



## A PARADIGM SHIFT UNFOLDS

3i INFOTECH LIMITED  
ANNUAL REPORT 2022-23

## ACROSS THE PAGES



### Corporate Overview

02	Chairman's letter to stakeholders
04	Message from the Managing Director
08	The Board of Directors
10	Executive Management Profiles
12	Our Corporate Profile
18	Our Diverse Offerings
20	Journey
22	Cultivating a People-First Culture
26	Building the Foundation for a Brighter Future
28	Envisioning Our Potential for the New Future
30	Paving the Way to A Billion Dollar Company
32	Core Competencies
34	Strategic Priorities
36	Envisioning a Brilliant Future with an Exceptional Team
37	Corporate Information



### Statutory Reports

38	Management Discussion & Analysis
50	Directors' Report
59	Corporate Governance Report
80	Business Responsibility and Sustainability Report



### Financial Statements

117	Standalone Financial Statements
202	Summary of Consolidated Financial Statements in US\$
207	Consolidated Financial Statements



### Shareholder Information

288	Notice of 30th Annual General Meeting
299	Global Presence
301	E-Communication Registration Form



For more investor-related information, please visit:

<https://www.3i-infotech.com/investors/>

#### Disclaimer:

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#### Investor Information

Market Capitalisation as on March 31, 2023	₹462.44 Crore
CIN	L67120MH1993PLC074411
BSE Code	532628
NSE Symbol	3IINFOLD
AGM Date	September 25, 2023, at 11:30 a.m. (IST)
AGM Venue/Mode	Video Conference / Other Audio Visual Means

# A PARADIGM SHIFT UNFOLDS

At 3i Infotech, we are on a transformative journey, transitioning from a legacy product-centric business to becoming an integrated provider of next-generation products and services. Guided by innovation, agility and wisdom, we have continually evolved beyond the obvious, delving deep into the vast potential of advanced services and platforms. This paradigm shift unfolds fresh opportunities, unlocking value for both our valued customers and esteemed partners.

As we continue to grow – through our strategic actions over the past two years involving the creation of new products and services, while refining our existing offerings – we stay at the forefront of seizing emerging opportunities. Our expansion into diverse geographic regions further bolster our presence in burgeoning markets across the globe.

Our unyielding passion and perseverance strategically position us to lead the advancements in Edge Computing, while aiming to drive sustainable, scalable, and predictable business model. By proactively realigning processes and systems, we confidently prepare to embrace an innovation-led future. This is evident in our endeavour to initiate a comprehensive system reboot and process restart in the previous year, fortifying our overall well-being. As the pages of this year's annual report unfold, we stand poised on the precipice of infinite possibilities, determined to embrace the winds of transformation and emerge triumphant.

Together, we envision a future where innovation, technology, and sustainability converge, charting a new course for unparalleled success in the years ahead. Here's where a Paradigm Shift Unfolds for us!



# CHAIRMAN'S LETTER TO STAKEHOLDERS



**In the ever-evolving realm of technology, embracing perpetual learning and nurturing an innovative spirit is imperative. By fostering collaboration and determination, we hold the key to forging a brighter technological tomorrow.**

As the Chairperson of 3i Infotech, I take great pride in presenting the remarkable journey of our organisation. Over the past three decades, we have ingrained the principles of continuous learning and dedication to innovation into the very fabric of our existence. Through collective efforts and determination, we have continually refined our products and services, propelling ourselves to the forefront of technological advancements.

Over the course of the past two years, our organisation has undergone a remarkable transformation. We have achieved the status of a debt-free organisation with a strong focus on our service portfolio. The first year of this journey was dedicated to stabilising our operations, addressing the challenges encountered in the preceding year, addressing legacy challenges, and resolving any remaining issues. During the following year, we shifted our focus towards constructing the fundamental pillars for growth. This involved translating strategies into actionable plans and optimising our services business to be more agile, while customising it to meet the specific needs of our clients. Aligned with this strategic optimisation, we are creating an agile and profitable operating model by exiting non-profitable businesses and targeting small and medium-sized firms, thereby driving higher margins.

