (ii) in the case of evidences of the Issuer's indebtedness or property, the fair market value of such evidences of indebtedness or property, as determined in the absolute discretion and in good faith of an Independent Financial Institution.

"cash Dividend" means (i) any Dividend which is to be paid in cash and (ii) any Dividend determined to be a cash Dividend pursuant to paragraph (a) of the definition "Dividend".

6.3.5 Rights Issues to Shareholders:

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares rights entitling them to subscribe for or purchase Shares, which expression shall include those Shares that are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer:

(i) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.15) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or

(ii) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (i) above) on the record date for the determination of shareholders entitled to receive such rights or (in a case within (ii) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + v}{N + n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2

N	=	the number of Shares outstanding (having regard to Condition 6.3.16) at the close of business in India (in a case within (i) above) on such record date or (in a case within (ii) above) on the date the Issuer fixes the said consideration.
n	=	the number of Shares initially to be issued upon exercise of such rights at the said consideration being (a) the number of Shares which underwriters have agreed to underwrite as referred to below or, as the case may be, (b) the number of Shares for which applications are received from shareholders as referred to below save to the extent already adjusted for under (a).
v	=	the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (i) or, as the case may be, (ii) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications for such Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

Rights not taken up by shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any Shares which are not subscribed for or purchased by the persons entitled thereto are underwritten by other persons prior to the latest date for the submission of applications for such Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any such Shares which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.6 Warrants issued to Shareholders:

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares warrants entitling them to subscribe for or purchase Shares:

(i) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date for the determination of shareholders entitled to receive such warrants and is less than the Current Market Price per Share at such record date; or

(ii) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned above and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (i) above) on the record date for the determination of shareholders entitled to receive such warrants or (in a case within (ii) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + v}{N + n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (i) above) on such record date or (in a case within (ii) above) on the date the Issuer fixes the said consideration.

n = the number of Shares to be issued upon exercise of such warrants at the said consideration which, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (a) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (b) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (a).

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (i) or, as the case may be, (ii) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (aa) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (bb) where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration but in all cases retroactively to immediately after the record date mentioned above.

Warrants not subscribed for by shareholders: If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares in the circumstances described in (i) and (ii) of this Condition 6.3.6, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares, any warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.7 Issues of rights or warrants for equity-related securities to Shareholders:

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares:

(i) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or

(ii) at a consideration per Share receivable by the Issuer (determined as aforesaid) which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration, then the Conversion Price in effect (in a case within (i) above) on the record date for the determination of shareholders entitled to receive such rights or warrants or (in a case within (ii) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + v}{N + n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within (i) above) on such record date or (in a case within (ii) above) on the date the Issuer fixes the said consideration.

n = the number of Shares initially to be issued upon exercise of such rights or warrants and conversion or exchange of such convertible or exchangeable securities at the said consideration being, in the case of rights, (a) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities which the underwriters have agreed to underwrite as referred to below or, as the case may be, (b) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities for which applications are received from shareholders as referred to below save to the extent already adjusted for under (a) and which, in the case of warrants, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (aa) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in (i) or, as the case may be, (ii) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (x) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (y) where applications by shareholders entitled to the warrants are required as aforesaid and in the case of convertible or exchangeable securities by shareholders entitled to the same pursuant to such rights, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration; but in all cases retroactively to immediately after the record date mentioned above.

Rights or warrants not taken up by shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares in the circumstances described in this Condition 6.3.7, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such convertible or exchangeable securities or warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares or rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights or the right to purchase such warrants) who have submitted applications for such convertible or exchangeable securities or warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.8 Other distributions to Shareholders:

Adjustment: If the Issuer shall distribute to the holders of Shares evidences of its indebtedness, or shares of capital stock of the Issuer (other than Shares), assets (excluding any Dividends (as defined in Condition 6.3.4)) or rights or warrants to subscribe for or purchase Shares or securities (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6 and 6.3.7 above) (in each case to be calculated prior to the deduction of any withholding tax and to include any corporate tax or dividend distribution tax attributable to that distribution (whether payable by the Issuer or holders of Shares)), then the Conversion Price in effect on the record date for the determination of shareholders entitled to receive such distribution shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{CMP - fmv}{CMP}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

CMP = the Current Market Price (as defined in Condition 6.3.15) per Share on the last Trading Day preceding the date on which the relevant distribution is first publicly announced.

Fmv = the Fair Market Value (as defined below) of the portion of the evidences of indebtedness, shares of capital stock, assets, rights or warrants so distributed applicable to one Share less any consideration payable for the same by the relevant shareholder.

Effective date of adjustment: Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. Provided that (i) in the case of such a distribution which must, under applicable law of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before such distribution may legally be made and is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (ii) if the Fair Market Value of the shares of capital stock, assets, rights or warrants so distributed cannot be determined until after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such Fair Market Value being determined, become effective retroactively to immediately after such record date.

As used in this Condition 6.3.8:

“Fair Market Value” means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Financial Institution or, if pursuant to applicable Indian law such determination is to be made by application to a court of competent jurisdiction, as determined by such court or by an appraiser appointed by such court; provided that, the Fair Market Value of any cash amount (excluding any cash dividends) shall be equal to such cash amount.

For purposes of this Condition 6.3.8, distributions by the Issuer shall include any purchase or redemption of the Issuer’s share capital by or on behalf of the Issuer; provided that, (a) any tender or exchange offer falling within Condition 6.3.12 and any issue or distribution of Shares falling within Condition 6.3.2 shall be disregarded for the purposes of this Condition 6.3.8; and (b) any purchase or redemption of Shares by or on behalf of the Issuer shall not constitute a distribution to holders of Shares under this Condition 6.3.8 unless the Volume Weighted Average Price per Share (before expenses) on any one day in respect of such purchases exceeds the Current Market Price per Share by more than 5.0 per cent either (1) on that day (or if such day is not a Trading Day, the immediately preceding

Trading Day), or (2) where an announcement (excluding for the avoidance of doubt for these purposes, any general authority for such purchases or redemptions approved by a general meeting of shareholders of the Issuer or any notice convening such a meeting of shareholders) has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a distribution pursuant to this Condition 6.3.8 to the extent that the aggregate price paid (before expenses) in respect of such Shares purchased by or on behalf of the Issuer exceeds the product of (i) the Current Market Price per Share determined as aforesaid and (ii) the number of Shares so purchased (if any receipts or certificates representing Shares shall be purchased by or on behalf of the Issuer, the provisions of this paragraph shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Institution).

"Volume Weighted Average Price" means, in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg (or any successor service) page NIII IN or such other source as shall be determined to be appropriate by an Independent Financial Institution on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

6.3.9 Issue of convertible or exchangeable securities other than to Shareholders or on exercise of warrants:

Adjustment: If the Issuer shall issue any securities convertible into or exchangeable for Shares (other than the Bonds, or in any of the circumstances described in Condition 6.3.7 and Condition 6.3.11) or grant such rights in respect of any existing securities and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such securities is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of issue of such convertible or exchangeable securities shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + v}{N + n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.

n = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.

v = the number of Shares which the aggregate consideration receivable by the Issuer would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such convertible or exchangeable securities are issued.

6.3.10 Other issues of Shares:

Adjustment: If the Issuer shall issue any Shares (other than Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) issued by the Issuer or upon exercise of any rights or warrants granted, offered or issued by the Issuer or in any of the circumstances described in Conditions 6.3.1 and 6.3.2), for a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the issue of such additional Shares shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + v}{N + n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of issue of such additional Shares.

n = the number of additional Shares issued as aforesaid.

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India of the issue of such additional Shares.

6.3.11 Issue of equity-related securities:

Adjustment: If the Issuer shall grant, issue or offer options, warrants or rights (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6, 6.3.7 and 6.3.8) to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the offer, grant or issue of such rights, options or warrants is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of the offer, grant or issue of such rights, options or warrants shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + v}{N + n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.

n = the number of Shares to be issued on exercise of such rights or warrants and (if applicable) conversion or exchange of such convertible or exchangeable securities at the said consideration.

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such rights or warrants are issued.

6.3.12 Tender or exchange offer:

Adjustment:

In case a tender or exchange offer made by the Issuer or any Subsidiary (as defined below) for all or any portion of the Shares shall expire and such tender or exchange offer shall involve the payment by the Issuer or such Subsidiary of consideration per Share having a fair market value (as determined by an Independent Financial Institution) at the last time (the "Expiration Date") tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Current Market Price per Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times [(N \times CMP)/[fmv + (N - n) \times CMP]]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N	=	the number of Shares outstanding (including any tendered or exchanged Shares) on the Expiration Date.
CMP	=	Current Market Price per Share as of the Expiration Date.
fmv	=	the Fair Market Value (as defined in Condition 6.3.8) of the aggregate consideration payable to the holders of Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares").
n	=	the number of Purchased Shares.

Effective date of adjustment: Such adjustment shall become retroactively effective immediately prior to the opening of business on the day following the Expiration Date.

Tender or exchange offer not completed: If the Issuer is obligated to purchase Shares pursuant to any such tender or exchange offer, but the Issuer is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

6.3.13 Analogous events and modifications

If (a) the rights of conversion or exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase Shares are modified (other than pursuant to and as provided in the terms and conditions of such options, rights, warrants or securities as originally issued) or (b) the Issuer determines that any other event or circumstance has occurred which has or would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options and rights relating thereto) of the Issuer, taken as a class which is analogous to any of the events referred to in Conditions 6.3.1 to 6.3.12, then, in any such case, the Issuer shall promptly notify the Trustee thereof and the Issuer shall consult with an Independent Financial Institution as to what adjustment, if any, should be made to the Conversion Price to preserve the value of the Conversion Right of Bondholders and will make any such adjustment. All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of any Independent Financial Institution appointed under the Conditions shall be borne by the Issuer.

6.3.14 Simultaneous issues of different classes of Shares:

In the event of simultaneous issues of two or more classes of share capital comprising Shares or rights or warrants in respect of, or securities convertible into or exchangeable for, two or more classes of share capital comprising Shares, then, for the purposes of this Condition, the formula

$$NCP = OCP \times \frac{N + v}{N + n}$$

shall be restated as

$$NCP = OCP \times \frac{N + v1 + v2 + v3}{N + n1 + n2 + n3}$$

where v1 and n1 shall have the same meanings as "v" and "n" but by reference to one class of Shares, v2 and n2 shall have the same meanings as "v" and "n" but by reference to a second class of Shares, v3 and n3 shall have the same meanings as "v" and "n" but by reference to a third class of Shares and so on.

6.3.15 Certain Definitions:

For the purposes of these Conditions:

"Closing Price" of the Shares for each Trading Day shall be the last reported transaction price of the Shares on NSE for such day or, if no transaction takes place on such day, the average of the closing bid and offered prices of Shares for such day as furnished by a leading independent securities firm licensed to trade on NSE selected from time to time by the Issuer and approved by the Trustee for the purpose.

"Current Market Price" per Share on any date means the average of the daily Closing Prices (as defined below) of the relevant Shares for the five consecutive Trading Days (as defined below) before such date. If the Issuer has more than one class of share capital comprising Shares, then the relevant Current Market Price for Shares shall be the price for that class of Shares the issue of which (or of rights or warrants in respect of, or securities convertible into or exchangeable for, that class of Shares) gives rise to the adjustment in question.

If during the said five Trading Days or any period thereafter up to but excluding the date as of which the adjustment of the Conversion Price in question shall be effected, any event (other than the event which requires the adjustment in question) shall occur which gives rise to a separate adjustment to the Conversion Price under the provisions of the Trust Deed, then the Current Market Price as determined above shall be adjusted in such manner and to such extent as an Independent Financial Institution shall in its absolute discretion deem appropriate and fair to compensate for the effect thereof.

"Trading Day" means a day when NSE is open for business, but does not include a day when (i) no such last transaction price or closing bid and offered prices is/are reported and (ii) (if the Shares are not listed or admitted to trading on such exchange) no such closing bid and offered prices are furnished as aforesaid.

If the Shares are no longer listed on NSE and have been listed on BSE or another stock exchange as required by Condition 6.5.1, references in the above definitions to NSE will be taken as references to BSE, unless the Shares are no longer listed on BSE, in which case, such references will be taken as references to such other stock exchange.

6.3.16 Consideration receivable by the Issuer:

For the purposes of any calculation of the consideration receivable by the Issuer pursuant to Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10, 6.3.11 and 6.3.14 above, the following provisions shall be applicable:

(i) in the case of the issue of Shares for cash, the consideration shall be the amount of such cash, provided that in no such case shall any deduction be made for any commissions or any expenses paid or incurred by the Issuer for any underwriting of the issue or otherwise in connection therewith;

(ii) in the case of the issue of Shares for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by an Independent Financial Institution or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof;

(iii) in the case of the issue (whether initially or upon the exercise of rights or warrants) of securities convertible into or exchangeable for Shares, the aggregate consideration receivable by the Issuer shall be deemed to be the consideration received by the Issuer for such securities and (if applicable) rights or warrants plus the additional consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange of such securities at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price;

(iv) in the case of the issue of rights or warrants to subscribe for or purchase Shares, the aggregate consideration receivable by the Issuer shall be deemed to be the consideration received by the Issuer for any such rights or warrants plus the additional consideration to be received by the Issuer upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price; and

(v) if any of the consideration referred to in any of the preceding paragraphs of this Condition 6.3.16 is receivable in a currency other than Rupees, such consideration shall (in any case where there is a fixed rate of exchange between the Rupees and the relevant currency for the purposes of the issue of the Shares, the conversion or exchange of such securities or the exercise of such rights or warrants) be translated into Rupees for the purposes of this Condition 6.3.16 at such fixed rate of exchange and shall (in all other cases) be translated into Rupees at the mean of the exchange rate quotations (being quotations for the cross rate through U.S. dollars if no direct rate is quoted) by a leading bank in India for buying and selling spot units of the relevant currency by telegraphic transfer against Rupees on the date as of which the said consideration is required to be calculated as aforesaid.

6.3.17 Cumulative adjustments:

If, at the time of computing an adjustment (the "later adjustment") of the Conversion Price pursuant to any of Conditions 6.3.2, 6.3.5, 6.3.6, 6.3.9, 6.3.10 and 6.3.11 above, the Conversion Price already incorporates an adjustment made (or taken or to be taken into account pursuant to the proviso to Condition 6.3.18) to reflect an issue of Shares or of securities convertible into or exchangeable for Shares or of rights or warrants to subscribe for or purchase Shares or securities, to the extent that the number of such Shares or securities taken into account for the purposes of calculating such adjustment exceeds the number of such Shares in issue at the time relevant for ascertaining the number of outstanding Shares for the purposes of computing the later adjustment, such excess Shares shall be deemed to be outstanding for the purposes of making such computation.

6.3.18 Minor adjustments:

No adjustment of the Conversion Price shall be required if the adjustment would be less than Rs. 1.00; provided that any adjustment which by reason of this Condition 6.3.18 is not required to be made shall be carried forward and taken into account (as if such adjustment had been made at the time when it would have been made but for the provisions of this Condition 6.3.18) in any subsequent adjustment. All calculations under this Condition 6.3 shall be made to the nearest Rs.1.00 with Rs.0.5 being rounded up to the next Rs.1.00. Except as otherwise set out in Condition 6.3.19 below, the Conversion Price may be reduced at any time by the Issuer.

6.3.19 Minimum Conversion Price:

Subject to Condition 6.4 and notwithstanding the provisions of this Condition, the Issuer covenants that the Conversion Price shall not be reduced below the par value of the Shares (Rs.10.00 at the date hereof) as a result of any adjustment made hereunder unless under applicable law then in effect Bonds may be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares. Furthermore, notwithstanding anything contained in these Conditions, the Conversion Price for the Bonds shall never be reduced, and the Issuer covenants that it shall not take any corporate action that would cause the Conversion Price to be reduced below such level permitted by applicable Indian laws and regulations from time to time.

Each of Rs. 10 (being the initial Conversion Price for the Relevant Portion of Bonds to be automatically converted in accordance with Condition 8.12) and Rs. 12.50 (being the initial Conversion Price for conversion at the option of Bondholders in accordance with Condition 6 and at the option of the Issuer in accordance with Condition 8.2) are prices which have been calculated by the Issuer and certified by its auditors as being in accordance with the amendment dated November 27, 2008 to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depositary Receipt Mechanism) Scheme, 1993 issued by the Ministry of Finance of India.

6.3.20 Reference to “fixed”:

Any references herein to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

6.3.21 Upward adjustment:

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares, as referred to in Condition 6.3.1.

6.3.22 Employee share scheme:

No adjustment shall be made to the Conversion Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors holding or formerly holding executive office) of the Issuer or any Subsidiary or any associated company of the Issuer or other eligible persons (as set out in the relevant employee share scheme or plan) pursuant to any employee share scheme or plan (including any dividend reinvestment plan) adopted by the Issuer, provided that, at any time, such issues do not amount to, relate to, or entitle such persons to receive, Shares in excess of 10 per cent. of the number of issued Shares at the time of issue of the Bonds (without taking into account the outstanding options issued pursuant to the Issuer’s employee stock option plans as of such issue date of Bonds).

6.3.23 Trustee not obliged to monitor:

The Trustee shall not be under any duty to monitor whether any event or circumstances has happened or exists within Condition 6.3 and will not be responsible or liable to Bondholders or any person for any loss arising from any failure by it to do so nor shall the Trustee be responsible or liable to any person for any determination of whether or not an adjustment to the Conversion Price is required or should be made nor as to the determination or calculation of any such adjustment.

6.3.24 Calculations:

All calculations relating to adjustment of the Conversion Price shall be performed by the Issuer or an Independent Financial Institution. Neither the Trustee nor the Agents shall be liable in any respect for the accuracy or inaccuracy in any mathematical calculation or formulae under the Conditions or the Trust Deed, whether by the Issuer, the Independent Financial Institution or any other person so nominated or authorised by the Issuer for such purpose. If any doubt shall arise as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer and an Independent Financial Institution, a written opinion of such Independent Financial Institution in respect of such adjustment to the Conversion Price shall be conclusive and binding on all concerned, save in the case of manifest or proven error.

6.3.25 Approval of Trustee:

The Issuer shall promptly send the Trustee a certificate setting out particulars relating to adjustment of the Conversion Price. The Issuer shall also cause a notice containing the same information to be sent promptly to the Conversion Agent and the Principal Paying Agent, for onward delivery to the Bondholders, a form of such notice to be sent to the Trustee not less than 10 days prior to which any notice is to be given and approved by the Trustee before it is given to Bondholders. Such notice shall confirm the reason for the adjustment to the Conversion Price, the previous Conversion Price and the new Conversion Price applicable from the date of such notice.

6.3.26 Independent Financial Institution:

If any finding or decision of an Independent Financial Institution is required pursuant to the terms hereof, the Issuer shall appoint as the "Independent Financial Institution" an appraisal or investment banking firm of international standing and reasonably acceptable to the Trustee. If the Issuer fails to appoint an Independent Financial Institution when required in this Condition 6.3 and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, the Trustee may (at its absolute discretion and at the expense of the Issuer) appoint such an Independent Financial Institution (without liability for so doing), and which appointment shall be deemed to be an appointment by the Issuer.

6.4 Approval from Regulatory Authorities

The Issuer covenants that, notwithstanding anything in this Condition 6, it shall not take any action that would cause the Conversion Price (in the absence of Condition 6.3.19) to be adjusted to a price which would render conversion of the Bonds into Shares at such adjusted Conversion Price to be in contravention of applicable law or subject to approval from the Reserve Bank of India, the Ministry of Finance, India and/or any other governmental or regulatory authority in India. The Issuer also covenants that prior to taking any action which would cause an adjustment to the Conversion Price, the Issuer shall provide the Trustee with an opinion of a legal counsel in India of recognised international standing, approved by the Trustee in writing, stating that the Conversion Price as proposed to be adjusted pursuant to such action, is in conformity with applicable law and that the conversion of the Bonds to the Shares at such adjusted Conversion Price would not require approval of the Reserve Bank of India, the Ministry of Finance, India and/ or any other governmental or regulatory authority in India.

6.5 Undertakings

6.5.1 The Issuer has undertaken in the Trust Deed, inter alia, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or with the approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders to give such approval:

(i) it will use its best endeavours (a) to obtain and maintain a listing for trading of the Bonds on Singapore Exchange Securities Trading Limited (the "SGX-ST"), (b) to maintain a listing with all applicable trading approvals for all the issued Shares on either of the Indian Exchanges, (c) to obtain within 30 days of the relevant Conversion Date and maintain thereafter, a listing with all applicable trading approvals for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on either of the Indian Exchanges, and (d) if the Issuer is unable to obtain or maintain such listing, to obtain and maintain within fifteen days after failure to obtain listing or a delisting of the Bonds and the Shares issued on the exercise of the Conversion Rights, a listing with all applicable trading approvals for all the Bonds and the Shares issued on the exercise of the Conversion Rights, on such other stock exchange (the "Alternative Stock Exchange") as the Issuer may from time to time (with the prior written consent of the Trustee) determine and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Shares or the Bonds (as a class) by any of such stock exchanges;

(ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds; and

(iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law).

6.5.2 In the Trust Deed, the Issuer has undertaken with the Trustee so long as any Bond remains outstanding:

(i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds without breaching any foreign ownership restrictions in India applicable to the Shares and will ensure that all Shares will be duly and validly issued as fully-paid; and

(ii) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the higher of the par value of the Shares of the Issuer or the minimum conversion price permitted under applicable law, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

6.5.3 The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

The Shares issued upon conversion of the Bonds are expected to be listed on either of the Indian Exchanges and will be tradable on either of such stock exchanges once listed thereon, which is expected to occur within 30 days after the relevant Conversion Date. If there is any delay in obtaining the approval of NSE or BSE to list such Shares, they shall not be tradable on NSE or BSE (as applicable) until the listing on such stock exchange occurs.

6.6 Notice of Change in Conversion Price

The Issuer shall give notice to the SGX-ST (so long as the Bonds are listed on the SGX-ST and the rules of that exchange so require) and the Bondholders in accordance with Condition 17 of any change in the applicable Conversion Price for the Bonds. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

7. Payments

7.1 Principal and Interest

Payment of principal, interest and default interest payable pursuant to Clause 5 hereunder will be made by transfer to the registered account of the Bondholder or by U.S. dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account, in each case, in accordance with provisions of the Agency Agreement. Any such payment to be made other than on an Interest Payment Date will only be made after surrender of the relevant Certificate at the specified office of any of the Agents. Interest on

Bonds due on an Interest Payment Date will be paid to the holder shown on the register of Bondholders at the close of business on the date (the "record date") being the fifteenth day before the relevant Interest Payment Date.

So long as the Bonds are represented by the Global Certificate, the record date will be one business day prior to the relevant Interest Payment Date.

7.2 Registered Accounts

For the purposes of this Condition, a Bondholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank in New York City, details of which appear on the Register at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second business day (as defined below) before the due date for payment, and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Bondholder's registered address means its address appearing on the Register at that time.

7.3 Fiscal Laws

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

7.4 Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

7.5 Delay In Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

7.6 Partial Payments

If the amount of principal or interest which is due on the Bonds is not paid in full, the Registrar will annotate the register of Bondholders with a record of the amount of principal or interest in fact paid.

8. Redemption, purchase and cancellation

8.1 Principal Repayment and Maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem one-sixth ($1/6^{th}$) of the outstanding principal amount (as of March 31, 2020) of each outstanding Bond, plus accrued and unpaid interest (if any) on March 31 of each year starting from March 31, 2020 through March 31 2025 (each such date, a "Principal Payment Date" and the final Principal Payment Date, the "Maturity Date"). The Issuer may not redeem the Bonds other than on a Principal Repayment Date in accordance with this Condition 8.1, except as provided in Condition 8.2 or Condition 8.3 below (but without prejudice to Condition 10).

8.2 Mandatory Conversion and Redemption at the Option of the Issuer

8.2.1 At any time after the Closing Date the Issuer may, having given not less than 30 nor more than 60 days' (the "Mandatory Conversion Notice Period") notice to the Bondholders, the Trustee and the Principal Paying Agent (which notice will be irrevocable), mandatorily convert the Bonds in whole but not in part into Shares on the date fixed for mandatory conversion, provided that no such mandatory conversion may be made unless the Closing Price of the Shares (translated into U.S. dollars at the Prevailing Rate (as defined below)) for each of the 45 consecutive Trading Days prior to the date upon which notice of such mandatory conversion is given in accordance with Condition 17, was at least 250 per cent. of the Conversion Price (translated into US dollars at the Fixed Exchange Rate). If there shall occur an event giving rise to a change in the Conversion Price during any such 45 consecutive Trading Day period or during the Mandatory Conversion Notice Period, appropriate adjustments for the relevant days approved by an investment bank of international standing (acting as expert) selected by the Issuer and approved in writing by the Trustee shall be made for the purpose of calculating the Closing Price for such days.

The Issuer's right to mandatorily convert under this Condition 8.2 does not affect a Bondholder's right to exercise its Conversion Right hereunder (which shall remain in full force and effect during the Mandatory Conversion Notice Period) provided that in no event shall the Conversion Date fall after the date for mandatory conversion hereunder. Upon the expiry of the Mandatory Conversion Notice Period, the Issuer will be bound (subject to and in accordance with Condition 6) to convert the Bonds to which such notice relates into Shares and the date of expiry of such period shall be deemed to be the Conversion Date. The holders of the Bonds to be so converted shall be deemed to have exercised their Conversion Rights and the provisions of Condition 6 apply mutatis mutandis.

If on the business day immediately following the Mandatory Conversion Notice Period, Conversion Notices have not been received by the relevant Conversion Agent or the Principal Paying Agent in respect of any Bonds outstanding ("Relevant Bonds"), the Relevant Bonds shall be converted into Shares in accordance with these Conditions at the applicable Conversion Price and such Shares shall be delivered to an agent of the Issuer located in Mumbai (the "Share Agent"). Certificates for such Shares will be issued by the Issuer in the name of an agent of the Issuer and deposited at the office of the Share Agent and the Issuer will be responsible for all fees and charges for the issue of such Certificate or Certificates. All of the Shares delivered, or to be delivered, on such conversion shall be sold by, or on behalf of, the Share Agent as soon as practicable, and (subject to any necessary consents being obtained, and to the deduction by the Share Agent of any amount which it determines to be payable in respect of its liability to taxation and the payment of any capital, stamp, transfer, issue or registration duties (if any) and any costs incurred by the Share Agent in connection with the transfer, delivery and sale thereof) the net proceeds of sale together with accrued interest (if any) payable under Condition 6, and any cash in lieu of fractions and any other amount payable by the Issuer in respect of the relevant exercise in respect of the Relevant Bonds (the "Net Proceeds") shall be held by the Share Agent for the benefit of the Bondholders so entitled and distributed rateably to the holders of such Relevant Bonds.

Immediately following the sale of Shares by the Share Agent, the Issuer shall forthwith notify Bondholders of such sale and provide details of the Net Proceeds available for distribution to Bondholders so entitled. The Issuer's obligation to pay the principal and interest on the Bonds shall not be satisfied unless and until the relevant Shares or Net Proceeds (as applicable) attributable to the Bonds converted pursuant to Condition 8.2 shall have been delivered to the applicable Bondholder.

The Trustee shall have no responsibility to any person for the manner in which such sale is effected or if the aggregate sale proceeds fall short of the principal amount of the Relevant Bonds. The Trustee shall have no liability in respect of the exercise or non-exercise of its discretion pursuant to this Condition 8.2 or the timing of such exercise or in respect of any such sale of Shares whether for the timing of any such sale or the price at which any such Shares are sold, or the inability to sell any such Shares or otherwise.

8.2.2 If at any time the aggregate principal amount of Bonds outstanding is less than ten per cent. of the aggregate principal amount of such Bonds as of the date immediately following the automatic conversion of the Relevant Portion under Condition 8.12, the Issuer shall have the option to redeem such outstanding Bonds in whole but not in part at 100% of their principal amount plus accrued and unpaid interest to the date fixed for such redemption. The Issuer will give at least 30 days' but not more than 60 days' prior notice to the holders and the Trustee of such redemption.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to a Principal Payment Date or the Maturity Date, such approval may or may not be forthcoming.

8.2.3 For the purposes of this Condition 8.2:

"Prevailing Rate" means, in respect of any Trading Day, the noon buying rate in New York City for cable transfers in Rupees, as reported by the Federal Reserve Bank of New York on such Trading Day, or if on such Trading Day such rate is not available, such rate prevailing on the immediately preceding day on which such rate is so available.

8.3 Redemption for Taxation Reasons

8.3.1 At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Paying Agent (which notice shall be irrevocable) redeem all, and not some only, of the Bonds at 100% of their principal amount plus accrued and unpaid interest to the date fixed for redemption ("Tax Redemption Date"), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts as referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer (taking reasonable measures available to it) and (b) an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders.

8.3.2 Upon the expiry of any such notice, the Issuer will be bound to redeem the Bonds at 100% of their principal amount plus accrued and unpaid interest to the Tax Redemption Date.

8.3.3 If the Issuer gives a notice of redemption pursuant to this Condition 8.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the government of India or any authority thereof or therein having power to tax. For the avoidance of doubt, any additional amounts which had been payable in respect of the Bonds as a result of the laws or regulations of the government of India or any authority thereof or therein having power to tax prior to the Issue Date will continue to be payable to such Bondholders. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Principal Paying Agent a duly completed and signed notice of non-redemption, in the form for the time being current, obtainable from the specified office of any Principal Paying Agent on or before the day falling 10 days prior to the Tax Redemption Date.

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to a Principal Payment Date or the Maturity Date, such approval may or may not be forthcoming.

8.4 Redemption for Change of Control

8.4.1 Following the occurrence of a Relevant Event (as defined below) and to the extent permitted by applicable law, the holder of each Bond will have the right at such holder's option to require the Issuer to redeem in whole but not in part such holder's Bonds on the Relevant Event Put Date at 100% of their principal amount plus accrued and unpaid interest to the Relevant Event Put Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Principal Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Principal Paying Agent ("Relevant Event Put Exercise Notice") together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The "Relevant Event Put Date" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

8.4.2 A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid on the Relevant Event Put Date.

8.4.3 The Trustee shall not be required or obliged to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and nor shall the Trustee be liable to any person for failure to do so.

8.4.4 No later than seven days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be delivered to Bondholders (in accordance with Condition 17) stating: (i) the Relevant Event Put Date; (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event; (iii) the date by which the Relevant Event Put Exercise Notice (as defined above) must be given; (iv) the amount to be paid on redemption and the method by which such amount will be paid; (v) the names and addresses of all Principal Paying Agents; (vi) briefly, the Conversion Right and the then current Conversion Price; (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Conversion Right; and (viii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn.

8.4.5 For the purposes of these Conditions:

(i) "control" means the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer's Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

(ii) a "Change of Control" occurs when:

(a) any person or persons, acting together, acquires control of the Issuer; or

(b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other person, unless the consolidation, merger, sale or transfer will not result in another person or persons acquiring control over the Issuer or the successor entity.

(iii) "Voting Rights" means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

(iv) a "person" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's Board of Directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect subsidiaries;

(v) "Relevant Event" occurs when there has been a Change of Control in the Issuer;

RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to a Principal Payment Date or the Maturity Date, such approval may or may not be forthcoming.

8.5 Delisting Put Right

8.5.1 In the event the Shares cease to be listed or admitted to trading on both the Indian Exchanges (a "Delisting") each Bondholder shall have the right (the "Delisting Put Right"), at such Bondholder's option, to require the Issuer to redeem all (but not less than all) of such Bondholder's Bonds on the twentieth business day after notice has been given to Bondholders regarding the Delisting referred to under Condition 8.5.2 below or, if such notice is not given, the twentieth business day after the Delisting (the "Delisting Put Date") at 100% of their principal amount plus accrued and unpaid interest to the Delisting Put Date (the "Delisting Put Price").

8.5.2 Promptly after becoming aware of a Delisting, the Issuer shall procure that notice regarding the Delisting Put Right shall be given to Bondholders (in accordance with Condition 17), (with a copy to the Trustee and Agents) stating:

(i) the Delisting Put Date;

(ii) the date of such Delisting and, briefly, the events causing such Delisting;

(iii) the date by which the Purchase Notice (as defined below) must be given;

(iv) the Delisting Put Price and the method by which such amount will be paid;

(v) the names and addresses of all Principal Paying Agents;

(vi) briefly, the Conversion Right and the then current Conversion Price;

(vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Delisting Put Right or Conversion Right; and

(viii) that a Purchase Notice, once validly given, may not be withdrawn.

8.5.3 To exercise its rights to require the Issuer to purchase its Bonds, the Bondholder must deliver a written irrevocable notice of the exercise of such right (a "Purchase Notice"), in the then current form obtainable from the specified office of any Agent, to any Principal Paying Agent on any business day prior to the close of business at the location of such Principal Paying Agent on such day and which day is not less than 10 business days prior to the Delisting Put Date.

8.5.4 A Purchase Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Delisting Notices delivered as aforesaid on the Delisting Put Date.

8.5.5 The Trustee and Agents shall not be required or obliged to take any steps to ascertain whether a Delisting or any event which could lead to the occurrence of a Delisting has occurred and nor shall the Trustee be liable to any person for failure to do so.

RBI regulations at the time of redemption or repurchase may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption or repurchase prior to a Principal Payment Date or the Maturity Date, such approval may or may not be forthcoming.

8.6 Redemption Following Exercise of a Put Option

Upon the exercise of any put option specified in Condition 8.4 or 8.5, payment of the applicable redemption amount shall be conditional upon delivery of the Bondholder's Certificate (together with any necessary endorsements) to any Principal Paying Agent on any business day together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate. If the Principal Paying Agent holds on the Put Date (as defined below) money sufficient to pay the applicable redemption monies of Bonds for which notices have been delivered in accordance with the provisions hereof upon exercise of such right, then, whether or not such Certificate is delivered to the Principal Paying Agent, on and after such Put Date, (a) such Bond will cease to be outstanding; (b) such Bond will be deemed paid; and (c) all other rights of the Bondholder shall terminate (other than the right to receive the applicable redemption monies). "Put Date" shall mean the Relevant Event Put Date or the Delisting Put Date, as applicable.

8.7 Purchases

The Issuer or any of its Subsidiaries may, if permitted under the laws of India and other applicable laws (if any), at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Issuer or the relevant Subsidiary is required to submit to the Registrar for cancellation any Bonds so purchased. If purchases are made by tender, the tender must be available to all Bondholders alike provided that the Issuer may refrain from making a tender to any Bondholder if, due to securities laws or other similar restrictions under other applicable laws, the Issuer reasonably believes it would be impractical to make such tender.

8.8 Cancellation

All Bonds which are redeemed or converted or purchased by the Issuer or any of its Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Principal Paying Agent and such Bonds may not be reissued or resold.

8.9 Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will be given in accordance with Condition 17, and specify the Conversion Price as at the date of the relevant notice, the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, the date for redemption, the manner in which redemption will be effected and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

8.10 Closed Periods

No notice of redemption given under Condition 8.2 or 8.3 shall be effective if it specifies a date for redemption which falls during a Closed Period (as defined in Condition 6.1.1) or within 15 business days immediately after the expiry of any Closed Period. Upon the expiry of any effective notice of redemption, the Issuer will be bound to redeem the Bonds to which such notice relates at the date fixed for redemption.

