PROSPECTUS
Dated Apirl 7, 2005
Please read Section 60 of the
Companies Act, 1956
100% Book Building Issue

Innovation • Insight • Integrity

3i Infotech Limited

(Originally incorporated as ICICI Investors' Services Limited on October 11, 1993 under the Companies Act, 1956, with its registered office at 163, Backbay Reclamation, Bombay 400 020. The name was changed to ICICI Infotech Services Limited on March 9, 1999. Subsequently, the name was changed to ICICI Infotech Limited on October 23, 2002. The name has been changed to 3i Infotech Limited on January 20, 2005. The registered office was shifted to Maratha Mandir Annex, Dr. A. R. Nair Road, Mumbai Central, Mumbai 400 008 with effect from January 15, 1998. Subsequently, the registered office was shifted to Zenith House, K. K. Marg, Mahalaxmi, Mumbai 400 034 with effect from September 14, 2000. On July 22, 2002 the registered office was shifted to the address below.)

Registered Office: Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai 400 703
Tel:(91 22) 5592 8090; Fax:(91 22) 5592 8094; Contact person: Mr. Shivanand Shettigar; Email:3iinvestors@3i-infotech.com
Website:www.3i-infotech.com

Public Issue of 20,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs.100 per Equity Share aggregating Rs. 2,000 million, (the "Issue") by 3i Infotech Limited ("3i Infotech" or the "Company" or the "Issuer"). 400,000 Equity Shares will be reserved in the Issue for subscription by permanent employees and directors in India of the Company (the "Employee Reservation Portion"). There will also be a Green Shoe Option of 3,000,000 Equity Shares for cash at a price of Rs. 100 per Equity Share aggregating Rs. 300 million. The Issue and the Green Shoe Option aggregate Rs. 2,300 million. The face value of the Equity Shares is Rs. 10.

The Issue will constitute 39.21% of the fully diluted post Issue paid-up capital of the Company assuming that the Green Shoe Option is not exercised and 42.59% assuming that the Green Shoe Option is exercised in full.

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue will be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). Further, a minimum of 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

ISSUE PRICE Rs. 100 PER EQUITY SHARE OF Rs. 10 EACH

The Issue Price is 10.0 times of the face value

RISKS IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of the Company, there has been no market for the Equity Shares. The face value of the Equity Shares is Rs. 10 and the Issue Price is 10 times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers and Co-Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares issued by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the statements on Risk Factors beginning on page number (i) of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares are proposed to be listed on the National Stock Exchange of India Limited (Designated Stock Exchange) and The Stock Exchange, Mumbai ("BSE") and the Company has received in principle approvals from these stock exchanges for the listing of its Equity Shares pursuant to letters dated March 2, 2005 and February 24, 2005 respectively.

BOOK RUNNING LEAD MANAGERS ("BRLMs")		REGISTRAR TO THE ISSUE
JM MORGAN STANLEY **JM Morgan Stanley Private Limited,** 141 Maker Chambers III, Nariman Point, Mumbai 400 021 Tel: (91 22) 5504 0404 Fax: (91 22) 5630 1694 Email:3iinfotech@jmmorganstanley.com Website:www.jmmorganstanley.com	DSP Merrill Lynch **DSP Merrill Lynch Limited,** Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021 Tel: (91 22) 2265 1702 Fax: (91 22) 2262 1187 Email: 3i_ipo@ml.com Website:www.dspml.com	**MCS LIMITED** Sri Padmavathi Bhavan, Plot no. 93, Road no. 16, MIDC Area, Andheri (East), Mumbai – 400 093 Tel no: (91-22) 2820 1785 Fax no: (91-22) 2820 1783 Email: ipo3i@mcsind.com Website: www.mcsind.com

ISSUE PROGRAMME	
BID/ISSUE OPENED ON : MARCH 30, 2005	**BID/ISSUE CLOSED ON : APRIL 04, 2005**

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DEFINITIONS AND ABBREVIATIONS

Conventional Terms

Term	Description
Issuer or the Company, 3i Infotech or ICICI Infotech	3i Infotech Limited, a public limited company incorporated under the Companies Act.
We, us and our	Unless otherwise specified, these references mean 3i Infotech Limited and its consolidated subsidiaries.

Issue Related Terms

Term	Description
3i Infotech Limited	3i Infotech Limited, formerly known as ICICI Infotech Limited.
3i Infotech Inc	3i Infotech Inc., formerly known as ICICI Infotech Inc.
3i Infotech Pte	3i Infotech Pte Limited, formerly known as ICICI Infotech Pte Limited.
3i Infotech Pty	3i Infotech Pty Limited, formerly known as ICICI Infotech Pty Limited.
3i Infotech SDN BHD	3i Infotech SDN BHD, formerly known as ICICI Infotech SDN BHD.
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires.
Allottee	The successful Bidder to whom the Equity Shares are being/have been issued.
Articles	The Articles of Association of the Company.
Auditors	The statutory auditors of the Company under Indian GAAP, in this case being Lodha and Co., a member firm of BDO International.
Bankers to the Issue	ICICI Bank and Deutsche Bank.
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid Closing Date /Issue Closing Date	The date after which the members of the Syndicate will not accept any Bid for the Issue, which shall be notified in a widely circulated English national newspaper, Hindi national newspaper and Marathi newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to Equity Shares and which will be considered as the application for allotment of the Equity Shares in terms of this Prospectus.
Bid Opening Date / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, Hindi national newspaper and Marathi newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus.

Term	Description
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Board of Directors/ Board	The Board of Directors of the Company or a committee thereof.
Book Building Process	Book building route as provided in Chapter XI of the DIP Guidelines, in terms of which this Issue is made.
BSE	The Stock Exchange, Mumbai.
BRLMs	Book Running Lead Managers to the Issue, in this case being JM Morgan Stanley Private Limited and DSP Merrill Lynch Limited.
CAN/ Confirmation of Allotment Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process.
Cap Price	The high end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
CBRLM/I-Sec	Co-Book Running Lead Manager being ICICI Securities Limited.
Companies Act / the Act	The Companies Act, 1956, as amended from time to time.
Cut-off Price	Any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	The National Stock Exchange of India Limited.
Directors	Directors of the Company from time to time, unless otherwise specified.
Employee Reservation Portion	The portion of the Issue being a maximum of 400,000 Equity Shares (plus additional Equity Shares that may be allocated pursuant to the Green Shoe Option) available for allocation to permanent employees and directors of the Company who are Indian Nationals based in India and are present in India on the date of submission of the Bid-cum-Application Form.
Equity Shares	Equity shares of the Company of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into among the Company, the Registrar, the Escrow Collection Bank(s), the Syndicate Members, the BRLMs and the CBRLM on March 28, 2005 for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders.
Escrow Collection Bank(s)	The banks at which the Escrow Account will be opened.

Term	Description
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band below which the Issue Price will not be finalized and below which no Bids will be accepted.
Fiscal or FY or Financial Year	Twelve months ending March 31 of a particular year.
Green Shoe Lender	ICICI Bank Limited
Green Shoe Option	An option to the BRLMs, CBRLM, and the Company, in consultation with the Stabilizing Agent, to allocate Equity Shares in excess of the Equity Shares included in the Issue and operate a post-listing price stabilization mechanism in accordance with Chapter VIII-A of the DIP Guidelines, which is to be exercised through the Stabilizing Agent.
Green Shoe Option Portion	The portion of the Issue being 3,000,000 Equity Shares aggregating Rs. 300 million if exercised in full.
GSO Bank Account	The bank account opened by the Stabilizing Agent under the Stabilization Agreement.
GSO Demat Account	The demat account opened by the Stabilizing Agent under the Stabilization Agreement.
ICICI	Erstwhile ICICI Limited, a company which was merged into ICICI Bank with effect from March 29, 2002.
ICICI Bank	ICICI Bank Limited.
ICICI Ventures	ICICI Venture Funds Management Company Limited.
Indian GAAP	Generally Accepted Accounting Principles in India.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, who is not an NRI (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000).
Issue	Issue excluding the Green Shoe Option Portion.
Issue Price	The price at which Allotment of Equity Shares will be made in this Issue, as determined by the Company, in consultation with the BRLMs and the CBRLM, on the Pricing Date.
Memorandum	The Memorandum of Association of the Company.
Net Issue	The Issue of Equity Shares other than that included in the Employee Reservation Portion.
Non-Institutional Bidders	All Bidders that are not: (i) Qualified Institutional Buyers; or (ii) Retail Individual Bidders.
Non-Institutional Portion	The portion of the Net Issue being a minimum of 2,940,000 Equity Shares available for allocation to Non-Institutional Bidders.
NSE	National Stock Exchange of India Limited.

Term	Description
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Over Allotment Shares	Equity Shares allotted pursuant to the Green Shoe Option.
Pay-in Date	The last date specified in the CAN sent to Bidders.
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount the period commencing on the Bid Opening Date and extending until the Pay-in Date.
Permanent Employees	Such employees of the Company who: ● are on the rolls of the Company; and ● are not employees of any contractor appointed by the Company.
Price Band	Being the price band of a minimum price (Floor Price) of Rs. 90 and the maximum price (Cap Price) of Rs. 100 (both inclusive), including revisions thereof.
Pricing Date	The date on which the Company, in consultation with the BRLMs and the CBRLM, finalise the Issue Price.
Promoters	ICICI Bank and ICICI Strategic Investments Fund.
Prospectus	The prospectus to be filed with the RoC containing, *inter alia,* the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account of the Company on the Designated Date.
Qualified Institutional Buyers or QIBs	Buyers or QIBs Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million, pension funds with minimum corpus of Rs. 250 million, and multilateral and bilateral development financial institutions.
QIB Portion	The portion of the Net Issue being 9,800,000 Equity Shares available for allocation to QIBs.
Red Herring Prospectus or RHP	Means the Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are issued and size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of the Issue and will become a Prospectus after filing with Registrar of Companies after the pricing and allocation.

Term	Description
Registrar or Registrar to the Issue	MCS Limited.
Registrar of Companies or RoC	Registrar of Companies, Maharashtra at Mumbai.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Net Issue being a minimum of 6,860,000 Equity Shares available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
SIF	ICICI Strategic Investments Fund, acting through its trustee, Western India Trustee and Executor Company Limited, unless otherwise specified in the context thereof.
Stabilizing Agent or SA	DSP Merrill Lynch Limited.
Stabilization Agreement	Agreement entered into by the Company, the Green Shoe Lender, and the Stabilizing Agent on February 7, 2005 in relation to the Green Shoe Option.
Stabilization Period	The period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares, and ending 30 days thereafter unless terminated earlier by the Stabilizing Agent.
Stock Exchanges	BSE and NSE.
Syndicate Agreement	The agreement to be entered into among the Company, the BRLMs, the CBRLM and the Syndicate Members on March 28, 2005, in relation to the collection of Bids in the Issue.
Syndicate Members	BRLMs, CBRLM, JM Morgan Stanley Retail Services Private Limited and ICICI Brokerage Services Limited.
TRS or Transaction	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs, the CBRLM and the Syndicate Members.
Underwriting Agreement	The agreement dated April 6, 2005 entered into among the BRLMs, the CBRLM, the Syndicate Members, and the Company, on or after the Pricing Date.
U.S. GAAP	Generally Accepted Accounting Principles of the United States.

Abbreviation of General Terms

Term	Description
AED	United Arab Emirates Dirham.
AGM	Annual General Meeting of the shareholders.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
AUD	Australian Dollar.
BSE	The Stock Exchange, Mumbai.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.

Term	Description
DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended.
DM	Deutsche Mark.
DRHP	Draft Red Herring Prospectus.
DSPML	DSP Merrill Lynch Limited.
ECS	Electronic Clearing System.
EEFC	Export Earner’s Foreign Currency account.
EGM	Extraordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESOS	Employee Stock Option Scheme of the Company.
EUR	Euro.
FCNR Account	Foreign Currency Non-Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
GoI	The Government of India.
HNI	High Net-worth Individual.
HUF	Hindu Undivided Family.
I.T. Act	The Income Tax Act, 1961, as amended.
I-Sec	ICICI Securities Limited.
ICAI	Institute of Chartered Accountamts of India.
JMMS	JM Morgan Stanley Private Limited.
NAV	Net Asset Value.
NRE Account	Non-Resident External Account.
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RM	Malaysian Ringgit.

Term	Description
RONW	Return on Net Worth.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	Securities and Exchange Board of India.
SEBI Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.
SEC	U.S. Securities and Exchange Commission.
UAE	The United Arab Emirates.
UK	The United Kingdom.
US/ USA/ United States	The United States of America and its territories and possessions.

Glossary of Technical and Industry Terms

Term	Description
BPO	Business Process Outsourcing.
CMM	Capability Maturity Model of the SEI.
CMMI	Capability Maturity Model Integration of the SEI.
ERP	Enterprise Resource Planning.
HR	Human Resources.
IPR	Intellectual Property Rights.
ISO 9001	ISO 9001: 2000 Certification Standard.
IT	Information Technology.
ITES	Information Technology Enabled Services.
SEI	Software Engineering Institute, Carnegie Mellon University.
STP	Software Technology Park.
STPI	Software Technology Park of India.

Note - Trademarks used in this Prospectus belong to their respective owners.

FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "believe", "can", "could", "estimate", "expect", "intend", "may", "plan", "will" and "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India, the United States and our other primary markets such as the Middle East, Africa, the Asia-Pacific region and Europe;
- Our ability to successfully finance and implement our strategy and our growth and expansion plans;
- The size, timing and profitability of significant service projects and product sales;
- The mix of our services and product revenues;
- Our ability to modify and enhance our suite of product offerings based on customer needs and evolving technologies;
- Changes in our pricing policies or those of our competitors;
- The proportion of services that we perform outside India as opposed to at our development centres in India;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees, particularly information technology, or IT professionals;
- Our ability to retain our clients and acquire new clients;
- Cancellations, contract terminations or deferrals of projects;
- Unanticipated variations in the duration, size and scope of our projects;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Changes in laws and regulations, particularly those relating to the immigration policies in our primary international markets, such as the United States;
- Competition in and the conditions of the IT products and services industries;
- Changes in political conditions in India, the United States and our other primary international markets;
- Changes in the foreign exchange control regulations in India;
- Disruptions in telecommunications and basic infrastructure; and
- Other factors beyond our control.

EXCHANGE RATES

The following table sets forth, for the periods and dates indicated, information concerning the number of Indian Rupees for which one U.S. Dollar could be exchanged based on the noon buying rate in the City of New York for cable transfers in Indian Rupees as certified for customs purposes by the Federal Reserve Bank of New York:

Period	Period End (In Rs.)	Average (In Rs.) [(1)]	High (In Rs.)	Low (In Rs.)
Fiscal 2001	46.85	45.74	47.47	46.63
Fiscal 2002	48.83	47.71	48.91	46.58
Fiscal 2003	47.53	48.43	49.07	47.53
Fiscal 2004	43.40	46.13	47.46	43.40
Nine months ended December 31, 2004	43.58	45.35	46.46	43.56

(1) Represents the average of the noon buying rate on the last day of each month during the relevant period.

MARKET DATA

Market data presented in this Prospectus was obtained from industry publications and internal company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that market data presented in this Prospectus is reliable, such data has not been independently verified. Similarly, internal company reports, while believed by us to be reliable, have not been verified by any independent sources.

CURRENCY OF PRESENTATION

In this Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India and all references to “U.S. Dollars”, “Dollars”, “US$” and “$” are to the legal currency of the United States.

RISK FACTORS

Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Prospectus, before making any investment decision relating to our Equity Shares. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of our Equity Shares to fall significantly and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Prospectus, including the restated consolidated financial statements included in this Prospectus beginning on page 190. Unless stated otherwise, the financial data in this section is as per our restated consolidated financial statements prepared in accordance with Indian GAAP. In this section only, any reference to "we", "us" or "our" refers to 3i Infotech Limited 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.

INTERNAL RISK FACTORS

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

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

Factors which affect the fluctuation of our operating results include:

- the size, timing and profitability of significant service projects and product sales;
- the mix of services and product revenues;
- the ability to modify and enhance our suite of product offerings based on customer needs and evolving technologies;
- changes in our pricing policies or those of our competitors;
- the proportion of services that we perform outside India as opposed to at our development centers in India;
- the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees, particularly information technology, or IT, professionals;
- the size and timing of facilities expansion;
- unanticipated cancellations, contract terminations or deferrals of projects; and
- unanticipated variations in the duration, size and scope of our projects.

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

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

There are also a number of factors, other than our performance, 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 Government of India incentives;
- currency exchange rate fluctuations, particularly when the Rupee appreciates in value against foreign currencies, such as the U.S. Dollar, which reduce the Rupee value of our foreign currency revenues;
- changes in Indian law relating to foreign exchange management and to foreign equity ownership of Indian IT companies that could constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities; and
- the economies of India, the United States and our other principal international markets, as well as other general economic factors.

In recent years, income from extraordinary items and accrual of deferred tax assets has increased our profits after taxes and has enabled us to record profits after tax rather than losses.

In fiscal 2003, we credited a Rs. 150.0 million termination fee that we received from ICICI Bank as extraordinary income. As a result, our profit before tax for fiscal 2003 was Rs. 82.6 million. Without this extraordinary item, we would have incurred a loss before tax of Rs. 67.4 million. In addition, during fiscal 2003 we elected to begin availing of the tax holiday for income from our Software Technology Park, or STP, facilities in Vashi, Bangalore and Chennai, which in previous fiscal years had incurred losses. Consequently, we determined that our provisions for deferred tax liabilities exceeded the amount needed for deferred taxes going forward and wrote back deferred tax liabilities from previous years. This resulted in our making a provision for deferred tax assets of Rs. 37.9 million during fiscal 2003 and increased our profit after tax to Rs. 115.6 million. Without the write back of deferred tax liabilities and our extraordinary item, we would have reported a loss of after tax Rs. 72.3 million.

During fiscal 2004, we were advised by our tax advisers that the Rs. 150.0 million was considered a capital receipt and, as such, was not taxable. As a result, we determined that our provision for deferred tax liabilities exceeded the amount needed for deferred taxes. This *inter alia* resulted in a net deferred tax asset of Rs. 127.7 million as of March 31, 2004. Consequently, from a loss before tax of Rs. 78.0 million, we were able to book a profit after tax of Rs. 43.7 million.

For the first nine months of fiscal 2005, we were able to make provisions for deferred tax assets in the amount of Rs. 41.1 million due to a ruling by Indian tax authorities that allowed losses from our STP facilities to be offset against certain taxable income even though we have availed of the income tax holiday for these facilities, which was previously not permitted. In addition, as our US operations became profitable, we were able to recognize the value of losses from our U.S. operations in accordance with Indian GAAP, which also reduced our deferred tax liabilities. As a result, our profit after tax for the first nine months of fiscal 2005 was Rs. 162.6 million. Without the write back of deferred tax liabilities, our profit after tax would have been Rs. 121.5 million.

There can be no assurance that we will continue to be able to write back deferred tax liabilities and provide for deferred tax assets so as to increase our profit after tax.

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

The IT products and services markets are highly competitive. Our competitors include large consulting firms, large multinational technology firms, IT outsourcing firms, Indian IT services firms, software firms and in-house IT departments of large corporations. Our competitors include international companies such as Accenture, Temenos, Misys International, Sanchez, Applied Systems, Insurity, Computer Science Corporation, Fiserve, JD Edwards and Oracle, as well as Indian companies such as I-flex Solutions, Tata Consultancy Services, Wipro Limited and Infosys Technologies Limited. 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 do so in the future, 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 revenues and margins and/or decrease our market share, any of which could have a material adverse effect on our business, financial condition and results of operations. Many of our competitors have significantly greater financial, technical and marketing resources, generate greater revenues and have greater name recognition than we do. We cannot be reasonably certain that we will be able to compete successfully against such competitors, or that we will not lose clients to such competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the price at which our competitors offer comparable products and services, and the extent of our competitors' responsiveness to their clients' needs.

Our business and profitability will suffer if we fail to anticipate and develop 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 is characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. We may not be successful in anticipating or adequately responding to these advances in a timely basis, or, if we do respond, the services or technologies we develop may not be successful in the marketplace. Further, products, services or technologies that are developed by our competitors may render our offerings non-competitive, obsolete or force us to reduce prices, thereby adversely affecting our margins.

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

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

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

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 effect 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. Although we attempt to limit our contractual liability for all damages, including consequential damages, in rendering our services, we cannot be assured that the limitations on liability we provide for in our service contracts will be enforceable in all cases, or that they will otherwise be sufficient to protect us from liability for damages. We maintain general liability insurance coverage, including coverage for errors or omissions. However, we cannot be assured 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 product sales cycle is long and we may be unable to recoup our investment costs to develop our software products.

The development of our software products 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 may not be commercially successful and the costs of developing 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 of such software products, delayed revenues may cause periodic fluctuations of our operating results.

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

We rely on our intellectual property rights, which may not be adequately protected under current laws, and thus any misappropriation of our intellectual property rights could harm our competitive position. The laws in certain countries in which we operate may not adequately protect our intellectual property rights.

We regard the software products developed with our investments as proprietary intellectual property and rely on a combination of copyright laws, license agreements, confidentiality agreements with employees, non-disclosure and other contractual confidentiality requirements imposed on our customers and third parties with whom we have entered into marketing, distribution, implementation and/or support services agreements, to protect our proprietary intellectual property rights.

We require our employees to enter into non-disclosure and assignment of rights arrangements to limit access to and distribution of our customer's proprietary/confidential information as well as our own. We can give no assurance that the steps taken by us in this regard will be adequate to enforce our intellectual property rights. If our customer's proprietary rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may consider us liable for that act and seek damages and compensation from us.

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 costs to us and divert management's attention from our operations and require us to pay damages, 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. In this connection, in August 2003 our U.S. subsidiary, 3i Infotech Inc. (formerly ICICI Infotech Inc.) received a legal notice from Orion Microsystems Inc. objecting to the use by 3i Infotech Inc. of the ORION mark, which had been federally registered in the United States on December 31, 2002. Subsequently, our ownership of the ORION mark was recorded with the U.S. Patent and Trademark Office on September 23, 2003. We have not received any further notice regarding this matter and we believe that we can continue to have the right to use the ORION mark within the scope of the identification of goods provided in our U.S. federal trademark registration. However, there can be no assurance that this objection will not be renewed or that similar matters will not occur in the future or that if the objection is renewed or similar matters do occur, our business, financial condition and results of operations will not be adversely affected.

The laws in certain countries in which we operate do not protect intellectual property rights to the same extent as the laws in the United States, and the global nature of our IT services and the Internet makes it difficult to control the ultimate destination of our products and services. Therefore, our efforts to protect our intellectual property may not be adequate. The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. As the number of patents, copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increase, we believe that companies in our industry will face more frequent infringement claims. Defense against these claims, even if not meritorious, could be expensive and divert our attention and resources from operating our company.

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

We derive a significant portion of our revenues from the financial services industry. During each of fiscal 2002, 2003 and 2004, and the first nine months of fiscal 2005, approximately 60% of our revenues were derived from clients in the financial services industry. Accordingly, our future success depends on continued demand for our products and services in the banking, insurance and financial services industries. We believe that there have been substantial changes in these industries in recent years, including continuing consolidation, decreasing profit margins in certain sectors, regulatory and technological changes and other trends. We believe these changes have led to increased IT spending by banks, insurance companies and financial institutions. If the pace of these changes were to slow down, we could experience reduced demand for our products and services. In addition, the banking, insurance and financial services industries are sensitive to changes in economic conditions and unforeseen events, including political instability, recession, inflation and other adverse occurrences. Any event that results in decreased consumer and corporate use of financial services, or increased pressure on banks and insurance companies to develop, implement and maintain solutions in-house, could have a material adverse effect on our business, financial condition and results of operations.

We derive a significant portion of our revenues from exports and accordingly face exchange rate risks.

We generate a significant portion of our revenues in U.S. Dollars and other foreign currencies, and a significant portion of our expenses are incurred in Rupees. While depreciation of the Rupee against the U.S. Dollar and other foreign currencies increases the Rupee value of such revenues and so helps mitigates the negative effect of a depreciation of the Rupee, an appreciation of the Rupee, particularly with respect to the U.S. Dollar, decreases the Rupee value of our such revenues and also affects the competitive advantage of locating our global development centres in India. During fiscal 2004 and the first nine months of fiscal 2005, the Rupee has appreciated by 5.0% and 0.4%, respectively, against the U.S. Dollar. Further, we may import certain hardware and software for future expansion. An adverse change in currency exchange rates 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.

Any inability to manage our growth could disrupt our business and reduce our profitability.

We have grown significantly in recent periods. Between September 30, 1999 and December 31, 2004 our total employee strength grew from approximately 200 to approximately 1,900. In addition, in the last five fiscal years we have undertaken major acquisitions and have expanded our business to include both IT products and services. We have also expanded our existing facilities and acquired new facilities. We expect our growth to place significant demands on our management and other resources. Specifically, we will need to continue to develop and improve our operational, financial and other internal controls, both in India and elsewhere. Continued growth increases the challenges involved in:

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

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

Our operating results, particularly for our IT services business, depend on our relationships with a limited number of customers, including ICICI Bank.

Our results of operations and our business depend on our relationships with a limited number of large customers, including ICICI Bank, certain of its subsidiaries and its affiliates (which hold 92.45% of our currently issued Equity Shares). Set forth below is the percentage of total revenues during fiscal 2002, 2003 and 2004 and for the first nine months of fiscal 2005 we derived from our top customer and our top five customers (excluding ICICI Bank, certain of its subsidiaries and its affiliates).

	For the year ended March 31,			For the nine months ended December 31,
	2002	2003	2004	2004
Top Customer (ICICI Bank, certain of its subsidiaries and its affiliates)	44%	48%	31%	27%
Top 5 Customers (excluding ICICI Bank, certain of its subsidiaries and its affiliates)	13	12	10	9.5

As a result of our reliance on relationships with a limited number of customers, including in particular ICICI Bank, certain of its subsidiaries and its affiliates, and the general trend in our industry, we may face significant pressure on the price at which we offer our services. In addition, a customer that generates substantial revenues for us in one period may not be a substantial source of revenue for us in a subsequent period. For example, during fiscal 2003 ICICI Bank terminated our contract to provide IT-related services for its retail finance and card operations due to the bank's decision to have these services performed in-house, and paid us a termination fee of Rs. 150.0 million. There can be no assurance that similar terminations will not occur in the future or that if they occur, we will receive adequate compensation.

Further, once we have completed an assignment for a customer, there can be no assurance that a customer will engage us for further services. As a result there can be no assurance that we will be able to maintain our historical rate of growth or our current level of revenues derived from the our current customers or any other customer in the future.

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

Other than the statutory lock-up imposed by SEBI with respect to sale of our Equity Shares by ICICI Bank and ICICI Strategic Investments Fund as mentioned in chapter on "Capital Structure" in the paragraph entitled "Promoters Lock-In" on page 48 of this Prospectus, there is no other restriction on the sale of Equity Shares by ICICI Bank and ICICI Strategic Investments Fund. Consequently, subject to the statutory lock-up, each of ICICI Bank and ICICI Strategic Investments Fund is free to sell its shareholding in 3i Infotech Limited any time and either of them may, at any time, in the event they sell off a part or whole of their equity shareholding in us, or for any other reason, cease to be a significant shareholder or promoter. We cannot predict the effect, if any, on our business of any such sale by ICICI Bank and/or ICICI Strategic Investments Fund, or of ICICI Bank or ICICI Strategic Investments Fund ceasing to be a significant shareholder or promoter. For instance, there can be no assurance that, among other reasons, in the event ICICI Bank ceases to be a significant shareholder or promoter, we will be able to provide software solutions to and IT-related services for ICICI Bank or its subsidiaries and affiliates. Our ceasing to provide software solutions to and IT-related services for any of ICICI Bank and its subsidiaries or affiliates could have a material adverse effect on our business, results of operations and financial condition.

The change of our corporate name and brand to "3i Infotech Limited" may adversely affect our profitability. In addition, we have received objections to our registration of the "3i" name in India and the United Kingdom.

In light of our transformation from being a back office IT services company into a technology company providing IT solutions and services in more than 30 countries, we have changed our corporate name to 3i Infotech Limited. We have expended substantial resources to establish the 3i Infotech name and reputation in the IT solutions and services marketplace and the impact of the change in our corporate name and brand on our business and operations cannot be fully predicted. The lack of an established brand image for the 3i Infotech name in the IT solutions and services marketplace may cause a disruption in sales, cause confusion and so adversely affect our profitability.

Following our change of company name and our filing of the application to register the "3i" trademark, we have received objections from third parties to our use of the "3i Infotech" trademark and logo in India and the United Kingdom. We have responded to these objections and no further communications from the objecting entities have been received. However, there can be no assurance that the foregoing objections will not be renewed or that we will not receive similar objections from others and in other jurisdictions. In the event that a third party successfully objects, we may be prevented from using the "3i" and/or "3i Infotech" name and logo in certain jurisdictions and required to incur substantial costs, including legal costs, and management time in defending any actions.

We are substantially dependent on revenues from our software products business.

In recent fiscal years, a growing portion of our revenues was derived from license fees and services related to our suite of software products. From 5.0% in fiscal 2002, the proportion of revenues from license fees and services related to software products to total revenues grew to 15.2% in fiscal 2003 and increased further to 31.2% during fiscal 2004. During the first nine months of fiscal 2005, revenues from license fees and services related to software products contributed 42.6% of total revenues. We anticipate that the contribution of revenues from our software products business will continue to rise. Consequently, our future success, to a large extent, will depend on continued demand for and market acceptance of our suite of products, as well as our ability to introduce, enhance and add functions to our suite of products that meet the evolving needs of our customers. Competition, technological change or other factors could reduce demand for, or market acceptance of, our products and this could have a material adverse effect on our business, financial condition and results of operations.

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

Our ability to execute current and future projects and to obtain new customers depends, in large part, on our ability to attract, train, motivate and retain highly skilled personnel, particularly project managers, project leaders and domain experts. We believe that there is significant demand for personnel who possess the skills needed to perform the services we offer. Our inability to hire and retain additional qualified personnel will impair our ability to bid for or obtain new projects and to continue to expand our business. In fiscal 2004, 2003 and 2002, the employee attrition rates (or the total number of people who cease to be our employees during the fiscal year divided by the total number of employees as of the end of such fiscal year, expressed as a percentage) were 17%, 16% and 15%, respectively. During the first nine months of fiscal 2005, the attrition rate was 13%. The majority of departing employees comprised highly-trained IT personnel, such as software engineers and project managers with three to four years experience, many of whom joined competing companies. Any increase in our attrition rates, particularly the rate of attrition for experienced software engineers and project managers and leaders, would adversely affect our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave. Further, we cannot assure you that we will be able to re-deploy and re-train our technical personnel to keep pace with continuing changes in IT, evolving technologies and changing customer preferences. Finally, while we have never experienced a work stoppage as a result of labour disagreements or otherwise and we believe our relationship with our employees is generally good, we cannot guarantee that our employees will not unionize or that we will not experience any strike, work stoppage or other industrial action in the future.

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

Historically, wage costs in the Indian IT services industry have been significantly lower than wage costs in developed countries for comparable skilled technical personnel. However, in recent years wage costs in the Indian services industry have been increasing at a faster rate than those in certain developed countries. 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 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.

Future strategic investments, partnerships and acquisitions are important to our strategy but they may harm our business, dilute your ownership interest and cause us to incur debt.

As part of our growth strategy, we may make strategic investments, establish partnerships and/or make acquisitions relating to complementary businesses, technologies, services or products. 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. If we acquire another company or form a new joint venture or other strategic partnership, we could have difficulty in integrating that company's business, including personnel, operations, technology and software, with our business. In addition, the key personnel of an acquired company may decide not to work for us. Any potential acquisition, alliance or joint venture could involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortisation of acquired intangible assets, some or all of which could have a material adverse impact on our business, financial condition and results of operations. In the event that we plan to acquire or invest in an overseas company, we may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all.

We may finance future investments, partnerships or acquisitions with a portion of the net proceeds from the Issue, as well as with cash from operations, our existing cash balances, debt financing, the issuance of additional Equity Shares or a combination of these. We cannot guarantee that we will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of our Equity Shares would dilute the ownership interest of our shareholders. As of the date of this Prospectus, we have no definitive commitment or agreement for any material investment, partnership or acquisition.

We have loss-making subsidiaries and loss-making joint ventures, which may adversely affect our result of operations.

During fiscal 2001, we incorporated our wholly-owned U.S. subsidiary, 3i Infotech Inc., to facilitate our entry into the U.S. IT services market through strategic acquisitions. To this end, we acquired Ivory International Inc. in June 2000, Object Xperts Inc. in July 2000 and Command Systems, Inc. in March 2001, all of which were involved in the IT services industry and had a combined customer base of approximately 60. However, due to the events of September 11, 2001 and the subsequent consolidation in the IT services industry in the United States, 3i Infotech Inc. was unable to compete with the larger and more well-established IT service providers. As a result, during fiscal 2002 we wrote down the value of our investments in these companies. The write-down totalled Rs. 1,250.0 million, which we were allowed to offset under Indian GAAP by reducing our securities premium account by the same amount in accordance with the provisions of the Companies Act. Had we not availed of the reduction in our securities premium account, we would have incurred a loss after tax of Rs. 1,214.9 million. As of March 31, 2004, 3i Infotech Inc. had accumulated losses of US$ 4.2 million. While the operations of 3i Infotech Inc. have shown improvement during the first nine months of fiscal 2005, we do not know whether this improvement will continue.

Further during fiscal 2003, we incorporated our Australian subsidiary, 3i Infotech Pty Ltd. (formerly ICICI Infotech Pty Ltd.). Since its incorporation, 3i Infotech Pty Ltd. has incurred losses, with accumulated losses as of March 31, 2004 of AUD 2.6 million. We are in the process of merging the operations of 3i Infotech Pty Ltd. with 3i Infotech Inc. We do not expect this merger to have any material impact on our results of operations and financial condition. If 3i Infotech Inc. and 3i-Infotech Pty. Ltd. continue to incur losses, we will need to continue to provide funding for their capital expenditure and working capital requirements through loans and/or equity infusions.

On March 15, 2002 we entered into a joint venture agreement with the Fraunhofer Institute for Software and Systems Engineering ISST, Germany and Innova Business Development and Holding GmbH, Germany. Under the terms of the agreement, we invested EUR 12,500 for a 50% interest in a joint venture company, Semantik Solutions GmbH. As of December 31, 2004, this joint venture company had accumulated losses of EUR 0.28 million. We have proposed acquiring the 50% interest in the joint venture company that we do not own and thereafter Semantik Solutions GmbH will become a wholly-owned subsidiary. Once this process is complete, the accumulated losses of Semantik Solutions GmbH will be charged against our reserves. If Semantik Solutions GmbH continues to incur losses after it becomes a wholly-owned subsidiary, we will need to continue to provide funding for its capital expenditure and working capital requirements through loans and/or equity infusions.

As a result, the adverse financial performance of 3i Infotech Inc., 3i Infotech Pty Ltd. and of Semantik Solutions GmbH could have a material adverse effect on our business, results of operations and financial condition.

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

As an element of our business strategy, a significant portion of our contracts for IT services are on a fixed-price basis, rather than on a time-and-materials basis. Fixed-price contracts are those contracts where the aggregate amount to be billed is specified in the contract. In fiscal 2002, 2003 and 2004, revenues from fixed-price, fixed-timeframe projects accounted for 24%, 34% and 44% of our total revenues from our services business. For the first nine months of fiscal 2005 revenues from fixed-price projects accounted for 52% of our total services revenues. We expect to continue to derive a significant proportion of our services revenues from fixed-price contracts. Although we use our software engineering methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing fixed-price, fixed-timeframe projects, we bear the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to estimate accurately the resources and time required for a project, future wage inflation rates, or currency exchange rates, or if we fail to complete our contractual obligations within the contracted time-frame, our profitability may suffer.

The license granted to us for the NEWTON suite of software products is limited in geographical scope.

During each of fiscal 2004 and the first nine months of fiscal 2005 income from license fees and related services relating to NEWTON contributed approximately 10% to the income from our software products business. The license granted to us for the NEWTON suite of software products that we offer to banking clients grants us all rights, benefits, title and interest, including all the intellectual property rights relating to, the NEWTON software only within a limited number of countries. Our exclusive distribution rights for NEWTON software also only covers a more limited number of territories. There is no guarantee that we will be able to obtain licenses or exclusive rights to NEWTON for other geographical areas. Our inability to obtain such additional exclusive rights, or if such exclusive rights are granted to a competitor, could have a material adverse effect on our business, financial condition and results of operations.

In addition, IMS System Company, Korea ("IMS"), the grantor of these licenses and distributions rights, has reserved the right to terminate the agreement in the event we fail to pay amounts due and owing to IMS for granting such licenses and distribution rights within 15 days from the due dates for such amounts. In the event of such termination, our rights to NEWTON will be limited to distribution rights within the territories of India, Sri Lanka and Nepal. Any termination of our agreement with IMS could have a material adverse effect on our business, financial condition and results of operations.

See "Business – Intellectual Property – Rights in Relation to NEWTON."

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

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

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

Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in less revenue 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.

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

A significant element of our distributed project management methodology is to continue to leverage and expand our global development centres. We currently have three global development centres located in Vashi, Bangalore and Chennai. 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. Any significant loss in our ability to communicate could result in a disruption in business, which could hinder our performance or our ability to complete client projects on time. This, in turn, could lead to client dissatisfaction and a material adverse effect on our business, results of operations and financial condition.

Further, any disruption in basic infrastructure could negatively impact our business since we may not be able to provide timely or adequate services to our clients. Such disruptions may also cause harm to our clients' business. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecommunications lines is disrupted. This may result in the loss of clients and claims for damages against us, impose additional costs on us and have an adverse effect on our business, results of operations and financial condition.

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

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

We 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. During the nine months ended December 31, 2004, approximately 15% of our new product customers were acquired through channel partners. If we fail to maintain and expand our relationships with our channel partners, our business, financial condition and results of operations could be adversely affected.

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, our whole-time Directors, our Chief Financial Officer and other members of 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 any members of our senior management or other key personnel may have a material adverse effect on our business, results of operations and financial condition. For details of the key managerial personnel, please refer to page 105 of this Prospectus.

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

ICICI Bank and ICICI Strategic Investments Fund, our two largest shareholders, own 92.45% of our currently issued Equity Shares and will own 56.20% of our issued Equity Shares at the completion of the Issue if the Green Shoe Option is not exercised and will own 53.08% of our issued Equity Shares if the Green Shoe Option is exercised in full. As significant shareholders, ICICI Bank and ICICI Strategic Investments Fund may have interests that are adverse to the interests of shareholders and/or our own interests and may have the ability to determine the outcome of any shareholder resolution. As only 39.21% of the fully diluted post-issue capital is being offered in this Issue if the Green Shoe Option is not exercised and 42.59% if the Green Shoe Option is exercised in full, you may not be able to determine the outcome of any ordinary resolution proposed at a shareholders' meeting or influence any decision taken by ICICI Bank and ICICI Strategic Investments Fund.

High days of sales outstanding may increase our collection risk, which could adversely affect our results of operations.

We normally allow customers up to 90 days from the invoice date within which to pay amounts due. For fiscal 2004 and for the first nine months of fiscal 2005, our days of sales outstanding (which is the ratio of sundry debtors to total sales in a particular period multiplied by the number of days in that period) was approximately 90 days and 97 days, respectively. Our provisions for bad debts were nil, Rs. 11.3 million, Rs. 24.4 million and Rs. 26.6 million for fiscal 2002, 2003 and fiscal 2004 and for the first nine months of fiscal 2005, respectively. Further, we wrote off bad debts totaling Rs. 1.1 million, Rs. 29.0 million, Rs. 10.8 million and nil during fiscal 2002, 2003 and fiscal 2004 and during the first nine months of fiscal 2005, respectively. Our inability in future to accelerate the realisation of receivables could adversely impact our operations.

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

We have entered into transfer pricing agreements with our subsidiaries because a portion of our assets, such as intellectual property that we have developed, and the services we provide are transferred among our subsidiaries and affiliated corporations. In such agreements, we have determined transfer prices that we believe are the same as the prices that would be charged by unrelated parties dealing with each other at arm's length. 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 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, which, as a result, may require changes to our transfer pricing practices or operating procedures. Any modification of transfer pricing laws may result in a higher overall tax liability to us and adversely affect our earnings and results of operations.

Any future equity offerings or issue of options under our employee stock option scheme may lead to dilution of your shareholding in us.

Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent we make future equity offerings and to the extent additional options are issued under our employee stock option scheme.

We have not commissioned an independent appraisal for the use of proceeds to be raised through the Issue.

The use of proceeds of the Issue have been determined based on our management's internal estimates and no bank or financial institution has appraised the use of proceeds to be raised through the Issue. No independent body will be monitoring the use of proceeds. Progress in the use of proceeds from the Issue will be reported periodically as is statutorily required by SEBI in India.

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

We require certain registrations and permits for operating our business, including those required for the use of contract labor under the Contract Labour (Regulation and Abolition) Act, 1970, which we have applied for. For more information, see "Government Approvals" on page 143 of this Prospectus. If we fail to obtain approval of any of these registrations and permits in a timely manner or at all, our business may be adversely affected and our directors and officers may be subjected to criminal proceedings.

We have a number of contingent liabilities, and our profitability could be adversely affected if any of these contingent liabilities materialises.

Our contingent liabilities as of December 31, 2004 include guarantees issued by banks in favour of various government authorities and others amounting to Rs. 4.17 million and approximately Rs. 43.5 million in estimated claims against us in connection with legal proceedings and claims against us. If any of these contingent liabilities materialises, our profitability may be adversely affected. For more detailed descriptions of our contingent liabilities for the fiscal years ended March 31, 2000, 2001, 2002, 2003 and 2004 and the nine months ended December 31, 2004, see page 197 of this Prospectus.

If we become party to significant legal action, we may incur substantial costs related to litigation.

Some of our employees have filed cases against us in labour courts alleging wrongful termination of their employment. Further, over a hundred cases have been filed against us, either individually or as a co-party with ICICI Bank, in relation to our activities as ICICI Bank's registrar and transfer agent. In seven of these cases, Rs. 1.4 million has been claimed against us in the aggregate. Additionally, the Indian Department of Income Tax (the "Department") has levied a penalty of Rs. 1.2 million on us for the assessment year 2001-2002, following disallowance of certain expenses claimed by us in our return filed with the Department. We have appealed the penalty with the Income Tax Tribunal in Mumbai. In the remaining cases the amounts claimed against us are not quantifiable. We may incur substantial liability if the courts rule against us in these cases. For details please see "Outstanding Litigation" on page 128 of this Prospectus.

As of December 31, 2004 ICICI Bank, one of our promoters, had contingent liabilities of Rs. 2,547,605 million. A determination against ICICI Bank in respect of disputed tax assessments of Rs. 22,422.7 million included in these contingent liabilities may adversely impact their financial performance.

As of December 31, 2004, ICICI Bank had contingent liabilities of Rs. 2,547,605 million, which primarily arising from transactions entered into in the ordinary course of the banking business, such as guarantees issued, letters of credit, forward contracts and other derivatives transactions. ICICI Bank's contingent liabilities included disputed tax assessments of Rs. 22,422.7 million in excess of the provision made in their accounts in income tax, interest tax, wealth tax and sales tax demands by the Government of India's tax authorities. ICICI Bank has appealed each of these tax demands. There can be no assurance that these matters will be settled in ICICI Bank's favour, and that no further liability will arise out of these claims. Of the Rs. 22,422.7 million aggregate tax assessments in excess of the provision made in ICICI Bank's accounts, a major portion relates to the treatment of depreciation claimed by ICICI Bank on leased assets. In respect of depreciation claimed by ICICI Bank for fiscal 1993 on two sale and lease back transactions, the Income Tax Appellate Tribunal, Mumbai held in August 2003 that these transactions were tax planning tools and no depreciation is allowable. The tax impact of this decision on ICICI Bank is Rs. 189 million. ICICI Bank has filed an appeal against this decision before the High Court, which has been admitted. ICICI Bank has not made any provisions relating to this tax demand but has disclosed it as a contingent liability. Any additional tax liability may adversely impact ICICI Bank's future financial performance.

ICICI Bank is involved in several litigation and regulatory proceedings.

ICICI Bank is often involved in litigation, primarily in relation to the recovery of amounts due from borrowers or because customers have filed claims against them. As of March 1, 2005, 43 claims in litigation against ICICI Bank involving amounts of Rs. 1 million or more aggregated approximately Rs. 104,418.1 million (to the extent quantifiable and including amounts claimed jointly and severally from ICICI Bank and other parties), and there were 782 claims in litigation against ICICI Bank involving an amount of less than Rs. 1 million aggregating approximately Rs. 115.6 million (to the extent quantifiable and including amounts claimed jointly and severally from ICICI Bank and other parties). As of December 31, 2004, there were 26 other pending claims and criminal complaints against ICICI Bank, including claims and complaints against working directors and 135 cases pending against ICICI Bank's subsidiaries and other group companies in aggregate. In addition as of December 31, 2004 several disputed tax demands were pending against ICICI Bank in an aggregate amount of Rs. 22,422.7 million. For more information, see para "Litigation against Promoters and its Subsidaries" on page 130 of this Prospectus. For details of regulatory actions against ICICI Bank and its subsidiaries and group companies, including actions taken by SEBI, see "Outstanding Litigation" on page 130 of this Prospectus. We believe that the vast majority of these cases have arisen in the ordinary course of ICICI Bank's business and most likely do not involve the risk of a material adverse impact on ICICI Bank's financial performance. Where ICICI Bank assesses that there is a material risk of loss, it is their policy to make provisions for the loss; however, ICICI Bank does not make provisions where their assessment is that the risk is not material. ICICI Bank has not made any provisions for a suit filed by Mardia Chemicals against ICICI Bank, Mr. K. V. Kamath, Managing Director and CEO, and Ms. Lalita D. Gupte, Joint Managing Director, for Rs. 56,310 million for the alleged financial losses suffered by Mardia Chemicals due to ICICI Bank's alleged failure to provide adequate financial facilities, ICICI Bank's recall of amounts advanced to Mardia Chemicals and ICICI Bank's commencement of litigation to recover such advances. ICICI Bank has also not made any provisions claims in arbitration brought against ICICI Bank and other Indian lenders by certain foreign lenders in relation to a dispute under an inter-creditor agreement in connection with a power project, the principal sponsor of which has filed for bankruptcy in the United States, claiming damages against ICICI Bank and other Indian lenders in an aggregate amount of US$ 534 million. Neither we nor ICICI Bank can guarantee that the arbitration will be concluded in a manner favourable to ICICI Bank and should ICICI Bank's assessment of the risk change, ICICI Bank may revise its stance regarding provisions relating to the foregoing.

Certain subsidiaries of ICICI Bank, one of our Promoters, have incurred losses in the last three years

Certain subsidiaries of ICICI Bank, one of our Promoters, have incurred losses in recent years, as set-forth in the table below:

(in Millions)

Subsidiary	Year ended March 31			Period ended December 31
	2002	2003	2004	2004
ICICI Lombard General Insurance Company Limited (Rs.)	(84.8)	-	-	-
ICICI Securities Inc. (Rs.)	(14.2)	(5.5)	-	(3.0)
ICICI Prudential Life Insurance Company Limited (Rs.)	(1,051.0)	(1,471.8)	(2,215.7)	(1,858.6)
ICICI Bank UK Limited (US$)	-	-	(2.2)	(0.3)
ICICI Bank Canada (CAD)	-	-	(0.1)	(4.8)
ICICI Securities Holding Inc. (Rs.)	-	-	-	(10.7)

Certain of the financial statements of 3i Infotech Pty Ltd. and Semantik Solutions GmbH are unaudited.

The financial statements of each of 3i Infotech Pty Ltd. and Semantik Solutions GmbH as of and for the years ended March 31, 2003 and March 31, 2004 are unaudited. See “Our Subsidiaries and Affiliates” begining on page 91 and “Financial Information” on page 187 of this Prospectus.

The accounts of subsidiaries of ICICI Bank for the nine-month period ended December 31, 2004, are unaudited.

The accounts of ICICI Securities Limited, ICICI Brokerage Services Limited, ICICI Home Finance Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Bank UK Limited, ICICI Bank Canada, ICICI Distribution Finance Private Limited, ICICI International Limited and ICICI Venture Fund Management Company Limited for the nine month period ended December 31, 2004, are unaudited.

Since fiscal 2000, our earnings per share (both basic and diluted) and return on net worth (excluding revaluation reserve), determined in each case on a consolidated basis, have declined.

For the year ended March 31, 2000, our earnings per share (basic and diluted) was Rs. 21.01 and Rs. 21.01, respectively, and our return on net worth (excluding revaluation reserve) was 75.6%. For the year ended March 31, 2004, our earnings per share (basic and diluted) was Rs. 1.97 and Rs. 1.83, respectively, and our return on net worth (excluding revaluation reserve) was 8.5%. For the nine months ended December 31, 2004, our earnings per share (basic and diluted) was Rs. 2.46 and Rs. 2.25, respectively, and our return on net worth (excluding revaluation reserve) was 9.7%. For more information, see “Managements’ Discussion and Analysis of Financial Condition and Results of Operations (As Per Indian GAAP)" on page 58 of this Prospectus and "Our Promoters" begining on page 108 of this Prospectus.

We will use a portion of the Issue proceeds to redeem the preference shares issued to ICICI Bank, one of our Promoters.

On March 31, 2003, we issued 300 million 6.35% redeemable preference shares of Rs. 5 each, aggregating Rs. 1,500 million fully paid up, to ICICI Bank. We propose to redeem these preference shares at par out of the proceeds of this Issue. ICICI Bank has consented to the redemption of these preference shares vide its letter dated February 5, 2005.

EXTERNAL RISK FACTORS

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

We currently market our products and services in more than 30 countries directly or through distributors or partners and we have direct onsite presence in 8 countries. Our future revenue growth depends upon the successful continued expansion of our sales, marketing. support and service teams. through direct and indirect channels in various countries around the world where our current or potential customers are located. Such expansion will require that we establish new offices, hire new personnel and manage offices in widely disparate locations with different economies, legal systems, languages and cultures and will require significant management attention and financial resources. Due to the global nature of our operations, we are affected by various factors inherent in international business activities, including:

- coordinating and managing global operations;
- political instability and related uncertainties;
- different economic and business conditions;
- difficulties in staffing and managing foreign operations, including coordinating and interacting with our local representatives and partners to fully understand local business and regulatory requirements;
- immigration and labour laws of various countries may prevent us from deploying or retaining an adequate number of employees in foreign countries;
- foreign currency exchange rate fluctuations;
- restrictions on repatriation of earnings;
- tariffs and other restrictions on trade and differing import and export licensing and other legal requirements;
- multiple and possibly overlapping tax structures;
- limited protection for intellectual property rights in some countries;
- exposure to varying legal standards;
- unexpected regulatory, economic or political changes; and
- travel restrictions.

Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

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

The vast majority of our employees are Indian nationals. The ability of our IT professionals to work in the United States, Europe and in other countries depends on the ability to obtain the necessary visas and work permits. Our software professionals typically work in the United States on H1-B or L-1 visas. We have so far been able to obtain L-1 visas for employees temporarily working in the United States through our subsidiary, 3i Infotech Inc. However, there is a limit to the aggregate number of new H-1B visas that may be approved in any fiscal year by the United States government. Effective October 1, 2003, the annual limit on the number of new H-1B visas was reduced from 195,000 to 65,000. Further, the United States government has increased the level of scrutiny in granting visas and has increased visa fees. 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. 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.

Recently, offshore outsourcing has been the subject of intense political debate, including in the campaign for the recently concluded U.S. presidential elections, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. Several U.S. state governments have recently implemented or are actively considering implementing restrictions on outsourcing by U.S. state government entities to offshore IT services providers. Any changes to existing laws in the United States or in other countries where we operate or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact our business and profitability.

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

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

Since 1991, successive Indian Governments have pursued policies of economic liberalisation and financial sector reforms. The Government dissolved Parliament in February 2004 and following the general elections held during April and May 2004, a new coalition Government, the United Progressive Alliance, led by the

Indian National Congress party was formed. The new cabinet was sworn in on May 22, 2004. The new Prime Minister of India is Dr. Manmohan Singh, a former finance minister and Mr. P. Chidambaran is the new finance minister. The new Government has announced its general intention to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government's policies in the future could affect business and economic conditions in India and could also adversely affect our financial condition and results of operations.

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

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001, as well as the bomb blasts in Mumbai on August 25, 2003, in Bali, Indonesia and in Madrid, Spain, as well as other acts of violence or war, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Travel restrictions as a result of such attacks may have an adverse impact on our ability to operate effectively. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region. Further, since 2002 there have been military hostilities and continuing civil unrest and instability in Iraq and Afghanistan. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

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

The statutory corporate income tax rate in India is currently 35.0%. This tax rate is presently subject to a 2.5% surcharge and an education cess of 2%, resulting in an effective tax rate of 36.59%. We cannot assure you that the tax rate or the surcharge will not be increased further in future. Presently, we benefit from the tax holidays given by the Government of India for the export of IT services from specially designated software technology parks and special economic zones in India. As a result of these incentives, which include a 10-year tax holiday from Indian corporate income taxes for the operation of most of our Indian facilities and a partial taxable income deduction for profits derived from exported IT services, our operations have been subject to relatively low tax liabilities. We also benefit from the fact that our taxable income is currently lower than tax at the rate of 7.5% of its book profit (as defined under the Income Tax Act), which means that we are subject to the minimum alternate tax rate of 7.5% (plus a surcharge of 2.5% and an education cess of 2%). The Finance Act, 2000, phases out the 10-year tax holiday over a 10 year period from March 31, 2000 through March 31, 2009. Further, once the tax on our taxable income is greater than the tax at the rate of 7.5% of our book profit, we will be subject to the statutory corporate income tax rate of 35% (plus the 2.5% surcharge and the education cess of 2%). For details, please refer to the section on "Tax Benefits" on page 234 of this Prospectus. There can be no assurance that similar or greater reductions in tax benefits would not be introduced in future. When our tax benefits expire or terminate, our tax expense could materially increase, reducing our profitability.

After this Offer, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Offer as a result of several factors, including:

- volatility in the Indian and global securities market;
- our results of operations and performance;
- performance of our competitors, the Indian IT industry and the perception in the market about investments in the IT sector;
- adverse media reports on the Company or the Indian IT industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There has been no public market for our Equity Shares and the prices of our Equity Shares may fluctuate after this Offer. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Offer, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Offer.

Notes to Risk Factors:

- The average cost of acquisition of Equity Shares by our Promoters, ICICI Bank and ICICI Strategic Investments Fund, is Rs. 59.44 and Rs. 202 per Equity Share, respectively, and the book value per Equity Share as of December 31, 2004 was Rs. 25.47.
- The net worth of the Company on a consolidated basis as of December 31, 2004 was Rs. 789.5 million as per Indian GAAP.
- Public Issue of 20,000,000 Equity Shares of Rs. 10 each at a price of Rs. 100 for cash aggregating Rs. 2,000 million (hereinafter referred to as the "Issue")
- The Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue will be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). Further, at least 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- The name of the Company was changed from ICICI Infotech Limited to 3i Infotech Limited on January 20, 2005 to create an independent corporate brand name.
- For related party transactions and transactions with significant shareholders, please refer to the sections entitled "Managements' Discussion and Analysis of Financial Condition and Results of Operations (As Per Indian GAAP) – Transactions with Significant Shareholders, Directors and Senior Management" on page 81of this Prospectus, "Related Party Transactions" on page 224 of this Prospectus and "Our Promoters-Transactions with Promoters" on page 125 of this Prospectus.

- Investors are free to contact the BRLMs and the Co-BRLM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- Investors may contact the BRLMs and the Co-BRLM for any complaints pertaining to the Issue.
- Investors are advised to refer to the paragraph entitled “Basis for the Issue Price” on page 147 of this Prospectus.
- For a summary of the significant differences between Indian GAAP and U.S. GAAP, please refer to page 77 of this Prospectus.

SUMMARY

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

OVERVIEW

We are in the business of providing a range of information technology, or IT, solutions to companies worldwide, primarily companies in the banking, insurance and financial services industries. We were incorporated in 1993 as a wholly-owned subsidiary of ICICI Limited, which was merged with ICICI Bank with effect from March 29, 2002. Over the years we have evolved from solely providing back-office support services to ICICI Limited and ICICI Bank, and certain of their subsidiaries and affiliates, to a geographically diverse company that offers a comprehensive range of software and IT solutions, including packaged applications for the banking, insurance and financial services industries (encompassing consumer banking, commercial banking, insurance policy sourcing and claims processing, investor servicing and Internet delivery of financial services, as well as business intelligence and analytical applications), an enterprise resource planning suite of applications, custom application software development, deployment, maintenance and support services (both onsite and offshore), and IT consulting services.

Our total income was Rs. 2,660.9 million in fiscal 2002, Rs. 2,195.6 million in fiscal 2003 and Rs. 2,320.4 million in fiscal 2004. Total income for the nine months ended December 31, 2004 totalled Rs. 2,102.1 million. Profit Before Interest, Depreciation, Extraordinary Items and Tax was Rs. 395.0 million in fiscal 2002, Rs. 114.5 million in fiscal 2003 and Rs. 169.0 million in fiscal 2004. Profit Before Interest, Depreciation, Extraordinary Items and Tax for the nine months ended December 31, 2004, was Rs. 357.6 million. Profit after tax was Rs. 35.2 million in fiscal 2002, Rs. 115.6 million in fiscal 2003 and Rs. 43.7 million in fiscal 2004. Profit after tax for the nine months ended December 31, 2004 was Rs. 162.6 million. See "Selected Historical Consolidated Information of the Company In Accordance With Indian GAAP" on page 5 of this Prospectus for the manner Profit Before Interest, Depreciation, Extraordinary Items and Tax is reconciled with profit after tax.

As of December 31, 2004, we service over 500 active customers in more than 30 countries through our portfolio of software products and IT services. For the nine months ended December 31, 2004 and the fiscal year ended March 31, 2004, 46% and 55%, respectively, of our total income was from clients in India, 27% and 26%, respectively, of our total income was from clients in the United States, and 27% and 19%, respectively, of our total income was from clients in the Middle East, Africa and the Asia-Pacific region. In each of fiscal 2004 and the first nine months of fiscal 2005, income from software products and services provided to banks, insurance companies and other financial service companies contributed approximately 60% of our total income. For the nine-month period ended December 31, 2004 and for the fiscal year ended March 31, 2004, 57% and 69%, respectively, of our total income was from IT-related services and 43% and 31%, respectively, of our total income was from our software products business. Further, for the nine-month period ended December 31, 2004 and for the fiscal year ended March 31, 2004, 27% and 31%, respectively, of our total income was from ICICI Bank and certain of its subsidiaries and affiliates, while our top five customers (excluding ICICI Bank and certain of its subsidiaries and affiliates) contributed 9% and 10%, respectively, of our total income during these periods. For more information, see "Risk Factors - Our operating results, particularly for our IT services business, depend on our relationships with a limited number of customers, including ICICI Bank" on page (vii) of this Prospectus and "Business – Our Offerings" on page 27 of this Prospectus.

Our product offerings include a package of software solutions for the banking and financial services industry (including insurance) and an enterprise resource planning package. Our suite of banking products have been sold in more than 10 countries and comprises a range of software solutions addressing the retail and consumer banking, corporate and investment banking, treasury and risk management, banking operations and process management, card business solutions, transaction processing, accounting, business intelligence, analytical application and Internet delivery needs of a wide range of financial institutions, including corporate banks, retail banks, universal banks, capital market intermediaries, investment banks and other specialised financial institutions. Our PREMIA suite of software products comprise an integrated insurance management system for property, casualty, life and health insurance providers, offering integration across major heads of insurance activity, including policy and endorsement entry and approval, claims processing and re-insurance. Our ORION products comprises and enterprise solutions suite of software products, including ORION Enterprise, an end-to-end integrated application and deployment platform that includes enterprise resource planning coupled with customer relationship management and supply chain management features.

Through our service offerings, we provide clients with custom software development, deployment, maintenance and support services (both onsite and offshore), system integration and IT consulting services. Our service offerings span the entire software services lifecycle, including application development and integration, application maintenance, enterprise application systems, e-Business, enterprise systems management, research and development services and business process outsourcing.

Among our top customers are some of the leading banking, insurance and financial services companies in India and around the world, including ICICI Bank, Emirates Bank, Standard Chartered Bank and Oriental Insurance.

We have a pool of over 1,500 highly-trained IT professionals who deliver our solutions both on-site and offshore through three global development centres located at Vashi (near Mumbai), Bangalore and Chennai. We have subsidiaries in Singapore, Australia, Malaysia and the United States. In addition, we have sales presence in Africa, the Middle East and the United Kingdom. Our software solutions business is SEI CMM Level 5 compliant and in 2002 we were ISO 9001:2000 certified. Through our network of offices and representatives in India, the United States, the Middle East and the Asia-Pacific region, we can readily provide after-installation service and technical support.

We have developed a strong sales team consisting of 80 sales personnel in over 15 sales offices in India, the United States, Europe, the Middle East and the Asia-Pacific region, supported by a global marketing team based in India. We also have alliance partnerships with leading hardware and software vendors including Oracle, Microsoft, Hewlett-Packard and Sun Microsystems.

Our registered office is at Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703.

COMPETITIVE STRENGTHS

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

- *Our range of product offerings.* Over the last three fiscal years we have developed and rolled out a broad range of solutions for the banking, insurance and financial services industries, as well as our ORION suite of enterprise resource planning solutions. Our offerings include complete life-cycle services to property and casualty, life and health and reinsurance carriers, as well as a range of products and services for retail and consumer banking, corporate and investment banking, treasury and risk management, banking operations and process management and card business solutions. These solutions have been designed to address the varied and expanding requirements of our clients and to help them achieve their business objectives. In tandem with our service offerings, these solutions enable us to obtain additional business from existing clients as well as address a larger base of potential new clients.
- *Broad range of IT services.* We have developed a broad range of service offerings in order to address the varied and expanding requirements of our clients. Our service offerings span the complete software life cycle, including consulting, architecture, development, testing, maintenance, migration, re-engineering and integration services. Over the past few years we have further expanded into software package implementation, IT infrastructure management, engineering and R&D services and business process outsourcing. We have a well-defined methodology to update and expand our service offerings to meet the evolving needs of the global marketplace.
- *Strong management team.* Our top management brings with them extensive experience in the banking, insurance and financial services industries. Many our senior management are IT professionals with qualifications from the premier technical institutes in India. Several of our senior executives are first-generation IT entrepreneurs, have a deep understanding of the IT industry and conceptualised, designed and developed the software products and solutions that form the core of our product offerings. We have also assembled product development, technology solutions and marketing teams with established track records in the IT industry.
- *Industry-specific knowledge and experience.* Our extensive experience in the banking, insurance and financial services industries, dating from our incorporation as a back-office and IT service company, allows us to accurately define and deliver customised products and solutions to effectively address the business challenges faced by our clients in these industries. For example, our financial services practice is supported by a team of experienced sales specialists and solutions architects. We also have insurance industry experts who have deep domain knowledge and support our insurance practice.
- *Experience with fixed-price engagement models.* We have demonstrated the ability to successfully work with our clients to develop engagement models that tie into their business objectives. We deliver services on a range of fixed-price and

time-and-material driven engagement models, through short-term as well as multi-year contracts. A significant portion of our contracts are on a fixed-price basis. We believe our ability to manage projects on a fixed-price basis to achieve our clients' business objectives is an important differentiator in our long-term client relationships.

- *Global delivery model.* We believe our delivery model represents a key competitive advantage. Over the past three fiscal years, we have developed our onsite and offshore execution capabilities to deliver high quality and scalable services. In doing so, we have made substantial investments in our process, infrastructure and systems and refined our delivery model to effectively integrate onsite and offshore services. Our delivery model aims to provide clients with seamless, high quality solutions in reduced timeframes which enables our clients to achieve operating efficiencies and realize significant cost savings. Our facilities have been constructed, and our employees trained with the objective of delivering world-class quality and operational excellence to our clients. Our global development centres have been assessed at SEI CMM Level 5 and we received organisation-wide ISO 9001:2000 certification in 2002. These help us in delivering services in a timely, consistent and accurate manner, maintain a high level of client satisfaction and focus on improvements in all aspects of delivery.
- *Strategic focus on the Indian market.* We have maintained a long-standing focus on the Indian market. In fiscal 2004 and for the first nine months of fiscal 2005, the Indian market contributed 55% and 46%, respectively, of our total income. We believe that India offers opportunities to strengthen our capabilities, especially relating to large, end-to-end, mission critical projects, through which we have obtained the experience necessary to bid and win global projects. Further, we have recently been selected as one of only three e-governance consultants for the Ministry of Communications and Information Technology and act as IT strategy consultants for the Municipality of Delhi and several state-level government bodies.
- *Expanding global operations.* Since 1999, we have expanded our sales and marketing presence to over 15 offices in 8 countries. We have also expanded our on-site implementation capability for our products to multiple cities in over 30 countries worldwide, including in Australia, the United States, the United Kingdom, Central Europe, the Middle East and Southeast Asia. We believe that our global presence enables us to service and support our existing clients in a number of important markets and positions us well to develop new clients.
- *Ability to scale.* We have successfully managed our growth by investing in infrastructure and by recruiting, training and rapidly deploying new professionals from a pool of highly-qualified candidates from our base in India. We can rapidly deploy resources and execute new projects through the scalable network of our global delivery centres. These factors allow us to execute large-scale, long-term projects in an efficient and cost-competitive manner.

BUSINESS STRATEGY

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

- *Expansion of our products business.* We intend to enhance our existing products, expand the range of our product offerings and increase product reach globally.
  - *Enhancement of our product offerings.* Our products are currently customised to meet country-specific requirements and client needs in the geographic markets in which they are offered. We will continue to invest in enhancing the functionality of our existing range of products. 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 enhance the competitive positioning of our product offerings and expand the size of the markets that we target.
  - *Creation of new products.* Over the last few years, our product portfolio has grown consistently, to encompass our PREMIA suite of insurance software products, our core banking, treasury management, asset and liability management and loan origination applications and our ORION suite of enterprise resource planning products. We intend to continue investing in our R&D capabilities, particularly with a view to designing software engineering tools that enhance our ability to execute large, end-to-end projects and develop software solutions that address clients in specific industries. We believe that this investment in new product development and in R&D facilitates our growth by expanding the size of the market space that we address, while mitigating business risk by reducing our dependence

on the success of individual product lines. We will continue to invest in the creation of new intellectual property to fuel our growth.

- *Geographical expansion of our products offerings.* With the full roll out of our suite of software solutions during fiscal 2004, we intend to further expand the client base for our Products Business. For our banking solutions, in the near term we intend to market to and obtain clients in regions where emerging regulatory frameworks require increased automation of banking operations, such as in Eastern Europe, the Middle East and Southeast Asia, with a view to eventually establishing a greater presence in more developed markets, such as the United States and Europe. For our PREMIA suite of insurance solutions, we intend to leverage the market presence we have established in regions such as the Middle East and expand our client base to include insurance companies with a global presence. For our enterprise solutions, we intend to continue marketing our ORION software suite to small- and medium-sized enterprises.

- *Expansion of our service offerings.* We intend to continue expanding our range of service offerings in order to increase business from our existing clients and acquire new clients. We will continue to capitalise on opportunities to position our service offerings in segments adjacent to IT services, such as consulting and infrastructure services.
- *Cross-selling to our existing customer base.* As of December 31, 2004, we service a customer base of over 500 customers in more than 30 countries. Repeat business from existing customers constitutes an important revenue opportunity for us. We will seek to increase the revenues generated from our existing customers who have deployed our products only in specific functions or locations or have licensed only specific modules by licensing products on an enterprise-wide basis and by licensing additional modules to them. The nature of our product licensing arrangements are such that growth in our customers' business may result in additional revenues to us. Further, as we add new offerings to our portfolio of products and services, cross-selling opportunities to our existing customer base should continue to grow.
- *Strengthening our brands.* We intend to invest in developing and enhancing recognition of our brands, including our new corporate name, 3i Infotech Limited, through brand building efforts, communication and promotional initiatives such as interaction with industry research organisations, participation in industry events, public relations and investor relations efforts. We believe that these initiatives, as well as the listing of our Equity Shares, will enhance the visibility of our brands and strengthen our recognition in the Indian IT solutions industry.
- *Continuing to attract, train and retain employees.* We intend to place special emphasis on attracting and retaining highly-skilled employees and will continue to invest in the career development and training of our employees, with the objective of further enhancing their technical and leadership skills.
- *Further developing our alliances.* We intend to grow and strengthen our technology alliances with leading technology companies, which will assist us in sales and delivery. These alliances typically involve systems integration, joint product development and joint "go to market" strategies. We also intend to develop other alliances with local companies that have a strong presence in emerging markets so as to acquire business development capabilities and a credible local presence in these markets.
- *Maintaining our strategic focus on the Indian market.* We believe that India is a strategically important growth market that offers opportunities for us to build competencies in terms of domain expertise, leverage our assets and develop our employees for complex project execution. We intend to continue to focus on growing our India business through our brand name recognition. We will also continue to utilise the experience and expertise gained in our Indian operations to win and execute international projects.
- *Growing our business through mergers and acquisitions.* We will evaluate on a case-by-case basis potential merger and acquisition targets that offer an opportunity to grow our business and/or expand our capabilities or geographical reach. We intend to pursue those transactions that are related to our key strengths, are synergistic and, in our assessment, have manageable integration risks.

SELECTED HISTORICAL CONSOLIDATED INFORMATION OF THE COMPANY IN ACCORDANCE WITH INDIAN GAAP

The following table sets forth the selected historical consolidated financial information of 3i Infotech Limited derived from its restated and audited consolidated financial statements for the fiscal years ended March 31, 2002, 2003, 2004 and for the nine months period ended December 31, 2004, all prepared in accordance with Indian GAAP, the Companies Act, and SEBI guidelines, and restated as described in the auditor's report of M/s Lodha & Company included in the section titled "Indian GAAP Consolidated Financial Information of 3i Infotech Limited" on page 187 of this Prospectus and should be read in conjunction with those financial statements and notes thereon.

CONSOLIDATED PROFIT AND LOSS

Figures in Rs. Million

Particulars	For the Year Ended March 31,						Nine months period ended December 31, 2004	
		2002		2003		2004		
INCOME								
Income from Operations		2,602.50		2,140.63		2,291.72		2,083.03
Other Income		58.37		54.99		28.69		19.03
Total Income		**2,660.87**		**2,195.62**		**2,320.41**		**2,102.06**
EXPENDITURE								
Cost of Revenues		1,422.82		1,334.60		1,445.83		1,188.92
Selling, General and Administrative Expenses		624.51		511.37		705.56		555.54
New Market Development and Support Expenses		218.54		235.12		-		-
Total Expenditure		**2,265.87**		**2,081.09**		**2,151.39**		**1,744.46**
Profit Before Interest, Depreciation Extraordinary Items and Tax [1]		**395.00**		**114.53**		**169.02**		**357.60**
Interest		129.78		40.26		72.90		76.62
Depreciation		125.00		141.63		174.17		152.84
Profit Before Extraordinary Items and Tax		**140.22**		**(67.36)**		**(78.05)**		**128.14**
Extraordinary Items								
- Compensation received		-		150.00		-		-
- Write down in the value of Investment	1,250.00	-	-	-	-	-	-	-
- Less: Transferred from Securities Premium Account	1,250.00	-	-	-	-	-	-	-
Profit Before Tax		**140.22**		**82.64**		**(78.05)**		**128.14**
Provision for Taxes								
- Current Taxes	35.53		4.95		5.98		6.59	
Less: Reversal of provisions pertaining to earlier years	-	35.53	-	4.95	-	5.98	-	6.59
- Deferred Taxes	69.54		(50.78)		29.10		(78.72)	
Less: Deferred Tax assets pertaining to earlier years	-		-		(73.38)		(32.96)	
	69.54		(50.78)		(44.28)		(111.68)	
Less: Effect of change in the accounting policy/estimates	-		12.84		(83.44)		(70.60)	
		69.54		(37.94)		(127.72)		(41.08)
Profit After Tax (after restatement)		**35.15**		**115.63**		**43.69**		**162.63**

RESTATED CONSOLIDATED ASSETS AND LIABILITIES

Figures in Rs. Million

Particulars	As at March 31,			Nine months period ended December 31, 2004
	2002	2003	2004	
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1,605.88	1,809.78	1,809.79	1,809.93
Reserves & Surplus	295.85	189.59	116.07	185.60
	1,901.73	**1,999.37**	**1,925.86**	**1,995.53**
Share Application Money (Pending Allotment)	**-**	**-**	**-**	**0.76**
Deferred Tax Liability (net)	**131.27**	**47.43**	**-**	**-**
Loan Funds				
Secured Loans	101.50	238.09	624.15	704.66
Unsecured Loans	-	236.82	318.43	555.21
	101.50	**474.91**	**942.58**	**1,259.87**
TOTAL	**2,134.50**	**2,521.71**	**2,868.44**	**3,256.16**
APPLICATION OF FUNDS				
Fixed Assets:				
Goodwill arising on Consolidation	355.10	355.10	355.10	355.10
Gross Block	1,336.63	1,656.19	1,935.10	2,393.64
Less: Depreciation	250.55	352.53	497.56	648.44
Net Block	1,086.08	1,303.66	1,437.54	1,745.20
Capital Work-in-Progress	104.18	140.91	84.16	171.46
	1,545.36	**1,799.67**	**1,876.80**	**2,271.76**
Investments	65.65	1.02	122.08	1.02
Deferred Tax Asset(net)	**-**	**-**	**93.11**	**121.35**
Current Assets, Loans and Advances:				
Current Assets			-	
Inventories	-	4.52	8.89	0.34
Sundry Debtors	558.50	515.48	562.15	739.60
Unbilled Revenues	4.03	74.79	242.37	529.15
Cash and Bank Balances	109.31	122.27	152.16	80.72
Loans and Advances	270.20	373.59	353.93	279.73
	942.04	**1,090.65**	**1,319.50**	**1,629.54**
Less: Current Liabilities and Provisions	**431.85**	**382.11**	**568.38**	792.29
Net Current Assets	**510.19**	**708.54**	**751.12**	**837.25**
Miscellaneous Expenditure (to the extent not written off)	**13.30**	**12.48**	**25.33**	**24.78**
TOTAL	**2,134.50**	**2,521.71**	**2,868.44**	**3,256.16**

(1) Profit Before Interest, Depreciation, Extraordinary Items and Tax is not a measure of performance under Indian GAAP and you should not consider it as an alternative to (a) operating profit or net profit (as determined in accordance with Indian GAAP) as a measure of our operating performance, (b) cash flow from operating, investing and financing activities (as determined in accordance with Indian GAAP) as a measure of our ability to meet cash needs or (c) any other measures of performance under Indian GAAP. We believe that Profit Before Interest, Depreciation, Extraordinary Items and Tax is a measure of a company's operating performance because it assists in comparing

performance on a consistent basis without regard to depreciation, amortisation and extraordinary items, which can vary significantly depending upon accounting methods or non-operating factors. Accordingly, we have included this information in this Prospectus to permit a more complete and comprehensive analysis of our operating performance relative to other companies. Because all companies do not calculate Profit Before Interest, Depreciation, Extraordinary Items and Tax identically, our presentation may not be comparable to similarly titled measures used by other companies. The following table presents the calculation of Profit Before Interest, Depreciation, Extraordinary Items and Tax:

Figures in Rs. Million

Particulars	**For the Year Ended March 31,**			**Nine months period ended December 31, 2004**
	2002	**2003**	**2004**	
Profit Before Interest, Depreciation, Extraordinary Items and Tax	**395.00**	**114.53**	**169.02**	**357.60**
Interest	129.78	40.26	72.90	76.62
Depreciation	125.00	141.63	174.17	152.84
Profit Before Extraordinary Items and Tax	**140.22**	**(67.36)**	**(78.05)**	**128.14**
Extraordinary Items	-	150.00		
Profit Before Tax	**140.22**	**82.64**	**(78.05)**	**128.14**
Provision for Taxes	105.07	(32.99)	(121.74)	(34.49)
Profit After Tax (after restatement)	**35.15**	**115.63**	**43.69**	**162.63**

THE ISSUE

Equity Shares issued by:	
The Company	Upto 20,000,000 Equity Shares
of which:	
Employee Reservation Portion [1]	400,000 Equity Shares
Therefore,	
Net Issue to the Public	19,600,000 Equity Shares
QIB Portion	9,800,000 Equity Shares (allocation on discretionary basis)
Non-Institutional Portion	2,940,000 Equity Shares (allocation on proportionate basis)
Retail Portion	6,860,000 Equity Shares (allocation on proportionate basis)
Green Shoe Option Portion[2]	3,000,000 Equity Shares
Equity Shares outstanding prior to the Issue	31,002,841 Equity Shares
Equity Shares outstanding after the Issue (Without Green Shoe Option)	51,002,841 Equity Shares
Equity Shares outstanding after the Issue (Assuming exercise of Green Shoe Option in full)	54,002,841 Equity Shares
Use of proceeds by the Company	The net proceeds from the Issue will be used by the Company to redeem the preference shares issued to ICICI Bank and for repayment of certain long-term and short-term debt.