To lead this operational and organisational transformation, our new leadership team is



driven by an innovative and collaborative spirit, propelling us toward a promising future. With a clear vision, our team is confident and resolute in spearheading the transformation and driving us towards a brighter technological tomorrow. Our cutting-edge solutions are thoughtfully designed to drive progress and make a meaningful difference for our customers. As part of our commitment, we strive to become the preferred global one-stop destination for our customers, catering to their diverse business needs in the ever-evolving technological landscape.

Together, we envision a future where possibilities are limitless, and our relentless pursuit of excellence continues to inspire us to move ahead.

### Economic Resilience

The year 2022-23 presented multitude of challenges for the global economy, including the Russia-Ukraine war, a slowdown in the European market, and an energy crisis that led to supply chain disruptions and inflation. The International Monetary Fund (IMF) projected a slower global growth rate of 3% in 2023 compared to 3.6% in 2022.

The Information Technology (IT) market was not immune to the widespread disruption over the past few years; however, the sector's foundation remains strong. The prevalence of digitalisation continued to reshape various industries, providing opportunities for long-term growth. The maturity of exponential technologies like cloud computing, AI, IoT, and blockchain played a pivotal role in driving the development of new products, services, and business models. Notably, the sector experienced robust growth in 2022, and this momentum is anticipated to persist, with a projected Compound Annual Growth Rate (CAGR) of 7.9% by the year 2027.

Despite global challenges, India has emerged as the fastest-growing major economy, with a remarkable 7.2% GDP growth in 2022-23. The country's technology sector has shown great resilience, primarily fueled by consistent demand for IT services as global clients invest in digital transformation. Companies are strategically focusing on high-value services like cloud computing, AI, cybersecurity, and IoT to drive business growth.

Despite facing its share of hurdles, such as reduced funding for late-stage startups and a more cautious approach to hiring due to concerns about the global recession, the sector holds promising potential. India's abundant talent pool, vast market opportunity, and government support through initiatives like digital public infrastructure, coupled with the swift pace of digital adoption across various industries, paint an optimistic outlook. Multiple tailwinds persist that can propel the sector's strong growth trajectory forward.

### Navigating the Technological Frontier

The IT sector's future appears bright, with favorable tailwinds supporting its maturing sub-sectors. Notably, cloud computing is expected to experience significant growth as enterprises accelerate their migration, enticed by advantages like improved cost efficiency, scalability, and enhanced business agility. Artificial intelligence adoption by enterprises is also expected to accelerate rapidly as AI technologies become more mature and nuanced. Meanwhile, growth in areas like cybersecurity, edge computing, blockchain, 5G implementations, IoT, big data analytics, quantum computing, augmented reality, and robotic process automation indicates the sector's overall strength.

Companies are eagerly embracing emerging technologies such as AI and machine learning to revolutionise their processes, augment intricate decision-making, and acquire predictive insights. Furthermore, the escalating concern over cyber threats will sustain the demand for cybersecurity solutions, ensuring the protection of organisational assets and data. The adoption of edge computing is also on the rise, enabling real-time data processing and analytics at the source, thereby unlocking new capabilities. Additionally, the potential of blockchain extends excitingly into various sectors, including finance, supply chain, and healthcare.

However, the sector faces lingering challenges such as talent shortages, market volatility, and inflation. Yet, its characteristic resilience persists. By adopting strategic agility and maintaining a customer-centric approach, the sector can surmount these challenges and seize emerging opportunities. Despite some uncertainties, the IT sector stands ready to sustain its vital

role in driving global digital transformation and fostering business innovation.

