

## Consolidated Profit and Loss Account for the year ended 31 March 2009

Amount in Rupees			
	Schedule	For the year ended 31 March 2009	For the year ended 31 March 2008
Sales and Services	11	3,284,028,256	2,887,174,622
Software Development Expenses	12	2,225,452,271	1,744,017,972
<b>Gross Profit</b>		<b>1,058,575,985</b>	<b>1,143,156,650</b>
Selling and Marketing Expenses	13	277,984,917	210,638,219
General and Administration Expenses	14	284,540,362	198,402,646
<b>Operating Profit Before Depreciation and Withholding Tax</b>		<b>496,050,706</b>	<b>734,115,785</b>
Depreciation	3	132,770,459	118,463,957
Withholding taxes charged off		72,624,682	41,497,730
<b>Operating Profit After Depreciation and Withholding Tax</b>		<b>290,655,565</b>	<b>574,154,098</b>
Other Income	15	137,083,763	72,540,241
(Loss) / Gain on Foreign Exchange Fluctuation (net)		(79,196,089)	(2,068,062)
<b>Profit Before Taxation</b>		<b>348,543,239</b>	<b>644,626,277</b>
Provision For Tax – current income tax		53,734,308	82,886,834
– MAT credit entitlement (refer note 8, schedule 16)		(20,215,904)	(59,650,000)
– fringe benefit tax		7,020,686	7,167,414
– deferred tax credit (refer note 2, schedule 16)		(14,876,749)	(2,784,932)
– income tax for earlier year		210,273	(455,387)
Provision For Wealth Tax		88,047	70,040
<b>Profit After Taxation</b>		<b>322,582,578</b>	<b>617,392,308</b>
<b>Profit Available for Appropriation</b>			
Profit for the Year		322,582,578	617,392,308
Add: Balance Brought Forward		1,171,206,712	768,827,982
<b>Total Amount Available for Appropriation</b>		<b>1,493,789,290</b>	<b>1,386,220,290</b>
Proposed Dividend		80,925,060	97,101,072
Corporate Dividend Tax		13,753,214	33,497,327
Transferred to General Reserve		39,790,081	84,415,178
<b>Balance Carried Forward to the Balance Sheet</b>		<b>1,359,320,935</b>	<b>1,171,206,713</b>
<b>Earnings Per Share (par value Rs.10 each)</b> (refer note 13, schedule 16)			
Basic		9.97	19.08
Diluted		9.96	18.93
<b>Number of Shares used in computing Earnings Per Equity Share</b>			
Basic		32,369,568	32,358,999
Diluted		32,377,620	32,615,059
<b>Significant accounting Policies and notes to the accounts</b>	16		