8.11 Multiple Notices

If more than one notice of redemption (which shall include any notice given by the Issuer pursuant to Conditions 8.2, 8.3, 8.4 and 8.5) is given pursuant to this Condition 8, the first of such notices to be given shall prevail.

8.12 Automatic Partial Conversion

On the Closing Date, (i) US$80,000 of each US$130,000 aggregate principal amount of Bonds; and (ii) US$400 of each incremental US$650 principal amount of each Bond, will be mandatorily and automatically converted into fully paid Shares at the Conversion Price then in effect, and such Shares shall be duly and validly issued and allotted to each Bondholder holding Bonds as of the record date specified by the Issuer in a notice to Bondholders (the aggregate principal amount of Bonds to be so converted, the "**Relevant Portion**"). The Issuer's obligation to pay the Relevant Portion of the principal amount of Bonds shall be fully and unconditionally discharged by the issuance of the Shares in accordance with this Condition 8.12.

The number of shares to be issued with respect to each Bond shall equal (i) the portion of the principal amount of Bonds to be converted divided by (ii) the Conversion Price translated into U.S. dollars at the Fixed Exchange Rate. For the avoidance of doubt, the initial Conversion Price for the Relevant Portion only shall be Rs. 10, subject to adjustment in accordance with Condition 6 (if applicable). Conditions 6.1.2, 6.1.5 and 6.2.3 and any other provision of Condition 6 that would be applicable to a Mandatory Conversion under Condition 8.2 shall apply mutatis mutandis as if a Conversion Right was exercised by the Holders. The Relevant Portion shall be rounded down to the nearest US$1 and the number of shares to be issued upon automatic conversion shall be rounded down to the nearest whole number.

On the Closing Date, the Issuer shall cause the Shares issued and allotted in accordance with this Condition 8.12 to be duly issued to the respective account(s) of the Bondholder(s) in accordance with the details provided by such Bondholders in the electronic exchange instruction provided in connection with the exchange offer under which the Bonds have been issued. If no such details were provided such Shares (the "**Agent Shares**") shall be issued to the account of an agent of the Issuer located in India (the "**Share Agent**").

The Agent Shares will be issued by the Issuer in the name of the Share Agent and deposited at the office of the Share Agent, and the Issuer will be responsible for all fees and charges for the issue of any share certificate. All of the Agent Shares so issued to the Share Agent on such conversion, if not earlier claimed by the Bondholder entitled thereto shall on or after the date falling two months following the Closing Date be sold by, or on behalf of, the Share Agent as soon as practicable, and (subject to any necessary consents being obtained, and to the deduction by the Share Agent of any amount which it determines to be payable in respect of its liability to taxation and the payment of any capital, stamp, transfer, issue or registration duties (if any) and any costs properly incurred by the Share Agent in connection with the transfer, delivery and sale thereof) the net proceeds of sale together with accrued interest (if any) payable under Condition 6 and any other amount payable by the Issuer in respect thereof (the "**Net Proceeds**") shall be held by the Share Agent for the benefit of the Bondholders so entitled and, as soon as practicable, distributed rateably to the holders of such Bonds.

Promptly following the sale of the Agent Shares by the Share Agent, the Issuer shall forthwith notify Bondholders of such sale and provide details of the Net Proceeds available for distribution to Bondholders so entitled and the process for such Bondholders to claim such proceeds.

The Issuer's obligation to pay all amounts due in respect of the Relevant Portion of the Bonds shall be deemed satisfied by the issuance of the Shares in accordance with this Condition 8.12, and, following issuance of such Shares in accordance with this Condition 8.12 a Bondholder shall have no right against the Issuer with respect to the Relevant Portion of its Bonds other than its rights to such Shares (if it has provided the required custody account details to the Issuer) or otherwise to the transfer from the Share Agent of the same number of Agent Shares (or Net Proceeds with respect thereto), as applicable.

9. Taxation

9.1 All payments in respect of the Bonds by the Issuer will be made free from any restriction or condition and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of India or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

9.2 Where such withholding or deduction is in respect of Indian withholding tax on interest payments at the rate of up to 10.00 per cent. (plus applicable surcharge on such tax payable) the Issuer will increase the amount of interest paid by it to the extent required so that the amount of interest received by Bondholders (without prejudice to Condition 7.3) amounts to the relevant amount of the interest payable pursuant to Condition 8 and Condition 5.

9.3 In the event that any such withholding or deduction in respect of principal or any such additional withholding or deduction in excess of 10.00 per cent. (plus applicable surcharge on such tax payable) in respect of interest is required, the Issuer will pay such additional amounts by way of principal or interest as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them in the absence of such withholding or deduction, except that no such additional amount shall be payable in respect of any Bond:

9.3.1 to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with India otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or

9.3.2 (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or

9.3.3 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

9.3.4 presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Principal Paying Agent or Conversion Agent in a Member State of the European Union.

9.4 For the purposes hereof, "relevant date" means the date on which such payment first becomes due except that if the full amount payable has not been received by the Trustee or the Principal Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

9.5 References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

10. Events of Default

10.1 The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded by the Bondholders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at 100% of their principal amount plus accrued and unpaid interest (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if any of the following events (each an "Event of Default") has occurred:

10.1.1 a default is made in the payment of any sum due in respect of the Bonds;

10.1.2 failure by the Issuer to deliver the Shares as and when such Shares are required to be delivered following conversion of a Bond;

10.1.3 the Issuer does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 15 days after written notice of such default shall have been given to the Issuer by the Trustee;

10.1.4 the Issuer or any Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries;

10.1.5 (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised is or becomes (or is or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10.1.5 have occurred equals or exceeds U.S.$4 million or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the U.S. dollars as quoted by any leading bank selected by the Trustee on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);

10.1.6 a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer or any of its Subsidiaries and is not discharged or stayed within 45 days;

10.1.7 an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any of its Subsidiaries, or the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries;

10.1.8 an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or a material part of the property, assets or revenues of the Issuer or any of its Subsidiaries (as the case may be) and is not discharged within 30 days;

10.1.9 it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed or any consent or approval required to make the Issuer's obligations under the Bonds or the Trust Deed legally binding and enforceable is not obtained;

10.1.10 any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Subsidiaries; or

10.1.11 any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that in the case of Conditions 10.1.4, 10.1.5, 10.1.6, 10.1.7, 10.1.8 and 10.1.10, as they relate to Subsidiaries only, the Trustee shall have certified that in its opinion such Event of Default is materially prejudicial to the interests of the Bondholders.

"Subsidiary" or "subsidiary" means any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under Indian law, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person.

11. Consolidation, amalgamation or merger

The Issuer may consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a "Merger"), provided that:

(i) the Issuer shall be solvent immediately prior thereto;

(ii) prior thereto the Issuer shall have notified the Trustee and the Bondholders of such event in accordance with Condition 17;

(iii) the corporation formed by such Merger or the person that acquired such properties and assets shall, upon consummation of the Merger, be solvent and shall expressly assume, by a supplemental trust deed, all obligations of the Issuer under the Trust Deed, the Agency Agreement and the Bonds and the performance of every covenant and agreement applicable to it contained therein and to ensure that the holder of each Bond then outstanding will have the right (during the period when such Bond shall be convertible) to convert such Bond into the class and amount of shares, cash and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale or transfer;

(iv) immediately after giving effect to any such Merger, no Event of Default or Potential Event of Default (as defined in the Trust Deed) shall have occurred or be continuing or would result therefrom; and

(v) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal, interest and default interest on the Bonds.

Such supplemental trust deed shall provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of Condition 6. The Trustee shall be entitled to require from the Issuer such opinions, consents, documents and other matters at the expense of the Issuer in connection with the foregoing as it may consider appropriate and may rely on such opinions, consents and documents without liability to any person. The above provisions of this Condition 11 will apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers.

12. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the relevant date for payment.

13. Enforcement

The Trustee may, at any time and at its discretion and without further notice, take such step, action or proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed (including payment of interest and default interest), but it will not be bound to take any such proceedings or any other action under the Trust Deed unless (i) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

14. Meetings of Bondholders, modification, waiver and substitution

14.1 Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing in the aggregate over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal or interest payable in respect of the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Conversion Rights or the put options specified in Condition 8 or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders of the Bonds or the majority required to pass an Extraordinary Resolution or sign a resolution in writing, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution of all the Bondholders.

The quorum at a meeting of Bondholders for passing a resolution for any other purpose shall be two or more persons holding or representing 10 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting, two or more persons holding any proportion of the Bonds, and such resolution shall be passed by a majority of the aggregate principal amount of the Bonds present and voting at such meeting.

14.2 Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in (i) through (v) of the first paragraph of Condition 14.1 above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Bonds or (ii) any modification to the Bonds or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the holders of the Bonds and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

14.3 Substitution

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the holders of the Bonds, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds, subject to the Trustee being of the opinion that the interests of the Bondholders will not be materially prejudiced thereby and subject to certain other conditions set out in the Trust

Deed being complied with. In such event, the Issuer shall give notice to Bondholders in accordance with Condition 17 and, so long as any Bonds are listed on the SGX-ST and the rules of that exchange so require, shall inform the SGX-ST.

14.4 Interests of Bondholders

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

14.5 Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, in the Trustee's opinion, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

15. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

16. Further issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed.

17. Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the registers of Bondholders maintained by the Registrar or published in a leading newspaper having general circulation in (i) Asia (which is expected to be The Asian Wall Street Journal) and (ii) in Europe (which is expected to be the Financial Times). Such notices shall be deemed to have been given on the later of the date of such publications. Any such notice shall be deemed to have been given on the later of the date of such publication and the fourth day after being so mailed, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by the Conditions.

18. Agents

The names of the initial Agents and the Registrar and their specified offices are set out above. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain (i) a Principal Paying Agent, (ii) a Registrar outside the United Kingdom, (iii) an Agent having a specified office in Singapore where the Bonds may be presented or surrendered for payment or redemption, so long as the Bonds are listed on the SGX-ST and the rules of that exchange so require (and such agent in Singapore shall be a Paying, Transfer and Conversion Agent and shall be referred to in these terms and conditions as the "Singapore Agent") and (iv) a Principal Paying Agent and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Paying Agent will be given promptly by the Issuer to the Bondholders in accordance with Condition 17 and in any event not less than 45 days' notice will be given.

So long as the Bonds are listed on the SGX-ST and the rules of that exchange so require, in the event that a Global Certificate is exchanged for definitive Certificates, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that a Global Certificate is exchanged for definitive Certificates, announcement of such exchange shall be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the Singapore Agent.

19. Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer without accounting for any profit.

20. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Bond under the Contracts (Rights of Third Parties) Act 1999.

21. Governing law

The Bonds, the Trust Deed and the Agency Agreement are governed by, and shall be construed in accordance with, the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Issuer has in the Trust Deed irrevocably submitted to the courts of England and in relation thereto has appointed 3i Infotech (U.K.) Limited, now at Office 405, One Thomas More Square, London E1W 1YN, as its agent for service of process in England.

GLOBAL CERTIFICATE

The Global Certificate for each series of Bonds contains provisions which apply to the Bonds in respect of which a Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the applicable Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:

Meetings

The registered Holder (as defined in the Terms and Conditions of the Bonds) of the Global Certificate will be treated as being two persons for purpose of any quorum requirements of a meeting of Bondholders, and at any such meeting, as having one vote in respect of each U.S.$1000 in principal amount of Bonds for which such Global Certificate is issued. The Trustee may allow a person with an interest in Bonds in respect of which the Global Certificate has been issued to attend and speak at a meeting of holders of the Bonds on appropriate proof of his identity and interest.

Cancellation

Cancellation of any Bond by the Issuer following its redemption or purchase will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which such Global Certificate is issued.

Payment

Payments of principal and interest, if any, in respect of Bonds represented by the Global Certificate will be made against presentation or if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

Record Date

So long as the Bonds are represented by the Global Certificate, the relevant period under Condition 3.5(i) with respect to restrictions on registration of transfer of Bonds shall be one business day prior to, and ending on (and including), the dates for payment of interest pursuant to Condition 5 or redemption pursuant to Condition 8.2 and Condition 8.3 and the record date for payment of interest under Condition 7.1 shall be one business day prior to the relevant Interest Payment Date.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing System, notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

Repurchase at the option of the Bondholders

The Bondholder's put options in Conditions 8.4 and 8.5 may be exercised by the holder of a Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting such Global Certificate for endorsement or exercise within the time limits specified in the Terms and Conditions of the Bonds.

Transfers

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

Enforcement

For all purposes the Bonds in respect of which a Global Certificate is issued, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Bonds represented by a Global Certificate standing to the account of any person shall be conclusive and binding for all purposes) shall be recognised as the holder of such principal amount of Bonds.

CLEARANCE AND SETTLEMENT OF THE BONDS

Custodial and depositary links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of each series of Bonds and transfers of the Bonds associated with secondary market trading.

The Clearing Systems

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry of changes in the accounts of their participants. Euroclear and Clearstream, Luxembourg provide their respective participants with, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Registration and Form

Book-entry interests in the Bonds held through Euroclear and Clearstream, Luxembourg will be evidenced by the Global Certificate, registered in the name of a nominee of the common depositary of Euroclear and Clearstream, Luxembourg. The Global Certificate will be held by a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial ownership in Bonds will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Bonds in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Bonds, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Bonds. The Paying Agent will be responsible for ensuring that payments received by it from us for holders of interests in the Bonds holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of the Bonds. However, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Global Clearance and Settlement Procedures

Initial Settlement

Interests in the Bonds will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear participant securities clearance accounts on the business day following the issue date against payment (for value on the issue date), and to Clearstream, Luxembourg participant securities custody accounts on the issue date against payment in same day funds.

Secondary Market Trading

Secondary market sales of book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Bonds through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional participants.

General

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interest in the Bonds among participants of Euroclear and Clearstream, Luxembourg, neither Euroclear nor Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

Neither the Issuer nor any of its agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

DESCRIPTION OF THE SHARES

*Set out below is certain information relating to the Issuer's share capital, including brief summaries of certain provisions of the Memorandum and Articles of Association of the Issuer, the Companies Act, 2013 (the "**Companies Act**") and certain related legislation of India, all as currently in effect relating to the rights attached to the Shares.*

Description of the Shares

The following description of capital is subject to and qualified in its entirety by the Memorandum and Articles of Association of the Issuer and by the provisions of the Companies Act, which governs its affairs, and other applicable provisions of Indian law.

The Issuer's authorised capital is INR31,550 million divided into 2,200 million equity shares of INR10 each, and 200 million preference shares of INR5 each (called Class A Preference Shares), 1,500 million preference shares of INR5 each (called Class B Preference Shares) and 1,050 million preference shares of INR1 each (called Class C Preference Shares). The Issuer's Shares are listed on BSE and NSE. As at July 5, 2016, the date of the Offering Circular, 64,08,03,928 (Sixty Four Crore Eight Lakhs Three Thousand Nine Hundred Twenty Eight) equity shares and 13,00,00,000 (Thirteen Crore) preference shares are issued and paid up.

For the purposes of this Offering Circular, "Shareholder" means a Shareholder who is registered as a member in the register of members of the Issuer as also every person whose name is entered as beneficial owners in the records of the depository. The Shares are in registered physical form as well as in dematerialized or electronic form.

Division of Shares

The Articles of Association allow the Issuer to alter the conditions of its Memorandum of Association and sub-divide its Shares or any of them into Shares of smaller amounts than originally fixed by the Memorandum of Association in its general meeting subject to the provisions of the Companies Act and the Articles of Association of the Issuer.

Dividends

Under the Companies Act, unless the board of directors recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. The dividend shall not exceed the amount recommended by the board of directors. The dividend recommended by the board of directors and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their Shares as on the record date for which such dividend is payable. The Shares to be issued upon the conversion of the Bonds will be fully paid-up when issued. Under the Companies Act, dividends can only be paid in cash to Shareholders listed on the register of shareholders on the date, which is specified as the record date or book closure date. No Shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his Shares is outstanding.

Under the Articles of Association, the Shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the board of directors. Dividends are generally declared as a percentage of the par value. The dividend recommended by the board of directors and approved by the Shareholders at a general meeting is distributed and paid to Shareholders in proportion to the paid-up value of their Shares as on the record date for which such dividend is payable. . No Shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his/her Shares is outstanding. The Shares to be issued upon the conversion of the Bonds will be fully paid up when delivered.

Certain loan agreements entered into by the Issuer require it to obtain the consent of lenders before making dividend payments when sums due under those loan agreements remain unpaid by the Issuer. The Shares issued upon conversion of the Bonds will rank, subject to listing, equally with the existing Shares of the Issuer in all respects including entitlement to dividends declared, where the record date falls on or after the Conversion Date. The Issuer has filed for CDR. Under the terms of the CDR package, the Issuer may not be able to declare dividend without prior approval of Monitoring Institution / Lenders.

Subject to what is stated elsewhere in this Offering Circular, the Shares issued upon conversion of the Bonds will rank *pari passu*, in all respects with the existing Shares of the Company, including entitlement of the dividend declared.

The amount of dividend, including interim dividend declared by a company shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of the dividend as per the provisions of Companies Act. As per the Articles of Association of the Company, the Board may declare interim dividends from time to time, if it appears to be justified by the profits earned by the Company during the relevant period. Dividends must be paid within 30 days from the date of declaration and any dividend, which remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any dividend, which remains unpaid or unclaimed for seven days from the date of expiry of the said period of 30 days from the date of such transfer, must be transferred by the Company to the Investor Education and Protection Fund established by the Government of India under the Companies Act, pursuant to which no claim shall lie against the Company or the Investor Education and Protection Fund.

Pursuant to the Companies Act and The Companies as amended (Declaration and Payment of Dividend) Rules, 2014 (the "**Dividend Rules**"), a company may declare dividend only from profits for the year after providing for depreciation, out of profits of previous years after providing for depreciation or from free reserves after taking into account loss or depreciation not provided for in previous years.

The Companies Act and the Dividend Rules further provide that in case of inadequacy or absence of profit in any year, a company may declare dividend out of free reserves subject to the following conditions: (i) the rate of dividend shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year, however this provision does not apply to a company, which has not declared any dividend in each of the three preceding financial years; (ii) the total amount to be drawn from the accumulated profits from previous years shall not exceed one-tenth of the sum of its paid-up capital and free reserves as appearing in the latest audited financial statement; (iii) the amount so drawn is first to be used to set off the losses incurred in the fiscal year before the declaration of any dividends in respect of preference or equity shares; (iv) the balance of reserves after withdrawals shall not be less than 15 per cent. of its paid-up capital as appearing in the latest audited financial statement; and (v) no company shall declare dividend unless carried over previous losses and depreciation not provided in the previous year are set off against profit of the company of the current year for which dividend is declared or paid for which dividend is declared or paid.

Capitalisation of Reserves and issue of Bonus Shares

Any issue of bonus shares by a listed company would be subject to SEBI Regulations and such other regulatory framework issued by SEBI in this regard. The 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. The bonus issue shall be made out of free reserves made out of genuine profits or through the share premium account where such share premium shall be collected in cash only. The SEBI Regulations further provide that no bonus issue shall be made by capitalising reserves created by the revaluation of assets and unless partly paid-up shares, if any, are fully paid-up. Further, for the issue of such bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on debt securities including existing debentures or principal on redemption of such debentures issued by it. The declaration of bonus shares in lieu of dividend cannot be made.

The Articles of Association do not require the Company to seek Shareholders' approval for capitalisation of profits or reserves for making bonus issues. An Indian company is also permitted to issue bonus shares to its non-resident shareholders, subject to the satisfaction of certain conditions.

Pre-emptive rights and alteration of share capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new Shares. Such new Shares shall be offered to existing Shareholders listed on the members' register on the record date in proportion to the amount paid-up on those Shares at that date. The offer is deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person provided that the person in whose favour such Shares have been renounced is approved by the Board in their absolute discretion. The offer shall be made by notice specifying the number of Shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the Shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to the Company. The further Shares may be offered to any persons whether or not those persons include existing Shareholders, if a special resolution to that effect is passed by the Shareholders of the Company in a general meeting. The shareholders of the Company have approved the issue of shares upon conversion of the Bonds through postal ballot results declared on May 13, 2016.

Under the Companies Act, the Company may issue redeemable preference shares if so authorised by its Articles but (i) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption, (ii) no such shares shall be redeemed unless they are fully paid, (iii) the premium, if any, payable on redemption shall have been provided for out of the Company's profits or share premium account, before the shares are redeemed, and (iv) where any such Shares are redeemed out of profits which would otherwise have been available for dividends, be transferred to a reserve fund, to be called the capital redemption reserve account, a sum equal to the nominal amount of the shares redeemed and the provisions of the Companies Act relating to the reduction of the share capital of a company shall apply as if such reserve account were paid-up share capital of such company. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue except preference shares exceeding 20 years may be issued for infrastructure projects where such shares must be redeemable before the expiry of a period of 30 years from the date of their issue.

General meetings of Shareholders

There are two types of general meetings of Shareholders: annual general meetings and extraordinary general meetings. The Company is required to convene an annual general meeting each year and not more than 15 months shall elapse from the date of one annual general meeting to the next annual general meeting, unless extended by the Registrar of Companies at the Company's request for any special reason. The Board may convene an extraordinary general meeting of Shareholders when necessary and shall convene such a meeting at the request of a Shareholder or Shareholders' holding in the aggregate not less than 10 per cent. of the Company's issued paid-up capital.

Written notices in physical form or through electronic mode are required for convening a meeting setting out the date, place and agenda of the meeting and must be given to the members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or in electronic mode, from not less than 95 per cent. members of the Company who are entitled to vote at such meeting.

The annual general meeting of the Company is held in Navi Mumbai in which the Company’s Registered Office is located. General meetings other than the annual general meeting may be held at any location if so determined by a resolution of the Board.

Voting rights

Voting may be on a show of hands or on a poll. At a general meeting upon a show of hands, every member holding shares and entitled to vote and present in person or by proxy has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid-up on each share held by such holder bears to the total paid-up capital of the Company. Voting is by show of hands, unless a poll is ordered by the chairman of the meeting or demanded by shareholder or Shareholders' holding at least 10 per cent. of the voting rights in respect of the resolution or by those holding paid-up capital of at least INR50,000 (i.e. 5,000 Shares of INR10 each). A member may exercise his vote at a meeting by electronic means in accordance with section 108 of the Companies Act, and shall vote only once as per the provisions of the Articles of Association. The quorum for a general meeting (a) in case of a public company is (i) five members personally present if the number of members as on the date of meeting is not more than 1,000; (ii) 15 members personally present if the number of members as on the date of meeting is more than 1,000 but up to 5,000; (iii) 30 members personally present if the number of members as on the date of the meeting exceeds 5,000.

Ordinary resolutions may be passed by a simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. The Companies Act provides that to amend the Articles of Association, a special resolution is required to be passed in a general meeting. As per the provisions of the Companies Act, certain instances mandatorily require a special resolution, including alteration of the Company's Articles of Association or amendment of the Memorandum, variation of objects in a prospectus, variation of shareholders' rights, buy-back of shares or issuance of convertible instruments, reduction of share capital dissolutions, merger or consolidation of the company, issuance of depository receipts in a foreign country, re-appointment of independent directors, payment of remuneration to the management in excess of limits provided under the Companies Act.

A Shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association of the Company. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A Shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of Shareholders. Any Shareholder of the Company may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A Shareholder who is a legal entity may appoint an authorised representative who can vote in all respects as if a member both on a show of hands and a poll.

The Companies Act allows for a company to issue shares with differential rights as to dividend, voting or otherwise subject to certain conditions. In this regard, the Companies (Share Capital and Debentures) Rules, 2014 require, among other things, that for a company to issue shares with differential voting rights, as amended, the company must have had distributable profits in terms of the Companies Act for a period of three fiscal years preceding the year in which it is decided to issue such shares, the company must not have defaulted in filing annual accounts and annual returns for the three fiscal years immediately preceding the fiscal year in which it is decided to issue such shares, the articles of association of the company authorises the issue of shares with differential voting rights, the shares with differential rights shall not exceed twenty-six percent of the total post-issue paid up equity share capital including equity shares with differential rights issued at any point of time and the approval of the shareholders to the issue is obtained through postal ballot.

Register of Shareholders and Record Dates

The Company is obligated to maintain a register of Shareholders at its Registered Office located at Tower # 5, International Infotech Park, Vashi Station Complex, Navi Mumbai Maharasthra 400 703. The register and index of beneficial owners maintained by a depository under the Depositories Act 1996, as amended (the "Depositories Act") is deemed to be an index of members and register and index of debenture holders and any other security holders.

For the purpose of determining the Shareholders, the register may be closed for periods not exceeding 45 days in any one year or 30 days at any one time subject to giving of previous notice of at least seven days. The trading of Shares and the delivery of certificates in respect thereof may continue while the register of Shareholders is closed.

As per the Articles of Association, the Company may exercise powers conferred on it by Section 88 of the Companies Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of Section 88) make and vary such regulations as it may think fit with respect to the keeping of any such register.

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 govern 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 ownerships of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with National Securities Depository Limited and the Central Depository Services India Limited.

SEBI requires that the Company's Shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. See "The Securities Market of India — Depositories".

The Company is required to comply with the rules, regulations and requirements of the stock exchanges or the rules made under the Companies Act, or the rules made under the SCRA, or any other law or rules applicable, relating to transfer or transmission of Shares or debentures.

Acquisition by the Company of its own Shares

The Company may buy back its own Shares subject to the provisions of the Companies Act and any related guidelines issued in connection therewith.

Liquidation rights

Subject to the rights of creditors, of employees and of the holders of any other shares entitled by their terms of issue to preferential repayment over the shares, in the event of winding up of a company, the holders of the Shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such Shares. All surplus assets after payments due to employees, the holders of any preference shares and other creditors belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on such shares respectively at the commencement of the winding-up. The provisions relating to liquidation rights under Companies Act are yet to be notified.

THE INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, BSE and NSE and has not been independently verified by the Company, the Trustee, the Registrar, Principal Agent, the Sole Bookrunner or their respective affiliates or advisers

Stock Exchange Regulation

India's stock exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Capital Market Division, under the Securities Contracts (Regulation) Act 1956, as amended (the "SCRA") and the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"). The SCRR along with the rules, bye-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 and enforced between members.

SEBI Act granted powers to SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries in the capital markets, to promote and monitor self-regulatory organisations, to prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisition of shares and takeovers of companies, buyback of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FIIs, credit rating agencies and other capital market participants.

Listing

The listing of securities on a recognised Indian stock exchange is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act, the SEBI Listing Regulations and various regulations and guidelines issued by the SEBI.

All listed companies are required to ensure that their minimum level of public shareholding remains at or above 25 per cent. In this regard, SEBI has provided several mechanisms to comply with this requirement.

The SEBI has notified the SEBI Listing Regulations which govern the obligations which were prescribed under the Erstwhile Listing Agreement.

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 per cent., 15 per cent. and 20 per cent. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the CNX NIFTY of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20 per cent. movements either up or down. 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 suspend trading during periods of market volatility.

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, Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI Regulations. SEBI has issued detailed guidelines concerning disclosure by public companies and investor protection.

Public limited companies are required under the Companies Act, and other applicable guidelines to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. Accordingly, companies are required to publish unaudited financial statements (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any stock price sensitive information.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the provisions of the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeovers. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for promoters, employees and directors, with regard to their shareholding in the Company, and the changes therein. The definition of "insider" includes any person who is in possession or has access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company.

Depositories

The Depositories Act which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. The Securities and Exchange Board of India (Depositories and Participants) Regulations 1996 which provide for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, the company, the beneficial owners and the issuers.

Derivatives

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of the existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI. Derivatives products have been introduced in a phased manner in India.

BSE

BSE, the oldest stock exchange in India, was established in 1875. BSE switched to online trading from May 1995. Only a member of BSE has the right to trade in the stocks listed on BSE. Derivatives trading commenced on BSE in

2000. BSE has also wholesale and retail debt trading categories. Retail trading in Government securities commenced in January 2003.

NSE

NSE provides nationwide online satellite-linked screen-based trading facilities with market makers and electronic clearing and settlement for securities, including Government securities, debentures, public sector bonds and units. Deliveries for trades executed "on-market" are exchanged through the National Securities Clearing Corporation Limited. NSE does not categorise shares into groups as in the case of BSE, except in respect of the trade to trade category. NSE commenced operations in the wholesale debt market in June 1994, in capital markets in November 1994 and in derivatives in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on 22 April 1996 and the Mid-Cap Index on 1 January 1996. The securities in the NSE 50 Index are highly liquid.

GOVERNMENT OF INDIA APPROVALS AND OTHER APPROVALS

This offering of Bonds is being made entirely outside India. This Offering Circular may not be distributed directly or indirectly in India or to residents of India and the Bonds are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

Each purchaser of Bonds will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Bonds will bear a legend to the effect that the securities evidenced thereby may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the account of such persons, unless the Company may determine otherwise in compliance with applicable law.

In terms of the FCCB Scheme, the FEM Transfer Regulations and ECB Policy, Indian companies in the software sectors are allowed to raise external commercial borrowings of up to U.S.$200 million or its equivalent during a fiscal year under the "automatic route" (without the prior approval of the RBI) subject to certain conditions specified therein, including the minimum maturity period, use of proceeds and all in cost ceiling. The Company is required to make certain post-issue filings with the RBI. In all cases of earlier redemption or repayment (i.e. prior to minimum average maturity), prior approval of the RBI for such earlier redemption or repayment will be necessary under the extant laws. Further, the Company is also required to take the prior approval of its Shareholders and Board of Directors before proceeding with issue of FCCBs. The Board of Directors approved the issuance of the Bonds by resolutions dated February 11, 2016. The shareholders of the Company approved the (i) issuance of the Bonds and (ii) issuance of Equity Shares upon conversion of a portion of the Bonds through postal ballot and the results of the same were declared by the Company on May 13, 2016.

The transaction envisaged under the Exchange Offer Memorandum dated July 5, 2016, and this Offering Circular, is subject to the approval of RBI sought by the Company pursuant to the application dated April 6, 2016.

FOREIGN INVESTMENT AND EXCHANGE CONTROL

General

Foreign investment in Indian securities is regulated by the FEMA and the rules, regulations and notifications issued thereunder.

The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended (the "**FEM Securities Regulations**") regulate the issue of Indian securities to non-residents and the transfer of Indian securities by or to non-residents. The FEM Securities Regulations, prescribe amongst other things, the mode of investment, manager of receipt of funds, pricing guidelines and reporting of investments to RBI.

The Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended (the "**FEM Transfer Regulations**") regulates the issue of foreign securities by a person resident in India. FEM Transfer Regulations defines FCCB as a bond issued by an Indian company expressed in foreign currency and the principal and interest in respect of which is payable in foreign currency.

In addition the RBI has consolidated its various circulars on foreign investments in India into a Master Circular No. 15/2015-16 dated 1 July 2015 summarising the current regulatory provisions as amended.

FDI into India must be undertaken in accordance with the Consolidated FDI Policy formulated by the Department of Industrial Policy and Promotion, Government of India (the "**DIPP**"), regulated by the FIPB.

Foreign Direct Investment

FDI refers to investment by way of subscription and/or purchase of equity shares (including partly paid equity shares) or fully, compulsorily and mandatorily convertible preference shares or fully, compulsorily and mandatorily convertible debentures or warrants (including share warrants) of an Indian company by a non-resident investor in accordance with the FDI scheme of the FEM Securities Regulations. FCCBs and depository receipts having underlying instruments which can be issued under schedule 5 of the FEM Securities Regulations, being in the nature of debt, shall not be treated as foreign investment. However, any equity held by a person resident outside India as a result of conversion of a debt instrument under any arrangement shall be recognised as a foreign investment.

FDI in India can be either through the automatic route where no prior approval of any regulatory authority is required or through the Government approval route. Over a period of time, the Government has relaxed the restrictions on foreign investment. Subject to certain conditions, FDI in most industry sectors does not require prior regulatory approval, if the aggregate foreign investment by all non-residents does not exceed industry specific thresholds. These conditions include certain minimum pricing requirements, compliance with the Takeover Regulations and ownership restrictions based on the nature of the non-resident investor.

The Consolidated FDI Policy and the FEM Securities Regulations prescribe the method of calculation of total foreign investment (i.e., direct foreign investment and indirect foreign investment) in an Indian company. For the purpose of computing indirect foreign investment, foreign investment in an Indian company shall include all types of foreign investments i.e., FDI, investment by foreign institutional investors ("**FIIs**"); foreign portfolio investors ("**FPIs**"); non-resident Indians ("**NRIs**"), foreign venture capital investors ("**FVCIs**") and Depository Receipts of FEM Securities Regulations ("**DRs**"), regardless of the mode of investment under the FEM Securities Regulations.

Under the Consolidated FDI Policy, FDI up to 100 per cent is permitted under the automatic route in the Company.

The issue and transfer of shares including compulsorily convertible preference shares and compulsorily convertible debentures shall be in accordance with the pricing guidelines. Failure to comply with the pricing guidelines will require RBI approval.

The price/ conversion formula of convertible capital instruments should be determined upfront at the time of issue of the instruments.

Any foreign investment in an instrument issued by an Indian company which gives an option to the investor to convert or not to convert it into equity or does not involve upfront pricing of the instrument as a date would be reckoned as external commercial borrowing (“**ECB**”) and would have to comply with the ECB guidelines issued by RBI.

Investment by Foreign Portfolio Investors (“FPIs”)

SEBI has notified the SEBI (Foreign Portfolio Investors) Regulations, 2014 (the “**SEBI FPI Regulations**”), merging FIIs and their sub-accounts and qualified financial institutions under a single investor class termed “FPIs”. The purchase of equity of an Indian company by a single FPI or investor group must be below 10 per cent. of the total paid up equity share capital of the company and the aggregate limit for FPI is 24 per cent of the equity capital of the company. This aggregate limit of 24 per cent can be increased to the applicable sectoral cap /statutory ceiling, as applicable, by the Indian company concerned through a resolution by its board of directors followed by a special resolution to that effect by the shareholders in the general body meeting and subject to prior intimation to RBI. The aggregate FII/FPI investment, individually or in conjunction with other kind of foreign investment, shall not exceed the applicable sectoral / statutory cap. The aggregate limit for FPI investment in the Company is currently 24 per cent. of its equity capital.

Any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (“**SEBI FII Regulations**”). Additionally, in terms of the SEBI FPI Regulations, an FII or its sub-account may, subject to payment of specified conversion fees, continue to buy, sell or otherwise deal in securities, subject to the SEBI FPI Regulations, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier.