(1) For permanent employees and directors of the Company who are Indian nationals based in India and are present in India on the date of submission of the Bid-cum-Application Form.

(2) The Green Shoe Option will be exercised at the discretion of the BRLMs, CBRLM and the Company.

GREEN SHOE OPTION

The Company intends to establish an option for allocating Equity Shares in excess of the Equity Shares that are included in the Issue in consultation with the BRLMs, CBRLM and the Stabilising Agent to operate a price stabilization mechanism in accordance with the applicable DIP Guidelines. The Green Shoe Lender will lend the Equity Shares to the Stabilizing Agent. Upon exercise of the Green Shoe Option, the Company shall issue the Over Allotment Shares.

We have appointed DSP Merrill Lynch Limited as the Stabilizing Agent, for performance of the role of Stabilizing Agent as envisaged in Chapter VIIIA of the DIP Guidelines, including price-stabilizing post listing, if required. There is no obligation to conduct stabilizing measures. If commenced, stabilization will be conducted in accordance with applicable laws and regulations and such stabilization may be discontinued at any time and will not continue for a period exceeding 30 days from the date when trading permission is given by the Stock Exchanges. The Stabilizing Agent will borrow Equity Shares from Green Shoe Lender. The Equity Shares borrowed from Green Shoe Lender or purchased in the market for stabilizing purposes will be in demat form only. The Equity Shares available for allocation under the Green Shoe Option will be available for allocation to Qualified Institutional Buyers, Non-Institutional Bidders and Retail Individual Bidders in the ratio of 50:15:35 assuming full demand in each category. On February 7, 2005, we entered into a Stabilization Agreement with the Green Shoe Lender and DSP Merrill Lynch Limited as the Stabilizing Agent. The Green Shoe Lender has agreed to lend the following number of Equity Shares for the purpose of Green Shoe Option:

Name of the Green Shoe Lender	No. of Equity Shares
ICICI Bank	3,000,000

The terms of the Stabilization Agreement provide that:

Stabilization Period

"Stabilization Period" shall mean the period commencing from the date we are given trading permission from the Stock Exchanges and ending 30 days thereafter, unless terminated earlier by the Stabilizing Agent.

Procedure for Over Allotment and Stabilization

(i) The monies received from the applications for Equity Shares in the Issue against the over allotment shall be kept in the GSO Bank Account, which is a distinct account separate from the Public Issue Account and shall be used only for the purpose of stabilization of the post listing price of the Equity Shares.

(ii) The allocation of the Over Allotment Shares shall be done in conjunction with the allocation of Issue so as to achieve *pro rata* distribution.

(iii) Upon such allocation, the Stabilizing Agent shall transfer the Over-Allotment Shares from the GSO Demat Account to the respective depository accounts of successful Bidders.

(iv) For the purpose of purchasing the Equity Shares from the market, the Stabilizing Agent shall use the funds lying to the credit of GSO Bank Account.

(v) The Stabilizing Agent shall solely determine the timing of buying the Equity Shares, the quantity to be bought and the price at which the Equity Shares are to be bought from the market for the purposes of stabilization of the post-listing price of the Equity Shares.

(vi) The Equity Shares purchased from the market by the Stabilizing Agent, if any, shall be credited to the GSO Demat Account and shall be returned to the Green Shoe Lender immediately on the expiry of the Stabilization Period but in no event later than the expiry of two working days thereafter.

(vii) In the event the Equity Shares lying to the credit of the GSO Demat Account at the end of the Stabilization Period but before the transfer to the Green Shoe Lender is less than the Over Allotment Shares, upon being notified by the Stabilizing Agent and the equivalent amount being remitted to us from the GSO Bank Account, we shall within four (4) days of the receipt of notice from the Stabilizing Agent of the end of the Stabilization Period allot new Equity Shares in dematerialized form in an amount equal to such shortfall to the credit of the GSO Demat Account. The newly issued Equity Shares shall be returned by the Stabilizing Agent to the Green Shoe Lender in final settlement of Equity Shares borrowed, within two

(2) working days of them being credited into the GSO Demat Account, time being of essence in this behalf.

(viii) Upon the return of Equity Shares to the Green Shoe Lender pursuant to and in accordance with sub-clauses (vi) and (vii) above, the Stabilizing Agent shall close the GSO Demat Account.

(ix) The Equity Shares returned to the Green Shoe Lender under this clause shall be subject to remaining lock-in-period, if any, as provided in the DIP Guidelines.

GSO Bank Account

The Stabilizing Agent shall remit from the GSO Bank Account to the Company, an amount, in Indian Rupees, equal to the number of Equity Shares to be allotted by us to the GSO Demat Account at Issue Price. The amount left in this account, if any, after this remittance and deduction of expenses including depository, brokerage and transfer fees and net of taxes, if any, incurred by the Stabilizing Agent in connection with the activities under the Stabilization Agreement, shall be transferred to the Investor Protection Fund of the Stock Exchanges in equal parts. Upon the return of Equity Shares to the Green Shoe Lender, the Stabilizing Agent will close the GSO Bank Account.

Reporting

During the Stabilization Period, the Stabilizing Agent will submit a report to the Stock Exchanges on a daily basis. The Stabilizing Agent will also submit a final report to SEBI in the format prescribed in Schedule XXIX of the DIP Guidelines. This report will be signed by the Stabilizing Agent and our Company and be accompanied by the depository statement for the GSO Demat Account for the Stabilization Period indicating the flow of shares into and from the GSO Demat Account. If applicable, the Stabilizing Agent will, along with the report give an undertaking countersigned, if required by the respective depositories of the GSO Demat Account and the Green Shoe Lender regarding confirmation of lock-in on the Equity Shares returned to the Green Shoe Lender in lieu of the Over-Allotment Shares.

Rights and obligations of the Stabilizing Agent

(i) Open a special bank account "Special Account for GSO Proceeds of 3i Infotech Limited" or GSO Bank Account and deposit the money received against the over-allotment in the GSO Bank Account.

(ii) Open a special account for securities "Special Account for GSO Shares of 3i Infotech Limited" or GSO Demat Account and receive the Equity Shares lent by the Green Shoe Lender and allocate to applicants to the Issue and credit the Equity Shares bought by the Stabilizing Agent, if any, during the Stabilization Period to the GSO Demat account.

(iii) Stabilize the market price only in the event of the market price falling below the Issue Price as per DIP Guidelines, including determining the price at which Equity Shares to be bought, timing etc.

(iv) On exercise of Green Shoe Option at the end of the Stabilization Period, to request the Company to issue Equity Shares and to transfer funds from the GSO Bank Account to the Company within a period of five working days of close of the Stabilization Period.

(v) On expiry of the Stabilization Period, to return the Equity Shares to the Green Shoe Lender either through market purchases or issued by the Company on exercise of Green Shoe Option as part of stabilizing process.

(vi) To submit daily reports to the Stock Exchanges during the Stabilization Period and to submit a final report to SEBI.

(vii) To maintain a register of its activities and retain the register for three years. Net gains on account of market purchases in the GSO Bank Account to be transferred net of all expenses and net of taxes, if any, equally to the Investor Protection Fund of the Stock Exchanges.

Rights and obligations of the Green Shoe Lender

(i) The Green Shoe Lender undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Equity Shares lent shall pass to the Stabilizing Agent/GSO Demat Account free from all liens, charges and encumbrances.

(ii) On receipt of notice from the Stabilizing Agent, to transfer the Equity Shares lent to the GSO Demat account.

(iii) The Green Shoe Lender will not recall or create any lien or encumbrance on the Equity Shares lent until the transfer of Equity Shares to the GSO Demat Account under the terms of the Stabilization Agreement.

Fees and Expenses

(i) The Company shall pay to the Green Shoe Lender a fee of 0.25% of the product of Issue Price and number of shares lent by the Green Shoe Lender plus applicable taxes for providing the stabilizing services.

(ii) The Company will pay the Stabilizing Agent a fee of Re. 1 plus applicable service tax for providing the stabilizing services.

(iii) The Stabilizing Agent shall deduct from the GSO Bank Account the following expenses:

- Demat and transfer cost;
- Brokerage / underwriting fee and selling commission, inclusive of service tax and securities transaction tax;
- However, the total expenses of the Stabilizing Agent in this regard would not exceed 2.5% of the product of the Issue Price and number of Equity Shares purchased from the market.

However, these expenses would be subject to availability of any proceeds in the GSO Bank Account and as per the guidelines of SEBI in this regard.

Procedure for exercise of Green Shoe Option

The primary objective of the Green Shoe mechanism is stabilization of the market price of Equity Shares after listing. Towards this end, after listing of Equity Shares, in case the market price of the Equity Shares fall below the Issue Price, then the Stabilization Agent, at its sole and absolute discretion, may start purchasing Equity Shares from the market with the objective of stabilization of the market price of the Equity Shares. The Stabilizing Agent, at its sole and absolute discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilization Agent, at its sole and absolute discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of Equity Shares may not result in stabilization of market price.

Further, the Stabilization Agent does not give any assurance that would it be able to maintain the market price at or above the Issue Price through stabilization activities.

The funds lying to the credit of GSO Bank Account would be utilized by the Stabilization Agent to purchase the Equity Shares from the market and such Equity Shares would be credited to GSO Demat Account. The operations of GSO Demat Account and GSO Bank Account are explained in the paragraphs above.

GENERAL INFORMATION

Authority for the Issue

Company

The issue of Equity Shares in this Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on November 1, 2004, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue and the Green Shoe Option at the EGM of the shareholders of the Company held on January 18, 2005. Pursuant to the authority granted by the Board of Directors of the Company at its meeting held on November 1, 2004, a Committee of the Board approved the Issue and the Green Shoe Option at its meeting held on January 31, 2005.

Prohibition by SEBI

The Company, its associates/subsidiaries/affiliates, and companies with which the Company's directors are associated as directors or as promoters are not prohibited from accessing the capital markets under any order or direction passed by SEBI. None of our directors or the persons in control of the Promoter has been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Eligibility of the Company to enter the capital markets

The Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as explained under with eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines;
- The Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines;
- The Company has a net worth of at least Rs. 10 million in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI Guidelines;
- Although the Company changed its name within the last one year (from ICICI Infotech Limited to 3i Infotech Limited on January 20, 2005) more than 50% of the revenue for the preceding full year is earned from the activity suggested by our new name and is compliant with Clause 2.2.1(d) of the SEBI Guidelines;
- The proposed Issue size is not expected to exceed five times the pre-Issue net worth of the Company and is compliant with Clause 2.2.1(e) of the SEBI Guidelines.

The Company's unconsolidated net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Prospectus under the section "Financial Statements GAAP", as at, and for the last five years ended FY 2004 and nine months ended December 31, 2004 are set forth below:

(in Rs. million)

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	9 months ended December 31, 2004
Net Tangible Assets(1)	324.27	2,944.95	1,761.62	2,038.54	2,318.87	2,476.35
Monetary Assets(2)	17.88	47.78	101.70	40.33	204.13	28.09
Net profits, as restated	105.05	279.30	141.77	166.42	169.14	157.51
Net worth, as restated	138.91	922.50	707.39	647.76	723.56	789.46

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long-term liabilities)

(2) Monetary assets include cash on hand and bank and quoted investment. Detailed figures are given on page no. 213 in the Prospectus.

The Promoter, the Company, group companies and associate companies are not detained as willful defaulters by the RBI/ Government of India authorities and there are no violations of securities laws committed by them in the past or pending against them other than as disclosed in this Prospectus.

No penalty has been imposed by SEBI and other regulatory bodies against us, our directors, our Promoters, directors of our Promoters and companies promoted by our Promoters, except as set out in "Outstanding Litigation" on page 130 of this Prospectus.

Therefore, we are eligible to make this Issue.

DISCLAIMER CLAUSE:

"AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED AND DSP MERRILL LYNCH LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED AND DSP MERRILL LYNCH LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 8, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE ISSUE.**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
   - **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
   - **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
   - **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
4. **WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO**

FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED /SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WERE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE HAVE BEEN COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE RED HERRING PROSPECTUS AND PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS, RED HERRING PROSPECTUS AND PROSPECTUS."

Caution

The Company, BRLMs and the CBRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus or the advertisements or any other material issued by or at the instance of the Company and any one placing reliance on any other source of information, including our website "www.3i-infotech.com" would be doing so at his or her own risk.

The BRLMs and the CBRLM do not accept any responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the Company and the BRLMs and the Underwriting Agreement to be entered into between the Company and the Underwriters.

All information shall be made available by the BRLMs, CBRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, scheduled commercial banks, regional rural banks, cooperative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended, or any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, Foreign Venture Capital funds registered with SEBI, State Industrial Development Corporation, Insurance companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million, and to non-residents including NRIs and FIIs. This Prospectus does not, however, an invitation to subscribe to shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the exclusive jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public Issue in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus has been filed with SEBI for observations and the SEBI has given its observations and the Prospectus has been filed with RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change of affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited ("NSE"). NSE has given vide its letter No. NSE/LIST/11073-2 dated March 2, 2005 permission to the Company to use the NSE's name in the Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs. 100 million and market capitalization shall not be less than Rs. 250 million at the time of the listing). NSE has scrutinised the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of BSE

The Stock Exchange Mumbai ("BSE") has given vide its letter dated February 24, 2005 permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
2. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the Registrar of the Companies, Maharashtra located at Mumbai and a copy of the Prospectus to be filed under Section 60 of the Companies Act has been delivered for registration with such RoC. A copy of the Red Herring Prospectus and Prospectus has been filed with SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus and the Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of Issue Closing Date, whichever is earlier), then the Company and every director of the Company who is an officer in default shall, on and from the expiry of eight days, will be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company together with the assistance of the BRLMs shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"**Any person who:**

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name

shall be punishable with imprisonment for a term which may extend to five years."

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue amount including devolvement of Underwriters, if any, within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of Companies Act.

Withdrawal of the Issue

The Company in consultation with the BRLMs and the CBRLM, reserves the right not to proceed with the Issue any time after the Bid/Issue Opening Date but before Allotment, without assigning any reason thereof.

Letters of Allotment or Refund Orders

The Company shall dispatch allotment advice or refund orders and give benefit to the Beneficiary Account with Depository Participants and submit the allotment and listing documents to the Stock Exchanges within two working days of finalisation of the basis of allotment. The Company shall dispatch refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk.

The Company shall ensure that all steps for completion of the necessary requirements for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the Stock Exchanges' requirements and DIP Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form, within 15 days from the Bid/ Issue Closing Date;
- Despatch of refund orders shall be completed within 15 days of Bid/ Issue Closing Date; and
- The Company would pay interest at 15% per annum (for any delay beyond the periods as mentioned above), if allotment has not been made, refund orders have not been dispatched and/or demat credits have not been made to investors within the time periods specified above.

We will provide adequate funds required for the despatch of refund orders or allotment advice to the Registrar to the Issue.

Issue Programme/ Issue Period

BID / ISSUE OPENED ON	**:**	**WEDNESDAY**	**MARCH 30, 2005**
BID / ISSUE CLOSED ON	**:**	**MONDAY**	**APRIL 04, 2005**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (India Time) during the Bid/ Issue Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid Closing Date, the Bids shall be accepted **only between 10 a.m. and 1.00 p.m.** (Indian Standard Time) and updated till such time as permitted by the Stock Exchanges on the Bid/ Issue Closing Date. **Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be duly disseminated by notification to the Stock Exchange by issuing a press release and also by indicating the change on the website of the BRLMs, the CBRLM and at the terminals of the Members of the Syndicate.**

Book Running Lead Managers to the Issue

JM Morgan Stanley Private Limited
141 Maker Chambers III
Nariman Point,
Mumbai 400 021.Tel: (91 22) 5504 0404
Fax: (91 22) 5630 1694
Email:3iinfotech@jmmorganstanley.com

DSP Merrill Lynch Limited
Mafatlal Centre, 10th Floor
Nariman Point
Mumbai 400 021.
Tel: (91 22) 2265 1702
Fax: (91 22) 2262 1187
Email: 3i_ipo@ml.com

Co-Book Running Lead Manager

ICICI Securities Limited,
163, Backbay Reclamation,
H.T. Parekh Marg, Churchgate,
Mumbai 400 020
Tel: (91 22) 2288 2460/70
Fax: (91 22) 2288 2313
Email: 3iinfotech_issue@isecltd.com

Statement of *Inter Se* Allocation of Responsibilities Amongst the Book Running Lead Managers and the Co-Book Running Lead Manager

Book Running Lead Managers: JM Morgan Stanley Private Limited ("JMMS") and DSP Merrill Lynch Limited ("DSPML")

Co-Book Running Lead Manager: ICICI Securities Limited ("I-Sec")

Allocation of Responsibilities amongst the Book Running Lead Managers

No.	Activities	Responsibility	Coordinator
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	JMMS, DSPML	JMMS
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	JMMS, DSPML	JMMS

No.	Activities	Responsibility	Coordinator
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	JMMS, DSPML	DSPML
4.	Appointment of Registrar, Bankers,	JMMS, DSPML	DSPML
5.	Appointment of Printer and Ad agency	JMMS, DSPML	JMMS
6.	Marketing of the Issue, which will cover *inter alia*, ■ Formulating marketing strategies, preparation of publicity budget ■ Finalize Media & PR strategy ■ Finalizing centers for holding conferences for brokers, etc. ■ Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material ■ Finalize collection centers	JMMS, DSPML, I-Sec	JMMS
7.	Finalizing the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement	JMMS, DSPML, I-Sec	DSPML
8.	Managing the Book and finalising of Pricing and Allocation	JMMS, DSPML	DSPML
9.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and despatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer Company.	JMMS, DSPML	DSPML

Syndicate Members

JM Morgan Stanley Retail Services Private Limited
141, Maker Chambers III,
Nariman Point, Mumbai 400 021.
Tel: (91 22) 5630 3401
Fax: (91 22) 5630 1689
E-mail: 3iinfotech@jmmorganstanley.com

ICICI Brokerage Services Limited
H.T. Parekh Marg,
Churchgate, Mumbai - 400 020
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
E-mail: 3iinfotech@isecltd.com

Registrar to the Issue

MCS Limited,
Sri Padmavathi Bhavan, Plot no. 93,
Road no. 16, MIDC Area,
Andheri (East), Mumbai 400 093.
Tel: (91 22) 2820 1785.
Fax: (91 22) 2820 1783
E-mail: ipo3i@mcsind.com

Share Transfer Agent

3i Infotech Limited,
Tower # 5, 3rd to 6th floors,
International Infotech Park,
Vashi, Navi Mumbai 400 703.
Tel: (91 22) 5592 8090
Fax: (91 22) 5592 8094
E-mail: 3iinvestors@3i-infotech.com

Legal Advisors

To the Transaction

As to Indian law:

Amarchand and Mangaldas and Suresh A. Shroff and Co.
Peninsula Chambers, Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai 400 013.
Tel: (91 22) 5660 4455
Fax: (91 22) 2496 3666

To the Underwriters

As to the federal laws of the United States of America:

Skadden, Arps, Slate, Meagher and Flom LLP
30th Floor, Tower Two,
Lippo Centre, 89 Queensway,
Central, Hong Kong.
Tel: (852) 2820 0700
Fax: (852) 2820 0727

Auditors

Lodha and Company
Karim Chambers,
40, A. Doshi Marg (Hamam Street),
Fort, Mumbai 400 023.
Tel: (91 22) 2269 1414
Fax: (91 22) 2265 0126

Bankers to the Company

ICICI Bank Limited
Free Press House,
215, Nariman Point,
Mumbai 400 021.
Tel: (91 22) 2285 3594
Fax: (91 22) 2288 3082
E-mail: abhishek.sahay@icicibank.com

Development Credit Bank Limited
16, Ambalal Doshi Marg,
Opposite Bombay Stock Exchange,
Fort, Mumbai 400 023.
Tel: (91 22) 2267 629
Fax: (91 22) 2267 8354
E-mail: vrrao@dcbl.com

Bankers to the Issue and Escrow Collection Banks:

ICICI Bank Limited,
30, Mumbai Samachar Marg,
Fort,
Mumbai 100 001.
Tel: (91 22) 2265 5285
Fax: (91 22) 2261 1138
E-mail: sidhartha.routray@icicibank.com

Deutsche Bank,
Kodak House, 222,
Dr. DN. Road,
Fort,
Mumbai 100 001.
Tel: (91 22) 5658 4000
Fax: (91 22) 2207 6553
E-mail: shyamal.malhotra@db.com

Company Secretary and Compliance Officer

Shivanand R. Shettigar,
3i Infotech Limited,
Tower # 5, 3rd to 6th Floors,
International Infotech Park,
Vashi,
Navi Mumbai 400 703.
Ph: (91 22) 5592 8090
Fax: (91 22) 5592 8094
E-mail: co@3i-infotech.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of allotment advice or refund orders, etc.

Other Details

Credit Rating

Since the Issue is of equity shares, credit rating is not required.

Trustees

Since the Issue is of equity shares, appointment of Trustees is not required.

Book Building Process

Book building refers to the collection of bids from investors, which is based on an indicative price range, the Issue Price being fixed after the Bid Closing Date. The principal intermediaries involved in a Book Building Process are:

- The Company;
- Book Running Lead Managers, in our case are JM Morgan Stanley Private Limited and DSP Merrill Lynch Limited. The Co-Book Running Lead Managers are ICICI Securities Limited.
- Syndicate Members, in our case are JM Morgan Stanley Retail Services Private Limited and ICICI Brokerage Services Ltd.

SEBI through its guidelines has permitted an issuer proposing to issue securities to the public to have an option to offer 100% Book Building Process wherein upto 50% of the Net Issue will be allocated on a discretionary basis to Qualified Institutional Buyers. Further, a minimum of 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. We will comply with these guidelines for this Issue. In this regard, the Company has appointed JM Morgan Stanley Private Limited and DSP Merrill Lynch Limited as the Book Running Lead Managers and, ICICI Securities Limited as Co-Book Running Lead Manager to the Issue to procure subscription to the Issue.

Illustration of Book Building and Price Discovery Process *(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (wwww.bseindia.com) and NSE (www.nseindia.com). The illustrative book as shown below, shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid	Subscription
500	48	500	8.33%
700	47	1200	20.00%
1000	46	2200	36.67%
400	45	2600	43.33%
500	44	3100	51.67%
200	43	3300	55.00%
2800	42	6100	101.67%
800	41	6900	115.00%
1200	40	8100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42 in the above example. The issuer, in consultation with the BRLMs and the CBRLM will finalise the issue price at or below such cut off price i.e. at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

The process of Book Building under DIP Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Pursuant to the recent amendments to DIP Guidelines, QIBs are not allowed to withdraw their Bids after Bid/ Issue Closing Date.

Steps to be taken by the Investor for Bidding

- Check whether he or she is eligible for Bidding;
- Bidder necessarily needs to have a demat account; and
- Fill up Bid Form as per instructions given on Page 163 in this Prospectus and the Bid-cum-Application Form.

Underwriting Agreement

The Company has entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered in the Issue. Under the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the other underwriters do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(in million)

Name and Address of the Underwriter	**Indicative number of Equity Shares to be Underwritten**[1]	**Amount Underwritten**[1]
JM Morgan Stanley Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India.	66,66,567	Rs. 666.66
DSP Merrill Lynch Limited Mafatlal Centre 10th Floor Nariman Point Mumbai 400 021, India	66,66,667	Rs. 666.67
ICICI Securities Limited, 163, Backbay Reclamation, H.T. Parekh Marg, Churchgate, Mumbai 400 020	66,66,566	Rs. 666.65
JM Morgan Stanley Retail Services Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021	100	Rs. 0.1
ICICI Brokerage Services Limited H. T. Parekh Marg, Churchgate, Mumbai - 400 020.	100	Rs. 0.1

(1) *The above mentioned amounts are indicative and will be finalised after the pricing.*

The above Underwriting Agreement is dated April 6, 2005.

In the opinion of the Board of Directors of the Company and BRLMs and CBRLM, on the basis of the declarations given by the Underwriters, the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act.

Allocation among the BRLMs, CBRLM or other Syndicate Members may not necessarily be in proportion to the underwriting commitments. Notwithstanding the above table the Underwriters shall be responsible for ensuring the payment for the Equity Shares allocated to investors procured by them. In the event of any default in payment the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIB Bidders is discretionary and shall be determined by the Company in consultation with the BRLMs and the CBRLM based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid and may not be proportionate in any way and the patterns of allocation to the QIB Bidders could be different among the Underwriters.

BUSINESS

Unless stated otherwise, the financial data in this section is as per our restated consolidated financial statements prepared in accordance with Indian GAAP set forth in this Prospectus, beginning on page 190. In this section only, any reference to "we", "us" or "our" refers to 3i Infotech Limited on a consolidated basis.

OVERVIEW

We are in the business of providing a range of information technology, or IT, solutions to companies worldwide, primarily companies in the banking, insurance and financial services industries. We were incorporated in 1993 as a wholly-owned subsidiary of ICICI Limited, which was merged with ICICI Bank with effect from March 29, 2002. Over the years we have evolved from solely providing back-office support services to ICICI Limited and ICICI Bank, and certain of their subsidiaries and affiliates, to a geographically diverse company that offers a comprehensive range of software and IT solutions, including packaged applications for the banking, insurance and financial services industries (encompassing consumer banking, commercial banking, insurance policy sourcing and claims processing, investor servicing and Internet delivery of financial services, as well as business intelligence and analytical applications), an enterprise resource planning suite of applications, custom application software development, deployment, maintenance and support services (both onsite and offshore), and IT consulting services.

Our total income was Rs. 2,660.9 million in fiscal 2002, Rs. 2,195.6 million in fiscal 2003 and Rs. 2,320.4 million in fiscal 2004. Total income for the nine months ended December 31, 2004 totalled Rs. 2,102.1 million. Profit Before Interest, Depreciation, Extraordinary Items and Tax was Rs. 395.0 million in fiscal 2002, Rs. 114.5 million in fiscal 2003 and Rs. 169.0 million in fiscal 2004. Profit Before Interest, Depreciation, Extraordinary Items and Tax for the nine months ended December 31, 2004, was Rs. 357.6 million. Profit after tax was Rs. 35.2 million in fiscal 2002, Rs. 115.6 million in fiscal 2003 and Rs. 43.7 million in fiscal 2004. Profit after tax for the nine months ended December 31, 2004 was Rs. 162.6 million. See "Selected Historical Consolidated Information of the Company In Accordance With Indian GAAP" on page 5 of this Prospectus for the manner Profit Before Interest, Depreciation, Extraordinary Items and Tax is reconciled with profit after tax.

As of December 31, 2004, we service over 500 active customers in more than 30 countries through our portfolio of software products and IT services. For the nine months ended December 31, 2004 and the fiscal year ended March 31, 2004, 46% and 55%, respectively, of our total income was from clients in India, 27% and 26%, respectively, of our total income was from clients in the United States, and 27% and 19%, respectively, of our total income was from clients in the Middle East, Africa and the Asia-Pacific region. In each of fiscal 2004 and the first nine months of fiscal 2005, income from software products and services provided to banks, insurance companies and other financial service companies contributed approximately 60% of our total income. For the nine-month period ended December 31, 2004 and for the fiscal year ended March 31, 2004, 57% and 69%, respectively, of our total income was from IT-related services and 43% and 31%, respectively, of our total income was from our software products business. Further, for the nine-month period ended December 31, 2004 and for the fiscal year ended March 31, 2004, 27% and 31%, respectively, of our total income was from ICICI Bank and certain of its subsidiaries and affiliates, while our top five customers (excluding ICICI Bank and certain of its subsidiaries and affiliates) contributed 9% and 10%, respectively, of our total income during these periods. For more information, see "Risk Factors - Our operating results, particularly for our IT services business, depend on our relationships with a limited number of customers, including ICICI Bank" on page (vii) of this Prospectus and "Business – Our Offerings" on page 27 of this Prospectus.

Our product offerings include a package of software solutions for the banking and financial services industry (including insurance) and an enterprise resource planning package. Our suite of banking products have been sold in more than 10 countries and comprises a range of software solutions addressing the retail and consumer banking, corporate and investment banking, treasury and risk management, banking operations and process management, card business solutions, transaction processing, accounting, business intelligence, analytical application and Internet delivery needs of a wide range of financial institutions, including corporate banks, retail banks, universal banks, capital market intermediaries, investment banks and other specialised financial institutions. Our PREMIA suite of software products comprise an integrated insurance management system for property, casualty, life and health insurance providers, offering integration across major heads of insurance activity, including policy and endorsement entry and approval, claims processing and re-insurance. Our ORION products comprises and enterprise solutions suite of software products, including ORION Enterprise, an end-to-end integrated application and deployment platform that includes enterprise resource planning coupled with customer relationship management and supply chain management features.

Through our service offerings, we provide clients with custom software development, deployment, maintenance and support services (both onsite and offshore), system integration and IT consulting services. Our service offerings span the entire software services lifecycle, including application development and integration, application maintenance, enterprise application systems, e-Business, enterprise systems management, research and development services and business process outsourcing.

Among our top customers are some of the leading banking, insurance and financial services companies in India and around the world, including ICICI Bank, Emirates Bank, Standard Chartered Bank and Oriental Insurance.

We have a pool of over 1,500 highly-trained IT professionals who deliver our solutions both on-site and offshore through three global development centres located at Vashi (near Mumbai), Bangalore and Chennai. We have subsidiaries in Singapore, Australia, Malaysia and the United States. In addition, we have sales presence in Africa, the Middle East and the United Kingdom. Our software solutions business is SEI CMM Level 5 compliant and in 2002 we were ISO 9001:2000 certified. Through our network of offices and representatives in India, the United States, the Middle East and the Asia-Pacific region, we can readily provide after-installation service and technical support.

We have developed a strong sales team consisting of 80 sales personnel in over 15 sales offices in India, the United States, Europe, the Middle East and the Asia-Pacific region, supported by a global marketing team based in India. We also have alliance partnerships with leading hardware and software vendors including Oracle, Microsoft, Hewlett-Packard and Sun Microsystems.

INDUSTRY BACKGROUND

Current dynamics of the global IT solutions and services markets

The role of IT has evolved from simply supporting business enterprises to enabling them to meet their business objectives. To succeed in today's marketplace, companies must respond rapidly to market trends, create new business models and improve productivity.

In order to improve their return on investments, IT departments of many companies have placed a greater emphasis on lowering costs and improving performance by accessing the latest technology expertise and accelerating the delivery of new systems and solutions. To accomplish these objectives, many IT departments have shifted all or a portion of their IT development, integration and maintenance requirements to outside IT vendors that provide high quality, timely and cost-effective solutions and services. This outsourcing enables companies to eliminate or reduce the large in-house IT staff otherwise required to evaluate, implement and manage IT initiatives, thereby reducing their present and future investment requirements.

Increasing trend towards leveraging offshore delivery capabilities

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

India has been recognized as a leading destination for offshore technology services. In June 2004, the Gartner Strategic Analysis Report indicated that through 2008 India may remain a dominant offshore service provider. A NASSCOM-KPMG report published in 2004 indicated that the total Indian IT services and IT-enabled services export market was nearly $10 billion in 2003 and is projected to grow to $49 billion by 2009, representing a compound annual growth rate of approximately 30%.

There are several key factors contributing to this growth. These include:

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

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

The importance of Information Technology in the global financial services industries

In the current market environment, the global financial services industry is faced with a number of challenges, including increased regulatory scrutiny, growing competition and ongoing domestic and international consolidation. In addition, for many financial institutions customer service has become a key differentiator. As a result, providing rapid access to, and delivery of, real-time information and implementing solutions and processes that minimize system downtime are vital to the success of these financial institutions. However, providing these solutions and processes internally is often more costly and time-consuming than outsourcing these solutions and services. Furthermore, given the cyclicality of the financial services industry, companies in the markets we serve often seek to reduce their fixed-cost expenditures. Consequently, companies within the financial services industry are looking externally for solutions that allow them to reduce costs and improve performance.

With the current market dynamics and rising importance of IT solutions and services within the financial services industry, it is important for IT vendors to have industry-specific knowledge and expertise. Many financial services companies are now demanding that external solutions providers have the expertise of their in-house IT staff.

COMPETITIVE STRENGTHS

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

- *Our range of product offerings.* Over the last three fiscal years we have developed and rolled out a broad range of solutions for the banking, insurance and financial services industries, as well as our ORION suite of enterprise resource planning solutions. Our offerings include complete life-cycle services to property and casualty, life and health and reinsurance carriers, as well as a range of products and services for retail and consumer banking, corporate and investment banking, treasury and risk management, banking operations and process management and card business solutions. These solutions have been designed to address the varied and expanding requirements of our clients and to help them achieve their business objectives. In tandem with our service offerings, these solutions enable us to obtain additional business from existing clients as well as address a larger base of potential new clients.
- *Broad range of IT services.* We have developed a broad range of service offerings in order to address the varied and expanding requirements of our clients. Our service offerings span the complete software life cycle, including consulting, architecture, development, testing, maintenance, migration, re-engineering and integration services. Over the past few years we have further expanded into software package implementation, IT infrastructure management, engineering and R&D services and business process outsourcing. We have a well-defined methodology to update and expand our service offerings to meet the evolving needs of the global marketplace.
- *Strong management team.* Our top management brings with them extensive experience in the banking, insurance and financial services industries. Many our senior management are IT professionals with qualifications from the premier technical institutes in India. Several of our senior executives are first-generation IT entrepreneurs, have a deep understanding of the IT industry and conceptualised, designed and developed the software products and solutions that form the core of our product offerings. We have also assembled product development, technology solutions and marketing teams with established track records in the IT industry.
- *Industry-specific knowledge and experience.* Our extensive experience in the banking, insurance and financial services industries, dating from our incorporation as a back-office and IT service company, allows us to accurately define and deliver customised products and solutions to effectively address the business challenges faced by our clients in these industries. For example, our financial services practice is supported by a team of experienced sales specialists and solutions architects. We also have insurance industry experts who have deep domain knowledge and support our insurance practice.
- *Experience with fixed-price engagement models.* We have demonstrated the ability to successfully work with our clients to develop engagement models that tie into their business objectives. We deliver services on a range of fixed-price and

time-and-material driven engagement models, through short-term as well as multi-year contracts. A significant portion of our contracts are on a fixed-price basis. We believe our ability to manage projects on a fixed-price basis to achieve our clients' business objectives is an important differentiator in our long-term client relationships.

- *Global delivery model.* We believe our delivery model represents a key competitive advantage. Over the past three fiscal years, we have developed our onsite and offshore execution capabilities to deliver high quality and scalable services. In doing so, we have made substantial investments in our processes, infrastructure and systems and refined our delivery model to effectively integrate onsite and offshore services. Our delivery model aims to provide clients with seamless, high quality solutions in reduced timeframes which enables our clients to achieve operating efficiencies and realize significant cost savings. Our facilities have been constructed, and our employees trained with the objective of delivering world-class quality and operational excellence to our clients. Our global development centres have been assessed at SEI CMM Level 5 and we received organisation-wide ISO 9001:2000 certification in 2002. These help us in delivering services in a timely, consistent and accurate manner, maintain a high level of client satisfaction and focus on improvements in all aspects of delivery.
- *Strategic focus on the Indian market.* We have maintained a long-standing focus on the Indian market. In fiscal 2004 and for the first nine months of fiscal 2005, the Indian market contributed 55% and 46%, respectively, of our total income. We believe that India offers opportunities to strengthen our capabilities, especially relating to large, end-to-end, mission critical projects, through which we have obtained the experience necessary to bid and win global projects. Further, we have recently been selected as one of only three e-governance consultants for the Ministry of Communications and Information Technology and act as IT strategy consultants for the Municipality of Delhi and several state-level government bodies.
- *Expanding global operations.* Since 1999, we have expanded our sales and marketing presence to over 15 offices in 8 countries. We have also expanded our on-site implementation capability for our products to multiple cities in over 30 countries worldwide, including in Australia, the United States, the United Kingdom, Central Europe, the Middle East and Southeast Asia. We believe that our global presence enables us to service and support our existing clients in a number of important markets and positions us well to develop new clients.
- *Ability to scale.* We have successfully managed our growth by investing in infrastructure and by recruiting, training and rapidly deploying new professionals from a pool of highly-qualified candidates from our base in India. We can rapidly deploy resources and execute new projects through the scalable network of our global delivery centres. These factors allow us to execute large-scale, long-term projects in an efficient and cost-competitive manner.

BUSINESS STRATEGY

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

- *Expansion of our products business*. We intend to enhance our existing products, expand the range of our product offerings and increase product reach globally.
  - *Enhancement of our product offerings.* Our products are currently customised to meet country-specific requirements and client needs in the geographic markets in which they are offered. We will continue to invest in enhancing the functionality of our existing range of products. 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 enhance the competitive positioning of our product offerings and expand the size of the markets that we target.
  - *Creation of new products*. Over the last few years, our product portfolio has grown consistently, to encompass our PREMIA suite of insurance software products, our core banking, treasury management, asset and liability management and loan origination applications and our ORION suite of enterprise resource planning products. We intend to continue investing in our R&D capabilities, particularly with a view to designing software engineering tools that enhance our ability to execute large, end-to-end projects and develop software solutions that address clients in specific industries. We believe that this investment in new product development and in R&D facilitates our growth by expanding the size of the market space that we address, while mitigating business risk by reducing our dependence

on the success of individual product lines. We will continue to invest in the creation of new intellectual property to fuel our growth.

- *Geographical expansion of our products offerings.* With the full roll out of our suite of software solutions during fiscal 2004, we intend to further expand the client base for our Products Business. For our banking solutions, in the near term we intend to market to and obtain clients in regions where emerging regulatory frameworks require increased automation of banking operations, such as in Eastern Europe, the Middle East and Southeast Asia, with a view to eventually establishing a greater presence in more developed markets, such as the United States and Europe. For our PREMIA suite of insurance solutions, we intend to leverage the market presence we have established in regions such as the Middle East and expand our client base to include insurance companies with a global presence. For our enterprise solutions, we intend to continue marketing our ORION software suite to small- and medium-sized enterprises.

- *Expansion of our service offerings.* We intend to continue expanding our range of service offerings in order to increase business from our existing clients and acquire new clients. We will continue to capitalise on opportunities to position our service offerings in segments adjacent to IT services, such as consulting and infrastructure services.
- *Cross-selling to our existing customer base*. As of December 31, 2004, we service a customer base of over 500 customers in more than 30 countries. Repeat business from existing customers constitutes an important revenue opportunity for us. We will seek to increase the revenues generated from our existing customers who have deployed our products only in specific functions or locations or have licensed only specific modules by licensing products on an enterprise-wide basis and by licensing additional modules to them. The nature of our product licensing arrangements are such that growth in our customers' business may result in additional revenues to us. Further, as we add new offerings to our portfolio of products and services, cross-selling opportunities to our existing customer base should continue to grow.
- *Strengthening our brands*. We intend to invest in developing and enhancing recognition of our brands, including our new corporate name, 3i Infotech Limited, through brand building efforts, communication and promotional initiatives such as interaction with industry research organisations, participation in industry events, public relations and investor relations efforts. We believe that these initiatives, as well as the listing of our Equity Shares, will enhance the visibility of our brands and strengthen our recognition in the Indian IT solutions industry.
- *Continuing to attract, train and retain employees*. We intend to place special emphasis on attracting and retaining highly-skilled employees and will continue to invest in the career development and training of our employees, with the objective of further enhancing their technical and leadership skills.
- *Further developing our alliances*. We intend to grow and strengthen our technology alliances with leading technology companies, which will assist us in sales and delivery. These alliances typically involve systems integration, joint product development and joint "go to market" strategies. We also intend to develop other alliances with local companies that have a strong presence in emerging markets so as to acquire business development capabilities and a credible local presence in these markets.
- *Maintaining our strategic focus on the Indian market*. We believe that India is a strategically important growth market that offers opportunities for us to build competencies in terms of domain expertise, leverage our assets and develop our employees for complex project execution. We intend to continue to focus on growing our India business through our brand name recognition. We will also continue to utilise the experience and expertise gained in our Indian operations to win and execute international projects.
- *Growing our business through mergers and acquisitions.* We will evaluate on a case-by-case basis potential merger and acquisition targets that offer an opportunity to grow our business and/or expand our capabilities or geographical reach. We intend to pursue those transactions that are related to our key strengths, are synergistic and, in our assessment, have manageable integration risks.

OUR OFFERINGS

We offer a broad range of software and IT solutions, including packaged applications for the banking, insurance and financial services industries (encompassing consumer banking, commercial banking, insurance policy sourcing and claims processing, investor servicing and asset management, Internet delivery of financial services, as well as business intelligence and analytical applications), an enterprise resource planning suite of applications, custom application software development, deployment, maintenance and support services (both onsite and offshore), and IT consulting services.

The following table presents the percentage contribution of our product and service offerings to our total revenues for the periods indicated:

	Percentage of total revenues			
	For the year ended March 31,			For the nine months ended December 31,
	2002	2003	2004	2004
Services:				
Software services	58.1%	49.1%	34.8%	35.5%
IT Enabled Transaction Processing Services	24.9	20.7	10.5	8.4
IT Infrastructure Networking and Facilities Management Services	9.8	12.5	21.4	11.5
Others	-	-	0.9	1.1
Other Income	2.2	2.5	1.2	0.9
Total Services	**95.0%**	**84.8%**	**68.8%**	**57.4%**
Products:				
Banking	1.5	2.2	8.2	14.1
Insurance	2.1	6.5	11.0	15.1
ERP	1.4	6.5	12.0	13.4
Total Products	**5.0%**	**15.2%**	**31.2%**	**42.6%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Product Offerings

Beginning in fiscal 2003, we have developed, customised, marketed and licensed proprietary software products for the banking, financial services and insurance industries. We also market and license a suite of enterprise solutions software.

The common features of our software products are:

- *Flexibility*. Our solutions are highly parameterised, enabling them to be configured and deployed to meet the diverse needs of clients of various sizes and in various geographies, with minimal modification to the base software, and reducing time-to-market for new financial products and services.
- *Modularity*. Our solutions have modular architecture, permitting a customer to license only the specific modules that address that customer's current requirements and facilitating procurement of additional modules as the customer's needs grow.
- *Scalability*. Our solutions allow the customer to start with a minimal hardware configuration and expand its IT infrastructure with its growing business. Thus, the customer is not saddled with redundant hardware resulting in wasted investment. This gives the customer the ability to scale up its businesses efficiently and optimally.
- *Platform Independence*. Our solutions are based on open architecture. They make use of industry standard platforms such as UNIX and Windows 2000, thus eliminating dependence on any single vendor or organisation.

Banking Solutions

For banks and financial service companies, we offer a wide range of products and services for retail and consumer banking, corporate and investment banking, treasury and risk management, banking operations and process management and card business solutions. Our principal banking products and solutions are:

- NEWTON. An end-to-end solution designed to address core-banking needs, such as recording deposits and loans, and is designed to assist centrally controlled commercial banking operations across a medium to large branch network. NEWTON was designed and developed by IMS System Company, Korea and in November 2004 we obtained all rights, benefits, title and interest including all the intellectual property rights of the NEWTON Software to be used only within the territorial limits of India, Sri Lanka, Bangladesh, Nepal, Ukraine, Belarus, Romania, Bulgaria, Qatar, United Arab Emirates, Oman, and exclusive distribution rights in Kazakhstan, Thailand and Malaysia. As of December 31, 2004, we have licensed NEWTON to approximately 10 customers in five countries.
- Kastle. An integrated treasury management solution for the treasury operations of commercial banks. It supports multiple entities, multiple dealing rooms and multiple portfolios, handling transactions from initiation to settlement. Kastle provides end-to-end processes for a wide range of market and instrument coverage, including fixed income, money market, foreign exchange and derivatives transactions. As of December 31, 2004, we have licensed Kastle to over 40 customers in over six countries.
- Riskfree. A web-enabled multi-entry risk management engine that interfaces with a bank's treasury system to pick up transactions/cash flows and which can be used as a tool by the organisation's management to understand and interpret treasury risk faced by the organisation. As of December 31, 2004, we have licensed Riskfree to approximately 15 customers in over six countries.
- Pinnacle. A multi-currency asset liability management solution offering a wide variety of powerful risk evaluation and analytical tools that enables strategic planning and decision-making. The tools facilitate measures for identifying, quantifying and monitoring of risks and thereby provide a platform for effective management of assets and liabilities, addressing both sides of the risk return equation. As of December 31, 2004, we have licensed Pinnacle to approximately 40 customers in over six countries.
- TANGIBLE. A comprehensive, modular, end-to-end factoring application consisting of TANGIBLE Deal Maker and TANGIBLE Asset Manager. TANGIBLE Deal Maker assists in creating a framework for a range of activities performed for relationship acquisition while TANGIBLE Asset Manager supports a complete range of activities needed for asset tracking and management, such as setting up of a client account directly, facilitating invoice uploads and validations, calculation of availability, fees and charges, such as taxes and duties, and generating accounting entries and MIS entries. As of December 31, 2004, we have licensed TANGIBLE modules to approximately five customers in three countries.
- TRITON. A web-based application that simplifies the customer acquisition process by providing business components for prospecting and processing. Designed to automate transaction processing for the retail industry (banking, insurance, mutual funds), TRITON supports multiple products (insurance, mutual fund, mortgages, car loan, etc.) of the company offered through multiple channels (centre, web portals, etc.) or business partners (mortgage agents, auto agents, insurance agents, credit bureaus, etc.). As of December 31, 2004, we have licensed TRITON to approximately five customers in three countries.

Our customers for banking solutions include Bank Muamalat (Malaysia), Finansa (Thailand), Lakshmi Vilas Bank (India), National Savings Bank (Sri Lanka), SBI Factors (India), Standard Chartered Bank (Malaysia and India), Federal Bank (India), UCO Bank (India) and Emirates Bank (Dubai).

During fiscal 2004 and the first nine months of fiscal 2005, licensing, implementation and maintenance fees for our suite of banking products and solutions contributed 8% and 14%, respectively, of total income.

Case studies

- The client is one of the fastest-growing private sector banks in India. The bank wanted to have an advanced Asset and Liability Management, or ALM, solution for managing their assets and liabilities, control risk factors and sustain its business growth. The bank sought a vendor that could provide industry-leading technology and that could also help reengineer its business processes. Another requirement was to have a solution that would provide effective MIS to build its asset liability portfolio in terms of incremental maturities of spreads. After evaluating a number of competing products, the bank selected Pinnacle primarily due to its successful installations at other customer sites.

- The client is a large regional bank in India that sought to modernize its IT capability by centralizing its information processing. The bank faced several obstacles, including absence of a system at its head office that could centralize data from branches. This resulted in a time lag for data collation. NEWTON provided the bank with the core-banking platform that would link the bank's entire operations effectively, tying together front-end applications at branches with back-end data processing at the bank's head office. Initially, the bank deployed NEWTON on a pilot basis that would connect key branches with the central office on a network. Following the success of the pilot program, the bank promptly rolled out the solution to other branches.
- The client is a leading financial services company based in Thailand. The client sought an integrated treasury, lending and risk management solution. The client selected Kastle, for treasury management, Pinnacle, for ALM, Riskfree for value-at-risk measurement and NEWTON for loan management capability. The key advantage to the client of our product offerings was that the client could deal with a single vendor that could handle all the systems required for integrated treasury operations. This reduced the client's risk from dealing with multiple vendors and reduced its cost of integration.

Insurance Solutions

Our PREMIA suite of insurance products comprises an integrated insurance management system for property, casualty, life and health insurance providers, offering integration across all major heads of insurance activity, including policy and endorsement entry and approval, claims processing and re-insurance. During fiscal 2004 and the first nine months of fiscal 2005, licensing, implementation and maintenance fees for our PREMIA suite of products contributed 11% and 15%, respectively, of total income. As of December 31, 2004, we have licensed PREMIA product modules to over 60 customers in over 20 countries.

We have been engaged by Oriental Insurance Company Limited, one of the largest non-life insurance providers in India, to implement our insurance solutions. The engagement is initially for their 300 branches in India as a pilot program. We believe this engagement will lead to greater acceptance of our insurance solutions in India and other markets. Our customers for insurance solutions also includes The National Health Insurance Fund (Tanzania), Solidarity Islamic Insurance & Assurance Co. (Bahrain), Commercial America Insurance Company (United States), Block Vision (United States), National Takaful Insurance (Middle East), Takaful Ikahas SDN BHD (Malaysia), AIG (Greece and, CCTC (Ghana).

<u>Case study</u>

The client is a leading insurance company in the Middle East offering a range of insurance and reinsurance products. The client sought to make critical business and financial reports available organization-wide and keep data updated. As the client's branch operations sent reports on paper, the process involved re-entering data that was prone to errors and delayed information processing. The client selected PREMIA because of its complete product functionality, our strong presence in the Middle East and our commitment to work closely with the client to ensure a successful implementation.

Enterprise solutions

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

- <u>ORION Enterprise</u>. An end-to-end integrated application and deployment platform that includes enterprise resource planning coupled with customer relationship management and supply chain management features.
- <u>ORION Advantage</u>. A pre-configured enterprise resource planning solution designed specifically to meet the business requirements of companies in various vertical markets, such as those in the pharmaceutical, automotive and chemical industries.
- <u>ORION Lite</u>. A simple to install and implement out-of-the-box enterprise resource planning solution for trading operations.
- <u>Xroadz</u>. An open-ended enterprise resource management solution.

During fiscal 2004 and the first nine months of fiscal 2005, licensing, implementation and maintenance fees for our ORION suite of products contributed 12% and 13%, respectively, of total income. As of December 31, 2004, we have licensed ORION modules to over 300 customers in 30 countries, including Simbacolt, Hirsch International Corporation, Chettinad Cement, Jaiprakash Industries Limited, Pidilite Industries, ICI NSC and Hydro S&S.

Case study

The client is a leading fruit juice producer and distributor in the Middle East. The client's sales process required van sales agents to visit customers, fill up order forms, deliver goods from van stock, issue invoices and, at the end of each day, update the client's main database. The process involved unneeded data duplication and delayed data processing and money collection. The client sought to increase sales efficiency by implementing ORION on handheld devices to enable remote data capture from sales personnel. As a result, the client's sales process has been streamlined and data duplication eliminated. Field data is captured at source by van sales agents and is available at day's end for next day's planning process.

Product offering revenues

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

Service Offerings

Through our service offerings, we provide clients with custom software development, deployment, maintenance and support services (both onsite and offshore), system integration and IT consulting services. Our service offerings span the entire software services lifecycle, including application development and integration, application maintenance, enterprise application systems, e-Business, enterprise systems management, research and development services and business process outsourcing. Our clients include ICICI Bank (India), Commercial Bank of Qatar (Qatar), Emirates Bank (Dubai), Deutsche Bank (Singapore), Bharat Heavy Electricals Ltd. (India), Gerber Technologies (United States), XL Global (United States), Axena (United States), the Institute of Chartered Accountants of India, the Municipal Corporation of Delhi, the Ministry of Information and Technology (India), the National Commodities Exchange (India) and the National Dairy Development Board (India).

Software Development and Consulting Services

Applications Services

Our application services include: optimising performance and modifying our clients' systems; product and system support; preventive maintenance; and migration to newer technologies and platforms. We perform diagnostics to assess offshore outsourcing potential and prepare a customised offshore roadmap. We share the benefits of our continuous improvement initiatives to reduce recurring maintenance cost for our clients. We perform most of our maintenance and re-engineering assignments at our global delivery centres located in India. In addition, we maintain small teams at our clients' premises to coordinate support functions.

Customised solutions and maintenance

We custom design, develop and install software for a variety of client needs. Our projects range from single-platform, single-site systems to multi-platform, multiple-site systems and typically include new development and/or functional enhancements to existing software applications. We have developed expertise in mainframe, client- server and Internet technologies and on emerging platforms such as .NET and J2EE. We offer services across the full development lifecycle, including requirements analysis, design, implementation, integration and testing for our projects. In specific situations, we may work jointly with our clients' teams. We perform application design, implementation and testing primarily in our global delivery centres located in India, while requirements analysis, transition planning, user training and deployment are performed at our clients' sites.

Enterprise application integration

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

System Integration

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

IS and IT security consulting

We provide consultancy and design services for IT systems and operating environments, incorporating secure and state-of-the-art security architecture. We also configure firewalls, intrusion detection systems, virus protection and various other security tools.

Operations Support Services

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

Case studies

- The client is a leading bank in Asia which sought an Enterprise Application Integration, or EAI, that would reconfigure its business processes through tighter integration of applications from multiple vendors to improve customer service and increase productivity. The challenge was the bank's vast array of legacy systems and databases that were not compatible with one another. We suggested leveraging the bank's legacy systems with an EAI solution that would be integrated, scalable and cost-effective and would act as single point of communication between channels and product processors. The middleware program would interface and enable all applications in their respective modes of communication, such as Sockets and Web Services. By implementing our EAI solution, the bank saw improvements in its customer-focused business processes as well as its internal operations.
- The client is one of India's leading ports, handling container cargo such as iron ore, coal, fertilizers and car exports. The port's growing business volume has led to the creation of another dockyard nearby. In an attempt to keep pace with change, the client decided to transform itself from a traditional state enterprise into an efficient, customer-focused, profit-driven modern enterprise. The objective was to create a new IT platform with current technology and based on best practices. The client required a flexible infrastructure platform that was reliable and scalable and that would integrate a broad range of applications to meet the client's requirements. The client selected our ORION enterprise resource solution as the backbone system to support its payroll, inventory, purchase and accounting systems. ORION enabled the linkage of the client's core business processes and offered a broad range of capabilities and integration facilities.

IT Infrastructure Networking and Facilities Management Services

We offer a range of support services for managing the IT infrastructure of our clients. We specialise in: mainframe and client-server operating systems; a wide range of data and voice networks; enterprise management systems; infrastructure products from vendors like IBM, Sun, HP, Cisco, 3Com and Lucent; web-server products; network security products; disaster recovery and business continuity management. These services are delivered from our facilities located in India and at onsite locations. We intend to create service offerings for several managed services configurations such as traditional, integrated and automated remote monitoring, and management and reporting for enterprise wide infrastructure environments that include servers, desktops, routers, other network equipment and software applications.

Business Process Outsourcing, or BPO, services for ICICI Bank and certain of its subsidiaries and affiliates

We continue to provide BPO services to ICICI Bank and certain of its subsidiaries and affiliates. These services include liability management services relating to ICICI Bank's Indian Rupee liabilities, transaction processing, query resolution and maintenance of databases. We are a SEBI-registered registrar and transfer agent, and provide registrar and transfer agency services for ICICI Bank's share and bond issuances, servicing over 4.07 million ICICI Bank shareholders and bondholders.

GEOGRAPHIES

We are a global company with offices in eight countries. In each of our geographies, consisting of India, the United States, Europe, the Middle East and Africa and the Asia-Pacific 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 presents the percentage contribution of our geographic segments to our total revenues for the periods indicated:

Geographic segments	For the year ended March 31,			For the nine months ended December 31,
	2002	2003	2004	2004
India	54%	60%	55%	46%
United States	42	25	26	27
Middle East and Africa	2	13	14	20
Asia Pacific	2	2	5	7
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

India

In India, we have over 120 clients, primarily in the banking and financial services industries. In fiscal 2004 and during the first nine months of fiscal 2005, India contributed 55% and 46%, respectively, of our total revenues. ICICI Bank and certain of its subsidiaries and affiliates remained our single largest customer in India, accounting for approximately 60% of our Indian revenues in fiscal 2004 and approximately 60% during the first nine months of fiscal 2005. Our ten largest Indian clients (excluding ICICI Bank and certain of its subsidiaries and affiliates) contributed 10% of our Indian revenues in fiscal 2004 and 9.5% during the first nine months of fiscal 2005. We will continue to place special emphasis on executing large, end-to-end projects in India as we believe that this market offers long-term growth potential and opportunities to strengthen our capabilities in large end-to-end solutions. We also intend to expand the scope of our products business in India. We have also established a presence in the field of e-governance, representing Indian government clients in connection with their computerization and systems integration projects and acting as an e-governance consultant to the Ministry of Information Technology.

United States

In the United States, we service over 60 clients in various industries. Sales, pre-sales and consulting activities in the United States are undertaken through our U.S. subsidiary, 3i Infotech Inc., which had 120 employees as of December 31, 2004. Although recent fiscal years have seen a decline in the contribution of our U.S. operations to total revenues, U.S. operations continue to provide a significant percentage of total revenues. In fiscal 2004 and during the first nine months of fiscal 2005, operations in the United States contributed 26% and 27%, respectively, of total revenues, primarily from our services business. As the IT services market in the United States is highly competitive and mature, the resulting consolidation among IT service providers following the events of September 11, 2001 and the resulting slowdown in the U.S. economy resulted in our being unable to compete with larger and more established IT service providers, which led in the decline of service revenues from our U.S. operations. The first nine months of fiscal 2005 saw an improvement in our services business in the United States, although we do not know whether this improvement will continue. We believe, however, that clients in the United States have a relatively greater appreciation of the benefits of global delivery of IT services and we intend to leverage our global delivery model to increase our U.S. client base. We also intend to expand the scope of our product offerings in the United States in order to diversify our U.S. revenue base.

Middle East and Africa

In the Middle East and Africa, or MEA, we service approximately 300 clients in the banking, financial services, insurance manufacturing and distribution industries, including major regional banks and insurance companies. Sales, pre-sales and consulting activities in the MEA are undertaken through our branch office located in Dubai, which had 95 employees as of December 31, 2004. Since fiscal 2002, the contribution of MEA operations to total revenues has increased, rising from 2% in fiscal 2002, to 13% in fiscal 2003, to 14% in fiscal 2004 and to 20% during the first nine months of fiscal 2005. Revenues from the MEA are generated primarily from our software products business and we have become a leading enterprise solutions provider in the MEA.

Asia-Pacific

In the Asia-Pacific region, or APAC, we service approximately 40 clients, primarily in the banking, financial services and insurance industries. Sales, pre-sales and consulting activities in the APAC are undertaken primarily through our Singapore subsidiary, 3i Infotech Pte Ltd., and through its Malaysian subsidiary, 3i Infotech SDN BHD, which had a combined total of 60 employees as of December 31, 2004. We are in the process of integrating our Australian subsidiary, 3i Infotech Pty Ltd., with our U.S. subsidiary, 3i Infotech Inc. Once that has been completed, operations in Australia will be coordinated through Singapore. During the first nine months of fiscal 2005, the contribution of APAC operations to total revenues increased to 7%, compared to 5% for all of fiscal 2004. We are expanding our APAC operations to address the growth opportunities that we see in this region, particularly in Southeast Asia.

Others

At present, we do not derive any significant revenues from Europe. We expect to increase our business from Europe as clients in these markets are increasing their use of the global delivery model for IT services. To this end, we have established a branch office in the United Kingdom and are strengthening our local expertise in order to target these markets more effectively. We also intend to expand the European client base for our software products business, particularly companies in the banking and financial services industries, in order to address the expected increase in the automation of operations for banks and financial institutions in Russia and Eastern Europe.

CLIENT RELATIONSHIPS

We believe that the quality and breadth of our client relationships differentiates us from our competitors. As of December 31, 2004, we had approximately 500 active clients, including some of the largest corporations in the Fortune 500 list of American corporations published in April 2004.

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

Revenue Concentration	Percentage of revenues			
	For the year ended March 31,			For the nine months ended December 31,
	2002	2003	2004	2004
Top Client (ICICI Bank and certain of its subsidiaries and affiliates)	44%	48%	31%	27%
Top 5 Clients (excluding ICICI Bank and certain of its subsidiaries and affiliates)	13	12	10	9.5

Revenue Concentration	Percentage of revenues during the three months ended		
	June 30, 2004	September 30, 2004	December 31, 2004
Top Client (ICICI Bank and certain of its subsidiaries and affiliates)	29%	28%	25%
Top 5 Clients (excluding ICICI Bank and certain of its subsidiaries and affiliates)	10	10	12

COMPETITION

The market for IT products and services is rapidly evolving and highly competitive and we expect that competition will continue to intensify. As we are an IT product and services company with clients primarily from the banking, insurance and financial services industries, we face competition from software companies that offering similar products as well as software services companies that provide similar services.

Products

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

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

Although we believe that we compete effectively in each of these areas, the market for financial services products 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 Fiserve, Sungard, Reuters, Oracle, Temenos, Misys International and Sanchez.
- Indian competitors such as Infosys, Tata Consultancy Services, ERI Bancaire and I-Flex Solutions.

For our insurance solutions, we face competition from companies such as Computer Science Corporation, Applied Systems, Insurity, Delphi Technology, OpenFLEX Insurance Solutions and Insurance Data Processing.

For our enterprise solutions, we compete with multinationals such as SAP, Oracle and JD Edwards.

Services

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

We face competition from:

- Indian IT services companies, such as HCL Technologies, Infosys, Satyam Computer Services, Tata Consultancy Services and Wipro Limited;
- International IT services companies, such as Accenture, Cognizant Technology Solutions, Computer Sciences Corporation and Electronic Data Systems;
- Divisions of large multinational technology firms such as IBM and Hewlett-Packard, and in-house IT departments of large corporations; and
- Other international, national, regional and local firms from a variety of market segments, including major international accounting firms, systems consulting and implementation firms, applications software firms, service groups of computer equipment companies, general management consulting firms, programming companies and temporary staffing firms.

A number of our international competitors, such as IBM and Accenture, have set up operations in India and we expect that future competition will increasingly include firms with operations in other countries, especially those countries with labour costs similar to or lower than India's, such as China and the Philippines. Clients that presently outsource a significant proportion of their IT service requirements to vendors in India may seek to reduce their dependence on one country and outsource work to other offshore destinations. We believe that our global delivery model, focus on offshore services and lower operating costs help differentiate us from some of our international competitors. We believe that price alone is not a sustainable competitive advantage in an environment where IT is becoming increasingly critical to clients' core corporate strategy. We have therefore endeavoured to build our competitive positioning on our ability to manage large client relationships, delivery excellence, engagement model innovation, industry specific knowledge and experience, broad range of IT services, investment in sales organisation and scalable organisation structure.

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 four regions, namely: India; Asia Pacific; Europe, the Middle East and Africa; and the United

States. Each of the regional teams are headed by senior executives who report to their respective geography heads. In turn, the sales staff for each region interacts with the head of sales for each of our business segments, namely: services; banking products; insurance products (PREMIA); and enterprise solutions (ORION). In addition, we have a marketing support team based in India that coordinates the production and distribution of marketing materials, such as product brochures and market reports, and maintains our Company website. As of December 31, 2004, our sales and marketing staff totalled over 100, located at 15 offices in eight countries, including India.

Our sales teams target certain industries and service offerings through focused sales executives, geographies through regional sales executives and large clients through account managers. In addition to the sales executives, we have industry experts, sales specialists and solution architects who complement our sales efforts by providing specific industry and service offering expertise. Our senior management are 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.

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

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

We also seek business through joint partnerships with our technology and platform suppliers. In addition to enabling us to offer comprehensive solutions, these arrangements also benefit us as they provide opportunities to share technical know-how with these partners. We have also entered into alliances with 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. Our technology and business partners include Oracle, Hewlett-Packard, Sun Microsystems and Microsoft.

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 development centres located in Vashi, Bangalore and Chennai in India. Our global network architecture provides client connectivity, offshore development centre connectivity and internet connectivity, allowing us to use our Indian development 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. To this end, we use redundant systems for our critical technical and communication infrastructure that enable us to plan for rapid recovery from unplanned outages.

Most contracts relating to our product offerings and related services are on a fixed-price basis, with income generated from license fees, professional fees for implementation and customer-specific enhancement services and maintenance fees. License fees are recognized upon delivery or installation, as the case may be, except for approximately 5.0% of the license fees, which we recognize *pro rata* over the applicable warranty period. Professional fees for implementation and enhancement services are recognized on a percentage of completion basis. Maintenance fees in respect of software products are deferred and recognized ratably over the period of the underlying maintenance service contract. We generally provide a warranty that will be effective from the time the installation of the product has been accepted by the client and will be valid for periods ranging from three months to two years from the date of such acceptance.

For our service offerings, we typically enter into agreements with clients to provide software development and consulting services are either on a time-and-material basis or on a fixed-price basis. Revenues on time-and-materials contracts are recognized as and when services are performed. Revenues on fixed-price contracts are recognized on the percentage of completion method. These agreements are generally for periods of up to two years.

Our agreements to provide IT enabled transaction processing services and IT infrastructure networking and facilities management services generally provide for the payment of a fee based on measurable criteria, such as the number of transactions processed or our manpower deployed.

The table below illustrates the contribution of these pricing models to our revenues from our service offerings for the periods indicated:

Pricing Model	Percentage of service revenues			
	For the year ended March 31,			For the nine months ended December 31,
	2002	2003	2004	2004
Fixed-price, fixed-time basis	24%	34%	44%	52%
Time and materials basis	76%	66%	56%	48%
Total	**100%**	**100%**	**100%**	**100%**

QUALITY PROCESSES

We have a long-standing focus on processes for ensuring high quality delivery of services. Our global development centres have been assessed at SEI CMM Level 5 and we received ISO 9001 certification in 1999, which was upgraded to ISO 9001:2000 in 2002. Our quality management system encompasses all the stages of a project, including pre-project proposals, resource requests and allocation, project planning and monitoring, and design, construction and testing.

Some of our quality initiatives have been:

- institutionalisation of our Quality Management Group, a centralised body which monitors all projects;
- implementation of a broad-based metrics program that captures a variety of data regarding the projects, as analysis of this historical database has improved our project planning and execution;
- focus on a proactive approach and on preventing defects, rather than detecting and correcting them;
- continuous updating of our quality management systems through participative internal processes, study of best industry practices and implementing project-specific best practices;
- use of our internal network infrastructure to provide efficient quality management assessments; and
- development and deployment of an on-line learning repository to ensure knowledge sharing within our organisation.

FACILITIES AND INFRASTRUCTURE

Our corporate headquarters is located at the Vashi Software Technology Park in Vashi, Navi Mumbai, India. This facility includes software employees and those in other support functions such as sales, marketing and general administration. We have three global development centres in India at the following locations:

Location	Area	Owned/Leased	Total Seats
Vashi	109,100 sq. ft.	Leased	1,000
Bangalore	23,450 sq. ft.	Leased	220
Chennai	27,500 sq. ft.	Leased	450

We also have smaller offices and facilities in Goreagon, Andheri, Thane and New Delhi. Our development centres and offices are equipped with approximately 2,052 workstations and over 252 servers that use a variety of platforms. To address our communication needs, we have a fibre optic backbone at each such facility with 100 megabytes per second bandwidth connectivity to each desktop. Our employees have access to state-of-the-art communication facilities including data and voice, video-conferencing, ISDN, Internet and e-mail.

A key component of our global delivery model is the telecommunication linkages between our sites. To this end, we have designed a global network architecture that provides seamless access across the backbone and uses high availability mechanisms, triangulation features and meshed networks and advanced routing protocols for redundancy and availability. Although we rely on third parties, such as telecom providers and Internet service providers to provide such services, we have multiple service providers using multiple routes and media to attain high levels of redundancy, availability and performance. The network infrastructure is managed 24 X 7 by a dedicated team, which utilises industry standard network management tools and procedures.

Our client contracts often impose particular confidentiality and security standards. We have independently established a system of security measures to protect our computer systems from security breaches and computer viruses that may attempt to gain access to our communications network. We have deployed advanced technology and process based methods to ensure a high level of security. Some of these components include clustered and multilevel firewalls, intrusion detection mechanisms, vulnerability assessments, content filtering, antivirus and access control mechanisms. We use encryption techniques for confidentiality of data as required. See "Risk Factors — If we are unable to successfully protect our computer systems from security risks, our business could suffer."

RESEARCH AND DEVELOPMENT

We continuously invest in research and development so that our products keep pace with changing market requirements and technology trends, and remain competitive. Our product R&D investments include: creation of new intellectual property; 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 enhance the competitive positioning of our product offerings and expand the size of the markets that we target.

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

HUMAN RESOURCES

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

The following table sets out the number of our employees as of the end of the last three fiscal and the first nine months of fiscal 2005:

	As of March 31,			As of December 31,
	2002	2003	2004	2004
Number of Employees	1,210	1,299	1,320	1,918

Employee Profile

The average age of our employees is approximately 27 years. Our IT professionals have diverse educational backgrounds and as of December 31, 2004, graduate engineers comprised 27%, post-graduate engineers comprised 5%, Masters in Computer Applications/Masters in Computer Management comprised 13%, Masters in Business Administration and equivalent qualifications comprised 5% and other degrees comprised 50% of our IT professionals base. We believe that we have a balanced mix of experience with approximately 34%, 28% and 38% of our IT professionals with work experience of under 3 years, 3 to 6 years and over 6 years, respectively, as of December 31, 2004.

Recruitment

We have developed processes to evaluate and recruit large numbers of employees. Our hiring is driven by annual manpower plans, which are adjusted based on business viability on a periodic basis. We recruit talent from premier universities, colleges and institutes in India, including the Indian Institutes of Technology, regional engineering colleges and Indian Institutes of Management. In order to maintain our brand image and attract the best students from campus, we maintain relationships with these institutions through campus interactions. Our rigorous selection process involves a series of activities including case and group interviews, and technical and psychometric tests. We also hire laterally on a global basis. All new hires are inducted into our organisation through a structured program, which involves extensive training as well as mentoring.

The following chart presents our recruitment in the indicated periods:

Employee Recruitment	For the year ended March 31,			For the nine months ended December 31,
	2002	2003	2004	2004
New Hires	16	22	33	276
Lateral Hires	240	367	474	776
Total	**256**	**389**	**507**	**1,052**

Training

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

For the purpose of training our employees, we have set up a training facility at each of our major offices. At any time, we can simultaneously train 275 people in these facilities. Each training facility has a well-equipped library and modern IT facilities and infrastructure. In addition to permanent faculty members we invite visiting faculty that includes our senior management, senior employees of our clients and recognized academics.

All employees who have joined us with less than one year of industry experience are required to attend an intensive six-week, full-time training programme, which helps us develop skilled professionals with a global mindset. The training programme covers technology training, software engineering training as well as life-skills training.

We conduct continuous learning programmes that address project specific, technology and soft skills learning needs of our employees. We plan for ten days of continual learning every year for our experienced professionals.

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

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

Employee Retention and Care

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

The attrition rate of employees for fiscal 2002, 2003 and 2004, and the first nine months of fiscal 2005 was 15%, 16%, 17% and 13%, respectively, primarily among employees with three to four years experience. The increase in attrition is due, in part, to increased competition for IT employees as multinational competitors such as IBM and Accenture began establishing their presence in India. We have implemented certain measures to limit our attrition, including an increase in wages of our employees during fiscal 2003 and 2004, awarding performance related bonuses and the adoption of an employee stock option scheme. We have also introduced a market correction allowance programme that provides the heads of our business units a discretionary budget that allows them to provide upward adjustments to salaries of key employees as may be necessitated by market conditions. Further, we have initiated a programme that allows employees to be seconded to our overseas offices and have implemented a programme to recognise our employees' performance.

Compensation and Performance Management

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

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

Employee Stock Option Scheme

We have instituted an employee stock option scheme, or ESOS, to enable our employees, including our Directors to participate in our future growth and financial success. Under the ESOS, the maximum number of options granted to any employee is limited to 5% of our issued Equity Shares at the time of the grant, and the aggregate of all such options is limited to 25% of then-issued Equity Shares. As of March 1, 2005, there are options for 6,543,765 Equity Shares outstanding.

For more information regarding our ESOS, see "Capital Structure — 6. Employee Stock Option Scheme" on page 50 of this Prospectus.

Employee Post-Retirement Benefits

Our India-based employees' post-retirement benefits include a provident fund and a gratuity. Both the provident fund and the gratuity have been approved by the relevant statutory authorities. All India-based employees are entitled to provident fund benefits as laid down by Indian law. Each India-based employee makes monthly contributions to the plan equal to 12% of the employee's basic monthly salary and we contribute a matching amount. We have no further obligations under the plan beyond our monthly contributions.

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

Our employees based in other jurisdictions, such as the United States, Singapore and Australia, are provided such post-retirement benefits as are required by law in each such jurisdiction.

Employee Insurance

We provide our employees with accidental death insurance, group life insurance and medical insurance coverage in line with good business practice and in accordance with industry standards.

ACQUISITIONS AND STRATEGIC INVESTMENTS

Over the last five years, our strategy has been to expand both geographic presence and lines of business by acquiring companies that have product or service lines complementary to ours and that have a customer base in markets we wish to enter. See "Our History" on page 90 of this Prospectus.

INTELLECTUAL PROPERTY

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

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

We may, from time to time, need to enforce and defend our intellectual property rights from infringement by others. We are not currently involved in any material intellectual property litigation or enforcement. Although we believe that our intellectual property rights do not infringe on the intellectual property rights of any other party, infringement claims may be asserted against us in the future. If we were called upon to defend against a claim that we have infringed intellectual property rights, or were we 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 — We rely on our intellectual property rights, which may not be adequately protected under current laws, and thus any misappropriation of our intellectual property rights could harm our competitive position. The laws in certain countries in which we operate may not adequately protect our intellectual property rights."

Trademarks and Service Marks

We have registered one trademark in India and two trademarks in the United States for our products and have made 48 applications for registration of trademarks in various countries including India. We have made one application for the registration of assignment of trademarks that have been assigned to us pursuant to our acquisitions. Some of the trademarks are shown below:

Registered Trademark	**Countries of Registration**
Ideanurture	India
Orion	United States
Merlin	United States

Trademarks with pending applications	**Countries where application has been filed**
Orion	India
Merlin	India
Premia	India, United States
Advanta	United States
3i Infotech	India, United States, Australia
Aries	India, United States
Pinnacle	India
Risk free	India
Tangible	India
Triton	India
Xroadz	India
dbizpro	India
Newton	Sri Lanka, Bulgaria

We have applied with the Indian trademark registrar for the assignment to us of the trademark for Kastle, which was assigned to us by Ajax Software Solutions Ltd. in March 2001.

We have applications for registration of service marks in India and the United States, as follows:

Service Mark	**Countries of Registration / Application**
Beyond Tomorrow	India, United States
Veda	India, United States
Aries	India, United States
3i Infotech	India, United States, Australia

Rights in relation to NEWTON

Effective November 2004, we acquired from IMS System Company, Korea ("IMS") all rights, benefits, title and interest, including all the intellectual property rights relating to, the NEWTON software within the territorial limits of India, Sri Lanka, Bangladesh, Nepal, Ukraine, Belarus, Romania, Bulgaria, Qatar, United Arab Emirates and Oman. At the same time, we acquired exclusive distribution rights for NEWTON software in Kazakhstan, Thailand and Malaysia. We must obtain the prior written consent of IMS for any business activity outside the territories mentioned above.

We are restricted from selling intellectual property rights relating to NEWTON software to any party until November 2007. The intellectual rights for all modifications, enhancements, developments and upgrades made by us to the software, will vest with us without any territorial limitation or restriction.

The ownership and the distribution rights granted to us are to be perpetual and cannot be terminated. However, as of the date of the Red Herring Prospectus, US$ 900,000 remains payable by us to IMS, out of which US$ 200,000 will become due on April 30, 2005, US$ 200,000 will become due on May 31, 2005 and the remaining US$ 500,000 will become due on July 1, 2005. IMS has reserved the right to terminate the agreement in the event we fail to pay the outstanding consideration amount within 15 days from the foregoing due dates. In the event of such termination, our rights to NEWTON will be limited to distribution rights within the territories of India, Sri Lanka and Nepal.