The schedules referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

For B S R & Co.  
*Chartered Accountants*

Vikram Advani  
*Partner*  
Membership No.: 091765

Gurgaon  
April 26, 2009

Noida (U.P.)  
April 26, 2009

For and on behalf of the Board of Directors

Janki Ballabh  
*Chairman*

P K Sanghi  
*Chief Financial Officer*

Vishnu R Dusad  
*Managing Director*

Poonam Bhasin  
*Company Secretary*

## Schedules forming part of the consolidated financial statements

	Amount in Rupees	
	For the year ended 31 March 2009	For the year ended 31 March 2008
<b>SCHEDULE 11</b>		
<b>SALES AND SERVICES</b>		
Software development services and products	3,284,028,256	2,887,174,622
	<u><b>3,284,028,256</b></u>	<u><b>2,887,174,622</b></u>
<b>SCHEDULE 12</b>		
<b>SOFTWARE DEVELOPMENT EXPENSES #</b>		
Salaries and allowances	1,283,797,486	1,058,348,603
Contribution to provident and other funds	61,935,265	53,397,685
Directors' remuneration [including stock compensation expenses Rs.Nil (Rs.125,089)]	6,210,000	10,493,089
Employee's stock compensation expenses (net)	2,737,583	4,791,600
Staff welfare	19,097,661	15,677,029
Conveyance	13,060,065	12,048,374
Communication	21,058,197	19,890,854
Rent	138,225,327	98,630,775
Legal and professional	18,668,973	16,827,363
Repair and maintenance		
– Building	558,689	1,425,432
– Others	12,965,943	10,594,224
Training and recruitment	12,653,347	25,483,363
Printing and stationery	946,789	1,442,204
Insurance	6,134,465	5,381,706
Software and other development charges	79,306,710	12,761,828
Cost of software purchased for delivery to clients	150,623,613	91,742,260
Travelling	164,275,746	174,042,664
Advertisement	191,868	213,632
Consultancy charges	191,235,860	92,446,348
Power and fuel	26,523,199	24,503,009
Conference, exhibition and seminar	52,490	520,574
Information technology expenses	9,706,649	6,974,150
Miscellaneous expenses	5,486,346	6,381,206
	<u><b>2,225,452,271</b></u>	<u><b>1,744,017,972</b></u>
# refer note 18, schedule 16		
<b>SCHEDULE 13</b>		
<b>SELLING AND MARKETING EXPENSES</b>		
Salaries and allowances	141,829,038	99,884,663
Contribution to provident and other funds	3,620,591	2,519,521
Directors' remuneration [including stock compensation expenses Rs.Nil (Rs.125,089)]	6,210,000	10,493,089
Employee's stock compensation expenses (net)	196,123	366,506
Staff welfare	4,156,763	3,166,088
Conveyance	4,575,647	3,536,193
Communication	6,247,103	5,772,541
Rent	16,166,642	8,151,334
Legal and professional	13,958,213	4,392,965
Repair and maintenance		
– Building	29,329	78,510
– Others	666,704	559,851
Training and recruitment	835,828	2,375,674
Printing and stationery	1,846,759	4,198,746
Insurance	371,547	353,748
Travelling	33,357,137	30,938,942
Power and fuel	2,068,981	1,528,670
Conference, exhibition and seminar	12,849,992	7,954,870
Information technology expenses	399,418	328,882
Commission to channel partners	4,542,383	8,192,431
Miscellaneous expenses	11,403,778	792,607
	<u><b>277,984,917</b></u>	<u><b>210,638,219</b></u>



	Amount in Rupees	
	For the year ended 31 March 2009	For the year ended 31 March 2008
<b>SCHEDULE 14</b>		
<b>GENERAL AND ADMINISTRATION EXPENSES #</b>		
Salaries and allowances	112,970,052	85,867,662
Contribution to provident and other funds	6,543,515	4,324,557
Directors' remuneration [including stock compensation expenses Rs.Nil (Rs.62,545)]	5,085,960	8,548,345
Employee's stock compensation expenses (net)	286,966	519,439
Staff welfare	3,196,609	2,402,361
Conveyance	2,545,490	3,768,525
Communication	3,088,520	3,788,527
Rent	2,161,714	3,247,405
Rates and Taxes	4,043,879	5,219,069
Legal and professional	28,891,092	18,632,917
Repair and maintenance		
– Building	145,045	368,327
– Others	3,128,538	3,221,238
Training and recruitment	2,351,375	3,406,015
Printing and stationery	2,287,984	2,135,244
Loss on sale of fixed assets (net)	7,614,637	–
Insurance	699,777	786,643
Bank charges	3,015,002	3,002,821
Travelling	16,140,107	6,068,332
Advertisement	1,389,160	2,694,113
Consultancy charges	–	5,241,680
Power and fuel	2,286,988	2,187,513
Conference, exhibition and seminar	55,853	368,729
Information technology expenses	983,550	694,718
Advances and other current assets written off	4,846,684	6,609,696
Provision for doubtful debts / advances / other current assets *	48,260,777	6,838,935
Loss on foreign exchange fluctuation on consolidation (net)	3,434,560	–
Miscellaneous expenses	19,086,528	18,459,835
	<b><u>284,540,362</u></b>	<b><u>198,402,646</u></b>