Investment by Non-Resident Indians ("NRIs")

In addition to FDI, an NRI may buy or sell shares/convertible debentures of an Indian company through a SEBI registered broker on a recognised stock exchange in India in accordance with the Portfolio Investment Scheme. Under the Portfolio Investment Scheme, NRIs can purchase up to 5 per cent of the paid-up capital or paid up value of each series of debentures of listed Indian companies. The aggregate paid up value of shares or convertible debentures purchased by all NRIs cannot exceed 10 per cent of the paid-up capital of the company or paid up value of each series of debentures of the company (which can be raised to 24 per cent by a resolution of the board of directors and shareholders of the company, and an immediate intimation to RBI). The aggregate limit for NRI investment in the Company is currently 10 per cent. as mentioned above.

The overseas corporate bodies (the "**OCBs**") and entities that are prohibited from buying, selling or dealing in securities by the SEBI are not eligible to subscribe to FCCBs.

Transfer of shares and convertible debentures of an Indian company

A non-resident may transfer shares or convertible debentures held by him in Indian companies in accordance with the FEM Securities Regulations and the Consolidated FDI Policy. A non-resident (not being an NRI or an overseas corporate body) may transfer, by way of sale or gift, equity shares or convertible debentures of an Indian company held by him, to any other non-resident without prior approval of the RBI. A non-resident may also transfer shares or convertible debentures in Indian companies held by it to a resident by way of gift without prior approval of the RBI. Further, general permission has been granted for the transfer of shares or convertible debentures by a non-resident to a resident by way of sale under private arrangement subject to compliance with certain terms, conditions, pricing guidelines and reporting requirements as stipulated in the FEM Securities Regulations. The transfer of shares from a Non Resident to Resident other than under SEBI regulations and where the pricing guidelines are not met would require the prior approval of the RBI. Further, an NRI may, by way of sale or gift, transfer the shares or convertible debentures held by him to another NRI without the prior approval of the RBI.

Under the Consolidated FDI Policy, an AD Category-I bank may permit the remittance of sale proceeds of equity shares (net of applicable taxes) to a seller resident outside India, provided that the equity shares were held on repatriation basis, the sale was in accordance with prescribed regulations and guidelines and a no objection or tax clearance certificate obtained from Indian income tax authorities is produced. Dividends on shares and interest on fully, mandatorily and compulsorily convertible debentures are freely repatriable, subject to deduction of all applicable taxes.

Reporting of sale of shares or convertible debentures and partly paid shares and warrants of an Indian company to extent the equity shares are called up, from non-residents to residents and vice versa, is to be made in Form FC-TRS (specified under the FEM Securities Regulations). The Form FC-TRS should be submitted to the AD Category-I bank, within 60 days from the date of receipt of the amount of consideration. The onus of submission of the form FC-TRS within the given timeframe would be on the transferor/ transferee, resident in India, or on the investee company in specified cases. The AD Category-1 bank will forward the FC-TRS to RBI. The FC-TRS form could be submitted to RBI online as well.

Recognised Lenders

Eligible borrowers can raise ECB from among other recognised sources such as international banks, the international capital markets and others as mentioned in the ECB Policy.

Issue of FCCBs

The MoF, though the FCCB Scheme, FEM Transfer Regulations and ECB Policy, regulate the issuance of FCCBs by Indian corporates. An Indian company which is not eligible to raise funds from the Indian capital market including a company which has been restrained from accessing the securities market by the SEBI will not be eligible to issue FCCBs. An eligible Indian company may issue FCCBs to persons resident outside India either, through the automatic route, or with approval of the RBI, in accordance with the ECB Policy.

The ECB Policy read with the Extended Commercial Reporting – Revised framework dated March 30, 2016 (“**ECB Revised Framework**”) provides the following:

- The minimum average maturity of FCCBs is 5 years, irrespective of the amount of borrowing as specified under the ECB Policy;

- Companies in the software sectors can raise funds up to U.S.$200 million under the automatic route in one fiscal year for permissible end uses and above U.S.$200 million with the approval of the RBI;

- The issue of FCCBs (including equity shares issued pursuant to conversion of FCCBs) shall be subject to the FDI sectoral caps prescribed by the DIPP under the Consolidated FDI Policy;

- FCCBs can be issued with attached equity related warrants;

- The all in cost ceiling for FCCBs having a minimum average maturity period of more than five years, should not exceed six month London Inter Bank Offering Rate for the respective currency borrowing or the applicable benchmark rate plus 450 basis points, additionally, in case of FCCBs with a minimum average maturity of more than ten years, the maximum spread over the benchmark should not exceed 500 basis points per annum.

Refinancing of Existing FCCBs

The Master Direction – External Commercial Borrowings, Trade, Credit, Borrowing and Lending Foreign Currency by Authorised Dealer and Persons other than Authorised Dealers dated January 1, 2016 (“ECB Master Direction”), stipulates that refinancing of existing ECB with fresh ECBs is permitted provided that the fresh ECB is raised at a lower all-in-cost and residual maturity is not reduced, subject to terms and conditions prescribed therein and by RBI or any other regulatory authority from time to time.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any resale, pledge or transfer of the Bonds or the Equity Shares .

The Bonds and Equity Shares may not be offered or sold directly or indirectly in India. This offering is being made pursuant to Regulation S under the Securities Act. The Bonds and the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state in the United States or other jurisdiction and accordingly may not be offered or sold within the United States, nor to or for the benefit of U.S. persons, except in reliance on the exemption from the registration requirements of the Securities Act in accordance with Regulation S, and in each case in accordance with any other applicable law.

Except in certain limited circumstances, interests in the Bonds may only be held through interests in the Global Certificate. Such interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants. See "Terms and Conditions of the Bonds" and "The Global Certificate."

Each person that accepts the exchange offer and so acquires Bonds and Equity Shares, by accepting delivery of this offering circular, will be deemed to have acknowledged, represented and agreed as follows:

1. The Bonds and Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.

2. Each such person is not within the United States or a U.S. Person and is purchasing such Bonds in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S.

3. Such person will not offer, sell, pledge or otherwise transfer any interest in the Bonds or Equity Shares, except as permitted by the applicable legend set forth in paragraph 4 below.

4. The Bonds and Equity Shares will bear legends to the following effect, which restrictions the Issuer will observe unless the Issuer determines otherwise in compliance with applicable law:

THE BONDS EVIDENCED HEREBY (THE "BONDS") AND THE EQUITY SHARES OF 3i INFOTECH LIMITED (THE "COMPANY") (THE "SHARES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE BONDS EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING AND AGREES THE BONDS AND THE SHARES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED DURING THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD, ONLY (A) TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OF REGULATION S OF THE SECURITIES ACT ("REGULATION S"), (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO RECEIPT BY US OF AN OPINION OF COUNSEL (AND OF SUCH OTHER EVIDENCE THAT WE MAY REASONABLY REQUIRE) THAT SUCH TRANSFER OR SALE IS IN COMPLIANCE WITH THE SECURITIES ACT, OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION.

Singapore

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds and/or Equity Shares may not be circulated or distributed, nor may the Bonds and/or 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 pursuant to Section 275(1), 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 the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) 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

(b) 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,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

TAXATION

The following is a summary of the principal Indian tax consequences for non-resident investors of the Bonds and the Shares. The summary is based on the taxation law and practice in force at the time of this Offering Circular and is subject to change. Further, it only addresses the tax consequences for persons who are "non-resident" as defined in the Income Tax Act who acquire the Bonds or Equity Shares pursuant to this Offering Circular and who hold such Bonds or Equity Shares as capital assets, and does not address the tax consequences which may be relevant to other classes of non-resident investors, including dealers. The summary proceeds on the basis that the person continues to remain a non-resident when the income by way of dividends and capital gains are earned.

EACH INVESTOR IN THE BONDS AND EQUITY SHARES IS ADVISED TO CONSULT ITS TAX ADVISERS ABOUT THE PARTICULAR TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE BONDS AND EQUITY SHARES.

The Income Tax Act is the law relating to taxes on income in India. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India. The following discussion describes the material Indian income tax and stamp duty consequences of the purchase, ownership and disposal of the Bonds and the Shares. The summary is based on the provisions of the Income Tax Act, without reference to any double taxation avoidance agreements, and the FCCB Scheme. The rates mentioned below are as per the Finance Act, 2015 and are applicable for the financial year 2015-16

This summary is not intended to constitute a complete analysis of the tax consequences or a legal opinion under Indian law of the acquisition, ownership and sale of the Bonds or Equity Shares by non-resident investors. Potential investors should, therefore, consult their own tax advisers on the consequences of such acquisition, ownership and sale including specifically tax consequences under Indian law, the laws of the jurisdiction of their residence and any tax treaty between India and their country of residence or the country of residence of the Overseas Depositary Bank as applicable.

Taxation of Interest, Premium and Distributions

Section 115AC of the Income Tax Act provides that payment of interest, if any, on the Bonds paid to non-resident holders of the Bonds will be subject to income tax at the rate of 10%, plus applicable slab rates of Surcharge which will be further increased by Primary Education Cess and Secondary and Higher Education Cess on Income Tax and Surcharge at the rate of 3% (or at any more favourable rate available under tax treaties entered into by India with the country of residence of the relevant holder of Bonds subject to the provisions of section 90(2). The Income Tax Act requires such tax to be withheld at the source u/s. 196C of the Act at the rates of 10% plus applicable slab rates of Surcharge which will be further increased by Primary Education Cess and Secondary and Higher Education Cess on Income Tax and Surcharge at the rate of 3%.

If tax is required to be deducted or withheld, the Issuer will gross up the taxable amount and will be required to account separately to the Indian tax authorities for any withholding taxes applicable on such amounts, subject to the requirement of permanent account number (PAN) under Section 206AA of the Income Tax Act.

The premium payable by the Issuer, if any, on redemption of the Bonds will be taxed at the concessional rate of 10% plus applicable slab rates and Surcharge which will be further increased by Primary Education Cess and Secondary and Higher education cess on Income Tax and Surcharge at the rate of 3%), if the Bond is a long-term capital asset (i.e. it is held for more than 36 months), subject to any more favourable rate under the tax treaties entered into between India and the country of residence of the Bondholder. If the Bond is held for less than 36 months, the premium will be taxed at the rate of 40% plus applicable Surcharge and Cess for Foreign company and at applicable slab rates of income tax for nonresident other than foreign company increased by applicable Surcharge and Cess. The Issuer will be under an obligation to deduct tax at the applicable rate at the source from the premium amount. Determination of the applicable rate will be subject to availability of details of holdings.

Taxation of Dividends

The Issuer is liable to pay a "dividend distribution tax" currently at the rate of 20.36 % (inclusive of surcharge and education cess and secondary and higher education cess) on the total amount distributed as dividends. Dividends are not taxable in India in the hands of the recipient

"Residence" for the Purpose of the Income Tax Act

A person or a company, firm or association of persons is said to be resident in India if it satisfies the conditions mentioned in the Income Tax Act.

Taxation of Distributions

Distribution to non-residents of additional shares without any consideration is not liable to Indian tax at the time of issuance. Similarly a right to subscribe for additional shares offered with respect to existing shares is not subject to Indian tax at the time of subscription by the holder. However, on sale of such bonus shares, the cost of bonus shares will be nil.

Taxation of Capital Gains

Under Section 115AC, a transfer of Bonds by a non-resident holder to another non-resident holder outside India is not regarded as a transfer for the purpose of capital gains tax and accordingly the gain, if any, realised on the transfer of Bonds is not subject to Indian capital gains tax; the capital losses, if any, arising from such transfer will not be available for set off or carry forward against other capital gains or any other income. Section 115AC does not specify whether capital gains derived from the sale of rights to subscribe by a non-resident holder to another non-resident holder outside India will be subject to Indian capital gains tax.

With effect from October 1, 2004 any gain realised on the sale of the shares held for more than 12 months to an Indian resident, or to a non-resident investor in India, will not be subject to Indian capital gains tax if the Securities Transaction Tax ("STT") has been paid on the transaction. The STT is levied on and collected by a domestic stock exchange on which equity shares are sold, in the case of a contract for delivery or transfer of the shares, at the rate of 0.10% from the seller and at the rate of 0.10% from the purchaser on the total price at which the equity shares are sold. No surcharge or education cess and secondary and higher education cess is payable on STT.

Any long term gain realised on the sale of shares to an Indian resident whether in India or outside India or to a non-resident in India on which no STT has been paid, will be subject to capital gains tax at the rate of 10% plus applicable slab of surcharge which will be further increased by education cess and secondary and higher education cess at the rate of 3% of sale of shares on which no STT is paid. Capital gain realised in respect of shares held for 36 months or less (short-term gain) is subject to tax at normal rates of income tax applicable to non-residents under the provisions of the Income Tax Act at rate of 40%, plus applicable surcharge and Cess for Foreign company and at applicable slab rates of income tax for non-resident other than foreign company increased by applicable surcharge and cess. In the event that STT is paid, short-term gain is subject to tax at the rate of 15%, plus applicable slab rates of surcharge and education cess at the rate of 3%.

Capital gains accruing to non-resident investors on the transfer of the shares in India will be subject to a withholding tax at the Rate of 10%.

Direct Taxes Code

The Indian government has proposed to replace the Income Tax Act with a new Direct Taxes Code. To this end, the Indian government has introduced a Direct Taxes Code Bill, 2014 in the Indian Parliament. If enacted in the present form, the Direct Taxes Code could possibly have significant impact on the Indian taxation regime.

Disclosure of information as to subscribers to the issue

The Finance Act, 2011 has introduced section 94A in the Income Tax Act, which deals with payments made to a person located in a notified jurisdictional area, the details of which are provided below.

(a) Indian Government has power to notify any country or territory outside India, having regard to the lack of effective exchange of information by it with India, as a notified jurisdictional area;

(b) transfer pricing regulations shall apply to any transaction where one of the parties to the transaction is a person located in a notified jurisdictional area;

(c) deduction in respect of any payment made to any financial institution shall be allowed only if the assessee authorises the income-tax authority to seek relevant information from the said financial institution;

(d) deduction in respect of any other expenditure or allowance (including depreciation) arising from a transaction with a person located in a notified jurisdictional area shall be allowed only if he maintains documents and information as may be prescribed;

(e) the onus is on the assessee to satisfactorily explain the source of any sum received from a person located in the notified jurisdictional area and in case of his failure to do so, the amount shall be deemed to be the income of the assessee; and

(f) any payment made to a person located in the notified jurisdictional area shall be liable to deduction of tax at the highest of the following:

    (a) rate or rates in force

    (b) at the rate specified in the relevant provisions of this Act

    (c) at the rate of 30%.

In view of the aforesaid, each Bondholder shall be required to furnish such information and explanation which may be deemed necessary to the Issuer from time to time.

INDEPENDENT AUDITORS

The financial statements for the Issuer prepared in accordance with Indian GAAP as of and for the fiscal years ended March 31, 2013, 2014 and 2015 and for the nine months ended December 31, 2014 and 2015 included herein have been so included in reliance of the report of Lodha & Company, Chartered Accountants, given on the authority of such firm as experts in auditing and accounting.

GLOSSARY

We use the following defined words and abbreviations throughout this Offering Circular, unless specified otherwise or the context indicates or requires otherwise:

"ADMS" means application development and maintenance services.

"APAC" means Asia and Pacific region.

"Articles of Association" means articles of association of 3i Infotech Limited.

"AS" means Accounting Standards.

"Auditors" means, as applicable for a given period, either Lodha & Company and R.G.N. Price & Co., statutory auditors of the Issuer.

"BFSI" means Banking, Financial Services and Insurance.

"Board of Directors" or "Board" means the board of directors of 3i Infotech Limited or any duly constituted committee thereof.

"BPO" means business process outsourcing.

"BSE" means BSE Limited.

"CDR" means a Corporate Debt Restructuring through CDR Mechanism envisaged under the RBI guidelines dated August 23, 2001 and subsequent amendments thereto.

"CDR Cell" means the third tier of the CDR Mechanism in India, which is mandated to assist the CDR Empowered Group in all their functions.

"CDR Empowered Group" means the second tier of the structure of CDR Mechanism in India which decides individual cases of corporate debt restructuring .

"CDR Package" means the approved corporate debt restructuring package as discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Restructuring"

"CDR Lender" means the domestic lenders of the Issuer as discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Restructuring"

"CIS" means Commonwealth of Independent States.

"Civil Code" means the Code of Civil Procedure, 1908, as amended.

"Companies Act" means the Companies Act, 1956 or the Companies Act, 2013, as applicable.

"Companies Act, 1956" means the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect as on date of this Offering Circular) and the rules made thereunder.

"Companies Act, 2013" means the Companies Act, 2013 along with the rules made thereunder, to the extent in force as on date of this Offering Circular, and the rules made thereunder.

"Crore" means ten million (10,000,000).

"Depositories Act" means the Depositories Act, 1996, as amended.

"DIPP" means Department of Industrial Policy and Production, Government of India.

“DRS Package” means the proposal considered as an alternate plan of the Company for a comprehensive debt realignment scheme by the Joint Lenders Forum comprising of the DRS Lenders in a meeting held on November 2, 2015.

“DRS Lenders” means the CDR Lenders and Non-CDR Lenders.

“ECB” means external commercial borrowings.

“ECB Policy” means guidelines on External Commercial Borrowings (ECB) Policy – Revised Framework issued on November 30, 2015 by RBI, as amended.

“ERP” means enterprise resource planning.

“Erstwhile Listing Agreement” means listing agreement executed by the Company with each of the Indian Exchanges.

“ESOS” means employee stock option scheme.

“FCCB” means foreign currency convertible bond.

“FDI” means foreign direct investment.

“FCCB Scheme” means issuance of Foreign Currency Convertible Bonds and Preferred Shares (through Depositary Receipt Mechanism) scheme, 1993, as amended

“FEMA” means the Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder, including Foreign Exchange (Compounding Proceedings) Rules, 2000.

“FII” means foreign institutional investor (as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended) registered with SEBI.

“FIPB” means Foreign Investment Promotion Board.

“GAAP” means generally accepted accounting principles.

“GDP” means gross domestic product.

“Group” means 3i Infotech Limited and its consolidated subsidiaries.

“GoI” or “Government” means the Government of India, unless otherwise specified.

“ICAI” means the Institute of Chartered Accountants of India.

“ICICI Bank” means ICICI Bank Limited.

“ICICI Group” means ICICI Bank Limited together with its affiliates.

“IDS” means intrusion detection system.

“IND AS” means IFRS converged Indian Accounting Standards.

“IFRS” means the International Financial Reporting Standards of the International Accounting Standards Board.

“IP” means intellectual property.

“ISO” means International Organization for Standardization.

“IT” means information technology.

“IT Act” means the Income Tax Act, 1961, as amended.

“MAT” means minimum alternate tax.

“MEARC” means Middle East, Africa, Russia, CIS region.

“Memorandum of Association” means memorandum of association of the Issuer.

“Mutual Fund” means a mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

“NASSCOM” means National Association of Software and Services Companies.

“NRI” means non-resident Indian.

“NSDL” means the National Securities Depository Limited.

“NSE” means National Stock Exchange of India Limited.

“PAN” means permanent account number.

“R&D” means research and development.

“RBI” means Reserve Bank of India.

“Registrar of Companies” means the Registrar of Companies, Maharashtra at Mumbai.

“Regulus” means Regulus Group LLC.

“Rs.” or “Rupees” or “INR” means Indian Rupees.

“SCRA” means Securities Contracts (Regulation) Act, 1956, as amended.

“SCRR” means Securities Contracts (Regulation) Rules, 1957, as amended.

“SEBI” means Securities and Exchange Board of India.

“SEBI Act” means the Securities and Exchange Board of India Act, 1992, as amended from time to time.

“SEBI Listing Regulations” means the Securities and Exchange Board of India (Listing, Obligations and Disclosure Requirements) Regulations, 2015.

“SEBI Regulations” means the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

“Securities” refers to the Bonds.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“SENSEX” means Index of 30 stocks traded on BSE representing a sample of large and liquid listed companies.

“SGX-ST” means Singapore Exchange Securities Trading Limited.

“Shareholders” means the shareholders of the Issuer. .

“Stock Exchanges” means BSE and NSE.

“STPs” means Software Technology Parks.

"STT" means securities transaction tax.

"Takeover Code" means Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011, as amended.

"Trustee" means Global Loan Agency Services Limited.

"UAE" means United Arab Emirates.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

The Company's consolidated financial statements have been prepared in accordance with the accounting policies followed by the Company, which conform to Generally Accepted Accounting Principles in India ("Indian GAAP") and in compliance with the Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India (the "ICAI"). The following are the significant accounting policies in Indian GAAP and IFRS. However, they should not be construed as being exhaustive, and no attempt has been made to identify possible future differences between Indian GAAP and IFRS as a result of prescribed changes in accounting standards nor to identify future differences that may affect the Issuer's financial statements as a result of transactions or events that may occur in the future.

S. No.	Basis	Indian GAAP	IFRS
1.	Investments	**Provision as per AS 13** Investments are classified as: • Long term Investments • Current Investments Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced to recognise the decline. The carrying amount of current investments is the lower of cost and fair value.	**Provision as per IAS 39** Investments are classified in the following categories: • Held to Maturity • Loans and Receivable • Available for Sale Held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the open market. Available for sale are those non-derivative financial assets that are designated as available for sale or are not classified as held to maturity, loans and receivables or financial assets at fair value through profit or loss. Investments are valued in the following manner: • Held to Maturity shall be measured at amortised cost. • Loans and receivables shall be measured at amortised cost. • Available for sale shall be measured at fair value.
2.	Exchange Difference arising in foreign currency transactions	**Provision as per AS 11** A foreign currency transaction should be recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. At each balance sheet date, foreign currency monetary items should be reported using the closing rate. At each balance sheet date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency should be reported using the exchange rate at the date of the transaction. At each balance sheet date, non-monetary items, which are carried at fair value or other similar valuation denominated in a foreign currency should be reported using the exchange	**Provision as per IAS 21** A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of transaction. At each balance sheet date, foreign currency monetary items shall be translated using the closing rate At each balance sheet date non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of transaction. At each balance sheet date, non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rate at the date when fair value was determined.

S. No.	Basis	Indian GAAP	IFRS
		rates that existed when the values were determined. Exchange difference arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, should be recognised as income or as expenses in the period in which they arise.	Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity.
3.	Exchange differences in forward contracts	**Provision as per AS 11** The premium or discount arising at the inception of such a forward contract should be amortised as expense or income over the life of the contract. Exchange differences on such a contract should be recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract should be recognised as income or as expense for the period.	**Provision as per IAS 21** Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.
4.	Retirement Benefits	**Provision as per AS 15** In respect of retirement benefits in form of provident fund and other defined contribution schemes, the contribution payable by the employer for a year is charged to the profit and loss for the year. In respect of gratuity and other defined benefit schemes, the accounting treatment depends on the type of arrangement which the employer has chosen to make, if the employer has chosen to make payment for retirement benefits out of his own funds, an appropriate charge to the statement of profit and loss for the year is made through a provision of accruing liability. In case the liability for retirement benefit is funded through creation of a trust, the cost incurred for the year is determined actuarially. In case the liability for retirement benefits is funded through a scheme administered by an insurer, it is usually considered necessary to obtain an actuarial certificate or a confirmation from the insurer that the contribution is payable to the insurer is the appropriate accrual of the liability for the year.	**Provision as per IAS 26** Under the defined contribution scheme, the amount of a participant's future benefits is determined by the contributions paid by the employer, the participant, or both, and the operating efficiency and investment earnings of the fund. An employer's obligation is usually discharged by contributions to the fund. An actuary's advice is not normally required. Under a defined benefit scheme, either: • Statement showing the net assets available for the benefits. • Actuarial present value of promised benefit. • Resulting excess or deficit. The actuarial present value of promised retirement benefits based on current or projected salaries is disclosed to indicate the magnitude of the potential obligation on a going concern basis, which is generally the basis of funding.
5.	Business combinations	**Provision as per AS 14** There are two main methods of accounting for amalgamation: • Pooling of interest • Purchase method Under the pooling of interest method, the	**Provision as per IFRS 3** All business combinations shall be accounted for by applying the purchase method. The acquirer shall measure the cost of a business combination as the aggregate of: • The fair values, at the date of exchange, of

S. No.	Basis	Indian GAAP	IFRS
		assets, liabilities and reserves of the transferor company are recorded by the transferee company at their existing carrying amounts. Under the purchase method, the transferee company accounts for the amalgamation either by incorporating the assets and liabilities at their existing carrying amounts or by allocating the consideration to individual identifiable assets and liabilities of the transferor company on the basis of their fair values at the date of amalgamation.	assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for controls of the acquiree. • Any costs directly attributable to the business combination.
6.	Dividends	**Provision as per AS 4** Dividends stated to be in respect of the period covered by the financial statements, which are proposed or declared by the enterprise after the balance sheet date but before approval of the financial statements, should be adjusted.	**Provision as per IAS 10** If an entity declares dividends to holders of equity after the balance sheet date, the entity shall not recognise those dividends as a liability at the balance sheet date.
7.	Depreciation on fixed assets	**Provision as per AS 6** Assessment of depreciation and the amount to be charged in respect thereof in an accounting period are usually based on the following factors: • Historical cost or other amount substituted for the historical cost of the depreciable asset when the asset has been revalued; • Expected useful life of the depreciable asset; • Estimated residual value of the asset. There are two methods of charging depreciation: • Straightline Method • Reducing balance Method.	**Provision as per IAS 16** The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.
8.	Taxes on Income	**Provision as per AS 22** Tax expense for the period, comprising current tax and deferred tax, should be included in the determination of the net profit or loss for the period. Deferred tax should be recognised for all the timing differences. Timing differences are those differences between taxable and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets should be recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. Current tax should be measured at the amount expected to be paid to the taxation authorities, using the applicable tax rate and tax laws. Deferred tax assets and liabilities should be measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.	**Provision as per IAS 12** Tax expense comprises current tax expense and deferred tax expense. Current tax for current and prior periods shall, to the extent unpaid, be recognised as liability. Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax liability is recognised for all taxable temporary differences. Temporary differences are differences between the carrying amount if an asset or liability in the balance sheet and its tax base. Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted by the balance sheet date. Deferred tax assets shall be recognised for carry forward tax losses and the unused tax credits to

S. No.	Basis	Indian GAAP	IFRS
			the extent that it is probable that future taxable profits will be available against which the carry forward losses and unused tax credits will be utilised.
9.	Borrowing Costs	**Provision as per As 16** Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of the asset. Other borrowing costs should be recognised as an expense in the period in which they are incurred.	**Provision as per IAS 23** Borrowing costs shall be recognised as an expense in the period in which they are incurred. Alternatively, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of that asset.
10.	Assets	**Provision as per AS 10 and AS 26** *Fixed assets-AS 10* The cost of an item of fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. *Intangible Asset-AS 26* An intangible asset should be initially measured at cost. The depreciable amount of an intangible asset should be allocated on a systematic basis over the best estimate of its useful life.	**Provision as per IAS 16 and IAS 38** *Property, plant and equipment-IAS 16* The cost of an item of property, plant and equipment comprises: • Of its purchase price, including import duties, and non-refundable taxes, after deducting trade discounts and rebates. • any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. • The initial estimate of costs of dismantling and removing the item and restoring the site on which it is located. *Intangible Assets-IAS 38* The accounting of an intangible asset is based on its useful life.
11.	Amortisation	**Provision as per AS 26** The depreciable amount of an intangible asset should be allocated on a systematic basis over the best estimate of its useful life.	**Provision as per IAS 23** The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. An intangible asset with an infinite useful life shall not be amortised. Amortisation is usually recognised in profit or loss.
12.	Impairment of asset	**Provision as per AS 28** An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An enterprise should assess at each balance sheet date whether there is any indication that an asset may be impaired. An impairment loss should be recognised as an expense in the statement of profit and loss immediately, unless the asset is carried at revalued amount in accordance with AS 10.	**Provision as per IAS 36** An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. An impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with IAS 16.
13.	Inventories	**Provision as per AS 2** Inventories should be valued at the lower of cost and net realisable value. The cost of inventories, should be assigned by using the fist-in-first-out, or weighted average cost formula.	**Provision as per IAS 2** Inventories shall be measured at the lower of cost and net realisable value. The cost of inventories shall be assigned by using first in first out (FIFO) or weighted average cost formula.
14.	Revenue Recognition	**Provision as per AS - 9**	**Provision as per IAS – 18**

S. No.	Basis	Indian GAAP	IFRS
		Allows completed service contract method or proportionate Completion method.	For rendering of service, only percentage of completion method is to be adopted.
15.	Share Based Payment	**Guidance Note on Accounting for Employees for employee share based payment**	**Provision as per IFRS -2**
		The guidance note permits the use of either the intrinsic value method or the fair value method for determining the costs of benefits arising from employee share-based compensation plans. The Guidance note recommends the use of the fair value method. Under the intrinsic value method, the cost is the difference between the market price of the underlying share on the grant date and the exercise price of the option. The fair value method is based on the fair value of the option at the date of the grant. The fair value is estimated using an option pricing model for example, the Black-Scholes or a binomial model) that takes into account as of the grant date the exercise price and expected life of the option, the current price in the market of the underlying stock and its expected volatility, expected dividends on the stock, and he risk free interest rate for the expected term of the option. Where an enterprise uses the intrinsic value method, it should also disclose the impact on the net results and EPS-both basic and diluted- for the accounting period, had the fair value method been used.	For equity settled share-based transactions with non-employees, goods and services received and the corresponding increase in equity is measured at the fair value of the goods and services received. If the fair value of the goods and services received. If the fair value of the goods and services cannot be estimated reliably, then the value is measured with reference to the fair value of the equity instruments granted, measured at the date the entity obtains the good or the counterparty renders the service. In case of equity settled transactions with employees and other providing similar services, grant date fair value of the equity instrument should be used.

GENERAL INFORMATION

1. 3i Infotech was incorporated under the laws of India on October 11, 1993. The registered office of 3i Infotech is at Tower # 5, Third to Sixth Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703, India.

2. The issue of the Bonds and Equity Shares to be issued upon conversion of the Bonds was approved by resolution of the Issuer's Board of Directors passed on February 11 2016. The issuance of Shares upon conversion of the Bonds has been approved by the Shareholders pursuant to their resolution passed by way of postal ballot on May 13, 2016.

3. The Issuer has applied for the listing of the Equity Shares issued upon conversion of the Bonds to the NSE and the BSE. Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Certificates in the definitive form. In addition, in the event that the Global Certificate is exchanged for Certificates in definitive form, announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST, and such announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.

4. Copies of the Memorandum and Articles of Association of the Issuer and copies of the Trust Deed and the Agency Agreement will be available for inspection during usual business hours on any weekday (except Saturdays and public holidays) at the Issuer's registered office and at the specified offices of the Trustee.

5. Copies in English of the Issuer's latest audited consolidated annual financial statements as of and for the years ended March 31, 2013, 2014 and 2015, and for the nine months ended December 31, 2015 prepared in accordance with Indian GAAP, may be obtained at the specified office of the Principal Agent.

6. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code for the Bonds is to be determined.

7. Other than as disclosed in this Offering Circular, the Issuer has obtained all consents, approvals and authorisations in India required in connection with the issue of the Bonds and Equity Shares. In relation to the Indian Exchanges, while in-principle approval has been received from BSE in its letter dated June 10, 2016, in-principle approval from NSE is yet to be received. The Issuer has also undertaken to apply to each of the Indian Exchanges for the listing of the Equity Shares issued upon conversion of the Bonds.

8. Other than as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer since December 31, 2015 and no material adverse change in the financial position or prospects of the Issuer since that date.

9. Other than as disclosed in this Offering Circular, the Issuer is not involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds or to the Issuers results of operations.

10. Lodha & Company audited and rendered audit reports on the Issuer's financial statements as of and for the years ended March 31, 2013, 2014 and 2015 and for the nine months ended December 31, 2014 and 2015, prepared in accordance with Indian GAAP. The qualifications referred to in its audit reports are shown in the Auditor's Reports contained in this Offering Circular.

11. Submission by the Issuer to the jurisdiction of the English courts, and the appointment of an agent for service of process, are valid and binding under Indian law. The choice of English law as the governing law, under the laws of India, is a valid choice of law and should be honoured by the courts of India, subject to proof thereof and considerations of public policy.

12. The Trustee is entitled under the Trust Deed to conclusively rely, and shall be protected in acting or refraining from acting, upon direction, opinion or advice of, or information obtained, whether by it, the Issuer or any agent

or any other person, from any lawyer, bank, valuer or other expert, whether obtained by or addressed to the Issuer, the Trustee, the Agents or otherwise, and, notwithstanding any monetary or other limit on liability in respect thereof, will not be responsible to anyone for any loss occasioned by so acting or refraining from acting.

The Issuer prepared its audited consolidated financial statements included elsewhere in this Offering Circular as of and for the years ended March 31, 2013, 2014 and 2015 under Indian GAAP.

INDEX TO THE FINANCIAL STATEMENTS

Audited Consolidated Financial Statements as of and for the years ended March 31, 2013, 2014 and 2015 and audited Consolidated Financial Statements as of and for the nine months ended December 31, 2014 and December 31, 2015, prepared in accordance with Indian GAAP

LODHA
&CO
Chartered Accountants

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Auditors' Report on Quarterly Consolidated Financial Results and year to date Consolidated Financial Results of 3i Infotech Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of 3i Infotech Limited

1. We have audited the attached quarterly consolidated financial results of 3i Infotech Limited for the quarter ended 31st December, 2015 and year to date consolidated financial results for the period from 1st April, 2015 to 31st December, 2015 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These consolidated quarterly financial results as well as year to date consolidated financial results have been prepared from consolidated interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards (AS) 25, "Interim Financial Reporting" specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the consolidated financial results. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial results. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial results, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial results that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting

LODHA & CO. MUMBAI-01 Chartered Accountants

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial results. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial results.

3. (i) We did not audit the financial statement of a joint venture, whose financial statements reflect total assets of Rs. 128.32 lacs as at 31st December, 2015 and total revenues of Rs. NIL and Rs. NIL for the quarter and period ended 31st December, 2015, respectively These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

(ii) The financial statements of 5 subsidiaries in UK and a step down subsidiary in USA have not been consolidated for the quarter ended 31st December, 2015. As explained by the Management, the financial statements of these subsidiaries are presently under preparation.

4. In our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results as well as the consolidated year to date results:

(i) include the quarterly financial results and year to date of the entities as given in Annexure;

(ii) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and

(iii) give a true and fair view of the consolidated net loss and other financial information for the quarter ended on 31st December, 2015 as well as year to date results for the period from 1st April, 2015 to 31st December, 2015.

LODHA & CO. MUMBAI-01 Chartered Accountants

5. Without qualifying, we draw attention to :-

(i) Going Concern:

During the financial year 2011-12, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond holders with respect to its obligations. Post the debts restructuring, there have been delays in payment/non payment of Principal and Interest in respect of CDR and lessors / non-CDR lenders as well as for the interest on the Foreign Currency Convertible Bonds. The Company has submitted a proposal to the aforesaid lenders (Joint Lenders Forum) for realignment/restructuring of the debt and the same is under their active consideration and the Company is reasonably certain to renegotiate and meet its financial obligations.

Accordingly, the Company has prepared the consolidated financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with Joint lenders forum and FCCB bond holders and restructuring of business.

