



ANNUAL REPORT

2009-2010

Five senses - one holistic entity.





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Company Details

Board of Directors:

Mr. Hoshang N. Sinor, Chairman

Dr. Ashok Jhunjunwala, Director

Dr. Bruce Kogut, Director

Mr. Dileep C. Choksi, Director

Mr. Samir Kumar Mitter, Director

Ms. Vishakha Mulye, Director

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

Mr. Amar Chintopanth, Deputy Managing Director & Chief Financial Officer

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

Principal Bankers:

Axis Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

Standard Chartered Bank

Auditors:

Lodha & Company

R.G.N. Price & Co.

Legal Advisors

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Corporate Office:

3i Infotech Limited

6th Floor, Akruti Centre Point,

MIDC Central Road,

Next to Marol Telephone Exchange,

Andheri (E), Mumbai - 400 093, INDIA

Tel: +91 22 39145538

Fax: +91 22 39145520

Executive Management:

V. Srinivasan, Managing Director & Chief Executive Officer

Amar Chintopanth, Deputy Managing Director & Chief Financial Officer

Anirudh Prabhakaran, Executive Director & President - South Asia

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

Chandrashekar M.S., Executive Vice President and Head - Banking & Investment Management

Debneel Mukherjee, President & CEO - Asia Pacific

Jayaraman Jagannadhan, Executive Vice President and Head - Insurance, ERP & Payment Solutions

Kathleen Hamburger, President & CEO - North America

Padmanabhan Iyer, Executive Vice President and Chief Operating Officer - Elegon Infotech Limited
(Subsidiary of 3i Infotech)

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

Som Sarma, President - Western Europe & Global Head - IT Services

Sripat Pandey, Head - Mergers & Acquisitions

Shivanand R. Shettigar, Company Secretary & Head - Legal & Compliance

Registered Office:

3i Infotech Limited
Tower # 5, 3rd to 6th Floor,
International Infotech Park,
Vashi, Navi Mumbai - 400 703, INDIA
Tel: +91 22 67928000
Fax: +91 22 67928095

A Solutions Company

Most of us are blessed with five senses.

needs to deploy

However, some of us make extraordinary use of them

all five senses and more.

to deliver extraordinary results!

We do.

Like the artist, who sees a masterpiece before it is created...

The master blender of fragrances, who sniffs out potential opportunities...

The counselor, who hears more than what is said...

The gourmet chef, who tastes the most subtle flavors in order to create success stories...

And the masseuse, who uses the sense of touch to heal and rejuvenate.

All of them deploy the senses they are blessed with to the ultimate degree. Pushing the frontiers of human potential and outdoing the limits of experience.

In much the same way, **3i Infotech deploys its five senses and more to deliver success beyond the ordinary, to its stakeholders around the world.**



Using its sight to see and keenly **study the evolving needs of customers** in order to create solutions which would address their business needs...



Sniffing out opportunities for growth across geographies and providing customized solutions pertinent to the region, thus making us globally present and locally relevant...



Listening to customers and analysts alike, because their valuable feedback helps the Company evolve for the better...



Touching the lives of employees with democratic empowerment and encouraging them to be more than they are right now...



Tasting success repeatedly, for over a decade...

And **leveraging our sixth sense to go beyond the obvious**, to truly bring alive the Company's vision and mission with a strong belief in our core values.

At 3i Infotech, we believe in doing better than our best to help your Company leap across various challenging frontiers. We truly hope that we have been able to live up to your dreams and will always continue to do so, in the years ahead.

Chairman's Message

Dear Members,

It gives me great pleasure to welcome you to the 17th Annual General Meeting of your Company and share with you the progress your Company has made, in spite of the last year having been a difficult one.

The year 2009 is sure to find a place in history, although not for the best of reasons. There are inflexion points in world economic history, when everything seems to go wrong at the same time and the year gone by was one such. Institutions that were supposed to guard against economic chaos seemed clueless and many business leaders who were, till then, hailed as visionaries, were at best looking confused and uncertain. More than anything else, the fabric of trust has been shaken and it will need a lot of work to rebuild trust. The best that can be said is that 2009 is behind us and we are now on the cusp of a truly new era, that is both promising, but has the potential to be unsettling as well.

The global economic scenario is still very fragile. The crisis of confidence which we felt was over has been rekindled with the economic crisis that Europe is now facing. Given the importance of Europe as an integrated entity, it is most likely that the Governments there will do everything possible to tide over this crisis. Tomorrow it is likely that some other factor, as yet unknown, may create one more such crisis. It is amply clear that we are in for a decade where uncertainties, big and small, will be the order of the day. Economies and businesses will have to learn to develop coping mechanisms that not only address survival, but also keep their growth DNA alive and active.