Trademark Licensing Agreement with ICICI Bank

We have entered into a Trademark Licensing Agreement ("TLA") with ICICI Bank dated February 12, 2003. Under the TLA, ICICI Bank has permitted us and our subsidiaries a non-exclusive, non-proprietary license and the right to use the ICICI trademarks owned by ICICI Bank. ICICI Bank retains the right to amend or waive any provision of the TLA in its sole discretion by notification in writing and signed by an authorized signatory of ICICI Bank. Further, ICICI Bank has the right to terminate the TLA without any cause at any time by giving 30 days prior written notice, or upon ICICI Bank ceasing to hold, whether directly or indirectly or beneficially, our equity shares capital in such amount and percentage as ICICI Bank may determine at its sole discretion.

Upon termination of the TLA, we have three months within which we are to cease use of the ICICI trademark. We will be allowed to call ourselves "formerly ICICI Infotech" for a period of six months after the foregoing three-month period has ended.

Effective January 20, 2005, we changed our corporate name to 3i Infotech Limited. We anticipate using "formerly ICICI Infotech" for a limited period of time, or as may be required by law, while we establish our new corporate name.

Copyrights

We have two registered copyrights in India for products developed by us. We have made applications for the registration of three copyrights that have been assigned to us through our acquisitions. We have made applications for the registration of three copyrights in India for products acquired by us through our acquisitions. Some of the significant copyrights are shown below:

Registered Copyright	Country of Registration
Triton	India
Risk free	India
Kastle	India
Pinnacle	India

Copyrights with pending applications	Country in which application has been filed
Orion	India
Premia	India
Merlin	India
Tangible	India

LEGAL PROCEEDINGS

As of the date of this Prospectus, we are not party to any pending material legal proceeding. See "Outstanding Litigation " on page 128 of this Prospectus.

CAPITAL STRUCTURE

SHARE CAPITAL as of March 1, 2005

(Rs. million)

			Aggregate nominal value	Aggregate value at Issue Price
A.	**Authorised Capital**			
	100,000,000	Equity Shares of Rs. 10 each	1,000.00	
	300,000,000	Preference Shares of Rs. 5 each	1,500.00	
B.	**Issued, Subscribed and Paid-Up Capital**			
	31,002,841	Equity Shares of Rs. 10 each fully paid-up	310.03	
	300,000,000	Preference shares of Rs.5 each fully paid up	1,500.00	
C.	**Present Issue to the public pursuant to this Prospectus**			
	20,000,000	Equity Shares of Rs. 10 each	200.00	2,000.00
D.	**Employee Reservation Portion [1]**			
	400,000	Equity Shares of Rs. 10 each	4.00	40.00
E.	**Net Issue to the Public**			
	19,600,000	Equity Shares of Rs. 10 each	196.00	1,960.00
F.	**Green Shoe Option pursuant to this Prospectus[2]**			
	3,000,000	Equity Shares of Rs. 10 each	30.00	300.00
G.	**Equity Capital after the Issue**			
	51,002,841	Equity Shares of Rs. 10 each	510.03	
H.	**Equity Capital assuming exercise of Green Shoe Option in full**			
	54,002,841	Equity Shares of Rs. 10 each	540.03	
I.	**Securities Premium Account**			
		Before the Issue	80.68	
		After the Issue	1,880.68	

(1) For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees/directors of the Company who are Indian nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

(2) ICICI Bank as the Green Shoe Lender has agreed to lend 3,000,000 Equity Shares to the Stabilizing Agent, in the event that the Green Shoe Option is exercised by Stabilizing Agent.

a) The authorised share capital of the Company was increased from Rs. 2,000 million to Rs. 2,500 million pursuant to the resolution passed by the shareholders of the Company at the EGM held on January 18, 2005.

b) The face value of the Equity Share was originally Rs. 10, however on January 28, 2000 the face value was split to Rs. 5 per Equity Share. Subsequently, the face value was consolidated to Rs.10 per Equity Share on January 18, 2005.

1. ***Share Capital History***

(a) Equity Share Capital

Date on which Equity Shares were allotted and made fully paid up	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment	Cumulative Paid-up capital (Rs.)	Cumulative Securities Premium (Rs.)
November 9, 1993	700	10	10	Cash	Subscription to the Memorandum of Association	7,000	-
July 7, 1994	250,000	10	10	Cash	Allotment to ICICI	2,507,000	-
December 29, 1994	1,750,000	10	10	Cash	Further allotment to ICICI	20,007,000	-
July 24, 1999	2,000,700	10	-	Bonus	Bonus Equity Shares allotted to ICICI	40,014,000	-
July 24, 1999	998,600	10	10	Cash	Further allotment to ICICI	50,000,000	-
January 28, 2000	10,000,000	5	-	As a result of splitting the face value of the Equity Shares	Sub-division of face value of each Equity Share from Rs. 10/- each into face value of Rs. 5/- each	50,000,000	-
June 22, 2000	2,000,000	5	150	Cash	Further allotment to ICICI	60,000,000	290,000,000
September 14, 2000	36,000,000	5	-	Bonus	Bonus Equity Shares allotted to ICICI	240,000,000	110,000,000
January 19, 2001	1,666,667	5	150	Cash	Further allotment to ICICI	248,333,335	351,666,715
March 31, 2001	-	-	-	-	Increase in Securities Premium Account due to merger of Ajax Software Solutions Pvt. Ltd.	248,333,335	364,757,308
April 1, 2001	11,500,000	5	100	Conversion	Conversion of existing optionally convertible debentures issued to ICICI	305,833,335	1,457,257,308

Date on which Equity Shares were allotted and made fully paid up	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment	Cumulative Paid-up capital (Rs.)	Cumulative Securities Premium (Rs.)
July 10, 2001	4,380	5	37.5	Cash	ESOS	305,855,235	1,457,399,658
October, 19, 2001	1,120	5	37.5	Cash	ESOS	305,860,835	1,457,436,058
January, 14, 2002	3,200	5	37.5	Cash	ESOS	305,876,835	1,457,540,058
February 28, 2002	1,520	5	37.5	Cash	ESOS	305,884,435	1,457,589,458
June 6, 2002					Securities premium written off under S.78 Companies Act (1)	305,884,435	207,589,458
July 22, 2002	4,100	5	37.5	Cash	ESOS	305,904,935	207,722,708
July 22, 2002	100	5	68.0	Cash	ESOS	305,905,435	207,729,008
August 28, 2002	6,000	5	68.0	Cash	ESOS	305,935,435	208,107,008
August 28, 2002	768,535	5	100	Cash	Further issue of Equity Shares to Emirates Bank International PJSC	309,778,110	281,117,833
March 31, 2003					Redemption of preference shares	309,778,110	79,017,833
July 24, 2003	2,460	5	37.5	Cash	ESOS	309,790,410	79,097,783
November 5, 2003	200	5	37.5	Cash	ESOS	309,791,410	79,104,283
July 23, 2004	26,200	5	37.5	Cash	ESOS	309,922,410	79,955,783
July 23, 2004	1,600	5	45.0	Cash	ESOS	309,930,410	80,019,783
January 18, 2005	30,993,041	10	-	NA	Consolidation of face value of Rs. 5/- each into face value of Rs. 10/- each.	309,930,410	80,019,783
January 23, 2005	8,200	10	75.0	Cash	ESOS	310,012,410	80,552,783
January 23, 2005	1,600	10	90.0	Cash	ESOS	310,028,410	80,680,783
Total	**31,002,841**					**310,028,410**	**80,680,783**

(1) Rs. 1250 million written off against the Securities Premium Account on account of writing off the diminution in the value of the investment of the Company in the share capital of 3i Infotech Inc., USA in terms of a special resolution dated March 28, 2002 and passed by the order of the Bombay High Court dated June 6, 2002.

(b) Preference Share Capital

Date on which Preference Shares were allotted and made fully paid-up/	Number of Preference Shares	Face Value	Issue Price	Nature of payment of consideration	Reasons for Allotment/ Redemption	Cumulative Paid-up Preference capital (Rs. millions)
March 22, 2002	260,000,000	Rs. 5	Rs. 5	Conversion of existing loan of ICICI Limited of Rs. 1,300 million	Conversion of existing loan from ICICI Limited	1,300
March 31, 2003	260,000,000				Redemption of 9.85% preference shares at premium	
March 31, 2003	300,000,000	Rs. 5	Rs. 5	Fresh issue of 6.35% redeemable preference shares.	Capital restructuring	1,500

2. Promoter's Contribution and Lock-in

(a) Promoter Group Shareholding

Name of Promoter	Date on which fully paid up Equity Shares were acquired/ transferred	Nature of payment of consid-eration	Par Value (Rs.)	Number of Equity Shares of Rs. 5 each	Number of Equity Shares of Rs. 10 each upon consolidation	Issue Price (Rs.)	Nominal Value of Equity Shares (Rs.)	% of Post-Issue Paid up capital without Green Shoe	% of Post-Issue Paid-up capital after Green Shoe
SIF	April 17, 2003 (1)	Cash	5	39,036,190	19,518,095	100	195,180,950	38.27%	36.14%
ICICI Bank	March 30, 2002(2)		5	18,290,477	9,145,238	NA	91,452,380	17.93%	16.94%
TOTAL	**-**	-	**-**	**57,326,667**	**28,663,333**	**-**	**286,633,330**	**56.20%**	**53.08%**

(1) Date of transfer of 29,136,043 Equity Shares from ICICI Trusteeship Services Limited - Equity Fund and 9,900,147 Equity Shares from ICICI Trusteeship Services Limited IT Fund to SIF.

(2) Equity Shares transferred to ICICI Bank, pursuant to merger of erstwhile ICICI with ICICI Bank.

(b) Promoters Lock -In

The Equity Shares held by SIF would be locked in as under:

(i) If Green Shoe Option is fully exercised:

Number of Equity Shares (if the Green Shoe is exercised)	**Par Value**	**% of Post-Issue Paid-up capital**	**Lock-in Period**
11,143,603	Rs. 10	20.00%	3 years (1)
8,374,492	Rs.10	18.27%	1 year(1)

(1) Commencing from the date of allotment of Equity Shares in this Issue.

(ii) If Green Shoe Option is not exercised:

Number of Equity Shares (if the Green Shoe is not exercised)	**Par Value**	**% of Post-Issue Paid-up capital**	**Lock-in Period**
10,543,603	Rs. 10	20.00%	3 years (1)
8,974,492	Rs.10	16.14%	1 year(1)

(1) Commencing from the date of allotment of Equity Shares in this Issue.

Other than the lock-in on the Equity Shares held by SIF as stated above and the Equity 'Shares held by the employees of the Company issued under ESOS prior to the Issue, the entire pre-Issue equity share capital of the Company will be locked in for the period of one year from the date of allotment of Equity Shares in this Issue. For details please see "Capital Structure, Employee Stock Option Scheme" on page 50.

Locked-in Equity Shares held by the Promoter can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of clause 4.16 (b) of the DIP Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Code, as applicable. The Promoters may, at their discretion, pledge their Equity Shares with banks or financial institutions as additional security for loans.

Further, in terms of clause 4.16 (a) of the DIP Guidelines, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the DIP Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the DIP Guidelines as amended from time to time.

No Equity Shares have been purchased or sold by our Promoters, during the period of six months preceding the date on which the Prospectus is filed with RoC.

The following directors of ICICI Bank, our Promoters hold Equity Shares of the Company as nominees of ICICI Bank:

Name of Director	**Number of Equity Shares held**
Mr. N. Vaghul	800
Mr. K. V. Kamath	800
Ms. Kalpana Morparia	800
Ms. Lalita Gupte	800

There is no natural person who is holding 10% or more of voting rights of the Promoters. For Board of Directors of our Promoters, see "Our Promoters" on page 108 of the Prospectus.

3. **Equity Shares held by the top ten shareholders**

Our top ten shareholders and the Equity Shares held by them on the date of filing the Prospectus with RoC and ten days prior to the date of filing the Prospectus with RoC are as follows:

Name	**Number of Equity Shares (of Rs. 10 each) held**	
	On the date of filing the Prospectus with RoC	**Ten days prior to the date of filing the Prospectus with RoC**
Western India Trustee and Executor Company Limited for account of ICICI Strategic Investments Fund	19,518,095	19,518,095
ICICI Bank	9,145,238	9,145,238
Emirates Bank International PJSC	2,304,268	2,304,268
Sudha Kunkalienkar	8,700	8,700
K N Madhava	4,300	4,300
Sanjay Manohar Belsare	4,100	4,100
Holly R Neumann	3,000	3,000
Umesh P. Rao	2,600	2,600
Ritu Madan	2,100	2,100
Narasimhan Natarajan	1,600	1,600

Our top ten shareholders and the shares held by them two years prior to the date of filing the Prospectus with RoC are as follows:

Name	**Number of equity shares (of Rs. 5 each) held two years prior to the date of filing the Prospectus with RoC**
ICICI Trusteeship Services Limited - Equity Fund	29,136,043
ICICI Bank	18,279,277
ICICI Trusteeship Services Limited - IT Fund	9,900,147
Emirates Merchant Bank Ltd	3,840,000
Emirates Bank International PJSC	768,535
Holly Neumann	6,000
Narasimhan Natarajan	3,200
Harish Sadarangani	1,040
Ravi R Nair	1,040
O'neil Almeida	1,000

4. As of the date of the Prospectus, except for 6,543,765 employees stock options outstanding, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. See "Capital Structure, Employee Stock Option Scheme" below.

5. Shareholding Pattern

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue and the Green Shoe Option.

Shareholder Category	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue [1]		Equity Shares owned after the Issue [1]	
	Number	%	Number (if Green Shoe Option is not exercised)	%	Number (If Green Shoe Option exercised in full)	%
Promoters						
Western India Trustee and Executor Company Limited	19,518,095	62.95%	19,518,095	38.27%	19,518,095	36.14%
Account: ICICI Strategic Investments Fund ICICI Bank	9,145,238	29.50%	9,145,238	17.93%	9,145,238	16.94%
Total Holding of the Promoters	**28,663,333**	**92.45%**	**28,663,333**	**56.20%**	**28,663,333**	**53.08%**
Others	2,339,508	7.55%	2,339,508	4.59%	2,339,508	4.33%
Public	-	-	20,000,000	39.21%	23,000,000	42.59%
Total	**31,002,841**	**100.00%**	**51,002,841**	**100.00%**	**54,002,841**	**100.00%**

6. Employee Stock Option Scheme (ESOS)

We have instituted an employee stock option scheme, or ESOS, to enable our employees, including our Directors to participate in our future growth and financial success. Under the ESOS, the maximum number of options granted to any employee is limited to 5% of our issued Equity Shares at the time of the grant, and the aggregate of all such options is limited to 25% of then-issued Equity Shares. As of March 1, 2005, there are 6,543,765 options outstanding.

The directors and the key management personnel of the Company who have been granted options and Equity Shares on the exercise of the options have confirmed to us that they do not intend to sell any shares arising from such options for 3 months after the date of listing of the Equity Shares in this Issue. Other employees and ex-employees of the Company holding Equity Shares at the time of listing of Equity Shares and Equity Shares on exercise of vested options may sell their equity shareholding within the 3 month period after the listing of the Equity Shares. This disclosure is made in accordance with para 15.3 (b) of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2000.

The following table sets forth, the particulars of options granted under ESOS.

	Particulars	Options for purchase of Equity Share of face value of Rs.10 each					
		Option 2000	Option 2001	Option 2002	Option 2003	Option 2004	Option 2005
a.	Options granted to purchase Equity Shares	1,173,900	1,022,400	356,750	574,000	717,000	3,645,775
b.	The exercise of Options price[(1)] each Rs.10 share	75	136	200	90	90	At the same price at which shares will be allotted in the IPO
c.	Basis for issue price	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	As above
d.	Options vested as on January 31, 2005	761,240	733,900	126,775	93,260	-	-
e.	Number of options exercised as of January 31, 2005	29,790	3,050	-	2,400	-	-
f.	The total number of Equity Shares arising as a result of exercise of options as of January 31, 2005	29,790	3,050	-	2,400	-	-
g.	Number of Options to purchase shares lapsed	382,870	285,450	103,200	105,300	34,000	-
h.	Variation in Terms of Options	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
i.	Money realised by exercise of Rights (Rs.)	2,234,250	414,800	-	216,000	-	-
j.	Total number of Options outstanding as on January 31, 2005	761,240	733,900	253,550	466,300	683,000	3,645,775
k.	Person-wise details of options granted to 1. Directors and senior managerial personnel; 2. Any other employee (including Directors of the Promoters) who received grant in any one year of options amounting to 5% or more of option granted during that year; and	As stated below					

Financial Year	2000	2001	2002	2003	2004	2005
K.V. Kamath	100,000	100,000	-	-	-	-
Lalita D. Gupte	70,000	70,000	-	-	-	
V. Srinivasan	-	-	28,000	35,000	70,000	500,000
Manoj K.	-	-	-	-	50,000	200,000
Hari P.	-	-	-	-	50,000	200,000

	3. Identified employees (including Directors of the Promoters) who are granted option, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	see table below
l.	Diluted Earning Per Share (EPS) pursuant to issue of Equity Shares under an employee share purchase scheme	Refer to "Auditor Report Earning Per Share" on Page 227 of this Prospectus.
m.	Vesting schedule	20%, 30%, 50% on the completion of the 1, 2, 3 years, respectively, from the date of each grant.
n.	Lock-in	Not applicable

Financial Year	2000	2001	2002	2003	2004	2005
K.V. Kamath	100,000	-	-	-	-	-
Lalita D. Gupte	70,000	-	-	-	-	-

The following table sets forth details of options granted to senior managerial personnel as of March 1, 2005 and shares of the Company held by them.

Name	Position	Stock Options granted	Shares held at March 1, 2005	Options vested
V Srinivasan	Managing Director and CEO	703,000	Nil	91,000
Manoj Kunkalienkar	Executive Director	319,400	Nil	43,400
Hariharan Padmanabhan	Executive Director	275,000	Nil	5,000
Arvind Joshi	Senior General Manager	105,000	Nil	12,500
Amar Chintopanth	General Manager and Chief Financial Officer	134,000	Nil	4,600
Debneel Mukherjee	President– Asia Pacific	148,100	Nil	20,100
Hariharan Padmanabhan	Executive Director	275,000	Nil	5,000
Kalpesh Desai	COO – Middle East & Africa	90,000	Nil	1,000
M. B. Battliwala	General Manager Marketing and Public Relations	70,250	Nil	14,575
Manoj Mandavgane	General Manager Human Resources	69,600	Nil	19,200
Padmanabhan Iyer	General Manager	60,000	Nil	0
Ravi Jagannathan	Senior Vice President	55,400	Nil	6450
Sanjeev Saxena	General Manager	44,000	Nil	0
Shirish Atre	General Manager, Banking Products	59,750	Nil	7,550
Shridhar Kane	General Manager, Quality	Nil	Nil	Nil
Shivanand Shettigar	Compliance Officer and Company Secretary	70,000	Nil	9,250

Options Granted to Non-executive Directors on March 1, 2005

Name of the Director	Options granted
Hoshang Sinor	50,000
Suresh Kumar	50,000
Vijay Thacker	50,000
Balaji Swaminathan	50,000
Vincent Addonisio	50,000

Options granted to the Directors of ICICI Bank

	Year	
Names	**2000**	**2001**
	Number of Options	
K.V. Kamath	100,000	100,000
Lalita D. Gupte	70,000	70,000
Kalpana Morparia	15,000	15,000
Chanda Kochhar	15,000	15,000
Nachiket Mor	15,000	15,000

7. ***Buyback and Standby Arrangements***

   None of the Promoters, the Company, their respective directors or the BRLMs has entered into any buyback and/or standby arrangements for the purchase of our Equity Shares from any person.

8. We have not raised any bridge loan against the proceeds of the Issue. The net proceeds of the Issue will be utilised to redeem the preference shares issued to ICICI Bank and to repay a part of long-term and short-term debt and for general corporate purposes.

9. As per the extant policy OCBs are not permitted to participate in the Issue. It will not be necessary for the investors to seek separate permission from the FIPB/RBI for investing for Equity Shares in this Issue.

10. Up to 50% of the Net Issue shall be allocated to QIBs on a discretionary basis. Further, a minimum of 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid bids being received from them at or above the Issue Price. Under-subscription, if any, in the QIB, Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs.

11. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

12. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the equity shares offered hereby have been listed.

13. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, we may (i) issue equity shares pursuant to the exercise of ESOS; (ii) redeem the preference shares held by ICICI Bank; and (iii) issue equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture, or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the

Company.

14. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash, except for bonus issue made out of free reserves.

15. There will be only one denomination of the Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

16. We had 49 members as of March 1, 2005.

17. Only Permanent Employees of the Company who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid- cum-Application Form would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Employees and directors other than as mentioned hereinabove in this statement are not eligible to participate under this reservation. Bid/ Application by employees and directors of the Company can be made also in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids

18. The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

19. As per Chapter VIIIA of the DIP Guidelines, we have decided to avail of the Green Shoe Option for stabilizing the post-listing price of the Equity Shares. We have appointed DSPML as the Stabilizing Agent. The Green Shoe Option consists of option to over allot up to 3,000,000 Equity Shares of Rs. 10 each at a price of Rs. 100 per share aggregating Rs. 300 million representing 15% of the Issue, exercisable during the period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares in the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilizing Agent.

The terms of the Green Shoe Option are as follows:

The maximum number of shares	3,000,000 Equity Shares of Rs. 10 each at a price of Rs. 100 per Equity Share aggregating Rs. 300 million representing 15% of the Issue Size
The maximum increase in paid-up capital in case of full exercise of the Green Shoe Option	Rs. 30,000,000
Stabilization Period	The period commencing from the date of obtaining trading permission from the Stock Exchange for the Equity Shares under the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilizing Agent.

OBJECTS OF THE ISSUE

The objects of the issue is to redeem the preference shares issued to ICICI Bank (one of our Promoters), repayment of certain long-term and short-term debt and for general corporate purposes. In addition the proposed Issue would create a public trading market for the Equity Shares of the Company by listing them on the Stock Exchanges. We believe that the listing of our shares will enhance our visibility and brand name.

We intend to use the proceeds of the present Issue for the following purposes:

Objects	(Rs. in million)
Redemption of Preference Share Capital	1,500.00
Repayment of Short-term loans and long-term loans	938.71
Issue Expenses	113.20
Total	2,551.71

Redemption of Preference Share Capital

We issued 300 million 6.35% redeemable preference shares of Rs. 5/- each fully paid up aggregating Rs. 1,500 million on March 31, 2003 to ICICI Bank, one of our Promoters. The same are redeemable at par at the end of nine years from the date of issue. We propose to redeem these preference shares at par out of the proceeds of this Issue. ICICI Bank has consented to redemption of these preference shares vide its letter dated February 5, 2005.

Repayment of short-term and long-term loans

As of February 28, 2005, the total short-term and long-terms loans outstanding aggregated Rs. 1390.07 million. These loans carry different rates of interest and with varied tenure. We intend to pre-pay/repay a part of these borrowings out of the proceeds of this Issue. Out of the above, we intend to pre-pay the following loans:

Short-term Loans (outstanding as on February 28, 2005)

Name of the Lender	(Rs. in million)
Development Credit Bank Ltd.	150.93
Bank of Rajasthan Ltd.	96.52
Indusind Bank Ltd.	200.00
Jammu Kashmir Bank Ltd.	38.40
ING Vysya Bank Ltd.	53.84
IDBI Bank Ltd.	29.16
State Bank of India, New York branch.	42.53
Total	**611.38**

Long-term Loans (outstanding as on February 28, 2005)

Name of the Lender	(Rs. in million)
Canara Bank	264.33
Bank of Maharashtra	63.00
Total	**327.33**

We will approach the lenders after the completion of this Issue for pre-payment of the above loans. Some of the loan agreements provide for payment of pre-payment penalties and we may have to pay such excess amounts.

Issue expenses

The expenses for the Issue include among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees payable to the stock exchanges. The estimated Issue expenses are as follows:

Activity	Expenses (Rs. in millions)
Lead management, underwriting and selling commission[1]	60.0
Advertising and Marketing expenses	10.0
Printing and stationery	12.3
Others (Registrars fee, legal fee, listing fee, etc.) [2]	30.7
Total estimated Issue expenses	113.0

(1) Includes Rs. 10 million payable to ICICI Securities Limited, the Co-Book Running Lead Manager to the Issue. ICICI Securities is a subsidiary of ICICI Bank, one of our Promoters.

(2) Includes Rs. 75 million payable to Green Shoe Lender, ICICI Bank, one of our Promoter, for lending the equity shares for over allotment pursuant to Green Shoe Option. For details see "Green Shoe Option – Fees and Expenses" on page 11 of this Prospectus.

Any excess amount collected from the Issue shall be deployed for general corporate purpose. In case the total Issue proceeds are less than Rs. 2,551.71 million, we will reduce the repayment of perference share capital to the extent of shortfall.

Funds deployed on the objects of the Issue

As on January 31, 2005, we have not deployed any funds towards the Objects of the Issue.

Interim Use of Proceeds

Pending any use as described above, we intend to invest the proceeds of this Issue in high quality, interest/dividend bearing short-term/long-term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by our Board or a duly authorised committee thereof.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividends to be paid to our shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for the dividend include, without limitation, repayment of interest of loans, repayment of principal loan amounts, our future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions.

Dividend History

Dividend on equity shares

Year ending March 31	Rate of Dividend (%)	Amount of Dividend (Rs. million)
2000	50	20.33
2001	55	46.73
2002	55	168.23
2003	5	15.41
2004	5	15.49

Dividend on preference shares

On 260,000,000 preference shares of Rs. 5 each, dividend at the rate of 9.85% paid from March 22, 2002 to March 31, 2003.

On 300,000,000 preference shares of Rs. 5 each, dividend at the rate of 6.35% paid from March 31, 2003 till date.

For details see, “Audit Report - Details of Dividend paid by the Company” on page 240 of this Prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS PER INDIAN GAAP)

You should read the following discussion of our financial condition and results of operations together with our audited/ examined consolidated restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear in this Prospectus, beginning on page 187. Indian GAAP and US GAAP differ in certain material respects. For more information on these differences, please refer to the section entitled "Financial Information – Summary of Significant Differences Between Indian GAAP and US GAAP" beginning on page 262 of this Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements under Indian GAAP, as restated.

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

OVERVIEW

We are in the business of providing a range of information technology solutions to companies world-wide, with a primary focus on the banking, insurance and financial service industries. We are organised geographically, with wholly-owned subsidiaries in the United States, Singapore, Malaysia and Australia, and branches in the United Kingdom and the Middle East. We have two primary lines of business: (a) our banking, insurance and financial services solutions and enterprise solutions business comprise our "Products Business"; and (b) our technology solutions business comprises our "Services Business". In turn, our Products Business consists of two business segments: (1) banking, insurance and financial services solutions, consisting of product licenses and related services for the banking, insurance and financial services industries; and (2) enterprise solutions, consisting of our enterprise resource planning product licenses and related services. Our Services Business consists of software service, network and facilities management and IT-enabled business process outsourcing services.

Products Business

Our product offerings include a package of software solutions for the banking, insurance and financial services industry and an enterprise resource planning package. Our suite of banking products have been sold in more than 30 countries and comprises a range of software solutions addressing the transaction processing, accounting, business intelligence, analytical application and Internet delivery needs of a wide range of financial institutions, including corporate banks, retail banks, universal banks, capital market intermediaries, investment banks and other specialised financial institutions.

Our PREMIA suite of software products comprise an integrated insurance management system for property, casualty, life and health insurance providers, offering integration across major heads of insurance activity, including policy and endorsement entry and approval, claims processing and re-insurance.

Our ORION enterprise solutions suite of software products includes:

- ORION Enterprise, an end-to-end integrated application and deployment platform that includes enterprise resource planning coupled with customer relationship management and supply chain management features;
- ORION Advantage, a pre-configured enterprise resource planning solution designed specifically to meet the business requirements of companies in various vertical markets, such as those in the pharmaceutical, automotive and chemical industries;
- ORION Lite, a simple to install and implement out-of-the-box enterprise resource planning solution for trading operations; and
- Xroadz, an open-ended enterprise resource management solution.

Services Business

We have an independent Services Business, which provides custom software development, deployment, maintenance and support services (both onsite and offshore), system integration and IT consulting services.

Factors affecting results of operations

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

- General economic conditions in India and large global markets, particularly the United States;
- Changes in the demand for IT products and services, particularly in the banking and financial services sectors;
- Fluctuations in the rate of exchange between the Rupee and major foreign currencies, such as the U.S. dollar, the Singapore Dollar and the Emirati Dirham;
- The increasing share of revenues from our Products Business;
- Capital expenditures, including for our global development centres and for product development;
- 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;
- Changes in interest rates; and
- Changes in net working capital.

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, the future developments which may affect our future results of operations, financial condition and cash flow include:

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

For more information on these and other factors/developments which have or may affect us, see "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Risk Factors" and "Business".

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

We were incorporated in 1993, as a wholly-owned subsidiary of ICICI Limited. Initially, our primary business activity was to provide back-office IT services for ICICI Limited and certain of its subsidiaries and affiliates. In early 1999, all IT-related services and operations for ICICI Limited, ICICI Bank, and certain of their respective subsidiaries and affiliates, were consolidated under us. Beginning in late 1999, we began offering and providing software development, IT infrastructure and network management services to companies other than ICICI Limited, ICICI Bank, and their respective subsidiaries and affiliates, and by fiscal 2003 we had expanded our business to include the sale of our suite of software product solutions. During the second quarter of fiscal 2003, our agreement to provide IT-related services for ICICI Bank's retail credit and card operations was terminated due to the bank's decision to have these services performed in-house. As a result of this termination, ICICI Bank paid us a termination fee of Rs. 150.0 million, which was recorded as extraordinary income for fiscal 2003, and our employees who had been performing services under the terminated agreement were absorbed by ICICI Bank. The percentage of income derived from fees for IT-related services for ICICI Bank, certain of its subsidiaries and affiliates, has declined from almost 100% in fiscal 1999 to 31% in fiscal 2004. As of December 31, 2004 we continue to provide IT-related services for ICICI Bank and certain of its subsidiaries and affiliates, including software services, network infrastructure management and IT-related services for the retail and wholesale borrowings of ICICI Bank. We also act as the registrar for shares and bonds issued by ICICI Bank and as transfer agent for such shares and bonds, dealing with all matters connected with the transfer and redemption thereof. See "Risk Factors - Our operating results, particularly for our IT services business, depend on our relationships with a limited number of customers, including ICICI Bank" and "Risk Factors - There is no assurance that ICICI Bank and ICICI Strategic Investments Fund will remain significant shareholders."

United States Operations

During fiscal 2001 we acquired three U.S. IT service companies through our U.S. subsidiary 3i Infotech Inc. The acquisitions were undertaken with a view to leveraging the customer base of the acquired companies in order to expand our IT service operations in the United States. However, due to the events of September 11, 2001 and the subsequent slowdown in the United States economy, the IT service industry in the United States underwent a downturn. Due to relatively small scale of operations of our acquisitions, we were unable to compete with the larger service providers and the revenues that were expected to result from our acquisitions did not materialize. As a result, during fiscal 2002 we recognized an impairment charge of Rs. 1,250.0 million on our U.S. investments. Under Indian GAAP, we offset this impairment charge by applying for, and obtaining, court approval in accordance with the Companies Act to reduce our securities premium account by a corresponding amount. Accordingly, this impairment charge did not impact our income statement. Had we not availed of the reduction in our securities premium account, we would have incurred a loss after tax of Rs. 1,214.9 million. During fiscal 2003 and 2004 we also scaled back the costs related to our U.S. operations by closing some of our U.S. offices and reducing headcount. While our U.S. operations have shown improvement during the first nine months of fiscal 2005, we do not know whether this will be maintained or continued.

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 Prospectus are reported in Indian Rupees. The translation to 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. In fiscal 2004 and the first nine months of fiscal 2005, approximately 55% and 60% of our total income was earned in currencies other than the Indian Rupee. For the same periods, approximately 55% and 54%, respectively, of our costs of revenues and sales, general and administrative expenses were incurred 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. 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 - We derive a significant portion of our revenues from exports and accordingly face exchange rate risks."

Generally, Indian law requires residents of India to repatriate any foreign currency earnings to India to control the exchange of foreign currency. More specifically, Section 8 of the Foreign Exchange Management Act, or FEMA, requires an Indian company to take all reasonable steps to realize and repatriate into India all foreign exchange earned by the company outside India, within such time periods and in the manner as specified by the Reserve Bank of India, or RBI. The RBI has promulgated guidelines that require the company to repatriate any realized foreign exchange back to India, and either:

- sell it to an authorized dealer for 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, or EEFC, account with an authorized dealer; or
- use it for discharge of debt or liabilities denominated in foreign exchange.

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

Employee Utilization

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

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

Product Development

During the course of each fiscal year, we incur research and development expenses relating to various product development projects, both for developing new products and enhancing our existing products. These expenses consist primarily of the salaries, bonuses and allowances paid to our product development teams, as well as costs associated with the use of our development centre facilities, such as electricity and communications charges. These expenses are deducted from cost of revenues and sales, general and administrative expenses (as applicable) and are capitalized as capital work-in-progress. Once a specific product development project is completed, the expenses for this project that have previously been transferred to capital work-in-progress are transferred to fixed assets. Thereafter, they are depreciated over a period of 10 years in accordance with Indian GAAP. In the event a product development project is abandoned before completion, the expenses for that particular project are written off during the fiscal year it is abandoned.

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

See "Risk Factors - Our product sales cycle is long and we may be unable to recoup our investment costs to develop our software products."

RESULTS OF OPERATIONS

Income

Our total income has two components:

- Operating income; and
- Other income.

The following table sets out the contribution of each of these components of income expressed as a percentage of our total income for fiscal years 2002, 2003 and 2004, and the first nine months of fiscal 2005:

	For the year ended March 31,			For the nine months ended December 31,
	2002	2003	2004	2004
Operating Income:				
Software Products	5.0%	15.2%	31.2%	42.6%
Services:				
IT Enabled Transaction Processing Services	24.9	20.7	10.5	8.4
Software Development and Consulting Services	58.1	49.1	34.8	35.5
IT Infrastructure Networking and Facilities Management Services	9.8	12.5	21.4	11.5
Others	-	-	0.9	1.1
Other Income	2.2	2.5	1.2	0.9
Total Income	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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,			For the nine months ended December 31,
	2002	2003	2004	2004
India	54%	60%	55%	46%
United States	42	25	26	27
Middle East and Africa	2	13	14	20
Asia Pacific	2	2	5	7
Total Income	**100.0%**	**100.0%**	**100%**	**100.0%**

Software Products

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

License fees are recognized upon delivery or installation, as the case may be, except for approximately 5.0% of the license fees, which we recognize *pro rata* over the applicable warranty period. Professional fees for implementation and enhancement services are recognized on a percentage of completion basis. Maintenance fees in respect of software products are deferred and recognized ratably over the period of the underlying maintenance service contract. We generally provide a warranty that will be effective from the time the installation of the product has been accepted by the client and will be valid for periods ranging from three months to two years from the date of such acceptance. During fiscal 2004, 61% of income from our Products Business was from licensee fees, 34% was from implementation and enhancement services fees and 5% was from maintenance fees. For the first nine months of fiscal 2005, 70% of income from our Products Business was from licensee fees, 25% was from implementation and enhancement services and 5% was from maintenance fees.

The contribution to total income of software products has increased over the last three fiscal years, from 5.0% in fiscal 2002, to 15.2% in fiscal 2003 and to 31.2% in fiscal 2004. For the nine months ended December 31, 2004, income from software products as a percentage of total income was 42.6% due to an overall increase in products sales volume.

In fiscal 2004, our suite of banking software solutions contributed 8.0% of total income, our suite of PREMIA software solutions contributed 11.0% of total income and our suite of ORION enterprise resource software contributed 12.0% of total income. During the first nine months of fiscal 2005, our suite of banking software solutions contributed 14.1% of total income, our suite of PREMIA software solutions contributed 15.1% of total income and our suite of ORION enterprise resource software contributed 13.4% of total income.

Services

Software Development and Consulting Services

Revenue from software development and consulting services is recognized either on a time-and-material basis or on a fixed-price basis. Revenue on 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. For fiscal 2004 and for the nine months ended December 31, 2004, approximately 44.0% and 52.0% of our services contracts were fixed-price contracts. The contribution to total income from software development and consulting services has declined over the last three fiscal years both in absolute terms and as a percentage of total income, declining from 58.1% in fiscal 2002, to 49.1% in fiscal 2003 and to 34.8% in fiscal 2004. This was primarily due to reduction in the volume of our services business from our U.S. operations caused by the consolidation of the market for software development and consulting services following the events of September 11, 2001 and our subsequent difficulty in competing with larger and more established service providers in the United States. Recently, our operations in the United States have shown improvement, however we do not know whether this improvement will be sustainable.

Most of our client contracts can be terminated with or without cause, without penalties and with short notice periods between 30 and 60 days. Since we collect revenues on fixed-price contracts as portions of such contracts are completed, terminated fixed-price contracts are only subject to collection for portions of the contract completed through the time of termination. Our contracts do not contain specific termination-related penalty provisions. In order to manage and anticipate the risk of early or abrupt contract terminations, we monitor the progress on all contracts and change orders according to their characteristics and the circumstances in which they occur. This includes reviewing our ability and our client's ability to perform the contract, reviewing conditions that may lead to a contract termination, as well as historical client performance considerations. Since we bear the risk of cost overruns and inflation with respect to fixed-price projects, our operating results could be adversely affected by inaccurate estimates of contract completion costs and dates, including wage inflation rates and currency exchange rates that may affect cost projections. Losses on contracts, if any, are provided for in full in the period when determined. Although we revise our project completion estimates from time to time, such revisions have not, to date, had a material adverse effect on our results of operation or financial condition.

IT Enabled Transaction Processing Services and IT Infrastructure Networking and Facilities Management Services

Revenue from each of IT enabled transaction processing services and IT infrastructure networking and facilities management services is recognized based on measurable criteria, such as the number of transactions processed or manpower deployment, in accordance with the terms of the relevant contracts with our clients.

The contribution to total income of IT enabled transaction processing services has declined over the last three fiscal years both in absolute terms and as a percentage of total income, declining from 24.9% in fiscal 2002, to 20.7% in fiscal 2003 and to 10.5% in fiscal 2004. For the nine months ended December 31, 2004, income from IT enabled transaction processing services as a percentage of total income was 8.4%. Historically, these services have been performed for ICICI Bank and certain of its subsidiaries and affiliates. In recent years, ICICI Bank and certain of its subsidiaries and affiliates have undergone consolidation and as a result certain services are no longer contracted out and are now performed in-house. In particular, during fiscal 2003 ICICI Bank terminated our agreement to provide IT services related to the bank's retail credit and card operations due to the bank's decision to have these services performed in-house. We continue to provide services relating to ICICI Bank's liability and fund management, although our fees for these services are dependent on the volume of funding and financing transactions undertaken by ICICI Bank.

The contribution to total income of IT infrastructure networking and facilities management services, which includes managing our clients' networks and data centres, as well as providing system support and help desk services for our clients, has increased over the last three fiscal years both in absolute terms and as a percentage of total income, increasing from 9.8% in fiscal 2002, to 12.5% in fiscal 2003 and to 21.4% in fiscal 2004. For the nine months ended December 31, 2004, income from IT infrastructure networking and facilities management services as a percentage of total income was 11.5%.

Other Operating Income

Other operating income consists of fees received for providing technical training facilities and services to third parties, which we began offering during fiscal 2004. Total income from these activities was Rs. 21.8 million during fiscal 2004 and Rs. 22.0 million during the first nine months of fiscal 2005.

Other Income

Other income consists primarily of interest income, dividend income, credits for excess provisions of taxes and expenses from prior years and miscellaneous income, primarily rent received from the sub-lease of a portion of our Bangalore facilities to Intel. Other income as a percentage of total income was 2.2%, 2.5%, 1.2% and 0.9% in fiscal 2002, fiscal 2003, fiscal 2004 and the first nine months of fiscal 2005, respectively.

Expenditures

Our total expenditures have four components:

- Cost of revenues;
- Selling, general and administrative expenses;
- Interest; and
- Depreciation.

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 years 2002, 2003 and 2004, and the first nine months of fiscal 2005:

	For the year ended March 31,			For the nine months ended December 31,
	2002	2003	2004	2004
Cost of Revenues	53.5%	60.8%	62.3%	56.6%
Selling, General and Administrative Expenses[(1)]	31.7	34.0	30.4	26.4
Interest	4.9	1.8	3.1	3.6
Depreciation	4.7	6.5	7.5	7.3
Total	**94.8%**	**103.1%**	**103.3%**	**93.9%**

(1) Prior to fiscal 2003, new market development and support activity expenses, which consisted primarily of expenses for marketing our products and services in new overseas markets such as the United States, were allowed to be amortized for 24 months under Indian GAAP. However, beginning in fiscal 2003, in anticipation of the requirements of Accounting Standards 26 issued by the ICAI (and which was to take effect on April 1, 2003), these expenses were accounted for as part of our selling, general and administrative expenses and we now charge these expenses against income as and when they are incurred.

Cost of Revenues

Cost of revenues consist primarily of salaries, bonuses and allowances paid to employees. Other components include: contributions to provident and other funds; staff welfare expenses; cost of outsourced services and bought-out items, which reflects the outsourcing, on a limited basis, of certain services that we provide to our clients, as well as licensee fees paid for third-party products that are used in the course of our business, such as licenses for third-party software products; and travelling and conveyance expenses. Costs related to product development projects are deducted from cost of revenues and transferred to capital work-in-progress.

For fiscal 2004 and the first nine months of fiscal 2005, approximately 37.0% and 47.6%, respectively, of our cost of revenues was attributable to subcontracting costs. We expect to continue subcontracting certain services that we offer to clients, such as the IT enabled transaction processing services we provide to ICICI Bank and certain of its subsidiaries and affiliates, and our network infrastructure management services, so long as the costs associated with subcontracting these services allow us to rationalize our own costs and employee structure and allow us to offer our clients competitive prices.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (and the percentage of each item relative to total income) are broken down as follows:

	For the year ended March 31,			For the nine months ended December 31,
	2002	**2003**	**2004**	**2004**
Salaries, bonuses and other allowances	9.8%	11.1%	8.4%	7.1%
Contribution to provident and other funds	0.1	0.2	0.2	0.3
Staff welfare expenses	1.1	1.1	0.5	0.3
Recruitment and training expenses	0.3	0.6	0.8	1.1
Rent	4.6	5.1	4.1	3.3
Insurance	0.8	0.8	0.8	0.5
Travelling and conveyance	2.2	2.4	2.4	2.7
Electricity charges	0.6	0.8	1.0	0.8
Rates and taxes	0.3	0.6	0.3	0.2
Communication expenses	2.3	2.3	2.4	2.0
Loss on sale of fixed assets (net)	0.3	0.1	0.1	-*
Printing and stationery	0.5	0.6	0.4	0.3
Loss on sale of long-term investments (net)	-*	-	-	0.4
Repairs and maintenance – building	0.2	0.4	0.3	0.2
Foreign exchange loss (net)	-	0.6	0.9	0.3
Legal and professional charges	2.4	3.6	2.4	1.8
General office expenditures	1.7	1.8	1.7	1.6
Bank charges and other financial charges	0.1	0.1	0.1	0.2
Selling and distribution expenses	0.5	0.9	1.1	0.9
Commission on sales	1.8	1.2	1.2	0.1
Bad debts written off	-*	1.3	0.5	-
Provision for doubtful debts	-	0.5	1.1	1.3
Market development and support activity	4.7	-	-	-
Miscellaneous expenditures written off	-*	0.1	0.1	0.1
Miscellaneous expenses	0.4	0.7	0.6	1.7
Total	34.7	36.9	31.4	27.2
Less: Transferred to Capital Work-in-Progress[1]	2.9	2.9	0.8	0.9
Net	**31.8%**	**34.0%**	**30.6%**	**26.3%**

* Less than 0.1%.

(1) Costs related to product development projects, such as the costs for the use of our development centres, electricity and communications costs, are deducted from selling, general and administrative expenses at the end of each accounting period and transferred to capital work-in-progress.

Interest

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

Interest in fiscal 2002, fiscal 2003 and fiscal 2004 was Rs. 129.8 million, Rs. 40.3 million and Rs. 72.9 million, representing 4.9%, 1.8% and 3.1% of total income, respectively. Total loans at the end of each such fiscal period was Rs. 101.5 million, Rs. 474.9 million and Rs. 942.6 million, respectively. Interest for the first nine months of fiscal 2005 was Rs. 76.6 million, representing 3.6% of total income, while total loans at the end of such period was Rs. 1,259.9 million.

Depreciation

Depreciation relates principally to depreciation of our facilities, hardware, equipment and intangible assets such as our software licenses and products. Prior to fiscal 2005, Indian GAAP did not have specific standards for the depreciation of intangible assets, such as our software licenses and products, and we applied by analogy then-existing standards relating to depreciation of goodwill, which allowed us to depreciate these assets over five years.

During fiscal 2005, we re-estimated the useful commercial life of our intangible assets, having regard to factors such as period required for market penetration and typical product life. Where the re-estimated useful commercial life of an intangible asset exceeded ten years, in line with Accounting Standard 26 issued by the ICAI we have limited the estimated useful life for these assets to ten years. As a result, our financial statements as of and for the years ended March 31, 2002, 2003 and 2004 have been restated to reflect this change and depreciation expense was reduced by Rs. 29.9 million, Rs. 53.6 million and Rs. 78.4 million, respectively, for each of these fiscal years. For more information on our depreciation policies, please refer to restated consolidated financial statements on page 190 of this Prospectus.

Extraordinary Items

During fiscal 2002 we wrote down the value of our investments in the United States. The write-down totalled Rs. 1,250.0 million, which we were allowed to offset under Indian GAAP by reducing our securities premium account by the same amount in accordance with the provisions of the Companies Act. We are in the process having our U.S. subsidiary, 3i Infotech Inc., absorb the operations of our Australian subsidiary, 3i Infotech Pty Ltd., and are considering merging the operations of our joint venture entity, Semantik Solutions GmbH, with our Indian operations. We do not expect the integration of our Australian subsidiary's operations with those of our U.S. subsidiary to have any material impact on our results of operations and financial condition. We may also convert Semantik Solutions GmbH from a 50%-owned joint venture to a wholly-owned subsidiary. If this is undertaken, the accumulated losses of Semantik Solutions GmbH, totalling EUR 0.28 million as of December 31, 2004, will be charged against our reserves. Further, if Semantik Solutions GmbH continues to incur losses subsequent to it becoming a wholly-owned subsidiary, these losses may have an adverse impact on our results of operations and financial condition.

During fiscal 2003, we received a Rs. 150.0 million termination fee from ICICI Bank upon the termination of our contract to provide IT-enabled services for the bank's retail credit and card operations. The termination was due to the bank's decision to have such IT enabled services performed in-house.

Taxes

Our net income from our Products Business and Services Business earned outside India is subject to tax in the country where we perform the work.

Under Indian tax law and regulations, the income tax rate to which a company is subject is dependent on the amount of its taxable income. If the tax on such taxable income is lower than tax at the rate of 7.5% of its book profit (as defined under the Income Tax Act), then the minimum alternate tax rate of 7.5% is applicable. Similarly, if the tax on such taxable income is greater than the tax at the rate of 7.5% of such book profit, then the company is subject to the regular corporate income tax rate of 35%. In addition, a company must also pay a surcharge on the tax as applicable.

In fiscal 2002 we paid income tax at the then-prevailing rates, plus a surcharge of 2.0%. In each of fiscal 2003 and 2004, we paid the minimum alternate tax at the rate of 7.5%, together with a surcharge of 5.0% for fiscal 2003 and 2.5% for fiscal 2004. For the nine months ended December 31, 2004, we paid the minimum alternate tax, together with a surcharge of 2.5%.

Beginning fiscal 2002, Indian authorities have made it mandatory to recognize deferred tax assets and liabilities in our balance sheet. Our deferred tax liability is recognized net of deferred tax benefits that we expect to realize. Our deferred tax liability arises principally from the differences between the depreciation rates adopted for accounting purposes and the depreciation rates permitted for tax purposes, as well as a differential treatment of some items of expenses between our accounting records and as prescribed under Indian tax laws, such as for statutory payments that for accounting purposes are required to be accrued but for tax purposes are recognized only upon payment. This is offset to some degree by deferred tax assets that also arise due to different treatment of certain items of income and expense under Indian tax law and Indian GAAP.

Currently, we benefit from the tax holidays the Government of India gives to the export of IT services from specially designated Software Technology Parks, or STPs, in India. As a result of these incentives, we have incurred relatively low tax expenses. These tax incentives include a 10-year tax holiday from Indian corporate income taxes for the operation of our STP facilities in Vashi, Bangalore and Chennai, and a partial taxable income deduction for profits derived from exported IT services. The Finance Act, 2000 phases out the 10-year tax holiday over a 10-year period from fiscal 2000 through fiscal 2009. Accordingly, facilities set up in India on or before March 31, 2000 have a 10-year tax holiday, new facilities set up on or before March 31, 2001 have a nine-year tax holiday and so forth until March 31, 2009. After March 31, 2009, the tax holiday will no longer be available to new facilities. Our current tax holidays expire in stages through March 31, 2009. Our Malaysian subsidiary, 3i Infotech SBN BHD, also benefits from an income tax holiday in accordance with Malaysian law. When our tax holiday and taxable income deduction expire or terminate, our tax expense will materially increase, reducing our profitability.

During fiscal 2002, in order to take advantage of tax losses on our STP facilities that could not be credited against taxable income, we elected not to take advantage of the available tax holiday for that fiscal year. As a result, we made a full provision for taxes and made a provision for deferred tax liabilities of Rs. 69.5 million, primarily resulting from deferred tax liabilities for depreciation of all our assets, including those of our STP units. In fiscal 2003, we elected to begin availing of the tax holiday for income from our STP facilities. Because of this, we determined that our provisions for deferred tax liabilities, to the extent it included provisions for deferred taxes on our STP units' assets, exceeded the amount needed for deferred taxes going forward and wrote back a portion of the deferred tax liabilities from previous years that pertained to deferred taxes on our STP units' assets. This resulted in our recognizing or reduction in our deferred tax liability by Rs. 37.9 million during fiscal 2003.

Further, in fiscal 2003, we included the Rs. 150.0 million termination fee from ICICI Bank as taxable income and as a result we made provisions for deferred tax liability that included taxes on this amount. However, during fiscal 2004, we were advised by our tax advisers that the Rs. 150.0 million was considered a capital receipt and, as such, was not taxable. As a result, we determined that our provision for deferred tax liabilities exceeded the amount needed for deferred taxes. This *inter alia* resulted in a net deferred tax asset of Rs. 127.7 million as of March 31, 2004.

For the first nine months of fiscal 2005, our provisions for deferred tax assets had two components: (a) a ruling by Indian tax authorities that allowed losses from our STP facilities to be offset against certain taxable income even though we have elected to avail of the income tax holiday for these facilities, which during prior fiscal years had not been permitted, allowing us to recognize the value of these losses by reducing our deferred tax liabilities; and (b) as our operations in the United States began generating profits, we could now recognize the value of certain carry-forward tax losses from our U.S. operations in accordance with Indian GAAP, which also served to increase our deferred tax assets.

See "Risk Factors - In recent years, income from extraordinary items and our use of deferred tax assets has increased our profits after taxes enabled us to record profits after tax rather than losses."

Profit After Tax

Our profit after tax for fiscal 2002, fiscal 2003 and fiscal 2004, after the restatement relating to the adjustment of our depreciation expense, was Rs. 35.2 million, Rs. 115.6 million and Rs. 43.7 million, respectively. For the nine months ended December 31, 2004 our profit after tax was Rs. 162.6 million.

Employee Stock Option Scheme

In 2000, we instituted an Employee Stock Option Scheme, or ESOS. All our permanent employees or directors, and those of our subsidiaries are eligible for participation in the ESOS. In each of fiscal 2000 and 2001 certain eligible employees of ICICI Limited, which was merged with ICICI Bank with effect from March 29, 2002, were also granted options pursuant to the ESOS.

The options vest over three years with 20%, 30% and 50% of the grants vesting at the end of each year from the date of the grant. The exercise period under the ESOS is the later of ten years from the date the options are granted or five years from date the options vest.

Our Board Governance Committee administers the ESOS and is empowered to determine and prescribe the employees to whom the options may be granted, the number of options to be granted and the vesting criteria. The maximum number of options granted to a single employee in a financial year must not exceed 5% of our issued Equity Shares at the time of the grant and the aggregate of all options granted to all employees must not exceed 25% of the aggregate number of our issued Equity Shares at the time of the grant of such options.

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

For more information regarding our ESOS, see “Capital Structure – 6. Employee Stock Option Scheme” on page 50 of this Prospectus.

RESULTS OF OPERATIONS — NINE MONTHS ENDED DECEMBER 31, 2004

The following comparison relates to the nine months ended December 31, 2004 and fiscal 2004. As these two periods are of different duration, the results of operations for each are not strictly comparable and you should not place undue reliance on such comparison.

Income

Our total income for the first nine months of fiscal 2005 was Rs. 2,102.1 million, compared to fiscal 2004’s whole-year total of Rs. 2,320.4. Growth in total income was led by an increase in income from software products to Rs. 895.6 million, which exceeded fiscal 2004’s whole-year total of Rs. 724.5 million, and comprised 42.6% of total income during the first nine months of fiscal 2005 as compared to 31.2% during fiscal 2004. Income from software development and consulting services was Rs. 746.7 million, comprising 35.5% of total income, as compared to Rs. 807.4 million, or 34.8% of total income, for all of fiscal 2004. IT enabled transaction processing services contributed Rs. 177.2 million, or 8.4% of total income, during the first nine months of fiscal 2005. IT infrastructure networking and facilities management services contributed Rs. 241.6 million, or 11.5%, to total income during the first nine months of fiscal 2005. Other income for the first nine months of fiscal 2005 was Rs. 19.0 million, or 0.9% of total income.

Expenditures

Cost of Revenues

Cost of revenues for the first nine months of fiscal 2005 was Rs. 1,188.9 million, compared to fiscal 2004’s whole year total of Rs. 1,445.8 million. Cost of revenues as a percentage of total income was 56.6% of total income during the first nine months of fiscal 2005, compared to 62.3% for all of fiscal 2004. Salaries, bonuses and other allowances totalled Rs. 607.7 million, or 28.9% of total income, during the first nine months of fiscal 2005, compared to Rs. 858.1 million during fiscal 2004, or 37.0% of total income for fiscal 2004. Cost of outsourced services and bought-out items for the first nine months of fiscal 2005 was Rs. 566.0 million, exceeding the whole year total of Rs. 534.9 million for fiscal 2004. Travelling and conveyance expenses for the first nine months of fiscal 2005 was Rs. 43.1 million, or 2.1% of total income, compared to Rs. 52.3 million for all of fiscal 2004, or 2.3% of total income for fiscal 2004. Staff welfare expenses for the first nine months of fiscal 2005 was Rs. 35.0 million, compared to Rs. 52.5 million for all of fiscal 2004. Total contributions to provident and other funds for the first nine months of fiscal 2005 was Rs. 26.9 million, compared to Rs. 51.3 million for all of fiscal 2004. The amount of cost of revenues relating to ongoing product development projects that were transferred to capital work-in-progress during the first nine months of fiscal 2005 was Rs. 89.8 million, compared to Rs. 103.3 million in fiscal 2004.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the first nine months of fiscal 2005 was Rs. 555.5 million, or 26.4% of total income, compared to Rs. 705.6 million for all of fiscal 2004, which was 30.4% of total income for fiscal 2004. The major components of selling, general and administrative expenses for the first nine months of fiscal 2005 were as follows:

- salaries, bonuses and allowances was Rs. 148.5 million, or 7.1% of total income for the first nine months of fiscal 2005, compared to Rs. 195.3 million, or 8.4% of total income, for all of fiscal 2004;
- recruitment and training expenses for the first nine months of fiscal 2005 was Rs. 23.7 million, compared to Rs. 18.1 million for all of fiscal 2004;
- rent for the first nine months of fiscal 2005 was Rs. 70.0 million, or 3.3% of total income, compared to Rs. 95.6 million, or 4.1% of total income, for all of fiscal 2004;
- staff welfare expenses for the first nine months of fiscal 2005 was Rs. 6.6 million, compared to Rs. 12.0 million for all of fiscal 2004;
- travelling and conveyance expenses for the first nine months of fiscal 2005 was Rs. 57.5 million, compared to Rs. 54.9 million for all of fiscal 2004;
- foreign exchange losses for the first nine months of fiscal 2005 totalled Rs. 5.5 million, compared to Rs. 21.6 million for all of fiscal 2004;
- communications expenses for the first nine months of fiscal 2005 was Rs. 41.4 million, or 2.0% of total income, compared to Rs. 55.1 million, or 2.4% of total income, for all of fiscal 2004;
- selling and distribution expenses for the first nine months of fiscal 2005 totalled Rs. 19.3 million, or 0.9% of total income, compared to Rs. 25.2 million, or 1.1% of total income, for all of fiscal 2004;
- legal and professional charges for the first nine months of fiscal 2005 totalled Rs. 38.5 million, compared to Rs. 55.0 million for all of fiscal 2004;
- electricity charges for the first nine months of fiscal 2005 totalled Rs. 17.2 million, compared to Rs. 22.5 million for all of fiscal 2004;
- bad debts written off totalled nil during the first nine months of fiscal 2005, compared to Rs. 10.8 million in bad debts that were written off for all of fiscal 2004;
- provisions for doubtful debts totalled Rs. 26.6 million during the first nine months of fiscal 2005, compared to Rs. 24.4 million for all of fiscal 2004; and
- general office expenditures totalled Rs. 33.6 million during the first six months of fiscal 2005, compared to Rs. 39.4 million for all of fiscal 2004.

The amount of selling, general and administrative expenses relating to ongoing product development projects that were transferred to capital work-in-progress during the first nine months of fiscal 2005 totalled Rs. 18.3 million, compared to Rs. 18.9 million for all of fiscal 2004.

Interest

Interest expense for the first nine months of fiscal 2005 was Rs. 76.6 million, or 3.6% of total income, compared to Rs. 72.9 million, or 3.1% of total income, during fiscal 2004. This was due to the increase in total loans to Rs. 1,259.9 million as of December 31, 2004, compared to Rs. 942.6 million as of March 31, 2004.

Depreciation

Restated depreciation expense for the first nine months of fiscal 2005 totalled Rs. 152.8 million, or 7.3% of total income, compared to Rs. 174.2 million, or 7.5% of total income, for fiscal 2004.

Profit (Loss) Before Taxation

Profit before taxation was Rs. 128.1 million during the first nine months of fiscal 2005, compared to a loss of Rs. (78.1) million for all of fiscal 2004.

Taxes

Deferred Taxes

During the first nine months of fiscal 2005, we were also able to credit deferred tax assets in the amount of Rs. 41.1 million, primarily due to an Indian tax ruling that allowed losses from our STP facilities to be offset against certain taxable income even though we have availed of the income tax holiday relating to these facilities, as well as the recognition of tax losses from our operations in the United States.

Current Taxes

Current taxes for the first nine months of fiscal 2005 totalled Rs. 6.6 million, compared to Rs. 6.0 million for all of fiscal 2004. The increase was principally due to the increase in book profits from our Indian operations.

Profit After Taxation

As a result, profit after taxation for the first nine months of fiscal 2005 was Rs. 162.6 million, or 7.7% of total income, compared to Rs. 43.7 million, or 1.9% of total income, in fiscal 2004.

RESULTS OF OPERATIONS — FISCAL 2004 COMPARED TO FISCAL 2003

Income

Income from operations increased by 7.0% to Rs. 2,291.7 million in fiscal 2004 from Rs. 2,140.63 in fiscal 2003. This was primarily due to:

- a 116.8% increase in income from our Products Business to Rs. 724.5 million in fiscal 2004 from Rs. 334.2 million in fiscal 2003 due to the roll out during fiscal 2004 of the majority of the components of our suite of banking software products and an across-the-board increase in sales volume for our PREMIA and ORION software suites; and
- an 80.0% increase in income from IT infrastructure networking and facilities management services to Rs. 493.4 million in fiscal 2004 from Rs. 274.0 million in fiscal 2003, as we continued to expand our client base for these services worldwide, particularly in India and in the United States.

These increases were largely offset by the following:

- a 46.1% decline in income from IT enabled transaction processing services to Rs. 244.6 million from Rs. 454.1 million in fiscal 2003, primarily resulting from the decline in income from services performed for ICICI Bank Limited, which terminated the service agreement for the bank's retail credit and card operations during the second quarter of fiscal 2003 and resulted in the payment to us of a termination fee of Rs. 150 million during fiscal 2003, which was recognized as an extraordinary item; and
- a 25.1% decline in income from software development and consulting services to Rs. 807.4 million in fiscal 2004 from Rs. 1,078.3 million in fiscal 2003, primarily resulting from the continued consolidation in the market for these services in the United States, which made it difficult for us to compete with the larger and well-established IT service providers.

Other income declined by 47.8% to Rs. 28.7 million in fiscal 2004 from Rs. 55.0 million in fiscal 2003. This was primarily due to:

- a decline in credits to income from over-provisions for taxes and other expenses to Rs. 2.7 million in fiscal 2004 from Rs. 26.9 million in fiscal 2003, which had resulted from a large one-time tax refund during fiscal 2003; and
- a decline in miscellaneous income to Rs. 13.0 million in fiscal 2004 from Rs. 19.7 million in fiscal 2003 as the area of our Bangalore facilities that was sub-leased to Intel was gradually reduced, thus proportionately reducing the amount of our rental income.

As a result of the foregoing, total income increased by 5.7% to Rs. 2,320.4 million in fiscal 2004 from Rs. 2,195.62 million in fiscal 2003.

Expenditures

Cost of Revenues

Cost of revenues increased by 8.3% to Rs. 1,445.8 million in fiscal 2004 from Rs. 1,334.6 million in fiscal 2003. This was primarily due to:

- a 57.8% increase in the cost of outsourced services and boughout items to Rs. 534.9 million in fiscal 2004 from Rs. 339.0 million in fiscal 2003, resulting from an increase in the outsourced component of the services for our IT network management services clients and services provided for ICICI Bank, certain of its subsidiaries and affiliates;
- a 5.7% increase in staff welfare expenses to Rs. 52.5 million in fiscal 2004 from Rs. 49.7 million in fiscal 2003, primarily due to an increase in employee health insurance costs; and
- a 6.1% increase in travelling and conveyance costs to Rs. 52.3 million in fiscal 2004 from Rs. 49.3 million in fiscal 2003, resulting from an increase in on-site implementation of our software products.

These were partially offset by the following:

- a 6.4% decline in salaries, bonuses and other allowances to Rs. 858.1 million in fiscal 2004 from Rs. 917.1 million in fiscal 2003, primarily arising from the termination of our retail credit and card operations service agreement with ICICI Bank Limited, which resulted in the absorption by ICICI Bank Limited of the employees providing these services;
- a 1.6% decline in contributions to provident and other funds to Rs. 51.3 million in fiscal 2004 from Rs. 52.2 million in fiscal 2003, which resulted from the overall reduction of salaries as amounts of contributions are based on a percentage of total salaries.

The amount of cost of revenues transferred to capital work-in-progress also increased by 42.2% to Rs. 103.3 million in fiscal 2004 from Rs. 72.7 million in fiscal 2003 as there were more product development projects ongoing during fiscal 2004, particularly relating to our suite of core banking solutions, as compared to fiscal 2003.

Selling, General and Administrative Expenses

Selling, general and administrative expenses declined by 5.5% to Rs. 705.6 million in fiscal 2004 from Rs. 746.5 million in fiscal 2003. This was primarily due to:

- a 19.6% decline in salaries, bonuses and allowances to Rs. 195.3 million in fiscal 2004 from Rs. 243.1 million in fiscal 2003 resulting from the continued reduction of headcount for our operations in the United States;
- a 50.9% decline in staff welfare expenses to Rs. 12.0 million in fiscal 2004 from Rs. 24.4 million in fiscal 2003 as the restructuring of our manpower utilization resulted in a reduction the amount of overtime work performed by our employees and a corresponding decline in compensation paid for overtime work;
- a 15.0% decline in rent to Rs. 95.6 million in fiscal 2004 from Rs. 112.5 million in fiscal 2003 resulting from the completion during fiscal 2004 of the transfer of our offices and facilities from leased premises in Mumbai to the Vashi Information Technology Park on the outskirts of Mumbai;
- a 29.9% decline in legal and professional charges to Rs. 55.0 million in fiscal 2004 from Rs. 78.5 million in fiscal 2003 as our legal charges for fiscal 2003 included higher fees paid in connection with registration of trademarks and patents relating to our software products; and
- a 62.7% decline in bad debts written off to Rs. 10.8 million from Rs. 29.0 million resulting from improved collection of outstanding receivables and an improvement in the assessment of the collectibility of debts for which provisions have been made.

These decreases were largely offset by the following:

- a 46.9% increase in recruitment and training expenses to Rs. 18.1 million in fiscal 2004 from Rs. 12.3 million in fiscal 2003, resulting from the training of new personnel and the introduction of “soft skills” training for our employees, including training in communication skills and teamwork development;

- a 5.6% increase in travelling and conveyance expenses to Rs. 54.9 million in fiscal 2004 from Rs. 52.0 million in fiscal 2003 as travel by our sales team increased corresponding with increased sales;
- a 25.2% increase in electricity charges to Rs. 22.5 million in fiscal 2004 from Rs. 17.9 million in fiscal 2003 resulting from electricity charges related to the operations at our Vashi facilities; the lease payments for our former facilities in Mumbai had included charges for utilities, such as electricity;
- a 7.6% increase in communication expenses to Rs. 55.1 million in fiscal 2004 from Rs. 51.2 million in fiscal 2003 as communication expenses, such as overseas calls and video conferences, relating to sales and marketing efforts for our products and services increased during fiscal 2004;
- a 69.3% increase in foreign exchange losses to Rs. 21.6 million in fiscal 2004 from Rs. 12.8 million in fiscal 2003 resulting primarily from the appreciation of the Indian Rupee as against the U.S. Dollar by 5.0% during fiscal 2004;
- a 31.2% increase in selling and distribution expenses to Rs. 25.2 million in fiscal 2004 from Rs. 19.2 million in fiscal 2003 resulting from an increase in expenses associated with software product sales, particularly in our markets in the Middle East; and
- a 115.5% increase in provisions for doubtful debts to Rs. 24.4 million in fiscal 2004 from Rs. 11.3 million in fiscal 2003 as increased sales during fiscal 2004 resulted in an increase in the corresponding number of receivables for which provisions had to be made.

The amount of selling, general and administrative expenses that were transferred to capital work-in-progress declined by 69.8% to Rs. 18.9 million in fiscal 2004 from Rs. 62.7 million in fiscal 2003 due to increased usage of our STP facilities in Vashi, which reduced costs related to ongoing product development projects.

Interest

Interest expense increased by 81.1% to Rs. 72.9 million in fiscal 2004 from Rs. 40.3 million in fiscal 2003. This was primarily due to the increase in total loans to Rs. 942.6 million at the end of fiscal 2004 from Rs. 474.9 million at the end of fiscal 2003. The increase in total loans arose due to an increase in our working capital requirements resulting from the full roll out of our suite of software products.

Depreciation

Depreciation increased by 23% to Rs. 174.2 million in fiscal 2004 from Rs. 141.6 million in fiscal 2003. This was primarily due to an increase in depreciation related to our software products and licenses resulting from the roll out of our suite of banking software products during fiscal 2004.

Extraordinary Items

There were no extraordinary items recorded during fiscal 2004, compared to an extraordinary item of Rs. 150 million during fiscal 2003 resulting from the termination fee paid to us by ICICI Bank Limited.

Profit (Loss) Before Taxation

As a result of the foregoing, profit (loss) before taxation declined to Rs. (78.1) million in fiscal 2004 from Rs. 82.6 million in fiscal 2003.

Taxes

Deferred Taxes

Net deferred tax assets during fiscal 2004 was Rs. 127.7 million as against Rs. 37.9 million during fiscal 2003. In fiscal 2004, upon the advice of our tax advisers, the termination fee we received from ICICI Bank during fiscal 2003 was classified for Indian tax purposes as a capital receipt, thereby excluding it from taxable income. As a result, we determined that our provision for deferred tax liabilities exceeded the amount needed for deferred taxes. This *inter alia* resulted in a net deferred tax asset of Rs. 127.7 million as of March 31, 2004.

Current Taxes

Current taxes increased by 20.8% to Rs. 6.0 million in fiscal 2004 from Rs. 4.9 million in fiscal 2003. The increase was principally due to the increase in book profits from our Indian operations.

Profit After Taxation

As a result, profit after taxation declined to Rs. 43.7 million in fiscal 2004 from Rs. 115.6 million in fiscal 2003.

RESULTS OF OPERATIONS — FISCAL 2003 COMPARED TO FISCAL 2002

Income

Income from operations decreased by 17.7% to Rs. 2,140.6 in fiscal 2003 from Rs. 2,602.5 million in fiscal 2002. This was primarily due to:

- a 31.4% decline in income from IT enabled transaction processing services to Rs. 454.1 million in fiscal 2003 from Rs. 662.0 million in fiscal 2002, primarily resulting from the termination of our service agreement for ICICI Bank's retail credit and card operations during the second quarter of fiscal 2003, as well as a reduction in the volume of ICICI Bank's borrowing activities during fiscal 2003; and
- a 35.7% decline in income from software development and consulting services to Rs. 1,078.3 million in fiscal 2003 from Rs. 1,678.0 million in fiscal 2002, as vendor consolidation in the United States in the software development and consulting services market during fiscal 2003 resulted in a loss of clients for our U.S. operations and a reduction in the volume of service contracts with remaining U.S. clients.

These decreases were partially offset by the following:

- a 155.1% increase in income from our Products Business to Rs. 334.2 million in fiscal 2003 from Rs. 131.0 million in fiscal 2002 resulting from the roll-out of our PREMIA and ORION suites of software products in new geographies during fiscal 2003; and
- a 4.4% increase in income from IT infrastructure networking and facilities management services to Rs. 274.0 million in fiscal 2003 from Rs. 262.6 million in fiscal 2002, as began to expand our client base for these services to include companies outside ICICI Bank, certain of its subsidiaries and affiliates.

Other income declined by 5.8% to Rs. 55.0 million in fiscal 2003 from Rs. 58.4 million in fiscal 2002. This was primarily due to a 28.7% decline in credits to income from over-provisions for taxes and expenses to Rs. 26.9 million in fiscal 2003 from Rs. 37.7 million in fiscal 2002 and the absence of any foreign exchange gains during fiscal 2003 as compared to a foreign exchange gain of Rs. 4.9 million during fiscal 2002. This was partially offset by an increase in miscellaneous income to Rs. 19.7 million in fiscal 2003 from Rs. 5.8 million in fiscal 2002, primarily due to receipt during fiscal 2003 of a full year's rent from the sub-lease of a portion of our Bangalore premises to Intel, which was sub-leased during the fourth quarter of fiscal 2002.

As a result of the foregoing, total income declined by 17.5% to Rs. 2,195.62 million in fiscal 2003 from Rs. 2,660.9 million in fiscal 2002.

Expenditures

Cost of Revenues

Cost of revenues decreased by 6.2% to Rs. 1,334.6 million in fiscal 2003 from Rs. 1,422.8 million in fiscal 2002. This was primarily due to:

- a 21.1% decline in salaries, bonuses and other allowances to Rs. 917.1 million in fiscal 2003 from Rs. 1,162.43 million in fiscal 2002, as ICICI Bank absorbed our employees that had been servicing the bank's retail credit and card operations prior to the termination of the service agreement therefor; and
- a 47.4% increase in the amount of cost of revenues transferred to capital work-in-progress to Rs. 72.7 million in fiscal 2003 from Rs. 49.3 million in fiscal 2002 resulting from an increase in the number of ongoing product development projects during fiscal 2003, particularly for our software products, as compared to the number of ongoing product development projects during fiscal 2002.

These were largely offset by the following:

- a 77.5% increase in the cost of outsourced services and bought-out items to Rs. 339.0 million in fiscal 2003 from Rs. 191.0 million in fiscal 2002 as we began outsourcing the performance of certain IT network management services and software development and consulting services provided to our clients; and
- a 199.6% increase in travelling and conveyance costs to Rs. 49.3 million in fiscal 2003 from Rs. 16.5 million in fiscal 2002 resulting from on-site project implementation related to the roll out of our software products during fiscal 2003.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by 11.4% to Rs. 746.5 million in fiscal 2003 from Rs. 843.1 million in fiscal 2002. This was primarily due to:

- an 83.2% increase in recruitment and training expenses to Rs. 12.3 million in fiscal 2003 from Rs. 6.7 million in fiscal 2002 resulting from an increase in recruiting expenses, such as engagement of recruitment consultants and advertisements for personnel to assist in the roll out of our software products;
- a 21.8% increase in legal and professional charges to Rs. 78.5 million in fiscal 2003 from Rs. 64.4 million in fiscal 2002 resulting from charges relating to the filing of trademark and patent applications for our software products during fiscal 2003;
- a foreign exchange loss of Rs. 12.8 million in fiscal 2003, compared to nil in fiscal 2002, resulting from the effect of the Indian Rupee's depreciation during fiscal 2003 on losses from our operations in Dubai and the United States;
- a 53.8% increase in selling and distribution expenses to Rs. 19.2 million in fiscal 2003 from Rs. 12.5 million in fiscal 2002 resulting from increased product sales in the Middle East;
- an increase in bad debts written off to Rs. 29.0 million in fiscal 2003 from Rs. 1.1 million in fiscal 2002 as the expansion of our client base to include more companies outside ICICI Bank and certain of its subsidiaries and affiliates, resulted in an erosion in the overall collectibility of our receivables;
- provisions for bad debts totalling Rs. 11.3 million in fiscal 2003, compared to nil in fiscal 2002, due to an increase in the number of clients outside ICICI Bank and certain of its subsidiaries and affiliates, and a corresponding increase in delays in payment of receivables from these clients; and
- a 42.5% increase in miscellaneous expenses to Rs. 14.9 million in fiscal 2003 from Rs. 10.4 million in fiscal 2002 resulting from the expansion of our Middle East operations.

These increases were partially offset by:

- a 6.7% decline in salaries, bonuses and allowances to Rs. 243.1 million in fiscal 2003 from Rs. 260.5 million in fiscal 2002 resulting from a reduction in the number of personnel for our operations in the United States;
- a 16.9% decline in staff welfare expenses to Rs. 24.4 million in fiscal 2003 from Rs. 29.4 million in fiscal 2002 resulting from the reduction in our staff in the United States;
- a 7.7% decline in rent to Rs. 112.5 million in fiscal 2003 from Rs. 121.9 million in fiscal 2002 as the transfer of our offices and facilities from our leased premises in Mumbai to the lower-cost sk commenced during fiscal 2003;
- a 14.9% decline in communication expenses to Rs. 51.2 million in fiscal 2003 from Rs. 60.2 million in fiscal 2002 resulting from a decline in telecommunication rates in India during fiscal 2003, as well as the effect of the decline in the volume of business in the United States;
- a 15.2% decline in general office expenditures to Rs. 39.0 million in fiscal 2003 from Rs. 46.0 million in fiscal 2002 resulting from the closure of some of our sales offices in the United States;
- a 43.0% decline in commissions on sales to Rs. 27.2 million in fiscal 2003 from Rs. 47.7 million in fiscal 2002 resulting from the change in the structure of commissions for our sales personnel in the United States to a collection-based system from an order-based system; and
- an additional Rs. 124.9 million was charged as expenditures for fiscal 2002 which represented unamortised market development and support activity expenses as of December 31, 2002; Indian GAAP previously allowed these expenses to be amortized over 24 months.

The amount of selling, general and administrative expenses transferred to work-in-progress declined to Rs. 62.7 million in fiscal 2003 from Rs. 76.3 million in fiscal 2002 due to the decline in costs associated with the transfer of our product development centres to Vashi.

Interest

Interest expense declined by 69.0% to Rs. 40.3 million in fiscal 2003 from Rs. 129.8 million in fiscal 2002. This was primarily due to the conversion of high-yield debentures and loans held by ICICI Limited to preference shares at the end of fiscal 2002. The proceeds from the debentures and loans had been used to finance our acquisitions and capital expenditures during fiscal 2000, 2001 and 2002. As the economic benefits from these acquisitions and capital expenditures would accrue over a longer period of time, the debentures and loans were converted to long-term preference shares, which would effectively allow us to extend the maturity of the amounts payable to ICICI Limited.