### Capitalising on Opportunities

In the face of these challenges and opportunities, 3i Infotech has proactively seized every opportunity and implemented substantial measures to capitalise on them. One such notable initiative involved establishing the holding company, Nure Media Tech, which consolidates all our Nure products under a single entity. This strategic decision empowers us to effectively leverage our combined expertise and resources, particularly in cloud computing and cybersecurity, while fully capitalizing on their growth potential. Furthermore, recognising the need to align our statutory legal compliance structure with the evolving nature of our business, we dedicated significant efforts this year to ensure that our subsidiaries seamlessly align with our overall business strategy. Each subsidiary now focuses on specific areas, such as professional services, enterprise services, business operations, next-generation services, or product development. Consequently, we are equipped to deliver comprehensive services encompassing state-of-the-art digital solutions and innovative offerings. These pivotal steps mark significant milestones in our journey, underscoring our commitment to adaptability and growth.

I sincerely thank all our stakeholders for trusting our vision as we stand at the edge of a technology revolution. Your support powers our transformation into a future-focused company. While challenges lie ahead, our agility, commitment to customers, and team spirit equip us to seize fresh opportunities. I am excited about the possibilities we can achieve by embracing innovation and propelling progress. The future holds great promise for 3i Infotech, and I am eager to witness what we can accomplish together.

Warm Regards,

**Ashok Shah**

Non-Executive Independent Chairperson

# MESSAGE FROM THE MANAGING DIRECTOR

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**The future belongs to those who innovate, adapt, and proactively make their businesses future-ready in the face of rapidly changing technological landscapes.**

In the fiercely competitive technology landscape, this quote serves as a compelling reminder of the utmost importance for businesses to constantly generate fresh ideas, adapt swiftly to changes, and proactively prepare for what lies ahead. At 3i Infotech, we warmly embrace this philosophy, acknowledging that our ability to anticipate and capitalise on emerging trends and advancements is what distinguishes us. In an era characterised by disruptive technologies and digital transformation, we comprehend that staying ahead of the curve is not a mere luxury, it is an absolute necessity to navigate the ever-changing landscape. We translate this understanding into action, and through our commitment to continuously push boundaries, explore new possibilities, and challenge the status quo, we ensure that our innovation-driven brilliance remains at the forefront of our industry. In turn, enabling our clients to thrive in a dynamic business environment.

## **Our Transformative Chapter**

As we reflect on the past year, we see it as a transformative phase in our Company's history, and leading 3i Infotech on this remarkable journey has been a true honour. A crucial lesson learned is the need to strike a strategic balance between services



**As we grow, our objective is to evolve into a more robust organisation that embraces a sustainable, predictable, and scalable operational framework. Sustainability entails establishing a profitable operating model that aligns with our business objectives. Predictability ensures our ability to accurately forecast our performance, and make informed decisions.**

and products in our portfolio. As we grow, our objective is to evolve into a more robust organisation that embraces a sustainable, predictable, and scalable operational framework. Sustainability entails establishing a profitable operating model that aligns with our business objectives. Predictability ensures our ability to accurately forecast our performance, and make informed decisions. Scalability enables us to expand efficiently, while maintaining equilibrium between our services and products. By delivering exceptional services and innovative products, we aim to meet a wider spectrum of customer needs and attain long-term success. To achieve this, we adopt a systematic approach – characterised by precise execution and constant adaptation – ensuring that our growth initiatives seamlessly align with our offerings. This well-calibrated approach lays a solid foundation for our Company's expansion and enables us to deftly respond to the ever-changing market demands.

Aligned with this objective, as a forward-thinking technology company, we are ready to spearhead the emerging realm of Edge Computing. We recognise the growing significance of Edge Computing in enabling rapid data processing, bolstered security, and enriched user experiences. Focussing on the advancement of state-of-the-art Edge Computing solutions, we aspire to cement our position as trailblazers in this technological revolution. Our goal is to provide value to

our customers by remaining at the vanguard of innovation in Edge Computing.