# refer note 18, schedule 16

\*includes bad debts written off Rs.27,502,702 (Rs.8,613,363)

## SCHEDULE 15

### Other income

Dividend received from non-trade investments	14,906,748	21,405,254
Interest on fixed deposit [Gross of tax deducted at source Rs.5,985,510 (Rs.25,974)]	35,617,650	1,378,783
Profit on sale of investments		
– Long term trade investment	21,849,760	–
– Current non trade investments	45,139,108	24,833,708
Profit on sale of fixed assets (net)	–	907,591
Miscellaneous income	19,570,497	22,929,749
Gain on foreign exchange fluctuation on consolidation (net)	–	1,085,156
	<b><u>137,083,763</u></b>	<b><u>72,540,241</u></b>

## Schedules forming part of the consolidated financial statements

### SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

#### 1. Significant accounting policies

##### (i) Basis of preparation

The consolidated financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as prescribed in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

##### (ii) Principles of consolidation

These consolidated financial statements relate to Nucleus Software Exports Ltd., the parent company and its subsidiaries (hereinafter collectively referred as "the Group"), which are as follows:

Name of the Company	% Shareholding	Country of incorporation
Nucleus Software Solutions Pte. Ltd.	100	Singapore
Nucleus Software Inc.	100	United States of America
Nucleus Software Japan Kabushiki Kaiga	100	Japan
Nucleus Software (Australia) Pty. Ltd.	100	Australia
Nucleus Software (HK) Ltd.	100	Hong Kong
VirStra i- Technology Services Limited	100	India
VirStra i- Technology (Singapore) Pte. Ltd.	100	Singapore
Nucleus Software Netherlands B.V.	100	Netherlands
Nucleus Software Limited	100	India

The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down under Accounting Standard 21 on "Consolidated Financial Statements" as specified in the Companies (Accounting Standard) Rules, 2006.

The financial statements of the parent company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items

of assets, liabilities, incomes and expenses after eliminating inter company balances/transactions and resulting unrealised profits in full. Unrealised losses resulting from inter company transactions have also been eliminated except to the extent that the recoverable value of related assets is lower than their cost to the Group. The amount shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.

The consolidated financial statements are prepared, 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 for the transaction and other events in similar circumstances, except as disclosed otherwise.

##### (iii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete contracts, provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets. Actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

##### (iv) Foreign exchange transactions and translation of financial statements of foreign subsidiaries

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the period are recognised in the Profit and Loss Account. Monetary current assets and monetary current liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Profit and Loss Account.

The Company uses foreign exchange forward contracts and options to hedge its exposure for movement in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

The Company follows Accounting Standard (AS) 30 – "Financial Instruments: Recognition and Measurement" to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.



Foreign exchange forward contracts where there is an underlying are accounted in accordance with AS 11 – “The Effects of Changes in Foreign Exchange Rates” i.e.,

- a) the premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract.
- b) the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences is recognised in the Profit and Loss Account in the reporting period in which the exchange rates change.
- c) any profit or loss arising on the cancellation or renewal of such contracts is recognised as income or as expense for the year.

Till previous year, foreign exchange forward contracts in respect of highly probable/forecasted transactions and foreign exchange options were marked to market and any resultant gain/ loss was recognized in the Profit and Loss Account.

Effective 1 April 2008, the Company adopted hedge accounting in respect of highly probable/forecasted transactions in accordance with principles set out in AS 30. The Company records the gain or loss on effective hedges in the hedging reserve until the transactions are complete. On completion, the gain or loss is transferred to the Profit and Loss Account of that period. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the Profit and Loss Account.

The financial statements of the foreign subsidiaries being integral operations are translated into Indian rupees as follows:

- a) Income and expense items are translated at the weighted average exchange rates.
- b) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date.
- c) Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.
- d) All resulting exchange differences are recognised

in the Profit and Loss Account of the reporting period.