Depreciation

Depreciation increased by 13.3% to Rs. 141.6 million in fiscal 2003 from Rs. 125.0 million in fiscal 2002. This was primarily due to the full year effect of the depreciation of our Vashi facilities, as well as the full year impact during fiscal 2003 of depreciation related to our PREMIA and ORION suites of software products.

Extraordinary Items

In fiscal 2003 we received a one-time termination fee of Rs. 150 million from ICICI Bank in connection with the termination of our retail credit and card operations service agreement with the bank.

During fiscal 2002, we wrote off the value of our investments in the United States in the amount of Rs. 1, 250.0 million. This was offset by a corresponding reduction in our securities premium account, which was undertaken in accordance with the provisions of the Companies Act.

Profit (Loss) Before Taxation

As a result of the foregoing, profit (loss) before taxation decreased to Rs. 82.6 million in fiscal 2003 from Rs. 140.2 million in fiscal 2002.

Taxes

Deferred Taxes

We made a provision for deferred tax assets of Rs. 37.9 million in fiscal 2003 compared to a provision for deferred tax liabilities of Rs. 69.5 million in fiscal 2002. This was primarily due to our availing, in fiscal 2003, of the income tax holiday on our STP facilities pursuant to Sections 10A and 10B of the Indian Income Tax Act. As a result, our provisions for deferred tax liabilities, which had included deferred taxes relating to the assets of our STP facilities, exceeded the amount needed for deferred taxes going forward and we reduced our deferred tax liabilities by Rs. 50.8 million.

Current Taxes

Current taxes declined by 86.1% to Rs. 4.9 million in fiscal 2003 from Rs. 35.5 million in fiscal 2002. The decrease was principally due to our availment during fiscal 2003 of the income tax holiday for the operation of our STP facilities in Vashi, Bangalore and Chennai, and a partial taxable income deduction for profits derived from exported IT services.

Profit After Taxation

As a result, profit after taxation increased to Rs. 115.6 million in fiscal 2003 from Rs. 35.2 million in fiscal 2002.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

We prepare our financial statements in accordance with Indian GAAP, which differs in certain significant respects from U.S. GAAP. For more information on these differences, please refer to the section entitled "Summary of Significant Differences Between Indian GAAP and U.S. GAAP" beginning on page 262 of this Prospectus.

SEASONALITY AND INFLATION

Seasonality has not had a significant impact on the results of our operations. During fiscal years 2002, 2003 and 2004 and for the period from April 1, 2004 to November 30, 2004, the All India Wholesale Price Index (all commodities) increased by 3.6%, 3.4%, 5.5% and 7.4% respectively. Inflation has not had a significant effect on our results of operations to date.

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, 2004 and December 31, 2004, our consolidated net working capital, defined as the difference between current assets, loans and advances, on one hand, and current liabilities and provisions, on the other hand, under Indian GAAP was Rs. 751.1 million and Rs. 837.3 million, respectively.

Current Assets, Loans and Advances

Current assets, loans and advances consist of inventories of hardware, sundry debtors, unbilled revenues, cash and bank balances and loans and advances. Total current assets, loans and advances as of March 31, 2004 and December 31, 2004 were Rs. 1,319.5 million and Rs. 1,629.5 million, respectively.

Sundry debtors, or receivables from customers, as of March 31, 2002, 2003 and 2004 and as of December 31, 2004 were Rs. 558.5 million, Rs. 515.5 million, Rs. 562.2 million and Rs. 739.6 million, respectively. Sundry debtors have increased as we have increased the number of our contracts that are on a fixed-price basis, the payments for which are linked to milestones specified in the relevant customer contracts. We begin making provisions for receivables that remain unpaid more than 90 days after the date of the relevant invoice, with the amount provided for increasing gradually the longer the receivables remain unpaid. If a receivable remains unpaid after 180 days from the date of the invoice for such receivable, we assess its collectibility based on our internal guidelines. Receivables that we determine are highly likely to remain unpaid are fully provided for and subsequently written off to the extent uncollected.

Our days of sales outstanding (which is the ratio of sundry debtors to total sales in a particular period multiplied by the number of days in that period) for fiscal 2002, 2003 and 2004 and for the nine months ended December 31, 2004 were approximately 78 days, 88 days, 90 days and 97 days, respectively. Our provisions for bad debts were nil, Rs. 11.3 million, Rs. 24.4 million and Rs. 26.6 million for fiscal 2002, 2003 and fiscal 2004 and for the first nine months of fiscal 2005, respectively. Further, we wrote off bad debts totalling Rs. 1.1 million, Rs. 29.0 million, Rs. 10.8 million and nil during fiscal 2002, 2003 and fiscal 2004 and during the first nine months of fiscal 2005, respectively. We are actively working with our clients to reduce our days of sales outstanding, however there can be no assurance that we will succeed in our efforts.

The following table presents the percentage profile of our debtors in terms of days for which accounts receivable have been outstanding:

Period in Days	For the year ended March 31, 2002	2003	2004	For the nine months ended December 31, 2004
0-180	99.4%	92.3%	85.4%	92.6%
More than 180	0.6	7.7	14.6	7.4
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, 2004 and December 31, 2004, current liabilities and provisions were Rs. 568.4 million and Rs. 792.3 million, respectively, with liabilities to sundry creditors comprising the bulk of the total.

Net Cash Flows

The table below summarizes our consolidated cash flows under Indian GAAP for fiscal 2002, 2003 and 2004 and the first nine months of fiscal 2005:

(Rs. million)

	For the year ended March 31, 2002	2003	2004	For the nine months ended December 31, 2004
Net Cash Generated from Operating Activities	155.2	74.8	53.5	101.0
Net Cash from (Used in) Investing Activities	(351.9)	(338.6)	(296.3)	(332.4)
Net Cash Generated from (Used in) Financing Activities	(158.0)	276.7	272.7	159.9
Net Increase/(Decrease) in Cash and Cash Equivalents	**(354.7)**	**12.9**	**29.9**	**(71.4)**

As of December 31, 2004, consolidated cash and cash equivalents amounted to Rs. 80.7 million. The principal sources of consolidated cash and cash equivalents in the first nine months of fiscal 2005 were cash flows from operating activities.

As of March 31, 2004, consolidated cash and cash equivalents amounted to Rs. 152.1 million. The principal sources of consolidated cash and cash equivalents in fiscal 2004 were cash flows from financing activities.

Operating Activities

Consolidated net cash flow from operating activities for the first nine months of fiscal 2005 amounted to Rs. 101.0 million.

Consolidated net cash inflow from operating activities amounted to Rs. 53.5 million in fiscal 2004 as compared to Rs. 74.8 million in fiscal 2003. This decrease in net cash inflow from operating activities was primarily the result of the decline in our operating profit and an increase in receivables.

Consolidated net cash inflow from operating activities amounted to Rs. 74.8 million in fiscal 2003 as compared to Rs. 155.2 million in fiscal 2002. This decrease in net cash inflow from operating activities was primarily the result of the decline in our operating profit.

Investing Activities

Consolidated net cash flow from investing activities for the first nine months of fiscal 2005 amounted to Rs. 332.4 million.

Consolidated net cash used in investing activities was Rs. 296.3 million in fiscal 2004 as compared to net cash used in investing activities of Rs. 338.6 million in fiscal 2003. The decrease in net cash used in investing activities resulted primarily from a decline in the purchase of fixed assets, which includes capitalized work-in-progress, as well as the repayment of loans to us by our joint venture entity, Semantik Solutions GmbH.

Consolidated net cash used in investing activities was Rs. 338.6 million in fiscal 2003 as compared to net cash used in investing activities of Rs. 351.9 million in fiscal 2002. The decrease in net cash used in investing activities resulted primarily from a decline in the purchase of fixed assets, which includes capitalized work-in-progress for product development.

Financing Activities

Consolidated net cash flow from financing activities for the first nine months of fiscal 2005 amounted to Rs. 159.9 million.

Consolidated net cash from financing activities was Rs. 272.7 million in fiscal 2004 as compared to net cash from financing activities of Rs. 276.7 million in fiscal 2003. The slight decrease in net cash used in financing activities resulted primarily from the increase in proceeds from borrowings during fiscal 2004, as well as on the dividend tax (imposed under the Indian Income Tax Act) on profits distributed during fiscal 2004. During fiscal 2004, we paid Rs. 95.6 million in dividends, of which Rs. 80.1 million was for dividends on our preference shares, compared to Rs. 146.6 million during fiscal 2003, of which Rs. 131.2 million was for dividends on our preference shares.

Consolidated net cash from financing activities was Rs. 276.7 million in fiscal 2003 as compared to net cash used in financing activities of Rs. 158.0 million in fiscal 2002. The increase reflected the fact that during fiscal 2002 we had issued our preference shares and used the proceeds to repay both our high-yield debentures and other debt. As a result, in fiscal 2002 repayment of borrowings (including our debentures) totalled Rs. 2,157.8 million in fiscal 2002, as compared to Rs. 1.62 million in fiscal 2003. During fiscal 2003, we paid Rs. 146.6 million, of which Rs. 131.2 million was for dividends on our preference shares, compared to Rs. 168.2 million in dividends during fiscal 2002, all of which was for our Equity Shares.

Capital Expenditure

We have made consolidated investments totalling approximately Rs. 986.0 million over the last three fiscal years in order to fund our offices and facilities at the Vashi information technology park, the expansion of our facilities in Chennai, the acquisition of intellectual property rights, the acquisition of computer hardware and for product development.

We expect to continue to continuously invest in improving our operational activities and in research and development. While we have no current plans to make any future acquisitions and equity investments, we may from time to time and in the course of expanding our international presence, consider making equity investments in, acquisitions of or mergers in targeted international markets and/or enter into strategic alliances.

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

Contractual Obligations, Including Long-term Debt

The following table discloses our contractual and other obligations, excluding contingent liabilities, that were outstanding as of December 31, 2004 and the effect such obligations are expected to have on liquidity and cash flow in future periods:

	Payments Due By Period (Rs. millions)				
	Total	**Within 1 year**	**2-3 years**	**4-5 years**	**After 5 years**
Short-term Loans	647.9	647.9	-	-	-
Long-term Debt Obligations	612.0	147.0	317.8	147.2	-
Capital Lease Obligations	-	-	-	-	-
Operating Lease Obligations	140.1	36.8	45.3	29.2	28.8
Unconditional Purchase Obligations	-	-	-	-	-
Other Long-term Liabilities	-	-	-	-	-
Total	1,400.0	831.7	363.1	176.4	28.8

Debt Obligations and Facilities

Total consolidated debts were Rs. 101.5 million, Rs. 474.9 million and Rs. 942.6 million as of March 31, 2002, 2003 and 2004, respectively, and Rs. 1,259.9 million as of December 31, 2004. Long-term debt (excluding current portion of such loans) was Rs. 98.9 million, Rs. 348.1 million and Rs. 523.2 million as of March 31, 2002, 2003 and 2004, respectively, and Rs. 465.0 million as of December 31, 2004. The weighted average rate of interest with respect to outstanding long-term loans for the respective periods was 13.2%, 11.3%, 9.5% and 8.5% per annum, respectively.

We fund our short-term working capital requirements through cash flow from operations, overdraft facilities with domestic banks, short- and medium-term borrowings from financial institutions. The maturities of these short- and medium-term borrowings are generally matched to particular cash flow requirements. Consolidated short-term borrowings (including the current portion of long-term debt) were Rs. 2.6 million, Rs. 126.8 million and Rs. 419.4 million as of March 31, 2002, 2003 and 2004 respectively, and Rs. 794.9 million as of December 31, 2004.

The following table breaks down our total indebtedness:

(Rs. millions)

	As at March 31,			As at December 31,
	2002	**2003**	**2004**	**2004**
Short-Term Debt	-	84.4	216.7	647.9
Total current portion of Long-term Debt	2.6	42.4	202.7	147.0
Other Long-Term Debt	98.9	348.1	523.2	465.0
Total	101.5	474.9	942.6	1,259.9

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

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT

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

ICICI Bank owns 29.5% of our pre-Issue Equity Shares. We provide IT-related services to ICICI Bank 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. For fiscal 2004 and the first nine months of fiscal 2005, 31.0% and 27.0%, respectively, of our total revenues were from ICICI Bank and certain of its subsidiaries and affiliates. As of February 28, 2005, approximately 25% of our total outstanding long-term borrowings were payable to ICICI Bank.

ICICI Strategic Investments Fund owns 62.95% of our pre-Issue Equity Shares. As of the date of this Prospectus, we do not provide any software products or IT-related services to ICICI Strategic Investments Fund.

We provide software solutions and IT-related services to affiliates of Emirates Bank International PJSC, such as Emirates Bank in Dubai. Emirates Bank International PJSC owns 7.4% of our pre-Issue Equity Shares. For each of fiscal 2004 and the first nine months of fiscal 2005, approximately 1.0% of our total revenues were from affiliates of Emirates Bank International PJSC. As of February 28, 2005, approximately 0.2% of our total outstanding long-term borrowings were payable to affiliates of Emirates Bank International PJSC.

For more information, see "Risk Factors - Our operating results, particularly for our IT services business, depend on our relationships with a limited number of customers, including ICICI Bank" on page 59 of this Prospectus, "Risk Factors - There is no assurance that ICICI Bank and ICICI Strategic Investments Fund will remain significant shareholders" on page (viii) of this Prospectus, "Our Promoters" on page 108 of this Prospectus and "Description of Certain Indebtedness" on page 145 of this Prospectus.

From time to time, we also extend loans to directors and senior management, which are negotiated on an arm's-length basis. As of December 31, 2004, total outstanding loans extended to directors and senior management (and their families and affiliates) was nil.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2004 and as of December 31, 2004, we were not a financial guarantor of obligations of any unconsolidated entity, and we were not a party to any similar off-balance sheet obligation or arrangement.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

Interest Rate Risk

Our exposure to interest rate risks relates primarily to our debt. Approximately 66.7% of our total debt as of December 31, 2004 bears interest at floating rates, which are primarily tied to the prime lending rates of the banks which extended the loans.

Exchange Rate Risk

Even though our functional currency is the Indian Rupee, we transact a 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 Rupee appreciates against foreign currencies. For fiscal 2002, 2003 and 2004, and for the first nine months of fiscal 2005, our foreign currency denominated income represented approximately 52%, 46%, 56% and 60% of our total income. Our exchange rate risk primarily arises from our foreign currency income, receivables and payables. 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 Rupee value of such borrowings in our balance sheet. As of December 31, 2004, our total debt denominated in foreign currency was US$ 600,000, or approximately 2% of our total debt outstanding.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

The following are accounting pronouncements issued by the ICAI during the last three years that have had an effect on our financial reporting:

AS 23 – Accounting for Investments in Associates in Consolidated Financial Statements

Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements", came into effect in respect of accounting periods commencing on or after April 1, 2002. The objective of AS 23 was to set out principles and procedures for recognizing, in the consolidated financial statements, the effects of the investments in associates on the financial position and operating results of a group. The adoption of AS 23 has not had a significant effect on our financial condition and results of operations.

AS 26 – Intangible Assets

Accounting Standard (AS) 26, "Intangible Assets", came into effect in respect of expenditures incurred on intangible items during accounting periods commencing on or after April 1, 2003. The objective of AS 26 was to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Accounting Standard. Items earlier categorized as deferred revenue expenditures, such as new market development and support activity expenses, are now required to be expensed as incurred. Intangible assets can be recognized only if it is probable that future economic benefits will flow to the enterprise and the cost can be reliably measured. Anticipating the adoption of AS 26, for fiscal 2002 we included Rs. 124.9 million as additional selling, general and administrative expenses.

During fiscal 2005, we re-estimated the useful commercial life of our intangible assets, having regard to factors such as period required for market penetration and typical product life. Where the re-estimated useful commercial life of an intangible asset exceeded ten years, in line with Accounting Standard 26 issued by the ICAI we have limited the estimated useful life for these assets to ten years. As a result, our financial statements as of and for the years ended March 31, 2002, 2003 and 2004 have been restated to reflect this change and depreciation expense was reduced by Rs. 29.9 million, Rs. 53.6 million and Rs. 78.4 million, respectively, for each of these fiscal years.

AS 27 – Financial Reporting of Interests in Joint Ventures

Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures", came into effect in respect of accounting periods commencing on or after April 1, 2002. The objective of AS 27 was to set out principles and procedures for accounting for interests in joint ventures and reporting of joint venture assets, liabilities, income and expenses in the financial statements of venturers and investors. The adoption of AS 27 has not had a significant effect on our financial condition and results of operations.

AS 28 – Impairment of Assets

Accounting Standard (AS) 28, "Impairment of Asset", comes into effect in respect of accounting periods commencing on or after April 1, 2004. The objective of AS 28 is to prescribe the procedures that an enterprise applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and AS 28 requires the enterprise to recognize an impairment loss. AS 28 also specifies when an enterprise should reverse an impairment loss and it prescribes certain disclosures for impaired assets. We do not expect adoption of AS 28 to have a material impact on our financial position or results of operations.

AS 29 – Provisions, Contingent Liabilities and Contingent Assets

Accounting Standard (AS) 29, “Provisions, Contingent Liabilities and Contingent Assets”, comes into effect in respect of accounting periods commencing on or after April 1, 2004. The objective of AS 29 is to ensure that appropriate recognition criteria and measurement bases are applied to provisions and contingent liabilities and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount. The objective of AS 29 is also to lay down appropriate accounting for contingent assets. We do not expect adoption of AS 29 to have a material impact on our financial position or results of operations.

CRITICAL ACCOUNTING POLICIES

Preparation of financial statements in accordance with Indian GAAP, the applicable accounting standards issued by the ICAI and the relevant provisions of the Companies Act require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the report of our Chartered Accountants appearing on page 187 of this Prospectus.

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

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

Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates to a greater extent.

Revenue Recognition

Revenue on our fixed-price contracts is recognized on the percentage of completion method. Determining this percentage requires our management to make certain estimates regarding the remaining man-hours and costs required to complete a specific project, which may prove to be wrong.

Depreciation, Amortization and Impairment of Assets

Goodwill, business and commercial right and software products meant for sale are, subject to considerations of prudence, amortized over a period of ten years. Other software products are amortized over a period of five years, as considered appropriate by the management.

We assess at each balance sheet date whether there is any indication that any asset (including goodwill) may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to profit and loss account. 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 that effect.

Determining whether specific software products are to be amortized over five or ten years, or whether an assets may be impaired requires our management to make certain assumptions regarding period required for market penetration and typical product life, which may prove to be wrong.

Tax on Income

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

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2004 THAT MAY AFFECT THE FUTURE OF OUR OPERATIONS

Except as stated in this Prospectus and in compliance with AS4, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in the Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of the Company and its subsidiaries (taken as a whole), or the value of the consolidated assets or their ability to pay their material liabilities within the next 12 months.

Except as stated in this Prospectus, there are no subsequent developments after the date of the report of our Chartered Accountants dated January 23, 2005 which we believe are expected to have material impact on the reserves, profits, earnings per share or book value of the Company and its subsidiaries (taken as a whole).

PROPOSED LEGISLATION

On February 28, 2005, the Indian Government presented its proposed budget for the fiscal year ending March 31, 2006. Subject to the approval of the Indian Parliament and the assent of the President of India, if the proposed budget is approved, several items of legislation in the budget may have an impact on our financial position and results of operations, although we can provide no assurance as to the extent of such impact, if any, would be. The following is a brief summary of the budget proposals that we believe may have an impact on our financial position and results of operations:

<u>Direct Taxes</u>

- Reduction of the effective corporate tax rate from 36.59% to 33.66% (inclusive of surcharge and education cess).
- Surcharge to be paid by on the dividend distribution tax has been increased from 2.5% to 10% resulting in an increase in the dividend distribution tax from 13.07% to 14.03% and in the minimum alternate tax from 7.84% to 8.42% of the book profits.
- The existing rate of depreciation for fixed assets consisting of general plant and machinery has been reduced from 25% to 15%.
- The minimum alternate tax paid in any year would be available for credit in future assessment years and can be carried forward for a maximum period of five years.
- A fringe benefit tax at the rate of 33.66% (inclusive of surcharge and education cess) on certain benefits provided to employees.
- A banking cash transaction tax from June 1, 2005 at the rate of 0.1% in respect of specified transactions exceeding Rs. 10,000, such as withdrawals of cash, purchase of bank drafts, banker’s cheques and other financial instruments in cash, and the reœipt of cash on encashment of term deposits.

<u>Indirect Taxes</u>

- A tax on services such as cleaning services, packaging services, services rendered by clubs, mailing list compilations, maintenance and repairs of immovable properties, construction of large complexes, supply of manpower, all franchise services and services availed by non-residents.
- Manpower recruitment services that are subject to service tax would include the supply of manpower, temporary or otherwise.

- The customs duty on specified capital goods and inputs required for the manufacture of items bound by information technology agreements has been brought back to nil.

Auditor's Certificate

We hereby confirm that financial statements of 3i Infotech Limited (the "Company") having its Registered Office at Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai - 400 703 for the nine months ended December 31, 2004 which have been audited by us in terms of the audit report dated January 23, 2005 have been prepared in accordance with Accounting Standard (AS) 4 "Contingencies and Events Occurring after the Balance Sheet Date" issued by "Institute of Chartered Accountants of India". All significant events, if any, which have occurred between the balance sheet date, i.e., December 31, 2004. and the date of our audit report, i.e., January 23, 2005, have been considered in preparation of the said financial statements as required under the said standard.

For **LODHA & COMPANY**
Chartered Accountants

Place: Mumbai
Date: March 9, 2005

R. P. Baradiya
Partner
Membership No. 44101

INFRASTRUCTURE

Property

We have several premises which are owned, leased or rented in various locations in India, including Navi Mumbai ("**Vashi**"), Mumbai, Thane, Bangalore, Chennai and Delhi.

Commercial Premises of the Company: We occupy a total of 8 premises in India. Out of these, one premise is freehold, seven are leased and one is taken on leave and license basis. Our main commercial premises in India, are spread over Vashi, Mumbai, Bangalore, Delhi and Chennai with an aggregate area of 221,043 sq. ft., out of which our STP units occupy an aggregate area of 160,050 sq. ft. A summary of our properties in India is given below.

No.	Location	Area	Ownership Details
1.	Vashi, Navi Mumbai	109,100 sq. ft.	60 year lease from City and Industrial Development Corporation of Maharashtra Limited
2.	Goregaon, Mumbai	6,272 sq. ft.	Freehold property Registered on November 1, 1994
3.	Andheri, Mumbai	17,200 sq ft	On leave and license basis from Akruti Nirman Limited
4.	Thane a. Majiwada, b. GG Kasar Vadavali	 a. 10,561 sq. ft. b. 24,960 sq. ft.	 a. On lease from Telycom Industries Private Limited b. On lease from Overseas Packaging Industries Private Limited
5.	Bangalore	23,450 sq. ft.	On lease from owners of units in Brigade Champak, Bangalore
6.	New Delhi	2,000 sq. ft.	On lease from Telycom Industries Private Limited
7.	Chennai	27,500 sq. ft.	On lease from Banzai Estates Private Limited

Residential Premises of the Company: We have taken eight residential premises in India from time to time, on a leave and license basis with an aggregate area of approximately 12,800 sq. ft.

Subsidiaries and Joint Ventures: Our subsidiaries and branches have leased ten premises in various locations in the United States of America, Australia, Singapore, Malaysia, UAE and UK.

OUR HISTORY AND MAIN OBJECTS

Our History

The Company was incorporated in 1993 as a wholly owned subsidiary of ICICI. ICICI was merged with ICICI Bank with effect from March 29, 2002. The Company began functioning as a back office processing company for ICICI/ICICI Bank, certain of their subsidiaries and affiliates. In 1999 technology initiatives across ICICI/ICICI Bank, certain of their subsidiaries and affiliates were consolidated under the Company. Additionally, in order to leverage the expertise derived by servicing ICICI/ICICI Bank, certain of their subsidiaries and affiliates, the Company made an entry into information technology services business in late 1999 by providing: (i) software development and services; (ii) IT infrastructure and network management; and (iii) IT enabled BPO services. In March 2002, ICICI divested majority of our Equity Shares, by virtue of which we ceased to be a subsidiary of ICICI.

Main Objects

The main objects of the Company are as follows:

1. Carrying on the business of giving services for fixed deposits and for issue and transfer of shares, debentures, bonds, stocks and all types of financial instruments and securities (whether relating to capital market or money market) and, generally by -
   - (i) acting as Registrars to the issues and Registrars and Transfer Agents of shares, debentures, bonds and all other types of securities and financial instruments;
   - (ii) rendering custodial and depository services; and
   - (iii) acting as issue Agent and Paying Agent.
2. Carrying on the business of developing, improving, designing, marketing, selling and licensing software and program products of any and all description.
3. Rendering technical assistance and services including maintenance in connection with the use, purchase, sale, import, export, lease or distribution, license, design, manufacture of any machines, apparatus, appliance, system, component, electronic and electromechanical products and systems and program products.
4. Providing consultancy services related to the preparation and maintenance of accounting, statistical, scientific or mathematical information and reports, data processing, programming, collecting, storing, processing, transmitting information and data of every kind and description, systems analysis, and machine services for solving or aiding commercial, industrial, scientific and research problems and for all other related business.
5. Carrying on the business of advisers and consultants on all matters and problems relating to the administration, organisation, finance, management, personnel, commencement or expansion of industry and business (including construction of plants and buildings, production, purchases, sales, marketing, advertisement, publicity, personnel, export and import), and of institutions, concerns, bodies, associations (incorporated or unincorporated), departments and services of the Government, public or local authorities, trusts, scientific research and development centres.
6. Acting as service organisation or bureau for providing advice and services in various fields - general administrative, secretarial, consultancy, commercial, financial, legal, economic, labour, industrial, public relations, scientific, technical, direct and indirect taxation and other levies, statistical, accountancy, quality control and data processing.
7. Providing facilities management in the area of providing help desk facilities, call centre management, Information Technology operations, configuration and asset management, back-up and recovery network operations, user training, data base management, disaster recovery, Planning and execution.
8. Operating a high technology data processing centre, management information, analysis, development and accounting information and providing data to corporates, institutions, individuals etc.
9. Carrying on the business of engineering consultants and administrations, organisations, undertakings, institutions, industry and business, and to undertake preliminary planning, site development studies, feasibility reports, design engineering, procurement, factory inspection, construction management, trial and acceptance testing, operator training, plant betterment services, etc., including technical and specialised advice on projects.

10. Engaging in and conducting the business of research to carry on investigation and experiments of all kinds, to originate, develop and improve and discoveries, inventions, processes and formulae, particularly to manufacture, purchase or otherwise acquire, own, hold, operate, sell or otherwise transfer, lease, license the use of, distribute or otherwise dispose of and generally to deal in, property of every kind and description, including without limitation to the generality of the foregoing, electronic, electrical and mechanical devices, apparatus, appliances and machines and parts thereof especially for the creation, reproduction, amplification, reception, transmission and retention of sound, signals, communication and also for all other processes.
11. Carrying out scientific and technical research in any field whatsoever, and to develop, exploit and turn to account the know-how and other fruits of such research developed in India or abroad.
12. Establishing, maintain and conducting training schools, courses, and programs in connection with the use, purchase, sale, import, export, license, distribution, design, manufacture or rental of the aforesaid types of machines, apparatus, appliances, systems, and merchandise, and of articles, required in the use thereof or used in connection therewith.
13. Manufacturing, purchasing, sell or otherwise transfer, lease, import, export, hire, license, use, dispose off, operate, fabricate, construct, distribute, assemble, design charter, acquire, market recondition, work upon or otherwise, generally deal in any electronic calculators, electric and electromechanical accounting systems, terminal products and systems, machines for registering, data preparation, recording, perforating, tabulating, sorting, printing, typewriting, products which possess an internal intelligence for recognition and correlating any type of data or information to be processed, recognition and memory systems, optical scanning machine, transmission lines, transmission equipment, terminals copying reproducing and distributing machines, check signing, protecting and disbursing equipment, machines for facsimile reproduction, facsimile transmission, and word processing, facilities and accessories and devices of all kinds, and for all purposes, and any products and component parts thereof or materials or articles used in connection therewith, and any and all other machinery, appliances, apparatus, devices, materials, substances, business forms and supplies, articles or things of a character similar or analogous to the foregoing or any of them or connected herewith.
14. Establishing and operating data and information centres and bureaus and rendering services to customers in India and abroad by processing these jobs at data processing centres and giving out computer machine time with or without considerations.
15. Carrying on the business of maintenance, repairs and reconditioning of computer data processing equipments.
16. Assisting, setting up, operating and supervising the operation of the data processing departments of other organisations.

The object clause of the Memorandum of Association of the Company enables the Company to undertake activities for which funds are being raised in this Issue. The Company's activities are in accordance with the object clause of its Memorandum of Association.

CHANGES IN THE MEMORANDUM OF ASSOCIATION

Date	Particulars
February 17, 1999	Change in Object clause of the Company by insertion of new object clause and re-numbering of main objects of the Company. Also change in the name of the Company from ICICI Investor Services Limited to ICICI Infotech Services Limited.
January 28, 2000	Sub-division of Equity shares and increase in authorised share capital, whereby authorised share capital increased to Rs.250,000,000(Rupees two hundred and fifty million only) consisting of 20,000,000 (twenty million) equity shares of Rs.5/- each and 15,000,000 (fifteen million) preference shares of Rs.10/- each.
September 14, 2000	Authorised share capital of the Company increased from to Rs. 500,000,000 (Rupees five hundred million only) divided into 70,000,000 (seventy million) equity shares of Rs. 5/- each and 15,000,000 (fifteen million) preference shares of Rs.10/- each
March 22, 2002	Authorised share capital of the Company increased to Rs. 2,000,000,000 (Rupees two billion only) divided into 100,000,000 (One hundred million) equity shares of Rs. 5/- each and 300,000,000 (three hundred million) preference shares of Rs. 5/- each
January 18, 2005	Consolidation of equity shares and increase in authorized capital to Rs. 2,500,000,000 (Rupees Two and a half billion only) divided into 100,000,000 (One hundred million) equity shares of Rs. 10/- each and 300,000,000 (Three hundred million) preference shares of Rs. 5/- each

Some Key Events

October 11, 1993	Incorporated as ICICI Investors' Services Limited, with registered office at 163, Backbay Reclamation, Bombay – 400 020.
January 15, 1998	Registered office changed to Maratha Mandir Annex, Dr. A R Nair Road, Mumbai Central, Mumbai - 400 008.
March 9, 1999	Name changed to ICICI Infotech Services Limited
September 14, 2000	Registered office shifted to Zenith House, K K Marg, Mahalaxmi, Mumbai – 400 034.
July 22, 2002	Registered office shifted to, Tower # 5, 3rd to 6th Floors, International Infotech Park, Vashi, Navi Mumbai - 400 075.
October 23, 2002	Name changed to ICICI Infotech Limited.
January 20, 2005	Name changed to 3i Infotech Limited.

ACQUISITIONS AND STRATEGIC INVESTMENTS

Rohan Software Private Limited

In October 1999, we acquired the business of Rohan Software Private Limited, or Rohan, for Rs. 17.8 million. At the time of the acquisition, Rohan was one of the provider of software support and development services for the ICICI/ICICI Bank, certain of their subsidiaries and affiliates. The acquisition also helped us in consolidating, all of our back-office and IT-related support services for ICICI/ICICI Bank, certain of their subsidiaries and affiliates.

Ivory International Inc.

In June 2000, we acquired Ivory International Inc., or Ivory, through our U.S. subsidiary, 3i Infotech Inc., for a total purchase price of US$ 8.1 million. At the time of the acquisition, Ivory was engaged in the software consulting and staff augmentation businesses and we intended to use Ivory as a springboard to enter the potentially lucrative U.S. IT-services market. In fiscal 2002, Ivory was merged into 3i Infotech Inc.

Object Xperts, Inc.

In July 2000, we acquired the customer and employee contracts of Object Xperts, Inc., or Object Xperts, through 3i Infotech Inc. for US$ 3.2 million plus US$ 2 million additional purchase price. Object Xperts was a software consulting firm whose clients included Dow Jones and we intended to leverage Object Xperts' relationship with Dow Jones in order to expand our presence in the U.S. IT-services market.

Ajax Software Solutions Ltd.

In November 2000, we acquired Ajax Software Solutions Ltd., or Ajax, For Rs. 178.5 million and in March 2001 we merged Ajax into 3i Infotech Limited. At the time of the acquisition Ajax had been developing a suite of banking solutions and we intended to use this acquisition as a means to expand our lines of business to include software products and related services.

Command Systems Inc.

In March 2001, we acquired Command Systems Inc., ("Command"), through 3i Infotech Inc. for US$ 38.3 million. It had a cash balance of about US$ 15 million at the time of acquisition. At that time, Command was engaged in providing a wide range of IT-related consultancy and staff augmentation services, primarily for U.S. insurance companies, and we intended to leverage Command's customer base to expand into the U.S. market for insurance-related IT services. In fiscal 2002, Command was merged into 3i Infotech Inc.

Insyst Business Technologies Limited and Insyst Technologies MEA Ltd.

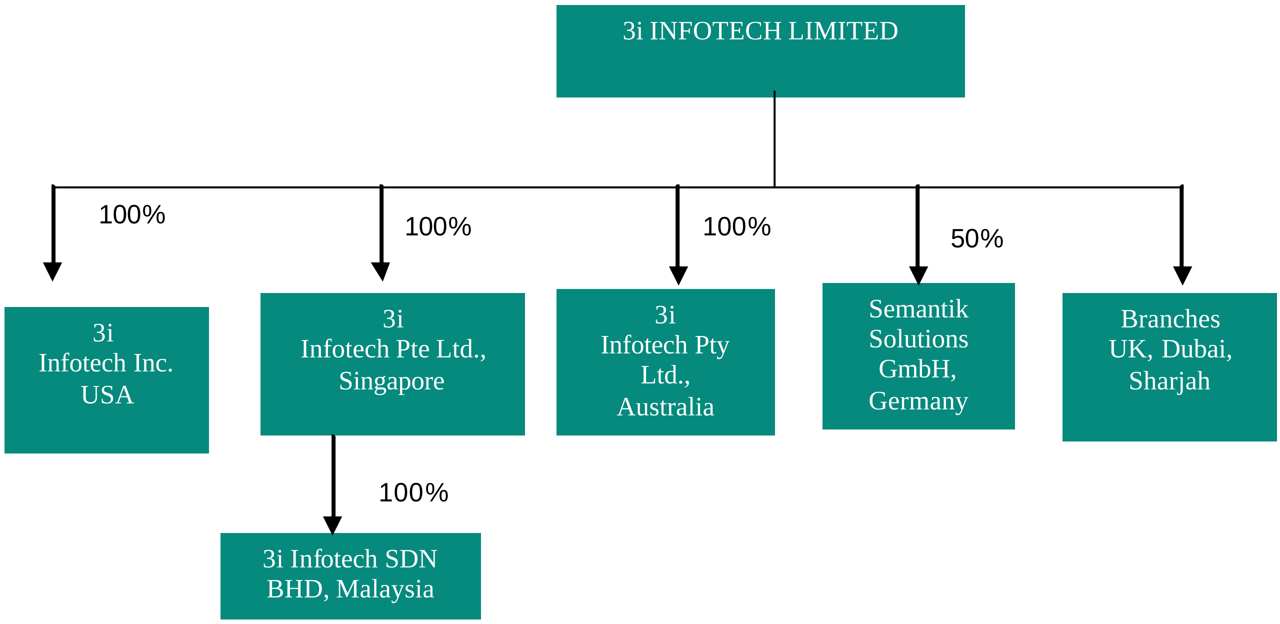
In two transactions in November 2001 and January 2002, we acquired the businesses of Insyst Business Technologies Limited and Insyst Technologies MEA (BVI) Limited, (collectively "Insyst"), for a total of US$ 2.5 million. In addition, there is post-acquisition payment, which has been determined to be US$ 3.0 million, to be paid by April 2005. At the time of the acquisition, Insyst had developed both the PREMIA suite of insurance solutions and the ORION suite of enterprise resource planning solutions, and had over 150 customers in the Middle East. As a result of the acquisition, we were able to diversify into the software products business and acquire an immediate presence in the insurance solutions and enterprise resource planning solutions markets in the Middle East. We have since leveraged our Middle East experience in these two markets to enter the software products business in insurance and enterprise resource planning solutions in other geographies, particularly India and the Asia-Pacific region.

Semantik Solutions GmbH

In March 2002, we entered into a joint venture agreement with the Fraunhofer Institute for Software and Systems Engineering, Germany, and Innova Business Development and Holding GmbH, Germany. Under the terms of the agreement, we invested EUR 12,500 for a 50% interest in a joint venture company, Semantik Solutions GmbH, ("Semantik"). The purpose of the joint venture was to develop and exploit the commercial potential of Semantik content management predictive technology, the right, title and ownership of which was assigned to Semantik. We have proposed to acquire the balance 50% interest in the joint venture company that we do not own and thereafter Semantik will become our wholly-owned subsidiary. Under the terms of the proposed acquisition, Semantik would retain ownership over products created or developed by Semantik in terms of the joint venture agreement.

OUR SUBSIDIARIES AND AFFILIATES

The following chart shows the corporate structure of the Company and its subsidiary companies and affiliates.



Subsidiaries of 3i Infotech Limited

1. 3i Infotech Inc. (USA)

3i Infotech Inc. ("3i Infotech Inc") was incorporated as ICICI Infotech Inc. in Delaware, USA as a wholly owned subsidiary of 3i Infotech Limited in January 2000 and its name was changed with effect from January 20, 2005. 3i Infotech Inc was set up to tap the potential for IT business in the North American region. The company's operations have expanded both through organic and inorganic growth over the last five years.

Shareholding Pattern

The shareholding pattern of Infotech Inc. as of March 1, 2005 is set forth below:

	Percentage of Shares Owned
3i Infotech Limited	100.00
Total	**100.00%**

Board of Directors

The following is a list of members of the Board of Directors of 3i Infotech Inc as of March 1, 2005:

Name	**Designation**
Mr. V Srinivasan	Managing Director and CEO
Mr. Manoj Kunkalienkar	Director
Mr. Amar Chintopanth	Director

Financial Performance

The following table sets forth, for the periods, indicated, a summary of the financial performance of 3i Infotech Inc. Figures for the nine months ended December 31, 2004 are audited as per Indian GAAP.

(USD in million)

	Fiscal 2002	**Fiscal 2003**	**Fiscal 2004**	**Nine months ended December 31, 2004**
Income	28.0	16.0	12.3	11.5
Expenditure	56.3	16.4	16.2	12.2
Profit /(Loss) before Tax	(28.3)	(0.4)	(3.9)	(0.7)
Profit /(Loss) after Tax	(28.5)	(0.3)	(3.9)	2.2
Share Capital	12.7	12.7	12.7	12.7
Reserves	(0.0)	(0.4)	(4.2)	(6.0)
Face value per share (USD)	30 cents	30 and 1 cent	30 and 1 cent	30 and 1 cent
Book value per share (USD)	0.3	0.3	0.2	0.2
EPS (Annualised) (USD)	(0.7)	0.0	(0.1)	0.1

(Rs in million)

	Fiscal 2002	**Fiscal 2003**	**Fiscal 2004**	**Nine months ended December 31, 2004 ***
Income	1,342.2	777.8	569.0	521.2
Expenditure	2,694.4	779.4	748.0	505.2
Profit /(Loss) before Tax	(1,352.2)	(1.6)	(178.9)	16.0
Profit /(Loss) after Tax	(1,357.9)	(3.6)	(179.9)	142.8
Share Capital	765.4	765.4	765.4	765.4
Reserves	-	(3.6)	(183.6)	(265.9)
Exchange Rate	47.73	48.49	46.03	45.35

* Figures for December 31, 2004 are under Indian GAAP

The equity shares of 3i Infotech Inc are not listed. 3i Infotech Inc has not completed any rights or public issue in the past three years

2. 3i Infotech Pte. Limited

3i Infotech Pte. Limited ("3i Infotech Pte") was incorporated as ICICI Infotech Pte Limited in Singapore as wholly owned subsidiary of 3i Infotech Limited on November 8, 2000 to provide IT services and products in the Far East with emphasis on markets in Singapore, Indonesia, Malaysia, Thailand and Hong Kong. Its name was changed with effect from January 26, 2005. The principal activities of 3i Infotech Pte are to carry on the business of information technology related products and services.

Shareholding Pattern

The shareholding pattern of 3i Infotech Pte .as of March 1, 2005 is set forth below:

	Percentage of Shares Owned
3i Infotech Limited	100.00
Total	**100.00%**

Board of Directors

The following is a list of members of the Board of Directors of 3i Infotech Pte Ltd as of March 1, 2005:

Name	**Designation**
Mr. V Srinivasan	Director
Mr. Boon Yoon Chiang	Director
Mr. Debneel Mukherjee	Director

Financial Performance

The following table sets forth, for the periods, indicated, a summary of the financial performance of 3i Infotech Pte. Figures for the nine months ended December 31, 2004 are audited as per Indian GAAP.

(Singapore Dollars in million)

	Fiscal 2002	**Fiscal 2003**	**Fiscal 2004**	**Nine months ended December 31, 2004**
Income	1.7	2.3	3.1	3.5
Expenditure	1.2	2.3	2.9	3.6
Profit /(Loss) before Tax	0.5	0.0	0.2	(0.1)
Profit /(Loss) after Tax	0.4	0.0	0.1	(0.1)
Share Capital	1.7	1.7	1.7	1.7
Reserves	0.5	0.5	0.6	1.0
Face value per share (Singapore Dollar)	1.0	1.0	1.0	1.0
Book value per share (Singapore Dollars)	1.3	1.3	1.3	1.3
EPS (Annualised) (Singapore Dollar)	0.3	0.0	0.1	(0.1)

(Rs. in million)

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Nine months ended December 31, 2004 *
Income	45.6	69.9	118.8	141.3
Expenditure	31.1	63.9	108.8	133.7
Profit /(Loss) before Tax	14.5	6.0	10.0	7.7
Profit /(Loss) after Tax	11.4	6.1	9.4	7.7
Share Capital	44.2	44.2	44.2	44.2
Reserves	13.8	19.9	26.9	34.7
Exchange Rate	26.4	27.4	26.6	26.9

* Figures for December 31, 2004 are under Indian GAAP

The equity shares of 3i Infotech Pte are not listed. 3i Infotech Pte has not completed any rights or public issue in the past three years

3. 3i Infotech SDN BHD

3i Infotech SDN BHD ("3i Infotech SDN") was incorporated as ICICI Infotech SDN BHD in Malaysia by 3i Infotech Pte. Limited in October 2002 and its name was changed with effect from January 31, 2005**.** The principal activities of 3i Infotech SDN are to carry on the business of IT related products and services.

Shareholding Pattern

The shareholding pattern of 3i Infotech SDN as of March 1, 2005 is set forth below:

	Percentage of Shares Owned
3i Infotech Pte	100.00
Total	**100.00%**

Board of Directors

The following is a list of members of the Board of Directors of 3i Infotech SDN as of March 1, 2005:

Name	Designation
Mr. Debneel Mukherjee	Director
Mr. Santhanam Shankar	Director
Mr. Dakshinamoorthy Balakrishnan	Director
Mr. V Srinivasan	Director

Financial Performance

The following table sets forth, for the periods, indicated, a summary of the financial performance of 3i Infotech SDN. Figures for the nine months ended December 31, 2004 are audited as per Indian GAAP.

(RM in million)

	Period ended March 31, 2003	Fiscal 2004	Nine months ended December 31, 2004
Income	0.6	3.1	4.1
Expenditure	0.2	2.6	3.2
Profit /(Loss) before Tax	0.4	0.4	0.9
Profit /(Loss) after Tax	0.4	0.4	0.9
Share Capital (Including Preference capital)	0.3	0.3	0.3
Reserves	0.4	0.8	1.7
Face value per share (RM)	1.0	1.0	1.0
Book value per share (RM)	2.8	4.4	7.8
EPS (Annualised) (RM)	3.6	1.8	4.6

(Rs. in million)

	Period ended March 31, 2003	Fiscal 2004	Nine months ended December 31, 2004*
Income	7.66	37.57	48.95
Expenditure	2.55	31.51	38.21
Profit /(Loss) before Tax	5.11	6.06	10.74
Profit /(Loss) after Tax	5.11	6.06	10.74
Share Capital (Including Preference capital)	31.93	31.93	31.93
Reserves	5.11	11.17	21.91
Exchange Rate	12.77	12.12	11.94

* Figures for December 31, 2004 are under Indian GAAP

The equity shares of 3i Infotech SDN are not listed. 3i Infotech SDN has not completed any rights or public issue in the past three years.

4. 3i Infotech Pty Limited

3i Infotech Pty Limited ("Infotech Pty") was incorporated as ICICI Infotech Pty Limited in May 2002 in Australia and its name was changed to Infotech Pty with effect from February 1, 2005. A team for sales, marketing and other support functions has been set up and imparted with necessary training and development to meet the industry needs and to market our product.

Shareholding Pattern

The shareholding pattern of 3i Infotech Pty. as of March 1, 2005 is set forth below:

	Percentage of Shares Owned
3i Infotech Limited	100.00
Total	**100.00%**

Board of Directors

The following is a list of members of the Board of Directors of 3i Infotech Pty Ltd as of January 31, 2005:

Name	Designation
Mr. V. Srinivasan	Director
Mr. Arvind Joshi	Director
Mr. Jayant Newalkar	Director

Financial Performance

The following table sets forth, for the periods, indicated, a summary of the financial performance of 3i Infotech Pty. Figures for the nine months ended December 31, 2004 are audited as per Indian GAAP.

(AUD in million)

	Period ended March 31, 2003 (unaudited)	Fiscal 2004 (unaudited)	Nine months ended December 31, 2004
Income	0.0	0.1	0.0
Expenditure	1.2	1.5	0.7
Profit /(Loss) before Tax	(1.2)	(1.4)	(0.7)
Profit /(Loss) after Tax	(1.2)	(1.4)	(0.7)
Share Capital (Including Preference capital)	0.6	1.7	1.7
Reserves	(1.2)	(2.6)	(3.3)
Face value per share (AUD)	1.0	1.0	1.0
Book value per share (AUD)	(0.1)	(0.6)	(0.1)
EPS (Annualised) (AUD)	(2.1)	(0.8)	(0.6)

(Rs. in million)

	Period ended March 31, 2003 (unaudited)	Fiscal 2004 (unaudited)	Nine months ended December 31, 2004*
Income	-	2.5704	0.12
Expenditure	32.717	47.4412	22.99
Profit /(Loss) before Tax	(32.717)	(44.8708)	(22.87)
Profit /(Loss) after Tax	(32.717)	(44.8708)	(22.87)
Share Capital (Including Preference capital)	15.86	48.11	48.11
Reserves	(32.717)	(77.5878)	(100.46)
Exchange Rate	27.27	31.97	32.99

* Figures for December 31, 2004 are under Indian GAAP

The equity shares of 3i Infotech Pty are not listed. 3i Infotech Pty has not completed any rights or public issue in the past three years.

Joint Ventures

1. Semantik Solutions GmbH, Germany

Semantik Solutions GmbH ("Semantik") is a joint venture company jointly owned by 3i Infotech and Innova Business Development and Holding GmbH ("Innova"). The Company is in the process of acquiring the 50% equity shares held by Innova.

Shareholding Pattern

The shareholding pattern of Semantik as of March 1, 2005 is set forth below:

	Percentage of Shares Owned
3i Infotech Limited	50.00
Innova	50.00
Total	**100.00%**

Board of Directors

The following is a list of members of the Board of Directors of Semantik as of March 1, 2005:

Name	Designation
Mr. V Srinivasan	Director
Prof. Herbert Weber	Director

Financial Performance

The following table sets forth, for the periods, indicated, a summary of the financial performance of Semantik. Figures for the nine months ended December 31, 2004 are audited as per Indian GAAP.

(EUR Millions)

	Fiscal 2003 (unaudited)	Fiscal 2004 (unaudited)	Nine months ended December 31, 2004
Income	0	0	0
Expenditure	0	0.09	0.39
Profit /(Loss) before Tax	0	(0.09)	(0.39)
Profit /(Loss) after Tax	0	(0.09)	(0.39)
Share Capital (Including Preference capital)	0.03	0.03	0.03
Reserves	0	(0.09)	(0.48)
Face value per share (EUR)	12,500	12,500	12,500
Book value per share (EUR)	12,500	(311,430)	(485,125)
EPS (Annualised) (EUR)	NA	NA	NA

(Rs. Millions)

	Fiscal 2003 (unaudited)	Fiscal 2004 (unaudited)	Nine months ended December 31, 2004*
Income	-	-	0.09
Expenditure	-	4.82	10.94
Profit /(Loss) before Tax	-	(4.82)	(10.85)
Profit /(Loss) after Tax	-	(4.82)	(10.85)
Share Capital (Including Preference capital)	1.21	1.21	1.21
Reserves	0	(4.82)	(15.67)
Exchange Rate	NA	54.09	56.31

* Figures for December 31, 2004 are under Indian GAAP

The equity shares of Semantik are not listed. Semantik has not completed any rights or public issue in the past three years

Group company under winding up

In March 2001, when 3i Infotech inc., acquired Command, the Company acquired the business of the Indian subsidiary of Command, Command International Software Private Limited (“CIS”). The Company acquired the entire business including the assets and liabilities of CIS. Thereafter on December 10, 2001 the members of CIS approved that the company be voluntarily wound up. The affairs of CIS, were eventually wound up on January 24, 2003 by the liquidator who filed the petition with the Official Liquidator, Karnataka High Court (“OL”). The OL is yet to file his report with the High Court, after which the High Court will issue the order of winding up. When the order of the High Court is filed with the Registrar of Companies, Karnataka at Bangalore, the name of the company will be stricken off the records of the Registrar of Companies, Karnataka at Bangalore.

MANAGEMENT

Board of Directors

As per our Articles of Association, we cannot have less than 3 or more than 15 directors. We currently have 9 directors.

The following table sets forth details regarding our Board of Directors as on the date of filing the Prospectus with RoC:

Name, Designation, Father's Name, Address, Occupation and Term	Age	Other Directorship
Mr. Hoshang Sinor, Non-Executive Chairman S/o Late Mr. Noshirwan Pestonji Sinor, 764-F, Sarosh Court, Tilak Road, Dadar, Mumbai – 400 014 Service Term: Liable to retire by rotation	60	ICICI Lombard General Insurance Co. Ltd; ICICI Venture Funds Management Co. Ltd; National Commodity and Derivatives Exchange Limited; Themis Medicare Ltd; Credit Rating Information Services of India Limited ("CRISIL"); The Indian Banks' Association - Chief Executive and Secretary; Canbank Mutual Fund - Chairman of Board of Trustees.
Mr. V Srinivasan, Managing Director and CEO S/o Late Mr. N. Venkataraman, Flat No. 803, 8th floor, Akruti Complex, Sai Wadi, Andheri (East), Mumbai – 400 069 Service Term: Till March 31, 2006	48	3i Infotech Inc; 3i Infotech SDN BHD; 3i Infotech Pte Ltd; Insyst Technologies MEA BVI Ltd; 3i Infotech Pty Ltd; Semantik Solutions GmbH.
Mr. Manoj Kunkalienkar, Executive Director S/o Mr. Pundalik Kunkalienkar, A-3002, 'A' Wing, 30th Floor, Gokul Concorde Co-op Housing Society, Surya Village, Western Express Highway, Kandivili (E), Mumbai 400101 Service Term: September 30, 2007	45	3i Infotech Inc.
Mr. Hariharan Padmanabhan, Executive Director S/o Late Mr. Krishnier Padmanabhan, No.7, Al Otaiba Compound, Jumeira 3, P O Box No.9109, Dubai, UAE Service Term: Till November 4, 2006	52	Insyst Technologies MEA BVI Ltd; Insyst Business Technologies Ltd.

Name, Designation, Father's Name, Address, Occupation and Term	Age	Other Directorship
Mr. Suresh Kumar, Director S/o Late Mr. R.M Krishna Iyer, Villa No. 76, Near Safa Park Jumeirah, Dubai, UAE Service Term: Liable to retire by rotation	54	IIBU Fund Plc, Ireland; Tricolour Investments Ltd; Tricolour Initiatives Fz LLC.
Mr. Vijay Thacker, Director S/o Dr. Premji Valji Thacker, 7/34, Shyam Nivas, B. Desai Road, Mumbai – 400 026 Chartered Accountant Term: Liable to retire by rotation	44	**Director** Horwath Consultants India Pvt. Ltd.; Horwath Franchise Services India Pvt. Ltd.; Yashaswini Consultants Pvt. Ltd.; Kaytee Corporation Ltd; Kaytee Apparels Pvt Ltd; Escorts Construction Equipment Ltd. **Partner** V.P Thacker and Co., Chartered Accountants
Ms. Ramni Nirula, Director W/o Mr. Deepak Nirula, ICICI Towers, NBCC Palace, Bisham Pitamah Marg Pragati Vihar, Lodi Road New Delhi – 110 003. Service Term: Until nomination is withdrawn	52	ICICI Web Trade Ltd; Abhishek Industries Limited; Ballarpur Industries Limited; ICICI Comm Trade Ltd..
Mr. Balaji Swaminathan, Director S/o Mr. D. Swaminathan, ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051. Service Term: Liable to retire by rotation	39	ICICI OneSource Ltd; Arvind Mills Ltd; Jindal Vijayanagar Steel Limited; Jindal Thermal Power Limited; Haldia Petrochemicals Limited; Bharat Forge Limited.
Mr. Vincent Addonisio, Director S/o Mr. Michael Addonisio 312, Signature Court, Safety Harbor, Florida 34695 Strategic Advisor Term: Liable to retire by rotation	50	Liquidmetal Technologies, Inc; Dynetech Corporation; Employer Management Solutions, Inc.; Lightport Advisors, Inc.; Tandel Systems; Regency Strategic Advisors, Inc.

Directors' Description

Mr. Hoshang Sinor, aged 60 is the non- executive Chairman of the Company since July 24, 2003. He is a graduate in commerce and law and his career has spanned 37 years in the banking sector. He has held positions in the banking sector with Union Bank of India and Central Bank of India. In the year 1998, he took over as Managing Director and CEO of ICICI Bank. After the merger of ICICI with ICICI Bank in 2002, he worked as the Joint Managing Director of ICICI Bank and retired from the services of ICICI Bank from May 31, 2003. Mr. Sinor has worked on various committees of RBI, Indian Banks' Association and Confederation of Indian Industry ("CII") and is also presently, the Chief Executive and Secretary of Indian Banks' Association.

Mr. V. Srinivasan, aged 48, is the Managing Director and Chief Executive Officer of the Company since April 1999. He is responsible for developing and implementing the strategy and day-to-day operations of the Company. He holds a Bachelors Degree in Science, is a Chartered Accountant, Cost and Works Accountant and a qualified Company Secretary. He has over 25 years of experience in finance, accounting and computer systems. Prior to his current role, he was Senior General Manager and Company Secretary of erstwhile ICICI Limited and played a key role in various IT initiatives of ICICI Limited. Mr. Srinivasan has been instrumental in spearheading the global operations of the Company. In fiscal 2004, Mr. Srinivasan, received an annual remuneration of US$ 350,857 which is paid by 3i Infotech Inc.

Mr. Manoj Kunkalienkar, aged 45, has done his B.Tech in Electrical Engineering from IIT, Mumbai and M.Tech in Computer Science from same institute. Mr. Manoj Kunkalienkar is specialised in various application areas ranging from finance to manufacturing and has been a consultant to prestigious organization such as IIT, Mumbai, MTNL, Rashtriya Chemical Fertilizers Limited. He began his career with a leading software house which he left to start a business specializing in software development and consulting. He was the Chief Executive Officer of Rohan Software Pvt. Ltd. from its inception upto its merger with the Company, in September 1999. Presently, he is an Executive Director, head of technology solutions and India geography. In fiscal 2004, Mr. Kunkalienkar, received an annual remuneration of Rs.4,693,945.

Mr. Hariharan Padmanabhan, aged 52, graduated from IIT, Kanpur in 1975 and took his post-graduate Diploma in Management from IIM, Kolkata in 1979. His professional background includes over twenty-four years of experience in India and the Middle East. He started his IT career with International Data Management (IDM) in 1979 for sales and distribution of Data Centre processing and in-house computing in the western region . He moved to Dubai in 1983, at which time he was Regional Manager (North) for IDM. He joined Emitac, the Hewlett Packard distributor in the UAE, to market and manage the implementation of turnkey solutions to their major accounts in the U.A.E. and also got began the Oman operations of IMTAC. In 1986, Mr. Padmanabhan set up Insyst group of companies ("Insyst") in Dubai and in India. Over the next fifteen years, Insyst created ERP and insurance solutions, Orion and Premia and implemented them across over 600 customers in over 23 countries. He joined the Company as President in October 2001, when the Company acquired Insyst and was appointed to the Board in November 2003 as an Executive Director. He heads the ERP and Insurance (Orion and Premia) businesses globally and is also the Head of MEA Geography operations. In fiscal 2004, Mr. Padmanabhan, received an annual remuneration of AED 557,754.

Mr. Suresh Kumar, aged 54, has completed a post-graduate investment management programme at the London School of Business and was the recipient of the Lord Aldington Banking Fellowship and Rotary International Scholarship. Mr. Suresh Kumar has been part of the senior management of Emirates Bank Group since 1989 and prior to that he had held senior management positions in the banking sector in India and UAE. He is presently the CEO of Emirates Financial Services PSC a wholly owned subsidiary of Emirates Bank International.

Mr. Vijay Thacker, aged 44, is Chairman of the Audit Committee. He is a Chartered Accountant with over 18 years professional experience in accountancy and consulting. Educated in Mumbai, Mr. Thacker was a partner of N.M. Raiji & Co., Chartered Accountants, from 1986 to 1998. He is currently the Managing Partner of V. P. Thacker & Co., Chartered Accountants and associated with Horwath International, a worldwide accounting and consultancy organisation. He has wide experience in the areas of accounting and audit, corporate finance, business consultancy. His experience covers several leading listed Indian companies and multinational corporations.

Ms. Ramni Nirula, aged 52, is a post-graduate in management studies from Delhi University. She joined ICICI in 1975 and held various positions in the northern regional office of ICICI. She became a General Manager of ICICI in 1998. She was designated as Senior General Manager of ICICI in fiscal 2000. She was also the Managing Director and CEO of ICICI Securities Limited from January 1, 2003 to January 31, 2004. Currently, she heads the government banking group and rural and micro banking & agri business group of ICICI Bank.

Mr. Balaji Swaminathan, aged 39 is a commerce graduate from University of Calcutta and is also a Chartered Accountant and Cost and Works Accountant. He started his career with KPMG International in 1989. He worked in KPMG India as partner/ director from 1994 to 2001. He joined ICICI in August 2001 as its Chief Financial Officer, and was the Chief Financial Officer of ICICI upto March 31, 2002. He was Chief Financial Officer of ICICI Bank from April 1, 2002 to March 31, 2003. Currently he is responsible for the corporate banking group of ICICI Bank.

Mr. Vincent Addonisio, aged 50, has completed his MBA from Georgia Institute of Technology and his Bachelor's degree from Binghamton University in New York. He is also a Certified Public Accountant. Mr. Addonisio has been associated with companies in the technology industry in the U.S.A., for over 25 years and has been a board member of certain NASDAQ listed companies, as well as other private companies. He was responsible for several initial public offerings and follow-on offerings of public companies in the U.S.A., and has completed several cross-border acquisition transactions in his career. Mr. Addonisio is currently the Founder and Chief Executive Officer of Regency Strategic Advisors, Inc., an investment banking firm based in the U.S.A. Prior to forming Regency Strategic Advisors, Inc., he was the Executive Vice President and Chief Administrative Officer, as well as a Director, of IMR Global Corp., where he was responsible for Strategy, Mergers & Acquisitions, Legal, Finance & Accounting, I.T. and Human Resources functions. Before its acquisition by CGI Group, IMR Global was a software services company listed on NASDAQ and headquartered in the USA.

Committees of the Board

The Company is in compliance with Clause 49 of the Listing Agreement.

Audit Committee

The scope and functions of the Audit Committee are as per Section 292A of the Companies Act. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and control systems. It acts as a link between the management, the statutory and management auditors and the Board of Directors. The constitution of the Audit Committee is in compliance with the corporate governance requirements under clause 49 of the listing agreement.

The members of the Audit Committee are:

- Mr. Vijay Thacker, Chairman of the Audit Committee, non-executive independent director with financial and accounting background.
- Mr. Suresh Kumar
- Mr. Balaji Swaminathan

Board Governance Committee

The Board Governance Committee also acts as a nomination committee and compensation committee. Its functions include appointment of directors on the boards of our subsidiaries and make recommendations to fill up vacancies arising in the offices of our directors. This committee also recommends compensation to our directors. The terms of reference of this committee also includes appointment of wholetime directors, evaluation of the performance of the board and its committees, formulation of the code of ethics, the code of governance and succession planning. This committee also evaluates the performance of wholetime directors, recommends remuneration payable to them, performance bonus, stock options etc. The committee also makes recommendations to the Board in respect of incentive/ compensation plan and stock option plan for our employees.

The members of the Board Governance Committee are:

- Mr. Hoshang Sinor, Chairman of the Committee
- Mr. Suresh Kumar
- Mr. Vijay Thacker

Shareholders/Investor Grievance Committee

The scope and functions of the Shareholders/Investor Grievance Committee are as per Clause 49 of the Listing Agreement.

- Mr. Hoshang Sinor, Chairman of the Committee

- Mr. Manoj Kunkalienkar
- Mr. Balaji Swaminathan

Corporate Governance

Guidelines issued by SEBI in respect of corporate governance will be applicable to the Company immediately upon listing of its Equity Shares on the Stock Exchanges. The Company has complied with applicable SEBI guidelines, as required at the time of initial listing, in respect of corporate governance specially with respect to broad basing of Board, constituting the committees such as Shareholders/Investor Grievance Committee, etc.

Shareholding of the Directors

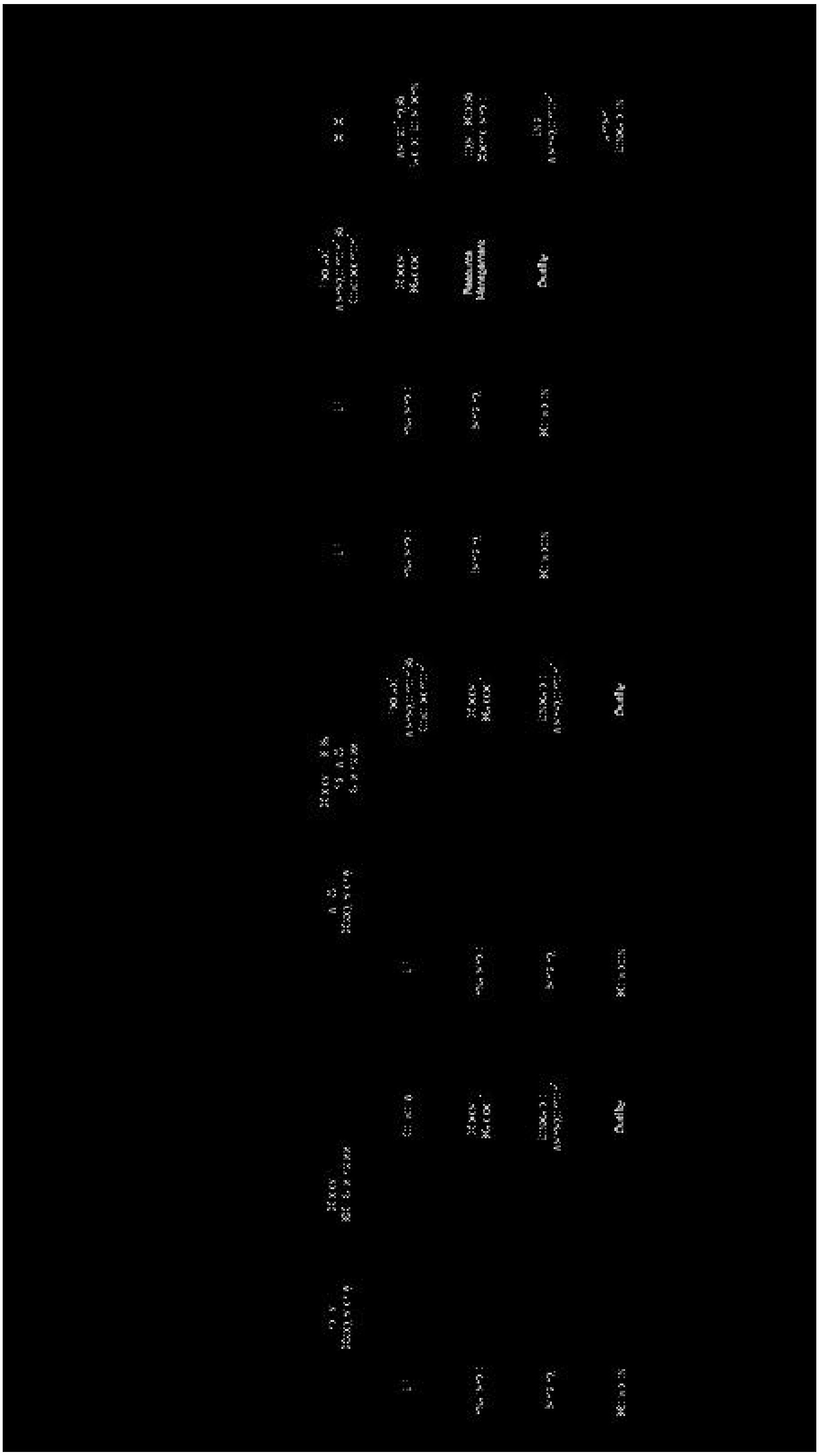
None of the Directors hold shares in the Company.

Changes in our Board of Directors in the last three years

The changes that took place in the Board of Directors since January, 2002 are as follows:

Name	Reason	Date of Appointment	Date of Resignation
Mr. K.V. Kamath	Resigned	May 1, 1996	July 23, 2002
Ms. Lalita D. Gupte	Resigned	July 24, 1999	July 23, 2002
Ms. Kalpana Morparia	Resigned	July 24, 1999	July 23, 2002
Ms. Shikha Sharma	Resigned	July 24, 1999	April 26, 2002
Ms. Ramni Nirula	Appointed	July 22, 2002	
Mr. Balaji Swaminathan	Appointed	July 22, 2002	
Mr. Manoj Kunkalienkar	Appointed	October 1, 2002	
Mr. Hoshang Sinor	Appointed	July 24, 2003	
Mr. Hari Padmanabhan	Appointed	November 5, 2003	
Mr. Vincent Addonisio	Appointed	January 23, 2005	

Organizational Structure



Key Managerial Personnel of the Company

Mr. V Srinivasan, our Managing Director and CEO is also Managing Director and CEO of 3i Infotech Inc., our wholly owned subsidiary. Other than Mr. V Srinivasan, Mr. Hari Padmanabhan and Mr. Manoj Kunkalienkar, our key managerial personnel are as follows:

Mr. Arvind Joshi, aged 45, is Senior General Manager heading the Global Delivery Centre at Chennai. He is an engineer from BITS Pilani, and brings with him over 20 years of corporate experience with reputed brands like IBM, Chase Manhattan and Mphasis – BFL. He also earlier worked with ICICI as head of Information Technology. As head of the Global Delivery Centre, he is responsible for building competitive ERP and insurance products to gain market share and facilitate profitability and growth and create intrinsic value through growth of intellectual property rights. He is also responsible for implementation of and conformance to quality processes and standards at global delivery centre. He has been with the Company since April 2002. Mr. Joshi received an annual remuneration equivalent of Rs. 3,070,999 in fiscal 2004.

Mr. Amar Chintopanth, aged 45, is General Manager and Chief Financial Officer of the Company and as such heads the Finance and Accounts department of the Company globally. He is a Chartered Accountant and has over 20 years of experience in banking, treasury, accounts, MIS, auditing, lease and hire purchase and dealing with regulatory bodies. His major achievements have been in the areas of mergers, corporate planning, designing of MIS, transfer pricing policies, US GAAP and dealing with RBI, STPI etc. He has been associated with ITC Classic Finance, AF Ferguson and Masterstrips. His last assignment was with Polaris Software Lab Limited where he was Vice President Finance. He has been with the Company since December 6, 2001. In fiscal 2004, Mr. Chintopanth received an annual remuneration of Rs. 2,802,703.

Mr. Debneel Mukherjee, aged 39 years, is President, Asia Pacific and is responsible for the overall business being conducted in the region. He holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant. He has over 15 years of experience in finance, technology and relationship management. He has substantial domain expertise in banking. He was earlier holding the portfolio of CFO in the Company and was responsible for managing the finances and accounts of the Company. Prior to joining the Company he was with the major clients group of ICICI Limited and handled client relationships of various key clients. He has been with the Company since September 1, 1999. In fiscal 2004, Mr. Debneel Mukherjee received an annual remuneration of SGD 241,018 paid by 3i Infotech Pte as he is deputed to them.

Mr. Kalpesh Desai, aged 35 has a degree in commerce and has attended an executive management program from the Indian Institute of Management (IIM), Ahmedabad. Mr. Desai played a key role in the growth of Insyst Technologies, a mid-market enterprise application vendor, by acquiring and retaining over 550 customers for their popular ERP suite, Orion, in 23 countries across the Middle East, Africa, India and North America, through direct sales, channel partners and OEM vendors, in a span of 14 years. He was the Chief Operating Officer of Insyst Technologies. Mr. Desai, started Xmediaries Technologies which created CrossRoads, an enterprise relationship management application. He is now the chief operating officer for Europe, Middle East and Africa operations of the Company. His annual remuneration in fiscal 2004 was AED 395,766.

Mr. M.B. Battliwala, aged 55 years, is General Manager Marketing and Public Relations. He was earlier responsible for Tricolour Infotech, our erstwhile joint venture with Emirates Bank, UAE. He has a Master's degree in Science, Masters in Finance, CAIIB and has diplomas in Computers and System Management. He has over 27 years of experience in the banking and IT industry. He was a part of the core team responsible for computerization of branches and the head office of State Bank of India and was with ICICI prior to his joining the Company. He has been with the Company since September 1, 1999. In fiscal 2004, Mr. Battliwala received an annual remuneration equivalent of Rs. 2,427,682.

Mr. Manoj Mandavgane, aged 41, is General Manager Human Resources. He holds a Bachelor's degree in Commerce, and a Master's degree in Labour Studies from the Mumbai University. He is also a Qualified PI Analyst (Praendex Management Resources, USA). He possesses over 19 years of experience and earlier worked with Easycall (India) Ltd. where he was the Head – Human Resources ("HR"). As the Head of HR, he provides direction to the activities of the HR department and has been instrumental in streamlining HR processes and systems. His responsibilities include recruitment, compensation and benefits along with payroll, training, performance management, employee welfare and developmental activities like counseling and mentoring. He has been with the Company since February 1, 2000. In fiscal 2004, Mr. Mandavgane received an annual remuneration of Rs. 2,251,070.

Mr. Padmanabhan Iyer, aged 41 years, holds a dual portfolio as GM – Business Process Outsourcing (BPO) while also looking after Risk Management and Process Standardisation (RMPS) function. He is responsible for the Back Office Operations pertaining to R & T activity for Equity, Bonds, Fixed Deposits and Demat and new business initiatives in this function. In his role as Head RMPS, he supports businesses in standardisation and improvement of processes, risk identification and mitigation and optimisation of revenue at a global level. He is a Graduate in Commerce and has done his Masters in Financial Management from Jamnalal Bajaj Institute of Management Studies. He has over 20 years of experience in financial services operations, Accounting, Tax and Audit. He was with the Company from March 6, 2000 to September 30, 2002 and rejoined the organization on March 3, 2004 after a stint with Reliance Infocomm Limited as Head – Loan Management and Fraud Control. He was with ITC Classic Finance Ltd. as Senior Manager, Operations, and with Ispat Industries Limited as Assistant General Manager. In fiscal 2004, Mr. Padmanabhan Iyer received Rs. 151,948.

Mr. Ravi Jagannathan, aged 43 years, is Senior Vice President based in the U.S. He is a Chartered Accountant, with a graduation in Commerce, and is also qualified as a Oracle Master by Global Oracle Education. He has 20 years experience in the fields of management, finance, project management, business development and customer acquisition. Before joining the Company, he had worked with UBICS Inc, USA as head of Oracle Technology Practice and prior to that, as a Chartered Accountant and management consultant for 12 years. Before moving to US in the year 2002, he worked in the Company as head of our Chennai Development Centre. He is currently, also responsible for the Company's UK Operations. In fiscal 2004, Mr. Ravi Jagannathan received an annual remuneration of USD 131,777 from 3i Infotech Inc where he is deputed.

Mr. Sanjeev Saxena, aged 43, is an engineer in electronics and telecommunication from IETE. He is a systems integration specialist and has 18 years of experience. He has taken initiatives to start new ventures for two different companies in India for system integration business and has fine blend of management and technical skill to succeed. Before joining the Company, Mr. Saxena served in various positions such as deputy general manager to director in companies such as Datacraft, Jindal Infotech Limited, IBN Limited, HCL Technologies Limited and HCL Comnet. His annual remuneration for fiscal 2004 was Rs. 1,737,418 inclusive of sales incentives.

Ms. Shirish Atre, aged 49, is General Manager, Banking Products. Ms. Atre has been in the banking field since 1977. Apart from core banking her major strengths are trade finance, forex and asset liability management. She held several senior positions at Saraswat Bank prior to joining Ajax Software where she was responsible for providing the functional inputs for product development and implementation as well as pre sales support. She is responsible for the banking product group which handles 7 different products in the Banking domain. Her responsibilities include providing strategic direction for group, product positioning and product development and managing relationships with product partners at a global level. She has been with the Company since April 1, 2001. In fiscal 2004, Ms. Atre received an annual remuneration of Rs. 2,343,542.

Mr. Shridhar Kane, aged 43, is General Manager, Quality. He had worked with the Company for four and half years till June 30, 2004, when he resigned. He has rejoined the Company on February 12, 2005. Mr. Kane is an Electrical Engineering post-graduate from Indian Institute of Technology, Mumbai, and has over 18 years of experience in the software industry. He has handled diverse roles like delivery, technology office and corporate quality in the Company. He has guided the Company in achieving CMM Level 5 status. He has authored a book on Software Defect Prevention. In fiscal 2004, Mr. Shridhar Kane received an annual remuneration of Rs. 2,404,968.

Mr. Shivanand R Shettigar, aged 39, is the Deputy General Manager heading the legal and compliance function and is the Secretary of the Company. He is a qualified Company Secretary and a law and commerce graduate. Mr. Shettigar has over 15 years experience in secretarial, legal, retail investor servicing fields and ISO 9001:2000 quality management systems. He has been with the Company since October 1995. Prior to this he worked with CIPLA Limited and Essar Group. Mr. Shettigar received an annual remuneration of Rs. 1,356,266 in fiscal 2004.

Shareholding of the key managerial personnel

None of our key managerial personnel holds any shares in the Company as on the date of this Prospectus.

Bonus or Profit Sharing Plan for the Key Managerial personnel

Bonus for the employees of the Company is approved on an annual basis by the Board Governance Committee.

