

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2007
(Amounts in thousands of Indian Rupees)

	<u>June 30,</u> <u>2007</u>	<u>March 31,</u> <u>2007</u>
<u>SOURCES OF FUNDS</u>		
Shareholders' funds		
Share capital	418,421	416,443
Share application money pending allotment	13,542	401,679
Reserves and surplus	23,690,497	23,202,085
Deferred tax liability	1,536	1,745
	<u>24,123,996</u>	<u>24,021,952</u>
<u>APPLICATION OF FUNDS</u>		
Fixed Assets		
Cost	9,522,950	9,626,043
Less: Accumulated depreciation, amortisation and impairment	2,191,634	2,030,937
Net book value	7,331,316	7,595,106
Capital work-in-progress and advances	1,597,825	1,346,108
	<u>8,929,141</u>	<u>8,941,214</u>
Investments	58,931	59,166
Deferred tax asset	158,647	141,483
Current assets, loans and advances		
Sundry debtors	6,175,505	7,494,397
Cash and bank balances	8,221,617	7,197,754
Other current assets	1,266,173	1,194,592
Loans and advances	4,508,479	4,325,016
	<u>20,171,774</u>	<u>20,211,759</u>
Less: Current liabilities and provisions		
Current liabilities	4,779,444	4,910,205
Provisions	415,053	421,465
	<u>5,194,497</u>	<u>5,331,670</u>
Net current assets	14,977,277	14,880,089
	<u>24,123,996</u>	<u>24,021,952</u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2007
(Amounts in thousands of Indian Rupees, except per share data)

	<u>Three month period ended</u>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Revenue	5,133,365	4,032,570
Cost of revenue	(3,123,059)	(2,503,098)
Gross profit	<u>2,010,306</u>	<u>1,529,472</u>
Operating expenses		
Selling and marketing expenses	(549,523)	(514,602)
General and administrative expenses	(767,845)	(494,925)
Depreciation and amortisation	(164,094)	(150,315)
Income from operations	<u>528,844</u>	<u>369,630</u>
Non-operating income		
Interest income	116,576	104,781
Other expenses, net	(198,037)	(27,006)
Income before provision for taxes	<u>447,383</u>	<u>447,405</u>
Provision for taxes		
Current tax	(76,140)	(90,579)
Deferred tax	17,711	5,157
Fringe benefit tax	(20,450)	(15,000)
Net income for the period before share of (loss) profit of associate company	<u>368,504</u>	<u>346,983</u>
Share of (loss) profit of associate company	(1,359)	4,093
Net income	<u>367,145</u>	<u>351,076</u>
Earnings per share of Rs 5/- each (in Rs)		
Basic	4.39	4.59
Diluted	4.38	4.48

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2007
(Amounts in thousands of Indian Rupees)

	Three month period ended	
	June 30, 2007	June 30, 2006
Cash flows from operating activities		
Income before provision for taxes	447,383	447,405
Adjustments to reconcile income before provision for taxes to cash provided by operating activities :		
Depreciation and amortisation	164,094	150,315
Deferred compensation expense	15,126	-
Marked to market of current investment	27	693
Interest income	(116,576)	(104,781)
Effect of exchange difference on cash and bank balances	10,102	(16,078)
Finance charge on leased assets	943	524
(Reversal) Provision for doubtful debts, net	(2,745)	249
	518,354	478,327
Changes in assets and liabilities, net of effect of acquisition		
Decrease (increase) in sundry debtors and unbilled revenue	1,247,235	(301,788)
Increase in loans and advances	(116,390)	(305,762)
(Decrease) increase in current liabilities and provisions	(81,999)	74,952
Cash from operating activities	1,567,200	(54,271)
Payment of domestic and foreign taxes	(167,482)	(154,736)
Net cash provided by (used in) operating activities	1,399,718	(209,007)
Cash flows from investing activities		
Additions to fixed assets including capital work in progress	(497,186)	(178,324)
Net Investment in lease	2,455	-
Proceeds from sale of fixed assets	2,536	11,569
Bank fixed deposits having maturity of more than 90 days matured	2,328,979	2,100,206
Bank fixed deposits having maturity of more than 90 days booked	(2,074,028)	(1,947,799)
Proceeds from sale of investments	-	20,000
Interest received	119,110	63,120
Net cash (used in) provided by investing activities	(118,134)	68,772
Cash flows from financing activities		
Issue of shares against Employee Stock Option Plan ('ESOP') scheme and options to IBM	-	39,903
Advance against equity shares to be issued under ESOP Scheme	13,542	9,103
Repayment of loan by Employee Stock Purchase Scheme ('ESPS') Trust	-	4,925
Payment of lease obligations	(6,209)	(2,444)
Net cash provided by financing activities	7,333	51,487
Effect of exchange difference on cash and bank balances	(10,102)	16,078
Net increase (decrease) in cash and cash equivalents	1,278,815	(72,670)
Cash and cash equivalents at beginning of the period	3,351,773	2,085,290
Cash and cash equivalents at end of the period (Note 1)	4,630,588	2,012,620

