

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007
(Amounts in thousands of Indian Rupees)

	March 31,	
	2007	2006
<u>SOURCES OF FUNDS</u>		
Shareholders' funds		
Share capital	416,443	381,442
Share application money pending allotment	401,679	10,309
Reserves and surplus	23,202,085	13,415,421
Deferred tax liability	1,745	1,649
	24,021,952	13,808,821
<u>APPLICATION OF FUNDS</u>		
Fixed Assets		
Cost	9,626,424	3,966,811
Less: Accumulated depreciation, amortisation and impairment	2,031,318	1,389,133
Net book value	7,595,106	2,577,678
Capital work-in-progress and advances	1,346,108	581,356
	8,941,214	3,159,034
Investments	59,166	52,355
Deferred tax asset	141,483	70,762
Current assets, loans and advances		
Sundry debtors	7,494,397	5,257,917
Cash and bank balances	7,197,754	6,869,435
Other current assets	1,194,592	309,124
Loans and advances	4,325,016	2,049,494
	20,211,759	14,485,970
Less: Current liabilities and provisions		
Current liabilities	4,912,992	3,280,741
Provisions	418,678	678,559
	5,331,670	3,959,300
Net current assets	14,880,089	10,526,670
	24,021,952	13,808,821

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007
(Amounts in thousands of Indian Rupees, except per share data)

	<u>Year ended March 31,</u>	
	<u>2007</u>	<u>2006</u>
Revenue	20,609,382	14,823,003
Cost of revenue	(11,066,050)	(7,794,099)
Gross profit	9,543,332	7,028,904
Operating expenses		
Selling and marketing expenses	(2,656,196)	(2,008,958)
General and administrative expenses	(2,462,635)	(1,757,806)
Depreciation and amortisation	(653,023)	(460,368)
Provision for impairment of goodwill	-	(57,958)
Income from operations	3,771,478	2,743,814
Non-operating income		
Interest income	376,907	294,552
Other expenses, net	(17,253)	(9,907)
Income before provision for taxes and prior period items	4,131,132	3,028,459
Provision for taxes		
Current tax	(413,192)	(574,971)
Deferred tax	70,625	69,554
Fringe benefit tax	(73,391)	(55,000)
Net income for the year before minority interest, share of profit of associate company and prior period items	3,715,174	2,468,042
Minority interest	-	2,564
Share of profit of associate company	7,622	3,328
Net income for the year before prior period items	3,722,796	2,473,934
Prior period items	-	(97,409)
Net income	3,722,796	2,376,525
Profit and loss account, beginning of the year	630,950	690,664
Amount available for appropriation	4,353,746	3,067,189
Appropriations :		
Proposed dividend	-	(381,442)
Tax on Proposed dividend	-	(53,497)
Dividend paid on stock options exercised	(1,237)	(1,140)
Tax on dividend paid tax on stock options exercised	(174)	(160)
Transfer to general reserve	-	(2,000,000)
Surplus carried to Balance sheet	4,352,335	630,950
Earnings per share of Rs 5/- each (in Rs)		
Basic	47.05	31.45
Diluted	45.76	30.62

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2007
(Amounts in thousands of Indian Rupees)