(ii) Deferred Tax Assets:

Attention is also invited to note (e) appearing in the consolidated financial results in respect of Net Deferred Tax Assets recognized in the earlier years of Rs.12,592 lacs being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of order book on hand and relying on the Restructuring/ Realignment Scheme as mentioned in the above para, is confident of having sufficient taxable income in the foreseeable future enabling reversal of the said deferred tax assets.

LODHA & CO. MUMBAI-01 Chartered Accountants

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

R. P. Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date: February 11, 2016

3i Infotech Limited

Annexure to Clause 41 Consolidated Audit Report for the quarter ended December 31, 2015:

Sr. No.	Subsidiaries audited by us:
1	3i Infotech Asia Pacific Pte. Ltd., Singapore
2	3i Infotech SDN BHD, Malaysia
3	3i Infotech Services SDN BHD, Malaysia
4	3i Infotech (Thailand) Ltd., Thailand
5	3i Infotech Saudi Arabia LLC, Saudi Arabia
6	3i Infotech (Middle East) FZ LLC, UAE
7	3i Infotech (Africa) Ltd., Kenya
8	3i Infotech Trusteeship Services Ltd. , India (upto 15th October, 2015)
9	3i Infotech Consultancy Services Ltd., India
10	3i Infotech BPO Limited, India
11	3i Infotech Holdings Private Ltd., Mauritius
12	IFRS Cloud Solutions Limited (Formerly known as 3i Infotech Outsourcing Services Limited), India
13	Professional Access Software Development Pvt. Ltd., India
14	3i Infotech Inc., USA
15	3i Infotech Financial Software Inc., USA
16	Locuz Enterprises Solutions Ltd., India
17	Elegon Infotech Ltd., China
18	Black Barret Holdings Ltd., Cyprus
19	3i Infotech (South Africa)(Pty) Limited, Republic of South Africa
	Unaudited Joint venture:
1	Process Central Limited, Nigeria- Joint Venture

LODHA & CO. MUMBAI-01 Chartered Accountants

LODHA & CO

Chartered Accountants

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Auditors' Report on Quarterly Consolidated Financial Results and Year to Date Financial Results of 3i Infotech Limited Pursuant to the Clause 41 of the Listing Agreement

To
The Board of Directors of 3i Infotech Limited

1. We have audited the quarterly consolidated financial results of 3i Infotech Limited for the quarter ended 31[th]December, 2014 and year to date financial results for the period from 1[st] April, 2014 to 31[th] December, 2014 attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These consolidated quarterly financial results have been prepared from consolidated interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards, issued pursuant to the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act 2013 and other accounting principles generally accepted in India.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

3. The financial statements of 2 subsidiaries, whose interim financial statements reflect total assets of Rs.29,436 lacs as at 30[th] June, 2014 and total revenue of Rs.7,730 lacs for the quarter ended 30[th] June, 2014, had been jointly audited with other auditors upto June 30, 2014.

4. We have not audited the financial statements of 4 subsidiaries included in the consolidated quarterly financial results, whose interim financial statements reflect total assets of Rs.132,589 lacs as at 31[st] December, 2014, total revenue of Rs.13,018 lacs and Rs. 39,516 lacs for the quarter and nine months ended 31st December, 2014, respectively. These interim financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of such other auditors.

LODHA & CO. MUMBAI-01 Chartered Accountants

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

5. Without qualifying, we draw attention to :-

a) Going Concern and Impairment analysis:

(i) During the financial year 2011-12, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond holders with respect to its obligations. Post the debts restructuring, there have been delays in repayment of Principal and payment of Interest in respect of CDR lenders as well as for the interest on the Foreign Currency Convertible Bonds, which may be construed as Default as per the Master Restructuring Agreement (MRA) and the terms of FCCB. The Parent Company is negotiating with lenders to restructure the debt and is confident of positive outcome.

(ii) The Parent Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – Impairment of Assets and Accounting Standard (AS) - 13 Accounting for Investments, prescribed under Companies (Accounting Standard) Rules 2006, carries out an impairment analysis annually of its Cash Generating Units / Long term Investments on a going concern basis, in order to ascertain the extent of impairment, if any and accordingly, the Parent Company had carried out Impairment Analysis for their carrying values in March, 2014 with the assistance of an independent expert valuer which revealed no impairment, which was relied upon by the auditors being a technical matter.

The above referred impairment analysis valuing the business of the entire 3i group included divested/sold business- during the last two quarters- at a loss Rs. 40,107 lacs. (Refer note no. (e) of the attached Consolidated Quarterly Financial Results).

Pending negotiations with lenders and Impairment Analysis (to be carried out in the last quarter), the Parent Company has prepared the financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with lenders, infusion of funds and impairment analysis.

b) note no (d) of accompanying consolidated financial results regarding the justification of carrying deferred tax asset of Rs.12,535 lacs as at 31st December, 2014, the management based on the confirmed order book on hand and relying on the restructuring scheme as mentioned in para (a) above, is confident of having sufficient taxable income in the foreseeable future, enabling reversal of the said deferred tax assets.

LODHA & CO.
MUMBAI-01
Chartered Accountants

6. In our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results:

   (i) include the quarterly financial results of the entities as given in Annexure;

   (ii) have been presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and

   (iii) give a true and fair view of the consolidated net loss and other financial information for the quarter ended on 31st December, 2014 as well as year to date results for the period from 1st April, 2014 to 31st December, 2014.

7. Further, we also report that we have on the basis of the books of account and other records and information and explanations given to us by the management also verified the consolidated number of shares as well as percentage of shareholding in respect of aggregate amount of consolidated public shareholding, as furnished by the Parent Company in terms of Clause 35 of the Listing Agreement and found the same to be correct.

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

RPBaradiya

LODHA & CO. MUMBAI-01 Chartered Accountants

R. P. Baradiya
Partner
Membership No. 44101
Place: Mumbai.
Date: February10, 2015

LODHA & CO

3i Infotech Limited

Annexure to Clause 41 Consolidated Audit Report for the quarter ended December 31, 2014:

Sr. No.	Subsidiaries audited by us:
1	3i Infotech Asia Pacific Pte. Ltd., Singapore
2	3i Infotech SDN BHD, Malaysia
3	3i Infotech Services SDN BHD, Malaysia
4	3i Infotech (UK) Ltd , UK
5	3i Infotech (Western Europe) Holdings Ltd , UK
6	3i Infotech (Western Europe) Group Ltd , UK
7	Rhyme Systems Ltd , UK
8	3i Infotech (Western Europe) Ltd , UK (upto 22nd December, 2014)
9	3i Infotech (Flagship) Ltd., UK (upto 22nd December, 2014)
10	3i Infotech Framework Ltd., UK
11	3i Infotech (Thailand) Ltd., Thailand
12	3i Infotech Saudi Arabia LLC, Saudi Arabia
13	3i Infotech (Middle East) FZ LLC, UAE
14	3i Infotech (Africa) Ltd., Kenya
15	3i Infotech Trusteeship Services Ltd. , India
16	3i Infotech Consultancy Services Ltd., India
17	3i Infotech BPO Limited
18	3i Infotech Holdings Private Ltd., Mauritius
19	Elegon Infotech Ltd., China
20	Black Barret Holdings Ltd., Cyprus- Subsidiary
21	3i Infotech Outsourcing Services Limited, India- Subsidiary
22	3i Infotech (South Africa)(Pty) Limited, Subsidiary- Republic of South Africa(w.e.f. 28th November, 2013-Capital is yet to be infused)
23	Process Central Limited, Nigeria- Joint Venture
24	Professional Access Software Development Pvt. Ltd., India
	Subsidiaries jointly Audited with other Auditors : (Upto 30th June, 2014)
1	Professional Access Software Development Pvt. Ltd., India
	Subsidiaries audited by other Auditors:
1	3i Infotech Inc., USA
2	3i Infotech Financial Software Inc., USA
3	Locuz Enterprises Solutions Ltd., India
4	Locuz Inc., USA (w.e.f. 29th July, 2014- Capital is yet to be infused)

LODHA & CO. MUMBAI-01 Chartered Accountants

LODHA & CO
Chartered Accountants

6, Karim Chambers, 40, A. Doshi Marg, (Hamam Street),
Mumbai 400 001 INDIA
Telephone : 0091-22-2269 1414 / 2269 1515
0091-22-4002 1140 / 4002 1414
Fax : 0091-22-2261 9983
E-mail : mumbai@lodhaco.com

Auditors' Report on Quarterly Financial Results and Year to Date Financial Results of 3i Infotech Limited Pursuant to the Clause 41 of the Listing Agreement

To
The Board of Directors of 3i Infotech Limited

1. We have audited the quarterly financial results of 3i Infotech Limited for the quarter ended 31st December, 2014 and year to date financial results for the period from 1st April ,2014 to 31st December, 2014, attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These quarterly financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards (AS) 25, issued pursuant to the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act, 2013 and accounting principles generally accepted in India.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying, we draw attention to :-

   a) Going Concern and Impairment analysis:

   (i) During the financial year 2011-12, the Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond holders with respect to its obligations. Post the debts restructuring, there have been delays in repayment of Principal and payment of Interest in respect of CDR lenders as well as for the interest on the Foreign Currency Convertible Bonds, which may be construed as Default as per the Master Restructuring Agreement (MRA) and the terms of FCCB. The Company is negotiating with lenders to restructure the debt and is confident of positive outcome.

   (ii) The Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – Impairment of Assets and Accounting Standard (AS) - 13 Accounting for Investments, prescribed under Companies (Accounting Standard) Rules 2006, carries out an impairment analysis annually of its Cash Generating Units / Long term Investments on a going concern basis, in order to ascertain the extent of impairment, if any and

LODHA & CO. MUMBAI-01 Chartered Accountants

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

Accordingly, the Company had carried out Impairment Analysis for their carrying values in March, 2014 with the assistance of an independent expert valuer which revealed no impairment, which was relied upon by the auditors being a technical matter.

The above referred impairment analysis valuing the business of the entire 3i group included divested/sold business, during the last two quarters- at a loss Rs. 40,107 lacs. (Refer note no. (d) of the attached Standalone Quarterly Financial Results). .

Pending negotiations with lenders and Impairment Analysis (to be carried out in the last quarter), the Company has prepared the financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with lenders, infusion of funds and impairment analysis.

b) Note no. (e) of accompanying financial results regarding justification of carrying deferred tax asset of Rs.12,133 lacs as at 31^{st} December, 2014, the management based on the confirmed order book on hand and relying on the restructuring scheme as mentioned in para (a) above, is confident of having sufficient taxable income in the foreseeable future enabling reversal of the said deferred tax assets.

4) In our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results and year to date results:

(i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and;

(ii) give a true and fair view of the net loss and other financial information for the quarter ended on 31^{th} December, 2014 as well as year to date results for the period from 1^{st} April, 2014 to 31^{st} December, 2014.

5) Further, we report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholding in respect of aggregate amount of public shareholding, as furnished by the Company in terms of clause 35 of the Listing Agreement and found the same to be correct.

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

R. P. Baradiya
Partner
Membership No. 44101
Place: Mumbai.
Date: February10, 2015

LODHA & CO. MUMBAI-01 Chartered Accountants

3i INFOTECH LIMITED

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2015

	Notes	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
I. EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	2.1	**701.19**	651.12	668.75
Reserves and surplus	2.2	**(1,271.74)**	(667.95)	(1,053.00)
Share application money pending allotment	2.39	**-**	33.50	33.50
Minority interest		**4.15**	6.35	6.24
Non-current liabilities				
Long-term borrowings	2.3	**1,737.83**	1,981.50	1,860.33
Deferred tax liabilities	2.4	**-**	(0.00)	-
Other long-term liabilities	2.5	**21.30**	23.60	18.01
Current liabilities				
Short-term borrowings	2.6	**55.11**	211.41	164.67
Trade payables	2.7	**163.96**	212.06	211.36
Other current liabilities	2.8	**1,089.73**	582.39	716.31
Short-term provisions	2.9	**30.65**	28.09	29.13
		2,532.18	3,062.07	2,655.30
II. ASSETS				
Non-current assets				
Fixed assets	2.10			
(i) Tangible assets		**204.22**	280.42	258.28
(ii) Intangible assets		**938.93**	1,023.77	972.33
(iii) Capital work in Progress		**0.03**	0.29	0.03
(iv) Intangible assets under development		**-**	(0.00)	-
Goodwill arising on consolidation	2.11	**710.56**	1,064.09	710.56
Non current investments	2.12	**25.16**	25.16	25.16
Deferred tax asset	2.13	**125.92**	125.35	125.84
Long-term loans and advances	2.14	**183.17**	193.35	173.83
Other non-current assets	2.15	**9.25**	10.45	9.88
Current assets				
Inventories	2.16	**0.59**	3.45	1.44
Trade receivables	2.17	**176.01**	169.34	179.28
Cash and bank balances	2.18	**31.38**	21.42	22.88
Short-term loans and advances	2.19	**49.42**	76.32	75.55
Other current assets	2.20	**77.54**	68.66	100.24
		2,532.18	3,062.07	2,655.30
		(0.00)	0.00	(0.00)
Significant Accounting Policies and Notes on Consolidated Financial Statements	1 & 2			

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

For and on behalf of the Board

R P Baradiya
Partner
Membership No. 44101

Madhivanan Balakrishnan
(Managing Director & Global CEO)
DIN No. 01426902

Shashank Desai
Director
DIN No.: 00143638

Place: Mumbai
Date: 11th February, 2016

Padmanabhan Iyer
(Chief Financial Officer)

3i INFOTECH LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR PERIOD ENDED DECEMBER 31, 2015

Particulars	Notes	**For the quarter ended Dec 31, 2015**	For the quarter ended Sep 30, 2015	For the quarter ended Dec 31, 2014	**For the period ended Dec 31, 2015**	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
INCOME								
I. Revenue from operations	2.21	**286.39**	292.84	319.63	**853.84**	567.44	1,038.69	1,344.00
II. Other income	2.22	**0.64**	1.67	1.38	**3.33**	2.70	4.31	4.43
III.Total Revenue (I + II)		**287.03**	294.51	321.02	**857.17**	570.14	1,043.00	1,348.43
IV.EXPENSES								
Employee benefits expense & Cost of Revenue	2.23	**217.60**	217.79	235.49	**646.58**	428.99	783.85	1,002.27
Finance costs	2.24	**46.70**	46.83	50.73	**142.47**	95.77	164.16	211.40
Depreciation and amortization expense	2.10	**50.60**	49.65	54.12	**149.66**	99.05	171.62	229.10
Other expenses	2.25	**42.37**	60.50	60.01	**143.81**	101.43	170.27	169.01
Total expenses		**357.27**	374.77	400.36	**1,082.52**	725.25	1,289.90	1,611.78
V. Profit/(Loss) before Exceptional items & tax - (III- IV)		**(70.24)**	(80.26)	(79.34)	**(225.35)**	(155.10)	(246.90)	(263.35)
VI. Exceptional Items - Income/ (Expenses)	2.26	**(0.00)**	-	(219.58)	**(0.00)**	-	(315.67)	(673.17)
VII. Profit/(Loss) before tax (V+VI)		**(70.24)**	(80.26)	(298.92)	**(225.35)**	(155.10)	(562.57)	(936.52)
VIII.Tax expense	2.27	**8.84**	13.19	0.88	**21.65**	12.81	17.31	39.54
IX. Profit/(Loss) for the year (VII-VIII)		**(79.08)**	(93.45)	(299.80)	**(247.00)**	(167.91)	(579.88)	(976.06)
X. Minority interest		**(0.51)**	(1.13)	(0.21)	**(2.08)**	(1.58)	0.32	0.21
XI. Profit/(Loss) after Minority interest (IX-X)		**(78.57)**	(92.31)	(299.59)	**(244.92)**	(166.33)	(580.20)	(976.27)
		78.57						
Earnings per equity share of face value of ₹10 each:								
Before exceptional items and discontinued operations								
(1) Basic		**(1.32)**	(1.59)	(1.46)	**(4.05)**	(2.81)	(4.66)	(5.29)
(2) Diluted		**(1.32)**	(1.59)	(1.46)	**(4.05)**	(2.81)	(4.66)	(5.29)
After exceptional items and discontinued operations								
(1) Basic		**(1.32)**	(1.59)	(5.23)	**(4.05)**	(2.81)	(10.12)	(16.85)
(2) Diluted		**(1.32)**	(1.59)	(5.23)	**(4.05)**	(2.81)	(10.12)	(16.85)
Significant Accounting Policies and Notes on Consolidated Financial Statements	1 & 2							

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

For and on behalf of the Board

R P Baradiya
Partner
Membership No. 44101

Madhivanan Balakrishnan
(Managing Director & Global CEO)
DIN No. 01426902

Shashank Desai
Director
DIN No.: 00143638

Place: Mumbai
Date: 11th February, 2016

Padmanabhan Iyer
(Chief Financial Officer)

2.1 Share Capital

₹ crores

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Authorised:			
1,100,000,000 Equity shares of ₹ 10 each (1,100,000,000 shares as at September 30, 2014) (1,100,000,000 shares as at March 31, 2015)	**1,100.00**	1,100.00	1,100.00
200,000,000 Cumulative Redeemable Preference shares of ₹ 5 each (2,00,000,000 shares as at September 30, 2014) (2,00,000,000 shares as at March 31, 2015)	**100.00**	100.00	100.00
	1,200.00	**1,200.00**	**1,200.00**
Issued, Subscribed & Paid - up			
Equity share capital of ₹ 10 each fully paid up, as at the beginning of the year	**603.75**	572.64	572.64
Add: Issued towards conversion of FCCB	**15.47**	12.03	29.66
Add: Issued under Corporate Debt Restructuring (CDR)	**16.97**	1.45	1.45
Equity share capital of ₹ 10 each fully paid up, as at the end of the year	**636.19**	586.12	603.75
0.01% Cumulative Redeemable Preference share capital of ₹ 5 each fully paid up at the beginning of the year	**65.00**	65.00	65.00
	65.00	65.00	65.00
Total	**701.19**	651.12	668.75

2.2 Reserves and Surplus

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
a. Securities Premium Account			
Opening balance	**840.33**	823.54	823.54
Add : On allotment of equity shares under FCCB conversion	**10.05**	7.82	19.28
Add : On allotment of equity shares under CDR	**16.53**	1.42	1.41
Less: Premium payable on redemption of preference shares	**(2.93)**	(2.93)	(3.90)
	863.98	829.85	840.33
b. Revaluation Reserve			
Opening balance	**125.50**	-	-
Add: Movement during the year (Refer note no. 2.10.1)	**-**	125.50	125.50
	125.50	125.50	125.50
c. Foreign Currency Monetary Items Translation Difference Account			
Opening Balance	**(20.32)**	(24.55)	(24.55)
Add: Recognised /(amortized) during the year (Refer note no. 2.38)	**15.44**	9.69	4.23
	(4.88)	(14.86)	(20.32)
d. Cash Flow Hedging Reserve Account			
Opening Balance	**-**	(22.60)	(22.60)
Add : Recognised during the year (Refer note no. 2.30)	**-**	16.14	22.60
	-	(6.46)	-
e. Translation Reserve			
Opening balance	**-**	-	-
Add: Movement during the year	**(11.88)**	(186.59)	(187.23)
	(11.88)	(186.59)	(187.23)
(Less): Adjusted against Surplus/(Deficit) in Statement of profit ans loss (contra)	**11.88**	186.59	187.23
	-	-	-
f. Surplus/(Deficit) in Statement of Profit and Loss			
Opening balance	**(1,998.51)**	(818.30)	(818.30)
Add:Transitional Depreciation for the year (Refer note no. 2.10)	**(1.03)**	(16.89)	(16.71)
Add:Net Profit/ (Loss) for the year	**(244.92)**	(580.20)	(976.27)
Add:Translation reserve adjusted (contra)	**(11.88)**	(186.59)	(187.23)
	(2,256.34)	(1,601.98)	(1,998.51)
Total	**(1,271.74)**	(667.95)	(1,053.00)

2.3 Long Term Borrowings

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Secured Loans			
Term loans from banks			
Rupee term loan	**220.33**	208.06	241.65
Foreign currency loan from banks	**968.57**	1,063.41	1,015.39
Term loan from others	**-**	-	-
	1,188.90	1,271.47	1,257.04
Unsecured Loans			
From bank	**-**	39.37	-
Foreign currency convertible bonds (FCCB) (Refer Note No. 2.3.2)	**537.96**	585.70	540.12
Term loans:			
From others	**2.74**	5.51	3.67
Finance lease obligations	**8.22**	79.45	59.50
	548.92	710.03	603.29
Total	**1,737.83**	1,981.50	1,860.33

2.4 Deferred Tax Liability:

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Deferred tax asset:			
Expenses allowable on payment and others	**-**	(0.39)	-
	-	(0.39)	-
Deferred tax liability:			
Fixed Assets (Depreciation / Amortization)	**-**	0.39	0.00
	-	0.39	0.00
Net deferred tax liability	**-**	0.00	0.00

2.5 Other Long Term Liabilities

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Cash flow hedging liability (Refer note no.2.30)	**-**	6.46	-
Premium payable on redemption of FCCB	**6.67**	6.41	6.31
Premium payable on redemption of preference shares	**14.63**	10.73	11.70
Payable towards rent in terms of the settlement agreement	**-**		-
Total	**21.30**	23.60	18.01

2.6 Short Term Borrowings

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Secured Loans			
Term Loans:			
From banks	**-**	15.70	15.44
Working capital loans	**38.93**	89.11	83.06
	38.93	104.81	98.50
Unsecured Loans			
Term Loans:			
From banks	**4.51**	1.65	1.65
From others	**9.50**	9.50	9.50
Bank Overdraft	**2.17**	2.46	2.57
Acceptances from an Associate	**-**	92.99	52.45
	16.18	106.60	66.17
Total	**55.11**	211.41	164.67

2.7 Trade Payables

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Due to:			
Associate	**-**	-	-
Others	**163.96**	212.06	211.36
Total	**163.96**	212.06	211.36

2.8 Other Current Liabilities

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Current maturities of long term loans & finance lease obligations			
Secured term loans			
Rupee term loan from banks	**42.78**	17.97	22.78
Foreign currency loan from banks	**134.05**	101.61	109.11
Vehicle Loan	**0.03**	0.20	0.13
Other overdue borrowings from banks	**278.23**	107.19	135.18
Unsecured term loans			
From banks	**-**	3.41	-
From others	**2.49**	1.07	1.83
Finance lease obligations	**65.69**	70.18	74.21
Overdue finance lease obligations	**136.71**	59.11	74.81
Overdue on other borrowings from Banks	**-**	2.46	-
		-	
Total (A)	**659.98**	363.20	418.05
Other Liabilities			
Overdue borrowing from bank - short term secured	**1.50**		1.50
Interest accrued but not due on borrowings	**5.24**	19.34	12.53
Interest accrued and due on borrowings/acceptances	**289.49**	123.50	165.90
Payable towards interest sacrifice	**6.20**	6.20	6.20
Unclaimed dividend *	**0.32**	0.37	0.37
Advances received from customers (includes unearned revenue)	**71.78**	45.16	83.44
Other payables	**55.22**	24.62	28.32
Cash flow hedging liability (Refer note no.2.29)	**-**	-	-
Total Other Liablities (B)	**429.75**	219.19	298.26
Total Other Current Liabilities (A + B)	**1,089.73**	582.39	716.31

2.9 Short Term Provisions

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Provision for Employee benefits	**30.65**	28.09	29.13
Total	**30.65**	28.09	29.13

2.10 Fixed Assets

As at December 31, 2015

₹ crores

Particulars	GROSS BLOCK (at cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2015	Additions during the year	Ded/(Adj) during the year	As at December 31, 2015	As at April 1, 2015	Dep for the year	Ded/(Adj) during the year	As at December 31, 2015	As at December 31, 2015
Tangible assets									
Land - Leasehold	**0.52**	-	-	**0.52**	**0.12**	-	(0.02)	**0.13**	**0.39**
- Freehold	**-**	-	-	**-**	**-**	-	-	**-**	**-**
Buildings - Owned	**-**	-	-	**-**	**-**	-	-	**-**	**-**
- Leasehold [1]	**146.35**	-	-	**146.35**	**5.88**	2.34	0.01	**8.22**	**138.14**
Plant & Equipment / Electrical Installations	**3.98**	0.46	0.37	**4.06**	**3.69**	0.12	0.37	**3.44**	**0.63**
Furniture & Fixtures	**12.38**	0.01	0.88	**11.51**	**9.67**	0.78	0.86	**9.59**	**1.92**
Vehicles	**3.59**	-	1.09	**2.49**	**2.60**	0.37	0.85	**2.12**	**0.38**
Office Equipment	**14.90**	0.72	0.84	**14.78**	**12.90**	0.67	0.80	**12.77**	**2.01**
Computers	**80.79**	1.10	2.16	**79.73**	**71.51**	5.05	2.11	**74.46**	**5.27**
Leasehold Improvements	**23.58**	1.22	0.37	**24.42**	**18.82**	1.17	0.38	**19.61**	**4.81**
Asset on Finance Lease 2.10.3	**271.61**	-	-	**271.61**	**174.23**	46.70	0.00	**220.94**	**50.67**
	557.70	**3.50**	**5.72**	**555.49**	**299.42**	**57.20**	**5.36**	**351.27**	**204.22**
Intangible assets									
Goodwill	**1.79**	-	-	**1.79**	**1.79**	-	-	**1.79**	**-**
Software Products - Meant for sale	**1,303.76**	59.71	0.02	**1,363.45**	**360.50**	81.99	-	**442.49**	**920.97**
Software Products - Others	**234.44**	0.00	(0.01)	**234.45**	**212.88**	10.63	0.01	**223.50**	**10.95**
Business and Commercial Rights	**37.36**	-	7.51	**29.85**	**29.85**	(0.16)	6.85	**22.84**	**7.01**
	1,577.35	**59.71**	**7.52**	**1,629.55**	**605.02**	**92.45**	**6.86**	**690.62**	**938.93**
Total Tangible and Intangible	**2,135.05**	**63.22**	**13.24**	**2,185.04**	**904.44**	**149.66**	**12.22**	**1,041.89**	**1,143.15**

2.12 Non Trade Investments (Long term) unquoted (at cost)

₹ crores

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Unquoted at Cost and Non Trade Investments (Long term)			
(i) Investment in Equities, Preference Capital			
200,000 Equity Shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co.Ltd. (as at March 31, 2014 - 200,000 shares)	**0.10**	0.10	0.10
55,000 equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited. (as at March 31, 2014 - 55,000 shares)	**0.06**	0.06	0.06
37,500 Equity Shares of Egyptian Pounds 100 each fully paid up of Nile Information Technology . (as at March 31, 2014 - 37,500 shares)	**2.91**	2.91	2.91
Less: Provision for diminution in the value thereof	**(2.91)**	(2.91)	(2.91)
	-	-	-
8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA.	**2.10**	2.10	2.10
Less: Provision for diminution in the value thereof	**(2.10)**	(2.10)	(2.10)
	-	-	-
250,00,000 Redeemable Non Convertible Zero Coupon Preference Shares of ₹ 10 each fully paid up of eMudhra Ltd. redeemable by December 14, 2015. (as at March 31, 2014 - 2,50,00,000 shares)	**25.00**	25.00	25.00
	25.16	25.16	25.16
(a)Aggregate amount of Unquoted investments	**30.17**	30.17	30.17
(b)Aggregate provision for diminution in value of investments	**5.01**	5.01	5.01

2.13 Deferred Tax Asset:

Paticulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Deferred tax asset:			
Unabsorbed losses /depreciation	**818.34**	684.25	818.34
Expenses allowable on payment and others (including provision for doubtful debts)	**73.57**	44.62	73.09
Provision for Diminution in value of Investments / Loss Provided on divestment of step down subsidiaries	**0.30**	-	212.77
Fixed assets (Depreciation / Amortization)	**2.43**	0.35	0.47
Others	**212.77**	2.87	2.66
	1,107.42	732.09	1,107.33
Deferred Tax Liability:			
Fixed Assets (Depreciation / Amortization)	**315.30**	271.15	315.29
	315.30	271.15	315.29
	792.12	460.94	792.04
Less: Deferred tax assets not recognised as a matter of prudence	**666.20**	335.59	666.20
Net deferred tax asset	**125.92**	125.35	125.84

2.14 Long Term Loans and Advances

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Unsecured, considered good			
Capital advances	**0.03**	0.06	-
Security deposits (Includes lease rent deposits)	**13.94**	11.64	11.32
MAT credit receivable	**0.21**	30.30	8.98
Prepaid expenses	**7.64**	11.02	8.32
Advance tax and tax deducted at source (net of provision for tax)	**160.73**	139.91	145.07
Advances recoverable in cash or in kind or for value to be received	**0.62**	0.42	0.14
	183.17	193.35	173.83
Unsecured, considered doubtful			
Security Deposits (includes lease rent deposits)	**0.48**	1.34	1.34
Less: Provision for Deposits forfeited	**(0.48)**	(1.34)	(1.34)
	-	-	0.00
Total	**183.17**	193.35	173.83

2.15 Other Non Current Assets

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Unsecured considered good			
Unbilled revenue	**4.04**	3.74	3.83
Unamortised borrowing cost	**5.21**	6.71	6.05
Bank balance in margin money accounts	**-**	-	-
Total	**9.25**	10.45	9.88

2.16 Inventories

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Hardware and Supplies	**0.59**	3.45	1.44
Total	**0.59**	3.45	1.44

2.17 Trade receivables

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Unsecured Considered Good	**176.01**	169.34	179.28
Total	**176.01**	169.34	179.28

2.18 Cash and Bank Balances

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Cash and Cash Equivalents			
in current accounts	**23.76**	15.12	11.04
Cheques on hand	**-**	0.01	-
Remittance in transit	**-**	-	-
Cash on hand	**0.15**	0.30	0.43
TOTAL (A)	**23.91**	15.43	11.47
Other Bank Balances			
- in margin money accounts	**7.14**	5.57	6.89
- in escrow accounts	**0.01**	0.00	4.15
- in dividend accounts	**0.32**	0.42	0.37
TOTAL (B)	**7.47**	5.99	11.41
TOTAL (A+B)	**31.38**	21.42	22.88

2.19 Short Term Loans and Advances

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Unsecured, considered good			
Capital advances	**-**	-	-
Security deposits (Includes lease rent deposits)	**9.12**	12.21	11.39
Unsecured, considered doubtful			
Security Deposits (includes lease rent deposits)	**3.07**	2.18	2.21
Less: Provision for deposits forfeited	**(3.07)**	(2.18)	(2.21)
	9.12	**12.21**	**11.39**
Other loans and advances			
Advance tax and tax deducted at source (net of provision for tax)	**0.60**	7.49	7.31
Prepaid expenses	**11.94**	6.68	7.62
Loans to staff	**0.05**	0.95	1.00
Advances recoverable in cash or in kind or for value to be received	**27.71**	48.99	48.23
	40.30	**64.11**	**64.16**
Total	**49.42**	**76.32**	**75.55**

2.20 Other Current Assets

Particulars	As at Dec 31, 2015	As at Dec 31, 2014	As at March 31, 2015
Unsecrued, consider good			
Unbilled revenue	**68.17**	66.45	97.97
Unamortised borrowing cost	**1.19**	2.21	2.27
Interest accrued but not due on loans given	**-**	-	-
Other receivables	**8.18**	-	-
Total	**77.54**	68.66	100.24

2.21 Revenue from Operations

Particulars	**For the quarter ended Dec 31, 2015**	For the quarter ended Sept 30, 2015	For the quarter ended Dec 31, 2014	**For the period ended Dec 31, 2015**	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
IT solutions	**271.15**	277.66	303.75	**808.00**	536.85	990.22	1,280.26
Transaction services	**15.24**	15.19	15.88	**45.84**	30.60	48.47	63.74
Total	**286.39**	292.84	319.63	**853.84**	567.45	1,038.69	1,344.00

2.22 Other Income

Particulars	**For the quarter ended Dec 31, 2015**	For the quarter ended Sept 30, 2015	For the quarter ended Dec 31, 2014	**For the period ended Dec 31, 2015**	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
Interest income	**0.16**	0.23	0.12	**0.69**	0.52	1.49	1.76
Dividend Income	**-**	-	-	**-**	-	-	-
Gain on sale/discarding of fixed assets	**0.03**	0.09	0.02	**0.12**	0.10	0.14	0.09
Foreign exchange gain (net)*	**-**	-	-	**-**	-	-	-
Other non-operating income	**0.45**	1.35	1.24	**2.52**	2.08	2.68	2.58
Total	**0.64**	1.67	1.38	**3.33**	2.70	4.31	4.43

2.23 Employee benefit expenses

Particulars	**For the quarter ended Dec 31, 2015**	For the quarter ended Sept 30, 2015	For the quarter ended Dec 31, 2014	**For the period ended Dec 31, 2015**	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
Salaries and wages	**154.32**	152.74	167.50	**460.14**	305.82	547.76	683.73
Contribution to provident funds and other funds	**3.23**	6.83	6.70	**17.11**	13.88	20.52	27.43
Recruitment and training expenses	**0.40**	0.27	0.37	**1.09**	0.69	1.68	2.66
Staff welfare expenses	**1.98**	1.83	0.96	**5.83**	3.85	7.09	9.11
Cost of third party products / outsourced services	**57.67**	56.12	59.96	**162.41**	104.75	206.80	279.34
Total	**217.60**	217.79	235.49	**646.58**	428.99	783.85	1,002.27

2.24 Finance cost

Particulars	**For the quarter ended Dec 31, 2015**	For the quarter ended Sept 30, 2015	For the quarter ended Dec 31, 2014	**For the period ended Dec 31, 2015**	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
Interest expense	**45.05**	46.03	48.72	**138.46**	93.41	158.11	203.39
Other borrowing costs	**1.65**	0.80	2.01	**4.01**	2.36	6.05	8.01
Total	**46.70**	46.83	50.73	**142.47**	95.77	164.16	211.40

2.25 Other expenses

Particulars	**For the quarter ended Dec 31, 2015**	For the quarter ended Sept 30, 2015	For the quarter ended Dec 31, 2014	**For the period ended Dec 31, 2015**	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
Rent	**6.23**	8.39	8.99	**22.80**	16.57	30.08	36.45
Foreign exchange loss (net)	**12.94**	25.32	20.43	**46.20**	33.25	28.36	3.37
Travelling and conveyance	**7.87**	6.75	7.15	**20.95**	13.08	23.59	31.38
Power and fuel	**1.33**	2.84	2.39	**5.87**	4.54	7.91	9.84
Selling and distribution expenses	**0.43**	0.47	0.36	**1.47**	1.03	1.54	1.99
Repairs and Maintenance	**1.11**	1.67	1.39	**3.47**	2.36	4.83	6.59
Insurance	**2.31**	1.36	1.86	**5.08**	2.76	6.35	8.31
Rates and taxes	**1.67**	2.07	1.38	**4.48**	2.82	4.94	5.07
Communication expenses	**1.10**	1.67	1.70	**4.70**	3.61	9.03	10.93
Printing and stationery	**0.19**	0.63	0.35	**1.06**	0.87	1.53	1.83
Directors' Sitting Fees	**0.05**	0.09	0.05	**0.18**	0.13	0.11	0.15
Legal and Professional charges	**5.58**	6.15	7.13	**17.18**	11.60	22.07	26.28
Bad debts written off	**0.07**	1.95	0.42	**2.03**	1.96	0.57	0.75
Less: Provision for doubtful debts withdrawn	**(0.07)**	(1.95)	(0.42)	**(2.03)**	(1.96)	(0.57)	(0.75)
Provision for doubtful debts	**0.72**	2.16	5.18	**5.35**	4.63	20.12	14.07
Miscellaneous expenses	**0.84**	0.93	1.67	**5.02**	4.18	9.81	12.75
Total	**42.37**	60.50	60.01	**143.81**	101.43	170.27	169.01