- ➔ In line with our goal to be a leader in Edge Computing, over the last two years, we have made notable strides, including the successful development of NuRe 3i.
- ➔ This secure and highly optimised cloud solution, configured by Oracle, enables us to deliver flexible and cutting-edge cloud computing capabilities through NuRe 3i and NuRe Edge.

### Building a Stronger Future

This year marks significant progress for 3i Infotech in our new strategic business areas such as Digital, NextGen and Cloud services. We have built a robust foundation by establishing centres of excellence, dedicated to emerging technologies like Oracle Cloud solutions, AI/ML-based Cognitive Computing and CloudFirst services. Our investments in these areas have started yielding returns.

Our NuRe FutureTech subsidiary has gained strong momentum in Cognitive Computing services, winning deals from leading players in the BFSI sector for AI-powered analytics and compliance solutions. Meanwhile, our NuRe Edgetech subsidiary has cemented our leadership in 5G lab testing and Edge Computing services for telecom firms and agri-tech companies. The commendable performance of both subsidiaries is evident through their revenue generation,

showcasing the depth of our capabilities and untapped potential in these cutting-edge domains.

As we look ahead, our utmost priority lies in building a sustainable and scalable business. The transition from the operational to the build phase is well underway, entailing strategic alignment with core network OEMs for 5G testing and the advancement of smart manufacturing through SDWAN integration. Our robust groundwork for Digital & Nextgen services empowers us to face future challenges with confidence, propelling us towards our ambitious billion-dollar valuation goal. Through our firm dedication to execution and innovation, we are poised to retain a competitive edge and fortify our leadership in the industry, setting new standards of excellence in the process.

This year holds immense potential for us to achieve remarkable milestones and strengthen our position. Building upon the strategic groundwork laid last year, we have seamlessly integrated our legacy enterprise IT services business with high-growth digital, cloud and next-gen service offerings. This balanced approach has optimised our existing service lines, while enabling us to expand into emerging areas, effectively reshaping our revenue mix. Additionally, we continue to focus on our BUILD business to safeguard Intellectual Property (IP) and enhance our Company's valuation.

### Transforming Our Business: Broadening Our Portfolio

In alignment with our commitment to growth and innovation, we have made substantial investments in expanding into new product and service areas. One notable example is the seamless integration of NuRe Edge into our revamped business line. By incorporating a varied range of products under the NuRe line, we have significantly bolstered our capacity to offer business solutions in Cloud First, Digital, and Cognitive domains. By combining human capabilities with humanoid technology, we position ourselves as pioneers in delivering innovative solutions. The NuRe line,

**In the fiscal year 2022-23, our primary emphasis at 3i Infotech centres around the execution of strategic plans and propelling business expansion. Having made significant foundational investments to establish a robust base in emerging service areas through NuRe Edge and NuRe digital platforms, we have prioritised the monetisation of these offerings to generate revenue and deliver value-added solutions to customers. Additionally, we are strategically expanding our presence in the ASEAN region to mitigate potential economic challenges and diversify our geographic footprint.**

spanning innovative services and platforms, disrupts traditional technology models. Over time, we expect NuRe's contribution to steadily rise as a share of our overall revenue mix, driven by its higher margins. Our core strengths in Application Services, Automation, and Analytics (AAA) are further enhanced by leveraging our capabilities, including automation and analytics. By integrating these strengths with emerging technologies, we set our Company apart and differentiate our offerings in the market. For instance, with a strong emphasis on Cloud First, we have introduced a new suite of services designed to excel in this domain. Moreover, our investments in digital KPaaS, BPaaS, digital DPS, and future technologies within our BUILD strategy enable us to develop cutting-edge solutions such as Cognitive Computing and Edge Computing, ensuring that we meet the escalating demands of our customers.