- e) Contingent liabilities are translated at the closing rate.

The financial statements of the foreign subsidiaries being non-integral operations are translated into Indian rupees as follows:

- a) Income and expense items are translated at the weighted average exchange rates.
- b) Assets and liabilities, both monetary and non-monetary are translated at the closing rate.
- c) All resulting exchange differences are accumulated in a foreign currency translation reserve which is reflected under reserves and surplus.
- d) Contingent liabilities are translated at the closing rate.

#### *(v) Revenue recognition*

Revenue from software development services comprises income from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the services are rendered. Revenue from fixed price contracts in respect of sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with terms of the contract.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Interest on deployment of surplus funds is recognised using the time-proportion method, based on interest rates implicit in the transaction. Dividend income is recognised when the right to receive the same is established.

#### *(vi) Expenditure*

The cost of software purchased for use in software development and services is charged to cost of revenues in the year of acquisition. Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

#### *(vii) Fixed assets and capital work in progress*

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation. Fixed assets under construction, advances

## Schedules forming part of the consolidated financial statements

paid towards acquisition of fixed assets and cost of assets not put to use before the year end, are disclosed as capital work-in-progress.

### **(viii) Depreciation**

Depreciation on fixed assets, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year. Assets costing less than Rs.5,000 are fully depreciated in the year of purchase.

The management's estimates of the useful lives of the various fixed assets are as follows:

Asset category	Useful life (in years)
Building	30
Plant and machinery (including office equipment)	5
Computers	3-5
Vehicles	5
Furniture and fixtures	5-7
Software	3
Temporary wooden structures (included in furniture and fixtures)	1

Such rates are higher than the rates specified in Schedule XIV of the Companies Act, 1956.

### **(ix) Investments**

Investments are classified into long term and current investments based on the intent of management at the time of acquisition. Long-term investments are stated at cost and provision is made to recognise any decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and the fair value.

### **(x) Research and development**

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

### **(xi) Employee benefits**

#### *India*

#### *Short-term employee benefits*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries,

wages, and bonus etc. are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

#### *Defined contribution plans*

The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognised in the Profit and Loss Account in the financial year to which they relate.

#### *Defined benefit plans*

#### *Gratuity*

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

#### *Other long term employee benefits*

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

#### *Singapore*

The Company's contribution to central provident fund is deposited with the appropriate authorities and charged to the Profit and Loss Account.

#### *United States of America*

The Company's social security contributions are charged to the Profit and Loss Account.

#### *Australia*

The Company's contributions to superannuation are charged to the Profit and Loss Account.

### **(xii) Employee stock option based compensation**

The excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option plan is recognised as deferred stock compensation cost and is amortised on graded vesting basis over the vesting period of the options.



**(xiii) Earnings per share**

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

**(xiv) Operating leases**

Lease payments under operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

**(xv) Taxation**

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowance or other matters is probable. Minimum Alternate Tax ("MAT") paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets or liabilities arising due to timing differences, originating during the tax holiday period and reversing after the tax holiday period are recognised in the period in which the timing difference originate.

Consequent to the introduction of Fringe Benefits Tax ("FBT") effective 1 April 2005, in accordance with the guidance note on accounting for fringe benefits tax issued by the Institute of Chartered Accountants of

India, the Company has made a provision for FBT in accordance with the provisions of the Income tax Act, 1961.