ESOPs to Key Managerial Personnel

Name	Position	Stock Options granted
V Srinivasan	Managing Director and CEO	703,000
Manoj Kunkalienkar	Executive Director	319,400
Hariharan Padmanabhan	Executive Director	275,000
Arvind Joshi	Senior General Manager	105,000
Amar Chintopanth	General Manager and Chief Financial Officer	134,000
Debneel Mukherjee	President– Asia Pacific	148,100
Kalpesh Desai	COO – Europe, Middle East & Africa	90,000
Manoj Mandavagane	General Manager, Human Resources	69,600
Meherdaad Battliwala	General Manager, Marketing and Public Relations,	70,250
Padmanabhan Iyer	General Manager, Risk Management and Process Standardisation and BPO	60,000
Ravi Jagannathan	Senior Vice President	55,400
Sanjeev Saxena	General Manager	44,000
Shirish Atre	General Manager, Banking Products	59,750
Shridhar Kane	General Manager, Quality	Nil
Shivanand Shettigar	Company Secretary and Compliance Officer	70,000

Changes in the Key Managerial Personnel in the last three years

Changes in the key managerial personnel in the last three years have been given below:

Name of the Employee and Designation	Date of Cessation/Joining	Reason
Mr. Shridhar Kane	February 12, 2005	Joined
Ms. Sudha Kunkalienkar, General Manager	September 24, 2004	Resigned
Mr. Dibyajyoti Chaudhuri, General Manager	July 30, 2004	Resigned
Mr. Prasad Rangnekar, Head of UK Operations	July 15, 2004	Resigned
Mr. Shridhar Kane, General Manager	June 30, 2004	Resigned
Mr. Padmanabhan Iyer, General Manager	March 3, 2004	Joined
Mr. T V Rangaswami, General Manager	January 5, 2004	Resigned
Mr. Aftab Merchant, General Manager	October 31, 2003	Retired
Mr. Manmohan Singh, Head of Sales and Marketing (USA Operations)	September 4, 2003	Resigned
Mr. Sanjeev Saxena, General Manager	December 26, 2002	Joined
Mr. Radhakrishna Pingale	October 11, 2002	Resigned
Mr. Padmanabhan Iyer, General Manager	September 30, 2002	Resigned
Mr. Pravir Vohra, Joint President	August 31, 2002	Resigned
Mr. Kalpesh Desai, Chief Operating Officer	June 1, 2002	Joined
Mr. Arvind Joshi	April 22, 2002	Joined

All the key managerial personnel of the Company are in permanent employment of the Company. The remuneration of Mr. V. Srinivasan, our Managing Director and CEO, and Mr. Ravi Jagannathan are paid by our wholly owned subsidiary 3i Infotech Inc. The remuneration of Mr. Debneel Mukherjee is paid by our wholly owned subsidiary 3i Infotech Pty.

OUR PROMOTERS

The Company's promoters are ICICI Bank and a private equity fund, ICICI Strategic Investments Fund, (the "SIF") (together the "Promoters"). SIF is the legal owner of the shares in the Company held by it. SIF acts through its trustee that is Western India Trustee and Executor Company Limited. SIF is managed by ICICI Venture Funds Management Company Limited.

ICICI STRATEGIC INVESTMENTS FUND

SIF has been established as a Trust under the Indian Trusts Act, 1882 by an indenture of trust dated February 1, 2003 ("Trust Deed"). SIF is the only fund set up under the trust, the Trust Deed of which has been registered with the Sub-registrar of Assurances at Bangalore on February 23, 2003. The settlor of this trust was ICICI Venture Funds Management Company Limited. The Western India Trustee and Executor Company Limited is the trustee of SIF and its investment manager is ICICI Venture Funds Management Company Limited. SIF is not registered with SEBI as a venture capital fund. It is a broad based India centric private investment fund with a corpus of Rs. 10,000 million, the key activity of which is to invest in mid-sized growth companies for funding capacity expansion and growth.

SIF acquired 29,136,043 Equity Shares from ICICI Trusteeship Services Limited - Equity Fund at Rs. 100 per Equity Share (par value Rs. 5) and 9,900,147 Equity Shares from ICICI Trusteeship Services Limited - IT Fund at Rs. 100 per Equity Share (par value Rs. 5) on April 17, 2003.

The following table sets forth the summary financial data in accordance with Indian GAAP:

(in Rs. million except per share data)

	Fiscal 2002	**Fiscal 2003**	**Fiscal 2004**	**Nine months ended December 31, 2004**
Total income	-	0.74	48.17	45.62
Profit after tax	-	(0.23)	(17.58)	6.30
Equity Capital/Unit Capital	-	0.01	6,140.00	6,140.00
Reserves and Surplus	-	(0.23)	(17.81)	(24.11)
Earnings per share (Rs.)	-	-	-	-
Book value per share/NAV (Rs.)	-	-	99.71	99.61

ICICI BANK

ICICI Bank was incorporated in India in 1994 and is one of the largest private sector commercial banks and together with its subsidiaries, offers products and services in the areas of commercial banking to retail and corporate customers (both domestic and international), treasury and investment banking and other products like insurance. ICICI Bank's commercial banking products and services for retail customers include both retail loans and retail liability products and services. It offers a wide range of retail credit products including home loans, car loans, commercial vehicle loans, two wheeler loans, dealer financing, personal loans, credit cards, loans against time deposits and loans against shares. It also offers loans and fee-based services to small enterprises, which include suppliers and dealers of large corporations, and clusters of small enterprises that have a homogeneous profile. ICICI Bank's other retail products and services include private banking, debit cards, fund transfer facilities and utility bill payment services.

The Company was incorporated as a wholly owned subsidiary of the ICICI, which was merged with ICICI Bank with effect from March 29, 2002. In March 2002, ICICI divested majority of its Equity Shares in the Company, by virtue of which we ceased to be a subsidiary of ICICI.

Shareholding Pattern

The equity shareholding pattern of ICICI Bank as of March 5, 2005 is set forth below:

Name	Percentage of shares owned
Government Financial Institutions	15.75
Public Sector Banks and Govt. Companies	0.09
NRIs/ OCBs/ FIIs and Foreign Banks	48.96
American Depositary Receipts	21.73
Mutual Funds	1.40
Bodies Corporates	4.83
Other Banks	0.01
Indian Public	7.23
Total	**100.00**

Board of Directors:

The following is a list of the members of the Board of Directors of ICICI Bank as of March 1, 2005:

Name	Designation
Mr. Narayanan Vaghul	Chairman
Mr. Uday Madhav Chitale	Director
Mr. Prabhas Chandra Ghosh	Director
Mr. Sunil Behari Mathur	Director
Mr. Lakshmi Niwas Mittal	Director
Mr. Anupam Pradip Puri	Director
Mr. Vinod Rai	Director
Mr. Somesh Ramchandra Sathe	Director
Mr. Mahendra Kumar Sharma	Director
Mr. Priya Mohan Sinha	Director
Prof. Marti Gurunath Subrahmanyam	Director
Mr. V. Prem Watsa	Director
Mr. K. V. Kamath	Managing Director and CEO
Ms. Lalita D. Gupte	Joint Managing Director
Ms. Kalpana Morparia	Deputy Managing Director
Ms. Chanda D. Kochhar	Executive Director
Mr. Nachiket Mor	Executive Director

Financial Performance

The following sets forth the summary financial data in accordance with Indian GAAP:

(in Rs. billions, except per share data)

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Nine months ended December 31, 2004
Total income	27.27	125.27	119.59	91.89
Profit after tax	2.58	12.06	16.37	13.91
Equity Capital	6.13	6.13	6.16	7.36
Reserves and Surplus	56.32	63.20	73.94	118.99
Earnings per share	11.61	19.68	26.66	19.18
Book value per share	101.88	113.10	127.27	169.84

Effective the nine-month period ended December 31, 2004, premium amortisation on statutory liquidity ratio securities has been regrouped from interest income to provisions and contingencies.

The equity shares of ICICI Bank are listed on The Stock Exchange, Mumbai, National Stock Exchange and American Depository Receipts ("ADRs") each representing two equity shares are listed on the New York Stock Exchange. ICICI Bank completed a follow on offering of its shares in April, 2004. ICICI Bank issues unsecured redeemable bonds in the nature of debentures on a regular basis.

At the request of the Company, ICICI Bank has vide letter dated February 8, 2005 consented to be named as promoter of the Company. The Permanent Account Number and bank account number of the Promoters has been submitted to the stock exchanges at the time of filing of the DRHP with them.

Subsidiaries of ICICI Bank

ICICI Bank has 14 subsidiaries - ICICI Securities Limited, ICICI Brokerage Services Limited, ICICI Securities Holdings Inc, ICICI Securities Inc, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Venture Funds Management Company Limited, ICICI Home Finance Company Limited, ICICI Bank UK Limited, ICICI Bank Canada, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited and ICICI Distribution Finance Private Limited. ICICI Bank has the following other group companies within the meaning of the SEBI guidelines: Prudential ICICI Asset Management Company Limited and Prudential ICICI Trust Limited. In addition, ICICI Bank is sponsor or co-sponsor of Prudential ICICI Mutual Fund, the asset management company of which is Prudential ICICI Asset Management Company Limited and the trustee of which is Prudential ICICI Trust Limited, and ICICI Securities Fund, the asset management company of which is ICICI Investment Management Company Limited and the trustee of which is ICICI Trusteeship Services Limited. None of ICICI Bank's subsidiaries or other group companies have any shares listed on any stock exchange.

ICICI Bank also owns the entire or majority of the units and/or have made entire or majority of the contributions in certain trust funds, private equity funds and venture capital funds, namely, ICICI Property Trust, ICICI Eco-net Internet & Technology Fund, ICICI Emerging Sectors Fund, ICICI Strategic Investments Fund and ICICI Equity Fund. Such trust funds, private equity funds and venture capital funds and/or their investee companies are not subsidiaries of ICICI Bank under the Act or group companies under the SEBI guidelines. Under the accounting standards, these trust funds, private equity funds and venture capital funds are treated as associates.

ICICI (which subsequently, along with two of its subsidiaries merged into ICICI Bank) held equity holdings in certain companies (namely ICICI OneSource Limited, 3i Infotech Limited, ICICI KINFRA Limited, ICICI Webtrade Limited, ICICI West Bengal Infrastructure Development Corporation Limited and ICICI Knowledge Park) and due to the role of ICICI in their establishment and also pursuant to trademark license agreements between ICICI and such companies, such companies (and their subsidiaries, if any) are permitted in terms of such agreements to use “ICICI” in their name.

ICICI OneSource Limited and its subsidiaries carry out IT-enabled outsourcing activities like inbound/outbound call processing, transaction processing, outbound telemarketing, inbound customer care and back office transaction processing, collections, billing, remittances, investment and business research and financial analytics. It services clients from multiple verticals like banking, financial services, insurance, telecommunications, media. ICICI Web Trade Limited is registered with SEBI as a Stock Broker and is a member of BSE on the Equity segment, as a member of NSE on the Equity & Derivatives segments and as a dealer of the Over the Counter Exchange (OTCEI). ICICI Web Trade Limited is also registered with SEBI as a Portfolio Manager. ICICI Web Trade Limited provides internet based online broking services through its website located at the url www.icicidirect.com. It also provides these services over the phone through the facility called CallNTrade. ICICI Comm Trade Limited, a subsidiary of ICICI Web Trade Limited, has been established to provide web and telephone based broking services in the commodities and commodity derivatives market and is a member of NCDEX. ICICI Knowledge Park has been established with the object of providing world class infrastructure to corporates for conducting research and carrying on of emerging technology related activities. ICICI KINFRA Limited has been established with a view to developing infrastructure projects in the state of Kerala. ICICI West Bengal Infrastructure Development Corporation Limited has been established to promote, develop, structure and eventually fund/arrange for funding of infrastructure projects in the State of West Bengal.

Currently, ICICI Bank directly holds equity shares in ICICI OneSource Limited, 3i Infotech Limited and ICICI Webtrade Limited to the extent of 29.9%, 29.5% and 0.02% respectively and has no equity shareholding in ICICI KINFRA Limited, ICICI West Bengal Infrastructure Development Corporation Limited and ICICI Knowledge Park. All of the aforesaid companies are professionally managed companies under the supervision of their respective Board and none of the aforesaid companies are ICICI Bank’s related parties for accounting purposes under Indian GAAP and ICICI Bank exercises no control over the aforesaid companies other than to the extent of ICICI Bank’s shareholding, if any, in such companies or in terms of the trademark licensing agreements entered into with the aforesaid companies. Separately, there may be independent commercial transactions in the ordinary course of business between one or more of the aforesaid companies and ICICI Bank.

1. ICICI Securities Limited (formerly ICICI Securities and Finance Company Limited) (“ICICI Securities”)

ICICI Securities was set up on February 22, 1993 to provide investment banking services to investors. ICICI Securities has three main business lines - corporate advisory and mergers and acquisitions, fixed income and equities. ICICI Securities is a merchant banker, underwriter and portfolio manager registered with the SEBI. ICICI Securities is registered with the RBI as a Primary Dealer in Government of India securities. It is actively involved in money market operations, and trading in various fixed income securities. ICICI Securities offers a wide range of investment banking services including issue management, underwriting, placement of debt and equity, corporate advisory services including mergers, acquisitions and corporate restructuring, valuations and fairness opinion reports. It also provides specialised services in the areas of private equity syndication and privatisation of government entities. ICICI Securities has an equity research team, which identifies investment opportunities and provides investment advice to clients. ICICI Bank own 99.92% of the share capital of ICICI Securities.

A summary of the financial performance of ICICI Securities is as follows:

Financial details

(Rs. in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	3,788.1	3,053.2	3,211.5	963.2
Expenditure	1,911.9	1,559.6	1,417.9	734.5
PBT	1,876.2	1,493.6	1,902.2	228.7
PAT	1,278.9	1,029.4	1,439.0	144.7
Share Capital	2,030.0	2,030.0	2,030.0	2,030.0
Reserves	1,161.9	1,480.8	1,895.0	1,970.8
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	15.72	17.29	19.33	19.71

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. K.V. Kamath (Chairman)

Ms. Lalita D. Gupte

Ms. Kalpana Morparia

Dr. Nachiket Mor

Mr. S. Mukherji (Managing Director & CEO)

2. ICICI Brokerage Services Limited ("ICICI Brokerage")

ICICI Brokerage is a wholly-owned subsidiary of ICICI Securities and was incorporated on March 9, 1995. It is a member of the NSE and BSE. ICICI Brokerage provides broking services primarily, to institutional investor clients.

A summary of the financial performance of ICICI Brokerage is as follows:

(Rs. in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Income	95.8	135.2	376.0	310.6
Expenditure	79.3	46.4	77.3	234.3
Profit before Tax	16.5	88.8	298.7	76.3
Profit after Tax	11.0	54.8	190.8	47.9
Share Capital	45.0	45.0	45.0	45.0
Reserves Surplus	89.2	144.1	334.8	382.7
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	29.83	42.01	84.40	95.03

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. S. Mukherji (Chairman)

Mr. Nitin Jain

Mr. Devesh Kumar

Ms. Meher Baburaj

Mr. Paresh Shah

Mr. T. S. Baskaran

3. ICICI Securities Holdings Inc.

ICICI Securities Holdings Inc. was incorporated in the United States on June 12, 2000 and is a wholly-owned subsidiary of ICICI Securities. ICICI Securities Holdings Inc. was incorporated to render corporate advisory services for cross border transactions.

A summary of the financial performance of ICICI Securities Holdings Inc. is as follows:

(Rs. in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	20.0	30.6	26.8	16.7
Expenditure	19.9	27.6	26.3	27.4
Net Profit / (Loss)	0.20	3.10	0.50	(10.7)
Share Capital	50.6	75.0	75.0	75.0
Reserves	(9.6)	(7.1)	(8.1)	(18.5)
Face Value Per Share (US$.)	1.00	1.00	1.00	1.00
Book Value Per Share (Rs.)	37.29	42.47	41.82	35.32

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. Sripat Pandey (President)

Mr. Nitin Jain

Mr. Joseph H. Bosco

4. ICICI Securities Inc.

ICICI Securities Inc. was incorporated in the United States on June 13, 2000 to provide brokerage, research and investment banking services to investors who wish to invest in the Indian financial markets. ICICI Securities Inc. is a wholly-owned subsidiary of ICICI Securities Holdings, Inc. ICICI Securities Inc. is registered as a broker-dealer with the United States Securities Exchange Commission and is a member of the National Association of Securities Dealers Inc. in the United States. ICICI Securities Inc. is permitted to deal in securities market transactions in the United States and provide research and investment advice to institutional investors based in the United States.

A summary of the financial performance of ICICI Securities Inc. is as follows:

(Rs in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	7.8	10.0	35.3	26.3
Expenditure	22.0	15.5	19.2	29.3
Net Profit/(Loss)	(14.2)	(5.50)	16.1	(3.0)
Share Capital	48.3	48.3	48.3	48.3
Reserves	(15.8)	(22.0)	(8.8)	(11.9)
Face Value Per Share (US$.)	1.00	1.00	1.00	1.00
Book Value Per Share (Rs.)	30.9	25.0	37.6	34.7

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. Sripat Pandey (President)

Mr. Devesh Kumar

Mr. Joseph H. Bosco

Mr. Sanjeev Patni

Mr. Nitin Jain

5. ICICI Prudential Life Insurance Company Limited ("ICICI Prudential Life Insurance")

ICICI Prudential Life Insurance Company Ltd was incorporated on July 20, 2000. The authorised capital of ICICI Prudential is Rs. 12,000 million and its paid-up capital is Rs. 9,250 million as on February 28, 2005. ICICI Prudential is a 74:26 joint venture between ICICI Bank and Prudential plc of the United Kingdom. ICICI Bank owns 74.0% of the paid-up share capital of ICICI Prudential. The main objects of ICICI Prudential are to carry on the business of life insurance, effecting contracts of insurance dependent upon human life where payment of money is assured on death (except death only by accident), to grant annuities of all kinds and to carry on all forms of life insurance business. ICICI Prudential is registered with the Insurance Regulatory and Development Authority. ICICI Prudential commenced operations in December 2000, becoming one of the first few private sector players in life insurance sector. Since then ICICI Prudential has registered significant growth. ICICI Prudential has written over 1. 3 million policies (as on February 28, 2005).

A summary of the financial performance of ICICI Prudential is as follows:

(Rs. in million)

Particulars	**For the year ended March 31**			**For the half year ended December 31, 2004 (Unaudited)**
	2002	**2003**	**2004**	
Total Income	1,414.7	4,544.7	1,0670.8	1,3851.6
Expenditure	2,446.9	6,016.5	1,2909.8	1,5710.2
Profit /(Loss) before Tax	(1,032.2)	(1,471.8)	(2,239.0)	(1,858.64)
Profit /(Loss) after Tax	(1,051.0)	(1,471.8)	(2,215.7)	(1,858.64)
Share Capital	1,900.0	4,250.0	6,750.0	8,250.0
Reserves (excluding policy Holders' funds)	(1,053.2)	(2,535.8)	(4,740.7)	(6,599.4)
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	4.46	4.03	2.98	2.00

Board of Directors as of March 1, 2005:

Mr. K. V. Kamath (Chairman)

Ms. Lalita D. Gupte

Mr. Kevin Holmgren

Ms. Kalpana Morparia

Ms. Chanda D. Kochhar

Mr. M. P. Modi

Mr. R. Narayanan

Mr. Mark Norbom

Ms. Shikha Sharma (Managing Director)

6. ICICI Lombard General Insurance

ICICI Lombard General Insurance was incorporated on October 30, 2000 as a 74:26 joint venture between ICICI and Fairfax Financial Holdings Limited. The authorised and paid-up share capital of ICICI Lombard General Insurance is Rs. 2200 million. Pursuant to the amalgamation, ICICI Bank own 74.0% of the paid-up share capital of ICICI Lombard General Insurance. ICICI Lombard General Insurance is registered with the Insurance Regulatory and Development Authority. ICICI Lombard General Insurance offers a wide range of general insurance products for both corporate and retail customers. ICICI Lombard General Insurance achieved financial breakeven in fiscal 2003 and an underwriting profit in fiscal 2004. It had written 2,49,531 policies in fiscal 2004.

A summary of the financial performance of ICICI Lombard is as follows:

(Rs. in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (unaudited)
	2002 (audited)	2003 (audited)	2004 (audited)	
Total Income	116.1	598.5	2,100.5	2,831.4
Expenditure	227.4	556.6	1,678.1	2,470.0
Profit/ (Loss before Tax	(111.3)	41.9	422.4	361.4
Profit/ (Loss) after Tax	(84.8)	33.0	317.8	303.1
Share Capital	1,100.0	1,100.0	2,200.0	2,200.0
Reserves	(98.4)	(63.8)	59.3	238.1
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	9.11	9.42	10.27	11.08

Note : a) Reserves as disclosed above are after deducting miscellaneous expenditure/ preliminary expenditure not written off or adjusted.

b) Book value per share for nine months ended December 31, 2004 is not annualized.

Board of Directors as of March 1, 2005:

Mr. K. V. Kamath (Chairman)

Mr. R. Athappan

Mr. B.V. Bhargava

Mr. Dileep Choksi

Mr. James Dowd

Ms. Lalita D. Gupte

Ms. Kalpana Morparia

Mr. S. Mukherji

Mr. Chandran Ratnaswami

Mr. H. N. Sinor

Mr. Sandeep Bakhshi (Managing Director)

7. ICICI Venture Funds Management Company Limited ("ICICI Venture")

ICICI Venture (formerly TDICI Limited) is a venture capital company and was founded in 1988 as a joint venture between ICICI Limited and The Unit Trust of India. ICICI Venture was incorporated on January 5, 1998. Subsequently, ICICI bought out Unit Trust of India's stake in 1998 and ICICI Venture became a subsidiary of ICICI. Pursuant to amalgamation, ICICI Bank hold almost the entire share capital of ICICI Venture. ICICI Venture currently oversees nine domestic and offshore funds that collectively have a corpus of over Rs. 30,000 million. ICICI Venture has invested in over 300 companies in a wide spectrum of industries.

A summary of the financial performance of ICICI Venture is as follows:

(Rs. in million)

Particulars	For the year ended March 31			For the Period ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	203.1	356.6	1067.1	487.03
Expenditure	113.6	170.9	753.2	170.43
Profit before Tax	89.5	185.7	313.9	316.60
Profit after Tax	55.8	125.0	259.7	199.83
Share Capital	31.3	31.3	31.3	23.44
Reserves	254.4	288.8	381.0	285.41
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	91.42	102.40	131.91	131.98

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. K. V. Kamath (Chairman)

Ms. Lalita D. Gupte

Ms. Kalpana Morparia

Dr. Nachiket Mor

Mr. Gopal Srinivasan

Mr. Balu Doraisamy

Mr. R. Rajamani

Ms. Renuka Ramnath (Managing Director & CEO)

8. ICICI Home Finance Company Limited ("ICICI Home Finance")

ICICI Home Finance was incorporated on May 28, 1999 as a wholly-owned subsidiary of ICICI Personal Financial Services. Subsequently, it became a wholly-owned subsidiary of ICICI from November 22, 1999. The authorised share capital of the company is Rs. 3,000 million and its paid-up capital is Rs. 1,550 million. Pursuant to the scheme of amalgamation with ICICI, ICICI Bank holds the entire share capital of ICICI Home Finance. ICICI Home Finance has issued privately placed bonds listed on the wholesale debt market segment of the NSE aggregating Rs. 7,500 million. ICICI Home Finance was set up with the objective of providing housing/property loans to individuals and corporates. ICICI Home Finance has also launched other innovative products with features like free personal accident insurance and nil part prepayment charges etc. ICICI Home Finance offers loans at about 323 locations in the country and offers doorstep service to customers. Since November 2001, as a strategic initiative, the home loan disbursals are made by the holding company and the functions relating to sanction of assistance, disbursement and other procedures for the same are carried out by ICICI Home Finance as Origination and Administrative Agent.

(Rs. in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	1,922.1	1,978.2	1,462.9	1,705.9
Expenditure	1,795.8	1,572.4	1,357.6	1,063.4
Profit before Tax	126.3	405.8	105.3	71.5
Profit after Tax	95.8	286.5	98.5	57.5
Share Capital	1,550.0	1,550.0	1,550.0	1,550.0
Reserves	68.9	136.4	265.4	309.3
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	14.44	14.93	15.79	13.28

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Ms. Chanda D. Kochhar (Chairperson)

Ms. Kalpana Morparia

Dr. Nachiket Mor

Mr. M. N. Gopinath

Ms. Madhabi Puri Buch

Mr. V. Vaidyanathan (Managing Director & CEO)

Mr. Rajiv Sabharwal (Chief Operating Officer)

9. ICICI Bank UK Limited ("ICICI Bank UK")

ICICI Bank UK was incorporated on February 11, 2003 with the Registrar of Companies of England and Wales and is ICICI Bank's wholly-owned subsidiary. The authorised share capital of the company is US$ 500 million and Euro 500 million and UK Sterling 100 million. The paid-up capital is US$ 150 million and UK Sterling 2. ICICI Bank UK is authorised and regulated by the Financial Services Authority in the UK and seeks to provide banking products and services to corporate and retail customers, primarily based in the United Kingdom, with trading or personal links to India. ICICI Bank UK commenced operations during November 2003.

A summary of the financial performance of ICICI Bank UK is as follows:

(US$ in thousands)

Particulars	**For the year ended March 31, 2004**	**For the 9 months ended December 31, 2004 (Unaudited)**
Total Income	1,552	12,076
Expenditure	3,799	11,814
Profit before Tax	(2,247)	262
Profit after Tax	(2,247)	262
Share Capital	50,000	100,000
Reserves	(2,247)	(1,985)
Face Value Per Share (US$)	1.00	1.00
Book Value Per Share (US$)	0.96	0.98

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. K. V. Kamath (Chairman)

Ms. Lalita D. Gupte

Mr. Bhargav Dasgupta

Mr. Sonjoy Chatterjee

Mr. W. Michael T. Fowle

Mr. Richard M. J. Orgill

Dr. M. L. Kaul

Mr. Martin Errington

10. ICICI Bank Canada

Pursuant to the Bank Act of Canada, the Office of the Superintendent of Financial Institutions granted Letters of Patent of Incorporation to ICICI Bank Canada, on September 12, 2003, and an Order to Commence and Carry On Business, on November 25, 2003. In addition, the Canada Deposit Insurance Corporation admitted ICICI Bank Canada to its membership, on September 24, 2003, giving it the ability to mobilise retail deposits across Canada. As a wholly-owned subsidiary of ICICI Bank Limited (the "Parent"), it will initially open and operate five full-service branches in Canada; four of these branches will be located in the Greater Toronto Area and one will be in the Greater Vancouver Area. The Subsidiary launched its operations, at a Toronto downtown branch, on December 19, 2003, and at a Brampton branch, on April 16, 2004.

Based in Toronto, Ontario, ICICI Bank Canada has received an initial capital injection of Canadian Dollar 25 million. It intends to provide a full range of personal and commercial financial services, including NRI services, to retail and commercial customers through its branch network, ATMs and the internet. Further, capitalising on ICICI Bank's leadership, ICICI Bank Canada proposes to offer a full suite of trade finance products. ICICI Bank Canada plans to offer innovative products using ICICI Bank's network in India and around the world to its domestic and overseas customers.

A summary of the financial performance of ICICI Bank Canada is as follows:

(Canadian Dollars in thousands)

Particulars	**For the period ended March 31, 2004**	**For the year ended December 31, 2004 (Unaudited)**
Total Income	289	1,502
Expenditure	1,621	8,141
Profit before Tax	(1,332)	(6,639)
Profit after Tax	(930)	(4,752)
Share Capital	25,000	25,000
Retained Earnings	(930)	(5,682)
Face Value Per Share (C$)	1.00	1.00
Book Value Per Share (C$)	0.96	0.77

Board of Directors as of March 1, 2005:

Mr. K. V. Kamath (Chairman)

Ms. Lalita D. Gupte

Mr. Bhargav Dasgupta

Mr. Madan Bhayana

Mr. Robert G. Long

Senator David P. Smith

Mr. John Thompson

Mr. Hari Panday (President & CEO)

11. ICICI International Limited ("ICICI International")

ICICI International (formerly TDICI Investment Management Company) was originally incorporated on January 18, 1996 as a wholly-owned subsidiary of ICICI Venture in Mauritius to carry on the business of offshore fund management. Subsequently, ICICI Venture transferred its entire shareholding to ICICI. Pursuant to the amalgamation, ICICI International has become ICICI Bank's wholly-owned subsidiary. ICICI and TCW (Trust Company of the West, USA) had jointly set up an asset management company named "TCW/ICICI Investment Partners, L.L.C." to pursue investment management opportunities in the private equity business. TCW/ICICI Investment Partners, L.L.C. is domiciled in Mauritius and has a share capital of US$ 600,000. Pursuant to the amalgamation, ICICI Bank holds 50.0% of the share capital of TCW/ICICI Investment Partners, L.L.C. through ICICI International. The balance 50.0% of the share capital of TCW/ICICI Investment Partners is held by TCW.

A summary of the past financial performance of ICICI International is as follows:

(US$ thousands)

Particulars	For the year ended March 31			For the Period ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	952,130	333,996	160,698	76,128
Expenditure	828,951	333,720	160,698	69,619
Net Profit before dividend	155,641	276	-	6,509
Share Capital	400,000	400,000	400,000	400,000
Reserves	148,816	129,092	129,092	135,601

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Ms. Renuka Ramnath

Mr. Suresh Kumar

Mr. Couldip Basanta Lala

Mr. Kapil Dev Joory

12. ICICI Trusteeship Services Limited ("ICICI Trusteeship")

ICICI Trusteeship was incorporated on April 29, 1999 as a wholly-owned subsidiary of ICICI. The authorised share capital of ICICI Trusteeship is Rs.10 million and the paid-up share capital is Rs. 500,000. Pursuant to the amalgamation, ICICI Trusteeship has become ICICI Bank's wholly-owned subsidiary. The main object of ICICI Trusteeship is to act as trustee of mutual funds, off-shore funds, pension funds, provident funds, venture capital funds, insurance funds, collective or private investment schemes, employee welfare or compensation schemes etc., and to devise various schemes for raising funds in any manner in India or abroad and to deploy funds so raised and earn reasonable returns on their investments and to act as trustees generally for any purpose and to acquire, hold, manage, dispose-off all or any securities or money market instruments or property or assets and receivables or financial assets or any other assets or property.

A summary of the financial performance of ICICI Trusteeship is as follows:

(Rupees)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	251,100	392,155	348,058	230,635
Expenditure	35,229	35,975	34,492	26,889
Profit before Tax	215,871	356,180	313,566	203,746
Profit after Tax	135,871	225,180	193,566	128,746
Share Capital	8,000	500,000	500,000	500,000
Reserves Surplus	181,368	421,077	632,106	771,749
Face Value Per Share	10.00	10.00	10.00	10.00
Book Value Per Share	236.71	18.42	22.64	25.21

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. Sanjiv Kerkar (Chairman)

Mr. Girish Mehta

Mr. N. D. Shah

Dr. S. D. Israni

13. ICICI Investment Management Company Limited ("ICICI Investment Management")

ICICI Investment Management was incorporated on March 9, 2000 as a wholly-owned subsidiary of ICICI. The authorised share capital of ICICI Investment Management is Rs. 250 million and the paid-up share capital is Rs. 100,007,000. Pursuant to the amalgamation, ICICI Investment Management has become ICICI Bank's wholly-owned subsidiary. The main object of ICICI Investment Management is to carry on the business of management of mutual funds, unit trusts, offshore funds, pension funds, provident funds, venture capital funds, insurance funds, and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of these entities and to act as financial advisors and investment advisors.

A summary of the financial performance of ICICI Investment Management is as follows:

(Rs. in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	11.3	10.9	7.5	05.4
Expenditure	09.1	02.8	3.3	02.7
Profit before Tax	02.1	08.1	4.2	02.7
Profit after Tax	01.4	05.2	3.0	01.6
Share Capital	100.0	100.0	100.0	100.0
Reserves	06.9	12.4	15.6	17.4
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	10.69	11.24	11.56	11.75

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Ms. Kalpana Morparia (Chairperson)

Mr. A. J. Advani

Mr. Chandrashekhar Lal

Mr. Ashish Dalal

14. ICICI Distribution Finance Private Limited ("ICICI Distribution Finance")

ICICI Distribution Finance incorporated on October 14, 1996, was acquired by ICICI Bank effective May 7, 2003 and is ICICI Bank's wholly-owned subsidiary. Prior to the acquisition, ICICI Distribution Finance was known by the name "Transamerica Apple Distribution Finance Private Limited" which was changed to ICICI Distribution Finance Private Limited effective June 3, 2003. The main object of ICICI Distribution Finance is to carry on consumer credit activities, including by way of lease, hire purchase, loan and instalment sales or any other method of financing consumer durables, both brown as well as white goods, electronic goods of all types, electrical appliances of all types, vehicles, machinery and equipments.

A summary of the financial performance of ICICI Distribution Finance is as follows:

(Rs. in million)

Particulars	For the year ended March 31, 2004	For the period April 04 to December 31, 2004 (Unaudited)
Total Income	177.0	29.7
Expenditure	116.9	21.2
PBT	60.1	8.5
PAT	33.6	5.4
Share Capital	87.5	87.5
Reserves	434.9	440.3

Note: Reserves as disclosed above are after deducting miscellaneous expenditure not written off or adjusted.

Board of Directors as of March 1, 2005:

Ms. Chanda D. Kochhar (Chairperson)

Mr. V. Vaidyanathan

Mr. Maninder Juneja

Mr. M. N. Gopinath (Managing Director)

15. Prudential ICICI Asset Management Company Limited, ("AMC") the asset management company of Prudential ICICI Mutual Fund

The AMC, a company registered under the Act, was originally incorporated as ICICI Asset Management Company Limited by ICICI as its wholly-owned subsidiary, to act as the investment manager of the ICICI Mutual Fund vide the Investment Management Agreement dated September 3, 1993. Consequent to a joint venture agreement dated June 29, 1994 entered into between ICICI and Morgan Guaranty International Finance Corporation (MGIFC), a subsidiary of JP Morgan of USA, MGIFC was issued and allotted shares aggregating 40.0% of the equity capital of ICICI Asset Management Company.

The management of ICICI Asset Management Company reviewed its long-term business strategy and decided to further strengthen its commitment to the individual investor segment. As a part of this plan, MGIFC and ICICI agreed to restructure their partnership. As a part of the restructuring plan, MGIFC divested its entire holdings to ICICI and the Board of ICICI Asset Management Company approved the induction of Prudential Plc. (Prudential Corporation Plc.), of UK (Prudential) as the new joint venture partner.

Prudential plc. of UK, through its wholly-owned subsidiary, Prudential Corporation Holdings Limited has been issued and allotted shares aggregating 55% stake in the share capital of the AMC, whereas the balance 45% shareholding in the AMC is being held ICICI Bank, its subsidiaries and affiliates. Out of the total 45% of the paid-up capital of the AMC held by ICICI Bank, its subsidiaries and affiliates, 30% is held by ICICI Bank and the balance 15% is held by a subsidiary of ICICI Bank Ltd. viz. ICICI Venture Funds Management Company Limited. The AMC is acting as the Investment Manager for the 20 schemes of Prudential ICICI Mutual Fund - "ICICI Premier", "Prudential ICICI Power", "Prudential ICICI Growth Plan", "Prudential ICICI Income Plan", "Prudential ICICI Liquid Plan", "Prudential ICICI FMCG Fund", "Prudential ICICI Tax Plan", "Prudential ICICI Balanced Fund", "Prudential ICICI Gilt Fund", "Prudential ICICI Technology Fund", "Prudential ICICI Monthly Income Plan", "Prudential ICICI Fixed Maturity Plan", "Prudential ICICI Child Care Plan", "Prudential ICICI Index Fund – Nifty Plan", "Prudential ICICI Dynamic Plan", "SENSEX Prudential ICICI Exchange Traded Fund", "Prudential ICICI Advisor Series", "Prudential ICICI Income Multiplier Fund"

"Prudential ICICI Discovery Fund" and "Prudential ICICI Emerging S.T.A.R. (Stocks Targeted At Returns) Fund". The AMC is also registered with SEBI under SEBI (Portfolio Managers) Rules, 1993.

A summary of the financial performance of the AMC is as follows:

(Rs. in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	615.2	619.7	997.3	698.3
Expenditure	451.9	430.6	592.7	513.4
Profit before Tax	163.3	189.1	404.6	184.9
Profit after Tax	114.3	121.5	272.8	123.1
Share Capital	185.2	185.2	185.2	185.2
Reserves	513.8	552.6	616.3	739.6
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	37.74	39.80	43.27	49.93

Note: Reserves as disclosed above are after deducting miscellaneous expenditure to the extent not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. Mark Norbom (Chairman)

Mr. Ajay Srinivasan

Mr. Ananda Mukerji

Mr. N. S. Kannan

Mr. Dadi Engineer

Mr. K. S. Mehta

Mr. Pradip Shah

Mr. B. R. Gupta

Mr. Pankaj Razdan (Managing Director)

16. Prudential ICICI Trust Limited ("Trustee Company"), the trustee of Prudential ICICI Mutual Fund

The Trustee Company, a company registered under the Act was originally incorporated as ICICI Trust Limited by ICICI as its wholly-owned subsidiary, to act as Trustee of ICICI Mutual Fund vide Trust Deed dated August 25, 1993.

Prudential plc. of UK, through its wholly-owned subsidiary, Prudential Corporation Holdings Limited, has been issued and allotted shares aggregating 55% stake in the share capital of the Trustee Company, whereas the balance 45% shareholding in the Trustee Company is being held by ICICI Bank, its subsidiaries and affiliates. Out of the total 45% of the paid-up capital of the Prudential ICICI Trust Limited held by the ICICI Bank, its subsidiaries and affiliates, 30% is held by ICICI Bank and the balance 15% is held by a subsidiary of ICICI Bank Ltd. viz. ICICI Venture Funds Management Company Limited.

A summary of the financial performance of Prudential ICICI Trust is as follows:

(Rs. in million)

Particulars	For the year ended March 31			For nine months ended December 31, 2004 (Unaudited)
	2002	2003	2004	
Total Income	4.1	3.7	4.0	2.7
Expenditure	0.5	0.2	2.7	2.2
Profit before Tax	3.6	3.5	1.3	0.5
Profit after Tax	2.4	2.2	0.9	0.4
Share Capital	1.0	1.0	1.0	1.0
Reserves	5.6	6.7	7.6	7.1
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00
Book Value Per Share (Rs.)	65.75	76.27	76.92	80.71

Note: Reserves as disclosed above are after deducting miscellaneous expenditure to the extent not written off or adjusted.

Board of Directors as of March 1, 2005:

Mr. V. B. Haribhakti

Mr. S. P. Subhedar

Mr. E. B. Desai

Mr. D. J. Balaji Rao

Mr. Nagesh Pinge

Mr. M. S. Parthasarathy

Transactions with the Promoters

Transactions with ICICI Bank and its subsidiaries

During the period/year, the following transactions were carried out with ICICI Bank and its subsidiaries and affiliates as stated herein above:

ICICI Bank

(in Rs. Million)

Particulars	For period ended December 31,2004	For period ended December 31, 2003	For year ended March 31, 2004
Income	507.96	539.87	734.56
Expenses	7.17	22.94	24.79
Loans availed / (repaid)	5.00	(2.59)	(50.27)
Preference Dividend	71.50	56.11	80.11

	Outstanding Balance as at December 31, 2004	Outstanding Balance as at December 31, 2003	Outstanding Balance as at March 31, 2004
Loans availed	14.30	55.49	9.30
Other Advances	0.03	-	-
Sundry Creditors	8.55	0.07	8.55
Unbilled Revenue	2.54	20.06	5.55
Sundry Debtors	112.01	100.74	125.43

ICICI Venture Funds Management Company Limited

Particulars	For period ended December 31, 2004	For period ended December 31, 2003	For year ended March 31, 2004
Income	0.89	0.48	0.70

ICICI Venture Funds Management Company Limited

	Outstanding Balance as at December 31, 2004	Outstanding Balance as at December 31, 2003	Outstanding Balance as at March 31, 2004
Sundry Debtors	0.16	0.48	0.70

ICICI Securities Limited

Particulars	For period ended December 31, 2004	For period ended December 31, 2003	For year ended March 31, 2004
Income	7.64	4.59	10.92

	Outstanding Balance as at December 31, 2004	Outstanding Balance as at December 31, 2003	Outstanding Balance as at March 31, 2004
Unbilled Revenue	0.79	-	0.09
Sundry Debtors	1.19	0.92	6.00

ICICI Home Finance Company Limited

Particulars	For period ended December 31, 2004	For period ended December 31, 2003	For year ended March 31, 2004
Income	3.28	3.02	4.03

	Outstanding Balance as at December 31, 2004	Outstanding Balance as at December 31, 2003	Outstanding Balance as at March 31, 2004
Sundry Debtors	2.33	0.78	0.28

ICICI Prudential Life Insurance Company Limited

Particulars	For period ended December 31, 2004	For period ended December 31, 2003	For year ended March 31, 2004
Income	32.76	18.01	24.03

	Outstanding Balance as at December 31, 2004	Outstanding Balance as at December 31, 2003	Outstanding Balance as at March 31, 2004
Unbilled Revenue	0.06	-	-
Sundry Debtors	11.96	3.96	9.47

ICICI Lombard General Insurance Company Limited

Particulars	For period ended December 31, 2004	For period ended December 31, 2003	For year ended March 31, 2004
Income	5.02	(7.68)	(7.88)
Expenses	5.82	7.71	11.55

	Outstanding Balance as at December 31, 2004	Outstanding Balance as at December 31, 2003	Outstanding Balance as at March 31, 2004
Other Advances	0.15	3.85	4.52
Unbilled Revenue	1.61	1.50	0.60
Sundry Debtors	1.44	2.65	1.26

Prudential ICICI Asset Management Company Limited

Particulars	For period ended December 31, 2004	For period ended December 31, 2003	For year ended March 31, 2004
Income	5.29	5.94	8.05
Other Income	0.20	-	-

	Outstanding Balance as at December 31, 2004	Outstanding Balance as at December 31, 2003	Outstanding Balance as at March 31, 2004
Unbilled Revenue	-	-	0.13
Sundry Debtors	0.25	0.02	0.12

Transactions with SIF

We have had no transactions with SIF.

OUTSTANDING LITIGATION

Except as described below, in the chapter on Description of Certain Indebtedness and in the notes to the financial statements, there are no contingent liabilities not provided for, outstanding litigation, disputes, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the Company, its subsidiaries and Promoters and their subsidiaries and affiliates except the following:-

Litigations filed against the Company

A. Labour Suits

There are two suits for re-instatement of employment pending against the Company.

1. *Nikhil Prabhu v. the Company*

   Complaint (ULP) No.57 of 2001 instituted on February 9, 2001 was filed by an employee of a contractor of the Company, before the IV[th] Labour Court, Bandra, Mumbai for wrongful termination of their employment. He has claimed re-instatement of services and full back wages with interest. The Company estimates that in the event of an adverse ruling, such back wages as of January 31, 2005 is likely to be Rs. 2,25,000/-. The Company has denied the claims and has sought for dismissal of the complaint. The matter is currently pending.

2. *Narendra Parmar and Ors. v. the Company*

   Complaint (ULP) No.382 of 1998 instituted on June 26, 1998 was filed by Narendra Parmar and other employees of a contractor of the Company, before the VI[th] Labour Court, Bandra, Mumbai for wrongful termination of their employment. They have claimed re-instatement of services and full back wages with interest. The Company estimates that in the event of an adverse ruling, such back wages as of January 31, 2005 is likely to be Rs. 19,68,000/-. The matter has been placed for hearing arguments raised by the Company and is currently pending.

B. Registrar & Transfer Agency cases filed against the Company

The Company is the Registrar and Transfer Agent ("R & T agents") for ICICI Bank. As R & T agents the Company provides services for registering, transferring and disbursement of funds in relation to various bond and equity issues by ICICI Bank.

The table below summarizes the position in relation to cases filed against the Company individually and cases filed against the Company jointly with ICICI Bank:

Parties	**Cases where amount claimed**	**Amount claimed**	**Cases where no amount claimed**
ICICI Infotech	5	112,288	61
ICICI Infotech and ICICI Bank	2	1,310,000	55

In one of the above cases, Kisan Sahakari Chini Mills Limited has filed suit No.727/2000 on September 4, 2001 against ICICI (now ICICI Bank) and the Company before the State Commission, Uttar Pradesh claiming interest and compensation amounting to Rs. 1.3 million on delayed payment of refund amount of Rs. 2.5 million of the bond issue by ICICI. The Company has filed its written statement before the Commission. The matter is currently pending.

C. Criminal Case

An application was filed against the Company in the Consumer Redressal Forum, Hyderabad District, by a shareholder of ICICI Bank regarding transfer of five shares in spite of a stop transfer request having been made by him which has since been disposed off. The complainant chose to appeal before the A.P State Consumer Disputes Redressal Commission at Hyderabad which subsequently rejected the appeal on October 29, 2003. A Revision Petition was filed by the complainant before the National Consumer Disputes Redressal Commission, New Delhi and was again rejected on August 25, 2004. A criminal complaint was filed in the year 2001 before the 9[th] Metropolitan Magistrate, Secunderabad against ICICI Bank and the Company by the shareholder. The Magistrate has referred the matter to the local police station for investigation.

ICICI Bank and the Company have filed a petition in the Andhra Pradesh High Court for quashing this criminal complaint and such High Court has granted a stay on the investigations being undertaken by the police department against the Company till further orders.

D. Statutory

The Department of Income Tax ("Department") has levied a penalty of Rs. 1.15 million on the Company for the assessment year 2001-2002, following disallowance of certain expenses claimed by the Company in its return filed with the Department. The Company has gone in appeal before the Income Tax Tribunal in Mumbai for the redressal of the above claim of the Department.

E. Legal Notice

1. The Company received a legal notice from legal counsel of Advanta Corporation on January 12, 2005. Advanta Corporation claims to be the owner of trademark Advanta and has objected to the use of the word "Advanta" by the Company. It has also objected to the Company's attempts to register the mark "Advanta" in USA. Advanta Corporation has demanded that the Company cease use of the mark Advanta and abandon our pending application with the US trademark registry, and has threatened legal action, if the Company did not comply with the demands. The Company has replied to this notice.
2. Pursuant to filing of the application to register the "3i" trademark, we have received objections from third parties to our use of the "3i" trademark in UK.
3. Pursuant to the change of our name to 3i Infotech Limited, and the change of our existing logo, we have received a notice from Devangshu Dutta relating to the use of our new logo in India.

Litigations filed by the Company

A. Criminal complaints

There are two criminal complaints under Section 138 of the Negotiable Instruments Act, 1881 that have been filed by the Company.

The Company has filed two complaints against Traverse Infotech Solutions Ltd., and its Managing Director Mr. T.R. Ramesh and its Chairman, Mr. S. Ragagopalan. Traverse Infotech Solutions Ltd. had purchased certain equipment from the Company and issued three cheques totalling Rs. 11,94,709.56. These cheques were dishonoured when presented for encashment. Thus, the Company filed these complaints and they are currently pending.

B. Legal Notices

The Company had sent a letter dated December 17, 2003 addressed to Dhanish Software Solutions Company Limited, Thailand calling upon them to cease and desist from adopting and reproducing any content or layout of the Company's website and to give a written undertaking that they shall cease and desist from the reproduction of the website. They have since ceased to use the content or layout of the Company's website.

3i Infotech Inc.

Litigations filed against 3i Infotech Inc.

A. Legal Notice

1. 3i Infotech Inc., has received a legal notice in August 2003, from Orion Microsystems Inc, holder of US Trademark Registration No.1, 464, 449, objecting to the use of the mark ORION by 3i Infotech Inc., to identify its goods and services. In September 2003, US Trademark Registration No. 2,670,372 was obtained by Insyst Business Solutions Private Limited and assigned to 3i Infotech Inc. Till date no further notice has been received in relation to the matter.
2. 3i Infotech Inc. has received a legal notice from one of its customers in relation to the non-release of certain software that they had developed for the customer. The case is pending before the US Federal Court and 3i Infotech Inc has applied for arbitration.

LITIGATION AGAINST PROMOTERS AND ITS SUBSIDIARIES

Strategic Investment Fund

There are no outstanding or pending litigations or suits or proceedings (whether criminal or civil), no defaults, non-payment or overdues of statutory dues, no proceedings initiated for any economic or civil offences (including past cases if found guilty) and no disciplinary action taken by SEBI or stock exchanges, pertaining to matters likely to affect the operations and finances whose outcome could have a material adverse effect on operations of ICICI Strategic Investments Fund.

ICICI Bank

There are no outstanding or pending litigations or suits or proceedings (whether criminal or civil), no defaults, non-payment or overdues of statutory dues, no proceedings initiated for any economic or civil offences (including past cases if found guilty) and no disciplinary action taken by SEBI or stock exchanges, pertaining to matters likely to affect the operations and finances whose outcome could have a material adverse effect on operations of ICICI Bank.

However, the following are the outstanding or pending litigations or suits or proceedings against ICICI Bank, its subsidiaries and affiliates involving a claim of Rs. 1 million and more, and criminal complaints or cases, defaults, non-payment or overdues of statutory dues, proceedings initiated for any economic or civil offences (including past cases if found guilty) and disciplinary action taken by SEBI or stock exchanges (during the past five years) against ICICI Bank, as on January 10, 2005 and against ita subsidiaries and affilaites as on December 22, 2004. The compiled position of claims against ICICI Bank involving an amount of less than Rs. 1 million as on December 31, 2004 are given separately.

I. Claims against ICICI Bank where the amount claimed is more than Rs. 1 million

1. ICICI Bank had instituted legal proceedings against Mardia Chemicals Limited (MCL), for recovery of dues (number 3874 of 1999). MCL filed a counter-claim (number 278 of 2002) in the Debt Recovery Tribunal (DRT), Mumbai in 2002 for an amount of Rs. 56,310 million. The DRT passed an order directing MCL to withdraw its counter-claim and forfeited the court fees paid by MCL as the counter-claim was wrongly filed in the application made by the guarantor for MCL. This matter was dismissed. MCL then made an application in the High Court of Gujarat to seek extension of time for filing a counter-claim in the DRT, Mumbai. The High Court of Gujarat held that it did not have jurisdiction in the matter and observed that the matter was to be decided by the DRT, Mumbai on merits. The DRT, Mumbai has now admitted the counter-claim filed by MCL for adjudication. The proceedings are however presently stayed in view of the order of the DRT, Mumbai stating that as the fresh reference filed by MCL before the Board of Industrial and Financial Reconstruction is pending, the DRT proceedings cannot be proceeded with. ICICI Bank has preferred an appeal against the said order to the Debt Recovery Appellate Tribunal. The appeal is to be listed for hearing on June 6, 2005.
2. Dabhol Power Company: The principal sponsor of the power company has filed a suit for bankruptcy in the United States. The Indian lenders to the project sought an injunction before the Indian courts in order to preserve and protect the lenders' security interests in the collateral. As a result of their guarantee (under the Power Purchase Agreement) to certain foreign lenders, the Government of India and the State of Maharashtra are also involved in this matter. In addition, an arbitration proceeding in London has been brought against ICICI Bank and other Indian lenders in an aggregate amount of US$ 534 million. ICICI Bank and the other Indian lenders are pursuing defense and counter-claims in the arbitration. A number of significant stakeholders are making efforts to resolve the overall situation and bring the project into use. These include, among other things, efforts for settlement of claims, including renegotiation of the power tariff and the sale of the project to new sponsors.
3. The guarantors for MCL, Mr. Rasiklal Mardia, Mr. Rakesh Mardia and Mr. Rajiv Mardia filed a suit (number 1431 of 2003) for recovery of dues in the City Civil Court, Ahmedabad against ICICI Bank and have claimed an amount of Rs. 20,780 million. ICICI Bank has filed its reply seeking dismissal of the suit. Its application for dismissal is pending hearing in the City Civil Court, Ahmedabad
4. ICICI Bank filed a recovery suit (number 105 of 2001) in the DRT, Mumbai against Dynamic Logistics Limited (DLL) for Rs. 350 million. DLL filed a counter-claim for Rs. 1,250 million in the DRT, Mumbai and the matter is pending disposal. DRT, Mumbai passed an order stating that the claim, except the interim recovery certificate has to be tried at Pune. ICICI Bank has preferred an appeal against the DRT, Mumbai order and has got a stay against the transfer of the claim to DRT, Pune. On September 29, 2004 the recovery officer has taken symbolic possession of the property as per the DRT, Pune

procedure of affixing Boards etc. and the same has been executed. ICICI Bank has succeeded in its appeal before DRAT in claiming that, DRT, Mumbai has jurisdiction. The reasoned order has been given. ICICI Bank has preferred a writ petition against order of the recovery officer which is pending hearing. Dynamic Logistics Ltd. has to pay ICICI Bank Rs. 60 million before March 31, 2005.

5. ICICI Bank filed a suit (number 107 of 1999) in the DRT, Delhi against Esslon Synthetics Limited (ESL) and its managing director (in his capacity as guarantor) for recovery of dues payable to ICICI. The guarantor filed a counter-claim in the DRT, Delhi in 2001 for an amount of Rs. 1,000 million against ICICI Bank and others. ESL has moved an application for amending the counter-claim in January 2004. ICICI Bank has filed its reply to the application for amendment. The matter is pending disposal.

6. ICICI Bank filed a recovery suit (number 584 of 2000) for Rs. 70 million against Camson Agritech Limited (CAL) and its guarantor in the DRT, Bangalore. CAL has made a counter-claim for Rs. 300 million. ICICI Bank has filed its objections. The DRT, Bangalore has posted the matter on March 31, 2005 for leading evidence of the Applicant (ICICI Bank) on the main application.

7. ICICI Bank filed a recovery suit (number 3635 of 2000) in the DRT, Mumbai against Medtech Products Limited (MPL) for Rs. 270.6 million. MPL filed a counter-claim for set-off of an amount of Rs. 270.6 million in the DRT, Mumbai. ICICI Bank has filed a review application as the DRT, Mumbai did not take ICICI Bank's written statement on record. The matter is pending disposal.

8. ICICI Bank filed a recovery suit (number 3074 of 1987) in the High Court of Judicature of Bombay (since transferred to DRT) against Punalur Paper Mills Limited (PPL) for Rs. 36 million. Subsequently, PPL has claimed damages from certain lenders (including ICICI Bank), of an aggregate amount of Rs. 236.4 million. The matter has not come up for final hearing.

9. ICICI Bank filed a suit (number 192 of 2001) in the DRT, Ahmedabad against Vision Organics Limited (VOL) for recovery of Rs. 312.7 million. VOL has filed a counter-claim against ICICI Bank for Rs. 230 million to which ICICI Bank has filed its replies. The matter has been argued for ICICI Bank's part of the claim. The arguments of IDBI are going on. The suit is pending disposal.

10. The Peerless General Finance and Investment Company Limited, a debenture holder of Essar Oil Limited, filed a suit (number 434 of 2001) against Essar Oil Limited and others in the City Civil Court, Kolkata in 2001 for non-receipt of redemption amount and interest of Rs. 112.3 million. ICICI Bank in its capacity as debenture trustee was impleaded as a defendant. ICICI Bank is in the process of filing its written statement. The suit is pending disposal.

11. Kalpana Lamps and Components Limited (KLCL) had availed of financial assistances from ICICI Bank and other lenders. Anchor Electronics and Electricals Limited (AEEL) had paid the outstanding dues to ICICI Bank and other lenders on behalf of KLCL and requested ICICI Bank to assign the securities in its favour. AEEL filed a suit for specific performance. Subsequently, AEEL amended the specific performance suit to a money suit claiming Rs. 106.7 million with interest thereon from ICICI Bank and the same is pending before High Court of Judicature at Bombay (number 1559 of 1998). AEEL has also filed an application for release of title deeds of KLCL's properties at Ranipet. ICICI has given its No Objection Certificate (NOC) to the above. The other charge holders are yet to give their NOC for the release. ICICI Bank has received a letter from Office of the Official Liquidator, Chennai that winding up order has been passed by the High Court of Judicature at Madras in respect of KLCL and they are proceeding to take formal possession of the properties of KLCL.

12. ICICI Bank had filed a joint suit (number 3499 of 1993) in the High Court of Judicature of Bombay along with other financial institutions against Sima Hotels and Resorts Ltd. ICICI Bank's portion of the assets have been transferred to ARCIL. Some of the defendants have filed a suit against ICICI Bank and other lenders claiming a sum of Rs. 73 million. The matter is pending for final hearing.

13. Anagram Finance Limited, subsequently amalgamated with ICICI Bank, filed a suit (number 3879 of 1998) in the City Civil Court, Ahmedabad in 1998 for recovery of a sum of Rs. 68.3 million from Ezy Slide Fasteners Limited (ESFL). ESFL filed a separate suit (number 2243 of 1999) in the City Civil Court, Ahmedabad for recovery of Rs. 71.8 million from Anagram Finance Limited, being the loss allegedly suffered by ESFL on account of breach of a subscription agreement dated April 4, 1995. The suit is pending disposal.

14. North Star Gems Limited (NSGL) filed a suit (number 53 of 2003) in the City Civil Court, Ahmedabad, pertaining to an alleged transfer of funds from the current account maintained by NSGL with the erstwhile Bank of Madura, of an amount of Rs. 70 million. The suit is pending disposal. ICICI Bank has filed an application for dismissal of the suit on the grounds of

limitation. The said application filed by ICICI Bank has been rejected. ICICI Bank is in the process of filing an appeal against the same. In the meantime ICICI Bank is also in the process of filing a written statement in the suit.

15. Walsons Industries Products Incorporated (WIPL) filed a suit (number 603711 of 2002) against ICICI Bank in the High Court of Judicature at Bombay for recovery of US$ 653,000 alleging that three bills received through Bank of Nova Scotia should be paid by ICICI Bank in terms of a letter of credit as was done in the case of five previous bills, since they formed a part of the same transaction. ICICI Bank, in its statement of defence, stated that all documents received through Bank of Nova Scotia were on a collection basis, and each one was an independent transaction by itself without any supporting commitment from ICICI Bank through the letter of credit. The court has granted ICICI Bank unconditional leave to defend the case. The suit is pending disposal.

16. ICICI Bank has filed a suit (number 373 of 2002) against C D Industries and its guarantors before the DRT, Mumbai. The company and one of the guarantors Mr. Vinod Kumar Agarwal have filed Set Off/Counter-Claim of Rs. 34.1 million. The defendants have also filed a written statement in the matter. ICICI Bank has also issued notice under the Securitisation Act to the company and guarantors. The company filed a writ petition before the High Court of Judicature at Bombay against the said notice which has been dismissed. ICICI Bank has filed an application under Section 14 of the Securitisation Act wherein the Magistrate has issued notice for taking possession of the properties of the company and is pending for taking actual physical possession in due course. Order for pasting the notice has been undertaken by the police and ICICI Bank has to take possession. Subsequently, the daughter-in-law of the guarantor has filed a writ petition challenging the order of magistrate and the High Court has granted *status quo* till March 7, 2005.

17. M.B. Industries Limited (MBIL) filed a suit (number 130A of 1997) in the High Court at Kolkata claiming an aggregate amount of Rs. 102.5 million from ICICI Bank and other financial institutions, out of which approximately Rs. 20 million was claimed from ICICI Bank. The High Court at Kolkata did not grant any relief to MBIL. However, ICICI Bank, and other financial institutions were granted leave to file recovery suits against MBIL. The matter was kept pending *sine die*. The financial institutions including ICICI Bank filed a joint suit in the DRT, Kolkata against MBIL. ICICI Bank's claim in the suit is Rs. 19.1 million. The Board for Industrial and Financial Reconstruction has recently granted consent to continue with the recovery proceedings against MBIL. The hearing of evidence has been concluded and the matter has been fixed for judgment.

18. Mr. Sunil Joshi, an ex-employee, filed a suit (number 19 of 2002) before the District Judge, Alipore for alleged wrongful dismissal from services from ICICI Bank, praying for a decree of Rs. 15.5 million and damages for a loss of Rs. 42,602.74 per day with effect from April 11, 2001 till the date of realisation. ICICI Bank has filed a written statement and the suit is pending disposal.

19. Bank of India has filed a suit against the erstwhile Bank of Madura (number 2 of 2001) before High Court of Judicature at Madras against K S Computers and K A Systems for an amount of Rs. 11.1 million and has also made ICICI Bank a party to the suit alleging that ICICI Bank has collected forged instruments. The suit has been transferred to DRT and is pending. The matter is yet to be posted for final hearing.

20. O. R. J. Electronic Oxides Ltd - ICICI Bank granted lease finance of US $ 7.2 million (Rs. 257.8 million) to the company. The Enforcement Directorate initiated proceedings under the FERA for violation of FERA Rules and on adjudication imposed a fine of Rs. 1 million on ICICI Bank. The Income Tax Department also disallowed the depreciation. ICICI Bank has filed an appeal before the Income Tax Appellate Tribunal and obtained a stay. The Enforcement Directorate Appellate Tribunal has directed ICICI Bank to deposit 50% of fine imposed by the Enforcement Directorate within 3 months. ICICI Bank has filed writ petition (number 28992 of 2004) in the High Court of Judicature at Madras against the said order and obtained interim stay. Therefore the appeal filed by ICICI Bank before FERA Appellate Tribunal stands adjourned *sine die*. The Income Tax Department also disallowed the depreciation and ICICI Bank filed an appeal before IT Appellate Tribunal and obtained stay.

21. Gokula Education Foundation (Medical) filed a complaint (number 88 of 2003) against ICICI Bank before the Karnataka State Consumers Disputes Redressal Commission. The monetary claim is for Rs. 7.,93 million. The complaint has been filed for refund of front end fees, guarantee commission etc. as the sanctioned loan was not disbursed. Matter is posted for framing of issues and arguments on March 1, 2005.

22. J.G. Finance Ltd. made a public issue on May 23, 1995 and the erstwhile Bank of Madura was one of the collecting bankers to the issue. A suit was filed at the High Court of Judicature at Madras (number 832 of 1996) by First Leasing Company of India Ltd. against J.G. Finance Ltd and 11 others including the Bank of Madura. The High Court passed an injunction restraining the banks from making any payment to J.G. Finance Ltd. with regard to the public issue, except for an amount

of Rs. 7 million only. Accordingly on November 17, 1995 the erstwhile Bank of Madura has paid Rs. 2.3 million. The matter is still pending at the High Court.

23. Mr. Bhalchandra Shinde, Proprietor of Mandar Travels filed a suit (number 5330 of 1999) against ICICI Bank in the High Court of Judicature at Bombay for termination of bus services for transportation of the staff members. The amount involved is Rs. 6.6 million. The services of Mandar Travels were temporarily hired till the final selection of the contractor. The matter is pending disposal.

24. Mr. Jitesh Pradhan has filed a case (number 313 of 2003) before the State Commission, Cuttack for wrongful encashment of a cheque of Rs. 30,000/-. He has claimed Rs. 6.0 million towards harassment and mental agony. The matter is pending disposal.

25. Venkateswara Engineering. Corporation has filed a suit (number 785 of 1990) against erstwhile Bank of Madura at the High Court of Judicature at Madras against ICICI Bank claiming an amount of Rs. 5.2 million towards fixed deposits. ICICI Bank has filed its written statement. The matter has been posted for arguments.

26. Quality Foils Ltd. has filed a complaint (number 75 of 1993) before the State Consumer Forum, on account of a return of letter of credit for wrong reasons. The forum allowed the complaint and directed ICICI Bank to pay Rs. 2.4 million to the complainant. ICICI Bank has filed an appeal (number 208/209 of 1998) before the National Commission, Delhi and have obtained a conditional order on deposit of Rs. 2.4 million. The case is pending for hearing.

27. Mr. Kailashchand Deoli has filed a case (number 197 of 2002) before the District Consumer Forum, Dehradun against ICICI Bank alleging deficiency of service and claiming a sum of Rs. 2 million as compensation on account thereto. The matter is pending disposal.

28. Mr. Mahendra Jogani has filed a complaint (number 131 of 2004) for the wrongful dishonour of a cheque against ICICI Bank before the District Consumer Forum, Chennai. The complaint has been filed claiming Rs. 1 million towards negligence, deficiency in service and unfair trade practices, Rs. 1 million towards mental agony and medical expenses and a refund Rs. 200 which was the debit charges for bouncing of cheques. The matter is posted for arguments.

29. Mrs. Tasneem Adhikari has filed a civil suit against ICICI Bank (number 3585 of 2003) in the High Court of Judicature at Bombay for wrongful sale of her truck and has claimed compensation to the tune of Rs. 1.22 million. The interim application for the civil suit has been dismissed. The matter is pending final disposal.

30. Kisan Sahakari Chini Mills Limited has filed a suit against ICICI Bank (number 6 of 2001) before the State Commission, UP claiming interest and compensation amounting to Rs. 1.3 million on delayed payment of refund amount of Rs. 2.06 million of the ICICI Bank Bond Issue. ICICI Bank has filed its written statement before the State Commission. The matter is pending hearing.

31. Vijay Bhargavi Chit Fund Private Limited filed a petition in the year 2002 before the Andhra Pradesh Consumer Disputes Redressal Commission, Hyderabad for damages of Rs. 2.0 million for deficiency in service arising out of the wrongful dishonour of a cheque. ICICI Bank has filed its written statement before the State Commission. The matter has been posted for filing affidavit in evidence on behalf of ICICI Bank.

32. Fidelity Finance Ltd. has filed a suit (number 523 of 1998) against erstwhile Bank of Madura before the High Court of Judicature at Madras claiming an amount of Rs. 1.27 million from ICICI Bank on the ground of not honouring a letter of credit issued in favour of Vijaya Chemagro India P. Ltd. The matter is pending disposal.

33. Mr R M Kanappan, an ex-employee of ICICI Bank has filed a writ petition (number 15127 of 1999) against erstwhile Bank of Madura, before the High Court of Judicature at Madras for wrongful dismissal from services. The writ petition is pending disposal.

34. Mr. R.N. Shetty has filed a complaint (number 212 of 2003) before Consumer Dispute Redressal Forum, Pune against ICICI Bank for deficiency of service and claimed an amount of Rs. 1,23 million. The matter is pending disposal.

35. Mr. S Srinivasagam, an ex-employee of ICICI Bank has filed a suit (number 465 of 1999) against erstwhile Bank of Madura, before the Sub Court, Madurai claiming an amount of Rs. 1.1 million (notional claim) for wrongful suspension from employment. The suit has become infructuous and will be dismissed when taken up for final disposal. The matter is pending disposal.

36. A joint application was filed by ICICI Bank and another financial institution (application number 35 of 2001) against Best Boards Limited for recovery of dues in DRT, Delhi. The company filed a counter-claim on June 14, 2001 of Rs. 1 million against the applicants. The matter is pending disposal.

37. G R Pharma has filed a complaint (number 45 of 1997) against erstwhile Bank of Madura before the State Consumer Forum, Chennai claiming an amount of Rs. 1.1 million from ICICI Bank towards unauthorised debit from his current account. The matter is pending disposal.

38. Mr. Muthu Meenal Alagappan has filed a complaint (number 158 of 1999) before the District Consumer Forum, Chennai South against erstwhile Bank of Madura, against ICICI Bank and two of its officials claiming Rs. 1 million jointly and severally. The matter is pending disposal.

39. Dr. Virender Kumar Nim has filed a complaint (number 107 of 2004) before Consumer Dispute Redressal Forum, Pondicherry against ICICI Bank alleging deficiency of service in respect of payment made by him towards credit card dues not being reflected in his credit card statement and claiming a sum of Rs. 1.53 million as compensation on account loss and injury suffered by him including refund of amount of Rs. 30,000/-. ICICI Bank has filed a written statement contesting the claim. However, the Court has dismissed the matter for default since the customer was not present. The customer has the liberty to file an appeal within 30 days from date of the order.

40. Dr. S. Jayachandra has filed a complaint (number 333 of 2004) before Consumer Dispute Redressal Forum, South Chennai against ICICI Bank for claiming a sum of Rs. 1.08 million, on account of certain insurance benefits available on her credit card. The claim of the claimant is that her husband expired in road accident due to which she is entitled to receive Rs. 0.5 million, Rs. 0.18 million as interest on insurance amount and Rs. 0.4 million in respect of interest amount paid by her on debt borrowed from private parties. The matter is pending disposal.

41. Shri Sivarama V Anantuni & Smt. A.Kalavathi have filed a complaint (number 1447 of 2004) before the Consumer Disputes Redressal Forum – I, Hyderabad against ICICI Bank claiming Rs. 1 million as damages with an allegation of deficiency of service for wrongful dishonor of cheques. The matter is pending disposal.

Taxation-related matters

The major disallowances disputed in appeal by ICICI Bank and allowances disputed in appeal by the income tax authorities as on December 31, 2004, are as under:

1. *Lease Depreciation: Tax Rs. 1,1123 million (including interest)*

   The tax authorities have treated lease transactions as loans and have disallowed ICICI Bank's depreciation claim. The appeals filed are pending disposal.

2. *Retrospective amendment for provision for bad and doubtful debts: Tax Rs. 4,060 million (including interest)*

   ICICI Bank was allowed a deduction for specific provision for bad and doubtful debts under Section 36(1)(vii), I.T. Act. The Finance Act retrospectively amended the section in the year 2001 with effect from April 1, 1989. The appeals are pending disposal.

3. *Taxability under Section 41(4A), I.T. Act of amounts withdrawn from Special Reserve created up to Assessment Year 1997-98: Tax Rs. 2,971 million (including interest)*

   ICICI Bank had two special reserve accounts, "Special Reserve created up to Assessment Year 1997-98" and "Special Reserve created and maintained from Assessment Year 1998-99". Withdrawal has been made from the "Special Reserve created up to Assessment Year 1997-98". The tax authorities had not taxed the withdrawals in the original assessment. The assessments were subsequently re-opened to tax the withdrawal, and these have been taxed by the income tax authorities. No withdrawals have been made from "Special Reserve created and maintained from Assessment Year 1998-99" account. The appeals filed against taxing withdrawal of special reserve are pending disposal.

4. *Allocation of expenses to earn dividend income: Rs. 1,955 million (including interest)*

   The disputed issue involves computation of exemption under Section 10(33), I.T. Act and deduction under Section 80 M, I.T. Act on account of dividend income viz. the gross dividend be exempted from tax or whether interest expenses are attributable to earning the exempt dividend income. The matter is pending disposal.

5. *Appeals allowed in ICICI Bank's favour disputed by Tax Department: Rs. 1,074 million*

   The major issues include non-levy of interest tax on debentures/Government securities/bonds amounting to Rs. 404.6 million, investment allowance on leased assets amounting to Rs. 32 million and interest on interest amounting to Rs. 107.5 million. The matter is pending disposal.

6. *Broken Period Interest: Rs. 375 million (including interest)*

   The broken period interest paid on purchase of securities held as stock in trade by the company was disallowed by applying a Supreme Court decision which is later distinguished by a High Court of Judicature at Bombay decision. The Special Leave petition of the Income Tax Department against the favourable Bombay High Court Decision has also been dismissed by the Supreme Court. The matter is pending disposal.

7. *Sales Tax: Rs. 865 million (including interest)*

   The major issue under dispute is the taxing of interstate / import leases by various State Government authorities in respect of lease transactions entered into by ICICI Bank and levy of sales tax on local purchases in the state of Maharashtra. The matters are pending disposal.

II. Claims where amount is less than Rs. 1 million (as on December 31, 2004)

Nature of claim	Cases with Monetary Claim		Amount of possible liability*		Cases with no specific monetary claim
	Number	Amount (Rs. Million)	No. of cases	Amount (Rs. Million)	Number
Suits/legal proceedings filed by shareholders/bond holders of ICICI Bank Limited.	83	0.3277	22	0.144	429
Suits/legal proceedings filed by debenture holders against ICICI Bank Limited as debenture trustees.	107	3.063	91	2.749	12
Suits filed by lessees/hirers seeking injunction against ICICI Bank Limited taking possession of vehicles pursuant to lease/hire purchase agreements and other suits filed by retail customers.	186	12.600	42	0.800	207
Miscellaneous suits/ legal proceedings in the course of business.	389	89.784	155	32.660	126
Counter claims filed by Borrower/s or Guarantor/s.	7	9.000	0	0	11
Writ Petitions filed by employees/ex-employees	0	0	0	0	13
Cases filed before the Banking Ombudsman	10	0.843	4	0.42	74
Total	**782**	**115.618**	**314**	**36.773**	**872**

* The same is on the basis of assessment of the opinion of the branch/ in-house legal department of ICICI Bank.

Litigation against Directors of ICICI Bank

1. A suit (number 3874 of 1999) was filed against Mardia Chemicals Limited (MCL) in the High Court of Judicature at Bombay by ICICI Bank for recovery of an outstanding amount of approximately Rs. 1350 million. Thereafter, in 2002, ICICI Bank issued a notice under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Ordinance, 2002 demanding payment of an outstanding amount of Rs. 2930 million. Subsequently, a suit (number 3189 of 2003) was filed against Mr K. V. Kamath and Ms. Lalita D. Gupte by MCL in the City Civil Court at Ahmedabad for a purported amount of Rs. 56,310 million. An application has been filed for the dismissal of the suit on the grounds of limitation, jurisdiction and no cause of action existing against Mr. Kamath and Ms. Gupte.

2. A consumer complaint (complaint number 349 of 2003) was filed against Managing Director and Chief Executive Officer of ICICI Bank and all other working directors before the District Consumer Disputes Redressal Forum, Kolhapur, by Mr. Pradeep Balaso Kole claiming compensation for a sum of Rs. 11,772/- for taking back possession of his two wheeler without giving him proper notice. The matter is pending disposal.

Criminal and Miscellaneous Cases against ICICI Bank and its directors

1. A criminal complaint (number 614 of 2001) was filed in the year 2001 against ICICI Bank by Pelicorp Limited upon termination of the Direct Selling Agent Agreement between itself and ICICI Bank pursuant to certain RBI guidelines. ICICI Bank filed a criminal petition for quashing the complaint in the Karnataka High Court, which has granted an interim stay in the matter. The matter is pending disposal.
2. A criminal complaint (number 1648 of 2001) was filed against ICICI Bank by Rajiv Aggarwal before the Chief Judicial Magistrate, Jaipur for the wrongful dishonour of certain cheques. The company filed a revision petition in the Rajasthan High Court at Jaipur for quashing the order passed by the Magistrate. The High Court has stayed the proceedings at the Magistrate's court. Final arguments in the revision petition are yet to take place.
3. A criminal complaint (number 353 of 2003) was filed before the Additional Chief Metropolitan, Magistrate, New Delhi by Mr. Anoop G. Chaudhury against Mr. Kamath, Managing Director and Chief Executive Officer of ICICI Bank for sale of a vehicle which had been involved in an accident. The investigation officer has filed the investigation report in the Court. The matter is pending hearing.
4. A criminal complaint (number 64 of 2002) was filed against 36 individuals including Mr. K. V. Kamath Managing Director and Chief Executive Officer of ICICI Bank, before the Court of the Chief Metropolitan Magistrate, Patiala House, New Delhi by Mr. M. M. Sehgal, the promoter of Sehgal Papers Limited (SPL). ICICI Bank as part of a consortium of lenders led by IFCI Limited as lead institution had extended financial assistance to SPL. No summons have been issued to ICICI Bank so far. Only a copy of the complaint filed by the complainant has been served on ICICI Bank recently.
5. A criminal complaint (number 1356 of 2003) was filed against one Ms. Urmil Gupta and Mr. Jyotin Mehta, General Manager and Company Secretary, before the Chief Judicial Magistrate, Rampur, by Mr. Sudeep Kumar Aggarwal alleging *inter alia*, that shares held by him had been illegally transferred to Ms. Urmil Gupta. Summons had been issued to Mr. Mehta in this regard. ICICI Bank has sought a recall of the order issuing summons to Mr. Mehta on the ground that Mr. Mehta was not in employment with ICICI Bank at the time of the alleged offence.
6. Five criminal complaints (numbers 9419/S/2002 to 9423/S/2002) were filed against ICICI Bank before the 39th Court of Presidency Metropolitan Magistrate at Mumbai by the Municipal Corporation of Greater Mumbai (BMC) for violation of Section 471 of the BMC Act read with Section 328-A thereof on grounds of non-payment of licence fees for the illuminated signboards at ICICI Bank's ATM centres. ICICI Bank filed a writ petition (number 2377 of 2002) in the High Court of Judicature at Bombay challenging the applicability of the BMC Act in respect of the ATM centres. The writ petition was dismissed. In appeal, ICICI Bank filed a special leave petition (special leave petition number 24215 of 2002) in the Supreme Court. The Supreme Court has granted a stay against all prosecutions and proceedings by BMC in this regard. The Metropolitan Magistrate stayed the proceedings before it till the final disposal of the special leave petition.