#### **Reflecting on Past Strategies and Shaping the Future**

In the fiscal year 2022-23, our primary emphasis at 3i Infotech centres around the execution of strategic plans and propelling business expansion. Having made significant foundational investments to establish a robust base in emerging service areas through NuRe Edge and NuRe digital platforms, we have prioritised the monetisation of these offerings to generate revenue and deliver value-added solutions to customers. Additionally, we are strategically expanding our presence in the ASEAN region to mitigate potential economic challenges and diversify our geographic footprint. With Southeast Asia being a high-growth market, establishing a strong regional foothold is poised to unlock a plethora of new opportunities. To achieve this, we are strategically leveraging our investments in Malaysia through NuRe 3i to strengthen on-the-ground capabilities and accelerate growth in this key market.

Additionally, we have been diversifying into new business areas that represent significant milestones. One such example is RailTel, which we commercialised this fiscal - a landmark achievement. By commercialising RailTel and entering the B2B2C space, we have expanded our footprint to serve both enterprises and consumers directly. To support this transformation, we have established a dedicated subsidiary called NuRe Bharat Networks. Furthermore, we are consistently building competencies and capabilities in various domains, including NuRe cloud, NuRe FutureTech, NuRe campus, and Digi GPS. This emphasis on developing and leveraging our intellectual property assets underscores our commitment to disrupting the market and offering innovative solutions to address unresolved business challenges.

Looking ahead, a core focus area is delivering maximum value to customers through highly customised, country-specific models. We have devised strategies tailored to key markets including the US, the UK, the Middle East, India, and ASEAN, aligned to their unique characteristics. For the US and the UK, we emphasise geo-focussed, industry-specific models integrating global best practices with localised execution. We also prioritise cognitive-led, digitally enabled services to achieve higher margins. In the





**I would like to draw attention to the financial indicators that illustrate the performance of our business. Our Indian operations have demonstrated strong growth, resulting in an overall increase in revenue. Additionally, we have achieved a positive PAT (Profit After Tax) this year, highlighting our commitment to establishing a profitable, predictable, and scalable business model.**

UK, our target sector is TME, where we collaborate with NHS trusts. In the Middle East, we leverage Oracle solutions, while in India, we have excelled in DIMS and Oracle services, with a strong focus on data centre operations.

To further strengthen our offerings, we will leverage our investments in NuRe-led branded platforms and products, providing complementary services that seamlessly integrate with legacy systems. This enables our clients to optimise asset value and reduce capital expenditure, particularly during economic downturns. While we continue to prioritise the BFSI sector, we stay committed to expand our focus to mid-tier companies in the telecom, media, entertainment, manufacturing, and healthcare verticals.

#### **Our Financial Success: Achievements and Progress in FY 2022-23**

I would like to draw attention to the financial indicators that illustrate the performance of our business. Our Indian operations have demonstrated strong growth, resulting in an overall increase in revenue. Additionally, we have achieved a positive PAT (Profit After Tax) this year, highlighting our commitment to establishing a profitable, predictable, and scalable business model.

Let's assess the financial performance for FY 2022-23:

- ➔ Revenue from operations amounted to ₹729.1 Crores in FY 2022-23,

compared to ₹676.9 Crores in FY 2021-22, representing a 7.7% increase with a gross margin of 12.5% and a PBT (Profit Before Tax) of ₹ 9.4 Crores.

- ➔ Earnings Before Taxes (EBT) for FY 2022-23 reached ₹4.38 Crores, and the net profit stood at ₹1.37 Crores.
- ➔ Our India Region has exhibited remarkable year-on-year (YoY) growth of 27.5% and quarter-on-quarter (QoQ) growth of 12.7% with the addition of more than 20 new logos.

As we continue to chart our path of success, we stay committed to prioritise our people, who are our greatest asset. This year, we have placed a strong emphasis on empowering our workforce

and fostering a collaborative workplace. We launched new learning programmes, strengthened team-building activities, and improved internal communications to enable individuals to grow professionally and drive innovation.