**(xvi) Impairment**

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

**(xvii) Contingencies**

The Company recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

**2. Deferred Tax Asset/(Liability)**

Components of net deferred tax asset:

	Amount in Rupees	
	As at 31 March 2009	As at 31 March 2008
<b>Deferred tax asset</b>		
Provision for doubtful debts	5,564,048	652,173
Provision for retirement benefits	28,891,161	20,995,712
	<u>34,455,209</u>	<u>21,647,885</u>
<b>Deferred tax liability</b>		
Difference of depreciation as per Income-tax laws and books of accounts	(16,832,062)	(18,901,487)
<b>Net deferred tax asset</b>	<u>17,623,147</u>	<u>2,746,398</u>

## Schedules forming part of the consolidated financial statements

Components of net deferred tax liability:

	Amount in Rupees	
	As at 31 March 2009	As at 31 March 2008
<b>Deferred tax asset</b>		
Provision for retirement benefits	73,205	134,163
	<b>73,205</b>	<b>134,163</b>
<b>Deferred tax liability</b>		
Fixed assets	(2,614,697)	(2,723,609)
<b>Net deferred tax liability</b>	<b>(2,541,492)</b>	<b>(2,589,446)</b>

### 3. Forward contracts

	As at 31 March 2009	As at 31 March 2008
<b>Forward contract outstanding</b>		
In USD	5,750,000	9,692,654
Equivalent amount in Rupees	291,755,000	386,736,895
<b>Options contract outstanding</b>		
In USD	3,400,000	20,400,000
Equivalent amount in Rupees	<b>172,516,000</b>	<b>813,960,000</b>

Effective 1 April 2008, the Company adopted hedge accounting in accordance with principles set out in AS 30. As at 31 March 2009, the Company has recorded marked to market loss of Rs.12,268,744 relating to forward contracts that are designated as effective cash flow hedges with a corresponding debit to hedging reserves. Further as at 31 March 2009, the Company has recorded marked to market loss of Rs.30,006,797 relating to foreign currency options which does not qualify for hedging and accordingly the loss has been recognized in the Profit and Loss Account. Had the Company not adopted hedge accounting, net profit before tax for the year ended 31 March 2009, would have been lower by Rs.11,404,460; further, as at 31 March 2009, debit balance in hedging reserve would have been lower by Rs.12,268,744 and credit balance in the Profit and Loss Account and sundry creditors would have been lower by Rs.11,404,460 and Rs.864,284 respectively.

### 4. Employees Stock Option Plan ("ESOP")

The Securities and Exchange Board of India ('SEBI') has issued the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, which is effective for all stock option schemes established after 19 June 1999. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option, including up-front payments, if any, is to be recognised and

amortised on a straight-line basis over the vesting period, ranging from twelve to thirty six months.

The Company currently has three ESOP schemes, ESOP scheme- 2002 (instituted in 2002), ESOP scheme-2005 (instituted in 2005) and ESOP scheme-2006 (instituted in 2006). These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 2002 scheme provides for 225,000 options, 2005 scheme for 600,000 options and 2006 scheme for 1,000,000 options to eligible employees. These schemes are administered by the Compensation Committee comprising four members, the majority of whom are independent directors. On exercise of stock options, option holders are entitled to bonus shares in the ratio of 1:1, pursuant to approval of bonus shares by the shareholders in the annual general meeting held on 6 July 2007.

Details of options granted/ exercised and forfeited are as follows:

#### 2002 Stock Option Scheme

	Year ended 31 March 2009	Year ended 31 March 2008
Options outstanding at the beginning of the year	141,550	159,750
Options granted	–	–
Options forfeited	(14,000)	(700)
Options exercised	(1,500)	(17,500)
	<b>126,050</b>	<b>141,550</b>

#### 2005 Stock Option Scheme

	Year ended 31 March 2009	Year ended 31 March 2008
Options outstanding at the beginning of the year	142,000	142,000
Options granted	–	–
Options forfeited	–	–
Options exercised	–	–
	<b>142,000</b>	<b>142,000</b>

#### 2006 Stock Option Scheme

	Year ended 31 March 2009	Year ended 31 March 2008
Options outstanding at the beginning of the year	249,860	271,860
Options granted	–	–
Options forfeited	(60,000)	(22,000)
Options exercised	–	–
	<b>189,860</b>	<b>249,860</b>



The movement in deferred stock compensation expense during the year ended is as follows:

	Amount in Rupees	
	Year ended 31 March 2009	Year ended 31 March 2008
Balance brought forward	5,980,726	12,028,674
Add: Recognised during the year	–	–
Less: Amortisation expense*	4,004,672	5,990,268
Less: Reversal due to forfeiture	–	57,680
Balance carried forward	<b>1,976,054</b>	<b>5,980,726</b>

\* excluding write back of stock compensation expense in respect of forfeited/ lapsed options of Rs.784,000 (Rs.312,723).