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

	June 30,	
	2007	2006
Cash in hand	2,321	4,592
Funds in Transit	10,528	-
Balances with scheduled banks:		
Current accounts in foreign currency	729,973	334,755
Other current accounts	193,008	64,353
Deposit accounts	4,342,202	4,882,223
Deposit amount of		
Unutilised IPO funds	122,402	473,157
Margin money deposit	18,770	2,856
Unclaimed dividend amount	2,065	2,013
Balances with non-scheduled banks:		
Current accounts in foreign currency	2,798,841	879,993
Deposit account in foreign currency	1,507	402
Total cash and bank balances	<u>8,221,617</u>	<u>6,644,344</u>
Less:		
Bank deposits having maturity of more than 90 days	(3,570,195)	(4,626,855)
Margin money deposit	(18,770)	(2,856)
Unclaimed dividend accounts	(2,064)	(2,013)
Cash and cash equivalents at end of the period	<u>4,630,588</u>	<u>2,012,620</u>

Schedules annexed to and forming part of the three month period ended June 30, 2007
(Amounts in thousands of Indian Rupees, except share and per share data)

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.

Period ended June 30, 2007

Particulars	Products	Services	KPO - Services	Joint ventures	Corporate	Eliminations	Total
Revenue							
External revenue	2,791,707	2,197,246	131,471	12,941	-	-	5,133,365
Inter-segment revenue	222	-	-	-	-	(222)	-
Total revenue	2,791,929	2,197,246	131,471	12,941	-	(222)	5,133,365
Cost of revenue	(1,391,640)	(1,614,706)	(112,703)	(4,010)	-	-	(3,123,059)
Gross profit	1,400,289	582,540	18,768	8,931	-	(222)	2,010,306
Selling and marketing expenses	(449,184)	(67,260)	(32,677)	(402)	-	-	(549,523)
General and administrative expenses	(234,421)	(125,898)	(32,315)	(8,461)	(366,750)	-	(767,845)
Depreciation and amortisation	(80,657)	(57,095)	(6,440)	(1,211)	(18,691)	-	(164,094)
Inter segment expense	-	-	-	(222)	-	222	-
Income (loss) from operations	636,027	332,287	(52,664)	(1,365)	(385,441)	-	528,844
Interest income	-	-	-	-	-	-	116,576
Other expenses, net	-	-	-	-	-	-	(198,037)
Income before provision for taxes	-	-	-	-	-	-	447,383
Provision for taxes	-	-	-	-	-	-	(78,879)
Net income for the period before share of loss of associate company	-	-	-	-	-	-	368,504
Share of loss of associate company	-	-	-	-	-	-	(1,359)
Net income	-	-	-	-	-	-	367,145

Period ended June 30, 2006

Particulars	Products	Services	KPO - Services	Joint ventures	Corporate	Eliminations	Total
Revenue							
External revenue	1,958,100	1,977,724	91,947	4,799	-	-	4,032,570
Inter-segment revenue	-	-	-	1,021	-	(1,021)	-
Total revenue	1,958,100	1,977,724	91,947	5,820	-	(1,021)	4,032,570
Cost of revenue	(967,708)	(1,493,596)	(39,245)	(2,549)	-	-	(2,503,098)
Gross profit	990,392	484,128	52,702	3,271	-	(1,021)	1,529,472
Selling and marketing expenses	(424,895)	(73,071)	(16,284)	(352)	-	-	(514,602)
General and administrative expenses	(129,927)	(95,009)	(41,795)	(4,341)	(223,853)	-	(494,925)
Depreciation and amortization	(65,383)	(57,600)	(7,098)	(938)	(19,296)	-	(150,315)
Inter segment expense	-	-	-	(1,021)	-	1,021	-
Income (loss) from operations	370,187	258,448	(12,475)	(3,381)	(243,149)	-	369,630
Interest income	-	-	-	-	-	-	104,781
Other expenses, net	-	-	-	-	-	-	(27,006)
Income before provision for taxes	-	-	-	-	-	-	447,405
Provision for taxes	-	-	-	-	-	-	(100,422)
Net income for the period before share of profit of associate company	-	-	-	-	-	-	346,983
Share of profit of associate company	-	-	-	-	-	-	4,093
Net income	-	-	-	-	-	-	351,076

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. 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

Geographical segments

The following table shows the distribution of the group's consolidated sales by geographical market :

Regions	Period ended June 30, 2007		Period ended June 30, 2006	
	Amount	%	Amount	%
United States of America	1,987,550	39%	1,791,723	45%
Europe	1,572,173	31%	980,980	24%
Asia Pacific	847,351	16%	575,809	14%
Middle East, India and Africa	688,273	13%	661,890	16%
Latin America and Caribbean	38,018	1%	22,168	1%
	5,133,365	100%	4,032,570	100%