	Year ended March 31,	
	2007	2006
Cash flows from operating activities		
Income before provision for taxes and prior period items	4,131,132	3,028,459
Adjustments to reconcile income before provision for taxes to cash provided by operating activities :		
Depreciation and amortisation	653,023	460,368
Deferred compensation expense	33,451	-
Loss (Profit) on sale of fixed assets, net	4,554	(314)
Reversal of provision for diminution in value of investments, net	-	(5,528)
Loss on sale of investments	-	4,785
Advances written off	8,351	22,800
Marked to market of current investment	810	-
Interest income	(376,907)	(294,552)
Effect of exchange difference on cash and bank balances	(5,811)	(34,347)
Finance charge on leased assets	5,284	2,665
Provision for impairment of goodwill	-	57,958
Provision for doubtful debts, net	87,611	52,535
	4,541,498	3,294,829
Changes in assets and liabilities, net of effect of acquisition		
Increase in sundry debtors and unbilled revenue	(2,618,971)	(1,691,184)
Increase in loans and advances	(1,712,943)	(705,842)
Increase in current liabilities and provisions	1,200,233	1,133,689
Cash from operating activities	1,409,817	2,031,492
Payment of domestic and foreign taxes	(1,083,505)	(952,397)
Net cash provided by operating activities	326,312	1,079,095
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(1,236,170)	(1,220,372)
Net Investment in lease	(36,844)	-
Acquisition of customer contract and product intellectual property rights ('IPR')	-	(43,009)
Acquisition of company, net of cash acquired	(5,513,044)	(34,962)
Investment in Dhanlakshmi Bonds	-	(10,000)
Proceeds from sale of fixed assets	13,157	8,948
Bank fixed deposits having maturity of more than 90 days matured	7,679,391	7,600,014
Bank fixed deposits having maturity of more than 90 days booked	(6,944,981)	(8,122,931)
Proceeds from sale of investments	20,000	2,621
Interest received	352,313	301,072
Net cash (used in) investing activities	(5,666,178)	(1,518,619)
Cash flows from financing activities		
Issue of shares against Employee Stock Option Plan ('ESOP') scheme and options to IBM	678,514	391,761
Issue of shares to Oracle Global Mauritius Limited	5,814,999	-
Share application money from GE	361,238	40,441
Advance against equity shares to be issued under ESOP Scheme	-	10,309
Repayment of loan by Employee Stock Purchase Scheme ('ESPS') Trust	4,925	117,500
Payment of dividend and tax thereon	(436,350)	(428,207)
Payment of lease obligations	(16,511)	(14,834)
Net cash provided by financing activities	6,406,815	116,970
Effect of exchange difference on cash and bank balances	(4,258)	34,347
Net increase (decrease) in cash and cash equivalents	1,062,691	(288,207)
Cash and cash equivalents at beginning of the year	2,085,290	2,373,497
Cash and cash equivalents at end of the year (Note 1)	3,147,981	2,085,290

Note 1 :**Component of cash and cash equivalent**

	March 31,	
	2007	2006
Cash in hand	2,133	4,354
Cheques on hand	50,111	86,975
Balances with scheduled banks:		
Current accounts in foreign currency	463,916	428,269
Other current accounts	87,431	159,153
Deposit accounts	3,712,495	4,382,123
Deposit amount of		
Unutilised IPO funds	287,190	528,728
Preferential issue	497,263	-
Margin money deposit	10,620	1,883
Unclaimed dividend amount	2,065	2,027
Balances with non-scheduled banks:		
Current accounts in foreign currency	1,858,678	1,275,534
Deposit account in foreign currency	225,852	389
Total cash and bank balances	<u>7,197,754</u>	<u>6,869,435</u>
Less:		
Bank deposits having maturity of more than 90 days	(4,037,088)	(4,780,235)
Margin money deposit	(10,620)	(1,883)
Unclaimed dividend accounts	(2,065)	(2,027)
Cash and cash equivalents at end of the year	<u>3,147,981</u>	<u>2,085,290</u>

(Amounts in thousands of Indian Rupees)

SEGMENT INFORMATION

Business segments are defined as components of an enterprise about which separate financial information is available. This information is reviewed and evaluated regularly by the management, in deciding how to allocate resources and in assessing the performance.

The Group is organized geographically and by business segment. For management purposes the Group is primarily organised on a worldwide basis into three business segments:

- a) Product licenses and related activities ('Products') and
- b) IT solutions and consulting services ('Services')
- c) Knowledge Processing Services ('KPO-Services')

The business segments are the basis on which the Group reports its primary operational information to management. Product licenses and related activities segment deals with banking software products like the FLEXCUBE suite of products, Reveleus, Microbanker and Daybreak which cater to needs of corporate, retail and investment banking as well as treasury operations and data warehousing requirements. The related activities include enhancements, implementation and maintenance activities. Product segment further comprises of casualty insurance carriers which include insurance product and process configuration, policy administration, customer management, billing and claims management. Anti-money laundering and compliance solutions are the new additions to product segment on acquisition of Mantas.

IT solutions and consulting services comprise of bespoke software development, provision of computer software solutions and related consulting services arising from such activities. This segment is further sub-divided in the following sub-segments i.e. Business intelligence, Customer relationship management, Brokerage, e-commerce, Internet services and IT and Business consulting.

KPO - Services comprises of knowledge process outsourcing services to the mortgage banking industry.

The activities of the joint venture are disclosed as a separate segment.