   Further, the BMC has also filed two similar complaints (criminal complaint numbers 88/M/2003 and 89/M/2003) before the 27th Court of Presidency Metropolitan Magistrate at Mumbai, against ICICI Bank. ICICI Bank submitted a copy of the order of the Supreme Court to the Magistrate. The matter is pending disposal.
7. A criminal complaint (number 1472 of 2002) was filed against ICICI Home Finance and also against certain directors of ICICI Bank before, the Metropolitan Magistrate's 26th Court at Borivli, Mumbai, by Ms. Dipali Gopani for alleged wrongful recovery of Rs. 3,150/- and non-return of title deeds. The complaint has been subsequently withdrawn against certain directors but is now pending against Ms. Lalita D. Gupte and Ms. Kalpana Morparia. An application for the discharge of the directors has been filed in the trial court which is pending disposal.
8. A debenture holder of Lloyds Finance and Investment Company Limited filed a criminal complaint (number 2064(C) of 2000) for non-receipt of interest and redemption amount in the Court of the Chief Judicial Magistrate, Patna against ICICI and its officials and also impleaded Mr. K.V. Kamath, Managing Director and Chief Executive Officer of ICICI Bank. ICICI Bank filed a criminal revision petition before the Sessions Judge, who has admitted the revision application and called for the records from the Magistrate Court. Hence, the proceedings in the Magistrate Court have been stayed. The matter is fixed for hearing on March 25, 2005.

9. Mr. Madan Gopal, debenture holder of Modern Denim Limited (MDL) filed a criminal complaint for non-receipt of interest and redemption amount (number 2175(C) of 2001) against ICICI Bank and its officials and also impleaded Mr. N Vaghul, Chairman of ICICI Bank. ICICI Bank filed a criminal revision petition before the Sessions Judge, who has admitted the petition and called for the records from the Magistrate Court. The proceedings in the Magistrate Court have been stayed. The matter is fixed for hearing on March 25, 2005.

10. A criminal complaint has been filed (number C/3606/2003) before the Metropolitan Magistrate, Kolkata against Mr. K.V. Kamath, Managing Director and Chief Executive Officer of ICICI Bank for violation of the Equal Remuneration Act 1976. ICICI Bank is taking up the matter with the concerned authorities for withdrawing the prosecution in view of compliance with the requirements of the Act. The matter is pending disposal.

11. Seema Mungale has filed a criminal complaint (number 1876 of 2003) against ICICI Bank and all its directors alleging that ICICI Bank has filed a false criminal compliant under Section 138 of Negotiable Instruments Act, against her by making false statements. ICICI Bank filed a writ petition in the High Court of Judicature at Bombay for quashing the complaint against the Directors and an interim order has been passed staying the criminal proceedings in the Magistrate's court at Pune against eleven Directors. A writ petition for quashing of the complaint has been filed. The criminal case before the Magistrate at Pune is pending disposal.

12. Mr. Deobrat Prasad has filed a criminal complaint (number 153 of 2004) in the court of the Judicial Magistrate First Class, Jamshedpur implicating, *inter alia* Mr. K. V. Kamath, MD and CEO of ICICI Bank, alleging conspiracy with other accused for taking forcible possession of his vehicle. ICICI Bank has filed an application in the High Court of Jharkhand at Ranchi for quashing the proceedings in the said criminal complaint. The said criminal complaint has been stayed by the Jharkhand High Court. The matter is pending disposal

13. Three criminal complaints (numbers 2412/S/2003, 2413/S/2003 and 2414/S/2003) were filed in the year 2000 against ICICI and Mr. K. V. Kamath, MD and CEO, before the Metropolitan Magistrate, Mumbai, under the Maharashtra Private Security Guards Act, 1981 on the grounds that security guards were engaged from exempted security agencies even though ICICI was registered with the Security Guards' Board. The earlier notices in this regard were replied to stating that registration was only in respect of residential quarters for employees and not in respect of other establishments. ICICI Bank has filed a writ petition in the High of Judicature at Mumbai for quashing the complaint which is pending disposal.

14. Two criminal complaints (numbers 2415/S/2003 and 2416/S/2003) were filed in the year 2000 against ICICI Bank before the Metropolitan Magistrate, Mumbai, under the Maharashtra Private Security Guards Act, 1981, on the grounds that security guards have been engaged from unexempted security agencies. ICICI Bank has taken a stand that the exemption of security agencies continued on account of a previous High Court Order in another writ petition filed by certain security agencies. The complaints are pending disposal.

15. Two criminal complaints (numbers 2347/S/2003 and 2349/S/2003) were filed against ICICI Bank before the Metropolitan Magistrate, Mumbai, under the Maharashtra Private Security Guards Act, 1981 on the grounds that security guards have been engaged from unexempted security agencies. ICICI Bank has replied stating that the security guards were deployed on trial basis and are being replaced by armed guards. The complaints are pending disposal.

16. A criminal complaint (number 39 of 2002) was filed against ICICI Bank in the Industrial Court by the Union of Security Guards, of its corporate office at Bandra-Kurla Complex, Mumbai for regularising and for claim for difference in wages on the ground that ICICI Bank employed security guards. On dismissal of the case, the said Union preferred an industrial dispute and thereafter the dispute has been referred to the Industrial Tribunal. The reference is pending disposal.

17. A writ petition has been filed in the High Court of Judicature at Bombay by the Maharashtra Suraksha Rakshak Aghadi (number 2115 of 2004) challenging the Notification dated August 25, 2003 read with a Corrigendum dated July 5, 2004 granting exemption to security guards employed with Premier Security Services (PSS) and provided at ICICI Bank's establishments. The writ petition is pending for final disposal and in the meantime *status quo* has been ordered.

18. A writ petition (number 2181 of 04) was also filed by Rajiv Aggarwal in the Rajasthan High Court at Jaipur against SEBI and ICICI Bank *inter alia* seeking directions against SEBI to initiate appropriate proceedings against ICICI Bank for failure to disclose details of the criminal proceedings filed by him in the prospectus. ICICI Bank has filed the affidavit in reply. The writ petition is pending disposal.

19. ICICI Bank has received show cause notices in the matter of alleged excise duty evasion to the extent of Rs. 14.7 million by Bannari Amman Sugars Limited (BASL) in respect of the equipments purchased for their project funded by ICICI Bank under an ADB line of credit. BASL has paid the duty under protest and sought refund thereof. ICICI Bank has filed replies through its advocates showing cause as to why the penalty (of upto Rs. 14.7 million) is not payable and have sought a personal hearing in the matter.

20. Ranchi Branch received a notice on September 25, 2004 from the Regional Labour Commissioner (RLC) Ranchi stating that the Bank has not registered as Principal Employer under Contract Labour (Regulation & Abolition) Act 1970 with RLC(C) Ranchi. A reply was sent by the branch stating that for all of ICICI Bank's branches/offices/establishments in the eastern part, Kolkata office have a Registration Certificate and hence there is no need of taking separate registration certificate for Ranchi branch. The Ranchi branch has also submitted a copy of the registration certificate. However, the Assistant Labour Commissioner Ranchi, proceeded with the filing of criminal case *inter alia* against Smt. Chanda Kochhar, Executive Director in the court of Chief Judicial Magistrate, Ranchi. The next date of hearing is March 9, 2005. ICICI Bank is filing writ petition for quashing of complaint before the Ranchi High Court.

21. A writ pettion no 35/2005 has been filed in the Supreme Court by Dr. Harsh Pathak *inter alia* against mobile phone companies and five banks including ICICI Bank, seeking directions for regulating the unsolicited calls in the context of right of privacy and other related reliefs. ICICI Bank is in the process of filing its affidavit in reply. The matter is pending disposal.

22. A writ petition has been filed no (L) 382/2005 in the Bombay High Court by Satish Anant Naik and 28 others *inter alia* against 3 banks including ICICI Bank, challenging the notification dated August 25, 2003 read with corrigendum dated July 5, 2004 granting exemption to security guards employed with Premier Security Services and provided at the establishments of the said banks. ICICI Bank is in the process of filing its affidavit in reply. The matter is pending disposal.

II. Subsidiaries of ICICI Bank

ICICI Securities Limited ("ICICI Securities")

1. The RBI reduced the liquidity support limit for ICICI Securities by Rs. 250 million vide its letter IDMC.PDRS. No.1409/03.64.00(I-Sec)/1999-2000 dated October 12, 2000 for a period of three months from October 7, 2002 until January 6, 2003, for delayed submission of bid in the treasury bill auction conducted on September 25, 2002. RBI has added back this amount of Rs. 250 million with effect from January 7, 2003, to the liquidity support limit for ICICI Securities, thus re-setting the limits to the original level. Earlier, a reduction in the liquidity support limit by Rs. 15 million was imposed for shortfall in bidding commitment on April 7, 2000, vide RBI's letter IDMC.PDRS. No.3710 /03.64.00(I-Sec)/1999-2000 dated April 8, 2000 which was reset to original level with effect from October 9, 2000.

2. ICICI Securities was awarded two penalty points by SEBI for non-submission of Letter of Offer in the Rights issues of Siroplast Limited and Thane Electricity Company Limited during 1995 and one penalty point for non-submission of post-issue report in the public issue for Shree Rajasthan Texchem Limited.

3. Two warning letters were issued by SEBI on October 2, 1998 in the public issue of Hindustan Motors Limited and on July 11, 2000 in the public issue of Cadilla Healthcare Limited respectively.

4. ICICI Securities has received a complaint dated November 17, 2004 filed by one Mr. S. R. Kulkarni (the complainant) in Consumer Disputes Redressal Forum, Mumbai. It has been alleged by the complainant that he had applied for 150 shares of GAIL (India) Limited in the Offer for Sale in March 2004. While the issue process was over in April 2004 he neither received allotment in response to his application nor the refund of application money. The complaint has been primarily filed against GAIL (India) Limited and MCS Limited the Registrar and Share Transfer Agents and ICICI Securities Limited (3rd opponent). ICICI Securities was acting as one of the Lead Managers to the issue. The complainant's bank has informed the complainant that there was a mistake on its part because of which it has wrongly dishonoured the cheque and therefore has requested the complainant to withdraw the suit.

ICICI Brokerage Services Limited ("ICICI Brokerage")

1. The NSE had, in its letter dated November 26, 2002 reference no NSE/INSP/ACT/2001-02/31487, reprimanded ICICI Brokerage and levied a penalty of Rs. 30,000/- subsequent to an inspection done by it. The penalty was with respect to the purported violations of short sales (three instances on March 9, 2001 and one instance on March 12, 2001) and transfer of client shares to own account (12 instances during February-March 2001). However, ICICI Brokerage had made a

representation to NSE requesting a waiver of the penalties, since these arose from genuine technical difficulties in the internet trading systems of ICICI Web Trade Limited, which had been using ICICI Brokerage to execute the trades on NSE. ICICI Brokerage had therefore requested NSE for a review of the penalty and submitted all necessary documents in support of this. NSE has accepted ICICI Brokerage's representation and waived the above penalty.

2. SEBI had issued a show cause notice to ICICI Brokerage with regard to the agency business done on behalf of one of its clients in shares of Global Trust Bank. ICICI Brokerage replied to the show cause notice denying the allegations and findings of SEBI. Thereafter, SEBI granted a personal hearing on November 24, 2003. Subsequent to the hearing, SEBI vide its letter dated February 5, 2004 issued a show cause notice to ICICI Brokerage as to why the penalty of suspension of registration of ICICI Brokerage Services Limited for a period of four months as recommended by the enquiry officer should not be imposed. ICICI Brokerage had vide its letter dated February 23, 2004 submitted its reply to the said show cause notice denying all the allegations and findings of enquiry officer and that the charges against ICICI Brokerage stated in the show cause notice of February 5, 2004 be accordingly withdrawn. Further, ICICI Brokerage was granted a personal hearing before the Chairman, SEBI on March 18, 2004 wherein ICICI Brokerage was represented by its legal counsels. ICICI Brokerage re-iterated that it denied the allegations and findings of SEBI as stated in their show cause notice and also that the findings of SEBI were based merely on inferences and surmises without proving any guilt or market manipulation part of ICICI Brokerage. A written submission of the arguments presented at the personal hearing was also forwarded to SEBI. The Chairman, SEBI vide order dated September 9, 2004 discharged ICICI Brokerage from the proceedings in the said matter.

3. Mr. Sunil Kumar Gupta filed a case before the District Consumer Dispute Redressal Forum, Jaipur (Forum) against ICICI Brokerage, and an order dated August 22, 2003 was received by ICICI Brokerage from the Forum directing ICICI Brokerage to pay Rs. 19,538/- within one month. ICICI Brokerage has filed an appeal in September 2003 before the Rajasthan State Consumer Disputes Redressal Commission, Jaipur. The appeal was filed on September 20, 2003. The appeal was admitted on August 18, 2004. The next hearing is scheduled on March 18, 2005.

4. As per normal practise, the BSE/NSE and SEBI from time to time conduct inspections of its member/registered brokers. Accordingly, a regular inspection was conducted by SEBI of ICICI Brokerage's books for the period April, 2001 to March, 2003. The inspection report had brought out certain irregularities such as difference of trade details in under separate accounts maintained by ICICI Bank; PAN not being quoted on contract notes in some cases and non-segregation of clients and ICICI Bank's own funds. In this regard SEBI has vide its letter dated March 23, 2004 advised ICICI Brokerage to rectify the irregularities and warned it not to repeat the same in future.

5. The NSE levied a penalty of Rs. 0.12 million on ICICI Brokerage for delayed submission of the 'WDM segment' Annual Compliance Report for 2002-2003. Whilst the fine has been debited, ICICI Brokerage has replied to the NSE stating its factual position and requested a reversal of the above penalty. The NSE thereafter placed the matter before its Disciplinary Action Committee, which has reduced the penalty to Rs. 0.1 million. ICICI Brokerage has sought a review of the said penalty.

ICICI Venture Funds Management Company Limited ("ICICI Venture")

1. ICICI Equity Fund (the "Fund"), a Fund managed by the ICICI Venture was originally registered with the SEBI as a Venture Capital Fund under the SEBI (Venture Capital Funds) Regulations, 1996 ("Regulations"). The Fund de-registered from SEBI in the year 2002. In this process, the Fund first amended its Private Placement Memorandum (PPM) and pursued investment objectives permitted under the amended PPM before completing the de-registration formalities. During the course of its investment activity, the Fund invested in certain securities which were in excess of the limitations and restrictions imposed by the then prevailing Regulations. SEBI was of the view that the Fund should have completed the de-registration formalities before pursuing investments in the aforesaid securities. The Fund *suo moto* communicated these developments to SEBI and initiated a dialogue to conclude and regularize this matter. Upon consideration of the voluntary disclosures and representations made by ICICI Venture, SEBI vide its letter dated January 9, 2003 communicated that the above procedural lapse had been viewed seriously and advised ICICI Venture to take due care in future and improve its compliance mechanisms and standards to avoid recurrence of such incidents.

2. SEBI, Madras had issued a show cause notice dated May 31, 2002 to ICICI Venture alleging contravention of sub-regulation 1 and sub-regulation 3 of Regulation 6 (for the year 1997) and sub-regulation 1 and sub-regulation 2 of Regulation 8 (for the years 1998, 1999, 2000 and 2001) of the Securities and Exchange Board of India (Substantial Acquisition of Shares

and Takeovers) Regulation, 1997 for failure/delay in making the disclosure of its shareholding in Vimta Labs Limited. Adjudication proceedings were held. Based on the submissions made by ICICI Venture, SEBI vide order dated November 1, 2002 exonerated ICICI Venture from liability.

ICICI Investment Management Company Limited ("ICICI Investment Management")

1. ICICI Investment Management is the asset management company of "ICICI Securities Fund", a mutual fund registered with the SEBI. SEBI had issued on May 22, 2000, a warning letter to ICICI Investment Management Limited for the lack of due diligence while submitting the offer document for ICICI CBO Fund.

ICICI Distribution Finance Private Limited ("ICICI Distribution")

1. The owner of certain premises rented to ICICI Distribution has filed a civil suit (number 617 of 2002) against ICICI Distribution in the court of the Civil Judge, Senior Division, Pune seeking possession of these premises. The matter is scheduled for hearing on April 27, 2005.
2. For the year 1999-2000, the sales tax returns were filed by ICICI Distribution declaring the taxable turnover as Nil as ICICI Distribution has claimed exemption of second sale on its turnover of hire purchase transactions. The sales tax authority had disallowed the exemption claimed by ICICI Distribution for want of additional documents. The total tax assessed was Rs. 18.15 million and penalty levied by the authority was Rs. 27.22 million. ICICI Distribution has paid Rs. 9.07 million of the demand raised for admission of appeal and have also furnished a bank guarantee for Rs. 36.3 million and appeal filed is not yet disposed by the authorities.
3. For the year 2000-2001, the sales tax returns were filed by ICICI Distribution declaring the taxable turnover as Nil as ICICI Distribution has claimed exemption of second sale on its turnover of hire purchase transactions. The sales tax authority had disallowed the exemption claimed by the company for want of additional documents. The total tax assessed was Rs. 9.12 million and penalty levied by the authority was Rs. 13.68 million. ICICI Distribution has paid Rs. 4.56 million of the demand raised for admission of appeal and have also furnished a bank guarantee for Rs. 18.2 million and appeal filed has not yet disposed by the authorities.

ICICI Home Finance Company Limited ("ICICI Home Finance")

1. Ms. Dipali Gopani has filed a criminal complaint (number 1472 of 2002) before the Metropolitan Magistrate's 26th Court at Borivali, Mumbai, against ICICI Home Finance, and its directors (and also against some of ICICI Bank's Directors) for alleged wrongful recovery of Rs. 3,150/- and non-return of title deeds. A criminal application was filed on behalf of all the accused before the High Court of Judicature at Bombay on November 11, 2002 for quashing the complaint and in the interim for stay of the complaint against the Directors. The High Court disposed of this application after recording the statement of the complainant that she would withdraw the complaint against all Directors except those who were Directors of ICICI Home Finance. Accordingly, the complaint has been withdrawn against all the Directors except the Directors of the Home Finance Company and the company itself. An application for discharge of the Directors has been filed in the trial court which is pending disposal. The matter stands posted for recording of plea on March 18, 2005.
2. Ms. Aparna Anil Jadhav has filed a civil suit (number 272 of 2003) in the court of the Civil Judge, Thane for declaration and injunction restraining ICICI Home Finance from taking possession of property. ICICI Home Finance is a proforma defendant and no specific claim has been raised against ICICI Home Finance except restraint order on the security. The matter is scheduled for hearing on April 16, 2005.
3. Vijaya Bank has filed a suit (number 563 of 2002) against Mustaq Husain Shawl and others before the Civil Judge, Thane in which ICICI Home Finance is named as a defendant. A client of ICICI Home Finance had purchased a property from Mustaq Husain which Mustaq Husain Shawl had mortgaged in favour of Vijaya Bank. ICICI Home Finance has filed its written statement. The matter is scheduled for hearing on April 16, 2005.
4. Mr. Babu R. Nadumani filed a suit (number 691 of 2002) against ICICI Home Finance in the Court of Civil Judge, Junior Division, Belgaum for temporary injunction and also a permanent injunction restraining ICICI Home Finance from taking possession of property. An order was passed in favour of ICICI Home Finance in respect of the suit for temporary injunction restraining ICICI Home Finance from taking possession of the plaintiff's property. Mr. Nedumani preferred an appeal (number 28 of 2003) against the said order, the date for which is awaited.

5. Mr. Sasanka Sengupta who was granted a loan by ICICI Home Finance was unable to pay his monthly instalments but did not surrender the financed property. ICICI Home Finance proceeded to take possession of the property against which Mr. Sengupta filed a suit for injunction (number 172 of 2003), restraining ICICI Home Finance from forcibly taking possession of the property. The court dismissed the interim injunction application and the matter is pending final disposal.
6. Mr. Avinash Sane who was granted a loan by ICICI Home Finance was unable to pay his monthly instalments but did not surrender the property. ICICI Home Finance proceeded to take possession of the property against which Mr. Sane filed a suit for injunction (number 77 of 2002), restraining ICICI Home Finance from forcibly taking possession of the property. The matter is pending disposal. The court granted temporary injunction in favour of the customer. ICICI Bank had preferred an appeal against the order of the court which has been disposed of by the court with a liberty to file a suit for recovery. The original suit filed by the borrower is pending disposal.
7. There are 75 matters pending before various consumer redressal forums.

ICICI Lombard General Insurance Company Limited ("ICICI Lombard")

1. One hundred and seven cases have been filed against ICICI Lombard, with claims aggregating approximately Rs. 13.1 million. These claims have been made by various policy holders and relate to settlement of claims against the insurance policies issued on Event Insurance, Motor and Group Personal Accident. These claims have been made at various forums including District Disputes Redressal Forum, Kolkata, State Consumer Forum, Jaipur, District Consumer Forum, Faridabad, District Consumer Forum, Ahmedabad, District Consumer Forum, Bharuch, District Consumer Forum, Hyderabad, District Consumer Forum, Thane, District Consumer Forum, Junagadh, District Consumer Forum, Jamshedpur, District Consumer Forum, Rajkot, District Consumer Forum, Meerut, District Consumer Forum, Valsad, District Consumer Forum, Guwahati, District Consumer Forum, Godhara, District Consumer Forum, Nadiad, Workmen Compensation Commissioner, Bellary, District Consumer Forum, Ambala, District Consumer Forum, Gandhinagar, District Consumer Forum, Rewari, District Consumer Forum, Delhi, District Consumer Forum, Chennai, District Consumer Forum, Kanpur, District Consumer Forum, Sambalpur, District Consumer Forum, Mehsana, District Consumer Forum, Bokaro, District Consumer Forum, Amreli, District Consumer Forum, Gurgaon, District Consumer Forum, Shimla, District Consumer Forum, Jalandhar, District Consumer Forum, Nashik, District Consumer Forum, Surendranagar, District Consumer Forum, Surat, District Consumer Forum, Thiruvanathapuram, District Consumer Forum. Davangere, District Consumer Forum, Ongole, District Consumer Forum, Bangalore, Workmen Compensation Court, Salem, Workmen Compensation Court, Latur, Workmen Compensation Court, Hyderabad and State Consumer Forum, Delhi. All these matters are pending disposal.
2. A criminal complaint was filed before the Judicial Magistrate First Class, Bhiwandi by a car insurance policy holder for the alleged non-cognizable offences of criminal intimidation etc., against three officers of ICICI Lombard General Insurance Company Limited. Mr. K. V. Kamath, Managing Director and Chief Executive Officer of ICICI Bank, has also been named as an accused in the complaint though no specific allegations are made against him except describing him as one of the officers of the company. A writ petition was filed before the High Court of Judicature at Bombay seeking a quashing of the criminal complaint. The High Court passed an order, staying the proceedings before the Judicial Magistrate First Class, Bhiwandi. Thus, all the proceedings in criminal complaint number 2887 of 2002 filed against Mr. K.V. Kamath and others have been stayed.
3. Tariff advisory committee, a statutory body under the Insurance Act, 1938 has imposed fines as per breach of tariff norms aggregating Rs. 0.52 million.

ICICI Prudential Life Insurance Company Limited ("ICICI Prulife")

1. Twenty three cases have been filed against ICICI Prulife with claims aggregating approximately Rs. 4.79 million. These claims have been made by different policyholders and deal with various issues relating to life insurance policies. These claims have been made in various forums including District Consumer Disputes Redressal Forum, Mylapore, Chennai, Consumer Disputes Redressal Forum-I, Union Territory Chandigarh, Court of Administrative Civil Judge, Tis Hazari Courts, Delhi, District Consumer Disputes Redressal Forum, Ludhiana, District Consumer Disputes Redressal Forum, Panipat, High Court, New Delhi, City Civil Court, Bangalore, District Consumer Disputes Redressal Forum, New Delhi, High Court, Mumbai, Office of Insurance Ombudsman, Chandigarh,, District Consumer Forum, Lucknow, Office of Insurance Ombudsman, New Delhi, Office of Insurance Ombudsman, Mumbai, District Consumer Forum, Jalandhar and District Consumer Forum, Haryana, Civil Court, Alipore, and City Civil Court, Kolkata. All these matters are pending disposal.

ICICI Bank UK

1. ICICI Bank UK has filed an appeal with the UK HM Customs & Excise. The dispute relates to a stance which has been taken by the sales tax authorities in the UK, in relation to a property transaction. ICICI Bank UK, advised by Deloitte, has taken a different stance and does not believe that VAT should apply to this transaction.

   Rs. 3.7 million represents the approximate total amount of VAT in dispute. UK HM Customs & Excise have withdrawn from their previous assessment and settlement is expected in due course

III. Affiliates of ICICI Bank

Prudential ICICI Mutual Fund, the asset management company of which is Prudential ICICI Asset Management Company Ltd. (Prudential ICICI AMC or AMC) and trustee of which is Prudential ICICI Trust Limited

1. Kwality Ice Cream India Pvt. Ltd. (Investor), one of the investors under Prudential ICICI Growth Plan, had made investments to the tune of Rs. 5 million under section 54EB, I.T. Act. The Fund was of the view that investments under section 54EB, I.T. Act read with CBDT notification number 10247 dated December 19, 1996 and the Offer Document of Prudential ICICI Growth Plan, the units had to be locked-in for a period of seven years from the date of investment. However, the Investor disputed this stand and filed a petition against Prudential ICICI Asset Management Company Limited as one of the respondents in the Delhi High Court seeking the direction of the Court for premature redemption of units. SEBI vide its order dated September 4, 2000, rejected the petitioner’s claim. The Investor subsequently approached the Securities Appellate Tribunal (Tribunal) seeking the release of money due upon the redemption of units and payment of interest thereon. The matter was heard by the Tribunal which dismissed the petition. The Investor, once again, filed a writ in the Delhi High Court (number. 1794 of 2000) challenging the order of the Tribunal and for release of its investment with interest @15% p.a. This matter is listed before Delhi High Court for final arguments in the regular hearing list.
2. A warning letter was issued by SEBI on July 14, 1999 for lack of due diligence observed in the filing of the soft copy of the Offer Document of Prudential ICICI Gilt Fund.
3. A warning letter was issued by SEBI on January 5, 2000 as the Draft Offer Document of Prudential-ICICI Technology Fund did not disclose the scheme specific risk factors as required in accordance with the standard Offer Document and one NAV figure was incorrect for April 1999. Prudential ICICI AMC subsequently rectified the error.
4. A warning letter was issued by SEBI on July 27, 2000 for not disclosing necessary supporting figures for calculation of returns and for not compounding figures for returns since inception in advertisements published in newspapers in the case of Prudential-ICICI Income Plan. All the investors who invested in the plan after the said advertisement were given an option to exit without any exit load. Prudential ICICI AMC subsequently ensured compliance.
5. A warning letter was issued by SEBI on September 10, 2001 with respect to the inspection report for the period April 1, 1999 to March 30, 2000, for errors of omission in various reports submitted to SEBI and for grossly overstating the annualized return for the Fast Moving Consumer Goods (FMCG) Plan in the Offer Document of the Gilt Fund, under the condensed financial information for the period ended June 30, 1999. Further the Gilt Fund was also issued a deficiency letter by SEBI for printing/ reporting errors in accounting statements for the year ended March 31, 2000 pointed out by the auditors in their inspection report.
6. SEBI vide its letter dated November 27, 2003, has advised the AMC that while issuing the performance based advertisements, the performance percentages should not be used in bold font in headlines in the advertisements. This advice was specifically with reference to the advertisement for “Prudential ICICI Power” Scheme.
7. A warning letter was issued by SEBI to Prudential ICICI Mutual Fund on June 22, 2004 with respect to the inspection report for the period from April 1, 2000 to June 30, 2002, where the auditors were of the opinion that a prior approval of the board of directors of the trust company and the AMC was not obtained before making the investment in unrated debt securities. The AMC has replied to the letter.
8. SEBI vide its letter dated October 18, 2004, advised AMC to take due care in adhering to the investment restriction of seventh Schedule of SEBI (Mutual Fund) Regulation, 1996.
9. Mr. K.S. Mehta, a director of Prudential ICICI-AMC, has been made party to cases relating to dishonour of cheques issued by Paam Pharmaceuticals Limited in which he was a director. The dishonour occurred after Mr. Mehta had resigned from the board of directors of Paam Pharmaceuticals Limited. The matters are *sub-judice*.

GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this Issue and current business activities and no further material approvals are required from any government authority/RBI for us to continue our activities, except applications made as specifically listed below.

Approvals For Our Business

We require various approvals for us to carry on our business in India and overseas. The approvals that we have include the following:

Approvals and Registrations In India

(A) *General*

1. Importer-Exporter Code (IEC) issued by the Ministry of Information Technology, Government of India - IEC No. 5199003470 issued on March 22, 2000.
2. Permanent Account Number and Tax Deduction Account Number under the Income Tax Act, 1961- PAN No. AAAC15205Q.
3. Certified as Registrars to an Issue and Share Transfer Agent in Category I, by SEBI on November 1, 2003, with registration code INR000001773. The registration is valid until October 31, 2006.

(B) *STP units at Vashi*

1. Approval from the Software Technology Parks of India (an autonomous society under Government of India, Department of Information Technology) under the Software Technology Park Scheme of the Government of India, for setting up software technology parks ("**STP**") and for manufacture of software to STP units at Modules 541, 551 and 561, Tower 5, International Infotech Park, Vashi Station Complex, Vashi, Navi Mumbai 400 703 of area 61108.14 sq ft, vide Letter STPI/MUM/VIII(A)(88)-2000(03)/2633 dated March 22, 2000 and expanded area Module 661, Tower 6 area 20214.38 sq ft in addition to existing STP area, vide letter STPI/MUM/VIII(A)(88)-2000(03)/6085 dated September 29, 2003. Total STP area is 81,322.52 sq ft.
2. Approval from the Commissioner of Customs under Section 58 (1) and Section 65 of the Customs Act, 1962 for the bonding of warehouses to carry on the business of manufacture of computer software in the bonded warehouse and for import of capital goods without payment of import duty vide Bonded Warehouse License and Manufacture License No.F.No.S/15-11/2000 EOD, each dated April 24, 2000 and renewed upto March 21, 2005 issued by Assistant Commissioner of Customs, 100% EOU, Mumbai.
3. Registered as a dealer under Sections 7(1)/7(2) of the Central Sales Tax Act, 1956, with registration No. 400705/C/2210, issued by Sales Tax Officer, Thane.
4. Certificate of Registration under Bombay Sales Tax Act, 1959, Registration No. 400705/S/2504, valid till May 30, 2005.
5. The following units are registered under the Bombay Shops and Establishments Act, 1948
   (i) Tower 5 - 3rd, 4th, 5th and 6th floor of International Infotech Park, Vashi Station Complex, Vashi, Navi Mumbai: Registration No. CE/8733 dated June 9, 2004. Valid till December 31, 2005.
   (ii) Tower 6 - 6th floor of International Infotech Park, Vashi Station Complex, Vashi, Navi Mumbai: Registration No. CE/8689 dated June 9, 2004. Valid till December 31, 2005.
6. Registered with the Central Excise Department for collecting service tax on management consulting; commissioning and installation and business auxiliary services vide certificate of registration No. ST/MGC/BEL/340/2003 dated August 14, 2003 issued by the Superintendent Central Excise and Service Tax Cell, Belapur Commissionerate, Navi Mumbai.

(C) *STP units at Bangalore*

1. STP approval vide letter No.EIG/ICICI-INFOTECH/GEN/499 dated April 5, 2002 for manufacture of software to units at, Brigade Champak, 6/2 Union Street, Bangalore- 560 001. Green card No. MIT/STIB/2002-2003/4502 dated June 28, 2002, and valid till June 12, 2007.

2. Approval from the Commissioner of Customs under Section 58 (1) and Section 65 of the Customs Act, 1962 for private bonded warehouse license and manufacture license No.C.No.VIII/40/20/2002 EOU-III, each dated June 13, 2002 issued by Deputy Commissioner of Customs, Bangalore. Permissions will remain in force till June 12, 2007.
3. Registration as a dealer under Sections 7(1)/7(2) of the Central Sales Tax Act, 1956, with registration No. 03983018 dated March 21, 2002, issued by the Assistant Commissioner of Commercial Taxes, Rajajinagar Circle, Bangalore.
4. Registration Certificate No.03933015 issued under the Karnataka Sales Tax Act, 1952 issued on December 20, 2001.
5. Units at No.6/2, Brigade Champak, Union Street, Bangalore, registered under the Karnataka Shops and Commercial Establishments Act, 1951 vide Registration No. Bangalore 03 /78/Va Saa / 158/ 2001, dated December 5, 2001.
6. Registration with the Central Excise Department for payment of service tax on services of consulting engineer vide registration certificate no. CE/BG III/ 148/ICICI/2001 dated December 21, 2001 and issued by Superintendent of Central Excise, Service Tax Cell, Rajajinagar Division, Bangalore.

(D) *STP units at Chennai*

1. STP approval vide letter Ref. No. STPIC/ 6336/ 99-2000/2733 dated March 16, 2000 read with Letter Ref. No. STPIC/ G336/2002-03/004 dated April 2, 2002.
2. STP approval vide letter No.STPIC/G336/2004-05/841 dated November 10, 2004 for additional bonded warehouse located at MBC Tower, 4th floor, 81 TTK Road, Alwarpet, Chennai – 600 004.
3. Approval from the Commissioner of Customs under Section 58 (1) and Section 65 of the Customs Act, 1962 for bonded warehouse license and manufacture license No.E286 File No.S4/837/2001, each dated July 12, 2001 issued by Assistant Commissioner of Customs, Chennai. Permissions will remain in force till March 16, 2005.
4. Registration under Sections 7(1)/7(2) of the Central Sales Tax Act, 1956, with registration No. 697107 dated April 9, 2001, issued by the Commercial Tax Officer, Nungambakkam Assistant Circle, Chennai.
5. Registration under S.20 of Tamil Nadu General Sales Tax Act, 1959, vide Registration Certificate No. 0461065/2001-2002 dated April 9, 2001, issued by Commercial Tax Officer, Nungambakkam Assistant Circle, Chennai. The certificate is renewable from year to year on payment of prescribed fee.

(E) *Other Offices*

1. Our offices at Andheri (East), Mumbai are registered under the Bombay Shops and Establishments Act, 1948, registration No. KE-II/014922, issued on April 13, 2004.
2. Our offices at Goregaon (East), Mumbai are registered under the Bombay Shops and Establishments Act, 1948, registration No. PS-II/008754, issued on May 11, 2001.

(F) *Applications made*

1. Principle employer registration under the Contract Labour (Regulation and Abolition) Act, 1970. Application for registration under the Contract Labour (Regulation and Abolition) Act, 1970 has been filed for establishment in tower 5, 3rd to 6th floors, International Infotech Park, Vashi, Navi Mumbai – 400 703. Registration is awaited.
2. Application for registration of offices at 4th Floor, MBC Tower, 81 TTK Road, Alwarpet, Chennai has been filed under Tamil Nadu Shops and Establishments Act. Registration is awaited.

(G) Approvals and registrations outside India

1. Approvals for our subsidiary to conduct business in the United States of America in the states of Delaware, New Jersey, New York, Connecticut, Massachusetts, Virginia, Texas, Florida, Ohio, Indiana, Maryland, California, Pennsylvania, Rhode Island, Vermont, North Carolina, New Hampshire.
2. Approvals for our subsidiaries to conduct business in various countries including, Australia, Singapore and Malaysia.
3. Approvals for our branches to conduct business in the United Kingdom, Sharjah and Dubai.

We have obtained the above approvals and the same are valid as of the date of the Prospectus. Some of these have expired in the ordinary course of business and applications for renewal of these approvals have been submitted. We undertake to obtain all approvals, licenses, registrations and permissions required to operate our business.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Short-term borrowings

All our short-term borrowings are typically for working capital requirements or for meeting mismatch in cash flows for existing projects where payment is received on milestone basis. These borrowings are mostly unsecured given against demand promissory notes in favour of the lender for the amount of principal and interest on the loan and where secured against hypothecation of our book debts and receivables. The short-term borrowings are for a tenor typically of 6 months upto 13 months. These borrowings are at market rates linked to prime lending rates (“**PLR”**) of banks ranging from 2.5% below PLR to 5.5% below PLR and if at or subject to a fixed rate, in the range of 8% to 9%.

Sl. No.	Name of Lender	Facility Amount (Rupees)	Amount Outstanding as of February 28, 2005 (Rupees)
1.	Development Credit Bank	150,000,000	50,926,737
2.	Development Credit Bank	100,000,000	100,000,000
3.	Bank of Rajasthan	30,000,000	9,093,884
4.	Bank of Rajasthan	9,500,000	9,500,000
5.	Bank of Rajasthan	17,500,000	17,500,000
6.	Bank of Rajasthan	57,000,000	52,000,000
7.	Bank of Rajasthan	16,500,000	8,428,584
8.	Indusind Bank	100,000,000	100,000,000
9.	Jammu Kashmir Bank	100,000,000	38,400,000
10.	ING Vysya Bank	100,000,000	53,846,152
11.	IDBI Bank	50,000,000	29,166,665
12.	Indusind Bank	100,000,000	100,000,000
13.	State Bank of India, New York	43,600,000	42,527,175

Long term Borrowings

Our long-term borrowings are typically for a tenure of 36 to 60 months, and are for normal corporate proposes or product development. These borrowings are secured by equitable mortgages created on our leasehold or freehold properties. These long-term borrowings are at market rates in the range of 8% to 9% subject to changes in the respective bank’s PLR.

Sl. No.	Name of Lender	Loan Amount (Rupees)	Amount Outstanding as of February 28, 2005 (Rupees)
1.	ICICI Bank	12,500,000	5,733,049
2.	ICICI Bank	806,468	488,390
3.	ICICI Bank	807,000	596,040
4.	ICICI Bank	748,695	552,976
5.	ICICI Bank	1,575,661	1,387,859
6.	ICICI Bank	701,238	627,799

Sl. No.	Name of Lender	Loan Amount (Rupees)	Amount Outstanding as of February 28, 2005 (Rupees)
7.	ICICI Bank	742,577	664,808
8.	ICICI Bank	742,577	664,808
9.	ICICI Bank	1,655,630	1,506,052
10.	ICICI Bank	794,670	734,248
11.	Federal Bank	100,000,000	100,000,000
12.	Canara Bank	270,000,000	216,000,000
13.	Canara Bank	50,000,000	48,333,332
14.	Bank of Maharashtra	100,000,000	63,000,000
15.	Lakshmi Vilas Bank	80,000,000	54,800,000
16.	Indian Overseas Bank	100,000,000	89,619,511
17.	ICICI Bank	250,000,000	191,666,667
18.	Emirates Bank International	2,839,930	2,350,930

In order to carry out this Issue, we require the prior consent of Development Credit Bank, Lakshmi Vilas Bank and Indusind Bank, under the terms of the respective loan agreements. We have received written consent in respect of the same from all the above mentioned banks.

Inter-Corporate Borrowings

We have advanced loans to 3i Infotech Pty (Australia) aggregating to Rs.39.86 million. We have also provided a loan of Rs. 91.76 million to Semantik Solutions GmbH. We have also provided a bank guarantee of up to US$1,000,000 to 3i Infotech Inc. (USA).

3i Infotech Inc has taken a loan from 3i Infotech Pte (Singapore) for USD 793,939. 3i Infotech Inc has also taken a car loan, where the amount outstanding is USD 24,655.

BASIS FOR THE ISSUE PRICE

The Issue Price has been determined by 3i Infotech Limited in consultation with the BRLMs and the CBRLM, on the basis of an assessment of market demand for the offered Equity Shares by way of book building process.

QUALITATIVE FACTORS

Factors external to the company

- *India has emerged as one of the most preferred destinations for sourcing IT services as well as business process outsourcing services. (Source: NASSCOM Strategic Review 2004)*

Factors internal to the company

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

- *Our range of product offerings*

  Over the last three fiscal years we have developed and rolled out a broad range of solutions for the banking, insurance and financial services industries.

- *Broad range of IT services*

  Our service offerings span the complete software life cycle, including consulting, architecture, development, testing, maintenance, migration, re-engineering and integration services

- *Strong management team*

  Many of our senior management are from the premier technical/management institutes in India and are first-generation IT entrepreneurs, who have conceptualised, designed and developed the software products and solutions that form the core of our product offerings

- *Industry-specific knowledge and experience*

  Extensive experience in the banking, insurance and financial services industries, dating from our incorporation as the back-office and IT services arm of ICICI/ICICI Bank, its subsidiaries and affiliates, allows us to accurately define and deliver customised products and solutions effectively

- *Experience with fixed-price engagement models*

  We believe our ability to manage projects on a fixed-price basis to achieve our clients' business objectives is an important differentiator in our long-term client relationships

- *Global delivery model*

  Our facilities have been modelled, and employees trained with the objective of delivering world-class quality and operational excellence to our clients. Our software development centres have been assessed at SEI CMM Level 5 and we received organisation-wide ISO 9001:2000 certification in 2002

- *Strategic focus on the Indian market*

  In fiscal 2004 and for the first nine months of fiscal 2005, the Indian market contributed 55% and 46%, respectively, of our total income. We believe that India offers opportunities to strengthen our capabilities, especially relating to large, end-to-end, mission critical projects, through which we have obtained the experience necessary to bid and win global projects

- *Expanding global operations*

  We have expanded our sales and marketing presence to over 15 offices in 8 countries

- *Ability to scale*

  We have successfully managed our growth by investing in infrastructure and by recruiting, training and rapidly deploying new professionals from a pool of highly-qualified candidates from our base in India

QUANTITATIVE FACTORS

Information presented in this section is derived from our restated unconsolidated financial statements.

1. Adjusted earning per share (EPS)

		Rupees	Weight
1	Year ended March 31, 2002	4.64	1
2	Year ended March 31, 2003	1.13	2
3	Year ended March 31, 2004	1.97	3
	Weighted Average	2.14	

A. *The earning per share has been computed on the basis of restated profits and losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.*

B. *The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.*

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. 100

a. Based on year ended March31, 2004 EPS is Rs.1.97 /-

b. P/E based on year ended March 31, 2004 is 50.8

c. Industry P/E(1)

i)	Highest	84.7
ii)	Lowest	2.9
iii)	Industry Composite	18.2

(1) Source: Capital Market Vol.XIX/26, Feb 28 – Mar 13, 2005 (Computers – Software- Medium / Small)

3. Average Return on Net Worth

		%	Weight
1	Year ended March 31, 2002	20.04	1
2	Year ended March 31, 2003	5.40	2
3	Year ended March 31, 2004	8.45	3
	Weighted Average	9.37	

(a) The average return on net worth has been computed on the basis of restated profits and losses for the respective year/ period after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.

4. Minimum Return on Increased Net Worth Required to Maintain Pre- Issue EPS.

The minimum return on increased net worth required to maintain pre- Issue EPS is 3.69%.

5. Net Asset Value per Equity Share as at December 31, 2004 – Rs. 25.47

Net Asset Value per Equity Share represents shareholders' equity less miscellaneous expenses as divided by number of Equity Shares.

6. Net Asset Value per Equity Share after Issue

The net asset value per Equity Share after the Issue is Rs.53.40

Issue Price per Equity Share: Rs.100

7. Comparison with other listed companies

The comparable ratios of the companies which are to some extent similar in business are as given below:

	3i Infotech	MPhasis BFL	I-Flex	Polaris	Patni	Hughes	Mastek
For the year ended	March 31, 2004	March 31, 2004	March 31, 2004	March 31, 2004	Dec. 31, 2003	March 31, 2004	June 30, 2004
Revenue (Rs. million)	2,320	2,600	6,845	5,785	7,021	3,583	1,183
Net Income (Rs. million)	43	898	1,815	674	2,305	773	120
EPS (Basic) (Rs.)	(2.1)	11.5	23.8	6.7	18.4	22.2	8.2
Book Value per Share (Rs.)	9.92	46.2	129.2	50.4	107.3	102.3	92.6
RONW %	(20.9)	13.6	19.7	14.9	21.5	24.7	9.6
Share Price (Rs.)	NA	257	613	133	384	522	401
P/E #	NA	42.8	26.0	21.6	20.9	18.0	16.6

Source: Capital Market Vol.XIX/26, Feb 28 – Mar 13, 2005 (Computers – Software)

#Based on prices as at February 21, 2005

The Issue Price of Rs.100 has been determined on the basis of demand from investors through the Book-Building Process and is justified on the above accounting ratios. The face value of the Equity Shares is Rs.10 and the Issue Price is 10 times of the face value.

OTHER REGULATORY DISCLOSURES

Stock Market Data for Equity Shares

This being the initial public offer of the Company, the Equity Shares of the Company are not listed on any stock exchanges.

Particulars regarding Previous Public Issues During the Last Five Years

The Company has not made any public issue during the last five years.

Companies under the same Management

Except for our subsidiaries, we have no companies under the same management. Please see "Our Subsidiaries and Affiliates" on page 91.

Mechanism evolved for Redressal of Investor Grievances

Investor grievances will be settled expeditiously and satisfactorily by the Company. The agreement between the Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of allotment advice or refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, MCS Limited giving full details including name, address of the applicant, number of equity shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

Post issue, the investors services activities will be undertaken by the Company. The Company is a SEBI registered Registrar & Transfer Agent ("R&T") with resources to handle post issue investor servicing. The investors may write to Company's R & T department at 3rd Floor, Tower #5, International Infotech Park, Vashi, Navi Mumbai 400 703 or send email to 3iinvestors@3i-infotech.com

Investors may note that Mr. S. R. Shettigar has been appointed as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted by phone on (91 22) 55928090, by fax on (91 22) 55928094 and by email at co@3i-infotech.com

Disposal of Investor Grievances

The average time required by the Company or the Registrar for the redressal of routine investor grievances is estimated to be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company or Registrar will strive to redress these complaints as expeditiously as possible.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN, allotment advice and any other document that may be executed in respect of the Issue. In addition, the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority of the issue

The issue of Equity Shares in this Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on November 1, 2004, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue and the Green Shoe Option at the EGM of the shareholders of the Company held on January 18, 2005. Pursuant to the authority granted by the Board of Directors of the Company at its meeting held on November 1, 2004, a Committee of the Board approved the Issue and the Green Shoe Option at its meeting held on January 31, 2005.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company and shall rank *pari passu* with the existing Equity Shares of the Company including in respect of the rights to receive dividends. See "Main Provisions of the Articles of Association" for a description of the Articles of Association of the Company.

Face Value and Issue Price

The Equity Shares having a face value of Rs. 10 each are being issued at a price of Rs.100 per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of the Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/ splitting, see "Main Provisions of the Articles of Association" on page 179 of this Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.

As trading in the Equity Shares is compulsorily in dematerialised mode, the tradeable lot is one Equity Share. Allotment of Equity Shares will be done in electronic form, subject to a minimum allotment of 60 Equity Shares.

Jurisdiction

Exclusive jurisdiction for purposes of this Issue is with the competent courts in Mumbai, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as holder of Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Application by NRIs/FIIs/Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions

As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs/ FIIs/ Foreign Venture Capital Fund registered with SEBI/Multilateral and Bilateral Development Financial Institutions to invest in shares of an Indian company by way of subscription in an public issue. However, such investments would be subject to other investment restrictions under RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIPB/RBI for this specific purpose. It is to be distinctly understood that there is no reservation for NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions and all NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions applicants will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

ISSUE STRUCTURE

The present Issue of 20,000,000 Equity Shares comprises of Equity Shares of Rs. 10 each for cash at a price of Rs. 100 per Equity Share aggregating Rs. 2,000 million and is being made through the 100% Book Building process. There will be a Green Shoe Option of up to 3,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 100 per Equity Share aggregating Rs. 300 million. The Issue and the Green Shoe Option aggregate 23,000,000 Equity Shares of Rs. 10 each, aggregating Rs. 2,300 million, if the Green Shoe Option is fully exercised.

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation	Up to 400,000 Equity Shares	Issue size less allocation to Non-Institutional Investors and Retail Investors upto 9,800,000 Equity Shares(1)	Minimum of 2,940,000 Equity Shares(1)	Minimum of 6,860,000 Equity Shares(1)
Percentage of Issue Size	Up to 2% of the Issue Size	Up to 50% of the Net Issue to Public(1)	Minimum 15% of the Net Issue to Public or Net Issue size less allocation to QIBs and Retail Portion(1)	Minimum 35% of the Net Issue to Public or Net Issue Size less allocation to QIBs and Non-Institutional Portion(1)
Basis of Allocation or Allotment	Proportionate	Discretionary	Proportionate	Proportionate
Minimum Bid	60 Equity Shares and thereafter in multiple of 60 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 60 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 60 Equity Shares	60 Equity Shares and thereafter in multiple of 60 Equity Shares
Maximum Bid	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 500,000	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 100,000
Allotment Mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode
Trading Lot	One Equity share	One Equity Share	One Equity Share	One Equity Share
Who can Apply(2)	Indian Nationals who are permanent employees or directors of the Company who are based in India and are present in India on the date of submission of Bid-cum-Application Form.	Public financial institutions, as defined in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with	Resident Indian individuals, HUF (in the name of *Karta*), companies, corporate bodies, NRIs, societies and trusts	Individuals including NRIs and HUFs (in the name of *Karta*) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs. 100,000

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		SEBI, multi-lateral and bi-lateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million.		
Terms of Payment	Margin amount applicable to Employees at the time of submission of Bid-cum-Application Form to the Syndicate.	Margin amount applicable at the time of submission of Bid-cum-Application Form to the Syndicate.	Margin amount applicable at the time of submission of Bid-cum-Application Form to the Syndicate.	Margin amount applicable at the time of submission of Bid-cum-Application Form to the Syndicate.
Margin Money	Full Bid Amount on Bidding	NIL	Full Bid Amount on Bidding	Full Bid Amount on Bidding

(1) Subject to valid bids being received at or above the Issue Price, undersubscription, if any, in the QIBs, Non-Institutional Bidder and Retail Individual Bidder categories, can be met with spill over from other categories, at the discretion of the Company in consultation with the BRLMs and the CBRLM.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

The unsubscribed portion, if any, out of the Equity Shares reserved for allotment to Employees of the Company will be added back to the categories of Non-Institutional Bidders and Retail Individual Bidders in the ratio of 50:50. In case of under-subscription in the Net Issue spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

As per Chapter VIIIA of the DIP Guidelines, the Green Shoe Option will be utilized for stabilizing the post-listing price of the Equity Shares. We have appointed DSP Merrill Lynch Limited as the Stabilizing Agent. The Green Shoe Option consists of the option to over allot up to 3,000,000 Equity Shares of Rs. 10 each at a price of Rs. 100 per share aggregating Rs. 300 million representing 15% of the Issue. The Green Shoe Option is exercisable during the period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares of the Company and ending 30 days thereafter, unless terminated earlier by the Stabilizing Agent. The Green Shoe Option will be exercised at the discretion of the BRLMs, the CBRLM and the Company only with respect to Equity Shares that are owned by ICICI Bank. ICICI Bank as the Green Shoe Lender has agreed to transfer 3,000,000 Equity Shares to the Stabilizing Agent, in the event that the Green Shoe Option is exercised by Stabilizing Agent.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building scheme wherein up to 50% of the Net Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, a minimum of 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Bidders are required to submit their Bids through the members of the Syndicate. The Company in consultation with the BRLMs and the CBRLM reserves the right to reject any Bid procured by any members of the Syndicate without assigning any reason therefore in case of QIBs. The Company, in consultation with the BRLMs and CBRLM, would have the discretion to allocate to QIBs based on a number of criteria which would typically include but not be limited to the following: prior commitment, investor quality, price, earliness of bid. In case of Employee Reservation Portion, Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to successful Bidders only in dematerialised form.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in his Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note, or CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	**Colour of Bid-cum-Application Form**
Public or NRI applying on a non-repatriation basis	White
NRI or FII or Foreign Venture Capital Investors or Multilateral or Bilateral Financial Institutions applying on a repatriation basis	Pink
Permanent Employees and Directors of the Company in India	Green

Who can Bid

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;

- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- Scientific and/ or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions;
- Those entities which are not eligible QIBs for this Issue;
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLMs, the CBRLM and Syndicate Members and any associate of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary unless permitted by SEBI. Further, the BRLMs and the CBRLM shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

As per the current regulations, OCBs cannot Bid in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under relevant regulations or statutory guidelines.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

As per current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (that is, 10% of 51,002,841 Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company. The Board and shareholders by way of a special resolution have approved FII investment upto the applicable sectoral cap. The applicable cap for foreign investment in information technology companies is 100%, hence aggregate FII holding in the company can go upto such limit.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

The above information is given for the benefit of the Bidders. The Company, the BRLMs and the CBRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 60 Equity Shares and in multiples of 60 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders should ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision or on exercise of the Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders Category. The Cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares so as to ensure that the minimum Bid Amount is above Rs. 100,000. Above this minimum Bid Amount, the Bid should be in multiples of 60 Equity Shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Category. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids, Bids by Non -Institutional Bidders who are eligible for allocation in the Retail Individual Bidder category would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to bid at “Cut off”.

(c) **For Employee Reservation Portion:** The Bid must be for a minimum of 60 Equity Shares and in multiples of 60 Equity Shares thereafter. The maximum Bid in this category by an employee cannot exceed Rs. 500,000.

A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

Bidding Process

(a) We have filed the Red Herring Prospectus and Prospectus with the RoC.

(b) The members of the Syndicates have circulated copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.

(c) Any investor who would like to obtain the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the corporate office of the Company or from any of the BRLMs, the CBRLM or Syndicate Members.

(d) Investors who are interested in subscribing for the Company’s Equity Shares should approach any of the BRLMs, the CBRLM or Syndicate Members or their authorised agent(s) to register their Bid.

(e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the BRLMs, the CBRLM or Syndicate Members. Bid-cum-Application Forms which do not bear the stamp of the BRLMs, the CBRLM or Syndicate Members will be rejected.

Bidding

(a) The Company, the BRLMs and the CBRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band and publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). The members of the Syndicate shall accept Bids from the Bidders during the Issue Period.

(b) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” on page 158 of this Prospectus below) and specify the demand (i.e. the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid, irrespective of the bid price, will become automatically invalid.

(c) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue.

(d) The BRLMs, the CBRLM and Syndicate Members will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, or TRS, for each price and demand option. Bidders should make sure that they ask for a copy of the computerised TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

(e) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment".

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 90 to Rs. 100 per Equity Share, Rs. 90 being the Floor Price and Rs. 100 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1. (Rupee one only)
2. The Company in consultation with the BRLMs and CBRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding thirteen days.
4. The Company in consultation with the BRLMs and CBRLM, can finalise the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of Bidding Options exceeding upto Rs. 100,000/- may bid at Cut-off. However, bidding at Cut-off is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders or Bidders in the Employee Reservation Portion whose Bid Amount exceeds Rs. 100,000/- will be rejected.**
6. Retail Individual Bidders who bid at the Cut-off and employees bidding under the Employee Reservation Portion at Cut-Off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on Cap Price. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Application Size shall remain 60 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision. All cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this

Prospectus and an Escrow Agreement entered into amongst the Company, BRLMs, the CBRLM, Registrar to the Issue and the Escrow Collection Bank(s). The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Prospectus.

Terms of Payment and Payment into the Escrow Collection Account

In case of Employee Reservation Portion, Non-institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions") and submit the same to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and Stockinvest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid-cum-Application Form. Where such payment at the time of submission of the Bid-cum-Application Form is waived at the discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the Syndicate Members by the BRLMs and the CBRLM. **If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected.** However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are accepted.

(b) NSE and BSE will issue a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the bid closing date, the Bids would be uploaded until such times as may be permitted by BSE/ NSE.

(c) The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be uploaded on half hourly basis and consolidated. A graphical representation of consolidated demand and price would be made available at the website of The Stock Exchange, Mumbai (www.bseindia.com) and The National Stock Exchange of India (www.nseindia.com)

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor (Investors should ensure that the name given in the Bid-cum-Application form is exactly the same as the Name in which the Depositary Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form);
- Investor Category – Individual, Corporate, NRI, FII, or Mutual Funds etc;

- Numbers of Equity Shares bid for;
- Bid price;
- Bid-cum-Application Form number;
- Whether payment is made upon submission of Bid-cum-Application Form; and
- Depository Participant Identification Number and Client Identification Number for Demat Account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) **The members of the Syndicate have the right to review the Bid. Consequently, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Non-Institutional Bidders, Employee Reservation Portion and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed on Page 169 in the Prospectus.**

(h) It is to be distinctly understood that the permission given by NSE to use their network and software of the Online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company or BRLMs or CBRLM are cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

(i) It is also to be distinctly understood that the approval given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs and the CBRLM on an on-line basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete his or her Bid-cum-Application Form, the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form and revisions for all the options as per his Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he has placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form**.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(h) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs and the CBRLM based on the physical book shall be final and binding to all concerned.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs and the CBRLM shall analyse the demand generated at various price levels and discuss pricing strategy with the Company.

(b) The Company will, in consultation with the BRLMs and the CBRLM, finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.

(c) The allocation for QIBs of 50% of the Net Issue Size would be discretionary. The allocation to Non-Institutional Bidders and Retail Individual Bidders of a minimum of 15% and 35% of the Net Issue Size respectively would be on proportionate basis in consultation with Designated Stock Exchange subject to valid Bids being received at or above the Issue Price.

(d) Undersubscription, if any, in the QIBs and/or Non-Institutional Portion and / or Retail Portion, would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of the Company, BRLMs and the CBRLM.

(e) Allocation to NRIs or FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to the applicable law.

(f) The BRLMs and the CBRLM, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders.

(g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, but before allotment.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLMs, the CBRLM and the Syndicate Members have entered into an underwriting agreement on reaching agreement upon the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, the Company has filed the Prospectus with RoC.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Issue Price, the following steps would be taken:

1. Registrar to the Issue shall prepare the list of successful Bidders.
2. The BRLMs, the CBRLM or Syndicate Members would send the CAN to their respective Bidders who have not paid the Margin Money at the time of Bidding and who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. These Bidders shall pay in full the amount payable into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted/transferred to such Bidder.

Designated Date and Allotment / Transfer in the Issue

(a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would allot / transfer the Equity Shares to the allottees.

(b) All allottees will receive credit for the Equity Shares directly in their Depository Account. **Equity Shares will be allotted only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

The Company would make allotment of Equity Shares within 15 days of the Bid/Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Complete the Resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (pink in colour) or Employee Reservation Portion Bid-cum-Application Form (green in colour), as the case may be;
- Complete the Bid-cum-Application Form carefully after reading all the instructions;
- Enter correct details about Depository Participant and Depository Account as there will be no allotment/ transfer of equity shares in physical form;
- Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
- Submit Bids on forms bearing stamp of the members of the Syndicate at the bidding centres only;
- Obtain TRS for all your options;
- Submit Bid-cum-Application Forms with the photocopy of PAN Card / PAN Communication / Form 60 declaration;
- Submit Revised Bid to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS.

Dont's:

- Do not Bid for lower than minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the Floor Price or higher than the Cap Price
- A Bidder should not Bid on another Bid-cum-Application Form after he has submitted the Bid to a member of the Syndicate;
- Do not pay the Bid Amount in cash or through Stock-invest;
- Do not send Bid-cum-Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not bid at Cut-off price for Non-Institutional, QIB Bidders or the Employee Reservation Portion, if the Bid Amount exceeds Rs. 100,000;
- A Bid from any investor should not exceed the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations.
- Do not Bid if you are prohibited from doing so by the law of your local jurisdiction.

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLMs or CBRLM or Syndicate Members.

Bids and revisions to Bids

Bids and revisions to Bids must be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and pink colour for NRIs or FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and green colour for Bidders under Employee Reservation portion).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid-cum-Application Form and Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- For Retail Portion, the Bids must be for a minimum of 60 Equity Shares and in multiples of thereafter subject to a maximum Bid Amount does not exceed Rs. 100,000.

- For Employee Reservation Category, the Bid must be for a minimum of 60 Equity Shares in multiple of thereafter subject to a maximum of Bid Amount does not exceed Rs. 500,000. For Bidders other than the Bidders in the Retail Portion and Employee Reservation Portion, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or is equal to Rs. 100,000 and in multiples of 60 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- In single name or in joint names (not more than three).
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal.

Bids by Permanent Employees of the Company

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees/directors of the Company who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be.

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. green colour form).
- Eligible Employees, as defined above, should mention the following at the relevant place in the Bid-cum-Application Form:
  - Employee Number
- The sole/ first bidder should be Eligible Employees as defined above.
- Only Eligible Employees would be eligible to apply in this Issue under this Reservation Portion.
- Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid amount exceeds Rs. 100,000.
- The maximum bid in this category by any Eligible Employee cannot exceed Rs. 500,000.
- Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 400,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under subscription in this category would be added back to the Non-Institutional and Retail Individual Bidders category in the ratio of 50:50. In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- If the aggregate demand in this category is greater than 400,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allocation" on page 173 of this Prospectus.

This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT-IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT

IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification Number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid -cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of jointholders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by Insurance Companies registered with Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid-cum-Application form, subject to such terms and conditions as they may deem fit.

Bids by NRIs

NRI bidders to comply with the following:

- Individual NRI bidders can obtain the Bid-cum-Application Forms from the Company's registered office at Tower 5, 3rd to 6th floors, International Infotech Park, Vashi, Navi Mumbai 400 075, India, or the Registrar to the Issue or BRLMs.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI or Multilateral and Bilateral Development Financial Institutions on a repatriation basis

Bids and revision to Bids must be made:

- On the Bid-cum-Application Form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- By FIIs, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of 60 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see Section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 157.
- Bids by NRIs for a Bid Amount of up to less than Rs. 100,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than or equal to Rs. 100,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of 60 Equity Shares thereafter so that the Bid Amount exceeds Rs. 100,000; for further details see Section titled "Maximum and Minimum Bid Size".
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCBs.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for eligible NRIs and FIIs. All eligible NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

The Company shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

(a) Payment into Escrow Account:

- The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument as specified hereinafter for the Bid Amount in favour of the Escrow Account and submit the same to the member of the Syndicate.
- If the margin amount paid by the Bidders during the Bidding Period is less than the Issue Price, multiplied by the number of Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member(s) by the BRLM or the CBRLM.
- The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
  - In case of Resident Bidders: "**Escrow Account- 3i Infotech Limited Public Issue**"
  - In case of Non-Resident Bidders: "**Escrow Account- 3i Infotech Limited Public Issue- NR**."
  - In case of Permanent Employees of the Company "**Escrow Account 3i Infotech Limited Public Issue -Employees"**
- In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- Where a Bidder has been allocated lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders until the Designated Date.
- On or after the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreements into the Public Issue Account with the Bankers to the Issue.
- No later than 15 days from the Bid/ Issue Closing Date, the Escrow Banker shall refund all amounts payable to unsuccessful Bidder and also the excess amount paid by the Bidders, if any, after adjusting for allocation to Bidders.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money orders/ Postal orders will not be accepted.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSBC BC 42/24.47.000/2003-04 dated November 5, 2003 the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in the Issue.

Submission of Bid-cum-Application Form

All Bids cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the BRLM, CBRLM or Syndicate Member at the time of submitting the Bid. **A Syndicate Member may at its discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form in the case of QIBs.**

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the BRLM, CBRLM or Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder. No separate receipt shall be issued for the money paid on the submission of Bid-cum-Application Form or Revision Form.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bid, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder "). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple bids if the sole, First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bid/ Application by Employees and directors of the Company can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

The Company reserves the right to reject, in their absolute discretion, all or any multiple bids in any or all categories.

Permanent Account Number

Where the maximum Bid for Equity Shares by a Bidder is for the total value of Rs. 50,000 or more, i.e. the actual numbers of Equity Shares bid for multiplied by the bid price is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the I.T.Act and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication") along with the application for the purpose of verification of the number. Bidders who do not have PAN are required to provide a declaration in Form 60 prescribed under the I.T.Act along with the application. **Bid-cum-Application Forms without this photocopy/ PAN Communication/ declaration will be considered incomplete and are liable to be rejected.**

Unique Identification Number - MAPIN

In terms of SEBI (Central Database of Market Participants) Regulations, 2003 as amended from time to time and SEBI Notification dated November 25, 2003 and July 30, 2004, circular dated August 16, 2004 and press release dated December 31, 2004, no specified investor being a body corporate shall subscribe to securities which are proposed to be listed in any recognized stock exchange unless such specified investor, its promoters and directors have been allotted unique identification numbers (UIN) save and except: (i) those promoters or directors who are persons resident outside India, who are required to obtain UIN before December 31, 2005; and (ii) where such specified investor being a body corporate has applied for allotment of a UIN before December 31, 2004 and has not yet been allotted the UIN until the disposal of his application or, where he has filed an appeal, till the disposal of the appeal, as the case may be.

In terms of the above it shall be compulsory for specified investor being a body corporate making application in this issue/Offer to give their UIN. In case where a body corporate has made an application for such number before December 31, 2004 but the same has not been allotted, or where an appeal has been filed, but not disposed off, the investor shall indicate the same in the space provided in the Application Form.

Application forms from specified investors being body corporate not providing their UIN or UIN application status in cases which have applied for such UIN before December 31, 2004, shall be liable to be rejected.

Right to Reject Bids

The Company reserves the right to reject any Bid without assigning any reason therefore in case of QIBs and in the case of Non-Institutional Bidders and Retail Individual Bidders, the Company have the right to reject the Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by minors;
5. PAN photocopy/ PAN Communication/ Form 60 declaration not given if Bid is for Rs. 50,000 or more;
6. UIN Number not given for body corporates;
7. Bids for lower number of Equity Shares than specified for that category of investor;
8. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
9. Bids at Cut-off price by a QIB or a Non Institutional Bidder;
10. Bids for number of Equity Shares, which are not in multiples of 60;
11. Category not ticked;
12. Multiple Bids as defined in this Prospectus;
13. In case of Bid under Power of Attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
14. Bid-cum-Application Form does not have the stamp of a member of the Syndicate;
15. Bid-cum-Application Form does not have the Bidder's depository account details;
16. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Bid-cum-Application Form;
17. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at page 156 of this Prospectus;
18. Bids not duly signed by the sole/joint Bidders;
19. Bids accompanied with Stockinvests;
20. Bids by OCBs; OR
21. Bids by U.S. residents or U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act of 1933;
22. Bids by permanent employees or directors of the Company located outside India or by employees or directors of any subsidiary or other affiliate of such company; or
23. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of jointholders), the depository participant's identity (DP ID) and the beneficiary's identity.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Depositories Act the Equity Shares of the Company can be held in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

Successful allottees in this Issue will be mandatorily allotted Equity Shares in dematerialised form. In this context, two bipartite agreements have been signed between:

a. 3i Infotech Limited and NSDL.

b. 3i Infotech Limited and CDSL.

All investors can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her Depository account are liable to be rejected.

a. A Bidder applying for Equity Shares must have at least one beneficiary account with any of the Depository Participants of NSDL or CDSL prior to making the Bid.

b. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.

c. Equity Shares allotted to a Bidder will be credited in electronic form directly to the respective beneficiary accounts (with the Depository Participant of the Bidder).

d. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.

e. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrars to this Issue.

f. If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it will be rejected.

g. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository participant.

H. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole or first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque or draft number and issuing bank thereof.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500 by registered post or speed post only and adequate funds for the purpose shall be made available to the Registrars to the Issue by the Company.

Undertakings

The Company undertakes that:

- Complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- It shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalization of the basis of allotment;
- The funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- Refund orders or allotment advice to the NRIs or FIIs or multilateral or bilateral development financial institutions, foreign venture capital investors registered with SEBI shall be despatched within the specified time;
- No further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- All monies received out of the Issue of Equity Shares to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested;

The utilisation of monies received under the Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Bank indicating the purpose for which such monies have been utilised.

The details of all unutilized monies out of the funds received under the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges. Pending utilisation of the proceeds of the Issue as specified under the heading "Objects of the Issue", the net proceeds from the Issue may be invested by the Company in interest bearing liquid instruments including deposits with banks.

Procedure and Time Schedule for Allotment of Equity Shares and Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- The Company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 days, time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 days time prescribed above.

The Company will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on an Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Rectification of Register of Members

The Company, under Section 111A of the Act will have the right to rectify the register of members to comply with the Act.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of the Government of India, or the Industrial Policy, and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. When required, the Government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India or the FIPB and the RBI.

The Company comes under the automatic route and there is, therefore, no necessity for the non-resident Bidders to make separate applications seeking permission from the FIPB and RBI.

The above information is given for the benefit of the bidders and neither the Company nor the BRLMs are liable for any changes after the date of this Prospectus.

STATUTORY INFORMATION

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Compliance Officer, the Auditors, Legal Advisors to the Company, Bankers to the Company and Bankers to the Issue and (b) Book Running Lead Managers and Co-Book Running Lead Manager to the Issue, Syndicate Members, Escrow Collection Bankers and Registrars to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus and the Prospectus with the Registrar of Companies, Maharashtra at Mumbai, as required under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

Lodha and Co., auditors of the Company for Indian GAAP, have given their written consents to the inclusion of their auditor's report in the form and context in which it appears in the Prospectus and also all financial statements and ratios and such consents and reports have not been withdrawn up to the time of delivery of the Prospectus for registration with the Registrar of Companies, Maharashtra at Mumbai.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net Issue to public, including devolvement of Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay, beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Expert Opinion

Except as stated elsewhere in the Prospectus, the Company has not obtained any expert opinions.

Changes in Directors and Auditors during the last three financial years and reasons thereof

For details of the changes in directors during the last three years, see "Management". There has been no change in the statutory auditors of the Company during the last three years.

Basis of Allotment or Allocation

A. For Permanent Employees and Directors of the Company resident in India

(the "Employees " for purposes of this paragraph)

- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 400,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 400,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 60 Equity Share. For the method of proportionate basis of allocation, refer below.
- Only permanent employees and directors of the Company during the period commencing from the date of filing the Prospectus with RoC and the Issue Closing Date are eligible to apply.

B. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 6,860,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.

- If the aggregate demand in this category is greater than 6,860,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 60 Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For Non-Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 2,940,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 2,940,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 60 Equity Shares. For the method of proportionate basis of allotment refer below.

D. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the QIBs will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for allocation to QIBs who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allocation would be decided by the Company in consultation with the BRLMs and would be at their sole discretion, based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bids.

The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added back to the categories of Non-Institutional Bidders and Retail Individual Bidders in the ratio 50:50. Under-subscription, if any, in the QIBs, Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under “Issue Structure”.

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of 60 Equity Shares. The minimum allotment lot shall be the same as the Minimum Application lot irrespective of any revisions to the Price Band.

d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.

e) In all bids where the proportionate allotment is less than 60 per bidder, the allotment shall be made as follows:

- Each successful bidder shall be allotted a minimum of 60 Equity Shares; and

- The successful bidders out of the total bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

Expenses of the Issue

The expenses of the Issue payable by Company inclusive of brokerage, fees payable to the BRLMs, CBRLM, Advisors to the Issue, Green Shoe Lender, fees of Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, fees payable to the Registrars to the Issue, listing fees and other miscellaneous expenses will not exceed the prescribed limits, and will be met out of the proceeds of the Issue.

Fees Payable to the Book Running Lead Managers, Co-Book Running Lead Manager and Syndicate Members

The total fees payable to the Book Running Lead Managers, Co-Book Running Lead Manager and Syndicate Members (including underwriting commission) will 2.5% of the Issue Size and to the extent Green Shoe Option is exercised by the Stabilising Agent, plus Rs. 10 million, plus service tax as per service tax as per the prevailing rates and reimbursement of out of pocket expenses incurred by the BRLMs and the CBRLM.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing fee per application, data entry charges, processing of application(s) opted for Demat, over printing of CAN/Refund order, preparation of refund data on magnetic tape, hosting investor allotment/ non-allotment information on the Registrar’s website, printing of bulk mailing register will be Rs. 5.50 per application. In addition, the Registrar will get processing fees of Re. 1 per application as processing fees for NRI application. The details of fees payable to Registrar to the Issue are as per the Memorandum of Understanding signed with the Company, copies of which are available for inspection at the Registered Office of the Company.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, and stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Previous Rights and Public Issues

The Company has not made any public issue (including any public rights issue) since its inception.

Issues otherwise than for Cash

Except as stated in the Prospectus under “Capital Structure”, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Outstanding Debenture or Bond Issues

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

Except as stated in the Prospectus under “Capital Structure”, the Company does not have any outstanding preference shares.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Capitalisation of Reserves or Profits

Except as stated in the Prospectus under "Capital Structure", the Company has not issued any Equity Shares on captialisation of profits or reserves.

Option to Subscribe in the Issue

Except for ESOS as disclosed under Capital Structure on page 50 of this Prospectus, the Company has not given any option to subscribe for any Equity Shares of the Company.

Purchase of Property

Except as stated in the "Objects of Issue " in this Prospectus, and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the Issue contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated in this Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Interest of Promoters and Directors

Save as stated under: (a) the heading "Our Promoter – Transactions with the Promoters" as disclosed on page 125 of this Prospectus; (b) redemption of preference share capital of preference shares issued to ICICI Bank under the heading "Objects of the Issue" as disclosed on page 55 of this Prospectus; (c) fees payable to ICICI Bank as the Green Shoe Lender under "Green Shoe Option" as disclosed on page 11 of this Prospectus; and (c) the fees payable to the CBRLM, a subsidiary of ICICI Bank, for this Issue; the Promoters do not have any interest in the business of the Company.

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof, as well as, to the extent of commissions on net profit, employee stock options and reimbursement of expenses payable to them under our Articles of Association. The whole-time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All our directors may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners and/or trustees.

In particular the following Directors, are interested in the following:

- One of our Executive Directors, Mr. Hari Padmanabhan, is also a director and a shareholder of Insyst Technologies MEA (BVI) Limited. In two transactions in November 2001 and January 2002, we acquired the businesses of Insyst Business Technologies Limited and Insyst Technologies MEA (BVI) Limited, (collectively "Insyst"), for a total of US$ 2.5 million. In addition, there is a post-acquisition payment, which has been determined to be US$ 3.0 million, to be paid by us by April 2005 to Insyst.
- We have acquired on lease a flat located at No.803, Akruti Complex Saiwadi, Andheri (East), Mumbai from Mr. V. Srinivasan, our Managing Director and CEO at a monthly rental of Rs. 28,000/-.

Except as stated otherwise in the Prospectus, the Company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of the Prospectus, in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Revaluation of Assets

The Company has not revalued any of its assets since its inception.

Classes of Shares

The authorized share capital of the Company is Two Thousand Five Hundred Million Rupees, which is divided into one hundred million equity shares of face value of Rs. 10 each aggregating to One Thousand Million Rupees and three hundred million preference shares of face value Rs. 5 each aggregating to One Thousand and Five Hundred Million Rupees only.

Payment or Benefit to Promoters or Officers of the Company

Except as stated elsewhere in this Prospectus no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to the promoter or any officer of the Company except the normal remuneration for services rendered as directors, officers or employees.

Remuneration of Managing Director

Mr. V. Srinivasan has been as the Managing Director and CEO of the Company from April 1, 2001 for a period of five years. Effective July 1, 2002, Mr. V. Srinivasan has been deputed to 3i Infotech Inc., while continuing as Managing Director & CEO of the Company. Mr. V. Srinivasan shall not draw any remuneration from the Company during the period of deputation.

Mr. V. Srinivasan has been appointed Managing Director and CEO of 3i Infotech Inc., with effect from July 1, 2002 up to March 31, 2006. In terms of the resolution passed by the board of directors of 3i Infotech Inc., the remuneration of Mr. V. Srinivasan is:

(a) Salary:

US$ 230,000 per annum from July 1, 2002, subject to increments as may be finalized and approved by the Board of Directors of Infotech Inc., and the board of directors of the Company.

(b) Benefits/Perquisites:

On terms similar to the senior executives of 3i Infotech Inc.

(c) Bonus:

As may be determined by the Board of Directors of Infotech Inc., and the Board of Directors of the Company or committees of the respective boards based on achievement of such performance parameters as the boards or the committees may determine.

Remuneration of Executive Directors

1. Manoj Kunkalienkar

Mr. Manoj Kunkalienkar has been appointed executive director of the Company for a period of five years, effective October 1, 2002. In terms of the resolution passed by the Board of Directors of the Company, the remuneration of Mr. Manoj Kunkalienkar is:

(a) Salary:

Between Rs. 125,000/- and Rs. 250,000/- per month, with authority to the Board or any committee thereof to fix the salary, within the range stated above.

(b) Benefits/Perquisites:

In addition to salary, Mr. Manoj Kunkalienkar is entitled to benefits and perquisites such as Company's furnished accommodation/house rent allowances, gas, electricity, water and furnishings, club fees, personal insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, and gratuity, housing and other soft loans in accordance with the scheme(s) and rule(s) applicable to the employees of the Company from time to time.

(c) Bonus:

An amount up to 100% of his annual salary as may be determined by the Board or any committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any committee thereof. However, in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Manoj Kunkalienkar, shall be governed by Section II of part II of Schedule XIII to the Companies Act, 1956.