2.26 Exceptional Items

Particulars	**For the quarter ended Dec 31, 2015**	For the quarter ended Sept 30, 2015	For the quarter ended Dec 31, 2014	**For the period ended Dec 31, 2015**	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
Loss on sale of subsidiaries (Refer Note 2.32.2 & 2.41)	**-**	-	(191.55)	**-**	-	(287.64)	(287.64)
Provision for Goodwill Impairment (Refer Note 2.32.2)	**-**	-	(28.03)	**-**	-	(28.03)	(350.00)
Old Irrecoverable balances written off	**(0.00)**	-	-	**(0.00)**	-		(35.53)
Total	**(0.00)**	-	(219.59)	**(0.00)**	-	(315.67)	(673.17)

2.27 Tax Expenses

Particulars	**For the quarter ended Dec 31, 2015**	For the quarter ended Sept 30, 2015	For the quarter ended Dec 31, 2014	**For the period ended Dec 31, 2015**	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
Current taxes:							
Income tax	**3.39**	1.45	(0.49)	**5.79**	2.40	12.76	13.91
Minimum Alternate Tax (MAT) credit entitlement written off	**-**	-	(0.13)	**-**	-	0.49	0.26
Income tax pertaining to earlier years written off	**5.49**	11.98	2.09	**16.29**	10.80	6.98	28.40
	8.88	13.43	1.47	**22.08**	13.20	20.23	42.57
Deferred tax asset reversed (net)	**(0.04)**	(0.24)	(0.59)	**(0.43)**	(0.39)	(2.92)	(3.03)
Total	**8.84**	13.19	0.88	**21.65**	12.81	17.31	39.54

3i INFOTECH LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE QUARTER ENDED DECEMBER 31, 2015

₹ crores

		For the quarter ended Dec 31, 2015	For the quarter ended Sep 30, 2015	For the quarter ended Dec 31, 2014	For the period ended Dec 31, 2015	For the period ended Sep 30, 2015	For the period ended Dec 31, 2014	For the year ended March 31, 2015
A	**Cash Flow from / (used in) Operating Activities**							
	Profit/(Loss) before exceptional items and tax	**(70.25)**	(80.25)	(79.34)	**(225.35)**	(155.10)	(246.90)	(263.35)
	Adjustments for:							
	Depreciation/amortization	**50.60**	49.65	54.12	**149.66**	99.05	171.62	229.10
	Foreign exchange (gain) / loss (net)	**12.95**	25.31	20.43	**46.20**	33.25	28.36	3.37
	(Gain)/loss on sale/discarding of fixed assets (net)	**(0.03)**	(0.09)	(0.02)	**(0.12)**	(0.10)	(0.14)	(0.09)
	Interest income	**(0.16)**	(0.23)	(0.12)	**(0.69)**	(0.52)	(1.49)	(1.76)
	Finance cost	**46.70**	48.39	50.74	**142.47**	95.77	164.16	211.40
	Provision for doubtful debts made / (written back)	**0.72**	2.16	5.18	**5.35**	4.63	20.12	14.07
	Loss from discontinued operations	**-**	-	(219.59)	**-**	-	(315.67)	-
	Operating Profit / (Loss) before working capital changes	**40.54**	44.95	(168.60)	**117.52**	76.98	(179.94)	192.74
	Adjustments for:							
	Trade and other receivables	**(11.57)**	23.01	179.19	**7.74**	19.31	408.52	(81.92)
	Inventories	**1.68**	(1.17)	(1.84)	**0.85**	(0.83)	(2.09)	(0.08)
	Trade payables and other liabilities	**(19.23)**	(57.97)	(102.23)	**(89.40)**	(70.17)	(165.28)	(126.07)
		(29.12)	(36.13)	75.13	**(80.81)**	(51.70)	241.15	(208.06)
	Cash Generated from/(used in) Operations	**11.42**	8.82	(93.48)	**36.70**	25.28	61.22	(15.32)
	Income taxes paid	**(5.55)**	(9.33)	(13.47)	**(17.91)**	(12.36)	(29.61)	(35.99)
	Net cash from / (used in) Operating Activities - A	**5.87**	(0.51)	(106.95)	**18.79**	12.92	31.70	(51.31)
B	**Cash Flow from / (used in) Investing Activities :**							
	Purchase of / additions to fixed assets (including Capital Work in Proç	**(3.39)**	17.85	64.83	**-3.39**	-	68.31	-
	Sale/(Purchase) of fixed assets (including Capital Work in Progress)	**1.45**		-	**-**	(1.45)	-	8.85
	Purchase of non-current investments	**-**	-	-	**-**	-	-	-
	Proceeds from Sale of Subsidiary	**-**			**-**	-	-	303.67
	Interest received	**0.08**	0.10	0.12	**0.48**	0.40	1.50	1.16
	Net cash from / (used in) Investing Activities - B	**(1.86)**	17.95	64.95	**(2.91)**	(1.06)	69.89	313.68
C	**Cash Flow from / (used in) Financing Activities :**							
	Proceeds from/(Repayment of) borrowings	**4.25**	3.95	81.67	**14.00**	9.75	(37.25)	(204.65)
	Interest paid	**(6.33)**	(5.82)	(43.12)	**(17.43)**	(11.10)	(100.66)	(97.99)
	Net Cash from / (used in) Financing Activities - C	**(2.08)**	(1.87)	38.55	**(3.43)**	(1.34)	(137.92)	(302.64)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**1.92**	14.79	(3.26)	**12.44**	10.52	(36.32)	(40.27)
	Cash and Cash Equivalents at beginning of the year	**0.01**	(4.15)	18.70	**11.48**	11.47	51.75	51.75
	Cash and Cash Equivalents at end of the year	**1.92**	10.64	15.44	**23.91**	21.99	15.43	11.48

1. The above Cash Flow Statement has been prepared under "Indirect Method" set out in Accounting Standard - 3 on "Cash Flow Statements" as prescribed in Section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

2. Previous period/year figures have been regrouped / rearranged wherever necessary to conform to the current period/quarter presentation

Significant Accounting Policies and accompanying Notes on Financial Statements

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

For and on behalf of the Board

R P Baradiya
Partner
Membership No. 44101

Madhivanan Balakrishnan
(Managing Director & Global CEO)
DIN No. 01426902

Place: Mumbai
Date: 11th February, 2016

Padmanabhan Iyer
(Chief Financial Officer)

INDEPENDENT AUDITORS' REPORT

To
The Members of
3i Infotech Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 3i Infotech Limited ("the Parent Company"), its subsidiaries and a Joint Venture collectively referred to as 'the Group, which comprise the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Parent Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group as at March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter:

Without qualifying, we draw attention to the following:

a) **Going Concern and Impairment analysis:**

During the financial year 2011-12, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond holders with respect to its obligations. Post the debts restructuring, there have been substantial delays in repayment of Principal and payment of Interest in respect of CDR lenders as well as for the interest on the Foreign Currency Convertible Bonds, which may be construed as Default as per the Master Restructuring Agreement (MRA) and the terms of FCCB. The Parent Company is negotiating with the aforesaid lenders as also with the lease financiers to restructure the debt and is reasonably certain to renegotiate and meet its financial obligations. (Refer note no.2.32.1 to the consolidated financial statements)

(i) The Parent Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – Impairment of Assets and Accounting Standard (AS) - 13 Accounting for Investments, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis with the assistance of an independent expert valuer and accordingly during the year has made provision for impairment loss of ₹ 350 crores.

Pending negotiations with lenders and restructuring of business, the Parent Company has prepared the consolidated financial statements on a going concern basis which is dependent, inter alia, upon the positive outcome of negotiations with lenders, restructuring of business and infusion of funds. (Refer note no. 2.32.2 to the consolidated financial statements)

b. In respect of justification of carrying the deferred tax asset of ₹125.84 crores as at 31st March, 2015 (previous year ₹ 123.84 crores), the management based on the confirmed order book on hand and relying on the restructuring scheme as mentioned in para (a) (ii) above, is confident of having sufficient taxable income in the foreseeable future, enabling reversal of the said deferred tax asset. (Refer Note no.2.13 to the consolidated financial statements)

Other Matters:

(a) We did not audit the financial statements of 4 subsidiaries (3 subsidiaries for the year ended March 31, 2014), whose financial statements reflect total assets of ₹ 1,288.04 crores as at March 31, 2015 (as at March 31, 2014 ₹ 1,405.10 crores), total revenues of ₹ 535.99 crores for the year ended March 31, 2015 (total revenues of ₹ 422.44 crores for the year ended March 31, 2014).

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of 7 subsidiaries and a joint venture, whose financial statements reflect total assets of ₹ 98.85 crores as at March 31, 2015; in case of 5 subsidiaries total revenues of ₹3.63 crores for the quarter ended March 31, 2015 and in case of 2 subsidiaries and a joint venture total revenue of ₹ Nil for the year ended March 31, 2015.

These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

(C) The financial statements of 2 subsidiaries, in which the Group has sold its stake/sold the Business during the year, whose financial statements reflect total assets of ₹ 301.15 crores as at date of sale (₹ 301.13 as at March 31, 2014) and total revenue of ₹ 114.68 crores for the period ended on date of sale (₹330.14 crores for the year ended March 31, 2014) have been jointly audited by other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Parent Company and its subsidiary Companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Parent Company as on march 31, 2015 taken on records by the Board of directors of the Parent Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Group has disclosed the impact of pending litigations on the consolidated financial position in the aforesaid consolidated financial statements. Refer Note 2.29 to the consolidated financial statement.

      (ii) The Group has made provision as required under the applicable law or accounting standards for material foreseeable losses on long-term contracts including derivatives contracts.

      (iii) There has been no delay in amounts required to be transferred to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies incorporated in India.

For Lodha & Company
Chartered Accountants
Firm Registration No. 301051E

R.P. Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date : 28th May, 2015

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of
3i Infotech Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 3i Infotech Limited ("the Parent Company"), its Subsidiaries and a Joint Venture collectively referred to as 'the 3i Infotech Group' which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date, and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter:

Without qualifying, we draw attention to the following:

(a) Going Concern and Impairment analysis:

During the financial year 2011-12, the Parent Company undertook to restructuring of its debts through CDR cell and also renegotiated with the FCCB holders with respect to its obligations. Post the debts restructuring and, as explained, the Parent Company is confident of successful implementation of the CDR package and meeting its FCCB obligations. The consolidated financial statements, therefore, have been prepared on a going concern basis.

The Parent Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 - Impairment of Assets and Accounting Standard (AS) - 13 Accounting for Investments, prescribed under Companies (Accounting Standard) Rules 2006, has carried out an impairment analysis on 31st December, 2013 of its Cash Generating Units / Long term Investments in order to ascertain the extent of impairment. The said analysis as carried out by an independent expert valuer did not reveal any impairment. The same has been relied upon by the auditors being a technical matter. (Refer note no. 2.34.1 & 2.34.2 of the consolidated financial statements)

(b) Deferred tax assets

In respect of justification of carrying the deferred tax asset of ₹ 123.84 crores (previous year ₹ 105.87 crores), the management, based on the confirmed order book on hand and relying on the Restructuring Scheme approved by the CDR Cell, is confident of having sufficient taxable income in foreseeable future, which would enable reversal of such deferred tax asset. (Refer note no. 2.34.3 of the consolidated financial statements)

Other Matters:

(i) The financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 301.13 crores as at 31st March, 2014 (₹ 240.42 crores as at 31st March, 2013) and total revenue of ₹ 330.14 crores for the year ended 31st March, 2014 (₹ 193.32 crores for the year ended 31st March, 2013) have been jointly audited with other auditors.

(ii) We have not audited the financial statements of 3 subsidiaries included in the consolidated financial statements whose financial statements reflect total assets of ₹ 1,405.10 crores as at 31st March, 2014 (₹ 1,013.05 crores as at 31st March, 2013) as well as the total revenue of ₹ 422.44 crores for the year ended 31st March, 2014 (₹ 440.43 crores for the year ended 31st March, 2013). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of such other auditors.

For R.G.N. Price & CO.
Firm Registration No : 002785S
Chartered Accountants

Mahesh Krishnan
Partner
Membership No. 206520
Place : Mumbai.
Date : May 2, 2014

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

R.P. Baradiya
Partner
Membership No. 44101
Place : Mumbai.
Date : May 2, 2014

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors
3i Infotech Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 3i Infotech Limited ("the Parent Company"), its Subsidiaries and a Joint Venture collectively referred to as "the 3i Infotech Group" which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Basis of Qualified Opinion

The financial statements of subsidiary in Cyprus and a joint venture in Nigeria (representing 47.5 percentage share of the joint venture), whose financial statements reflect total assets of ₹ 0.20 crores as at March 31, 2013 (as at March 31, 2012 ₹ 0.53 crores;) and total revenue of ₹ Nil for the year ended March 31 , 2013 (for the year ended on March 31, 2012 ₹ 0.34 crores), has not been audited. Our opinion is solely based on the management certificate provided to us.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us *except for what is stated in the Basis of Qualified Opinion paragraph above,* the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date, and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

Without qualifying, we draw attention to Note no. 2.34 of financial statements regarding the proposed scheme of arrangement under section 391 of the Companies Act, 1956, impairment analysis and justification of carrying deferred tax asset.

Other Matters :

(i) The financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 240.42 crores as at March 31, 2013 (as at March 31, 2012 ₹ 262.72 crores) and total revenue of ₹ 193.32 crores for the year ended March 31, 2013 (for the year ended on March 31, 2012 ₹ 185.55 crores) have been jointly audited with other auditor.

(ii) We have not audited the financial statements of 3 subsidiaries included in the consolidated financial statements whose financial statements reflect total assets of ₹ 1,013.05 crores as at March 31, 2013 (as at March 31, 2012 ₹ 1,142.17 crores) as well as the total revenue of ₹ 440.43 crores for the year ended March 31, 2013 (for the year ended March 31, 2012 ₹ 544.75 crores). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of such other auditors.

For R.G.N. Price & CO.
Firm Registration No : 002785S
Chartered Accountants

Mahesh Krishnan
Partner
Membership No. 206520
Place : Mumbai.
Date : May 13, 2013

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

R.P. Baradiya
Partner
Membership No. 44101
Place : Mumbai.
Date : May 13, 2013

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

₹ crores

		Notes	As at March 31, 2015	As at March 31, 2014
I.	**EQUITY AND LIABILITIES**			
	Shareholders' funds			
	Share capital	2.1	**668.75**	637.64
	Reserves and surplus	2.2	**(1,053.00)**	(41.91)
	Share application money pending allotment	2.39	**33.50**	-
	Minority interest		**6.24**	6.02
	Non-current liabilities			
	Long-term borrowings	2.3	**1,860.33**	2,058.89
	Deferred tax liabilities	2.4	**-**	0.92
	Other long-term liabilities	2.5	**18.01**	14.83
	Current liabilities			
	Short-term borrowings	2.6	**164.67**	285.77
	Trade payables	2.7	**211.36**	184.68
	Other current liabilities	2.8	**716.31**	628.56
	Short-term provisions	2.9	**29.13**	27.82
			2,655.30	3,803.22
II.	**ASSETS**			
	Non-current assets			
	Fixed assets	2.10		
	(i) Tangible assets		**258.28**	252.56
	(ii) Intangible assets		**972.33**	1,060.91
	(iii) Capital work in Progress		**0.03**	0.76
	(iv) Intangible assets under development		**-**	14.74
	Goodwill arising on consolidation	2.11	**710.56**	1,632.60
	Non current investments	2.12	**25.16**	25.16
	Deferred tax asset	2.13	**125.84**	123.84
	Long-term loans and advances	2.14	**173.83**	188.56
	Other non-current assets	2.15	**9.88**	25.58
	Current assets			
	Inventories	2.16	**1.44**	1.36
	Trade receivables	2.17	**179.28**	209.85
	Cash and bank balances	2.18	**22.88**	61.21
	Short-term loans and advances	2.19	**75.55**	73.23
	Other current assets	2.20	**100.24**	132.86
			2,655.30	**3,803.22**
Significant Accounting Policies and Notes on Consolidated Financial Statements		1 & 2		

As per our attached report of even date

For Lodha & Co.
Chartered Accountants
Regn No: 301051E

R. P. Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date: May 28, 2015

For and on behalf of the Board

Madhivanan Balakrishnan
Managing Director and Global CEO
DIN No. 01426902

Charanjit Attra
Executive Director – New Business Initiatives Strategy and Finance
DIN No. 05323757

Padmanabhan Iyer
Chief Financial Officer

Ninad Kelkar
Company Secretary

3i INFOTECH LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

₹ crores

		Notes	**For the year ended March 31, 2015**	For the year ended March 31, 2014
INCOME				
I.	Revenue from operations	2.21	**1,344.00**	1,307.89
II.	Other income	2.22	**4.43**	130.61
III.	**Total Revenue (I + II)**		**1,348.43**	1,438.50
IV.	**EXPENSES**			
	Employee benefits expense & Cost of Revenue	2.23	**1,002.27**	1,028.62
	Finance costs	2.24	**211.40**	321.10
	Depreciation and amortization expense	2.10	**229.10**	256.42
	Other expenses	2.25	**169.01**	188.09
Total expenses			**1,611.78**	1,794.23
V.	**Profit/(Loss) before Exceptional items & tax - (III- IV)**		**(263.35)**	(355.73)
VI.	Exceptional Items - Income/ (Expenses)	2.26	**(673.17)**	-
VII.	Profit/(Loss) before tax (V+VI)		**(936.52)**	(355.73)
VIII.	**Tax expense**	2.27	**39.54**	1.33
IX.	**Profit/(Loss) for the year (VII-VIII)**		**(976.06)**	(357.06)
X.	Minority interest		**0.21**	0.50
XI.	**Profit/(Loss) after Minority interest (IX-X)**		**(976.27)**	**(357.56)**
	Earnings per equity share of face value of ₹10 each:			
	Before exceptional items and discontinued operations			
	(1) Basic		**(5.29)**	(6.33)
	(2) Diluted		**(5.29)**	(6.33)
	After exceptional items and discontinued operations			
	(1) Basic		**(16.85)**	(6.33)
	(2) Diluted		**(16.85)**	(6.33)
Significant Accounting Policies and Notes on Consolidated Financial Statements		1 & 2		

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

R. P. Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date: May 28, 2015

For and on behalf of the Board

Madhivanan Balakrishnan
Managing Director and Global CEO
DIN No. 01426902

Charanjit Attra
Executive Director – New Business Initiatives Strategy and Finance
DIN No. 05323757

Padmanabhan Iyer
Chief Financial Officer

Ninad Kelkar
Company Secretary

3i INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

			₹ crores
		For the year ended March 31, 2015	For the year ended March 31, 2014
A	**Cash Flow from / (used in) Operating Activities**		
	Profit/(Loss) before exceptional items and tax	**(263.35)**	(355.73)
	Adjustments for:		
	Depreciation/amortization	**229.10**	256.42
	Foreign exchange (gain) / loss (net)	**3.37**	(103.01)
	(Gain)/loss on sale/discarding of fixed assets (net)	**(0.09)**	(8.74)
	Interest income	**(1.76)**	(3.91)
	Finance cost	**211.40**	321.09
	Provision for doubtful debts made / (written back)	**14.07**	9.18
	Operating Profit / (Loss) before working capital changes	**192.74**	115.30
	Adjustments for:		
	Trade and other receivables	**(81.92)**	47.62
	Inventories	**(0.08)**	(0.24)
	Trade payables and other liabilities	**(126.07)**	(88.47)
		(208.07)	(41.09)
	Cash Generated from/(used in) Operations	**(15.33)**	74.22
	Income taxes paid	**(35.99)**	(24.46)
	Net cash from / (used in) Operating Activities - A	**(51.32)**	49.76
B	**Cash Flow from / (used in) Investing Activities :**		
	Sale/(Purchase) of fixed assets (including Capital Work in Progress)	**8.85**	(22.91)
	Purchase of non-current investments	**-**	0.01
	Proceeds from Sale of Subsidiary	**303.67**	-
	Interest received	**1.16**	3.92
	Net cash from / (used in) Investing Activities - B	**313.68**	(18.98)

3i INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

₹ crores

		For the year ended March 31, 2015	For the year ended March 31, 2014
C	**Cash Flow from / (used in) Financing Activities :**		
	Proceeds from/(Repayment of) borrowings	**(204.65)**	238.03
	Interest paid	**(97.99)**	(254.80)
	Net Cash from / (used in) Financing Activities - C	**(302.64)**	(16.77)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(40.28)**	14.01
	Cash and Cash Equivalents at beginning of the year	**51.75**	37.74
	Cash and Cash Equivalents at end of the year	**11.47**	51.75

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

Significant Accounting Policies and accompanying Notes on Financial Statements **1 & 2**

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

R. P. Baradiya
Partner
Membership No. 44101

Place: Mumbai
Date: May 28, 2015

For and on behalf of the Board

Madhivanan Balakrishnan
Managing Director and Global CEO
DIN No. 01426902

Charanjit Attra
Executive Director – New Business Initiatives Strategy and Finance
DIN No. 05323757

Padmanabhan Iyer
Chief Financial Officer

Ninad Kelkar
Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Overview of the Group

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

1.2 Basis of preparation of consolidated financial statements

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

1.3 Use of estimates

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

1.4 Principles of consolidation

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

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

a) The financial statements of the Parent Company, its subsidiaries and joint venture (consolidated proportionately) have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that the recoverable value of related assets is lower than their cost to the Group.

b) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its standalone financial statements.

c) The consolidated financial statements are prepared using uniform accounting policies across the Group.

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

e) Minority interest in the net assets of consolidated financial statements consists of amount of equity attributable to the minority shareholders as on the date on which investment in the subsidiary companies are made and further movement in their share in the equity, subsequent to the date of investment.

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

1.5 Revenue recognition

a) Revenue from IT Solutions:

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

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

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

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

b) Revenue from Transaction Services:

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

c) Interest / Dividend Income:

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

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

1.6 Unbilled and unearned revenue:

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

1.7 Fixed assets and depreciation/amortisation

Tangible assets:

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

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

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

Intangible assets:

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

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

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

Business and Commercial Rights are capitalized at the acquisition price.

Depreciation/Amortisation:

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

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

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

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

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

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

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

1.8 Investments

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

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

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

1.9 Accounting for Taxes on Income

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

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

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

1.10 Translation of Foreign Currency Items other than hedged transactions

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

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

- In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and

- In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortised over the balance period of such long term asset/liability.

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

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

1.11 Hedge Accounting

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

1.12 Accounting of Employee Benefits

Employee Benefits in Parent Company/Indian Subsidiaries

Gratuity

(i) Parent Company

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

(ii) Subsidiaries

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

Superannuation

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

Provident fund

(i) Parent Company

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

(ii) Subsidiaries

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

Leave entitlement

Liability for leave entitlement for employees is provided on the basis of actuarial valuation semi-annually and based on estimates for interim financial reporting.

Employee Benefits in Foreign Branch

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

Employee Benefits in Foreign Subsidiaries

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

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

1.13 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

1.14 Borrowing Costs

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

1.15 Impairment of assets

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

1.16 Securities issue expenses

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

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

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

1.18 Lease

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

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

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

1.19 Earnings per share

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

1.20 Cash and cash equivalents

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

1.21 Cash Flow Statement

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

1.22 Inventories

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

2. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015.

2.1 Share Capital

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised:		
1,100,000,000 Equity shares of ₹ 10 each (1,100,000,000 shares as at March 31, 2014)	**1,100.00**	1,100.00
200,000,000 Cumulative Redeemable Preference shares of ₹ 5 each (2,00,000,000 shares as at March 31, 2014)	**100.00**	100.00
	1,200.00	1,200.00
Issued, Subscribed & Paid - up		
Equity share capital of ₹ 10 each fully paid up, as at the beginning of the year	**572.64**	571.55
Add: Issued towards conversion of FCCB	**29.66**	0.70
Add: Issued under Corporate Debt Restructuring (CDR) Scheme	**1.45**	0.39
Equity share capital of ₹ 10 each fully paid up, as at the end of the year	**603.75**	572.64
0.01% Cumulative Redeemable Preference share capital of ₹ 5 each fully paid up at the beginning of the year	**65.00**	65.00
	65.00	65.00
Total	**668.75**	637.64

The Parent Company has only one class of equity shares having a par value of ₹ 10 each. Each shareholder has a right to vote in respect of such share, on every resolution placed before the Parent Company and his voting right on a poll shall be in proportion to his share of the paid-up equity capital of the Parent Company. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Group after distribution of preferential amounts, in proportion to their shareholding.

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

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

The Parent Company preference shares are redeemable at amount that would provide the holder of the said shares an internal rate of return 6% per annum excluding the dividend rate on the outstanding amount of the said shares payable on the expiry of ten years from the date of allotment i.e. March 31, 2012.

In the absence of profits, the Company has not declared dividend to the preference shareholders since more than two years. This may entitle the concerned preference shareholder for the rights under Section 47 of the Companies Act, 2013.

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

Name of the shareholder	**As at March 31, 2015**		As at March 31, 2014	
	No. of shares	**%**	No. of shares	%
ICICI Bank Limited	**112,883,483**	**18.70**	113,814,945	19.88
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	**39,036,190**	**6.47**	39,036,190	6.82
IDBI Bank Limited	**42,117,513**	**6.98**	42,117,513	7.35
Standard Chartered Bank	**40,013,264**	**6.63**	38,568,517	6.74

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

Name of the shareholder	**As at March 31, 2015**		As at March 31, 2014	
	No. of shares	**%**	No. of shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	**130,000,000**	**100.00**	130,000,000	100.00

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

Particulars	**In Numbers**	
	As at March 31, 2015	As at March 31, 2014
Equity shares of ₹ 10 each		
Equity shares as at beginning of the year	**572,644,378**	571,554,966
Add:		
Shares issued on conversion of FCCB	**29,661,822**	704,914
Shares issued under CDR scheme	**1,444,747**	384,498
Equity shares as at end of the year	**603,750.947**	572,644,378
0.01% Cumulative Redeemable Preference shares of ₹ 5 each		
Preference shares as at beginning of the year	**130,000,000**	130,000,000
Preference shares as at end of the year	**130,000,000**	130,000,000

e) **Employee Stock Option Scheme (ESOS)**

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

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

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

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

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

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

During the year ended March 31, 2015, the Parent Company granted 11,569,000 (16,948,000 during year ended March 31, 2014), options to the employees of the Company and its Key Managerial Personnel at an exercise price of ₹ 10 each.

Method used for accounting for the share based payment scheme:-

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

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

Particulars	**As at March 31, 2015**		As at March 31, 2014	
	Options	**WAEP (₹)**	Options	WAEP (₹)
Options outstanding at the beginning of the year	**24,927,140**	**48.27**	12,084,940	104.15
Granted during the year *	**11,569,000**	**10.00**	16,948,000	10.00
Exercised during the year	**-**	**-**	-	-
Forfeited/lapsed during the year	**6,042,760**	**31.49**	4,105,800	54.75
Options outstanding at the end of the year **	**30,453,380**	**36.22**	24,927,140	48.27
Vested options pending to be exercised as at the end of the year	**12,099,240**	**76.00**	10,169,440	103.81

*During the year ended March 31, 2015, 1,050,000 options (for the year ended March 31, 2014 1,500,000 Options) granted to Managing Director and Global CEO and 720,000 options (for the year ended March 31, 2014 1,000,000 Options) granted to Executive Director.

**Includes 4,360,000 options granted to Managing Director/Executive Director and Non-Executive Directors (for the year ended March 31, 2014, 2,590,000 options).

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

The following tables summarize information about outstanding stock options:

As at March 31, 2015

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

As at March 31, 2014

Range of exercise price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹ 45 to ₹ 50	2,218,290	1	49.44
₹ 57 to ₹ 144	7,950,850	3	118.99
₹ 10	14,758,000	9	10.00

2.2 Reserves and Surplus

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
a. Securities Premium Account		
Opening balance	**823.54**	826.61
Add : On allotment of equity shares under FCCB conversion	**19.28**	0.46
Add : On allotment of equity shares under CDR	**1.41**	0.37
Less: Premium payable on redemption of preference shares	**(3.90)**	(3.90)
	840.33	823.54
b. Revaluation Reserve		
Opening balance	**-**	-
Add: Movement during the year (Refer note no. 2.10.1)	**125.50**	-
	125.50	-
c. Foreign Currency Monetary Items Translation Difference Account		
Opening Balance	**(24.55)**	(31.60)
Add: Recognised /(amortized) during the year (Refer note no. 2.38)	**4.23**	7.05
	(20.32)	(24.55)
d. Cash Flow Hedging Reserve Account		
Opening Balance	**(22.60)**	(21.39)
Add : Recognised during the year (Refer note no. 2.30)	**22.60**	(1.21)
	-	(22.60)
e. Translation Reserve		
Opening balance	**-**	-
Add: Movement during the year	**(187.23)**	34.85
	(187.23)	34.85
(Less): Adjusted against Surplus/(Deficit) in Statement of profit ans loss (contra)	**187.23**	(34.85)
	-	-
f. Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	**(818.30)**	(495.59)
Add:Transitional Depreciation for the year (Refer note no. 2.10)	**(16.71)**	-
Add:Net Profit/ (Loss) for the year	**(976.27)**	(357.56)
Add:Translation reserve adjusted (contra)	**(187.23)**	34.85
	(1,998.51)	(818.30)
Total	**(1,053.00)**	(41.91)

2.3 Long-term borrowings

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Secured Loans		
Term loans from banks		
Rupee term loan	**241.65**	521.31
Foreign currency loan from banks	**1,015.39**	827.76
Term loan from others	**-**	0.38
	1,257.04	1,349.45
Unsecured Loans		
From bank	**-**	-
Foreign currency convertible bonds (FCCB) (Refer Note No. 2.3.1)	**540.12**	573.76
Term loans:		
From others	**3.67**	5.28
Finance lease obligations	**59.50**	130.40
	603.29	709.44
Total	**1,860.33**	2,058.89

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

As at March 31, 2015

₹ crores

Particulars	Type	Interest rate range %	Amount	Repayment Schedule		
				0-1 yr	1-3 yrs	> 3 yrs
				Included in Other Current Liabilities	Including in Long Term Borrowings	
Secured Loan	Rupee Term loans from banks	13	2.28	2.28	-	-
		3.50	24.66	24.66	-	-
		6.75	282.54	40.89	96.63	145.02
	Foreign Currency Term loans from banks	Libor + 6	104.67	7.33	62.80	34.54
		Libor + 6.5	1,097.37	179.32	534.72	383.33
	Vehicle Loan	11.75	0.13	0.13	-	-
Unsecured Loan	Term loan from Others	-	5.50	1.83	3.67	-
	FCCB	4.75-5.00	540.12	-	540.12	
	Finance lease obligations	12.95-15.12	208.52	149.02	59.50	-
Total			**2,265.79**	**405.46**	**1,297.44**	**562.89**

As at March 31, 2014

₹ crores

Particulars	Type	Interest rate range %	Amount	Repayment Schedule		
				0-1 yr	1-3 yrs	> 3 yrs
				Included in Other Current Liabilities	Including in Long Term Borrowings	
Secured Loan	Rupee Term loans from banks	13	3.25	3.25	-	-
		3.50	26.09	26.09	-	-
		14.75	549.78	28.47	-	521.31
	Foreign Currency Term loans from banks	Libor + 6.5	885.69	57.93	307.90	519.86
	Vehicle Loan	11.75	0.60	0.22	0.38	-
Unsecured Loan	Term loan from Others	10.00-14.75	7.14	1.86	5.28	-
	Term loan from banks		40.00	40.00		
	FCCB	4.75-5.00	573.76	-	573.76	-
	Finance lease obligations	12.95-15.12	211.23	80.83	123.56	6.84
Total			2,297.54	238.65	1,010.88	1,048.01

Note for securities offered under Corporate Debt Restructuring:

In terms of the Corporate Debt Restructuring (CDR) package agreed with the lenders participating in CDR package (hereinafter referred to as "CDR Lenders") and the Master Restructuring Agreement (MRA) dated March 30, 2012 (as amended by Amendment Agreements dated July 25, 2012 and January 9, 2014) signed for this purpose, the Company and certain of its subsidiaries identified for the purpose ("Obligors") had agreed to offer guarantees and security to the CDR Lenders. The necessary security documentation was executed with the Security Trustee appointed by the CDR Lenders and security was created. In pursuance of the CDR package, it was agreed that those lenders who were holding security prior to CDR package would continue to hold such security with first priority over it and remaining CDR Lenders will hold it with second priority.

As at March 31, 2015

The Company has created security as envisaged in the CDR package which is given below:

Sr. No.	Tranche Name	Facility	Amount (₹ in crores)	
			As at March 31, 2015	As at March 31, 2014
1	A	Term loan facility (FCNR Loan)	**174.92**	167.44
2	B	Term loan facility (FCNR Loan)	**244.40**	234.62
3	C	Fund based facility (FCNR Loan)	**49.55**	47.60
		Non fund based facility	**2.77**	2.77
4	D & F	Term loan facility (FCNR Loan)	**107.49**	104.64
5	E	Fund based facility (FCNR Loan)	**98.81**	96.20
		Non fund based facility	**60.00**	60.00
6	G	Term loan facility	**-**	20.67
7	H	Term loan facility (FCNR Loan)	**33.78**	12.52
8	I	Fund based facility	**18.81**	5.13
9	J	Non fund based facility	**2.00**	2.00
		Term loan facility	**-**	13.68
10	K	Term loan facility (FCNR Loan)	**107.89**	103.48
11	L	Term loan facility (FCNR Loan)	**101.30**	97.26
12	Priority Loans	Term loan facility	**114.02**	44.73
13	Others	Term loan facility	**325.87**	317.65
		Total	**1,441.61**	1,330.39

Facilities covered by the security created:

A. Security created:

Sr. No.	Security	First Charge to	Second Charge to
1.	A charge and mortgage on all the present and future immovable and movable tangible fixed assets (except leased assets) of the Company.	Lenders of Tranches A and D	All CDR Lenders (other than the lenders of Tranches A and D) and the Additional Foreign Currency Facility Lender.
2	A charge on all the Receivables and stocks of the Company.	Lenders of Tranches E, G, I and K. First charge shall be pari passu with the existing first charge created in favour of a working capital facility (non fund based) provided by the Development Bank of Singapore (DBS).	All CDR Lenders (other than the lenders of Tranches E, G, I and K) and the Additional Foreign Currency Facility Lender.