Year ended March 31, 2007

Particulars	Products	Services	KPO - Services	Joint ventures	Corporate	Eliminations	Total
Revenue							
External revenue	11,193,091	8,919,799	444,775	51,717	-	-	20,609,382
Inter-segment revenue	17,953	-	-	-	-	(17,953)	-
Total revenue	11,211,044	8,919,799	444,775	51,717	-	(17,953)	20,609,382
Cost of revenue	(4,350,515)	(6,391,068)	(298,432)	(26,035)	-	-	(11,066,050)
Gross profit	6,860,529	2,528,731	146,343	25,682	-	(17,953)	9,543,332
Selling and marketing expenses	(2,172,446)	(371,270)	(111,339)	(1,141)	-	-	(2,656,196)
General and administrative expenses	(866,690)	(424,709)	(126,313)	631	(1,045,554)	-	(2,462,635)
Depreciation and amortisation	(307,078)	(241,485)	(24,624)	(5,685)	(74,151)	-	(653,023)
Inter segment expense	-	-	-	(17,953)	-	17,953	-
Income (loss) from operations	3,514,315	1,491,267	(115,933)	1,534	(1,119,705)	-	3,771,478
Interest income							376,907
Other expenses, net							(17,253)
Income before provision for taxes							4,131,132
Provision for taxes							(415,958)
Net income for the period before share of profit of associate company							3,715,174
Share of profit of associate company							7,622
Net income							3,722,796
<u>Other information</u>							
Capital expenditure by segmen	276,705	153,336	13,100	7,857	83,344	-	534,342
Segment assets	12,999,204	5,650,821	417,648	36,378	10,249,571	-	29,353,622
Segment liabilities	3,118,195	930,957	115,417	8,129	1,562,396	-	5,735,094
Shareholders' funds	-	-	-	-	23,618,528	-	23,618,528

(Amounts in thousands of Indian Rupees)

Year ended March 31, 2006

Particulars	Products	Services	KPO - Services	Joint ventures	Corporate	Eliminations	Total
Revenue							
External revenue	7,637,364	6,929,821	234,670	21,148	-	-	14,823,003
Inter-segment revenue	3,143	-	-	-	-	(3,143)	-
Total revenue	7,640,507	6,929,821	234,670	21,148	-	(3,143)	14,823,003
Cost of revenue	(2,733,299)	(4,904,950)	(150,239)	(5,611)	-	-	(7,794,099)
Gross profit	4,907,208	2,024,871	84,431	15,537	-	(3,143)	7,028,904
Selling and marketing expenses	(1,623,237)	(312,837)	(70,855)	(2,029)	-	-	(2,008,958)
General and administrative expenses	(424,170)	(345,069)	(159,870)	(6,644)	(822,053)	-	(1,757,806)
Depreciation and amortisation	(179,197)	(173,576)	(24,741)	(2,506)	(80,348)	-	(460,368)
Provision for impairment of goodwill	-	-	-	-	(57,958)	-	(57,958)
Inter segment expense	-	-	-	(3,143)	-	3,143	-
Income (loss) from operations	2,680,604	1,193,389	(171,035)	1,215	(960,359)	-	2,743,814
Interest income							294,552
Other expenses, net							(9,907)
Income before provision for taxes							3,028,459
Provision for taxes							(560,417)
Net income for the period before minority interest,							2,468,042
Minority interest							2,564
Share of profit of associate company							3,328
Net income for the period before prior period							2,473,934
Prior period items, net of taxes							(97,409)
Net income							2,376,525
Other information							
Capital expenditure by segmen	304,199	316,215	78,695	5,963	181,179	-	886,251
Segment assets	4,634,950	4,036,178	385,410	14,236	8,697,347	-	17,768,121
Segment liabilities	1,580,865	498,704	76,303	7,723	1,807,663	-	3,971,258
Shareholders' funds	-	-	-	-	13,796,863	-	13,796,863

Segment revenue and expense:

Revenue is generated through licensing of software products as well as by providing software solutions to the customers including consulting services and knowledge process outsourcing services. The expenses which are not directly attributable to a business segment are shown as corporate expenses.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of debtors, deposits for premises and fixed assets, net of allowances. Segment liabilities primarily includes deferred revenues, finance lease obligation, advance from customer, Accrued employee cost and other current liabilities. While most such assets and liabilities can be directly attributed to individual segments, the carrying amount of certain assets and liabilities used jointly by two or more segments is allocated to segments on a reasonable basis. Assets and liabilities that cannot be allocated between the segments are shown as part of corporate assets and liabilities.