2. Mr. Hariharan Padmanabhan

Mr. Hariharan Padmanabhan has been appointed executive director of the Company for a period of three years, effective November 5, 2003. In terms of the resolution passed by the Board of Directors of the Company, the remuneration of Mr. Hariharan Padmanabhan is:

(a) Salary:

Between AED 25,000 to AED 50,000 per month, with authority to the Board or any committee thereof to fix the salary, within the range stated above.

(b) Benefits/Perquisites:

In addition to salary, Mr. Hariharan Padmanabhan is entitled to benefits and perquisites such as Company's furnished accommodation/house rent allowances, gas, electricity, water and furnishings, club fees, personal insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund, and gratuity, housing and other soft loans in accordance with the scheme(s) and rule(s) applicable to the employees of the Company from time to time.

(c) Bonus:

An amount up to 100% of his annual salary as may be determined by the Board or any committee thereof, based on achievement of such performance parameters as may be laid down by the Board or any committee thereof. However, in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Hariharan Padmanabhan, shall be at the same level that was being paid, but not exceeding Rs. 862,030/- per month.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and SEBI Guidelines, the main provisions of the Articles of Association of the Company are set forth below:

Article 4 provides that "Copies of the Memorandum and Articles of Association of the Company, and every Agreement and every Resolution (referred to in Section 192 of the Act) shall be furnished to every Member at his request within the period and on payment of such sum as may be prescribed by the Act."

Share at the disposal of the Directors

Article 11provides that subject to the provisions of Section 81 and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such a persons, in such proportion and on such terms and conditions and either at premium or at a par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit

Directors may allot share as fully paid up or partly paid up

Article 12 provides the Directors may issue and allot shares in the capital of the Company as payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that the options or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General meeting.

Issue of shares by General Meeting

Article 14 provides that in addition to and without derogating from the powers for this purpose conferred on the Directors under Article II, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Member or Debenture holder of the Company or not) in such proportion and on such terms and conditions and either at a premium or at par or, subject to compliance with the provisions of Section 79 of the Act, at a discount, as such General Meeting may determine and with full power to give to any person (whether a Member or Debenture holder of the Company or not) the option to subscribe for or be allotted shares of any class of the Company either at par or at a premium or subject as aforesaid at discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting, may, subject to the provisions of Section 81 of Act, make any other provision whatsoever for the issue, allotment or disposal of shares.

Underwriting Commission

Commission for placing shares

Article 21.provides that the Company may, at any time, pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for shares, debentures or other securities of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture stock of the Company but so that if the commission in respect of shares shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed the rates prescribed under the Act. The commission may be paid or satisfied in cash or in shares or debentures or debenture stock of the Company or partly in one and partly in the other. The Company may also, on issue of shares, debentures or debenture stock pay such brokerage as may be permitted under any of the applicable laws.

Transfer and Transmission of Shares

Register of Transfers

Article 47 provides that the Company shall keep a book to be called the Register of Transfers and therein shall fairly and distinctly enter the particulars of every transfer of transmission of any share. Provided that nothing contained in this Article shall apply to transfer of shares effected by the transferor and the transferee both of whom are beneficial owners in the records of a Depository.

Transfer not to be registered except on production of instrument of transfer

Article 48 provides that the Company shall not register a transfer of shares or debenture of the Company, unless a proper instrument of transfer, in accordance with the prescribed form, if any, duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate relating to the shares or debentures, or if no such certificate is in existence, along with the letter of allotment of the shares or debentures. Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity or otherwise as the Board may think fit. Provided further that nothing in this Article shall prejudice any power of the Company to register as Member or Debenture Holder or any person to whom the right to any shares in, or debentures of the Company has been transmitted by operation of law. Provided that nothing contained in this Article shall apply to transfer of shares effected by the transferor and the transferee both of whom are beneficial owners in the records of a Depository.

Transfer by legal representative

Article 49 provides that a transfer of the shares or other interest in the Company of a deceased Member thereof made by this legal representative shall, although the legal representative is not himself a Member, be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

Company's power to refuse transfer

Article 50 provides that nothing in these presents shall prejudice the powers of the Company to refuse to register the transfer of any shares.

Transferor liable until the transferee entered on register

Article 51 provides that the Board may, in its absolute discretion, refuse applications for the subdivision of share certificates, debenture or bond certificates into denominations of less than the marketable lot except when such subdivision is required to be made to comply with a statutory provision or an order of a competent court of law.

Directors may refuse to register transfer

Article 52 provides that the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

Article 53 provides that

(a) Notwithstanding anything contained in Articles 46, 47 and 48 and subject to the provisions of Section 111 of the Act and subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules and Regulations made thereunder and other applicable laws, the Directors may, at their absolute and uncontrolled discretion, decline to register or acknowledge any transfer of shares and shall not be bound to give any reason for such refusal and, in particular, may so decline in respect of the shares upon which the Company has a lien or whilst any monies in respect of the shares desired to be transferred or any of them remain unpaid and such refusal shall not be affected by the fact that the proposed transferee is already a Member. Provided that registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever. When the transferee is already a member of the Company and transfer is refused, the Director shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of refusal to register such transfer. Transfer of shares/debentures in whatever lot shall not be refused.

(b) Without prejudice to the foregoing provisions and without limiting in any manner the generality of the above provisions, the Board of Directors of the Company may, at their absolute and uncontrolled discretion, refuse to register the transfer of any shares or other securities of the Company, being shares or debentures issued by the Company, in favour of any transferee whether individual, firm, group, constituent of a group, body corporate or bodies corporate under the same management or otherwise and whether in his or its own name or in the name of any other person if the total nominal value of any shares or other securities intended to be so transferred, exceeds, or together with the total nominal value of any shares or other securities already held in the Company by such individual firm, group, constituent of a group, body corporate or bodies corporate under the same management or otherwise will exceed 1 per cent of the paid up equity share capital of the Company or if the Board of Directors or change in the controlling interest of the Company is likely to take place and that such change would be prejudicial to the interest of the Company or to the public interest. For the purpose of the Article, the Board of Directors of the Company shall be entitled *inter alia*, to rely upon this Article to form its own opinion as to whether such registration of transfer of any of its shares or other securities 1 per cent of the paid up equity share capital of the Company should be refused or not.

(c) Notwithstanding anything to the contrary, the restrictive provisions contained in the preceding sub-clause (b) shall not apply to the transfer of any shares or other securities made to and representing the own investment of any of the following:

(i) Public financial institutions within the meaning of Section 4A of the Act;

(ii) Public sector banks;

(iii) Multilateral agencies, foreign banks and lending institutions;

(iv) Public sector mutual funds being mutual funds sponsored, promoted or managed by a public financial institution or a public sector bank.

Transfer to minor etc.

Article 54 provides that no transfer shall be made to person who is of unsound mind. Subject to the provisions of the Act, the Directors may, at their absolute discretion, approve a minor becoming a Member of the Company through the minor’s legal/ natural guardian on such terms and the Directors may stipulate.

Custody of Transfer

Article 55 provides that the instrument of transfer of shares/debentures shall after registration, be retained by the Company and shall remain in its custody. All the instruments of transfer of shares/debentures which the Directors may decline to register shall be refunded to the persons depositing the same. The Directors may however, cause to be destroyed all transfer deeds lying with the Company after such period not being less than five years from the date of approval of instruments of transfer.

Closure of transfer Books

Article 56 provides that the Directors shall have power on giving notice by advertisement of such period and in such manner as may be prescribed to close the Transfer Books of the Company for such period or periods of time not exceeding in the whole 45 days in each year but not exceeding 30 days at a time as to them may seem fit.

Registration of person entitled to shares otherwise than by transfer

Article 58 provides that any person becoming entitled to any shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or his title as the Directors shall require either be registered as a Member in respect of such shares or may subject to the regulations as to transfer in these presents contained transfer such shares to some other person. This Article is in these presents referred to as the “Transmission Clause’’.

Refusal to register nominee

Article 59 provides that the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration. The Directors shall, within two months from the date on which intimation of such transmission was delivered to the Company, send notice of the refusal to the persons giving intimation of such transmission giving reasons for such refusal.

Article 60 provides that every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any transmission until the same be so verified or until and unless an indemnity be given to the Company with regard to such registration which the Directors at their absolute discretion, shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Fee on transfer or transmission

Article 61 provides that no fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

The Company not be liable for disregard of a notice prohibiting registration of transfer

Article 62 provides that the Company shall incur no liability or responsibility whatsoever in consequences of their registering or giving effect to any transfer of shares made or purporting to be made by the apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice or persons having or claiming any equitable right, title or interest in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given by them of any equitable right, title or interest or be under liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall, nevertheless, be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

Increase, Reduction and Alteration of Capital

Increase of capital

Article 66 provides that the Company may, from time to time, in General Meeting increase its share capital by the creation of new shares of such amount as it thinks expedient.

Directors

Number of Directors

Article 122 provides that until otherwise determined by a General Meeting, the number of Directors shall not be less than three or more than 15 excluding the Debenture Director and the Alternate Director (if any).

Nominee Directors

Article 123 provides that not more than one-third of the total number of Directors shall be non-rotational Directors and, except for the Debenture Director, such non-rotational Directors (hereinafter referred to as Non-rotational Directors) shall be appointed by the Board of Directors of the Company. The remaining Directors shall be persons whose period of office shall be liable to determination by rotation and subject to the provisions of the Act shall be appointed by the Company in General Meeting.

Alternate Director

Article 125 provides that

(a) The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter in this Article called the “Original Director”) at his suggestion or otherwise, during his absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held.

(b) An Alternate Director appointed under sub-article (a) shall not hold office as such for a period longer than permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the state in which meetings of the Board are ordinarily held.

(c) If the term of office of the original Director is determined before he so returns to the state aforesaid, any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.

Share qualification

Article 126 provides that

(a) No Director shall be required to hold any qualification shares in the Company.

(b) No person shall be qualified to be Director, if his appointment is in contravention with any law or guideline in force or if by amendment of any law or guideline, his continuance in office is in contravention of such law or guideline and he shall immediately vacate his office on such vacation, he shall not be entitled to any compensation.

Remuneration of Directors

Article 127 provides that the fees payable to a Director for attending a meeting of the Board or committee thereof shall be decided by the Board of Directors, from time to time, within the maximum limits that may be prescribed by the Act or the Central Government.

Interested Directors not to participate or vote in Board's proceedings

Article 134 provides that

(a) At any Board Meeting, no Director of the Company shall, as a Director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote his vote shall be void.

(b) Sub-article (a) shall not apply to:

(A) any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or a surety for the Company;

(B) any contract or arrangement entered into or to be entered into with a public company or, private company, which is a subsidiary of a public company, in which the interest of the Director aforesaid consists solely,

(i) In his being a Director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; or

(ii) in this being a member holding not more than two per cent of the paid up share capital of such other company.

Article 151 provides that

(a) The Board shall exercise the following powers on behalf of the Company, and it shall do so only by means of resolutions passed at its meetings.

(i) the power to make calls on shareholders in respect of money unpaid on their shares;

(i) (a) the power to authorise buyback referred to in the first proviso to clause (b) of sub-section (2) of Section 77A of the Act;

(ii) the power to issue debentures;

(iii) the power to borrow money otherwise than by debentures;

(iv) the power to invest the funds of the Company; and

(v) the power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of branch office of the Company, to a principal officer of the branch office, the powers specified in clauses (iii), (iv) and (v) to the extent and subject to the conditions specified in Section 292 of the Act.

Managing Director/Whole-Time Director

Board may appoint Managing Director(s) or whole-time Director (s)

Artic1e 162 provides that

(a) Subject to the provisions of the Act and these presents, the Board of Directors shall have power to appoint from time to time, one or more of their body to be Managing Director or Managing Directors and /or whole-time Directors or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time subject to provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his or their place or places.

(b) deleted

(c) Subject to the provisions of the Act and these present, the Managing Director or the whole-time Director shall not, while he continues to hold that office, be subjected to retirement by rotation as provided in these presents but he shall be subject to the provisions of any contract between him and Company and be subjected to the same provisions as to the resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director / whole- time Director if he ceases to hold the office of Director from any cause, provided that if at any time the number of Directors (including Managing Director or whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such of the Managing Director(s) or whole- time Director(s) or two or more of them as the Directors may, from time to time determine shall be liable to retirement by rotation in accordance with the provisions of these presents to the intent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

(d) The remuneration of the Managing Director or whole-time Director shall (subject to Section 198, 269, 309, 310, and 311 of the Act, and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time, and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits or by any or all these modes or any other mode not expressly prohibited by the Act.

(e) Subject to the provision of Section 198, 269, 309, 310, and 311 of the Act and also subject to the limitations, conditions and provisions of Schedule XIII of the Act, the appointment and payment of remuneration of the Managing Director(s) and /or whole-time Director(s) shall be subject to approval of the Members in General Meeting.

(f) Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director, or wholetime Director with power to the Board to distribute such day-to-day management functions in any manner as it may deem fit, subject to the provisions of the Act and these presents.

Dividends

Division of profits

Article 165 provides that the profits of the Company, subject to any special rights relating thereto created or authorized to be created by the memorandum or these presents, and subject to the provisions of the Act and of these presents, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively.

Capital paid up in advance at interest not to earn dividends

Article 166 provides that

(a) Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

(b) Where shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may :-

(i) pay interest on so much of that share capital as is for the time being paid up, for the period and subject to the conditions and restrictions provided in sub-section (2) to (7) of Section 208 of the Act; and

(ii) charge the sum so paid by way of interest to capital as part of the cost of construction of the work or building, or the provisions of plant.

Dividends in proportion to amount paid up

Article 167 provides that the Company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.

The Company in General Meeting may declare a dividend

Article 168 provides that the Company in General Meeting may declare a dividend to be paid to the Members according to their respective rights and interests in the profits and may fix the time for payment

No larger dividend than recommended by Directors etc.

Article 169 provides that no larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare smaller dividend. Subject to the provisions of Section 205 of the Act no dividend shall be payable except out of the profits of the year or any other undistributed profits and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividend

Article 170 provides that the Directors may, from time to time, pay to the Members such interim dividends as in their judgment the position of the Company justifies.

Retention of dividends until completion of transfer under Article 58

Article 171 provides that the Directors may retain the dividends payable upon shares in respect of which any person is, under Article 58 hereof, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.

No Member to receive dividend whilst indebted to the Company and Company's right of reimbursement

Article 172 provides that subject to the provisions of the Act, no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Transfers of shares must be registered

Article 173 provides that a transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Article 174 provides that

Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall, not-with standing anything contained in any other provision of the Act:

(a) transfer the dividend in relation to such shares to the special account referred to in Section 205A of the Act, unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and

(b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) sub-section (i) of Section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (3) of Section 205 of the Act.

Dividends how remitted

Article 175 provides that unless otherwise directed, any dividend may be paid by cheque or warrant sent by post to the registered address of the Member or person entitled, or in case of joint holder, to that one of them first named in the Register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transit or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unclaimed Dividends

Article 176 provides that

Subject to the provisions of Section 205A of the Act, if the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within seven days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days to a special account in that behalf in any Scheduled bank called the "Unpaid Dividend Account of 3i Infotech Limited".

Any money paid to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act.

Dividend and call together

Article 177 provides that

(a) Any General Meeting, declaring a dividend may make a call in the member in respect of monies unpaid on shares for such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the members , be set off against the calls.

(b) No dividend shall be payable except in cash; provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company.

FINANCIAL INFORMATION

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AUDITORS' REPORT

INDIAN GAAP Consolidated Financial Statements of 3i Infotech Limited (Formerly ICICI Infotech Limited) for the nine months period ended December 31, 2004 and three years ended March 31, 2004

To,
The Board of Directors
3i Infotech Limited
(Formerly ICICI Infotech Limited)
Tower 5, 3rd to 6th floors
International Infotech Park
Vashi, Navi Mumbai 400 705

1. We have audited the attached summarised restated Consolidated Balance Sheet of **3i Infotech Limited** (Formerly ICICI Infotech Limited) (the 'Parent Company') and its subsidiaries and a joint venture, collectively referred to as 'the Group' as at December 31, 2004,March 31, 2004, March 31, 2003, and March 31, 2002, and the Consolidated Profit and Loss Account for the nine months period ended/year ended on that date annexed, thereto. These financial statements are the responsibility of the Parent Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these summarised restated consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with and identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. a) We did not audit the financial statements of the following subsidiaries, whose financial statements reflect the total assets and revenues as below:

(Rupees in million)

Particulars	For the year and as at 31st March, 2002	For the year and as at 31st March, 2003	For the year and as at 31st March, 2004
ICICI Infotech Inc:			
Revenues	1337.98	769.66	560.32
Assets	790.00	690.24	620.13
ICICI Infotech Pte Ltd:			
Revenues	44.21	69.11*	118.85*
Assets	69.77	77.61*	91.19*

* includes ICICI Infotech SDN BHD

These financial statements of the subsidiaries have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors. We have performed certain tests to review the restated consolidated accounts drawn from the above financial statements and underlying accounts for the year ended March 31,2004, March 31, 2003 and March 31, 2002. Nothing has come to our attention that causes us to believe that the adjustments relating to consolidation for these years have not been carried out in terms of the requirements of the applicable accounting standards.

b) The financial statements of a subsidiary and a joint venture i.e. ICICI Infotech Pty Ltd. and Semantic Solutions GmbH, respectively reflect the total assets and revenues as below:

(Rupees in million)

Particulars	**For the year and as at 31st March, 2003**	**For the year and as at 31st March, 2004**
ICICI Infotech Pty Ltd:		
Assets	7.61	11.03
Revenues	-	1.60
Semantic Solutions GmbH:		
Assets	51.0	51.64
Revenues	-	-

These financial statements are unaudited as they are exempt from audit as per their local Laws and our opinion, in so far as it relates to the amounts included in respect of these entities, are based solely on management certification.

4. We report that the summarised restated Consolidated Financial Statements have been prepared by the Parent Company's management in accordance with the requirements of the Accounting Standard (AS) 21 – "Consolidated Financial Statements" and AS 27- "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India.

5. We have examined the following other financial information proposed to be included in the Offer Document/prospectus of your Company, as approved by you and annexed to this report:

   a. Statement of the Significant Accounting Policies and notes to summarised restated Consolidated financial statements is enclosed as Annexure I.

   b. Statement of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth is enclosed as Annexure II.

   c. Capitalisation statement of the Group is enclosed as Annexure III.

   d. Statement of Secured/Unsecured Loans and related terms of the loans and assets charged is enclosed as Annexure IV.

   e. Statement of Tax Shelters as Annexure V.

   f. Details of items of other income which exceed 20 percent of restated net profits before tax are enclosed as Annexure VI

6. Based on our audit, on consideration of other auditors/management certification on separate financial statements and on other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the summarised restated Consolidated Financial Statements read together with what is stated in Para 3 above as also what is stated in Significant Accounting Policies and Notes attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of summarised restated Consolidated Balance Sheet, of the state of affairs of the parent company and its subsidiaries and a joint venture as at December 31, 2004, March 31, 2004, March 31, 2003 and March 31, 2002; and

(ii) in the case of summarised restated Consolidated Profit and Loss account, of the profit for the years/period ended on that date.

7. This report is solely for your information and for the inclusion in the offer document being issued by the Company in connection with the offer for sale by the Company of certain equity shares in the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **LODHA & COMPANY**
Chartered Accountants

R.P. Baradiya
Partner
Membership No. 44101

Place : Mumbai

Dated : January 23, 2005

STATEMENT OF RESTATED CONSOLIDATED ASSETS AND LIABILITIES

Figures in Rs. Million

Particulars	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	Nine months period ended December 31, 2004
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1,605.88	1,809.78	1,809.79	1,809.93
Reserves & Surplus	295.85	189.59	116.07	185.60
	1,901.73	**1,999.37**	**1,925.86**	**1,995.53**
Share Application Money (Pending Allotment)	**-**	**-**	**-**	**0.76**
Deferred Tax Liability (net)	**131.27**	**47.43**	**-**	**-**
Loan Funds				
Secured Loans	101.50	238.09	624.15	704.66
Unsecured Loans	-	236.82	318.43	555.21
	101.50	**474.91**	**942.58**	**1,259.87**
TOTAL	**2,134.50**	**2,521.71**	**2,868.44**	**3,256.16**
APPLICATION OF FUNDS				
Fixed Assets:				
Goodwill arising on Consolidation	355.10	355.10	355.10	355.10
Gross Block	1,336.63	1,656.19	1,935.10	2,393.64
Less: Depreciation	250.55	352.53	497.56	648.44
Net Block	1,086.08	1,303.66	1,437.54	1,745.20
Capital Work-in-Progress	104.18	140.91	84.16	171.46
	1,545.36	**1,799.67**	**1,876.80**	**2,271.76**
Investments	**65.65**	**1.02**	**122.08**	**1.02**
Deferred Tax Asset(net)	**-**	**-**	**93.11**	**121.35**
Current Assets, Loans and Advances:				
Current Assets				
Inventories	-	4.52	8.89	0.34
Sundry Debtors	558.50	515.48	562.15	739.60
Unbilled Revenues	4.03	74.79	242.37	529.15
Cash and Bank Balances	109.31	122.27	152.16	80.72
Loans and Advances	270.20	373.59	353.93	279.73
	942.04	**1,090.65**	**1,319.50**	**1,629.54**
Less: Curent Liabilities and Provisions	**431.85**	**382.11**	**568.38**	**792.29**
Net Current Assets	**510.19**	**708.54**	**751.12**	**837.25**
Miscellaneous Expenditure (to the extent not written off)	**13.30**	**12.48**	**25.33**	**24.78**
TOTAL	**2,134.50**	**2,521.71**	**2,868.44**	**3,256.16**

STATEMENT OF RESTATED CONSOLIDATED PROFIT AND LOSS

Figures in Rs. Million

Particulars	For the Year Ended March 31,						Nine months period ended December 31, 2004	
	2002		2003		2004			
INCOME								
Income from Operations		2,602.50		2,140.63		2,291.72		2,083.03
Other Income		58.37		54.99		28.69		19.03
Total Income		**2,660.87**		**2,195.62**		**2,320.41**		**2,102.06**
EXPENDITURE								
Cost of Revenues		1,422.82		1,334.60		1,445.83		1,188.92
Selling, General and Administrative Expenses		624.51		511.37		705.56		555.54
New Market Development and Support Expenses	93.66		235.12					
Add: Effect of the change in accounting policy	124.88	218.54	-	235.12		-		-
(Please refer note no. 2.7 in Summarized Restated Consolidated Financial Statements)								
Total Expenditure		**2,265.87**		**2,081.09**		**2,151.39**		**1,744.46**
Profit Before Interest, Depreciation, Extraordinary Items and Tax		**395.00**		**114.53**		**169.02**		**357.60**
Interest		129.78		40.26		72.90		76.62
Depreciation	154.93		195.22		252.60		139.95	
Less/(Add): Effect of Change in accounting estimates								
(Please refer note no. 2.8 in Summarized Restated Consolidated Financial Statements)	29.93	125.00	53.59	141.63	78.43	174.17	(12.89)	152.84

Figures in Rs. Million

Particulars	**For the Year Ended March 31,**						**Nine months period ended December 31, 2004**	
	2002		**2003**		**2004**			
Profit Before Extraordinary Items and Tax		**140.22**		**(67.36)**		**(78.05)**		**128.14**
Extraordinary Items								
- Compensation received		-		150.00		-		-
(Please refer note no. 2.5 in Summarized Restated Consolidated Financial Statements)								
- Write down in the value of Investment	1,250.00							
- Less: Transferred from Securities Premium Account	1,250.00	-		-		-		-
(Please refer note no. 2.6 in Summarized Restated Consolidated Financial Statements)								
Profit Before Tax		**140.22**		**82.64**		**(78.05)**		**128.14**
Provision for Taxes								
- Current Tax		35.53		4.95		5.98		6.59
- Deferred Taxes	69.54		(50.78)		29.10		(78.72)	
Less: Deferred Tax assets pertaining to earlier years								
(Please refer note no. 2.4 in Summarized Restated Consolidated Financial Statements)	-		-		(73.38)		(32.96)	
	69.54		(50.78)		(44.28)		(111.68)	
Less: Effect of change in the accounting policy/estimates	-	69.54	12.84	(37.94)	(83.44)	(127.72)	(70.60)	(41.08)
Profit After Tax		**35.15**		**115.63**		**43.69**		**162.63**

ANNEXURE I

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO SUMMARIZED RESTATED CONSOLIDATED FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

1.1 Overview of the Group

3i Infotech Limited ('the Parent Company'), it's subsidiaries and a joint venture, collectively referred to as 'the Group' was promoted by the erstwhile ICICI Limited. The Group is a leading India based software group headquartered in Mumbai, India. The Group's principal areas of operations are Software development and consulting services, Software products, IT infrastructure networking and facilities management services and IT enabled transaction processing services.

1.2 Basis of preparation of Summarized Restated Consolidated Financial Statements

The consolidated financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India (the 'ICAI'), to the extent applicable.

1.3 Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates to a greater extent.

1.4 Principles of Consolidation

The consolidated financial statements include the financial statements of ICICI Infotech Ltd and all it's subsidiaries, which are more than 50% owned or controlled and have been prepared in accordance with the consolidation procedures laid down in Accounting Standard 21 – 'Consolidated Financial Statements' issued by ICAI. Further in accordance with AS 27 – 'Financial Reporting of Interests in Joint Ventures', issued by the ICAI, the Group has accounted for it's proportionate share of interest in a Joint Venture by the proportionate consolidation method. The joint venture arrangement has been fully described in Note 2.8 below.

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

- The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting profits in full. Unrealized losses resulting from intra-group transactions have also being eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- The consolidated financial statements are prepared using uniform accounting policies across the Group and inter company transactions have been eliminated on consolidation.
- The Group's income statement and balance sheet include the Group's share of income, expenses, assets and liabilities of the JV on a line-by-line basis.
- Goodwill arising on consolidation:

  The excess of cost to the parent of its investment in subsidiaries/ joint ventures over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made is recognized in the financial statements as goodwill. The parent company's portion of equity in the subsidiaries/ joint ventures is determined on the basis of the value of assets and liabilities as per the latest available financial statements of the subsidiaries/ joint ventures as on the date of investment.

1.5 Members of the Group:

Details of the Parent Company's subsidiaries, step down subsidiaries and a joint venture are listed below:

Entity	Country of incorporation	Percentage of holding
Subsidiaries:		
• 3i Infotech Inc. (formerly, ICICI Infotech Inc.)	USA	100% held by Parent Company
• ICICI Infotech Pty Ltd	Australia	100% held by Parent Company
• ICICI Infotech Pte Ltd	Singapore	100% held by Parent Company
• ICICI Infotech SDN BHD	Malaysia	100% held by ICICI Infotech Pte Ltd
Joint Venture:		
• Semantik Solutions GmbH	Germany	50% held by Parent Company

a. 3i Infotech Inc. (formerly, ICICI Infotech Inc.) was incorporated on January 07, 2000 and its first accounting year ended on March 31, 2001. Effective July 01, 2001, it merged all its US subsidiaries viz. Ivory International Inc., Command Systems Inc. and Command Delaware Holdings, LLC, into itself

b. ICICI Infotech Pty Ltd was incorporated on May 14, 2002 and its first accounting year ended on March 31, 2003

c. ICICI Infotech Pte Ltd. was incorporated on November 08, 2000 and its first accounting year ended on March 31, 2001.

d. ICICI Infotech SDN BHD was incorporated on September 26, 2002 and its first accounting year ended on March 31, 2003.

e. Semantik Solutions GmbH was co-promoted by the Parent Company in July, 2002 and its first accounting year ended on March 31, 2003

1.6 Revenue Recognition

Revenue from software development and consulting services is recognized either on time and material basis or fixed price basis, as the case may be. 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.

Revenue from sale of licenses of software products and other products is recognized on delivery / installation, as the case may be. Maintenance revenue in respect of software products, is deferred and recognized ratably over the period of the underlying maintenance agreement.

Revenue from IT infrastructure networking and facilities management services and IT enabled transaction processing services is recognized based on measurable criteria such as manpower deployment or number of transactions processed, as per the terms of the relevant agreements, as the case may be.

1.7.1 Fixed Assets

Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use.

Costs that are directly associated with identifiable and unique software products controlled by the Group, whether developed in-house or acquired, and have probable economic benefits exceeding the cost beyond one year are recognized as software products. Other acquired intangible assets such as Goodwill, Business & Commercial Rights and Leasehold rights are capitalized at the acquisition price.

Advances paid towards acquisition of fixed assets and the cost of assets not ready for use as at the Balance Sheet date are disclosed under capital work-in-progress

1.7.2 Method of Depreciation / Amortization:

Business & Commercial Rights and Software Products meant for sales are amortized over a period of ten years, while purchased software meant for in-house consumption is amortized over a period of five years, as considered appropriate by the management.

In case of the Parent Company, Leasehold land, Leasehold building and improvements thereon are amortized, over the period of lease.

Depreciation on other fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, in the case of Parent Company except incase of foreign branches, while in case of Subsidiary Companies and foreign branches, it is provided on straight line basis over the estimated useful lives of the assets given herein below:

Fixed Asset	Useful life in years
Leasehold improvements	1 – 5
Furniture, Fixtures and Equipment	3 – 5
Vehicles	5 – 6
Computers	1 – 3
Software meant for in-house consumption	3 - 5

Subsequent upgrades of hardware are charged off to revenue in the year of purchase.

1.8 Investments

Investments are classified into long-term investments and current investments. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments. Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value.

1.9 Retirement Benefits

The Parent Company has for its employees in India, retirement benefits such as Gratuity, Superannuation and Provident Fund. The Gratuity and Superannuation are covered by a scheme with Life Insurance Corporation of India and the Provident Fund is administered through trustees. The Parent Company's contribution to these funds is charged to revenue. Liability for leave encashment is provided on the basis of the actuarial valuation at the year-end.

In respect of employees in foreign branches, necessary provision has been made based on the applicable laws.

In respect of employees in Subsidiary Companies, contributions to defined contribution pension plans are recognized as an expense in the profit and loss account as incurred.

1.10 Accounting for Taxes on Income

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

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.

The deferred Tax Assets /Liabilities and tax expenses are determined separately for parent and each subsidiary company, as per their applicable laws and then aggregated.

1.11 Translation of Foreign Currency Items

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

In respect of foreign branch- (a) revenue items are recorded at the average rates during the accounting period; (b) monetary items are translated at the exchange rates prevailing at the balance sheet date; and (c) non-monetary items are recorded at the exchange rate on the date of the transaction.

All the activities of the foreign subsidiaries are carried out with a significant degree of autonomy from those of the Parent Company. Accordingly, as per the provisions of AS–11 “Effects of changes in foreign exchange rates”, these operations have been classified as ‘Non integral operations’ and therefore all assets and liabilities, both monetary and non-monetary, are translated at the closing rate while the income and expenses are translated at the average rate for the year. The resulting exchange differences are accumulated in the foreign currency translation reserve except those arising on account of net current assets, which are recognized as income or expense in the Profit and Loss account for the year.

1.12 Borrowing Costs

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

1.13 Amortization of Miscellaneous Expenditure

Preliminary expenses and share issue expenses including expenses incurred on increase in authorized share capital are amortized over a period of ten years.

1.14 Inventories

Inventories are valued at lower of cost and net realizable value. Cost is computed on ‘first-in-first-out’ method.

1.15 Lease

- Lease transactions entered prior to April 1, 2001

Lease rental in respect of assets acquired under leases are charged to Profit and Loss account.

- Lease transactions entered into on or after April 1, 2001

Where the Group has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of fair value or present value of minimum lease payment and liability is created for an equivalent amount. Each lease rental paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

Where significant portion of risks and reward of ownership of assets acquired under lease are retained by lessor, leases are classified as Operating lease. Lease rentals for such leases are charged to Profit and Loss account.

1.16 Impairment of long lived assets

The Group evaluates the recoverability of its long-lived assets including capitalized software and identifiable intangibles, if any, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets, which is measured on a discounted cash flow basis.

1.17 Provisions and Contingent Liabilities

The Group recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. 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.

1.18 Employees’ Stock Option Scheme (ESOS)

Any concessions granted to employees under the Employees’ Stock Option Scheme by way of grants made at a discount to the ruling market price of the Parent Company’s shares on the date of the grant, is accounted for by way of a charge to the Profit and Loss account for the period, in line with guidelines issued by the Institute of Chartered Accountants of India or other regulatory agency in this respect from time to time.

B. NOTES TO SUMMARIZED RESTATED FINANCIAL STATEMENT

2.1 Capital commitments and contingent liabilities

Rupees in million

Particulars	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at December 31, 2004
Capital Commitments				
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	54.04	36.70	2.35	39.74
Contingent Liabilities				
Outstanding guarantees given by banks in favour of various government authorities and others	-	-	21.86	43.46
Estimated amount of claims against the Group not acknowledged as debts*	-	-	3.36	4.17

* The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of its business. Management believes, based on consultation with counsel that the ultimate resolution of the litigations will not have a material adverse effect on the Group's results of operations, financial conditions or liquidity. However, the final outcome of the litigations cannot be predicted with certainty and accordingly, no assurance can be given that the ultimate resolution of the litigation will not have a material impact on the Group's results of operations, financial condition or liquidity.

2.2 Leases:

a. Operating Lease:

The Group has acquired certain Land and Building under a lease arrangement for a period of sixty years at a premium of Rs.4.96 million starting from December 4, 2000 for Land and Rs.156.17 million starting from Mar 13, 2000 and the same is being amortized over the lease period. All other lease arrangements are renewable / cancelable at the Group's and / or lessors' option as mutually agreed.

The Group has non-cancelable long-term leases for various office facilities and equipment. The total of future minimum lease payments that the Group is committed to make are:

Rupees in million

Particulars	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at December 31, 2004
- within one year	40.97	43.93	37.41	26.65
- later than one year and not later than five years	117.04	107.06	65.37	75.16
- later than five years	35.80	35.33	31.27	-

b. Financial Lease

There were no financial leases entered into by the Group.

2.3 Acquisitions

a. Ajax Software Solutions Limited

Pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court of Bombay, India vide its order dated March 14, 2001:

a) the entire undertaking of erstwhile Ajax Software Solutions Limited – ASSL (engaged in the business of developing and marketing software products) which had during the year 2000-01 a wholly owned subsidiary of the Parent, with all its assets, liabilities and reserves and business as a going concern stood transferred to and became vested with the Parent w.e.f April 1, 2000.

b) (i) the following assets, liabilities and reserves have been accounted on Purchase Method and included in the corresponding assets, liabilities and reserves in the accounts of the Parent:

	(Rs. In Million)	(Rs. In Million)
Fixed Assets *		187.14
Current Assets	9.47	
Less : Current Liabilities	5.79	
Less : Secured Loans	0.43	
		3.25
Securities Premium Account arising on account of:		
a. Difference in assets and liabilities taken over on 1.4.2000	11.93	
b. Received by erstwhile ASSL on issue of shares after the appointed date viz., 1.4.2000	1.16	
		13.09

* includes assets in the nature of software products developed by ASSL taken over at a value of Rs.180 Million, considered to be fair by the management based on independent valuer's report and relied upon by the auditors.

(ii) Investment of Rs. 178.47 Million in the share capital of ASSL has been cancelled.

(iii) All income and expenditure of ASSL for the period from April 1, 2000 have been grouped on line-to-line basis in the Profit and Loss Account of the Parent.

b. Ivory International Inc.

In June 2000, 3i Infotech Inc., (formerly ICICI Infotech Inc.), (a wholly owned subsidiary of the Parent Company) acquired 100% of the issued and outstanding common stock of Ivory International Inc. (Ivory), an Edison, New Jersey based Company engaged in software consulting and staff augmentation business, for a consideration and related expenses of INR 376,689,600 (USD 8,080,000). The difference of INR 323,891,472 (USD 6,947,479) between the purchase price and the fair value of the net assets acquired has been recorded as goodwill. Contingent purchase consideration in connection with this acquisition is no more payable.

c. Object Xperts, Inc.

In July 2000, 3i Infotech Inc., (formerly ICICI Infotech Inc.), acquired the customer and employee contracts of Objects Xperts, Inc., (Object), a software consulting Company based in Monmouth, New Jersey for a consideration and related expenses of INR 141,258,600 (USD 3,030,000). The difference of INR 134,827,604 (USD 2,892,055) between the purchase price and the fair value of the net assets acquired has been recorded as goodwill. Contingent purchase consideration in connection with this acquisition is no more payable.

d. Command Systems Inc.

In March 2001, 3i Infotech Inc., (formerly ICICI Infotech Inc.), acquired all of the common stock of Command Systems Inc., (Command), a company engaged in providing wide range of information technology related consulting services primarily to the insurance industry, for a total purchase consideration of INR 1,785,467,911 (USD 38,298,325). The excess of the purchase price over the fair value of the net assets acquired, INR 1,064,865,834 (USD 22,841,395) has been recorded as goodwill.

e. Insyst Business Technologies Limited (IBTL), Chennai

During the year 2001-02, the Parent Company acquired the business of M/s. Insyst Business Technologies Limited (IBTL), Chennai effective July 1, 2001.

The Profit and Loss Account for the year 2001-02 also includes transactions carried on by IBTL on behalf of the Parent Company from July 1, 2001 to November 30, 2001. The Parent Company had acquired/ assumed the following assets and liabilities at their respective book values as appearing in IBTL's books as at June 30, 2001:

Rupees in million

Fixed Assets	12.10
Current assets, loans & advances	19.37
Current liabilities & provisions	13.18
Secured loans	0.72
Unsecured loans	3.95

f. Insyst Technologies MEA Ltd (ITMEA), BVI

During the year 2001-02, the Parent Company acquired the business of M/s. Insyst Technologies MEA Ltd (ITMEA), BVI effective Jan 1, 2002, at a consideration of Rs.110.59 million as against which the Parent Company has acquired/ assumed the following assets and liabilities at their book values as appearing in the books of ITMEA as of December 31, 2001. Consideration paid over and above the book value of net assets taken over is towards Business and Commercial Rights and which is being amortized as per the accounting policy.

The Profit and Loss account for the year 2001-02 also includes transactions carried on by ITMEA on behalf of the Parent Company for the period from Jan 1, 2002 to Mar 31, 2002. The Parent Company had acquired / assumed the following assets and liabilities:

Rupees in million

Fixed Assets (Including Capital work-in-progress)	78.61
Current Assets, Loans & Advances	56.18
Current Liabilities & Provisions	68.44
Loans	22.53
Business and Commercial Rights	66.70

Deferred consideration payable in connection with this acquisition in terms of agreement dated October 26, 2001, has been determined at Rs.137.90 million (equivalent to USD 3.0 million) and capitalised during the nine months period ended on December 31, 2004 as "Business & Commercial Rights" in the books. This sum is being amortized over the remaining 'useful life' attached to such rights.

g. Tricolor Infotech International Inc, (T3i), Mauritius

During the year 2002-03, the Parent Company acquired the balance equity of M/s. Tricolor Infotech International Inc, (T3i), Mauritius and merged it with the Parent Company effective January 2003. As a result, the excess of purchase price over the net assets acquired has been recognized as Business & Commercial Rights Rs.75.38 million and Goodwill Rs.17.91 million.

2.4 Deferred tax liability:

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

Rupees in million

Particulars	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at December 31, 2004
Deferred Tax Asset:				
Unabsorbed losses / depreciation	-	11.72	164.18	228.64
Expenses allowable on payment and others	4.61	2.76	18.15	19.97
Deferred Tax Liability:				
Fixed Assets (depreciation/ amortization)	(135.88)	(61.91)	(89.22)	(127.26)
Net Deferred Tax (Liability) / Asset	**(131.27)**	**(47.43)**	**93.11**	**121.35**

The group has during the year ended March 31, 2004 recognized deferred tax asset of Rs.111.78 million in respect of brought forward losses of its US subsidiary. Further, the group has recognized additional Rs.15.00 million during the nine months period ended December 31, 2004. The management is virtually certain of reversal of the above asset based on the profits as would arise out of orders in hand as at the end of respective periods as also in respect of profits earned during the nine months period ended December 31, 2004.

Also, based on the expert advice and in line with the recent tax rulings, the Group has set off the losses from Software Technology Park (STP) units against taxable profits from domestic income in its tax return for Assessment Year 2004-05. Consequently, the Group has recognized a deferred tax asset of Rs 32.96 million relating to past years in the Profit & Loss Account for the period ended December 31, 2004.

2.5 On pre-determination of a long term contract in 2002-03, in respect of IT enabled transaction processing services with a customer, the Parent Company had received compensation of Rs.150 million and the same is shown under 'Extra Ordinary Items' in the Profit & Loss account of that year

2.6 Pursuant to the approval of the Shareholders in their meeting held on March 28, 2002 and as confirmed by the Hon'ble High Court of Mumbai vide its Order dated June 06, 2002, the Parent Company has written off the value of the investment by Rs.1250 million in 2001-02 in one of its wholly owned subsidiaries and adjusted the same from securities premium account. Accordingly, the Goodwill on consolidation has also reduced by the aforesaid amount.

2.7 The Group has incurred substantial cost in US for the Market Development and Support activities, which till 2001-02 was treated as Deferred Revenue Expenditure and was being amortized over a twenty-four months period.

With a view to achieving early compliance with Accounting Standard –26 ('AS-26') issued by The Institute of Chartered Accountants of India (ICAI) on Intangible assets, as recommended in that Standard, the Group in 2002-03, has decided to charge off the entire amount of such expenses, as and when incurred, to revenue. Accordingly opening balance of Rs.124.88 million pertaining to the year 2002-03 is restated and shown as deduction in Profit and Loss Account in 2001-02.

2.8 The Group has reviewed its estimate of the useful commercial life of certain Intangible assets having regard to factors such as period required for market penetration, typical product life, etc. Based thereon, the useful commercial life of intangible assets has been revised subject to a limit of ten years prescribed by Accounting Standard 26 on "Intangible Assets".

The effect of the above change in the earnings of the Group including the resultant tax impact has been shown in the Restated Profit and Loss in the respective years.

These assets are also subjected to a value impairment test and additional amounts are charged by way of amortization, if required.

2.9 **Earnings Per Share:**

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

Particulars		**As at March 31, 2002**	**As at March 31, 2003**	**As at March 31, 2004**	**As at December 31, 2004**
Restated Profit (Rs. in million)		35.15	115.63	43.69	162.63
Less: Dividend on preference shares paid (incl. corporate taxes) (Rs. in million)	-	131.20	90.37	63.14	
Less: Dividend on preference shares accrued but not declared (incl. Corporate taxes) (Rs. in million)		-	0.26	17.62	18.00
Profit/(Loss) attributable to Equity Shareholders (Rs. in million)	A	35.15	(15.83)	(64.30)	81.49
Weighted average number of Equity Shares outstanding during the year / period (Nos.)	B	61,170,074	61,638,153	61,957,397	30,987,329
Add: Effect of dilutive issues of options		3,933,020	4,110,900	4,866,660	2,897,990
Diluted weighted average number of Equity Shares outstanding during the year / half-year (Nos.)	C	65,103,094	65,749,053	66,824,057	33,885,319
Nominal value of Equity Shares (Rs.)		5	5	5	10
Basic Earnings Per Share (Rs.)	A/B	0.57	(0.26)	(1.04)	2.63
Diluted Earnings Per Share (Rs.)	A/C	0.54	(0.24)	(0.96)	2.40

2.10 **Joint Venture Operations:**

The Group has, in accordance with AS-27 "Financial Reporting of Interests in Joint Ventures" issued by the ICAI, accounted for its 50% interest in the JV by the proportionate consolidation method. Thus, the Group's income statement and balance sheet include its share of income, expenses, assets and liabilities of the JV. The aggregate amount of assets, liabilities, income and expenses related to the Group's share in the JV included in these financial statements are given below:

Rupees in million

Particulars of Balance Sheet items	**As at March 31, 2002**	**As at March 31, 2003**	**As at March 31, 2004**	**As at December 31, 2004**
Fixed Assets (net), including capital work-in-progress	3.38	18.31	25.27	35.73
Current Assets	15.80	6.90	0.55	0.54
Current Liabilities	2.57	20.16	28.06	15.97
Unsecured Loans	1.62	5.21	14.41	49.06
Miscellaneous Expenditure	-	0.51	14.93	15.30

Rupees in million

Particulars of Profit and Loss Account items	**For the year ended March 31, 2002**	**For the year ended March 31, 2003**	**For the year ended March 31, 2004**	**For nine months ended December 31, 2004**
Income from operations	33.49	-	-	-
Other Income	0.19	-	-	0.09
Cost of Revenues	19.17	-	-	-
Selling, General and Administrative Expenses	13.01	-	2.41	6.45
Depreciation	0.81	-	-	4.70

a) The figures for the year ended Mar 31,2002 pertain to the JV Tricolor Infotech International Inc; whose balance 50% equity was acquired by the Group during the year 2002-2003.

b) The figures for the year ended Mar 31,2003 pertain to the JV Semantik Solutions GmbH. The Profit and Loss account of the JV for the year ended Mar 31, 2003 was not drawn as it was its first year of operation and commercial operation were to commence, as of that date.

2.11 Details of amount of net exchange difference debited/(credited) to Profit & Loss Account are given below:

Rupees in million

For the year ended on March 31, 2002	**For the year ended on March 31, 2003**	**For the year ended on March 31, 2004**	**For the nine months ended on December 31, 2004**
(4.89)	12.77	21.63	5.52

2.12 Disclosures pursuant to Accounting Standard 17 – Segment Reporting:

a) The Group's operations comprise of IT Enabled Transaction Processing Services; Software Development & Consulting Services; Software Products; and IT Infrastructure, Networking & Facilities Management Services and these businesses have been considered as primary segments.

Rupees in million

Particulars	**For the year ended March 31, 2002**	**For the year ended March 31, 2003**	**For the year ended March 31, 2004**	**For nine months ended December 31, 2004**
b) Segment Revenues:				
IT Enabled Transaction Processing Services	661.97	454.12	244.64	177.16
Software Development & Consulting Services	1677.98	1078.32	807.39	746.68
Software Products	-	334.18	724.50	895.63
IT Infrastructure, Networking & Facilities Management Services	262.56	274.00	493.43	241.60
Others	-	-	21.76	21.95
Total Revenues	**2602.50**	**2140.63**	**2291.72**	**2083.03**

Rupees in million

	Particulars	For the year ended March 31, 2002	For the year ended March 31, 2003	For the year ended March 31, 2004	For nine months ended December 31, 2004
c)	**Segment Results:**				
	IT Enabled Transaction Processing Services	454.94	228.94	140.00	100.69
	Software Development & Consulting Services	240.55	363.19	323.37	281.66
	Software Products	-	5.79	243.96	250.07
	IT Infrastructure, Networking & Facilities Management Services	104.99	48.54	141.81	98.27
	Others	-	-	17.78	10.51
	Total Segment Results	800.48	646.46	866.92	741.21
	Unallocable expenses:				
	Interest on loans	129.78	40.26	72.90	76.62
	Restated Depreciation/ Amortization	125.00	141.63	174.17	152.84
	Other corporate and unallocable expenses	463.85	586.92	726.58	402.64
	Operating Profit	81.85	(122.35)	(106.73)	109.11
	Other Income	58.37	54.99	28.69	19.03
	Add: Extraordinary Items	-	150.00	-	-
	Profit Before Taxation	140.22	82.64	(78.05)	128.14
	Less: Taxes	105.07	(32.99)	(121.74)	(34.49)
	Profit After Taxation	35.15	115.63	43.69	162.63

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

d) Considering the nature of the Group’s business, the assets and liabilities cannot be identified to any specific business segment.

e) Disclosure of details of Secondary segments, being geographies, is as under:

Rupees in million

Revenues	For the year ended March 31, 2002	For the year ended March 31, 2003	For the year ended March 31, 2004	For nine months ended December 31, 2004
- U. S. A.	1,093.05	535.16	595.85	562.42
- Middle East and Africa	52.06	278.28	320.84	416.61
- Asia Pacific	52.04	42.81	114.58	145.81
- India & Others	1,405.35	1,284.38	1,260.45	958.19
Total Revenues	**2,602.50**	**2,140.63**	**2,291.72**	**2,083.03**

Rupees in million

Assets (net of liabilities)	**As at March 31, 2002**	**As at March 31, 2003**	**As at March 31, 2004**	**As at December 31, 2004**
- U. S. A.	485.06	398.85	377.95	468.27
- Middle East and Africa	64.81	108.37	153.73	259.82
- Asia Pacific	216.76	244.02	443.56	41.13
- India & Others	1091.88	1164.97	679.90	1053.23
Total Assets	**1858.51**	**1916.21**	**1655.14**	**1822.45**

2.13 The Parent Company had made a non-refundable advance of Rs.115.60 million in the year 2001-02 to M/s IMS, Korea (Vendor), pursuant to an agreement entered into with the Vendor to resell their Core Banking software product in India. In terms of the agreement, the non-refundable advance would have got to get adjusted against future royalties payable by the Parent Company on the sale of such product.

In order to take advantage of the growing opportunities for the sale of the product and to maximize the returns from the sale of the product, the Parent Company has during the nine months period ended December 31, 2004, decided to acquire the Intellectual Property Rights (IPR) for this product for certain regions. Consequently, the Parent Company entered into a separate agreement with the Vendor to acquire the above for a total consideration of Rs 188.68 million (equivalent to USD 4 million). The agreement provides for the non-refundable advance referred to above being adjusted towards part payment of the consideration for the acquisition of the IPR.

The Parent Company has, in line with this arrangement, capitalized the total consideration of Rs 188.68 million (equivalent to USD 4 million) as software product and appropriated the non- refundable deposit towards the consideration payable for acquiring the IPR and the balance consideration is being paid as per the terms agreed upon.

ANNEXURE II

STATEMENTS OF ACCOUNTING RATIOS BASED ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS

Particulars		For the Year Ended March 31,						Nine months period ended December 31, 2004	
		2002		2003		2004			
		Pre-Consolidation	Post Consolidation	Pre-Consolidation	Post Consolidation	Pre-Consolidation	Post Consolidation	Pre-Consolidation	Post Consolidation
Net Profit Before Extra Ordinary Items (Rs. in Million)		140.22	140.22	(67.36)	(67.36)	(78.05)	(78.05)	128.14	128.14
Profit attributable to Equity Shareholders (Rs. In Million)	A	**35.15**	**35.15**	**(15.83)**	**(15.83)**	**(64.30)**	**(64.30)**	**81.49**	**81.49**
No. of Equity Shares	B	61,176,887	30,588,444	61,955,622	30,977,811	61,958,282	30,979,141	61,986,082	30,993,041
Weighted average no. of shares during the year	C	61,170,074	30,585,037	61,638,153	30,819,077	61,957,397	30,978,699	61,974,658	30,987,329
Diluted weighted average number of share outstanding during the year	D	64,768,573	32,384,287	65,749,053	32,874,527	66,824,057	33,412,029	67,770,638	33,885,319
Networth (Rs. in Million) [Shareholders Funds - Preference Share Capital - Miscellaneous Expenditure (to the extent not written off) - Deferred Tax Assets (net)]	E	588.43	588.43	486.89	486.89	307.42	307.42	349.40	349.40
Earning Per Share (Rs.)									
- Basic	A/C	0.57	1.15	(0.26)	(0.51)	(1.04)	(2.08)	1.31	2.63
- Diluted	A/D	0.54	1.09	(0.24)	(0.48)	(0.96)	(1.92)	1.20	2.40
Return On Networth excluding Revaluation Reserve (%)	A/E	5.97	5.97	(3.25)	(3.25)	(20.92)	(20.92)	23.32	23.32
Net Assets Value per Share excluding Revaluation Reserve (Rs.)	E/B	9.62	19.24	7.86	15.72	4.96	9.92	5.64	11.27

Note:

The Shareholders of the Parent Company in the Extraordinary General Meeting held on January 18, 2005 have approved the consolidation of every two equity shares of Rs.5 each into one equity share of Rs.10 each and increase in the limit of authorized equity share capital. Subsequent to the consolidation of shares as above and increase in the limit for authorized equity share capital, the Authorized Equity Share Capital of Rs. 1000,000,000 has been divided into 100,000,000 equity shares of Rs.10 each and the Issued, Paid-up Capital of Rs. 309,930,410 has been divided into 30,993,041 equity shares of Rs.10 each. Accordingly the ratios have been computed on the basis of number of equity shares, both pre-consolidation and post-consolidation.

ANNEXURE III

CONSOLIDATED CAPITALISATION STATEMENT

(Rs. in Million)

Particulars	As at December 31, 2004	After Issue*
Short Term Debt	647.97	
Long Term Debt	611.90	
TOTAL DEBT	1259.87	-
Share Capital		
- Equity Share Capital	309.93	
- Preference Share Capital	1,500.00	
	1,809.93	
Reserves	185.60	
TOTAL SHAREHOLDERS' FUNDS	**1,995.53**	**-**
TOTAL CAPITALISATION	**3,255.40**	**-**
Long Term Debt to Total Shareholders Funds	**30.66%**	**-**

* Refer note below

Notes:

1. Share Capital and reserves and Total Shareholders' Funds would be calculated on conclusion of the Book Building process.
2. The Company intends to repay the Preference Share Capital fully / part of Debt out of the proceeds of the Issue.

ANNEXURE IV

STATEMENT OF SECURED / UNSECURED LOANS AND RELATED TERMS OF LOANS AND ASSETS CHARGED

SECURED LOANS							
Description	**Amount outstanding as on December 31, 2004 (Rs. In million)**	**Tenure (Years)**	**Year of Maturity**	**Prevailing Interest (per annum)**	**Repayment Schedule**	**Put / Call option**	**Security Offered**
SHORT TERM							
Bank of Rajasthan	95.01	1	2005	8.00%	Within 1 year	None	Project Receivables
Development Credit Bank (Cash Credit)	181.14	1	2005	9.00%		None	Receivables
State Bank of India, New York, (Cash Credit)	11.29	1	2005				Counter Guarantee by Development Credit Bank, Mumbai
	287.44						
LONG TERM							
ICICI PFS	14.31	5	2009	10.00%	60 Monthly Installments	None	Vehicles
Car Lease - MEA	2.23					None	Vehicles
Canara Bank	225.08	5	2009	9.00%	60 Monthly Installments from 31/3/2004	None	4th, 5th & 6th Floors of Tower 5 & 6th Floor of Tower 6 of Vashi Office Premises
	50.00	5	2009		60 Monthly Installments from 31/1/2005		
Bank of Maharashtra	66.00	5	2008	8.50%	60 Monthly Installments from 1/10/2003	None	3rd Floor of Vashi Property and Goregaon Office Premises
Lakshmi Vilas Bank	59.60	3	2007	9.00%	36 Monthly Installments from 30/4/2004	None	Computers
	417.22						
TOTAL SECURED LOANS	**704.66**						

UNSECURED LOANS						
Description	**Amount outstanding as on December 31, 2004 (Rs. In million)**	**Tenure (Years)**	**Year of Maturity**	**Prevailing Interest (per annum)**	**Repayment Schedule**	**Put / Call option**
SHORT TERM						
Indusind Bank	100.00	1	2005	9.00%	11 Monthly interest payment from 31/3/2004 with bullet principal repayment	None
	100.00	1	2005	8.00%	11 Monthly interest payments from 31/10/2004 with bullet principal repayment	None
Jammu Kashmir Bank	53.80	1	2005	8.50%	12 Monthly Installments from 30/06/2004	None
ING Vysya Bank	69.23	1	2005	8.00%	13 Monthly Installments from 30/09/2004	None
IDBI Bank	37.50	1	2005	8.00%	12 Monthly Installments from 14/09/2004	None
	360.53					
LONG TERM						
Federal Bank	100.00	5	2008	9.00%	60 monthly interest from 30/9/2003 with bullet principal repayment	None
Indian Overseas Bank	94.68	3	2007	8.00%	36 Monthly Installments from 30/11/2004	None
	194.68					
TOTAL UNSECURED LOANS	**555.21**					
TOTAL SHORT TERM LOANS	**647.97**					
TOTAL LONG TERM LOANS	**611.90**					
TOTAL LOANS	**1259.87**					

NOTE:

1) There is no re-schedulement of any of the Loan arrangement.
2) All the Loan accounts are "regular"
3) No penalty has been imposed in respect of the Loans
4) The Company has not defaulted in its Loan repayment and interest commitments

ANNEXURE V

STATEMENT OF CONSOLIDATED TAX SHELTERS

(Rs. in Million)

Particulars	2002	2003	2004	December 2004
Profit/(Loss) before tax	140.22	82.64	(78.05)	128.14
Statutory tax rate	35.70%	36.75%	35.88%	36.59%
Expected taxes	50.06	30.37	(28.00)	46.89
Increase in taxes on account of				
a) Expenses disallowed for tax	15.19		5.75	22.18
b) Deferred tax asset not recognised on tax losses	43.72	34.34		
	108.97	**64.71**	**(22.25)**	**69.07**
Reduction in taxes on account of				
a) Dividend Income Exempt	(1.17)			
b) Export deduction u/s 80HHE/10A	(2.74)			
c) Prior period tax reversal		(24.78)	(2.73)	
d) Prior period deferred tax charge/credit			(73.38)	(70.60)
e) Deferred tax credit on STP units/ tax losses		(72.92)	(23.38)	(32.96)
	(3.90)	**(97.70)**	**(99.49)**	**(103.56)**
Effective taxes	**105.07**	**(32.99)**	**(121.74)**	**(34.49)**
Comprising of :				
Current taxes	35.53	4.95	5.98	6.59
Deferred taxes	69.54	(37.94)	(127.72)	(41.08)
	105.07	**(32.99)**	**(121.74)**	**(34.49)**

ANNEXURE VI

STATEMENT OF CONSOLIDATED OTHER INCOME

(Rs. in Million)

Particulars	March 31, 2002	%age of PBT	March 31, 2003	%age of PBT	March 31, 2004	%age of PBT	December 31, 2004	%age of PBT
Interest	6.73	4.80	7.47	9.04	10.23	(13.11)	4.62	3.61
Dividend	-	-	-	-	2.64	(3.38)	-	-
Dividend -Others (Non-Trade)	3.27	2.33	0.51	0.62	0.13	(0.17)	0.15	0.12
Profit on sale of current investments (net)	-	-	0.39	0.47	-	-	0.05	0.04
Credit balance/excess provision written back	37.70	26.89	26.88	32.53	2.73	(3.50)	5.42	4.23
Foreign Exchange Gain	4.89	3.49	-	-	-	-	-	-
Miscellaneous Income (including rental Income)	5.78	4.12	19.73	23.87	12.96	(16.60)	8.79	6.86
Total:	**58.37**	**41.63**	**54.98**	**66.53**	**28.69**	**(36.76)**	**19.03**	**14.85**
Restated Net Profit Before Tax (PBT)	140.22		82.64		(78.05)		128.14	

NOTE:

a. The above income is arising out of normal business activities

b. ‘Credit balance/ excess provision written back’ is a function of accounting estimate and it is, therefore, difficult to comment on its nature in terms of its recurrence in the future.

c. Miscellaneous income predominantly includes rental income. Rental income has stopped accruing to the Company effective September 2004 as the Company has started using the said premises for its own use.

LODHA AND COMPANY
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AUDITORS' REPORT

Indian GAAP Unconsolidated Financial Statements of 3i Infotech Limited (Formerly ICICI Infotech Limited) for the nine months period ended December 31, 2004 and five years ended March 31, 2004

To
The Board of Directors
3i Infotech Limited
(Formerly ICICI Infotech Limited)
Tower 5, 3rd to 6th floors
International Infotech Park
Vashi, Navi Mumbai 400 705

We have examined the financial information of **3i Infotech Limited** (Formerly ICICI Infotech Limited) ("the Company"), as attached to this report stamped and initialled by us for identification and as approved by the Board of Directors which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 as amended from time to time ("the Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with your instructions dated November 02, 2004 requesting us to carry out work in connection with the Offer Document to be issued by the Company in connection with its proposed Initial Public Offering of Equity Shares ("the Issue").

1. Financial Information as per the audited financial statements

1.1 We have examined the attached restated Balance Sheet of the Company as at December 31, 2004, March 31, 2004, March 31, 2003, March 31, 2002, March 31, 2001 and March 31, 2000 (Annexure I) and the attached restated statements of Profit and Loss Account for each of these years/periods ended on those dates (Annexure II), together referred to as 'summarised statements'. We have also examined and found correct the accounts of the Company for the period April 1, 2004 to December 31, 2004 prepared and approved by the Board of Directors of the Company. These summarised statements have been extracted from the financial statements for the years ended March 31, 2004, March 31, 2003,March 31, 2002, March 31, 2001, March 31, 2000 audited by us and have been adopted by the Board of Directors and members and for the nine months period ended 31st December, 2004 audited by us and have been adopted by the Board of Directors.

1.2 Also attached are summarised financial statements of subsidiaries of the Company for the years/period as set out in Appendix A to C to this report as adopted by the Board of Directors of the respective subsidiary companies. We have accepted the relevant summarised financial statements in respect of these entities listed in Appendix A to C to this report relating to the subsidiaries of the Company for the four financial years ended March 31, 2004 in case of 3i Infotech Inc, U.S.A. (includes its subsidiaries i.e. Ivory International Inc. and Command System Inc for the year ended March 31, 2001) and ICICI Infotech Pte Ltd, Singapore (includes ICICI Infotech SDN BHD, Malaysia for the years ended March 31,2003, March 31, 2004) which were audited by their respective auditors and for the three financial years ended March 31, 2004 in case of ICICI Infotech Pty Ltd, Australia which were certified by the management. The financial statements of all the subsidiaries for the nine months period ended December 31, 2004, were audited by us. The financial statements of the Company's subsidiaries have not been consolidated into the attached summary statements of the Company. In case of all the subsidiaries of the Company as at December 31, 2004, the entire beneficial ownership vests with the Company and accordingly, the assets and liabilities and profit/loss as applicable, of such subsidiaries in the aforementioned financial statements entirely concern the members of the Company.

1.3 Based on our examination of the above summary statements and on the basis of information and explanations given to us, we report as under:

a. The summarised financial statements of the Company have been restated with retrospective effect to reflect the material changes made in the accounting policies and estimates presently being followed/adopted by the Company (Annexure I & II).

b. There are no material adjustments relating to previous years which need to be adjusted in summary statement in the year to which they relate.

c. There are no qualifications in the Auditors' Report which require adjustment to the summary statements.

2. Other financial information

2.1 We have examined the following financial information proposed to be included in the Offer Document/prospectus of your company, as approved by you and annexed to this report:

a. Statement of Significant Accounting Policies and notes to restated summarised financial statements is enclosed as Annexure III.

b. Statement of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth is enclosed as Annexure IV.

c. Capitalisation statement of the Company is enclosed as Annexure V.

d. Statement of changes in Share Capital is enclosed as Annexure VI.

e. Statement of Secured/Unsecured Loans and related terms of the loans and assets charged is enclosed as Annexure VII.

f. Statement of Tax Shelters as Annexure VIII.

g. Statement of Direct Tax Benefits available to the Company and its shareholders is enclosed as Annexure IX.

h. Details of items of other income which exceed 20 per cent of restated net profit before tax are enclosed as Annexure X.

i. Details of dividends paid by the Company are enclosed in Annexure XI.

j. Statement of Cash Flows of the Company for the five years ended March 31, 2004 and for the nine months period ended December 31, 2004 are enclosed in Annexure XII.

In our opinion, the financial information of the Company, as attached to this report as mentioned in paragraphs 1 and 2 above, read with respective significant accounting policies after making adjustments as stated in notes to accounts have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for use for your information and for inclusion in the Offer Document in connection with the Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Lodha & Company**
Chartered Accountants

Place : Mumbai

Dated : January 23, 2005

R P Baradiya
Partner
Membership No. 44101

ANNEXURE - I

STATEMENT OF RESTATED ASSETS AND LIABILITIES

Figures in Rs. Million

Particulars	As on March 31,					As At December 31, 2004
	2000	2001	2002	2003	2004	
SOURCES OF FUNDS						
Shareholders' Funds						
Share Capital	50.00	248.33	1,605.88	1,809.78	1,809.79	1,809.93
Reserves & Surplus	89.98	677.33	414.81	349.96	424.17	488.87
	139.98	**925.66**	**2,020.69**	**2,159.74**	**2,233.96**	**2,298.80**
Share Application Money (pending allotment)	**-**	**-**	**-**	**-**	**-**	**0.76**
Loan Funds						
Secured Loans	-	9.97	101.50	238.08	624.15	693.37
Unsecured Loans	224.00	2,249.30	-	236.82	316.69	555.21
	224.00	**2,259.27**	**101.50**	**474.90**	**940.84**	**1,248.58**
Deferred Tax Liability (net)	**-**	**-**	**131.27**	**47.43**	**18.66**	**5.43**
TOTAL	**363.98**	**3,184.93**	**2,253.46**	**2,682.07**	**3,193.46**	**3,553.57**
APPLICATION OF FUNDS						
Fixed Assets:						
Gross Block	361.02	896.62	1,205.27	1,526.91	1,812.09	2,230.99
Less: Depreciation	29.56	81.22	169.41	263.79	417.51	551.38
Net Block	331.46	815.40	1,035.86	1,263.12	1,394.58	1,679.61
Capital Work-in-Progress	-	17.91	104.18	120.69	56.80	153.96
	331.46	**833.31**	**1,140.04**	**1,383.81**	**1,451.38**	**1,833.57**
Investments	**12.43**	**2,036.36**	**826.48**	**860.67**	**958.44**	**858.37**
Current Assets, Loans and Advances:						
Current Assets						
Inventories	-	-	-	4.52	8.89	0.34
Sundry Debtors	48.45	130.98	402.81	376.82	543.62	632.86
Unbilled Revenues	-	-	-	67.94	179.01	354.91
Cash and Bank Balances	5.45	34.63	36.04	40.33	104.06	28.09
Loans and Advances	90.54	525.55	587.62	375.57	444.68	511.35
	144.44	**691.16**	**1,026.47**	**865.18**	**1,280.26**	**1,527.55**
Less: Current Liabilities and Provisions	**125.42**	**379.06**	**752.83**	**439.57**	**507.02**	**675.26**
Net Current Assets	**19.02**	**312.10**	**273.64**	**425.61**	**773.24**	**852.29**
Miscellaneous Expenditure (to the extent not written off or adjusted)	**1.07**	**3.16**	**13.30**	**11.98**	**10.40**	**9.34**
TOTAL	**363.98**	**3,184.93**	**2,253.46**	**2,682.07**	**3,193.46**	**3,553.57**

ANNEXURE - II

STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNT

Figures in Rs. Million

Particulars	Year ended March 31,										Nine months period ended December 31, 2004	
	2000		2001		2002		2003		2004			
INCOME												
Income from Operations		417.61		1,078.52		1,467.23		1,643.67		1,797.17		1,496.39
Other Income	2.07		27.37		52.33		20.30		27.51		21.09	
Total Income	419.68		1,105.89		1,519.56		1,663.97		1,824.68		1,517.48	
EXPENDITURE												
Cost of Revenues		175.07		379.89		650.88		953.77		1,134.21		912.96
Selling, General and Administrative Expenses		77.71		197.21		194.11		360.42		309.06		255.54
New Market Development and Support Expenses					93.66		235.12					
Add: Effect of the change in accounting policy (Refer note no. 2.6 in Notes to Summarized Restated Financial Statements)		-		-	124.88	218.54	-	235.12		-		-
Total Expenditure		**252.78**		**577.10**		**1,063.53**		**1,549.31**		**1,443.27**		**1,168.50**
Profit Before Interest, Depreciation, Extraordinary Items and Tax		166.90		528.79		456.03		114.66		381.41		348.98
Interest		4.64		28.63		126.80		38.55		72.23		75.51
Amortisation of Premium on Debentures	-		30.72		-		-		-		-	
Depreciation	14.41		48.07		121.13		171.05		233.56		122.55	
Less/(Add): Effect of change in accounting estimates (Refer note no.1 in Material Changes in Accounting Estimates/ Policies)	-	14.41	-	48.07	29.93	91.20	53.59	117.46	78.43	155.13	(12.89)	135.44

Figures in Rs. Million

Particulars	**Year ended March 31,**										**Nine months period ended December 31, 2004**	
	2000		**2001**		**2002**		**2003**		**2004**			
Profit Before Extraordinary Items and Tax		**147.85**		**421.37**		**238.03**		**(41.35)**		**154.05**		**138.03**
Extraordinary Items												
- Compensation received	-		-		-		150.00		-		-	
(Refer note no.2.4 in Notes to Summarized Restated Financial Statements)												
- Write down in the value of Investment				1,250.00								
Less: Transferred from Securities Premium Account (Refer note no. 2.5 in Notes to Summarized Restated Financial Statements)		-		-	1,250.00	-		-		-		-
Profit Before Tax	147.85		421.37		238.03		108.65		154.05		138.03	
Provision for Taxes												
- Current Taxes	42.80		142.07		26.72		4.95		3.57		6.59	
Less: Reversal of provision pertaining to earlier years	-	42.80	-	142.07	-	26.72	24.78	(19.83)	2.73	0.84	-	6.59
- Deferred Taxes (Assets)/ Liability (net)					69.54		(50.78)		29.12		48.06	
Less: Deferred Tax Assets pertaining to earlier years					-		-		(73.38)		(32.96)	
(Refer Note No. 2.12 in Notes to Summarized Restated Financial Statements)					69.54		(50.78)		(44.26)		15.10	
Less: Effect of change in the accounting policy for Intangible Assets		-		-	-	69.54	12.84	(37.94)	28.33	(15.93)	41.17	(26.07)
Profit After Tax		**105.05**		**279.30**		**141.77**		**166.42**		**169.14**		**157.51**

ANNEXURE – III

MATERIAL CHANGES IN ACCOUNTING ESTIMATES/ POLICIES, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO SUMMARIZED RESTATED FINANCIAL STATEMENTS

A. Material Changes in Accounting Estimates/ Policies

1. Intangibles and Amortisation

The Company has reviewed its estimate of the useful commercial life of Intangible assets having regard to factors such as period required from market penetration, typical product life, etc. Based thereon, the useful commercial life of intangible assets has been revised subject to a limit of ten years prescribed by Accounting Standard 26 on "Intangible Assets".

These assets are also subjected to a value impairment test and additional amounts are charged by way of amortization, if required.

2. Deferred Revenue Expenditure

The Company has incurred substantial cost in US for the Market Development and Support activities, which in 2001-02 was treated as Deferred Revenue Expenditure and was being amortized over a twenty-four months period.

With a view to achieving early compliance with Accounting Standard –26 ('AS-26') issued by The Institute of Chartered Accountants of India (ICAI) on Intangible assets, as recommended in that Standard, the Company in 2002-03, has decided to charge off the entire amount of such expenses, as and when incurred to revenue.

B. Significant Accounting Policies

1.1 Method of Accounting

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting practices in India (GAAP).

1.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent.

1.3 Revenue Recognition

Revenue from software development and consulting services is recognized either on time and material basis or fixed price basis, as the case may be. 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.

Revenue from sale of licenses of software products and other products is recognized on delivery/ installation, as the case maybe. Maintenance revenue in respect of software products is deferred and recognized ratably over the period of the underlying maintenance agreement.

Revenue from IT infrastructure networking and facilities management services and IT enabled transaction processing services is recognized based on measurable criteria such as manpower deployment or number of transactions processed, as per the terms of the relevant agreements, as the case may be.

1.4. a. Fixed Assets

Tangible: Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use.

Intangible: Costs that are directly associated with identifiable and unique software products controlled by the Company, whether developed in-house or acquired, and have probable economic benefits exceeding the cost beyond one year are recognized as software products. Other acquired intangible assets such as Goodwill, Business & Commercial Rights and Leasehold Land / Buildings are capitalized at the acquisition price.

b. Depreciation / Amortization:

Leasehold land, Leasehold building and improvements thereon are amortized over the period of lease.

Goodwill, Business & Commercial Rights and Software Products (meant for sale) are amortized over a period of ten years, while other software products are amortized over a period of five years, as considered appropriate by the management

Depreciation on other fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956. Subsequent upgrades of hardware are entirely charged off to revenue in the year of purchase.

1.5 Investments

Investments are classified into long-term investments and current investments. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments. Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the carrying value.

1.6 Accounting for Taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income - tax Act, 1961.

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

1.7 Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain/loss are recognized in the Profit & Loss Account, except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets. Overseas investments are recorded at the rate of exchange in force on the date of allotment.

In respect of foreign branch- (a) revenue items are recorded at the average rates during the accounting period; (b) monetary items are translated at the exchange rates prevailing at the balance sheet date; and (c) non-monetary items are recorded at the exchange rate on the date of the transaction.

1.8 Accounting of Retirement Benefits

The Company has for its employees in India, retirement benefits such as Gratuity, Superannuation and Provident Fund. The Gratuity and Superannuation are covered by a scheme with Life Insurance Corporation of India and the Provident Fund is administered through trustees. The Company’s contribution to these funds is charged to revenue.

In respect of employees in foreign branches, necessary provision has been made based on the applicable laws. Liability for leave encashment for all employees and gratuity for that of employees in foreign branches is provided on the basis of the actuarial valuation.

1.9 Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. 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.

1.10 Borrowing Costs

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

1.11 Inventories

Inventories are valued at lower of cost and net realizable value. Cost is computed on ‘first-in-first out’ basis.

1.12 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that any asset including goodwill may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to profit and loss account. 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 that effect.

1.13 Amortization of Miscellaneous Expenditure

Preliminary expenses and share issue expenses including expenses incurred on increase in authorized share capital are amortized over a period of ten years.

1.14 Employees Stock Option Scheme (ESOS)

Any concessions granted to employees under the Employees' Stock Option Scheme by way of grants made at a discount to the ruling market price of the Company's shares on the date of the grant, is accounted for by way of a charge to the Profit and Loss account for the period, in line with guidelines issued by the Institute of Chartered Accountants of India or other regulatory agency in this respect from time to time.

C. Notes To Summarized Restated Financial Statements

2.1 **Contingent liabilities not provided for in respect of:**

Rs. in million

Particulars	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	December 31, 2004
Outstanding Guarantees given by Banks	-	-	-	-	21.86	43.46
Estimated amount of claims not acknowledged as debts	-	-	-	-	3.36	4.17

2.2 **Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):**

Rs. in million

Particulars	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	December 31, 2004
Capital commitment	0.03	43.62	54.04	36.70	2.35	39.74

2.3 **Employee Stock Option Plan**

The Company's Employees Stock Option Scheme–2000, provides for issue of equity option upto 25% of the paid-up Equity Capital to eligible employees. The scheme covers wholetime directors and the employees of the subsidiaries, the erstwhile holding company and subsidiaries of the erstwhile holding company, apart from the employees of the Company. The options vest in a phased manner over three years with 20%, 30% and 50% of the grants vesting at the end of each year from the date of grant and the same can be exercised within ten years from the date of the grant at a price determined based on the valuation of equity shares.

Rs. in million

Particulars	As at Mar 31, 2000	As at Mar 31, 2001	As at Mar 31, 2002	As at Mar 31, 2003	As at Mar 31, 2004	As at Dec 31, 2004
Grants:						
Outstanding as at beginning of the year/ period	-	-	2.12	3.93	4.11	2.43
Add: Granted during the year/period	-	2.35	2.04	0.71	1.15	0.72
Less: Exercised during the year/period	-	-	-	0.01	0.01	0.02
Less: Forfeited during the year/period	-	0.23	0.22	0.52	0.38	0.23
Outstanding as at end of the year/period	-	2.12	3.93	4.11	4.87	2.90

Rs. in million

Particulars	As at Mar 31, 2000	As at Mar 31, 2001	As at Mar 31, 2002	As at Mar 31, 2003	As at Mar 31, 2004	As at Dec 31, 2004
Vested:						
Outstanding as at beginning of the year/ period	-	-	-	0.39	1.22	1.28
Add: Vested during the year/ period	-	-	0.42	0.98	1.52	0.59
Less: Exercised during the year/ period	-	-	-	-	0.01	0.02
Less: Forfeited during the year/ period	-	-	0.03	0.14	0.18	0.13
Outstanding as at end of the year/ period	-	-	0.39	1.22	2.55	1.72

2.4 On pre-determination of a long term contract in 2002-03, in respect of IT enabled transaction processing services with a customer, the Company had received compensation of Rs.150 million and the same is shown under 'Extra Ordinary Items' in the Profit & Loss account of that year

2.5 Pursuant to the approval of the Shareholders in their meeting held on March 28, 2002 and as confirmed by the Hon'ble High Court of Mumbai vide its Order dated June 06, 2002, the Company has written off the value of the investment by Rs.1250 million in 2001-02 in one of its wholly owned subsidiaries and adjusted the same from securities premium account.