Sr. No.	Security	First Charge to	Second Charge to
3	A charge on all the present and future current assets (except Receivables) of the Company.	Lenders of Tranche I. First charge shall be pari passu with the existing first charge created in favour of (i) a working capital facility (non fund based) provided by DBS. Further, first ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of the Company, to secure Tranche K.	All CDR Lenders (other than the lender of Tranche I) and the Additional Foreign Currency Facility Lender.
4	A charge on all the present and future intellectual property rights (other than in respect of ORION and PREMIA) of the Company.	Intellectual property rights in respect of ORION and PREMIA are charged in favour of Tranche L on exclusive basis. In respect of other IPRs, all CDR Lenders and the Additional Foreign Currency Facility Lender.	Not Applicable

B. Corporate guarantees from material subsidiaries:

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

Sr. No.	Security	First Charge to	Second Charge to
Charge on assets of 3i Infotech Inc			
1	A charge on all the present and future movable fixed assets and current assets of 3i Infotech Inc.	Lender of Tranche B. First charge shall be pari passu with the existing first charge created in favour of State Bank of India, California to secure line of credit of US$ 4.5 million (₹28.14 Crores).	All CDR Lenders (other than the lender of Tranche B) and the Additional Foreign Currency Facility Lender.
Charge on assets of 3i Infotech (Middle East) FZ LLC			
2	A charge on all the present and future movable fixed assets and current assets (except Receivables and the collection account) of 3i Infotech (Middle East) FZ LLC.	All CDR Lenders and the Additional Foreign Currency Facility Lender. First ranking pari passu security interest has been created over collection account of 3i Infotech (Middle East) FZ LLC to secure USD 17 million (₹106.30 Crores) Structured Trade Finance (STF) facility and guarantee facility by Standard Chartered Bank, Dubai.	Not Applicable
3	A charge on all the Receivables of 3i Infotech (Middle East) FZ LLC.	Not Applicable	All CDR Lenders and the Additional Foreign Currency Facility Lender.
Charge on assets of 3i Infotech Asia Pacific Pte Limited			

Sr. No.	Security	First Charge to	Second Charge to
4	A charge on all the present and future movable fixed assets and current assets (other than Receivables and stocks) of 3i Infotech Asia Pacific Pte Limited.	All CDR Lenders and the Additional Foreign Currency Facility Lender. First ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of 3i Infotech Asia Pacific Pte Limited, to secure the cash credit facility of USD 2 million (₹12.51 Crores) provided by Standard Chartered Bank, Singapore.	Not Applicable
5	A charge on all the Receivables and stocks of 3i Infotech Asia Pacific Pte Limited.	Not Applicable First charge has been created to secure the cash credit facility of USD 2 million ₹12.51 Crores provided by Standard Chartered Bank, Singapore.	All CDR Lenders and the Additional Foreign Currency Facility Lender.
Charge on assets of 3i Infotech (Western Europe) Holdings Limited, 3i Infotech (UK) Ltd., 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited.			
6	A charge on all the present and future movable assets including current assets of 3i Infotech (Western Europe) Holdings Limited, 3i Infotech (UK) Ltd, 3i Infotech Financial Software Inc, 3i Infotech SDN BHD and 3i Infotech BPO Limited, except current assets of 3i Infotech BPO Limited	All CDR Lenders and the Additional Foreign Currency Facility Lender.	Not Applicable
7	A charge on all the current assets of 3i Infotech BPO Limited	First charge has been created to secure the cash credit facility of ₹ 3 crores provided by Development Credit Bank.	All CDR Lenders and the Additional Foreign Currency Facility Lender.

C. Pledge of shares:

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

The pledge over subject shares (except 3i Infotech (UK) Ltd) have been created as a first ranking charge in favour of CDR Lenders and the Additional Foreign Currency Lender, ICICI Bank Limited. The amounts realized from enforcement of such pledge over equity shares of 3i Infotech (UK) Ltd shall be utilized first towards satisfaction of Tranche B (to the extent of ₹25 crores) and Tranche D, and thereafter, towards satisfaction of other Tranches and the Additional Foreign Currency Facility of ₹215 crores availed from ICICI Bank Limited.

Pledgor (I)	Company whose shares have been pledged (II)	Details of shares pledged (III)
3i Infotech Limited	3i Infotech Holdings Private Limited	6,258,371,598 ordinary shares of MUR 1 each
	3i Infotech Asia Pacific Pte Limited	5,346,202 ordinary shares of SGD 1 each
	3i Infotech (UK) Ltd	3,226,308 equity shares of GBP 1each
	3i Infotech BPO Limited	100,000 equity shares of ₹ 10 each
3i Infotech (UK) Limited	3i Infotech (Western Europe) Holdings Ltd	1,500,000 A shares and 384,000 B shares of 10 p each respectively
3i Infotech Asia Pacific Pte Limited.	3i Infotech SDN BHD	5,000,000 shares of RM 1 each

Pledgor (I)	Company whose shares have been pledged (II)	Details of shares pledged (III)
3i Infotech Holdings Private Limited	3i Infotech Inc	100,138,408 Class A common stock of US$ 0.30 each and 1,000,000 Class B common stock of US$ 0.01 each
	3i Infotech Financial Software Inc	280,556 common stock of US$ 1 each
	3i Infotech (Middle East) FZ LLC	46,174 shares of AED 1000 each

D. Security and terms and conditions for others:

1. ₹ 0.13 crores (as at March 31, 2014 of ₹ 0.60 crores) loan is secured by way of hypothecation of certain Company owned vehicles in favour of Kotak Mahindra Bank.
2. Exclusive charge by way of hypothecation on the entire current assets of Locuz Enterprise Solutions Limited, both present and future, to secure credit facilities of ₹ 34 crores granted by IDBI Bank Limited to Locuz Enterprise Solutions Limited. Cash credit Facility outstanding as on 31st March 2015 is ₹ 6.21 Crores (as at 31st March 2014 – 6.78 Crores)

2.3.1 Foreign Currency Convertible Bonds (FCCB):

The Parent Company had issued four series of Foreign Currency Convertible Bonds (FCCBs) at different points of time and details of outstanding FCCBs issued are summarized as follows:

Particulars	Fourth Issue	Fifth Issue
Issue currency	USD	USD
Issue size	2.44 million **	125.36 million
Issue date	April 25, 2012	April 25, 2012
Maturity date	July 27, 2017	April 26, 2017
Coupon rate	4.75%	5%
Fixed exchange rate of conversion	₹ 40.81	₹ 50.79
Conversion price-post bonus	₹ 165.94	₹ 16.50
Conversions/Redemptions as at - (USD)		
31 Mar 2015	**Nil**	9.64 million
31 Mar 2014	Nil	0.23 million
Bought back as at - (USD)		
31 Mar 2015	**Nil**	**Nil**
31 Mar 2014	Nil	Nil
Outstanding as at - (USD)		
31 Mar 2015	**2.44 million**	**83.94 million**
31 Mar 2014	2.44 million	93.58 million
Outstanding as at - (₹ Crores)		
31 Mar 2015	**15.22**	**524.90**
31 Mar 2014	14.55	559.21

** Represents 3.67% of then outstanding portion of USD 100 million on April 25, 2012.

2.4 Deferred tax liability

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax asset:		
Expenses allowable on payment and others	-	(0.33)
	-	(0.33)
Deferred tax liability:		
Fixed Assets (Depreciation / Amortization)	-	1.25
	-	1.25
Net deferred tax liability	-	0.92

2.5 Other long-term liabilities

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Cash flow hedging liability (Refer note no.2.30)	**-**	-
Premium payable on redemption of FCCB	**6.31**	6.03
Premium payable on redemption of preference shares	**11.70**	7.80
Payable towards rent in terms of the settlement agreement	**-**	1.00
Total	**18.01**	14.83

2.6 Short-term borrowings

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Secured Loans		
Term Loans:		
From banks	**15.44**	-
Working capital loans	**83.06**	133.95
	98.50	133.95
Unsecured Loans		
Term Loans:		
From banks	**1.65**	4.00
From others	**9.50**	7.65
Bank Overdraft	**2.57**	-
Acceptances from an Associate	**52.45**	140.17
	66.17	151.82
Total	**164.67**	285.77

2.7 Trade payables

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Due to:		
Associate	**-**	0.07
Others	**211.36**	184.61
Total	**211.36**	184.68

As at March 31, 2015, the Parent Company and subsidiaries incorporated India has no outstanding dues to micro, small and medium enterprises. There is no liability towards interest on delayed payments under the Micro, Small and Medium Enterprises Development Act, 2006 during the year. There is also no amount of outstanding interest in this regard brought forward from the previous year.

The above information is on the basis of intimation received by the Parent Company and subsidiaries incorporated India, on request made to all vendors.

As at March 31, 2015, the Group has no outstanding dues on Joint venture (refer note no. 2.33).

2.8 Other current liabilities

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Current maturities of long term loans & finance lease obligations		
Secured term loans		
Rupee term loan from banks	**22.78**	51.44
Foreign currency loan from banks	**109.11**	57.93
Vehicle Loan	**0.13**	0.22
Other overdue borrowings from banks	**135.18**	47.89
Unsecured term loans		
From banks	**-**	-
From others	**1.83**	1.86
Finance lease obligations	**74.21**	62.44
Overdue finance lease obligations	**74.81**	18.39
Overdue on other borrowings from Banks	**-**	61.86
Total (A)	**418.05**	302.03
Other Liabilities		
Overdue borrowing from bank - short term secured	**1.50**	-
Interest accrued but not due on borrowings	**12.53**	12.64
Interest accrued and due on borrowings/acceptances	**165.90**	79.35
Payable towards interest sacrifice	**6.20**	7.89
Unclaimed dividend *	**0.37**	0.42
Advances received from customers (includes unearned revenue)	**83.44**	107.55
Other payables	**28.32**	96.08
Cash flow hedging liability (Refer note no.2.29)	**-**	22.60
Total Other Liablities (B)	**298.26**	326.53
Total Other Current Liabilities (A + B)	**716.31**	628.56

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

2.9 Short-term provisions

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee benefits	**29.13**	27.82
Total	**29.13**	27.82

2.10 Fixed assets

As at March 31, 2015

₹ crores

Particulars	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2014	Addi-tions during the year	Ded/ (Adj) during the year	As at March 31, 2015	As at April 1, 2014	Dep for the year	Ded/ (Adj) during the year	As at March 31, 2015	As at March 31, 2015
Tangible assets									
Land - Leasehold	0.52	-	-	0.52	0.12	-	0.00	0.12	0.40
- Freehold	-	-	-	-	-	-	-	-	-
Buildings - Owned	33.86	-	33.86	-	16.96	7.11	24.07	-	-
- Leasehold 1	20.85	-	(125.50)	146.35	4.62	1.27	0.01	5.88	140.47
Plant & Equipment / Electrical Installations	14.89	0.15	11.06	3.98	7.75	0.33	4.39	3.69	0.29
Furniture & Fixtures	26.08	0.51	14.21	12.38	19.33	1.81	11.47	9.67	2.71
Vehicles	4.54	0.07	1.02	3.59	1.89	0.68	(0.03)	2.60	0.99
Office Equipment	19.46	1.46	6.02	14.90	12.88	2.41	2.39	12.90	2.00
Computers	112.25	2.76	34.22	80.79	86.85	15.81	31.15	71.51	9.28
Leasehold Improvements	23.82	2.16	2.40	23.58	14.70	1.73	(2.39)	18.82	4.76
Asset on Finance Lease 2.10.3	275.59	-	3.98	271.61	114.20	64.01	3.98	174.23	97.38
	531.86	**7.11**	**(18.73)**	**557.70**	**279.30**	**95.16**	**75.04**	**299.42**	**258.28**
Intangible assets									
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-
Software Products - Meant for sale	1,257.28	-	(46.48)	1,303.76	256.65	103.84	-0.01	360.50	943.26
Software Products - Others	238.26	0.11	3.93	234.44	186.94	28.65	2.71	212.88	21.56
Business and Commercial Rights	44.62	-	7.26	37.36	35.66	1.45	7.26	29.85	7.51
	1,541.95	**0.11**	**(35.29)**	**1,577.35**	**481.04**	**133.94**	**9.96**	**605.02**	**972.33**
Total Tangible and Intangible	**2,073.81**	**7.22**	**(54.02)**	**2,135.05**	**760.34**	**229.10**	**85.00**	**904.44**	**1,230.61**

As at March 31, 2014

₹ crores

Particulars	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2013	Additions during the year	Ded/(Adj) during the year	As at March 31, 2014	As at April 1, 2013	Dep for the year	Ded/(Adj) during the year	As at March 31, 2014	As at March 31, 2014
Tangible assets									
Land - Leasehold	0.52	-	-	0.52	0.11	0.01	-	0.12	0.40
- Freehold	2.09	-	2.09	-	-	-	-	-	-
Buildings - Owned	34.63	-	0.77	33.86	3.74	15.77	2.55	16.96	16.90
- Leasehold	32.34	-	11.49	20.85	8.98	1.15	5.50	4.62	16.23
Plant & Equipment / Electrical Installations	16.52	0.33	1.96	14.89	8.26	1.08	1.59	7.75	7.14
Furniture & Fixtures	22.87	1.61	(1.60)	26.08	15.72	2.05	(1.56)	19.33	6.75
Vehicles	5.55	0.10	1.11	4.54	1.98	0.50	0.59	1.89	2.65
Office Equipment	20.70	1.00	2.26	19.46	13.23	1.70	2.05	12.88	6.58
Computers	104.75	2.66	(4.84)	112.25	69.50	12.56	(4.79)	86.85	25.40
Leasehold Improvements	34.32	1.47	11.97	23.82	20.09	6.03	11.43	14.70	9.12
Asset on Finance Lease 2.10.3	274.73	28.88	28.02	275.59	82.64	59.58	28.02	114.20	161.39
	549.02	**36.05**	**53.23**	**531.86**	**224.25**	**100.42**	**45.38**	**279.30**	**252.56**
Intangible assets									
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-
Software Products - Meant for sale	1,134.35	49.05	(73.88)	1,257.28	157.61	114.46	15.42	256.65	1,000.63
Software Products - Others	273.72	4.07	39.53	238.26	197.76	40.13	50.95	186.94	51.32
Business and Commercial Rights	44.62	-	0.00	44.62	34.25	1.41	(0.00)	35.66	8.96
	1,454.48	**53.12**	**(34.35)**	**1,541.95**	**391.41**	**156.00**	**66.37**	**481.04**	**1,060.91**
Total Tangible and Intangible assets	2,003.50	89.17	18.88	2,073.81	615.66	256.42	111.75	760.34	1,313.47

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

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

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

Consequently, in case of assets which have completed their useful life, the carrying value (net of residual value) as at 1st April, 2014 amounting to ₹ 16.71 crores has been adjusted to the Opening Deficit in Statement of Profit and Loss.

Also the carrying value of the assets (net of residual value) is being depreciated over the revised remaining useful lives. Consequently, the depreciation and amortization expense for the year ended 31 March, 2015 would have been lower by ₹ 6.55 crores (net of deferred tax of ₹ Nil)

2.10.2 Building – Leasehold includes:

During the year, the parent Company has revalued its Leasehold Building (60 years lease period) based on the fair market valuation obtained from an independent expert valuer. Accordingly, ₹ 125.50 crores has been credited to revaluation reserve and incremental depreciation thereon of ₹ 0.91 crores has been included in Depreciation and Amortisation Charge. Also, ₹ 146.35 crores remain substituted for historical cost in the gross block.

2.10.3 Tangible Assets under finance lease included in the schedule of fixed assets are as follows:

As at March 31, 2015

₹ crores

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

As at March 31, 2014

₹ crores

Asset type	Gross Block	Accumulated Depreciation	Net Block
Computers	198.37	81.98	116.39
Plant & Equipment/Electrical Installations	0.32	0.11	0.21
Furniture & Fixtures	66.23	27.78	38.45
Leasehold Improvements	10.67	4.33	6.34
Total	275.59	114.20	161.39

2.10.4 Depreciation for the year includes gain on sale/discarding of various assets amounting to ₹0.09 crores (for the year ended March 31, 2014 loss of ₹4.36 crores) and certain intangible assets have been fully amortized having Gross Block of ₹ 7.26 crores (as at March 31, 2014 ₹ 15.40 crores), Accumulated Depreciation ₹ 6.54 crores (as at March 31, 2014 ₹ 2.66 crores) and Net Block of ₹ 0.72 crores (as at March 31, 2014 ₹ 12.74 crores) due to technological obsolescence/commercial unviability.

2.11 Goodwill arising on consolidation

₹ crores

Particulars	**As at March 31, 2015**	As at March 31, 2014
Opening balance	**1,632.60**	1,546.66
Less: Due to sale of subsidiaries (refer note 2.41)	**(575.11)**	-
Less: Due to impairment (refer note 2.32.2)	**(350.00)**	-
Add/(Less): Impact due to foreign currency fluctuation	**3.07**	85.94
Closing balance	**710.56**	1,632.60

2.12 Non-Current Investments

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unquoted at Cost and Non Trade Investments (Long term)		
(i) Investment in Equities, Preference Capital		
200,000 Equity Shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co.Ltd (as at March 31, 2014 - 200,000 shares)	**0.10**	0.10
55,000 equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited. (as at March 31, 2014 - 55,000 shares)	**0.06**	0.06
37,500 Equity Shares of Egyptian Pounds 100 each fully paid up of Nile Information Technology. (as at March 31, 2014 - 37,500 shares)	**2.91**	2.91
Less: Provision for diminution in the value thereof	**(2.91)**	(2.91)
	-	-
8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA.	**2.10**	2.10
Less: Provision for diminution in the value thereof	**(2.10)**	(2.10)
	-	-
250,00,000 Redeemable Non Convertible Zero Coupon Preference Shares of ₹ 10 each fully paid up of eMudhra Ltd. redeemable by December 14, 2015. (as at March 31, 2014 - 2,50,00,000 shares)	**25.00**	25.00
	25.16	25.16
(a) Aggregate amount of Unquoted investments	**30.17**	30.17
(b) Aggregate provision for diminution in value of investments	**5.01**	5.01

2.13 Deferred tax asset

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax asset:		
Unabsorbed losses /depreciation	**818.34**	684.25
Expenses allowable on payment and others (including provision for doubtful debts)	**73.09**	45.90
Provision for Diminution in value of Investments / Loss Provided on divestment of step down subsidiaries	**212.77**	
Fixed assets (Depreciation / Amortization)	**0.47**	0.43
Others	**2.66**	
	1,107.33	730.58
Deferred Tax Liability:		
Fixed Assets (Depreciation / Amortization)	**315.29**	271.15
	315.29	271.15
	792.04	459.43
Less: Deferred tax assets not recognised as a matter of prudence	**666.20**	335.59
Net deferred tax asset	**125.84**	123.84

In respect of deferred tax asset of ₹ 125.84 crores (as at March 31, 2014 ₹ 123.84 crores) being carried forward, the management, based on the order book on hand and relying on the Restructuring Scheme approved by the CDR Cell, is confident of having taxable income in foreseeable future, which would enable reversals of deferred tax assets already recognized in the earlier years.

2.14 Long-term loans and advances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Capital advances	**-**	0.03
Security deposits (Includes lease rent deposits)	**11.32**	17.46
MAT credit receivable	**8.98**	30.90
Prepaid expenses	**8.32**	12.97
Advance tax and tax deducted at source (net of provision for tax)	**145.07**	124.91
Advances recoverable in cash or in kind or for value to be received	**0.14**	2.29
	173.83	188.56
Unsecured, considered doubtful		
Security Deposits (includes lease rent deposits)	**1.34**	1.34
Less: Provision for Deposits forfeited	**(1.34)**	(1.34)
	-	-
Total	**173.83**	188.56

2.15 Other non-current assets

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured considered good		
Unbilled revenue	**3.83**	18.77
Unamortised borrowing cost	**6.05**	6.38
Bank balance in margin money accounts	**-**	0.43
Total	**9.88**	25.58

2.16 Inventories

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Hardware and Supplies	**1.44**	1.36
Total	**1.44**	1.36

2.17 Trade receivables

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Debts outstanding for a period exceeding 6 months from the due date of payment	**24.23**	39.64
Others	**155.05**	170.21
	179.28	209.85
Unsecured, considered doubtful	**50.15**	37.62
Less: Provision for bad and doubtful debts	**50.15**	37.62
	-	-
Total	**179.28**	209.85

2.18 Cash and bank balances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and Cash Equivalents		
in current accounts	**11.04**	50.95
Cheques on hand	**-**	0.01
Remittance in transit	**-**	0.66
Cash on hand	**0.43**	0.13
TOTAL (A)	**11.47**	51.75
Other Bank Balances		
- in margin money accounts	**6.89**	8.84
- in escrow accounts	**4.15**	0.20
- in dividend accounts	**0.37**	0.42
TOTAL (B)	**11.41**	9.46
TOTAL (A+B)	**22.88**	61.21

2.19 Short-term loans and advances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Capital advances	**-**	0.37
Security deposits (Includes lease rent deposits)	**11.39**	11.72
Unsecured, considered doubtful		
Security Deposits (includes lease rent deposits)	**2.21**	2.18
Less: Provision for deposits forfeited	**(2.21)**	(2.18)
	11.39	12.09
Other loans and advances		
Advance tax and tax deducted at source (net of provision for tax)	**7.31**	12.02
Prepaid expenses	**7.62**	16.77
Loans to staff	**1.00**	0.84
Advances recoverable in cash or in kind or for value to be received	**48.23**	31.51
	64.16	61.14
Total	**75.55**	73.23

2.20 Other current assets

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Unbilled revenue	**97.97**	131.01
Unamortised borrowing cost	**2.27**	1.84
Interest accrued but not due on loans given	**-**	0.01
Total	**100.24**	132.86

* Includes ₹ 8.32 crores from an associate (as at March 31, 2014 ₹ 9.96 crores)

2.21 Revenue from operations

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
IT solutions	**1,280.26**	1,230.66
Transaction services	**63.74**	77.23
Total	**1,344.00**	1,307.89

2.22 Other income

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income	**1.76**	3.91
Gain on sale/discarding of fixed assets	**0.09**	8.74
Foreign exchange gain (net)	**-**	103.01
Other non-operating income	**2.58**	14.95
Total	**4.43**	130.61

2.23 Employee benefit expenses and Cost of Revenue

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries and wages	**683.73**	791.08
Contribution to provident funds and other funds	**27.43**	34.66
Recruitment and training expenses	**2.66**	2.60
Staff welfare expenses	**9.11**	13.10
Cost of third party products / outsourced services	**279.34**	187.18
Total	**1,002.27**	1,028.62

2.24 Finance cost

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest expense	**203.39**	299.02
Other borrowing costs	**8.01**	22.08
Total	**211.40**	321.10

2.25 Other expenses

₹ crores

Particulars	**For the year ended March 31, 2015**	For the year ended March 31, 2014
Rent	**36.45**	55.10
Foreign exchange loss (net)	**3.37**	-
Travelling and conveyance	**31.38**	32.69
Power and fuel	**9.84**	12.26
Selling and distribution expenses	**1.99**	2.74
Repairs and Maintenance	**6.59**	7.89
Insurance	**8.31**	7.12
Rates and taxes	**5.07**	5.58
Communication expenses	**10.93**	15.72
Printing and stationery	**1.83**	1.95
Directors' Sitting Fees	**0.15**	0.07
Legal and Professional charges	**26.28**	25.75
Bad debts written off	**0.75**	29.55
Less: Provision for doubtful debts withdrawn	**(0.75)**	(29.55)
Provision for doubtful debts	**14.07**	9.18
Miscellaneous expenses	**12.75**	12.04
Total	**169.01**	188.09

2.26 Exceptional Items:- Income/(Expenses)

₹ crores

Particulars	**For the year ended March 31, 2015**	For the year ended March 31, 2014
Loss on sale of subsidiaries (Refer Note 2.32.2 & 2.41)	**(287.64)**	-
Provision for Goodwill Impairment (Refer Note 2.32.2)	**(350.00)**	-
Old Irrecoverable balances written off	**(35.53)**	-
Total	**(673.17)**	-

2.27 Tax expenses

₹ crores

	For the year ended March 31, 2015	For the year ended March 31, 2014
Current taxes:		
Income tax	**13.91**	11.99
Minimum Alternate Tax (MAT) credit entitlement written off	**21.80**	3.98
Income tax pertaining to earlier years written off	**6.86**	3.81
	42.57	19.78
Deferred tax asset reversed (net)	**(3.03)**	(18.45)
Total	**39.54**	1.33

2.28 Members of the Group

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

Sr No.	Particulars	Country of incorporation	Percentage of holding	Date of acquisition / establishment
1	3i Infotech Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Jan 7, 2000
2	3i Infotech Asia Pacific Pte Limited	Singapore	100% held by Parent Company	Nov 8, 2000
3	3i Infotech SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	Sep 26, 2002
4	3i Infotech (UK) Limited	UK	100% held by the Parent Company	Apr 1, 2005
5	3i Infotech (Thailand) Limited	Thailand	100% held by 3i Infotech Asia Pacific Pte Limited	May 12, 2005
6	3i Infotech Services SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	May 11 2006
7	3i Infotech Trusteeship Services Limited	India	100% held by Parent Company	Aug 31, 2006
8	3i Infotech (Western Europe) Holdings Limited	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
9	3i Infotech (Western Europe) Group Limited	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
10	Rhyme Systems Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
11	3i Infotech (Western Europe) Limited (Upto Dec 23, 2014)c (Refer Note no. 2.41.b)	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
12	3i Infotech Holdings Private Limited	Mauritius	100% held by Parent Company	Nov 20, 2006
13	3i Infotech Financial Software Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Dec 18, 2006
14	3i Infotech Saudi Arabia LLC	Saudi Arabia	100% held by Parent Company	Dec 24, 2006
15	3i Infotech (Africa) Limited	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
16	Black Barret Holdings Limited	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
17	Professional Access Software Development Private Limited (Refer Note no. 2.41.a)	India	100% held by Black Barret Holdings Limited	May 8, 2007
18	Professional Access Limited (Upto Aug 14, 2014) (Refer Note no. 2.41.a)	USA	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
19	3i Infotech (Middle East) FZ LLC	UAE	100% held by 3i Infotech Holdings Private Limited	Sep 25, 2007
20	3i Infotech Consultancy Services Limited	India	100% held by Parent Company	Nov 30, 2007
21	3i Infotech BPO Limited	India	100% held by Parent Company	Dec 3, 2007
22	3i Infotech (Flagship-UK) Limited (Upto Dec 23, 2014) (Refer Note no. 2.41.b)	UK	100% held by 3i Infotech (Western Europe) Limited	Jan 29, 2008
23	3i Infotech Framework Limited	UK	100% held by 3i Infotech (Western Europe) Limited	Feb 8, 2008
24	Locuz Enterprise Solutions Limited	India	74% held by the Parent Company	May 8, 2008
25	Elegon Infotech Limited	China	100% held by Parent Company	Jul 10, 2007
26	IFRS Cloud Solutions Limited (formerly known as 3i Infotech Outsourcing Services Limited)	India	100% held by 3i Infotech Financial Software Inc.	Mar 24, 2011
27	3i Infotech (South Africa) (Pty) Limited	Republic of South Africa	100% held by 3i Infotech Holding Private Limited	Nov 28, 2013
28	Locuz Inc.	USA	100% held by Locuz Enterprise Solutions Limited	Jul 29, 2014

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

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

2.29.1 Contingent Liabilities (to the extent not provided for)

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Outstanding Bank guarantees	**3.42**	9.90
Arrears of Cummulative Preference Dividend (including dividend distribution tax thereon)	**4.83**	4.83
Estimated amount of claims against the Group not acknowledged as debts in respect of :		
- Disputed Income Tax matters	**52.04**	50.16
- Disputed Sales Tax matters	**35.23**	3.79
- Disputed Service Tax matters (excluding interest as applicable)	**181.07**	181.77
- Customer claims	**15.88**	19.88
- Others*	**47.61**	49.86
Total	**340.08**	320.19

* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.78 crores (as at March 31, 2014 - ₹ 0.85 crores).

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

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

2.29.2 Capital Commitments

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**0.14**	0.07
b) Uncalled capital pertaining to Joint Venture	**1.17**	1.12

2.30 Derivative Instruments:

During the financial year ended March 31, 2012, the Company had entered into a cross currency interest rate swap to the tune of USD 26 mn (₹115 crores). The Company designated this instrument as cash flow hedge against its forecasted foreign currency inflows. For hedge transactions, the Company identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

For the year ended Mar 31, 2015, the Company recognized ₹ 22.60 crores (for the year ended March 31, 2014 ₹ 1.21 crores) in Cash flow hedging reserve account as effective fair value changes on derivative under cash flow hedge accounting.

The balance of the Cash flow Hedging Reserve account as at March 31, 2015 is NIL. (as at March 31, 2014 negative ₹ 22.60 crores).

As at March 31, 2015, the fair values of outstanding derivatives designated under cash flow hedge accounting was Nil (as at March 31, 2014 ₹ 22.60 crores), of which Nil (as at March 31, 2014 Nil) is presented in the balance sheet under 'Other long term liabilities' and the Nil (as at March 31, 2014, ₹ 22.60) is presented under "Other current liabilities".

2.31 Leases:

a) Operating Lease:

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

₹ crores

Particulars	**As at March 31, 2015**	As at March 31, 2014
Within one year	**18.36**	30.05
Later than one year and not later than five years	**39.74**	89.18
Later than five years	**27.97**	27.32

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

₹ crores

Particulars	**As at March 31, 2015**	As at March 31, 2014
Within one year	**4.66**	3.61
Later than one year and not later than five years	**1.16**	5.82
Later than five years	**-**	-

b) Finance Lease

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

As at March 31, 2015

₹ crores

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

As at March 31, 2014

₹ crores

Particulars	Minimum Lease Payment	Finance Charges	Present Value of Minimum lease payments
Within one year	86.62	5.79	80.83
Later than one year and not later than five years	143.64	13.24	130.40
Later than five years	-	-	-

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

2.32.1 Going Concern

During the financial year 2011-12, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the Foreign Currency Convertible Bond (FCCB) holders with respect to its obligations. Post the debts restructuring, there have been substantial delays in repayment of Principal and payment of Interest in respect of CDR lenders as well as for the interest on the FCCB , which may be construed as Default as per the Master Restructuring Agreement (MRA) and the terms of FCCB. The Company is negotiating with the aforesaid lenders as also with the lease financiers to restructure the debt and is reasonably certain to renegotiate and meet its financial obligations

2.32.2 Impairment Analysis of Cash Generating Units (CGUs):

The Company, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 – 'Impairment of Assets', specified under Section 133 of the Act, has carried out an impairment analysis of its Cash Generating Units / Long term Investments on a going concern basis, with the assistance of an independent expert valuer and accordingly provision for Impairment Loss of ₹350 crores (Previous year ₹ Nil) has been made. Besides, the Company has incurred loss on sale of Subsidiaries of ₹287.64 crores on account of divestment of stake in step down subsidiaries during the year. (Also Refer note 2.41)

2.33 Investment in Joint Venture:

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

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

₹ crores

Particulars	**As at March 31, 2015**	As at March 31, 2014
Assets	**0.49**	0.46
Liabilities	**0.40**	0.38

₹ crores

Particulars	**For the year ended March 31, 2015**	For the year ended March 31, 2014
Income	**-**	-
Expenses	**-**	-

₹ crores

Particulars	**As at March 31, 2015**	As at March 31, 2014
Contingent Liability	**-**	-
Commitments	**-**	-

2.34 a) In the opinion of the Board, investments, current and non-current assets, long-term and short-term loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provisions for all known and determined liabilities are adequate and not in excess of the amounts stated.

b) The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. However, the management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

2.35 Earnings per share:

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

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

Particulars		**For the year ended March 31, 2015**	For the year ended March 31, 2014
Profit/(Loss) before exceptional items and discontinued operations and after tax as per Statement of Profit and Loss (₹ crores)		**(302.90)**	(357.05)
Add/Less: Minority interest (₹ crores)		**0.21**	0.50
Profit/(Loss) after minority interest (₹ crores)		**(303.11)**	(357.55)
Less: Dividend on preference shares accrued but not declared (incl. Corporate Dividend taxes) (₹ crores)		**4.83**	4.83
Profit/(Loss) attributable to equity shareholders before exceptional items and impact of discontinued operations (₹ crores)	A	**(307.94)**	(362.38)
Add: Profit/(Loss) due to exceptional items and impact of discontinued operations (₹ crores)		**(673.17)**	0.00
Profit/(Loss) attributable to equity shareholders after exceptional items and impact of discontinued operations (₹ crores)	B	**(981.11)**	(362.38)
Weighted average number of equity shares outstanding during the year (Nos.)	C	**582,143,397**	572,072,722
Add: Effect of dilutive issues of options (Nos)		**0.00**	0.00
Diluted weighted average number of equity shares outstanding during the year (Nos.)	D	**582,143,397**	572,072,722
Nominal value of equity shares (₹)		**10.00**	10.00
Before exceptional items and impact of discontinued operations			
Basic Earnings Per Share (₹)	A/C	**(5.29)**	(6.33)
Diluted Earnings Per Share (₹)	A/D	**(5.29)**	(6.33)
After exceptional items and impact of discontinued operations			
Basic Earnings Per Share (₹)	B/C	**(16.85)**	(6.33)
Diluted Earnings Per Share (₹)	B/D	**(16.85)**	(6.33)

2.36 Related Party Transactions:

a) Key Management Personnel and associate:

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

Key Management Personnel/Related Party	**Designation/Details**
1. Mr. Madhivanan Balakrishnan	Managing Director & Global CEO
2. Mr. Padmanabhan Iyer	Chief Financial Officer (from November 11, 2014)
3. Mr. Charanjit Attra	Executive Director
4. Mr. Ninad Kelkar	Company Secretary
5. ICICI Bank Limited	Associate

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

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Directors / KMP - Mr. Charanjit Attra		
Remuneration	**0.95**	1.58
Directors / KMP - Mr. Madhivanan Balakrishnan		
Remuneration	**1.78**	3.14
Directors / KMP - Mr. Padmanabhan Iyer		
Remuneration	**0.39**	-
Directors / KMP - Mr. Ninad Kelkar		
Remuneration	**0.19**	-
ICICI Bank Limited #		
Income	**188.09**	144.72
Expenses	**2.22**	1.69
Old Irrecoverable Balance written Off	**1.74**	-
Doubtful debt written back	**-**	0.03

Excluding normal banking transactions

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

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

₹ crores

Particulars	Nature of Balances	As at March 31, 2015	As at March 31, 2014
ICICI Bank Limited	Trade Receivables	**0.09**	28.22
	Trade Payables	**-**	0.07
	Advances Payable	**58.52**	140.17
	Other Deposits Payable	**1.55**	1.55
	Unbilled Revenue	**8.32**	9.96
Directors' Remuneration			
Mr. Madhivanan Balakrishnan *	Payable	**1.78**	1.83
Mr. Charanjit Attra *	Payable	**0.85**	1.18
Mr. Padmanabhan Iyer *	Payable	**0.38**	-
Mr. Ninad Kelkar *	Payable	**0.01**	-

*includes retention incentive amount.