The Indian economy seems poised for a growth rate of 8 to 10% per annum over the next decade. I feel that while supply side constraints clearly exist, there are many policy level initiatives that will yield us good dividends in the years to come.

Thus the overall global view seems to present a landscape that, on the one hand, offers opportunities which can be availed of, and on the other, has risk factors and threats, some of which may not even be apparent at the present moment.

In such a scenario, it is interesting to observe the approaches adopted by various IT companies in the global marketplace. While a majority of the Indian IT companies have taken the routes of legacy modernisation and Application Development and Maintenance Services (ADMS) for building scale in their operations, the global multinational companies have always been competing on their strength of the industry knowledge in various industry verticals such as Banking, Financial Services, Insurance, Manufacturing, Retail, Telecom and so on. It is only in the last few years that the larger Indian IT companies have started building deeper competencies in the industry domains.

On the other hand, your Company has deep domain capabilities, especially in the Banking and Financial Services sectors, through an impressive array of products, solutions and solution accelerators. This is no mean achievement and at a time when the Indian IT industry is gravitating towards finding its feet in the industry domain, we have an advantage in such powerful differentiation.

Your Company has over 1500 customers across 50 countries in 5 continents. Of these, 78 are Fortune 500 Companies, indicating the faith and confidence placed in your Company by large customers.

With the powerful differentiation indicated above and a diverse customer base across geographies, coupled with the learnings during the last couple of years, I am sure that your Company will continue to consolidate and grow in the years to come.

I thank you for your ongoing support in our journey so far. As we progress and grow, I look forward to your continued support in future.

Warm Regards,



Hoshang N. Sinor



Managing Director & CEO's Message

Dear Members,

This is the 11th year of our operations as a technology company and we have come a long way in this journey of building a global organization. The last financial year has been a challenging one for us and the IT Industry. The business environment was volatile and with no clear business visibility, we looked at the year 2009-10 as a year of consolidation. It involved keeping focus on markets and concentrating on bringing in greater operational efficiencies across businesses. The year brought in some external challenges both for us and the economy as a whole, but we have emerged as a strong and resilient company and are well poised to continue our growth trajectory.

Highlights of the Year

During the last year notable contributions have been made, not only in terms of revenue generation, but also by conserving costs, thereby enabling us to maintain our margins as we increased our volume of business. I am glad to inform you that our Company has reported all-round growth, both in the last quarter, and also for the financial year ended March 31, 2010.

The consolidated revenue for the year is at Rs. 2,468.75 crores, a growth of 7.1% over the previous year. Operating profit is at Rs. 503.14, a growth of 11% over the previous year and operating margins improved to 20.4%. Profit after tax and before exceptional items and impact of discontinuing operations is at Rs. 265.95 crores.

The North America geography continued to be the largest contributor to our revenue and profits, with a 55% share of our global revenue, followed by South Asia geography at 26%. Middle East Africa, Russia and CIS (MEARC), Western Europe and Asia Pacific contributed to the balance 19%.

Our segment-wise revenue break up now stands at: software products 32%, IT services 31% and transaction services 37%.

Our diverse markets, unmatched product breadth and global reach provided excellent opportunities to further penetrate our broad customer base and also expand our footprints in new markets.

In June 2009, we acquired the J. P. Morgan Treasury Services' National Retail Lockbox business. This acquisition further strengthens our footprint in the transaction processing business in the North America region.

During the year, we consolidated all the domestic BPO businesses under a new subsidiary 3i Infotech BPO Ltd.

We had two phases of Qualified Institutional Placements (QIP) aggregating to Rs. 500 crores.

Our Achievements

The good performance of our geographies and business units has helped our Company figure prominently in many well regarded international and domestic rankings as under:

- **The 189th largest company in India (Business Standard 1000 Feb'10)**
- **Among the top 3 largest software product companies in India (Dataquest Aug'09)**
- **Ranked 32nd in the list of Top BFSI service providers in North America (FinTech 100 Oct'09)**
- **Fastest growing technology company (Deloitte Fast 50 Growth of 249% over 3 years)**

These rankings further reiterate the high quality of our people, products and services, more so as we have been progressively moving up in these rankings.

It is also a matter of great pride for all of us that 3i Infotech qualified to win the "WorldBlu List of Most Democratic Workplaces 2010" Award. WorldBlu an Austin, Texas (USA) based company, specializes in organizational