2.6 The Company has incurred substantial cost in US for the Market Development and Support activities, which in 2001-02 was treated as Deferred Revenue Expenditure and was being amortized over a twenty-four months period.

With a view to achieving early compliance with Accounting Standard –26 ('AS-26') issued by The Institute of Chartered Accountants of India (ICAI) on Intangible assets, as recommended in that Standard, the Company in 2002-03, has decided to charge off the entire amount of such expenses, as and when incurred, to revenue. Accordingly, opening balance of Rs.124.88 million pertaining to the year 2002-03 is restated and shown as deduction in Profit and Loss Account in 2001-02.

2.7 **Leases:**

a. Operating Lease:

The Company has acquired certain Land and Building under a lease arrangement for a period of sixty years at a premium of Rs.4.96 million per annum starting from March 4, 2000 for Land and Rs.156.17 million per annum starting from Mar 13, 2000 and Rs.50.54 million per annum from March 1, 2003 for building and the same are being amortized over the lease period. All other lease arrangements are renewable / cancelable at the Company's and / or lessors' option as mutually agreed.

b. Financial Lease:

There were no financial leases entered into by the Company.

2.8 During the year 2001-02, to fall in line with the Accounting Standard for revenue recognition issued by the Institute of Chartered Accountants of India, the Company has recognised revenue on the basis of 'percentage completion method' as against on 'milestone completion' basis, which was being followed earlier. Consequently the profits for that year and sundry debtors were higher by Rs.31.76 million.

2.9 **Earnings Per Share:**

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

Particulars		**March 31, 2000**	**March 31, 2001**	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**December 31, 2004**
Profit as per restated accounts (Rs. in million)		105.05	279.30	141.77	166.42	169.14	157.51
Less: Dividend on preference shares paid (incl. corporate taxes) (Rs. in million)		-	-	-	131.20	90.37	63.14
Less: Dividend on preference shares accrued but not declared (incl. corporate taxes) (Rs. in million)		-	-	-	0.26	17.62	18.00
Profit attributable to Equity Shareholders (Rs. In million)	A	105.05	279.30	141.77	34.96	61.15	76.37
Weighted average number of Equity Shares outstanding during the year (Nos.)	B	10,000,000	46,531,507	61,170,074	61,638,153	61,957,397	30,987,329
Add : Effect of dilutive issues of options (Nos.)		-	1,890,225	3,598,499	4,110,900	4,866,660	2,897,990
Diluted weighted average number of Equity Shares outstanding during the year (Nos.)	C	10,000,000	48,421,732	64,768,573	65,749,053	66,824,057	33,885,319
Nominal value of Equity Shares (Rs.)		5	5	5	5	5	10
Basic Earnings Per Share (Rs.)	A/B	10.51	6.00	2.32	0.57	0.99	2.46
Diluted Earnings Per Share (Rs.)	A/C	10.51	5.77	2.19	0.53	0.92	2.25

2.10 **Deferred taxation in respect of timing difference arising on account of:**

Rs. in million

	As at March 31, 2002	**As at March 31, 2003**	**As at March 31, 2004**	**As at December 31, 2004**
Deferred Tax Asset:				
Unabsorbed losses/depreciation	-	11.72	52.40	101.86
Expenses allowable on payment and others	4.61	2.76	18.15	19.97
	4.61	**14.48**	**70.55**	**121.83**
Deferred Tax Liability:				
Property and equipment (depreciation / amortization)	135.88	61.91	89.21	127.26
	135.88	**61.91**	**89.21**	**127.26**
Net Deferred Tax Liability / (Asset)	**131.27**	**47.43**	**18.66**	**5.43**

2.11 Income from Operations for the year ended March 31, 2004, is net of reversal of Rs.26.31 million.

2.12 a. Based on an expert opinion, the Company has, during the year ended March 31, 2004, re-computed the taxable income for the previous financial year and has filed its Income tax returns for that year based on such re-computation. This change in computation has resulted in additional deferred tax asset of Rs. 73.38 million arising out of business losses for the previous year, which has been recognized and separately disclosed in the Profit & Loss Account. The management is confident that the asset would be realized in the due course of time.

b. Based on the expert advice and in line with the recent tax rulings, the Company has set off the losses from Software Technology Park (STP) units against taxable profits from domestic income in its tax return for Assessment Year 2004-05. Consequently, the Company has recognized a deferred tax asset of Rs 32.96 million relating to past years in the Profit & Loss Account for the period ended December 31, 2004.

2.13 **Acquisitions:**

A. Ajax Software Solutions Limited

Pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court of Bombay, India vide its order dated March 14, 2001:

a) the entire undertaking of erstwhile Ajax Software Solutions Limited – ASSL (engaged in the business of developing and marketing software products) which had during the year become a wholly owned subsidiary of the Company, with all its assets, liabilities and reserves and business as a going concern stood transferred to and became vested with the Company w.e.f April 1, 2000.

b) (i) the following assets, liabilities and reserves have been accounted on Purchase Method and included in the corresponding assets, liabilities and reserves in the accounts of the Company:

	(Rs. In Million)	(Rs. In Million)
Fixed Assets *		187.14
Current Assets	9.47	
Less : Current Liabilities	5.79	
Less : Secured Loans	0.43	
		3.25
Securities Premium Account arising on account of:		
a. Difference in assets and liabilities taken over on 1.4.2000	11.93	
b. Received by erstwhile ASSL on issue of shares after the appointed dated viz., 1.4.2000	1.16	
		13.09

* includes assets in the nature of software products developed by ASSL taken over at a value of Rs.180 Million, considered to be fair by the management based on independent valuer's report and relied upon by the auditors.

(ii) Investment of Rs. 178.47 Million in the share capital of ASSL has been cancelled.

(iii) All income and expenditure of ASSL for the period from April 1, 2000 have been grouped on line-to-line basis in the Profit and Loss Account of the Company.

B. Insyst Business Technologies Limited (IBTL), Chennai

During the year 2001-02, the Company acquired the business of M/s. Insyst Business Technologies Limited (IBTL), Chennai effective July 1, 2001.

The Profit and Loss Account for the year also includes transactions carried on by IBTL on behalf of the Company from

July 1, 2001 to November 30, 2001. The Company had acquired / assumed the following assets and liabilities at their respective book values as appearing in IBTL's books as at June 30, 2001:

	Rs. in million
Fixed Assets	12.10
Current assets, loans & advances	19.37
Current liabilities & provisions	13.18
Secured loans	0.72
Unsecured loans	3.95

The amount payable to IBTL as at Mar 31, 2002 of Rs. 1.03 million is included in Sundry Creditors.

C. Insyst Business Technologies MEA Ltd (ITMEA), BVI

During the year 2001-02, the Company acquired the business of M/s. Insyst Technologies MEA Ltd (ITMEA), BVI effective Jan 1, 2002, at a consideration of Rs.110.59 million as against which the Company has acquired / assumed the following assets and liabilities at their book values as appearing in the books of ITMEA as of December 31, 2001. Consideration paid over and above the book value of net assets taken over is towards Business and Commercial Rights and which is being amortized as per the accounting policy.

The Profit and Loss account for the year also includes transactions carried on by ITMEA on behalf of the Company for the period from Jan 1, 2002 to Mar 31, 2002. The Company had acquired / assumed the following assets and liabilities:

	Rs in million
Fixed Assets (Including Capital work-in-progress)	78.61
Current Assets, Loans & Advances	56.18
Current Liabilities & Provisions	68.44
Loans	22.53
Business and Commercial Rights	66.70

Deferred consideration payable in connection with this acquisition in terms of agreement dated October 26, 2001, has been determined at Rs.137.90 million (equivalent to USD 3.0 million) and capitalised during the nine months period ended on December 31, 2004 as "Business & Commercial Rights" in the books. This sum is being amortized over the remaining 'useful life' attached to such rights.

D. Tricolor Infotech International Inc, (T3i), Mauritius

During the year 2000-01, the Company set up a Joint Venture – Tricolour Infotech International Inc., co-promoted by Emirates Bank Group, UAE, with registered office in Mauritius to tap the nascent West Asian and North African software and IT service market. During the year 2002-03, the Company acquired the balance equity of M/s. Tricolor Infotech International Inc, (T3i), Mauritius, from Emirates Bank Group, UAE and merged the entity with the Company, effective January 01, 2003. As a result, the excess of purchase price over the net assets acquired has been recognized as Business & Commercial Rights-Rs.75.38 million and Goodwill Rs.17.91 million.

2.14 The Company had entered into a 50:50 Joint Venture ("JV"), viz. Semantik Solutions GmbH with M/s INNOVA Business Development and Holding GmbH, Germany, in June, 2002.

As per terms of agreement, the pending capital commitments of the Company in respect of the venture towards term and working capital loan are as under:

Rs. in million

Particulars	Financial Year Ended as of March 31, 2003	Financial Year ended as of March 31, 2004	Nine Months ended as of December 31, 2004
Capital Commitments	66.01	24.29	-

The Company has during the nine months period ended December 31, 2004, reviewed the JV arrangement and for strategic reasons, has offered to acquire the balance 50% shareholding of INNOVA in the JV for a total consideration of Rs 0.75 million (equivalent to 12500 Euros) which has been accepted by INNOVA. The Company is in the process of entering into an agreement with INNOVA to give effect to this transaction. Once the shares are acquired, the JV will become a wholly owned subsidiary of the Company.

In the opinion of the Board, considering the long term strategic plans for commercial exploitation of the software product developed by the JV, no provision is being made for any diminution in the carrying value of the investments and outstanding loan and advances**.**

Based on the financial status of the JV, the 50% share in assets, liabilities, income and expenses is as under:

Rs. in million

Particulars	Financial Year Ended as of March 31, 2003	Financial Year ended as of March 31, 2004	Nine Months ended as of December 31, 2004
Assets	25.50	25.82	36.27
Liabilities	25.51	42.49	65.03
Pre-operative expenses	0.52	14.93	15.30

Rs. in million

Particulars	Financial Year Ended as of March 31, 2003	Financial Year ended as of March 31, 2004	Nine Months ended as of December 31, 2004
Income	-	0.01	0.09
Expenses	-	2.44	11.15

2.15 Amount of exchange difference (net) (Credited)/debited to Profit & Loss Account during the year/period ended:

Rs. in million

Mar 31, 2000	Mar 31, 2001	Mar 31, 2002	Mar 31, 2003	Mar 31, 2004	Dec 31, 2004
-	(7.78)	(2.46)	4.64	11.39	5.04

2.16 In the opinion of the Board, the investments, current assets, loans and advances are realizable at a value, which is at least equal to the amount at which these are stated, in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amount reasonably stated.

2.17 The age wise analysis of Sundry Debtors is as under:

(Rs. in Million)

Particulars	Balance as at					
	March 31, 2000	**March 31, 2001**	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**December 31, 2004**
Upto180 days	48.45	122.88	398.98	344.69	442.02	578.28
Above 180 days	-	8.10	3.83	32.13	101.60	54.58
Total:	**48.45**	**130.98**	**402.81**	**376.82**	**543.62**	**632.86**

2.18 The Company for strategic reasons proposes to transfer its investments as at December 31, 2004 of Rs. 48.11 million in ICICI Infotech Pty Limited, Australia (Pty) to 3i Infotech Inc. (formerly, ICICI Infotech Inc.), USA, at book value. The arrangement provides for the loans and advances of Rs 63.01million given by the Company to Pty, also being taken over by Inc., and which would get repaid over the period of the loan.

In view of the above, no provision is considered necessary by the management for diminution, if any, in the carrying value of the investments and loans and advances.

2.19 The Company had made a non-refundable advance of Rs.115.60 million in the year 2002-03 to M/s IMS, Korea (Vendor), pursuant to an agreement entered into with the Vendor to resell their Core Banking software product in India. In terms of the agreement, the non-refundable advance would have got to get adjusted against future royalties payable by the Company on the sale of such product.

In order to take advantage of the growing opportunities for the sale of the product and to maximize the returns from the sale of the product, the Company has during the nine months period ended December 31, 2004 decided to acquire the Intellectual Property Rights (IPRs) for this product for certain regions. Consequently, the Company entered into a separate agreement with the Vendor to acquire the above for a total consideration of Rs 188.68 million (equivalent to USD 4 million). The agreement provides for the non-refundable advance referred to above being adjusted towards part payment of the consideration for the acquisition of the IPR.

The Company has, in line with this arrangement, capitalized the total consideration of Rs 188.68 million (equivalent to USD 4 million) as software product and appropriated the non- refundable deposit towards the consideration payable for acquiring the IPR and the balance consideration is being paid as per the terms agreed upon.

2.20 The Company has reviewed its estimate of the useful commercial life of certain Intangible assets having regard to factors such as period required for market penetration, typical product life, etc. Based thereon, the useful commercial life of intangible assets has been revised subject to a limit of ten years prescribed by Accounting Standard 26 on “Intangible Assets”.

The effect of the above change in the earnings of the Company including the resultant tax impact has been shown in the Restated Profit and Loss in the respective years.

These assets are also subjected to a value impairment test and additional amounts are charged by way of amortization, if required.

2.21 **Related Party Transactions** (in respect of related parties as of the date of this report):

A. Name of the related parties:

i) Where the control of the Company exists

a. Subsidiaries: 3i Infotech Inc. (formerly, ICICI Infotech Inc.), USA; ICICI Infotech Pte Limited, Singapore; ICICI Infotech Pty Limited, Australia and ICICI Infotech SDN BHD, Malaysia

ii) Other related parties

a. Associates: Semantik Solutions GmBH, Germany; Insyst Technoligies BVI Limited, UAE; Insyst Business Technologies Limited, India

b. Directors/Key Management Personnel: Mr. V Srinivasan (MD & CEO); Mr. Manoj Kunkalienkar (ED) and Mr. Hari Padmanabhan (ED)

c. **Relative of Key Management Personnel:** Mrs. Sudha Kunkalienkar (wife of Mr. Manoj Kunkalienkar)

B. Transactions with related parties:

Subsidiaries:

Rs. in million

Particulars	For the Year/Period Ended/As At				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	December 31, 2004
Income	18.52	13.65	23.62	24.09	67.75
Interest Income	-	-	1.71	0.26	0.99
Expense	-	250.81	20.42	7.17	2.18
Bad Debt W/off	-	-	2.96	-	-
During the year:					
Loans granted/(repaid)	233.10	161.93	14.71	25.33	15.55
Investment made	2004.85	-	98.22	15.17	-
Guarantees given	-	-	-	21.86	43.46
Advances given/(repaid)	-	-	6.58	75.46	118.36
Balance:					
Investment	2004.85	760.82	859.04	856.74	856.74
Loans Granted	233.10	34.07	-	25.33	40.88
Share Appl. Money	-	126.63	17.02	-	-
Other Advances	-	-	6.58	77.34	190.31
Sundry Debtors	10.08	74.85	4.39	103.65	138.28
Unbilled Revenue	-	-	-	1.96	0.01
Sundry Creditors	-	295.74	167.81	-	-

Associates:

Rs. in million

Particulars	For the Year/Period Ended/As At				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	December 31, 2004
Income	5.09	18.78	35.94	12.61	12.05
Interest Income	-	-	0.07	0.63	2.57
During the year:					
Loans granted/(repaid)	-	-	9.89	18.93	62.94
Investment made	-	-	0.61	-	-
Advances given/(repaid)	-	-	3.61	2.32	5.75
Assets Purchased	-	124.26	-	-	-

Rs. in million

Particulars	For the Year/Period Ended/As At				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	December 31, 2004
Balance:					
Investment	18.36	18.36	0.61	0.61	0.61
Loans Granted	-	-	9.89	28.82	91.76
Other Advances	-	-	3.61	5.93	19.81
Sundry Debtors	4.78	3.75	35.61	44.77	12.66
Unbilled Revenue	-	-	-	-	-
Sundry Creditors	-	12.09	3.18	4.49	-

Directors/Key Management Personnel & their relatives:

Rs. in million

Particulars	For the Year/Period Ended/As At				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	December 31, 2004
Remuneration/Fees		3.27	4.27	10.73	10.54
During the year:					
Loans granted/(repaid)		2.00	2.95	(4.12)	-
Advances given/(repaid)		-	0.06	(0.06)	-
Balance:					
Loans Granted		1.94	4.12	-	-
Other Advances		-	0.06	-	-

a. 3i Infotech Limited (Formerly ICICI Infotech Limited) was set up by ICICI Limited and continued to be its subsidiary till ICICI Limited merged with ICICI Bank Limited in March 2002.

b. Transactions with the parties who are continuing to be related parties have been disclosed above.

ANNEXURE - IV

STATEMENTS OF ACCOUNTING RATIOS BASED ON THE ADJUSTED PROFITS

Particulars		Year Ended March 31,										Nine months period ended December 31,	
		2000		2001		2002		2003		2004		2004	
		Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation
Net Profit Before Extra Ordinary Items (Rs. in Million)		**147.85**	**147.85**	**421.37**	**421.37**	**238.03**	**238.03**	**(41.35)**	**(41.35)**	**154.05**	**154.05**	**138.03**	**138.03**
Profit attributable to Equity Shareholders (Rs. in Million)	**A**	105.05	105.05	279.30	279.30	141.77	141.77	34.96	34.96	61.15	61.15	76.37	76.37
No. of Equity Shares	**B**	10,000,000	5,000,000	49,666,667	24,833,334	61,176,887	30,588,444	61,955,622	30,977,811	61,958,282	30,979,141	61,986,082	30,993,041
Weighted average no. of shares during the year	**C**	10,000,000	5,000,000	46,531,507	23,265,754	61,170,074	30,585,037	61,638,153	30,819,077	61,957,397	30,978,699	61,974,658	30,987,329
Diluted weighted average number of share outstanding during the year	**D**	10,000,000	5,000,000	48,421,732	24,210,866	64,768,573	32,384,287	65,749,053	32,874,527	66,824,057	33,412,029	67,770,638	33,885,319
Net worth (Rs. in Million) [Shareholders Funds - Preference Share Capital - Miscellaneous Expenditure (to the extent not written off)- Deferred Tax Assets (net)]	**E**	138.91	138.91	922.50	922.50	707.39	707.39	647.76	647.76	723.56	723.56	789.46	789.46
Earning Per Share (Rs.)													
- Basic	**A/C**	10.51	21.01	6.00	12.00	2.32	4.64	0.57	1.13	0.99	1.97	1.23	2.46
- Diluted	**A/D**	10.51	21.01	5.77	11.54	2.19	4.38	0.53	1.06	0.92	1.83	1.13	2.25

Particulars		Year Ended March 31,										Nine months period ended December 31,	
		2000		2001		2002		2003		2004		2004	
		Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation	Pre-Consoli-dation	Post Consoli-dation
Return On Net worth excluding Revaluation Reserve (%)	**A/E**	75.62	75.62	30.28	30.28	20.04	20.04	5.40	5.40	8.45	8.45	9.67	9.67
Net Assets Value per Share excluding Revaluation Reserve (Rs.)	**E/B**	13.89	27.78	18.57	37.15	11.56	23.13	10.46	20.91	11.68	23.36	12.74	25.47

Note:

The Shareholders in the Extraordinary General Meeting held on January 18, 2005 have approved the consolidation of every two equity shares of Rs.5 each into one equity share of Rs.10 each and an increase in the authorized equity share capital to Rs. 1000,000,000 from Rs.500,000,000. Subsequent to the consolidation and increase in the limit of the authorized equity share capital, the Authorized Equity Share Capital of Rs. 1000,000,000 has been divided into 100,000,000 equity shares of Rs.10 each and the Issued, Paid-up Capital of Rs. 309,930,410 has been divided into 30,993,041 equity shares of Rs.10 each. Accordingly the ratios have been computed on the basis of number of equity shares, both pre-consolidation and post-consolidation.

ANNEXURE V

CAPITALISATION STATEMENT

Rs. in million

Particulars	As at December 31, 2004	After Issue*
Short Term Debt	636.68	
Long Term Debt	611.90	
TOTAL DEBT	**1,248.58**	**-**
Share Capital		
- Equity Share Capital	309.93	
- Preference Share Capital	1,500.00	
	1,809.93	
Reserves	488.87	
TOTAL SHAREHOLDERS FUNDS	**2,298.80**	**-**
TOTAL CAPITALISATION	**3,547.38**	**-**
Long Term Debt to Total Shareholders Funds	**26.62%**	**-**

* Refer Note below

Note:

1. Share Capital and reserves and Total Shareholders' Funds would be calculated on conclusion of the Book Building process.
2. The Company intends to repay the Preference Share Capital Fully / part of Debt out of the proceeds of the Issue.

ANNEXURE VI

STATEMENT OF CHANGES IN SHARE CAPITAL

Particulars	Balance Sheet as at	
	March 31, 2004	December 31, 2004
Share Capital		
Authorised Share Capital		
No. of Shares of Rs.5 each	100,000,000	-
No. of Shares of Rs.10 each	-	100,000,000
Amount (Rs. In Million)	500	1,000
Issued, Subscribed and Paid Up		
No of Shares of Rs.5 each	61,958,282	-
No of Shares of Rs.10 each	-	30,993,041
Amount (Rs. In Million)	309.79	309.93

ANNEXURE VII

STATEMENT OF SECURED / UNSECURED LOANS AND RELATED TERMS OF LOANS AND ASSETS CHARGED

SECURED LOANS							
Description	**Amount outstanding as on 31/12/2004 (Rs. In million)**	**Tenure (Years)**	**Year of Maturity**	**Prevailing Interest (per annum)**	**Repayment Schedule**	**Put / Call option**	**Security Offered**
SHORT TERM							
Bank of Rajasthan	95.01	1	2005	8.00%	Within 1 year	None	Project Receivables
Development Credit Bank (Cash Credit)	181.14	1	2005	9.00%		None	Receivables
	276.15						
LONG TERM							
ICICI PFS	14.31	5	2009	10.00%	60 Monthly Installments	None	Vehicles
Car Lease - MEA	2.23	3	2007			None	Vehicles
Canara Bank	225.08	5	2009	9.00%	60 Monthly Installments from 31/3/2004	None	4th, 5th & 6th Floors of Tower 5 & 6th Floor of Tower 6 of Vashi Office Premises
	50.00	5	2009		60 Monthly Installments from 31/1/2005		
Bank of Maharashtra	66.00	5	2008	8.50%	60 Monthly Installments from 1/10/2003	None	3rd Floor of Vashi Property and Goregaon Office Premises
Lakshmi Vilas Bank	59.60	3	2007	9.00%	36 Monthly Installments from 30/4/2004	None	Computers
	417.22						
TOTAL SECURED LOANS	**693.37**						

UNSECURED LOANS						
Description	**Amount outstanding as on 31/12/2004 (Rs. In million)**	**Tenure (Years)**	**Year of Maturity**	**Prevailing Interest (per annum)**	**Repayment Schedule**	**Put / Call option**
SHORT TERM						
Indusind Bank	100.00	1	2005	9.00%	11 Monthly interest payment from 31/3/2004 with bullet principal repayment	None
	100.00	1	2005	8.00%	11 Monthly interest payments from 31/10/2004 with bullet principal repayment	None
Jammu Kashmir Bank	53.80	1	2005	8.50%	12 Monthly Installments from 30/06/2004	None
ING Vysya Bank	69.23	1	2005	8.00%	13 Monthly Installments from 30/09/2004	None
IDBI Bank	37.50	1	2005	8.00%	12 Monthly Installments from 14/09/2004	None
	360.53					
LONG TERM						
Federal Bank	100.00	5	2008	9.00%	60 monthly interest payment from 30/9/2003 with bullet principal repayment	None
Indian Overseas Bank	94.68	3	2007	8.00%	36 Monthly Installments from 30/11/2004	None
	194.68					
TOTAL UNSECURED LOANS	**555.21**					
TOTAL SHORT TERM LOANS	**636.68**					
TOTAL LONG TERM LOANS	**611.90**					
TOTAL LOANS	**1248.58**					

NOTE:

1) There is no re-schedulement of any of the Loan arrangement.
2) All the Loan accounts are “regular”
3) No penalty has been imposed in respect of the Loans
4) The Company has not defaulted in its Loan repayment and interest commitments

ANNEXURE VIII

STATEMENT OF TAX SHELTERS

(Rs. in Million)

Particulars	2000	2001	2002	2003	2004	December 2004
Profit before tax	147.85	421.37	238.03	108.65	154.05	138.03
Statutory tax rate	38.50%	39.55%	35.70%	36.75%	35.88%	36.59%
Expected taxes	56.92	166.65	84.98	39.93	55.27	50.51
Increase in taxes on account of						
a) Expenses disallowed for tax	-	-	15.19	-	5.75	4.14
	56.92	**166.65**	**100.17**	**39.93**	**61.02**	**54.65**
Reduction in taxes on account of						
a) Dividend Income Exempt	-	-	(1.17)	-	-	-
b) Export deduction u/s 80HHE/10A	(14.12)	(24.63)	(2.74)	-	-	-
c) Prior period tax reversal	-	-	-	(24.78)	(2.73)	-
d) Prior period deferred tax charge/credit	-	-	-	-	(73.38)	(41.17)
e) Deferred tax credit on STP units/tax losses	-	-	-	(72.92)	-	(32.96)
	(14.12)	**(24.63)**	**(3.90)**	**(97.70)**	**(76.11)**	**(74.13)**
Effective taxes	**42.80**	**142.02**	**96.26**	**(57.77)**	**(15.09)**	**(19.48)**
Comprising of :						
Current taxes	42.80	142.07	26.72	(19.83)	0.84	6.59
Deferred taxes	-	-	69.54	(37.94)	(15.93)	(26.07)
	42.80	**142.07**	**96.26**	**(57.77)**	**(15.09)**	**(19.48)**

ANNEXURE IX

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

1. Benefits available to the Company

Under the Income Tax Act, 1961 ('Act')

Tax holiday under section 10A of the Act

As per the provisions of section 10A of the Act, the Company is eligible to claim a benefit with respect to profits derived by it's undertaking/s from the export of article or things in computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking /s begin to manufacture or produce such articles or things or computer software. However, the benefit is available subject to fulfillment of conditions prescribed by the section and no benefit under this section will be allowed with respect to any such undertaking after the year ending on 31st March, 2009. The eligibleamount would be the proportion that the profits of the undertaking/s bear to the export turnover of the undertakings vis-à-vis the total turnover of the undertakings.

2. Benefits available to resident shareholders

2.1 **Dividends exempt under section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

2.2 **Computation of capital gains**

2.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual funds are considered as long-term capital assets if these are held for a period exceeding 12 months. Consequently capital gains arising on sale of shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains"

2.2.2 Section 48 of the Act, prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition /improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition /improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

2.2.3 Section 10(38) of the Act provides that long-term capital gains on sale of shares where the transaction of sale is entered into, on a recognized stock exchange in India, on or after 1ST October 2004 shall be exempt from tax.

2.2.4 Section 111A of the Act provides that short term capital gains on sale of shares where the transaction of sale is entered into, on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force shall be subject to tax at a rate of 10 per cent (plus applicable surcharge & education cess)

2.2.5 As per the provisions of section 112 of the Act, long term capital gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge & education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge & education cess)

2.2.6 As per the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However if the said bonds are transferred or converted into money within a period of 3 years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

2.2.7 As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by the public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

The issue of shares by the company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED.

3 Benefits available to Non- Resident Indian Shareholders

3.1 Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

3.2 Exemption of capital gains from Income tax

- Section 10(38) of the Act provides that long term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1st October 2004 shall be exempt from tax.
- As per the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However if the said bonds are transferred or converted into money within a period of 3 years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition) Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:
  - The issue is made by the public company formed and registered in India; and
  - The shares forming part of the issue are offered for subscription to the public.

  The issue of shares by the company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED.

3.3 Computation of capital gains

3.3.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual funds are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently capital gains arising on sale of shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains"

3.3.2 Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e. sale proceeds less cost of acquisition / improvement) computed in the original foreign currency is then converted into Indian rupees at the prevailing rate of exchange.

3.3.3 In case investment is made in Indian rupees, the long term capital gains is to be computed after indexing the cost.

As per the provisions of section 112 of the Act, long term capital gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge & education cess). However, as per the proviso to section 112(1) , if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge & education cess)

3.3.4 Where shares have been subscribed to in convertible foreign exchange

Option of taxation under Chapter XII-A of the Act :

Non-Resident Indians[as defined in section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange. Long term capital gains that are not exempt under section 10(38) would be taxed as under;

- As per the provisions of section 115D read with section 115E of the Act, and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian Company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess) without indexation benefit.
- As per the provisions of section 115 F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificate referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificate referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly & exclusively in connection with such transfer.
- Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or saving certificates are transferred.
- As per the provisions of section 115G of the Act, Non- Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- Under section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

4 Benefits available to other Non-residents

4.1 Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

4.2 Exemption of capital gains from Income tax

Section 10(38) of the Act provides that long-term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1st October 2004 shall be exempt from tax.

- As per the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However if the said bonds are transferred or converted into money within a period of 3 years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets(provided they are not transferred within one year of acquisition) Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:
  - the issue is made by the public company formed and registered in India; and
  - the shares forming part of the issue are offered for subscription to the public.

  The issue of shares by the company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED.

4.2 Computation of capital gains

4.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual funds are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently capital gains arising on sale of shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains"

4.2.2 Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e. sale proceeds less cost of acquisition / improvement) computed in the original foreign currency is then converted into Indian rupees at the prevailing rate of exchange.

4.2.3 In case investment is made in Indian rupees, the long term capital gains is to be computed after indexing the cost.

As per the provisions of section 112 of the Act, long term capital gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge & education cess). However, as per the proviso to section 112(1) , if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge & education cess)

5 Benefits available to Foreign Institutional Investors ('FII')

5.1 Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

5.2 Exemption of capital gains from Income tax

- Section 10(38) of the Act provides that long term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1st October 2004 shall be exempt from tax.
- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:
  - the issue is made by the public company formed and registered in India; and
  - the shares forming part of the issue are offered for subscription to the public.

  The issue of shares by the company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED.

5.3 Taxability of capital gains

As per the provisions of section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under section 10(38) of the Act at the following rates:

Nature of Income	**Rate of tax (%)**
Long-term capital gains	10
Short-term capital gains	30

The above tax rates would be increased by the applicable surcharge and education cess.

Section 111A of the Act provides that short term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force shall be subject to tax at a rate of 10 per cent (plus applicable surcharge & education cess)

6. Benefits available to Mutual Funds

As per the provisions of section 10(23D) of the Act, any income of Mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

7. Benefits available under the Wealth –tax Act, 1957

Asset as defined under section 2(ea) of the Wealth Tax Act, 1957 does not include shares in Companies and hence, shares are not liable to wealth tax.

8. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis of listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

ANNEXURE X

STATEMENT OF OTHER INCOME

(Rs. in Million)

Particulars	March 31, 2000	%age of PBT	March 31, 2001	%age of PBT	March 31, 2002	%age of PBT	March 31, 2003	%age of PBT	March 31, 2004	%age of PBT	December 31, 2004	%age of PBT
Interest	0.96	0.65	12.10	2.87	3.07	1.48	7.73	5.73	10.26	6.74	6.68	4.95
Dividend	0.57	0.39	0.44	0.10	3.27	1.57	0.51	0.38	5.75	3.78	0.15	0.11
Profit on sale of current investments (net)	-	-	0.75	0.18	0.18	0.09	0.40	0.30	-	-	0.05	0.04
Profit on sale of fixed assets	0.01	0.01	-	-	-	-	-	-	-	-	-	-
Credit balance/ excess provision written back	0.41	0.28	5.98	1.42	37.70	18.12	-	-	-	-	5.42	4.02
Miscellaneous Income (including rental Income)	0.12	0.08	8.10	1.92	8.11	3.90	11.66	8.64	11.50	7.56	8.79	6.51
Total:	2.07	1.40	27.37	6.50	52.33	25.15	20.30	15.04	27.51	18.08	21.09	15.62
Restated Net Profit Before Tax (PBT)	147.85		421.37		208.10		134.99		152.12		155.71	

NOTE:

a. The above income is arising out of normal business activities

b. 'Credit balance/ excess provision written back' is a function of accounting estimate and it is, therefore, difficult to comment on its nature in terms of its recurrence in the future.

c. Miscellaneous income predominantly includes rental income. Rental income has stopped accruing to the Company effective September 2004 as the Company has started using the said premises for its own use.

ANNEXURE XI

DETAILS OF DIVIDEND PAID BY THE COMPANY

Rs. in Million

Particulars	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004
Equity Share Capital	50.00	248.33	305.88	309.78	309.79
Rate of Dividend (%)	50	55	55	5	5
Amount of Dividend	20.33	46.73	168.23	15.41	15.49

ANNEXURE XII

RESTATED CASHFLOW STATEMENT

(Rs. in Million)

Particulars	For the year ended				Nine months period ended
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	December 31, 2004
A Cash Flow from Operating Activities:					
Profit before taxation and exceptional items	421.37	238.03	(41.35)	154.05	138.03
Adjustments for:					
Depreciation / Amortization	48.83	91.20	117.46	155.13	135.44
Foreign Exchange	(7.78)	(2.46)	4.64	11.39	5.04
Loss / (Profit) on sale of fixed assets	0.02	3.46	0.42	2.42	0.11
Marketing Development & Support expenses amortized	-	218.54	235.12	-	-
Miscellaneous Expenditure written off	0.39	0.47	1.33	1.57	1.06
Obsolete stock written off	-	-	-	-	9.08
Loss/ (Profit) on disposal of investment (net)	0.03	1.86	(0.40)	-	-
Dividend Income	(1.19)	(3.27)	(0.51)	(5.75)	(0.15)
Interest received	-	-	(7.73)	(10.26)	(6.68)
Interest Paid	28.63	126.80	38.55	72.23	75.51
Credit balances/excess provision written back (net)	-	-	-	-	(5.42)
Loss/(Profit) on sale of current investments (net)	-	-	-	-	(0.05)
Provision for doubtful debts	-	-	10.94	24.43	19.64
Bad debts written off	0.84	3.26	22.17	10.67	-
Compensation Received	-	-	150.00	-	-
Operating Profit before Working Capital Changes	491.14	677.89	530.64	415.88	371.61
Adjustments for:					
Trade and Other Receivables	(370.59)	(246.27)	(181.62)	(436.85)	(294.45)
Inventories	-	-	(4.52)	(4.38)	(0.53)
Trade Payables and Other Liabilities	106.09	345.29	(100.81)	49.97	167.94
Marketing Development and Support Expenses	-	(218.54)	(235.12)	-	-
	(264.50)	(119.52)	(522.07)	(391.26)	(127.04)
Cash generated from Operations	226.64	558.37	8.57	24.62	244.57
Income Taxes paid	(140.01)	(86.67)	(21.36)	16.04	13.59
Net cash from Operating Activities - A	86.63	471.70	(12.79)	40.66	258.16

(Rs. in Million)

Particulars	For the year ended				Nine months period ended
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	December 31, 2004
B Cash Flow from Investing Activities:					
Purchase of fixed assets (Including Capital-Work-in-Progress)	(550.90)	(408.10)	(431.80)	(229.40)	(520.03)
Sale of fixed assets	0.08	6.71	70.15	3.75	2.53
Purchase of Investments/ application money	(2023.90)	(59.94)	9.76	(115.29)	0.00
Sale of Investments/ Refund of Equity	0.00	17.96	66.06	34.55	100.13
Dividend received	1.19	3.27	0.51	5.75	0.15
Loans (given) / received back	-	-	15.73	10.01	(76.82)
Interest received	-	-	7.73	10.26	6.68
Net cash from Investing Activities - B	(2573.53)	(440.10)	(261.86)	(280.37)	(487.36)
C Cash Flow from Financing Activities:					
Issuance of Equity Share Capital	563.67	1150.38	77.42	0.09	0.97
Issuance of the Preference Share Capital	-	1300.00	200.00	-	-
Premium on Redemption of Preference Share Capital	-	-	(202.10)	-	-
Share application money received (pending allotment)	-	-	-	-	0.76
Dividends paid	(46.73)	(168.23)	(131.22)	(80.11)	(71.50)
Share Issue Expenses	(2.48)	(10.61)	-	-	-
Tax on distributed profits	(5.02)	(17.16)	-	(10.25)	(9.38)
Interest paid	(28.63)	(126.80)	(38.55)	(72.23)	(75.36)
Proceeds from borrowings (net)	2035.27	-	373.39	465.94	307.74
Repayment of borrowings (net)	-	(2157.77)	-	-	-
Net Cash used in Financing Activities - C	2516.08	(30.19)	278.94	303.44	153.23
Net Increase in Cash and Cash Equivalents (A+B+C)	29.18	1.41	4.29	63.73	(75.97)
Cash and Cash Equivalents as at beginning	5.45	34.63	36.04	40.33	104.06
Cash and Cash Equivalents as at end	34.63	36.04	40.33	104.06	28.09

Appendix A

3i INFOTECH INC., (formerly, ICICI Infotech Inc.)

STATEMENT OF ASSETS AND LIABILITIES

(Figures in USD)

Particulars	As on March 31,				Nine months period ended December 31, 2004#
	2001	2002	2003	2004	
Stockholders' Equity and Liabilities					
Stockholders' Equity					
Common Stock	42,575,000	12,682,500	12,692,500	12,692,500	12,692,500
Additional paid-in-capital	-	90,639	80,639	80,639	80,639
Accumulated deficit	(2,056,758)	-	(331,659)	(4,240,271)	(6,119,253)
Accumulated other comprehensive income (Loss)	-	(91,994)	-	-	-
	40,518,242	**12,681,145**	**12,441,480**	**8,532,868**	**6,653,886**
Current Liabilities					
Accounts payable	699,168	520,349	1,613,367	1,017,061	1,762,939
Accrued payroll	-	1,544,789	421,030	238,337	197,783
Income Taxes payable	-	227,362	60,000	68,302	56,652
Debt, current portion	1,625,616	481,665	-	8,493	1,062,357
Debt Payable to Parent	-	703,392	-	3,516,381	7,298,194
Other current liabilities	3,444,028	-	-	-	-
	5,768,812	**3,477,557**	**2,094,397**	**4,848,574**	**10,377,925**
Debt, excluding current portion	7,254,580	**-**	**-**	803,458	24,612
	53,541,634	**16,158,702**	**14,535,877**	**14,184,900**	**17,056,423**
Assets					
Current Assets					
Cash & cash equivalents	12,917,767	305,598	406,372	797,646	230,007
Accounts receivable, net	6,731,493	2,598,430	2,760,866	2,901,765	5,030,898
Receivable from Parent	-	3,652,090	2,884,980	-	1,138,247
Receivable from related parties	-	1,044,247	60,039	17,884	23,003
Deposits	485,697	342,243	323,830	318,499	319,137
Prepaid expenses	592,946	346,049	257,263	304,162	262,910
Unbilled revenue	-	-	144,215	1,626,761	4,022,142
Other current assets	72,785	-	-	-	-
Deferred Tax Assets	-	-	-	-	2,917,165
	20,800,688	**8,288,657**	**6,837,565**	**5,966,717**	**13,943,509**

(Figures in USD)

Particulars	As on March 31,				Nine months period ended December 31, 2004#
	2001	2002	2003	2004	
Goodwill, net	31,089,211	6,865,512	6,865,512	6,865,512	1,716,379
Property and equipment, net	1,476,437	852,856	684,027	523,920	916,535
Capitalized Software	-	29,940	148,773	348,751	
Advance against Investment	-	121,737	-	480,000	480,000
Other non-current assets	175,298	-	-	-	-
	32,740,946	**7,870,045**	**7,698,312**	**8,218,183**	**3,112,914**
	53,541,634	**16,158,702**	**14,535,877**	**14,184,900**	**17,056,423**

- Figures for the Nine months period ended December 31, 2004 represent audited accounts under Indian GAAP

3i INFOTECH INC., (formerly, ICICI Infotech Inc.)

STATEMENT OF PROFIT AND LOSS

(Figures in USD)

Particulars	Year ended March 31,				Nine months period ended December 31, 2004#
	2001	2002	2003	2004	
Revenue	12,405,348	28,032,183	15,872,184	12,173,293	11,492,923
Cost of Revenue	8,218,166	17,329,445	8,657,798	8,421,803	5,882,371
Gross Income	**4,187,182**	**10,702,738**	**7,214,386**	**3,751,490**	**5,610,552**
Operating Expenses					
General, operating and administrative	4,431,757	12,317,896	7,219,560	7,519,714	5,042,321
Depreciation and amortization	1,591,719	670,746	437,951	299,388	1,219,740
Loss on sale of fixed assets	-	79,766	41,842	4,522	-
Goodwill Impairment	-	25,972,289	-	-	-
Total Expenditure	6,023,476	39,040,697	7,699,353	7,823,624	6,262,061
Operating Profit/ (Loss)	(1,836,294)	(28,337,959)	(484,967)	(4,072,134)	(651,509)
Interest	521,303	80,223	56,870	5,423	25,331
Non-operating Income	350,072	91,800	167,905	188,945	-
Profit / (Loss) before income taxes	(2,007,525)	(28,326,382)	(373,932)	(3,888,612)	(676,840)
Income Tax	49,233	118,721	(42,273)	20,000	(2,917,165)
Net Profit / (Loss) After Tax	**(2,056,758)**	**(28,445,103)**	**(331,659)**	**(3,908,612)**	**2,240,325**

- Figures for the Nine months period ended December 31, 2004 represent audited accounts under Indian GAAP

3i INFOTECH INC., (formerly, ICICI Infotech Inc.)

Notes to Summarized Financial Statements

(Figures for the Nine months period ended December 31, 2004 represent audited accounts under Indian GAAP)

1. Organization

3i Infotech Inc. (formerly, ICICI Infotech Inc.) (the "Company") is a wholly owned subsidiary of 3i Infotech Ltd (the "Parent", formerly known as ICICI Infotech Ltd). Effective July 1, 2001, the Company merged its subsidiaries, namely Command Systems Inc and Ivory International Inc in to the Company. The Company is an information technology company, which provides a wide range of computer consulting services primarily to large financial services organizations. The Company mainly provides staff augmentation services and also functions as a marketing agent for the Parent for its software project businesses.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The accounting and reporting policies of the Company used in the preparation of these consolidated financial statements expressed in United States Dollars (USD) reflect industry practices and conform to accounting principles generally accepted in the United States of America. Certain amounts of previous year have been reclassified to conform to current year's classification.

Principles of Consolidation

For the year ended March 31, 2001, the financials statements include the accounts of the Company and its subsidiaries i.e. Ivory International Inc. and Command System Inc. All significant inter-company accounts and transactions have been eliminated on consolidation.

2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of earnings of the period presented. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable. The actual amounts could differ from those estimates.

2.3 Revenue Recognition

Revenue from software development and consulting services is recognized either on time-and-material basis or fixed price basis. Revenue on time-and-materials contracts is recognized as related costs are incurred. Revenue on fixed-price contracts is recognized using the percentage of completion method based on the labor costs incurred to total estimated labor costs for the contract or on acceptance of specified milestones as provided in the relevant agreements. The Company bears the risk of cost overruns and inflation with respect to its fixed-price projects. If estimates indicate a probable ultimate loss on a fixed price contract, provision is made at that date for the entire estimated loss.

Effective July 1, 2001, the Company is an agent of the Parent for the software project business. Costs related to the software project business are reimbursed. Revenue includes reimbursements of above costs and remuneration at a fixed percentage of these costs. Effective April 1, 2003, the Company is an agent only in respect of projects with an offshore component executed by Parent.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash, cash in deposits with banks and liquid investments with maturity up to three months or due on demand at the time of purchase. The Company deposits cash with high credit quality financial institutions.

2.5 Fair value of financial instruments

The carrying amounts reported in the balance sheet for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturity of these items.

2.6 Property and equipment

Property and equipment including significant improvements are stated at cost less accumulated depreciation. Repairs and maintenance is expensed when incurred. Depreciation and amortization have been provided on a straight-line basis based on the estimated useful lives or lease term, whichever is shorter.

2.7 Capitalized software

The Company capitalizes costs related to the development of software after technological feasibility has been established and until the product is ready for commercial release. All other costs are expensed as incurred. Capitalized software is amortized over a period of five years and is included in cost of revenue.

2.8 Software Developed for Internal use

The Company capitalizes costs related to the development of internal use software after the research and development stage is completed and management approves the development of such software. Capitalization ceases when it is ready for internal use. All other costs are expensed as incurred. Internal use software is amortized over a period of five years and is included in depreciation and amortization. Software developed for internal use is included in Property and equipment.

2.9 Impairment of Long Lived assets

The Company evaluates the recoverability of its long-lived assets including capitalized software and identifiable intangibles, if any, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets, which is measured on a discounted cash flow basis.

2.10 Goodwill

The Company adopted the requirements of SFAS 142 with effect from April 1, 2001. In accordance with SFAS 142, the Company is no longer amortizing Goodwill but evaluates the same for any impairment.

In March 2001, the Company acquired all of the common stock of Command Systems Inc (Command) and accounted the acquisition as a purchase. The excess consideration of USD 22,841,394 paid over the net assets acquired was preliminarily allocated to goodwill. During the year ended March 31, 2002, additions to goodwill due to acquisition related costs primarily lease termination and employee severance costs and final valuation of net assets was USD 1,669,553.

During the year ended March 31, 2002, the Company wrote off USD 25,972,289 as goodwill impairment. The Company attributed the loss in value of goodwill to a global slowdown in the IT related businesses and adverse short-term business conditions. The annual impairment test for the year ended March 31, 2003 did not indicate any impairment to goodwill.

2.11 Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recorded to reflect the tax consequences of future years differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is provided against the future benefit of deferred tax assets if it is determined that it is more likely than not that the future tax benefits associated with the deferred tax asset will not be realized.

2.12 Reimbursement of Expenses

Reimbursements of out-of-pocket expenses of USD 3,332,988 and USD 7,021,033 in the year ended March 31, 2004 and March 31, 2003 respectively are included in revenue in accordance with Emerging Issues Task Force

Consensus ("EITF') 01-14 "Income Statement Characterization of Reimbursement received for 'Out of Pocket' expenses incurred". The above reimbursements include USD 3,251,037 and USD 7,019,781 from Parent for the years ended March 31, 2004 and 2003 respectively.

(in USD)

Particulars	For the year ended March 31, 2002	For the year ended March 31, 2003	For the year ended March 31, 2004	For nine months ended December 31, 2004
Included in revenue	4,947,662	7,021,033	3,332,988	1,409,127
From Parent	4,947,084	7,019,781	3,251,037	1,409,127

2.13 Derivative financial instruments

In accordance with SFAS 133, Accounting for Derivatives, the derivative instruments are accounted for at fair value. Changes in the fair value of a derivative are accounted for in the statement of operations or a comprehensive income item depending on the nature of the hedge, if any. As a matter of policy the Company does not engage in derivatives trading, derivatives market making or other speculative activities.

2.14 Advertising Costs

Advertising costs are expensed as incurred and are included in selling, general and administrative expense.

3. Reorganization and Common Stock

3.1 Effective July 1, 2001 the Company merged its subsidiaries, namely Command Systems Inc and Ivory International Inc. into the Company.

3.2 Effective July 1, 2001, the Company has restructured its business model. The Company acts as a marketing representative for its Parent in the United States of America for the software project and product businesses. The Company is reimbursed cost of providing on site project services and marketing & agency services and is remunerated at a fixed percentage of the above costs. The Company continues to be the principal in the staff augmentation business.

3.3 Effective December 1, 2001, the Company transferred assets and liabilities of its wholly owned subsidiary, Command International Software Pvt. Ltd. to its Parent for USD 993,766. The transfer has been accounted for at the book value of assets and liabilities as the entities are under common control. During the year, a resolution to voluntarily windup Command was passed.

3.4 During the year ended March 2001, resolution to voluntarily wind up Command International Holdings, LLC, a wholly owned subsidiary, has been passed.

3.5 In 2002, the Board of Directors authorized a reduction in the par value of its common stock to USD 0.30 per share. Accordingly, an amount of USD 29,802,500 was transferred from Common Stock to Additional Paid in Capital to reflect the reduction in par value. During the year, the Company issued 1,000,000 shares of Class B of USD 0.01 each to its parent company. There is no difference in rights in respect of shares of Class B and Class A, other than par value.

3.6 During 2002, the Board of Directors of the Company authorized a quasi reorganization of its capital to transfer the accumulated deficit to Additional paid in capital. Upon consummation of the quasi-reorganization, no deficit exists in the retained earnings / accumulated deficit. This is consistent with management's opinion that the losses and accumulated deficit resulted due to the impairment charge related to goodwill and significant costs related to establishing a sales and project workforce for the project business.

4. Property, equipment and Capitalized Software

4.1 Property and equipment

(in USD)

Description of assets	Estimated Life (Years)	As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at December 31, 2004
Leasehold improvements	Lower of 5 or lease	269,117	100,816	191,877	265,801	267,470
Computers	3	-	863,527	870,233	773,693	1,119,406
Furniture and Fixtures and Office Equipment	5	1,237,381	294,173	302,782	290,343	358,285
Vehicles	5	-	19,810	19,810	90,667	90,667
		1,506,498	**1,278,326**	**1,384,702**	**1,420,504**	**1,835,828**
Less: Accumulated depreciation and amortization		30,061	425,470	700,675	896,584	1,485,064)
		1,476,437	**852,856**	**684,027**	**523,920**	**350,763**
Depreciation and amortization for the year		-	670,746	437,951	299,388	160,236

4.2 Capitalized Software

(in USD)

Description of assets	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at December 31, 2004
Software				
- Capitalized	-	-	95,683	566,958
- Work-in- process	29,940	148,773	266,316	348,210
Less: Accumulated depreciation	-	-	13,248	361,771
Net	**29,940**	**148,773**	**348,751**	**553,397**

5. Operating Leases

The Company has non-cancelable long term operating leases for various office facilities and equipment. Rent expense under operating leases was USD 786,818 and 875,047 for the year ended March 31, 2004 and 2003, respectively. Future minimum lease payments at March 31,2004 for these non-cancelable operating leases, net of minimum rentals to be received under non-cancelable subleases are as follows

(in USD)

Particulars	As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at December 31, 2004
Year 1 after current year	747,388	740,189	816,477	746,096	746,096
Year 2 after current year	615,800	672,598	755,096	545,915	545,915
Year 3 after current year	532,066	653,602	549,665	302,177	302,177
Year 4 after current year	516,072	460,955	302,177	309,731	309,731
Year 5 after current year	258,036	229,654	309,731	317,474	317,474
Thereafter	-	1,042,046	1,061,381	715,358	658,957
Total:	**2,669,362**	**3,799,044**	**3,494,327**	**2,936,751**	**2,880,350**

(in USD)

Particulars	As at March 31, 2001	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at December 31, 2004
Security Deposits related to leases for office space	485,697	342,243	323,830	318,499	319,137

6. Related party transactions

(in USD)

Entity and Relationship	Nature of transactions	For the year ended 31 March, 2001	For the year ended 31 March, 2002	For the year ended 31 March, 2003	For the year ended 31 March, 2004	For the nine months period ended 31 December, 2004
Parent	Revenue	-	5,243,909	7,443,524	3,418,131	1,457,356
Parent	Corporate Charges	-	-	-	1,817,465	1,368,943
Parent	Transfer of assets	-	993,766	-	-	-
Mr. V. Shivakumar (Member of Board of Directors)	Services	205,545	-	-	-	-

In March 2004, the Company borrowed (SGD 1,299,750) USD 772,142 from a fellow subsidiary, ICICI Infotech Pte Limited, at an interest rate of LIBOR (London Inter Bank Offered Rate) plus 100 basis points.

Interest expense for the years ended March 31, 2004 and 2003 includes interest paid to fellow subsidiary and Parent amounting to USD NIL and 38,535, respectively.

7. Income Taxes

7.1 Components of the income tax provision (benefit) for income taxes follow:

(in USD)

Particulars	For the year ended March 31, 2001	For the year ended March 31, 2002	For the year ended March 31, 2003	For the year ended March 31, 2004	For nine months period ended December 31, 2004
Current:					
Federal	-	-	-	-	-
State	49,233	111,602	(42,273)	20,000	-
Foreign	-	7,119	-	-	-
Total current	**49,233**	**118,721**	**(42,273)**	**20,000**	**-**
Deferred:					
Federal	-	-	-	-	-
State	-	-	-	-	-
Foreign	-	-	-	-	-
Total deferred	**-**	**-**	**-**	**-**	**-**
Total provision (benefit)	**49,233**	**118,721**	**(42,273)**	**20,000**	**-**

7.2.1 Significant components of the Company's deferred income tax assets and (liabilities) are as follows:

(in USD)

	For the year ended March 31, 2002	For the year ended March 31, 2003	For the year ended March 31, 2004	For nine months ended December 31, 2004
Deferred tax assets:				
Federal and state net operating loss carry forwards	2,384,775	2,836,926	4,235,266	4,235,266
Allowance for doubtful accounts	107,575	219,997	68,866	68,866
Equipment and improvements	58,774	72,485	72,706	72,706
Accrued warranty, legal and others	122,292	112,602	127,098	127,098
Accrued wages	53,164	43,029	36,226	36,226
Unrealized gains	2,843	2,930	2,827	2,827
Goodwill	110,443	113,846	109,820	109,820
	2,839,866	**3,401,815**	**4,652,809**	**4,652,809**
Deferred tax liabilities:				
Net deferred income tax asset	2,839,866	3,167,569	4,652,809	4,652,809
Less: valuation allowance	2,839,866	3,167,569	4,652,809	1,735,644
Net deferred income tax asset (liability)	**-**	**-**	**-**	**2,917,165**

The Company has net operating loss ("NOL") carry forwards for federal and state tax purposes of approximately USD 10,645,136 at March 31, 2004 that expires through March 31, 2023.

The undistributed foreign earnings are in a deficit position at March 31, 2004 and are considered to be indefinitely reinvested. Accordingly, no provision for U.S. federal and state income taxes has been provided thereon, nor is it practicable to determine the amount. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes.

8. Foreign currency gain / loss

The net foreign exchange gains / (losses) recorded in the Statement of Operations were as under:

(in USD)

	For the year ended March 31, 2001	**For the year ended March 31, 2002**	**For the year ended March 31, 2003**	**For the year ended March 31, 2004**	**For nine months period ended December 31, 2004**
Net foreign exchange gains / (losses)	-	-	-	(24,987)	(21,797)

9. Litigation

The Company is subject to legal proceedings and claims, which have arisen, in the ordinary course of its business. Management believes, based on consultation with counsel that the ultimate resolution of the litigations will not have a material adverse effect on the Company's results of operations, financial conditions or liquidity. However, the final outcome of the litigations can not be predicted with certainty and accordingly, no assurance can be given that the ultimate resolution of the litigation will not have a material impact on the Company's results of operations, financial condition or liquidity.

Appendix B

ICICI INFOTECH PTE LTD.

STATEMENT OF ASSETS AND LIABILITIES

(Figures in SGD)

Particulars	As on March 31,				Nine months period ended December 31, 2004#
	2001	2002	2003	2004	
Liabilities					
Shareholders' Equity					
Share capital	1,000,000	1,690,000	1,690,000	1,690,000	1,690,000
Share Application money	-	4,188	-	-	-
Retained profits	83,566	521,562	744,160	970,983	1,234,456
Foreign Currency Translation reserve	-	-	216	(26,409)	-
	1,083,566	**2,215,750**	**2,434,376**	**2,634,574**	**2,924,456**
Deferred Tax Liability	**1,200**	**-**	**-**	**-**	**-**
Current Liabilities					
Payables	90,444	295,385	429,278	757,416	1,964,266
Current Tax	2,000	119,585	18,979	26,647	-
	92,444	**414,970**	**448,257**	**784,063**	**1,964,266**
	1,177,210	**2,630,720**	**2,882,633**	**3,418,637**	**4,888,722**
Assets					
Current Assets					
Cash & cash equivalents	1,020,345	1,813,046	1,887,702	698,298	1,451,066
Accounts receivable, net	146,816	679,234	822,452	1,233,812	1,638,665
Loan to related corporation	-	-	-	1,299,750	-
Other current assets	5,721	-	-	-	-
	1,172,882	**2,492,280**	**2,710,154**	**3,231,860**	**3,089,731**
Non-current assets					
Investment in subsidiary	-	-	-	-	-
Fixed Assets (net)	4,328	138,440	172,479	186,777	309,327
Other non-current assets	-	-	-	-	1,489,664
	4,328	138,440	172,479	186,777	1,798,991
	1,177,210	**2,630,720**	**2,882,633**	**3,418,637**	**4,888,722**

- Figures for the Nine months period ended December 31, 2004 represent audited accounts under Indian GAAP

ICICI INFOTECH PTE LTD.

STATEMENT OF PROFITS AND LOSSES

(Figures in SGD)

Particulars	Year ended March 31,				Nine months period ended December 31, 2004#
	2001	2002	2003	2004	
Revenues	132,649	1,677,679	2,519,506	4,466,086	5,262,168
Direct costs	25,243	668,874	410,963	1,361,686	3,184,781
Staff costs	67,720	283,939	1,407,439	1,915,215	1,204,729
Depreciation	3,087	42,817	69,391	126,402	93,359
Other operating expenses	20,178	182,911	353,204	684,823	532,993
Other Income	70,345	57,105	29,816	-	39,950
Operating Profit	86,766	556,243	308,325	377,960	286,256
Finance costs-net	-	-	87,823	37,537	-
Profit before tax	86,766	556,243	220,502	340,423	286,256
Tax charge/(credit)	3,200	118,247	(2,096)	24,000	-
Net Profit	83,566	437,996	222,598	316,423	286,256

- Figures for the Nine months period ended December 31, 2004 represent audited accounts under Indian GAAP.

ICICI INFOTECH PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

(Figures for the Nine months period ended December 31, 2004 represent audited accounts under Indian GAAP)

1. General

The Company is incorporated and domiciled in Singapore. The address of the Company's registered office is 8 Cross Street, #11-00 PWC Building, Singapore 048424.

The principal activities of the Company are to carry on the business of Information Technology products and services with focus on financial services and ERP. The Company has two clearly demarcated lines of business namely projects & services and products & solutions. In the projects & services business, the company is engaged in, among other things customized software development, information systems consulting, system integration and maintenance, software re-engineering services, business process re-engineering services, managed services in the area of IT help desk operations, etc. In the products & solutions business, the company is engaged in vending proprietary software products in the area of Banking, Insurance and ERP solutions.

2. Significant accounting policies

(a) Effect of changes in Singapore Companies Legislation

Pursuant to the Singapore Companies (Amendment) Act 2003, with effect from financial years commencing on or after 1st January, 2003, Singapore-incorporated companies are required to prepare and present their statutory financial statements in accordance with Singapore Financial Reporting Standards ("FRS"). Hence, these financial statements, including the comparative figures, have been prepared in accordance with FRS.

Previously, the Company and the Group prepared their statutory financial statements in accordance with Singapore Statements of Accounting Standard. The adoption of FRS does not have any material impact on the accounting policies and figures presented in the statutory financial statements for financial year ended 31 March 2003.

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Principles of Consolidation

The accompanying financials statements includes the accounts of the Company and its subsidiary i.e. ICICI Infotech SDN BHD for the years ended March 31,2003, March 31, 2004 and the nine months period ended December 31, 2004. All significant inter-company accounts and transactions have been eliminated on consolidation.

(c) Group accounting - Subsidiary

Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Wherever necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(d) Foreign currencies

(i) Measurement currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("the measurement currency"). The financial statements of the Company are presented in Singapore dollars, which is also the measurement currency of the Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of transactions.

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date. Exchange differences arising are taken to the income statement.

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits of the products sold and services rendered will flow to the Company and the revenue and costs associated with it can be measured reliably.

Software development, solutions implementation and enhancement and consulting revenue is recognised on the basis of chargeable time or milestone completion for billing in accordance with the terms in the respective agreement. Income from managed services is recognised according to the relevant agreements.

Licence fees on sale of software products are recognised based on the delivery of the licensed software or on completion of milestone in accordance with the terms in the respective licence agreement.

Interest income is recognised on an accrual basis.

(f) Deferred tax

Tax expense is determined on the basis of tax effect accounting using the liability method. Deferred tax is provided in full on temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements.

The tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which the temporary differences can be utilised.

(g) Trade debtors

Trade debtors are stated at original invoice amount less allowance made for doubtful debts based on a review of all outstanding amounts at the financial year end. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of debts. Bad debts are written off when identified.

(h) Investment in subsidiary

The investment in subsidiary is intended to be held for long-term and is stated at cost. Where necessary, provision is made in recognition of impairment in value.

(i) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a reducing balance basis so as to write off the cost of fixed assets over their expected useful lives. The estimated useful lives are as follows:

Computer	1 year
Office equipment	3 years
Furniture and fixtures	3 years
Motor vehicle	6 years
Renovation	2 years

When an indication of impairment exists, the carrying amount of asset is assessed and written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statement.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events that it is probable, that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(k) Operating leases

Operating lease payments are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

3. Revenue

Revenue represents income from Information Technology solutions and services rendered at invoiced value.

4. Loan to related corporation

The loan to a related corporation is unsecured, bears interest at hundred basis points over United States Dollar 3 monthly London Inter Bank Offered Rate (LIBOR) and is repayable within the next 12 months. The interest rate for the financial year ranged from 3% per annum to 0.8% per annum.

5. Holding and ultimate holding corporation

The Company is a wholly owned subsidiary of 3i Infotech Limited (Formerly ICICI Infotech Limited), incorporated in India, which is also its ultimate holding corporation.

6. Fair values

The carrying amount of the Company's financial assets and liabilities approximate their fair values.

7. Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are payable as follows:

Particulars	As at March 31, 2001 S$	As at March 31, 2002 S$	As at March 31, 2003 S$	As at March 31, 2004 S$	As at December 31, 2004 S$
Not later than one financial year	54,000	180,510	192,218	183,965	109,933
Later than one financial year but not later than five financial years	-	124,445	35,795	33,600	230,209
	54,000	304,955	228,013	217,565	340,142

8. Dividend

An interim dividend of S$112,000 @ 6.627 cents per share, net of tax at 20%, amounting to S$89,600 was paid on 27 March 2004 in respect of the financial year ended 31st March, 2004.

9. Financial risk management

Company's policies covering specific areas of risks are:

(i) Foreign currency exchange rate risk

Foreign exchange risk arises primarily with respect to those sales and purchases denominated in United States Dollars and Euro. The Company monitors its foreign currency exposures closely.

(ii) Interest rate risk

The Company monitors market interest rates closely to ensure that favourable interest rates are secured.

(iii) Credit risk

The Company has no significant concentration of credit risk. The Company has policies in place to ensure that services are rendered for customers with adequate financial standing and an appropriate credit history.

(iv) Liquidity risk

The Company maintains sufficient liquidity to meet the Company's operating requirements.

10. Investment in subsidiary

During the year 2002-03, the Company promoted a wholly owned subsidiary in Malaysia – ICICI Infotech SDN BHD by investing S$ 116,160. The principal activities of the subsidiary is IT Consultancy and other related services in the banking, financial services, insurance segment.

11. Related party transactions

The following related party transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

	As at March 31, 2001 S$	As at March 31, 2002 S$	As at March 31, 2003 S$	As at March 31, 2004 S$	As at December 31, 2004 S$
Services rendered by the holding corporation	17,471	213,067	153,363	405,836	364,639
Software licence costs to holding corporation	-	-	9,571	264,752	120,900
Fee to an independent director	-	-	1,000	3,370	11,333

APPENDIX C

ICICI INFOTECH PTY LTD.

STATEMENT OF ASSETS AND LIABILITIES

Figures in AUD

Particulars	As on March 31,		Nine months period ended December 31, 2004 #
	2003	2004	
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	584,733	1,665,642	1,665,642
Share Application Money	593,846	-	-
	1,178,579	1,665,642	1,665,642
Loan Funds:			
Unsecured Loans	-	761,200	1,206,200
	1,178,579	**2,426,842**	**2,871,842**
APPLICATION OF FUNDS			
Non-current assets			
Fixed Assets :			
- Gross Block	94,139	147723	147,724
- Less: Accumulated Depreciation	10,831	47791	77,392
Net Block	**83,308**	**99,932**	**70,332**
Current Assets, Loans and Advances			
Sundry Debtors	-	27,500	9,405
Unbilled revenues	-	12,500	-
Cash & Bank Balances	171,906	132,079	102,562
Loans & Advances	10,691	59,560	47,083
	182,597	**231,639**	**159,050**
Less: Current Liabilities and Provisions:	305,214	526,564	672,488
Net Current Assets	(122,617)	(294,925)	(513,437)
Profit & Loss Account (Debit balance)	1,217,888	2,621,835	3,314,947
	1,178,579	**2,426,842**	**2,871,842**

- Figures for the Nine months period ended December 31, 2004 represent audited accounts under Indian GAAP

ICICI INFOTECH PTY LTD.

STATEMENT OF PROFITS AND LOSSES

Figures in AUD

Particulars	Year ended March 31,		Nine months period ended December 31, 2004 #
	2003	2004	
INCOME:			
Software Development Services & Products	-	50,000	1,781
Other Income	3,568	30,425	1,906
Total Income	3,568	80,425	3,687
EXPENDITURE:			
Cost of Revenue	-	11,306	8,234
Selling, General and Administrative Expenses	1,210,625	1,428,285	629,804
Depreciation	10,831	36,959	29,601
Total Expenditure	1,221,456	1,476,550	667,639
Profit Before Interest & Tax	(1,217,888)	(1,396,125)	(663,952)
Interest (net)	-	7,821	29,160
Profit After Interest & Tax	(1,217,888)	(1,403,946)	(693,112)

- Figures for the Nine months period ended December 31, 2004 represent audited accounts under Indian GAAP

ICICI INFOTECH PTY LTD.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1.1 Method of Accounting

The financial statements are prepared under the historical cost convention, on an accrual basis.

1.2 Revenue Recognition

Revenue from software development and consulting services is recognised either on time and material basis or on fixed price basis. Revenue on time and material contracts is recognised as and when services are performed. Revenue on our fixed-price contracts is recognised on the percentage of completion method.

Revenue from sale of licenses of software products and other products are recognized on delivery / installation. Maintenance revenue is deferred and recognized ratably over the period of the underlying maintenance agreement.

Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

1.3 a. Fixed Assets

Fixed Assets are stated at cost, which comprises of purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use, net of refundable taxes if any.

b. Depreciation/ Amortization

Depreciation has been provided on straight-line method at the following rates. Such rates are fixed after considering the applicable laws of Australia and management estimation of the useful life of the assets, as follows: -

Office equipment	-	4 years
Computers	-	3 years
Furniture & fixtures	-	4 years

1.4. Translation of Foreign Currency Items

Foreign currency transactions during the year are translated into the recording currency at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Australian Dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the profit and loss account.

1.5. Employee Benefits

Contributions to defined pension plans of the state are recognized as an expense in the profit and loss account as incurred.

1.6. Although the accumulated losses as at the close of the nine months period ended December 31, 2004, exceed the Networth of the Company, the financial statements has been prepared on a going concern basis as, in the opinion of the management, the operations of the company are in its initial stages, there are better business prospects and continuing support assured by the holding company.

1.7. Audit

As per the local laws of Australia, the Company is exempt from audit.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

US GAAP	Indian GAAP
1. Contents of Financial statements	
Three years required by SEC for all statements except balance sheet.	Two years' balance sheets, profit and loss account, accounting policies and notes. Only companies listed on Indian stock exchanges and non-listed enterprises whose turnover exceeds Rs. 500 million are required to furnish cash flow statements.
2. Changes in accounting policies	
Generally include effect (net of taxes) in current year income statement after extraordinary items. Disclose proforma comparatives. Retrospective adjustments for specific items. **Disclosure:** ● Cumulative effect of change on the amount of retained earnings at the beginning of the period in which the change is made. ● Effect of change on income before extraordinary items and on net income (and related per share amounts). ● Income before extraordinary items and net income computed on pro forma basis on the face of the income statement for all periods presented as if the new policy had been applied during all periods.	Include effect in the income statement of the period in which the change is made. **Disclosure:** ● Impact of and adjustments resulting from the change, if material, is to be shown in the financial statements of the period in which the change is made. ● If the effect of the change cannot be estimated that fact is to be disclosed. ● A change that has no material effect in the current period but is reasonably expected to have material effect in later periods is to be appropriately disclosed in the period in which change is adopted.
3. Combinations	
Purchase method – fair values on acquisition	
Fair value assets and liabilities of acquired entity. Specific rules for acquired in-process research and development (generally expensed). Some liabilities relating to the acquired entity may be recognised in restricted circumstances. Liabilities are not recorded at the date of acquisition if they result from the acquirer's intentions or actions.	Assets and liabilities may be incorporated at their existing carrying amounts, or alternatively the consideration is allocated to individual assets and liabilities on the basis of their fair values. No separate acquisition provisions allowed.
Purchase method – subsequent adjustments to fair values	Subsequent adjustments normally not allowed.
Fair values can be corrected against goodwill in an allocated period of up to one year following the date of the acquisition. Adjustments made during the allocation period relating to data for which management was waiting to complete the allocation are recorded against goodwill. Record subsequent adjustments in income statement. Reversals of acquisition provisions always adjust goodwill.	

US GAAP	Indian GAAP
Purchase method – contingent consideration	
Not recognised until the contingency is resolved or the amount is determinable	Included in consideration if the payment is probable and a reasonable estimate of theamount can be made. Adjustment is made to goodwill or capital reserve, as applicable.
Purchase method – minority interests at acquisition	
Usually state at share of preacquisition carrying value of net assets.	State at share of preacquisition carrying value of net assets
Purchase method – disclosure	
Disclosures include names and descriptions of combining entities, method of accounting for acquisition and date of acquisition, summary of fair values of assets and liabilities acquired and impact on results and financial position of acquirer, the reasons for the acquisition, and details of allocations. Public companies must also present proforma income statement information as if acquisition occurred at the start of the comparative period.	Disclosures include names and descriptions of combining entities, method of accounting for acquisition and date of acquisition, summary of fair values of assets and liabilities acquired and impact on results and financial position of acquirer. Additional disclosures include particulars of the scheme sanctioned under a statute, consideration and description of the consideration paid or contingently payable, amount of goodwill/ capital reserve, and the treatment thereof.
4. a) Goodwill	
Capitalize but do amortize Goodwill should be tested for impairment at least annually at the reporting unit level.	Capitalize and amortize to income over useful life, normally not exceeding 5 years.
b) Negative goodwill	
Reduce proportionately the fair values assigned to non-current assets (with certain exceptions). Any excess is recognised in the income statement immediately as an extraordinary gain	Treat as capital reserve, which is not amortised.
5. Intangible assets	
Capitalise purchased intangible assets. Goodwill and other intangibles are not presumed to be wasting assets. All intangibles that have indefinite useful life are required to be tested, at least annually, for impairment. Intangible assets that have finite useful life are required to be amortised over their useful lives.	Capitalize intangible assets if specific criteria are met and amortise over useful life. The recoverable amount of an intangible asset that is not available for use or is being amortised over a period exceeding 10 years should be reviewed at each year-end. Amortisation should be based on the consumption pattern of the asset or on straight line basis if a pattern is not determinable. The amortisation period should be reviewed at each year-end and changed if significantly different from previous estimates. Subsequent expenditure on an intangible asset is recognized as an expense unless it is probable that the expenditure will generate future benefits in excess of originally assessed standards of performance.

US GAAP	Indian GAAP
6. Internally generated intangible assets	
Expense both research and development costs as incurred. Some software and website development costs must be capitalised	Intangible assets arising from development are recognised if specific criteria are met. Expense research costs as incurred. Internally generated goodwill is not recognised
7. Revenue recognition	
Recognise revenue if meets specific criteria. Numerous accounting guidance for specific industries and situations.	Recognise revenue if meets specific criteria.
8. Employee Benefits	
Must use projected unit credit method to determine benefit obligation	If employer chooses to make payment for retirement benefits out of his own funds provision in the accounts is normally made based on actuarial valuation. In case liability is funded through creation of a trust, cost incurred for the year is determined actuarially. Annual contributions are normally based on actuarial valuation. In case liability is funded through a scheme administered by an insurer, an actuarial certificate or confirmation from the insurer regarding contributions payable is obtained. The financial statements have to disclose the method by which retirement benefit costs for the period have been determined. In case the costs are based on actuarial valuation, the financial statements to disclose the date of actuarial valuation and the method by which the accrual for the period has been determined.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by us. These contracts, copies of which have been attached to the copy of this Offer Document have been delivered to the Registrar of Companies, Maharashtra at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company located at Tower # 5, 3rd to 6th floors, International Infotech Park, Vashi, Navi Mumbai 400 703 from 10.00 a.m. to 4.00 p.m. on working days from the date of this Prospectus until the date of closure of the Issue.

Material Contracts

1. Letter dated January 18, 2005, from JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited offering their services to act as Book Running Lead Managers and ICICI Securities Limited offering its services to act as Co- Book Running Lead Manager to the Issue and Company's acceptance thereto.
2. Memorandum of Understanding (MOU) between the Company and the BRLMs dated February 7, 2005.
3. Memorandum of Understanding between the Company and MCS Limited dated February 7, 2005.
4. Syndicate Agreement dated March 28, 2005.
5. Escrow Agreement dated March 28, 2005.
6. Underwriting Agreement dated April 6, 2005.

Documents for Inspection

1. The Memorandum and Articles of Association of the Company.
2. Fresh Certificate of Incorporation of the Company dated January 20, 2005.
3. Certificate of Incorporation of the Company dated October 11, 1993.
4. Certificate of Commencement of Business of the Company dated December 12, 1993.
5. Resolution of the Board of Directors of the Company, passed at its Meeting held on November 1, 2004 authorising Issue of Equity Shares of the Company and resolution of the members of the Company passed at its Extraordinary General Meeting held on January 18, 2005 authorising the Board of Directors to decide the terms and conditions for this Issue.
6. Resolution of the Board of Directors of the Company passed at its meeting held on November 1, 2004 forming a Committee of Directors to do all such acts and deeds for the Issue. Resolution of the Committee dated January 31, 2005 to approve the Issue Size.
7. The reports of the auditors of the Company, Lodha & Co. dated January 23, 2005 prepared as per Indian GAAP and mentioned in the Prospectus and copies of balance sheet and profit and loss account for the five years ended March 31, 2000, 2001, 2002, 2003 and 2004 and the nine-month period ended December 31, 2004 of the Company referred to therein.
8. Consents of Directors, Auditors, Legal Advisors, Expert named in the Prospectus, BRLMs, Syndicate Members, Registrar to the Offer, Escrow Bankers, Bankers to the Offer, Bankers to the Company, Company Secretary and Compliance Officer as referred to in their respective capacities.
9. General Power of Attorney executed by Directors of the Company in favour of person(s) for signing and making necessary changes to the Prospectus.
10. Resolution of the Members of the Company passed at the Annual General Meeting held on July 23, 2004 appointing Lodha & Company as statutory auditors for the year 2004-2005.
11. Due diligence certificate dated February 8, 2005 to SEBI from JM Morgan Stanley Private Limited and DSP Merrill Lynch Limited. SEBI observation Letter No. CFD/DIL/UR/34979/2005 dated March 1, 2005, *in-seriatim* reply from JM Morgan Stanley Private Limited and DSP Merrill Lynch Limited dated March 9, 2005, and fresh due-diligence certificate dated March 18, 2005.
12. "In-principle" listing approval for listing the equity shares of the Company on NSE and BSE dated March 2, 2005 and

February 24, 2005 respectively.

13. Initial listing application to NSE and BSE dated March 9, 2005 and March 9, 2005 respectively.
14. Bipartite agreement between the Company and NSDL.
15. Bipartite Agreement between the Company and CDSL.
16. Stabilization Agreement dated February 7, 2005 between the Company, ICICI Bank Limited and DSP Merrill Lynch Limited.
17. Letter from ICICI Bank Limited dated February 5, 2005 conveying their approval for pre-payment by way of redemption of preference shares.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF THE COMPANY

Hoshang Sinor* *Chairman*	Suresh Kumar*	Vijay Thacker*
Ramni Nirula*	Balaji Swaminathan*	V. Srinivasan *Managing Director and CEO*
Manoj Kunkalienkar	Hari Padmanabhan*	Vincent Addonisio*
Amar Chintopanth *Chief Financial Officer*		

* through their constituted attorney, Mr. V. Srinivasan

Date : April 7, 2005
Place : Mumbai

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