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

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

2.37 Disclosures pursuant to AS 17 – Segment Reporting:

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

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Segment Revenues:		
IT Solutions	**1,280.26**	1,230.66
Transaction Services	**63.74**	77.23
Total Revenues	**1,344.00**	1,307.89
Unallocable expenses:		
Operating, Selling and Other expenses	**201.41**	202.79
Finance cost	**211.40**	321.10
Depreciation & Amortization	**229.10**	256.42
Segment Results (Gross Profit):		
IT Solutions	**358.59**	281.20
Transaction Services	**15.54**	12.77
Total Segment Results	**374.13**	293.97
Operating Profit/(Loss)	**(267.78)**	(486.34)
Other Income	**4.43**	130.61
Profit/(Loss) before tax	**(263.35)**	(355.73)
Less : Taxes	**39.54**	1.33
Profit/(Loss) after tax	**(302.90)**	(357.06)
Less : Exceptional items	**(673.17)**	-
Less: Discontinued operations	**-**	-
Profit/(Loss) after tax, exceptional items and discontinued operations	**(976.06)**	(357.06)
Add : Share of Profit in Associate		
Less : Minority interest	**0.21**	0.50
Net Profit/(Loss) after minority interest, exceptional items and discontinued operations	**(976.27)**	(357.56)

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

b) Considering the nature of the Group's business, the assets and liabilities cannot be identified to any specific business segment.

c) Disclosure of details of Secondary segments, being geographies, are as under:

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Emerging Markets	**828.88**	668.93
Developed Markets	**515.12**	638.96
Total Revenue	**1,344.00**	1,307.89

Emerging Markets:- South Asia, Asia Pacific, Middle East & Africa Geography entities.

Developed Markets:- U.S & U.K Geography entities.

2.38 Foreign Currency Monetary Item Translation Difference Account:

During the year, in compliance with Accounting Standard (AS) 11 – The Effects of Changes in Foreign exchange Rates, exchange loss of ₹ 15.40 crores (for the year ended March 31, 2014 loss of ₹ 52.34 crores) arising on FCCBs and exchange gain of ₹ 2.79 crores (for the year ended March 31, 2014 gain of ₹ 49.88 crores) on long term foreign currency investment in Preference shares/loan, exchange gain of ₹ 0.42 crores (for the year ended March 31, 2014 loss of ₹ 0.42 crores) on foreign currency loan being long term monetary liability/asset and exchange gain of 3i Infotech Holdings Pvt Ltd. of ₹ 21.12 crores (for the year ended March 31, 2014 ₹ Nil crores) on reinstatement of preference share capital pending allotment has been debited/credited to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of the liability/asset. The amount of exchange loss amortized during the year is ₹ 7.35 crores (for the year ended March 31, 2014 ₹ 9.93 crores) and exchange gain of 3i Infotech Holdings Pvt Ltd amortized during the year is ₹ 12.05 crores(for the year ended March 31, 2014 ₹ Nil Crores).

2.39 Share Application Money Pending Allotment:

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

2.40 Employee Benefit Plans

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

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

Reconciliation of Benefit Obligations and Plan Assets

Change in benefit obligation **₹ crores**

Particulars	**As at March 31, 2015**	As at March 31, 2014
Obligation at the beginning of the year	**14.61**	13.02
Interest cost	**1.37**	1.02
Current service cost	**2.23**	2.68
Benefits paid	**(4.44)**	(6.16)
Actuarial (gain)/loss in obligations	**4.71**	4.04
Obligation at year end	**18.47**	14.60

Change in Fair value of Plan assets **₹ crores**

Particulars	**As at March 31, 2015**	As at March 31, 2014
Fair value of plan assets at the beginning of the year	**0.01**	0.01
Expected return on plan assets	**0.00**	0.00
Contributions by the employer	**-**	-
Benefits paid	**-**	-
Actuarial loss on plan assets	**(0.00)**	(0.00)
Fair value of plan assets at year end	**0.01**	0.01

Expenses recognised in Statement of Profit and loss ₹ **crores**

Particulars	**For the year ended March 31, 2015**	For the year ended March 31, 2014
Current service cost	**2.22**	2.68
Interest cost	**1.36**	1.02
Expected return on plan assets	**(0.00)**	(0.00)
Net actuarial (gain)/loss recognized during the year	**4.72**	4.04
Expenses recognised in Statement of Profit & Loss	**8.30**	7.74

Reconciliation or Present Value of the obligation and the Fair value of the plan assets ₹ **crores**

Particulars	**As at March 31, 2015**	As at March 31, 2014
Liability at year end	**18.46**	14.60
Fair value of plan assets at year end	**0.01**	0.01
Liability recognized in the balance sheet	**18.45**	14.59

Assumptions

Particulars	**As at March 31, 2015**	As at March 31, 2014
Discount Rate	**7.90%**	9.29% - 9.36% p.a.
Expected Rate of Return on Plan Assets	**8.70% p.a.**	8.70% p.a.
Salary Escalation Rate	**3% for first three years and 2% thereafter**	4.00%-6.00%

Experience Adjustment ₹ **crores**

Particulars	**As at March 31, 2015**	As at March 31, 2014
On Plan Liabilities (Gain)\Loss	**5.18**	4.81
On Plan Assets Gain\(Loss)	**(0.00)**	(0.00)

The liability recognized with respect to Gratuity within the balance sheet as at March 31, 2015 is ₹ 21.58 crores (as at March 31, 2014 is ₹ 18.98 crores). The liability recognized with respect to leave encashment/entitlement in the balance sheet as at March 31, 2015 is ₹ 3.05 crores (as at March 31, 2014 is ₹ 2.32 crores)

2.41 Sale of Subsidiaries :

a) Professional Access group, which is in the business of providing IT Services, was acquired by 3i Infotech group in 2007.

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

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

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

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

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

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

₹ crores

Particulars	**For the period ended March 31, 2015**	For the year ended March 31, 2014
Income from operation	**85.86**	230.38
Other Income	**1.52**	7.45
Operating, selling and other expenses	**(73.46)**	(196.33)
Profit before interest, Depreciation and amortisation	**13.91**	41.50
Interest	**(0.39)**	(1.22)
Depreciation	**(0.82)**	(3.36)
Profit before taxes	**12.70**	36.92
income tax expense	**(5.16)**	(14.19)
Profit after taxes	**7.54**	22.73
	As at March 31, 2015	As at March 31, 2014
Total Assets		
Fixed Assets (Net)	**-**	5.72
Net Current Assets	**129.66**	93.23
Deferred tax assets (net)	**-**	1.59
Total Liabilities	**-**	-
Secured Loans	**-**	13.66

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

₹ crores

Particulars	**For the period ended March 31, 2015**	For the year ended March 31, 2014
Income from operation	**82.32**	119.12
Operating, selling and other expenses	**(74.34)**	(104.11)
Profit before interest, Depreciation and amortisation	**7.98**	15.01
Interest	**(1.03)**	(1.67)
Depreciation	**(0.44)**	(0.47)
Profit before taxes	**6.51**	12.87
income tax expense	**-**	-
Profit after taxes	**6.51**	12.87
Total Assets	**As at March 31, 2015**	As at March 31, 2014
Fixed Assets (Net) incl intangible assets under development	**-**	15.46
Net Current Assets	**-**	7.07
Deferred tax assets (net)	**-**	-
Total Liabilities		
Secured Loans	**-**	(21.90)
Deferred tax Liabilities (net)	**-**	-

2.42 Statement of Net Assets and Profit or Loss attributable to Owners and Minority Interest:

Name of the entity	**Net Assets, i.e., total assets minus total liabilities**		**Share in profit or loss**	
	As % of consolidated net assets	**Amount (₹ crores)**	**As % of consolidated profit or loss**	**Amount (₹ crores)**
Parent	-137%	479.25	38%	(375.73)
Subsidiaries				
Indian :				
Professional Access Software Development Pvt Limited, (India)	-30%	106.79	2%	(24.30)
3i-Infotech BPO Limited (formerly known as Linear Financial and Management Systems Ltd.), (India)	4%	(14.03)	0%	1.44
3i Infotech Trusteeship Services Limited, (India)	1%	(3.74)	0%	0.34
3i Infotech Consultancy Services Limited, (India)	21%	(72.12)	6%	(56.83)
3i Infotech Outsourcing Services Limited (India)	0%	(0.00)	0%	(0.00)
Locuz Enterprise Solutions Limited, (India)	-5%	16.29	0%	(0.11)
Foreign				
3i Infotech Inc., (USA)	-32%	110.67	-3%	24.88
3i Infotech Holdings Private Limited, (Mauritius)	127%	(445.09)	37%	(364.80)
3i Infotech Financial Software Inc., (USA)	7%	(24.55)	-1%	8.64

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated profit or loss	Amount (₹ crores)
3i Infotech (Africa) Limited, (Kenya)	5%	(18.61)	0%	(1.41)
Black Barret Holdings Limited (Cyprus)	0%	(0.86)	0%	(0.12)
3i Infotech Asia Pacific Pte. Ltd., (Singapore) (Consolidated)	-10%	33.38	-3%	26.24
3i Infotech (Middle East) FZ LLC., (UAE)	43%	(151.19)	1%	(10.98)
3i Infotech (UK) Limited, (UK) (Consolidated)	93%	(325.75)	22%	(216.46)
3i Infotech Saudi Arabia LLC., (Saudi Arabia)	7%	(25.86)	-2%	19.89
Elegon Infotech Ltd., (China)	6%	(19.72)	1%	(6.90)
3i infotech South Africa (PTY) Ltd	0%	(0.07)	0%	(0.02)
Minority Interests in all subsidiaries/Associates (Investment as per the equity method)				
Indian				
Locuz Enterprise Solutions Limited, (India)	-2%	5.72	0%	(0.03)
Foreign	-	-	-	-
Joint Ventures (as per proportionate consolidation/ investment as per the equity method)				
Indian	-	-	-	-
Foreign	-	-	-	-
Process Central Limited, (Nigeria)	0%	(1.26)	0%	-
TOTAL	**100%**	**(350.75)**	**100%**	**(976.27)**

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

(ii) ₹ 0.00 crores denote figures less than ₹ 50,000.

Signatures to Notes 1 & 2

For and on behalf of the Board

Madhivanan Balakrishnan
(Managing Director & Global CEO)
DIN No. 01426902

Charanjit Attra
Executive Director – New Business Intiatives Strategy and Finance
DIN No. 05323757

Padmanabhan Iyer
(Chief Financial Officer)

Ninad Kelkar
Company Secretary

Mumbai.
May 28 , 2015.

3i INFOTECH LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

₹ crores

		Notes	As at March 31, 2014	As at March 31, 2013
I.	**EQUITY AND LIABILITIES**			
	Shareholders' funds			
	Share capital	2.1	637.64	636.55
	Reserves and surplus	2.2	(41.91)	278.03
	Minority interest		6.02	5.52
	Non-current liabilities			
	Long-term borrowings	2.3	2,058.89	2,002.02
	Deferred tax liabilities	2.4	0.92	1.47
	Other long-term liabilities	2.5	14.83	25.05
	Current liabilities			
	Short-term borrowings	2.6	285.77	149.34
	Trade payables	2.7	184.68	203.59
	Other current liabilities	2.8	640.46	446.78
	Short-term provisions	2.9	27.82	26.63
			3,815.12	3,774.98
II.	**ASSETS**			
	Non-current assets			
	Fixed assets	2.10		
	(i) Tangible assets		252.55	324.77
	(ii) Intangible assets		1,060.91	1,063.07
	(iii) Capital work-in-progress		0.76	-
	(iv) Intangible assets under development		14.74	32.71
	Goodwill arising on consolidation	2.11	1,632.60	1,546.66
	Non-current investments	2.12	25.16	25.17
	Deferred tax asset	2.13	123.84	105.87
	Long-term loans and advances	2.14	188.56	198.03
	Other non-current assets	2.15	25.58	19.51
	Current assets			
	Inventories	2.16	1.36	1.12
	Trade receivables	2.17	209.85	216.05
	Cash and bank balances	2.18	61.22	51.09
	Short-term loans and advances	2.19	85.13	57.67
	Other current assets	2.20	132.86	133.26
			3,815.12	3,774.98
Significant Accounting Policies and Notes on Consolidated Financial Statements		1 & 2		

As per our attached report of even date

For Lodha & Co. **Chartered Accountants** **Regn. No: 301051E**	**For R.G.N. Price & Co.** **Chartered Accountants** **Regn. No: 002785S**	**For and on behalf of the Board**	
R. P. Baradiya **Partner** **Membership No. 44101**	**Mahesh Krishnan** **Partner** **Membership No. 206520**	**Madhivanan Balakrishnan** **Managing Director & Global CEO**	**Charanjit Attra** **Executive Director & Global CFO**
Place : Mumbai **Date : May 2, 2014**		**R. Unnikrishnan Nair** **Senior Vice President** **(Finance and Accounts)**	**Ninad Kelkar** **Company Secretary**

3i INFOTECH LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

₹ crores

		Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
INCOME				
I.	Revenue from operations	2.21	1,307.89	1,311.36
II.	Other income	2.22	130.61	52.92
III.	**Total Revenue (I + II)**		1,438.50	1364.28
IV.	**EXPENSES**			
	Employee benefits expense & Cost of Revenue	2.23	1,028.62	985.44
	Finance costs	2.24	321.10	307.62
	Depreciation and amortization expense	2.10	256.42	230.82
	Other expenses	2.25	188.09	223.98
	Total expenses		1,794.23	1,747.86
V.	**Profit/(Loss) before exceptional items and tax (III-IV)**		(355.73)	(383.58)
VI.	Exceptional items	2.26	-	(86.27)
VII.	**Profit/(Loss) before tax (V-VI)**		(355.73)	(469.85)
VIII.	Tax expense	2.27	1.33	14.06
IX.	**Profit/(Loss) from continuing operations (VII-VIII)**		(357.06)	(483.91)
X.	Profit/(Loss) from discontinued operations (after tax)	2.28	-	(19.57)
XI.	**Profit/(Loss) for the year (IX+X)**		(357.06)	(503.48)
XII.	Minority interest		0.50	1.49
XIII.	**Profit/(Loss) after Minority interest (XI - XII)**		(357.56)	(504.97)
XIV	**Earnings per equity share of face value of ₹ 10 each:**	2.39		
	Before exceptional items and discontinued operations			
	(1) Basic		(6.33)	(9.19)
	(2) Diluted		(6.33)	(9.19)
	After exceptional items and discontinued operations			
	(1) Basic		(6.33)	(11.60)
	(2) Diluted		(6.33)	(11.60)
	Significant Accounting Policies and Notes on Consolidated Financial Statements	1 & 2		

As per our attached report of even date

For Lodha & Co.
Chartered Accountants
Regn. No: 301051E

For R.G.N. Price & Co.
Chartered Accountants
Regn. No: 002785S

For and on behalf of the Board

R. P. Baradiya
Partner
Membership No. 44101

Mahesh Krishnan
Partner
Membership No. 206520

Madhivanan Balakrishnan
Managing Director & Global CEO

Charanjit Attra
Executive Director & Global CFO

Place : Mumbai
Date : May 2, 2014

R. Unnikrishnan Nair
Senior Vice President
(Finance and Accounts)

Ninad Kelkar
Company Secretary

3i INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

₹ crores

		For the year ended March 31, 2014	For the year ended March 31, 2013
A.	**Cash Flow from/(used in) Operating Activities**		
	Profit/(Loss) before exceptional items and tax	**(355.73)**	(383.58)
	Adjustments for:		
	Depreciation / amortization	**256.42**	230.82
	Foreign exchange (gain)/Loss (net)	**(103.01)**	(34.97)
	(Gain)/Loss on sale/discarding of fixed assets (net)	**(8.74)**	1.69
	Interest income	**(3.91)**	(2.88)
	Finance cost	**321.10**	307.62
	Provision for doubtful debts made/(written back)	**9.18**	19.80
	Liability/provision written back	**-**	(17.80)
	Operating Profit/(loss) before working capital changes	**115.31**	120.70
	Adjustments for:		
	Trade and other receivables	**47.62**	(16.32)
	Inventories	**(0.24)**	0.48
	Trade payables and other liabilities	**(88.47)**	(23.82)
		(41.09)	(39.66)
	Cash Generated from/(used in) Operations	**74.22**	81.04
	Income taxes paid	**(24.46)**	(31.56)
	Net cash from/(used in) Operating Activities - A	**49.76**	49.48
B.	**Cash Flow from/(used in) Investing Activities :**		
	Purchase of/addition to Fixed Assets (including Capital Works in Progress)	**(22.91)**	(42.56)
	Purchase of Non-Current Investments	**0.01**	(0.06)
	Interest received	**3.92**	2.86
	Net cash from/(used in) Investing Activities - B	**(18.98)**	(39.76)

3i INFOTECH LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

₹ crores

		For the year ended March 31, 2014	For the year ended March 31, 2013
C.	**Cash Flow from/(used in) Financing Activities :**		
	Payment towards FCCB expenses	-	(16.42)
	Proceeds from/(Repayment of) borrowings (net)	**238.03**	9.35
	Interest paid	**(254.80)**	(53.28)
	Net Cash from/(used in) Financing Activities - C	**(16.77)**	(60.35)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**14.01**	(50.63)
	Cash and Cash Equivalents at beginning of the year	**37.74**	88.37
	Cash and Cash Equivalents at end of the year	**51.75**	37.74

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard (AS) - 3 on "Cash Flow Statements" prescribed by the Companies (Accounting Standards) Rules, 2006.
2. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation

Significant Accounting Policies and Notes on Consolidated Financial Statements 1 & 2

As per our attached report of even date

For Lodha & Co. **Chartered Accountants** **Regn. No: 301051E**	**For R.G.N. Price & Co.** **Chartered Accountants** **Regn. No: 002785S**	**For and on behalf of the Board**	
R. P. Baradiya **Partner** **Membership No. 44101**	**Mahesh Krishnan** **Partner** **Membership No. 206520**	**Madhivanan Balakrishnan** **Managing Director & Global CEO**	**Charanjit Attra** **Executive Director & Global CFO**
Place : Mumbai **Date : May 2, 2014**		**R. Unnikrishnan Nair** **Senior Vice President** **(Finance and Accounts)**	**Ninad Kelkar** **Company Secretary**

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Overview of the Group

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

1.2 Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the accounting principles generally accepted in India (‘GAAP’) and in compliance with the Accounting Standards (‘AS’) prescribed 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 requires a change in accounting policy hitherto in use.

1.3 Use of estimates

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

1.4 Principles of consolidation

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

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

(a) The financial statements of the Parent Company, its subsidiaries and joint venture (consolidated proportionately) have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that the recoverable value of related assets is lower than their cost to the Group.

(b) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its standalone financial statements.

(c) The consolidated financial statements are prepared using uniform accounting policies across the Group.

(d) Goodwill arising on consolidation - The excess of cost to the Parent Company, of its investment in subsidiaries over its portion of equity at the respective dates on which the investment in subsidiaries was made, is recognized in the financial statements as goodwill and in case where the portion of equity exceeds the cost; the same is being reduced from the said goodwill. The Parent Company’s portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

Entities acquired during the year have been consolidated from the respective dates of their acquisition (Refer note no. 2.29).

(e) Minority interest is that part of the net results of operations and of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiary(ies), by the Parent Company.

1.5 Revenue recognition

a) Revenue from IT Solutions:

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

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

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

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

b) Revenue from Transaction Services:

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

1.6 Unbilled and unearned revenue:

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

1.7 Fixed assets and depreciation/amortisation

Tangible:

Fixed assets are stated at cost, which comprises the purchase consideration and other directly attributable costs of bringing an asset to its working condition for the intended use. Advances given towards acquisition of Fixed Assets are disclosed as Capital advances under “Long Term Loans and Advances” and the Costs incurred on assets not ready for use as at the Balance Sheet date are disclosed as “Capital Work in Progress”.

Intangible:

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

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

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

Business and Commercial Rights are capitalized at the acquisition price.

Depreciation/Amortisation:

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

Business and Commercial Rights are amortized over a period, the benefits arising out of these are expected to accrue or ten years, whichever is lower while Software Products - Others are amortized over a period of five years.

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

Depreciation on other fixed assets is provided applying straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. In case of some subsidiaries, depreciation is provided on straight line basis over the estimated useful life 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	1 - 6

1.8 Investments

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

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

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

1.9 Accounting for Taxes on Income

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

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

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

1.10 Translation of Foreign Currency Items other than hedged transactions

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

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

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

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

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

1.11 Hedge Accounting

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

1.12 Accounting of Employee Benefits

Employee Benefits in Parent Company/Indian Subsidiaries

Gratuity

(i) Parent Company

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

(ii) Subsidiaries

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

Superannuation

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

Provident fund

(i) Parent Company

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

The interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Parent Company 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 the Statement of Profit and Loss in the year it is determined.

(ii) Subsidiaries

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

Leave encashment/entitlement

Liability for leave encashment/entitlement for employees is provided on the basis of the actuarial valuation done at half yearly intervals and based on estimates, for interim financial reporting.

Employee Benefits in Foreign Branch

In respect of employees in foreign branch, necessary provisions are made based on the applicable laws. Gratuity/leave encashment as applicable for employees in the foreign branch is provided on the basis of an actuarial valuation and based on estimates for interim financial reporting.

Employee Benefits in Foreign Subsidiaries

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

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

1.13 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

1.14 Borrowing Costs

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

1.15 Impairment of assets

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

1.16 Securities issue expenses

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

1.17 Premium payable on redemption of FCCB

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

1.18 Lease

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

Leased assets are depreciated on a straight-line basis over the useful life of the asset or the useful life as per Schedule XIV of the Companies Act, 1956, whichever is lower.

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

1.19 Inventories

Inventories 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.

1.20 Earnings per share

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

2. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2014

2.1 Share Capital

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised:		
1,100,000,000 Equity shares of ₹ 10 each (1,100,000,000 Equity shares of ₹ 10 each as at March 31, 2013)	**1,100.00**	1,100.00
200,000,000 6.35% Cumulative Redeemable Preference shares of ₹ 5 each (200,000,000 shares of ₹ 5 each as at March 31, 2013)	**100.00**	100.00
	1,200.00	1,200.00
Issued, Subscribed & Paid - up		
Equity shares of ₹ 10 each fully paid up at the beginning of the year	**571.55**	191.99
Add: Issued towards conversion of FCCB	**0.70**	97.10
Add: Issued under CDR towards conversion of preference shares	**-**	17.73
Add: Shares issued under CDR towards Sacrifice	**0.39**	-
Add: Issued under CDR towards conversion of loan and interest payable	**-**	264.73
	572.64	571.55
0.01% Cumulative Redeemable Preference shares of ₹ 5 each at the beginning of the year	**65.00**	100.00
Less: Converted to equity shares under CDR	**-**	35.00
	65.00	65.00
Total	**637.64**	636.55

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

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

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

The preference shares are redeemable at 6% premium payable on the expiry of ten years from the date of allotment i.e. March 31, 2012.

Also Refer note no. 2.33 A in respect on Corporate Debt Restructuring (CDR).

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

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of shares	**%**	No. of shares	%
ICICI Bank Limited	**113,814,945**	**19.88**	113,814,945	19.91
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	**39,036,190**	**6.82**	39,036,190	6.83
IDBI Bank Limited	**42,117,513**	**7.35**	42,117,513	7.37
Standard Chartered Bank	**38,568,517**	**6.74**	38,568,517	6.75

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

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of shares	**%**	No. of shares	%
IDBI Trusteeship Services Limited (ICICI Strategic Investments Fund)	**130,000,000**	**100.00**	130,000,000	100.00

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

Particulars	In Numbers	
	As at March 31, 2014	As at March 31, 2013
Equity shares of ₹ 10 each		
Equity shares as at beginning of the year	**571,554,966**	191,986,549
Add:		
Shares issued towards conversion of FCCB	**704,914**	97,111,993
Shares issued under CDR towards conversion of Preference shares	**-**	17,730,496
Shares issued under CDR towards Sacrifice	**384,498**	-
Shares issued under CDR towards conversion of loan and interest payable	**-**	264,725,928
Equity shares as at end of the year	**572,644,378**	571,554,966
0.01% Cumulative Redeemable Preference shares of ₹ 5 each		
Preference shares as at beginning of the year	**130,000,000**	200,000,000
Less: Converted into equity during the year	**-**	(70,000,000)
Preference shares as at end of the year	**130,000,000**	130,000,000

d) **Employee Stock Option Scheme (ESOS)**

The Company's Employee Stock Option Schemes are applicable to "Eligible Employees" as defined in the scheme which includes directors and employees of the Company and its subsidiaries.

They provide for issue of equity options up to 25% of the paid-up equity capital to eligible employees. Currently, the Parent Company has 2 schemes, ESOS 2000 and ESOS 2007 (as amended).

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

During the previous year, the Board of Directors of the Parent Company approved ESOS Plan-2013 under the existing scheme ESOS 2007. The plan consists of variations in certain terms with regard to vesting and certain other related matters in ESOS 2007. The options granted are convertible and one option is equivalent to one equity share each. This plan is applicable to all the new options granted to eligible employees in or after 2013. The existing options would continue to be governed by the existing terms. The options granted as per ESOS Plan-2013 would vest in a phased manner over three years with 33%, 33% and 34% of the grants vesting at the end of each year from the date of the grant and the same can be exercised within ten years from the date of grant of options or five years from the date of vesting of options, whichever is later.

During the year, the Parent Company granted 16,948,000 options to the employees of the Parent Company and its Whole-Time Directors at an exercise price of ₹ 10 under Employee Stock Option Plan, 2013.

Method used for accounting for the share based payment scheme

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

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

Particulars	**As at March 31, 2014**		As at March 31, 2013	
	Options	**WAEP (₹)**	Options	WAEP (₹)
Options outstanding at the beginning of the year	**12,084,940**	**104.15**	18,473,110	103.30
Granted during the year *	**16,948,000**	**10.00**	-	-
Exercised during the year	**-**	**-**	-	-
Less: Forfeited/lapsed during the year	**4,105,800**	**54.75**	6,388,170	101.69
Options outstanding at the end of the year **	**24,927,140**	**48.27**	12,084,940	104.15
Vested options pending to be exercised	**10,169,440**	**103.81**	12,072,440	104.18

* During the year ended March 31, 2014, 1,500,000 options (for the year ended March 31, 2013, Nil options) granted to the Managing Director and Global CEO and 1,000,000 (for the year ended March 31, 2013, Nil options) options granted to Executive Director and Global CFO.

** Includes 2,590,000 options granted to non-executive directors (for the year ended March 31, 2013, 290,000 options granted to non-executive directors)

The following summarizes information about outstanding stock options:

As at March 31, 2014

Range of exercise price	**Number of shares arising out of options**	**Weighted average remaining life (in years)**	**Weighted average exercise price (₹)**
₹ 45 to ₹ 50	**2,218,290**	**1**	**49.44**
₹ 57 to ₹ 144	**7,950,850**	**3**	**118.99**
₹ 10	**14,758,000**	**9**	**10.00**

As at March 31, 2013

Range of exercise price	Number of shares arising out of options	Weighted average remaining life (in years)	Weighted average exercise price (₹)
₹ 45 to ₹ 50	2,598,340	2	49.31
₹ 57 to ₹ 150	9,486,600	4	119.17

If the Parent Company had determined the Stock Compensation cost based on the fair value approach, the Group's net profit/(loss) and earnings per share would have been, as indicated below:

₹ crores

Particulars	**For the year ended March 31, 2014**	For the year ended March 31, 2013
Profit/(Loss) attributable to equity shareholders after exceptional items and discontinued operations (₹ crores)	**(362.39)**	(509.78)
Less: Stock based compensation expense determined under fair value based method (₹ crores)	**-**	0.15
Net Profit/(Loss) for the year (₹ crores)	**(362.39)**	(509.93)
Basic earnings per share (as reported) (₹)	**(6.33)**	(11.60)
Basic earnings per share (under fair value method) (₹)	**(6.33)**	(11.60)
Diluted earnings per share (as reported) (₹)	**(6.33)**	(11.60)
Diluted earnings per share (under fair value method) (₹)	**(6.33)**	(11.60)

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 ₹ 10.00 to ₹ 144.00 using the Black - Scholes pricing model. The Group estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOS are:

	As at March 31, 2014	As at March 31, 2013
Dividend yield	**1.15%-2.84%**	1.15%-2.84%
Expected volatility	**50.63%-57.91%**	50.63%-57.91%
Risk free interest rate	**5.71%-6.36%**	5.71%-6.36%
Expected life of option	**3-10 years**	3-10 years

2.2 Reserves and Surplus

₹ crores

Particulars		As at March 31, 2014	As at March 31, 2013
a.	**Foreign Currency Monetary Items Translation Difference Account**		
	Opening Balance	**(31.60)**	-
	Add: Recognised / amortised during the year (Refer note no. 2.42)	**7.05**	(31.60)
		(24.55)	(31.60)
b.	**Securities Premium Account**		
	Opening balance	**826.61**	508.80
	Add : On allotment of equity shares under FCCB conversion	**0.46**	63.12
	Add : On allotment of equity shares under CDR towards Preference shares conversion	**0.37**	17.27
	Add : On allotment of equity shares under CDR towards loan and interest conversion	**-**	257.84
	Less: Premium payable on redemption of preference shares	**(3.90)**	(3.90)
	Less : Utilised towards FCCB issue expenses	**-**	(16.42)
	Less: Utilised towards premium payable on redemption of FCCB	**-**	(0.10)
		823.54	826.61
c.	**Cash Flow Hedging Reserve Account**		
	Opening Balance	**(21.39)**	(15.36)
	Add : Recognised during the year (Refer note no. 2.31)	**(1.21)**	(6.03)
		(22.60)	(21.39)
d.	**Translation Reserve**		
	Opening balance	**-**	-
	Add: Movement during the year	**34.85**	(23.70)
		34.85	(23.70)
	Less: Adjusted against Statement of profit and loss (contra)	**(34.85)**	23.70
		-	-
e.	**Surplus/(Deficit) in Statement of Profit and Loss**		
	Opening balance	**(495.59)**	33.09
	Add: Net Profit/(Loss) for the year	**(357.56)**	(504.97)
	Add/(Less):		
	Translation reserve adjusted (contra)	**34.85**	(23.70)
		(818.30)	(495.59)
Total		**(41.91)**	278.03

2.3 Long-term borrowings

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Secured Loans		
Term Loans from banks		
Rupee Term Loan	**521.31**	1,277.39
Foreign Currency Loan	**827.76**	-
Term Loan from others	**0.38**	0.75
	1,349.45	1,278.14
Unsecured Loans		
Foreign Currency Convertible Bonds (FCCB) (Refer Note No. 2.33 B)	**573.76**	523.13
Term Loans:		
From others	**5.28**	6.28
Finance Lease Obligations	**130.40**	194.47
	709.44	723.88
Total	**2,058.89**	2,002.02

2.4 Deferred tax liability

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax asset:		
Expenses allowable on payment and others	**(0.33)**	(0.54)
	(0.33)	(0.54)
Deferred tax liability:		
Fixed Assets (Depreciation / Amortization)	**1.25**	2.01
	1.25	2.01
Net deferred tax liability	**0.92**	1.47

2.5 Other long-term liabilities

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Cash flow hedging liability (Refer note no. 2.31)	**-**	15.67
Premium payable on redemption of FCCB	**6.03**	5.48
Premium payable on redemption of preference shares	**7.80**	3.90
Payable towards rent in terms of settlement aggrement	**1.00**	-
Total	**14.83**	25.05

2.6 Short-term borrowings

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Secured Loans		
Working capital loans	**133.95**	119.10
	133.95	119.10
Unsecured Loans		
Term Loans:		
From banks	**11.65**	2.18
Acceptances from an Associate	**140.17**	28.06
	151.82	30.24
Total	**285.77**	149.34

2.7 Trade payables

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Due to:		
Associate	**0.07**	0.07
Others	**184.61**	203.52
Total	**184.68**	203.59

2.8 Other current liabilities

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term loans & finance lease obligations		
Secured term loans		
Rupee Term Loan from Banks	**51.44**	50.52
Foreign Currency Loan from Banks	**57.93**	-
Term Loan from others	**0.22**	0.57
Overdue borrowings from Banks	**47.89**	51.07
Unsecured term loans		
From banks	**-**	6.60
From others	**1.86**	2.46
Finance lease obligations	**62.44**	47.37
Overdue finance lease obligations	**18.39**	5.04
Overdue borrowings from Banks	**61.86**	59.59
Total (A)	**302.03**	223.22
Other Liabilities		
Interest accrued but not due on borrowings	**12.64**	25.95
Interest accrued and due on borrowings/acceptances	**91.25**	12.94
Payable towards interest sacrifice	**7.89**	8.65
Unclaimed dividend *	**0.42**	0.44
Advances received from customers (includes unearned revenue)	**107.55**	83.34
Other payables	**96.08**	84.76
Cash flow hedging liability (Refer note no.2.31)	**22.60**	7.48
Total Other Liablities (B)	**338.43**	223.56
Total Other Current Liabilities (A+B)	**640.46**	446.78

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

2.9 Short-term provisions

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for Employee benefits	**27.82**	26.63
Total	**27.82**	26.63

2.10 Fixed assets

As at March 31, 2014

₹ crores

Particulars	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2013	Additions during the year	Ded/(Adj) during the year	As at March 31, 2014	As at April 1, 2013	Dep for the year[4]	Ded/(Adj) during the year	As at March 31, 2014	As at March 31, 2014
Tangible assets									
Land - Leasehold	0.52	-	-	0.52	0.11	0.01	-	0.12	0.40
- Freehold	2.09	-	2.09	-	-	-	-	-	-
Buildings - Owned	34.63	-	0.77	33.86	3.74	15.77	2.55	16.96	16.90
- Leasehold[1]	32.34	-	11.49	20.85	8.98	1.15	5.50	4.62	16.23
Leasehold Improvements	34.32	1.47	11.97	23.82	20.09	6.03	11.43	14.70	9.12
Plant & Equipment / Electrical Installations	16.52	0.33	1.96	14.89	8.26	1.08	1.59	7.75	7.14
Furniture & Fixtures	22.87	1.61	(1.60)	26.08	15.72	2.05	(1.56)	19.33	6.75
Vehicles	5.55	0.10	1.11	4.54	1.98	0.50	0.59	1.89	2.65
Office Equipment	20.70	1.00	2.26	19.46	13.23	1.70	2.05	12.88	6.58
Computers	104.75	2.66	(4.84)	112.25	69.50	12.56	(4.79)	86.85	25.40
Asset on Finance Lease[3]	274.73	28.89	28.02	275.60	82.64	59.58	28.00	114.22	161.38
	549.02	**36.06**	**53.23**	**531.87**	**224.25**	**100.42**	**45.36**	**279.32**	**252.55**
Intangible assets									
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-
Software Products - Meant for sale	1,134.35	49.05	(73.88)	1,257.28	157.61	114.46	15.42	256.65	1,000.63
Software Products - Others	273.72	4.07	39.53	238.26	197.76	40.13	50.95	186.94	51.32
Business and Commercial Rights	44.62	-	0.00	44.62	34.25	1.41	(0.00)	35.66	8.96
	1,454.48	**53.12**	**(34.35)**	**1,541.95**	**391.41**	**156.00**	**66.37**	**481.04**	**1,060.91**
Total Tangible and Intangible	**2,003.50**	**89.18**	**18.88**	**2,073.82**	**615.66**	**256.42**	**111.73**	**760.36**	**1,313.46**

As at March 31, 2013

₹ crores

Particulars	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTIZATION				NET BLOCK
	As at April 1, 2012	Additions during the year	Ded/(Adj) during the year	As at March 31, 2013	As at April 1, 2012	Dep for the year	Ded/(Adj) during the year	As at March 31, 2013	As at March 31, 2013
Tangible assets									
Land - Leasehold	0.52	-	-	0.52	0.10	0.00	(0.01)	0.11	0.41
- Freehold	2.08	-	(0.01)	2.09	-	-	-	-	2.09
Buildings - Owned	34.66	-	0.03	34.63	0.28	3.56	0.10	3.74	30.89
- Leasehold[1]	20.33	-	(12.01)	32.34	4.53	1.50	(11.40)	17.43	14.91
Leasehold Improvements	32.55	2.53	0.76	34.32	17.36	3.25	8.97	11.64	22.68
Plant & Equipment / Electrical Installations	16.97	-	0.45	16.52	7.54	0.77	0.05	8.26	8.26
Furniture & Fixtures	29.09	1.69	7.91	22.87	18.25	4.84	7.37	15.72	7.15
Vehicles	8.63	0.53	3.61	5.55	3.55	0.90	2.47	1.98	3.57
Office Equipment	19.84	1.23	0.37	20.70	12.21	1.40	0.38	13.23	7.47
Computers	154.66	6.11	56.02	104.75	110.63	26.37	67.50	69.50	35.25
Asset on Finance Lease[3]	239.00	35.73	-	274.73	28.87	53.77	-	82.64	192.09
	558.33	**47.82**	**57.13**	**549.02**	**203.32**	**96.36**	**75.43**	**224.25**	**324.77**
Intangible assets									
Goodwill	1.79	-	-	1.79	1.79	-	-	1.79	-
Software Products - Meant for sale	453.30	477.79	(203.26)	1,134.35	23.43	85.76	(48.41)	157.60	976.75
Software Products - Others	245.49	3.46	(24.77)	273.72	46.76	45.64	(105.37)	197.77	75.95
Business and Commercial Rights	45.51	-	0.89	44.62	41.53	3.06	10.34	34.25	10.37
	746.09	**481.25**	**(227.14)**	**1,454.48**	**113.51**	**134.46**	**(143.44)**	**391.41**	**1,063.07**
Total Tangible and Intangible assets	**1,304.42**	**529.07**	**(170.01)**	**2,003.50**	**316.83**	**230.82**	**(68.01)**	**615.66**	**1,387.84**

1. Building - Leasehold includes:

   (i) Gross Block of ₹ 20.85 crores (as at March 31, 2013 ₹ 20.85 crores), Accumulated Depreciation ₹ 4.62 crores (as at March 31, 2013 ₹ 4.27 crores) and Net Block of ₹ 16.23 crores (as at March 31, 2013 ₹ 16.58 crores) being lease premium paid in respect of building taken on lease for sixty years.