In conclusion, I would also like to sincerely thank our esteemed shareholders for their steadfast confidence in us. Your trust has played a pivotal role in our continued success. As we move forward, we stay committed to create enduring value for all stakeholders with our unyielding focus on sustainable growth. Amidst a paradigm shift unfolding in our Company and industry, let us embrace new opportunities with renewed vigour and steer 3i Infotech towards a future of greater accomplishments.

Warm regards,

**Thompson Gnanam**

Managing Director & Global CEO



## The Board of Directors

# REVOLUTIONISING TOMORROW, GUIDING TRANSFORMATION.



**Mr. Ashok Shah** Non-Executive Independent Chairperson

Mr. Ashok Shah holds a bachelor's degree in science with a post-graduate degree in Economics. He joined the Life Insurance Corporation of India (LIC) as a direct recruit officer in 1977. In his more than three decades in the Corporation, he has served in all important positions in operations. He retired as Zonal Manager (Executive Director cadre) at Delhi and oversaw LIC's premier Zone, 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 LIMRA (Life Insurance Marketing and Research Association), a US-based entity as Director – India.



**Ms. Zohra Chatterji** Non-Executive Independent Director

Ms. Zohra Chatterji belongs to the 1979 Batch of the IAS, UP Cadre. She has held several important positions in her home state including Secretary and Director Industries, Labour Commissioner, Secretary & DG Tourism, Secretary & Project Director Basic Education. Her last assignment at UP was Principal Secretary IT & Industries when she was awarded the Prime Minister's Award for Excellence in Public Administration. She joined the Government of India on Central deputation in 2007 as Joint Secretary, Broadcasting in the Ministry of Information & Broadcasting. She became Member Secretary, National Commission for Women on promotion as Additional Secretary and was associated with drafting landmark amendments to the Criminal Law Amendment Bill and the Act for Prevention of Harassment of Women at the Workplace. She went on to serve as Additional Secretary Coal where she also held additional charge of Chairperson & Managing Director (CMD) of Coal India Limited as its first woman CMD. She retired in 2014 as the Secretary, Ministry of Textiles in the Government of India. Post-retirement, Ms. Chatterji has been a member of the News Broadcasting Standard Authority and served as Chairperson on the Board of National Commodities Management Services Limited (NCML). Currently, she is serving on the Board of NCML Finance Private Limited, Travel Corporation (India) Limited and U.P. Industrial Consultants Limited as an Independent Director. Ms. Chatterji is a graduate of Physics from Miranda House, Delhi University and post-graduate in English Literature from AMU. She is currently pursuing Ph.D. from the University of Lucknow and is the President of Alliance Francaise in Lucknow, an organisation supported by the Government of France for teaching of the French language and promotion of Indo-French cultural relations.



**Mr. Thompson Gnanam** Managing Director & Global CEO

Mr. Thompson P. Gnanam is a computer science engineer from the College of Engineering, Guindy, Chennai. He is an entrepreneur at heart, turned corporate intrapreneur by intent. With rich experience spanning 30 years in the IT, ITES, and telecom sectors, he brings to his role at the helm of 3i Infotech, domain expertise and business acumen drawn from his years of managing his own companies as well as running top-notch private and public enterprises. Mr. Thompson successfully managed his own in IT infrastructure management, system integration and software development in the nineties before transitioning to the corporate world to work for large global organisations such as Hewlett Packard, Vodafone, Tata's, Hexaware and Lebara Telecom. Mr. Thompson Gnanam's diverse experience spans sales, marketing, global business transformation, global delivery centre management and profit & loss management. Before joining 3i Infotech as MD & CEO, he served as Chief Sales and Marketing Officer of Tata BSS Ltd, MD & Business Head Lebara Telecom Ltd and Chief Digital Business Officer for Conneqt Business Solutions Ltd, a Qess Corp company.