   (ii) Gross Block of ₹ Nil (as at March 31, 2013 ₹ 11.49 crores), Accumulated Depreciation ₹ Nil (as at March 31, 2013 ₹ 4.71 crores) and Net Block of ₹ Nil (as at March 31, 2013 ₹ 6.78 crores) being lease premium paid in respect of building taken on lease for ninety years, and the title deed is yet to be received.

2. ₹ 0.00 crores denotes figures less than ₹ 50,000

3. Tangible Assets under finance lease included in the schedule of fixed assets are as follows:

   As at March 31, 2014

₹ crores

Asset type	Gross Block	Accumulated Depreciation	Net Block
Computers	**198.37**	**81.98**	**116.39**
Plant & Equipment/Electrical Installations	**0.32**	**0.11**	**0.21**
Furniture & Fixtures	**66.23**	**27.78**	**38.45**
Leasehold Improvements	**10.67**	**4.34**	**6.34**
Total	**275.59**	**114.20**	**161.39**

As at March 31, 2013

₹ crores

Asset type	Gross Block	Accumulated Depreciation	Net Block
Computers	188.18	50.84	137.34
Plant & Equipment/Electrical Installations	2.31	2.05	0.26
Furniture & Fixtures	74.00	26.62	47.38
Leasehold Improvements	10.24	3.13	7.11
Total	274.73	82.64	192.09

4. Depreciation for the year includes loss on sale/discarding of various assets amounting to ₹ 4.36 crores (for the year ended March 31, 2013 ₹ 10.80 crores) and certain intangible assets have been fully amortized having Gross Block of ₹ 15.40 crores (as at March 31, 2013 ₹ Nil), Accumulated Depreciation ₹ 2.66 crores (as at March 31, 2013 ₹ Nil) and Net Block of ₹ 12.74 crores (as at March 31, 2013 ₹ Nil) due to technological obsolescence.

2.11 Goodwill arising on consolidation

₹ crores

Particulars	**As at March 31, 2014**	As at March 31, 2013
Opening balance	**1,546.66**	1,500.06
Add: Additions during the year	**-**	-
Add/(Less): Impact due to foreign currency fluctuation	**85.94**	46.60
Closing balance	**1,632.60**	1,546.66

2.12 Non-Current Investments

₹ crores

Particulars	**As at March 31, 2014**	As at March 31, 2013
Unquoted at Cost and Non Trade Investments (Long term)		
(i) Investment in Equities, Preference Capital		
200,000 Equity Shares of Sri Lankan Rupee 10 each fully paid up of First Capital Asset Management Co. Ltd. (as at March 31, 2013 - 200,000 shares)	**0.10**	0.10
55,000 Equity shares of ₹ 10 each fully paid up of Vashi Railway Station Commercial Complex Limited (as at March 31, 2013 - 55,000 shares)	**0.06**	0.06
37,500 Equity Shares of Egyptian Pounds 100 each fully paid up of Nile Information Technology (as at March 31, 2013 - 37,500 shares)	**2.91**	2.91
Less: Provision for diminution in the value thereof	**(2.91)**	(2.91)
	-	-
8% holding in Four Seasons Software LLC, a 'S' corporation, Connecticut, USA	**2.10**	2.10
Less: Provision for diminution in the value thereof	**(2.10)**	(2.10)
	-	-
25,000,000 Redeemable Non-Convertible Zero Coupon Preference Shares of ₹ 10 each fully paid up of eMudhra Consumer Services Ltd. redeemable by December 14, 2015. (as at March 31, 2013 - 25,000,000 shares)	**25.00**	25.00
(ii) National Savings Certificates	**0.00**	0.01
	25.16	25.17
(a) Aggregate amount of **Unquoted** investments	**30.17**	30.18
(b) Aggregate provision for **diminution** in value of investments	**5.01**	5.01

2.13 Deferred tax asset

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax asset:		
Unabsorbed losses /depreciation	**684.25**	538.80
Expenses allowable on payment and others (including provision for doubtful debts)	**45.90**	44.77
Fixed assets (Depreciation / Amortization)	**0.43**	0.24
	730.58	583.81
Deferred Tax Liability:		
Fixed Assets (Depreciation / Amortization)	**271.15**	198.75
	271.15	198.75
	459.43	385.06
Less: Deferred tax assets not recognised as a matter of prudence	**335.59**	279.19
Net deferred tax asset (Refer note no. 2.34.3)	**123.84**	105.87

2.14 Long-term loans and advances

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Capital Advances	**0.03**	0.66
Security Deposits (includes lease rent deposits)	**17.46**	40.29
Advances recoverable in cash or in kind or for value to be received	**2.29**	0.04
MAT credit receivable	**30.90**	35.39
Prepaid expenses	**12.97**	20.14
Advance tax and tax deducted at source (net of provision for tax)	**124.91**	101.50
	188.56	198.03
Unsecured, considered doubtful		
Security Deposits (includes lease rent deposits)	**1.34**	1.34
Less: Provision for Deposits forfeited	**(1.34)**	(1.34)
	-	-
Total	**188.56**	198.03

2.15 Other non-current assets

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Unbilled Revenue (net of provision)	**18.77**	12.97
Unamortised borrowing cost	**6.38**	6.15
Bank balance in margin money accounts	**0.43**	0.39
Total	**25.58**	19.51

2.16 Inventories

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Hardware and Supplies	**1.36**	1.12
Total	**1.36**	1.12

2.17 Trade receivables

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good (net off provision) *	**209.85**	216.05
Total	**209.85**	216.05

*Includes receivables from associate ₹ 28.22 crores (as at March 31, 2013 ₹ 9.63 crores)

2.18 Cash and bank balances

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and Cash Equivalents		
- in current accounts	**50.95**	35.58
Cheques on hand	**0.01**	0.09
Remittance in transit	**0.66**	1.90
Cash on hand	**0.13**	0.17
TOTAL (A)	**51.75**	37.74
Other Bank Balances		
- in margin money accounts	**8.84**	11.35
- in escrow accounts	**0.20**	1.56
- in dividend accounts	**0.42**	0.44
TOTAL (B)	**9.47**	13.35
TOTAL (A+B)	**61.22**	51.09

2.19 Short-term loans and advances

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Capital Advances	**0.37**	-
Security Deposits (includes lease rent deposits)	**11.72**	13.41
Unsecured, considered doubtful		
Security Deposits (includes lease rent deposits)	**2.18**	2.18
Less: Provision for Deposits forfeited	**(2.18)**	(2.18)
	12.09	13.41
Other loans and advances		
Advance tax and tax deducted at source (net of provision for tax)	**12.02**	8.66
Prepaid expenses	**16.77**	10.93
Loans to Staff	**0.84**	0.94
Interest receivable from banks	**11.90**	-
Advances recoverable in cash or in kind or for value to be received	**31.51**	23.73
	73.04	44.26
Total	**85.13**	57.67

2.20 Other current assets

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Unbilled Revenue (net of provision)*	**131.01**	132.47
Unamortised borrowing cost	**1.84**	0.77
Interest accrued but not due on deposits	**0.01**	0.02
Total	**132.86**	133.26

* Includes ₹ 10.60 crores (as at March 31, 2013 ₹ 4.59 crores) due from associate.

2.21 Revenue from operations

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
IT Solutions	**1,230.66**	1,231.03
Transaction Services	**77.23**	80.33
Total	**1,307.89**	1,311.36

2.22 Other income

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest income	**3.91**	2.88
Gain on sale/discarding of fixed assets (net)	**8.74**	-
Foreign exchange gain (net) *	**103.01**	34.97
Other non-operating income	**14.95**	15.07
Total	**130.61**	52.92

* Includes gain on foreign exchange translation

2.23 Employee benefit expenses and Cost of Revenue

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries and wages	**791.08**	724.90
Contribution to provident funds and other funds	**34.66**	14.34
Recruitment and training expenses	**2.60**	2.20
Staff welfare expenses	**13.10**	11.12
Cost of third party products / outsourced services	**187.18**	232.88
Total	**1,028.62**	985.44

2.24 Finance cost

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense	**299.02**	291.51
Other borrowing costs	**22.08**	16.11
Total	**321.10**	307.62

2.25 Other expenses

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Rent *	**55.10**	40.79
Loss on sale/discarding of fixed assets (net)	**-**	1.69
Travelling and conveyance	**32.69**	51.49
Power and fuel	**12.26**	13.14
Selling and distribution expenses	**2.74**	7.00
Repairs and Maintenance	**7.89**	6.86
Insurance	**7.12**	5.35
Rates and taxes	**5.58**	6.91
Communication expenses	**15.72**	18.34
Printing and stationery	**1.95**	2.74
Directors' Sitting Fees	**0.07**	0.11
Legal and Professional charges	**25.75**	30.54
Bad debts written off	**29.55**	2.12
Less: Provision for doubtful debts withdrawn	**(29.55)**	(2.12)
Provision for doubtful debts (Trade Receivables / Unbilled Revenue)	**9.18**	19.80
Miscellaneous expenses	**12.04**	19.22
Total	**188.09**	223.98

* Includes write-back of ₹ Nil (₹ 12.77 crores for the year ended March 31, 2013)

2.26 Exceptional items - Income/(Expenses)

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Reduction in liability on issue of fresh FCCB	**-**	3.30
Rental deposits forfeited	**-**	(8.87)
Net adjustments under proposed scheme of business reconstruction under section 391 of Companies Act, 1956 (Refer note no. 2.38)	**-**	(80.70)
Total	**-**	(86.27)

2.27 Tax expenses

₹ crores

	For the year ended March 31, 2014	For the year ended March 31, 2013
Current taxes:		
Income tax	**16.11**	2.92
MAT credit entitlement	**(0.14)**	(0.19)
Income tax pertaining to earlier years written off	**3.81**	10.75
	19.78	13.48
Deferred tax asset (reversed) / created (net)	**(18.45)**	0.58
Total	**1.33**	14.06

2.28 Discontinued operations

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Loss on sale of subsidiaries (Refer Note No. 2.36)	-	(19.57)
Total	-	(19.57)

2.29 Members of the Group

3i Infotech Limited's subsidiaries and step down subsidiaries are listed below:

Sr No.	Particulars	Country of incorporation	Percentage of holding	Date of acquisition / establishment
1	3i Infotech Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Jan 7, 2000
2	3i Infotech Asia Pacific Pte Limited	Singapore	100% held by the Parent Company	Nov 8, 2000
3	3i Infotech SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	Sep 26, 2002
4	3i Infotech (UK) Limited	UK	100% held by the Parent Company	Apr 1, 2005
5	3i Infotech (Thailand) Limited	Thailand	100% held by 3i Infotech Asia Pacific Pte Limited	May 12, 2005
6	3i Infotech Services SDN BHD	Malaysia	100% held by 3i Infotech Asia Pacific Pte Limited	May 11 2006
7	3i Infotech Trusteeship Services Limited	India	100% held by the Parent Company	Aug 31, 2006
8	3i Infotech (Western Europe) Holdings Limited	UK	100% held by 3i Infotech (UK) Limited	Oct 20, 2006
9	3i Infotech (Western Europe) Group Limited	UK	100% held 3i Infotech (Western Europe) Holdings Limited	Oct 20, 2006
10	Rhyme Systems Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
11	3i Infotech (Western Europe) Limited	UK	100% held by 3i Infotech (Western Europe) Group Limited	Oct 20, 2006
12	3i Infotech Holdings Private Limited	Mauritius	100% held by the Parent Company	Nov 20, 2006
13	3i Infotech Financial Software Inc.	USA	100% held by 3i Infotech Holdings Private Limited	Dec 18, 2006
14	3i Infotech Saudi Arabia LLC	Saudi Arabia	100% held by the Parent Company	Dec 24, 2006
15	3i Infotech (Africa) Limited	Kenya	100% held by 3i Infotech (Middle East) FZ LLC	Apr 27, 2007
16	Black Barret Holdings Limited	Cyprus	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
17	Professional Access Software Development Private Limited	India	100% held by Black Barret Holdings Limited	May 8, 2007
18	Professional Access Limited	USA	100% held by 3i Infotech Holdings Private Limited	May 8, 2007
19	3i Infotech (Middle East) FZ LLC	UAE	100% held by 3i Infotech Holdings Private Limited	Sep 25, 2007
20	3i Infotech Consultancy Services Limited	India	100% held by the Parent Company	Nov 30, 2007
21	3i Infotech BPO Limited	India	100% held by the Parent Company	Dec 3, 2007
22	3i Infotech (Flagship-UK) Limited	UK	100% held by 3i Infotech (Western Europe) Limited	Jan 29, 2008
23	3i Infotech Framework Limited	UK	100% held by 3i Infotech (Western Europe) Limited	Feb 8, 2008
24	Locuz Enterprise Solutions Limited	India	74% held by the Parent Company	May 8, 2008
25	Elegon Infotech Limited	China	100% held by the Parent Company	Jul 10, 2007
26	3i Infotech Outsourcing Services Limited	India	100% held by 3i Infotech Financial Software Inc.	Mar 24, 2011
27	3i Infotech (South Africa) (Pty) Limited	Republic of South Africa	100% held by 3i Infotech Holding Private Limited	Nov 28, 2013

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

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

* Refer note no. 2.35

2.30.1 Contingent Liabilities (to the extent not provided for)

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Outstanding guarantees	**9.90**	21.25
Arrears of Cummulative Preference Dividend (including dividend distribution tax thereon)	**4.83**	4.82
Estimated amount of claims against the Group not acknowledged as debts in respect of :		
- Disputed Income Tax matters	**50.16**	112.54
- Disputed Sales Tax matters	**3.79**	4.26
- Disputed Service Tax matters (excluding interest as applicable)	**181.77**	10.75
- Customer claims	**19.88**	15.66
- Others*	**49.86**	12.86
Total	**320.19**	182.14

* Includes claim in respect of legal cases relating to Registrar and Transfer Services, which are reimbursable by the Principal to the extent of ₹ 0.85 crores (as at March 31, 2013 - ₹ 0.79 crores).

Due to financial crunch, the Group has not been regular in payment of statutory dues and also has unpaid dues. Further, there are delays/defaults in payment to lenders and others as per the payment schedule. The delayed payment/defaults of statutory dues, in payment to lenders and others may result in consequential additional liability, as may arise, on such delays/defaults, amount whereof is not presently ascertainable.

2.30.2 Capital Commitments

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**0.07**	0.31
b) Uncalled capital pertaining to Joint Venture	**1.12**	1.02

2.31 Derivative Instruments:

During the financial year ended March 31, 2012, the Parent Company had entered into a cross currency interest rate swap to the tune of USD 26 million (₹ 115 crores).The Parent Company has designated this instrument as cash flow hedge against its forecasted foreign currency inflows. For hedge transactions, the Parent Company identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

For the year ended March 31, 2014, the Parent Company recognized ₹ 1.21 crores (for the year ended March 31, 2013 ₹ 6.03 crores) in 'Cash flow hedge reserve account' as effective fair value changes on derivative under cash flow hedge accounting.

The balance of the cash flow hedge reserve as at March 31, 2014 was negative ₹ 22.60 crores (as at March 31, 2013 negative ₹ 21.39 crores).

As at March 31, 2014, the fair values of outstanding derivatives designated under cash flow hedge accounting was ₹ 22.60. crores (as at March 31, 2013 ₹ 23.15 crores), of which ₹ Nil (as at March 31, 2013 ₹ 15.67 crores) is presented in the balance sheet under 'Other long - term liabilities' and the balance ₹ 22.60 crores (as at March 31, 2013 ₹ 7.48 crores) is presented under "Other current liabilities'.

2.32 Leases:

a) Operating Lease:

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

₹ crores

Particulars	**As at March 31, 2014**	As at March 31, 2013
Within one year	**30.05**	33.03
Later than one year and not later than five years	**89.18**	57.86
Later than five years	**27.32**	30.10

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

₹ crores

Particulars	**As at March 31, 2014**	As at March 31, 2013
Within one year	**3.61**	3.07
Later than one year and not later than five years	**5.82**	9.43
Later than five years	**-**	-

b) Finance Lease

During the financial year ended March 31, 2012, the Parent Company had approached certain leasing companies to reassess the existing leases and reschedule the same in order to ensure payment obligations match with the cash flows of the Parent Company. Arising out of the restructuring, the lease liabilities had been re-estimated and considering the characteristics of these leases, they were treated as finance leases effective from October 1, 2011.

Consequently, the assets were capitalized at their respective fair value so assessed as at October 1, 2011 aggregating to ₹ 239.00 crores.

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

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

As at March 31, 2014

₹ crores

Particulars	**Minimum Lease Payment**	**Finance Charges**	**Present Value of Minimum lease payments**
Within one year	**86.62**	**5.79**	**80.83**
Later than one year and not later than five years	**143.64**	**13.24**	**130.40**
Later than five years	**-**	**-**	**-**

As at March 31, 2013

₹ crores

Particulars	Minimum Lease Payment	Finance Charges	Present Value of Minimum lease payments
Within one year	81.19	28.78	52.41
Later than one year and not later than five years	235.67	41.20	194.47
Later than five years	-	-	-

2.33 Debt Restructuring

The Parent Company had restructured its Debt and Foreign Currency Convertible Bonds during the year ended March 31, 2012. The details of the restructuring are as under:

A. Corporate Debt Restructuring :

In line with the CDR scheme and Master Restructuring Agreement (MRA) entered into with certain lenders, during the year the Parent Company has allotted 384,498 equity shares of ₹ 10 each at a price of ₹ 19.74 against the conversion of Sacrifice amount of ₹ 0.76 crore as per the Master Restructuring Agreement in pursuance of the CDR scheme.

During the year ended March 31, 2013, the Parent Company had allotted 264,725,928 equity shares of ₹ 10 each at a price of ₹ 19.74 against principal outstanding of ₹ 252.81 crores and interest of ₹ 269.76 crores accrued for the period October 1, 2011 to March 31, 2013.

During the year ended March 31, 2014, the Underlying ₹ faceilities of some of the CDR Lenders of the Parent Company aggregating ₹ 738.81 crores have been converted into equivalent USD 120.26 million pursuant to execution on January 9, 2014 of Amendment Agreement to the Master Restructuring Agreement (MRA) dated March 30, 2012 (as amended by Amendment Agreement dated July 25, 2012) and the Foregin Currency Facility Agreement with the respective banks on various dates. The Security which was offered in terms of the MRA will continue to be applicable as is upon conversion to the aforementioned foregin currency loans.

B. Foreign Currency Convertible Bonds (‘FCCB’):

The Parent Company had issued four series of Foreign Currency Convertible Bonds (FCCBs) at different points of time and details of outstanding FCCBs issued are summarized as follows:

Particulars	Fourth Issue	Fifth Issue
Issue currency	USD	USD
Issue size	2.43 million **	125.36 million
Issue date	April 25, 2012	April 25, 2012
Maturity date	July 27, 2017	April 26, 2017
Coupon rate	4.75%	5%
Fixed exchange rate of conversion	₹ 40.81	₹ 50.79
Conversion price-post bonus	₹ 165.94	₹ 16.50
Conversions/Redemptions as at - (USD)		
31 Mar 2014	**Nil**	**0.23 million**
31 Mar 2013	Nil	31.55 million
Outstanding as at - (USD)		
31 Mar 2014	**2.43 million**	**93.58 million**
31 Mar 2013	2.43 million	93.81 million
Outstanding as at - (₹ Crores)		
31 Mar 2014	**14.55**	**559.21**
31 Mar 2013	13.24	509.89

** Represents 3.67% of the outstanding portion of USD 100 million as at April 25, 2012.

On 22nd March 2012, the Parent Company launched an Exchange Offer for the Third and Fourth series of outstanding FCCBs (subsequent to buy back) of USD 20 million and USD 66.37 million respectively, whereby the Parent Company offered a new series of FCCBs to the existing bond holders on surrender of the earlier series of FCCBs for a value including the premium payable on those FCCBs. Out of the Third Issue, 100% of the bond holders and out of the Fourth Issue, 96.33% of the bond holders have surrendered the earlier series of the FCCBs in exchange for the new series of FCCBs, which is effective from April 3, 2012. Consequent to this, during the previous year ended March 31, 2013 the Parent Company cancelled 100% of the bonds under the Third Issue and 96.33% of the bonds under the Fourth Issue and replaced them with a new series of FCCBs (‘Fifth Issue’). The terms of the remaining FCCBs under the Fourth Issue have been amended by the Parent Company.

During the year ended March 31, 2014, the Parent Company allotted 704,914 equity shares (for the year ended March 31 2013, 97,111,993 equity shares) of ₹ 10 each against conversion of 229 numbers (for the year ended March 31 2013, 31,548 numbers) of above mentioned FCCBs amounting to ₹ 1.16 crores (for the year ended March 31, 2013 ₹ 160.22 crores equivalent to USD 229,000 (for the year ended March 31, 2013 USD 31,548,000).

The conversion price as per the Offering Circular dated March 22, 2012 was ₹ 16.50 per share.

2.34.1 Going Concern

During the financial year ended March 31, 2012, the Parent Company undertook restructuring of its debts through CDR cell and also renegotiated with the FCCB holders (as mentioned above) with respect to its obligation. Post the debts restructuring, the Parent Company is confident of successful implementation of the CDR package and is also confident of meeting its FCCB obligations. Accordingly, the financial statements have been prepared on a going concern basis.

2.34.2 Impairment Analysis of Cash Generating Units (CGUs):

The Group, as per its Accounting Policy and in accordance with the requirements of the Accounting Standard (AS) 28 - “Impairment of Assets and Accounting Standard” (AS) - 13 “Accounting for Investments”, prescribed under Companies (Accounting Standard) Rules 2006, has carried out an impairment analysis of its Cash Generating Units / Long term Investments, in order to ascertain the extent of impairment, if any, in their carrying values.

The valuation analysis carried out by an independent expert valuer was used to assess the values generated by these CGUs/Long Term Investment on a going concern basis for the above purpose. Based on the valuation exercise so carried out, current year’s performance and the future earnings estimates of the Group, there is no impairment revealed.

2.34.3 Deferred tax asset

In respect of deferred tax asset of ₹ 123.84 crores (as at March 31, 2013 ₹ 105.87 crores) being carried forward, the management, based on the order book on hand and relying on the Restructuring Scheme approved by the CDR Cell, is confident of having taxable income in foreseeable future, which would enable reversals of deferred tax assets already recognized in the earlier years.

2.34.4 Other Income

a) During the current year, considering the financial / operational integration of two U.S. Subsidiaries, those have been consolidated as ‘Integral Operations’ effective April 1, 2013. The resultant exchange gain of ₹ 52.29 crores arising on translation has been included in other income. The net profit and shareholders fund for the financial year ended March 31, 2013 would have been higher by ₹ 17.72 crores, had the operations of the two US Subsidiaries were classified as integral foregin operations at the begining of the financial year ended March 31, 2013 i.e. on April 1, 2012.

b) Other income for the current year also includes ₹ 8.65 crores gain on sale of immovable properties and ₹ 19.80 crores loss on account of foreign exchange fluctuations.

2.35 Investment in Joint Venture

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

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

₹ crores

Particulars	**As at March 31, 2014**	As at March 31, 2013
Assets	**0.46**	0.53
Liabilities	**0.38**	0.46

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Income	-	-
Expenses	-	0.01

₹ crores

Particulars	As at March 31, 2014	As at March 31, 2013
Contingent Liability	-	-
Commitments	-	-

2.36 Discontinued Operations

During the financial year ended March 31, 2013, in terms of the Transition Service Agreement entered at the time of sale of its subsidiary in the financial year ended March 31, 2012, expected estimated loss of ₹ 19.57 crores has been provided and the same has been reported as “loss from discontinued operations”

2.37 a) In the opinion of the Board of Directors of the Parent Company, investments, current and non-current assets, long-term and short-term loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provisions for all known and determined liabilities are adequate and not in excess of the amounts stated.

b) The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. However, the management does not expect any material difference affecting the current year’s financial statements on such reconciliation/adjustments.

2.38 Exceptional items

a) The Parent Company had during the financial year ended March 31, 2013 capitalized expenditure on Intangible Assets viz. internally developed Software Products (meant for sale) incurred during the years from FY 2006-07 up to FY 2011-12 and as also for the financial year ended March 31, 2013 in terms of Accounting Standard 26 - “Intangible Assets”. The software development costs so capitalized after taking into consideration the residual value, have been amortized at the lower of 10 years or the estimated economic useful life of each of these products from the date of their being put to use in terms of the accounting policy followed by the Parent Company. Consequently, the product development expenses, aggregating to ₹ 160.43 crores (net of amortization) charged off in the earlier years (FY 2006-07 up to FY 2011-12) have been capitalized during the financial year ended March 31, 2013.

b) The Group had provided for/reversed certain slow moving trade receivables and unbilled revenue amounting to ₹ 241.13 crores during the financial year ended March 31, 2013 which have arisen largely due to the tight liquidity situation, resource constraints etc. faced by the Group in the year immediately preceding the financial year ended March 31, 2013.

c) The items referred above in (a) and (b) have been disclosed as a net adjustment in the Consolidated Statement of Profit and Loss as an exceptional item.

2.39 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:

Particulars		**For the year ended March 31, 2014**	For the year ended March 31, 2013
Profit/(Loss) before exceptional items and discontinued operations and after tax as per Statement of Profit and Loss (₹ crores)		**(357.06)**	(397.64)
Add/Less: Minority interest (₹ crores)		**0.50**	(1.49)
Profit/(Loss) after minority interest (₹ crores)		**(357.56)**	(399.12)
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes) (₹ crores)		**4.83**	4.82
Profit/(Loss) attributable to equity shareholders before exceptional items and impact of discontinued operations (₹ crores)	A	**(362.39)**	(403.94)
Add: Profit/(Loss) due to exceptional items and impact of discontinued operations (₹ crores)		**-**	(105.84)
Profit/(Loss) attributable to equity shareholders after exceptional items and impact of discontinued operations (₹ crores)	B	**(362.39)**	(509.78)
Weighted average number of equity shares outstanding during the year (Nos.)	C	**572,072,722**	439,518,498
Add: Effect of dilutive issues of options (Nos)		**-**	-
Diluted weighted average number of equity shares outstanding during the year (Nos.)	D	**572,072,722**	439,518,498
Nominal value of equity shares (₹)		**10.00**	10.00
Before exceptional items and impact of discontinued operations			
Basic Earnings Per Share (₹)	A/C	**(6.33)**	(9.19)
Diluted Earnings Per Share (₹)	A/D	**(6.33)**	(9.19)
After exceptional items and impact of discontinued operations			
Basic Earnings Per Share (₹)	B/C	**(6.33)**	(11.60)
Diluted Earnings Per Share (₹)	B/D	**(6.33)**	(11.60)

2.40 Related Party Transactions:

a) Directors / Key Management Personnel and associate:

Following are the details of Key Management Personnel/Related Parties of the Group:

Key Management Personnel/Related Party	Designation/Details
1. Mr.Madhivanan Balakrishnan	Managing Director & Global CEO (from July 1, 2012)
2. Mr.Amar Chintopanth	Deputy Managing Director (upto March 15, 2013)
3. Mr.Charanjit Attra	Executive Director & Global CFO (from July 1, 2012)
4. Mr. V. Srinivasan	Managing Director & Global CEO (upto June 30, 2012)
5. Cadenza Solutions Private Limited, India	Enterprise in which relative of key managerial personnel has substantial interest (upto June 30, 2012)
6. ICICI Bank Limited	Associate

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

₹ crores

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Directors / KMP - Mr. V. Srinivasan		
Remuneration *	-	3.29
Directors / KMP - Mr. Amar Chintopanth		
Remuneration	-	3.97
Directors / KMP - Mr. Charanjit Attra		
Remuneration	**1.20**	1.03
Directors / KMP - Mr. Madhivanan Balakrishnan		
Remuneration	**2.35**	2.79
Cadenza Solutions Private Limited, India		
Income	-	0.04
Expenses	-	0.05
ICICI Bank Limited		
Income	**144.72**	115.11
Expenses	**1.69**	1.15
Issue of equity shares (including securities premium) ##	-	224.67
Advances Received	**109.35**	29.62

* Paid from overseas subsidiary.

Allotment of equity shares at a premium, towards part conversion of Cumulative Redeemable Preference Shares and loans and in lieu of payment of interest.

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

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

₹ crores

Particulars	Nature of Balances	As at March 31, 2014	As at March 31, 2013
ICICI Bank Limited	Trade Receivables	**28.22**	9.63
	Trade Payables	**0.07**	0.07
	Advances Payable	**136.62**	29.62
	Other Payables - Deposit	**1.55**	1.55
Directors' Remuneration			
Mr. Madhivanan Balakrishnan *	Payable	**0.08**	1.60
Mr. Charanjit Attra *	Payable	**0.09**	0.41
Mr. V. Srinivasan	Payable	-	2.64

* Represents retention incentive amount

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

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

2.41 Disclosures pursuant to AS 17 - Segment Reporting:

a) The Parent Company has two Operating Segments, viz “IT Solutions” and “Transaction Services”

₹ crores

Particulars	**For the year ended March 31, 2014**	For the year ended March 31, 2013
Segment Revenues:		
IT Solutions	**1,230.66**	1,231.03
Transaction Services	**77.23**	80.33
Total Revenues	**1,307.89**	1,311.36
Segment Results (Gross Profit):		
IT Solutions	**281.20**	329.89
Transaction Services	**12.77**	17.69
Total Segment Results	**293.97**	347.58
Unallocable expenses:		
Operating, Selling and Other expenses	**202.79**	245.64
Finance cost	**321.10**	307.62
Depreciation & Amortization	**256.42**	230.82
Operating Profit/(Loss)	**(486.34)**	(434.81)
Other Income	**130.61**	52.92
Profit/(Loss) before tax	**(355.73)**	(383.58)
Less : Taxes	**1.33**	14.06
Profit/(Loss) after tax	**(357.06)**	(397.64)
Less : Exceptional items	**-**	(86.27)
Less: Discontinued operations	**-**	(19.57)
Profit/(Loss) after tax, exceptional items and discontinued operations	**(357.06)**	(503.48)
Less : Minority interest	**0.50**	1.49
Net Profit/(Loss) after minority interest, exceptional items and discontinued operations	**(357.56)**	(504.97)

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

b) Considering the nature of the Group’s business, the assets and liabilities cannot be identified to any specific business segment.

c) Disclosure of details of Secondary segments, being geographies, is as under:

₹ crores

Particulars	**For the year ended March 31, 2014**	For the year ended March 31, 2013
Emerging Markets	**668.93**	775.88
Developed Markets	**638.96**	535.48
Total Revenue	**1,307.89**	1,311.36

2.42 Foreign Currency Monetary Item Translation Difference Account:

(i) During the year, in compliance with Accounting Standard (AS) 11 - The Effects of Changes in Foreign exchange Rates, exchange loss of ₹ 52.34 crores (for the year ended March 31, 2013 loss of ₹ 23.53 crores) arising on FCCBs (which hitherto was charged upto June 30, 2012 to Consolidated Statement of profit and loss) and exchange gain of ₹ 49.88 crores (for the year ended March 31, 2013 loss of ₹ 15.69 crores) on long term foreign currency loan, exchange loss of ₹ 0.42 crores (for the year ended March 31, 2013 ₹ Nil) on foreign currency loan being long term monetary liability/asset, has been debited/credited to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of the liability/asset. The amount of exchange gain amortized during the year is ₹ 9.93 crores (for the year ended March 31, 2013 ₹ 7.62 crores).

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

(ii) 0.00 crores denote figures less than ₹ 50,000.

Signatures to Notes 1 and 2

For and on behalf of the Board

Madhivanan Balakrishnan **Managing Director & Global CEO**	**Charanjit Attra** **Executive Director & Global CFO**
R Unnikrishnan Nair **Senior Vice President** **(Finance and Accounts)**	**Ninad Kelkar** **Company Secretary**

Mumbai, May 02, 2014

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Any questions or requests for assistance or additional copies of this Exchange Offer Memorandum may be directed to the Tabulation and Exchange Agent listed above.

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