## 5. Managerial Remuneration \*

	Amount in Rupees	
	Year ended 31 March 2009	Year ended 31 March 2008
<b>A. Whole Time Directors</b>		
Salary and perquisites	7,740,960	7,861,760
Contribution to provident and other funds	360,000	360,000
Commission	5,525,000	13,960,000
	<b>13,625,960</b>	<b>22,181,760</b>
<b>B. Non Executive Directors</b>		
Stock based compensation	–	312,723
Commission	2,375,000	5,600,000
Sitting fees	1,865,000	1,545,000
	<b>4,240,000</b>	<b>7,457,723</b>

\* The above remuneration does not include expense towards retirement benefits since the same is based on actuarial valuations carried out for the group as a whole.

## 6. Bank Balances

Details of balances as on balance sheet dates with scheduled banks in current accounts:-

	Amount in Rupees	
Name of Bank	As at 31 March 2009	As at 31 March 2008
Canara Bank	86,026	86,026
Citi Bank	10,083,596	15,064,329
Citi Bank – EEFC accounts in US dollar	105,739,058	15,684,180
DBS Bank	247,809	25,000
HDFC Bank – EEFC accounts in US dollar	2,320,123	14,458,364
HDFC Bank	6,369,981	4,724,167
HDFC Bank - Unclaimed dividend accounts	802,973	639,298
HSBC Bank - Unclaimed dividend accounts	394,042	448,693
ICICI Bank	1,710,969	1,152,123
State Bank of India	233,332	15,000
Vijaya Bank	61,376	61,376
<b>Total</b>	<b>128,049,285</b>	<b>52,358,556</b>

## Schedules forming part of the consolidated financial statements

Details of fixed deposit as on balance sheet dates with scheduled banks :-

Amount in Rupees

Name of Bank	As at 31 March 2009	As at 31 March 2008
HDFC Bank	222,234,512	734,512
Canara Bank	181,007,037	979,572
Citi Bank	48,900,665	10,122,091
DBS Bank	22,500,000	–
Punjab National Bank	66,000,000	–
ICICI Bank	127,300,000	–
State Bank of India	7,500,000	–
Corporation Bank	37,400,000	–
Bank of India	20,000,000	–
<b>Total</b>	<b>732,842,214</b>	<b>11,836,175</b>

Details of balances as on balance sheet dates with non-scheduled banks in current accounts:-

Amount in Rupees

Name of Bank	As at 31 March 2009	As at 31 March 2008
Citi Bank, U.A.E	476,810	1,075,668
Citi Bank, United Kingdom	1,019,739	816,658
Citi Bank-Singapore	69,446,702	27,814,130
Citi Bank-Korea	15,533,513	19,990,752
Citi Bank-Philippines	1,515,627	–
Korea Exchange Bank	–	320
PNC Bank-USA	7,517,994	23,952,700
Bankof Tokyo Mitshubishi-Japan	47,189,175	13,782,730
Shinsei Bank-Japan	22,326,932	18,800,665
Citi Bank-HongKong	15,012	34,434
ANZ Bank-Australia	451,325	301,539
Citi Bank-Singapore	827,789	295,256
Citi Bank-Netherlands	4,365,472	3,215,246
<b>Total</b>	<b>170,686,090</b>	<b>110,080,098</b>

Details of fixed deposit as on balance sheet dates with non-scheduled banks :-

Amount in Rupees

Name of Bank	As at 31 March 2009	As at 31 March 2008
ANZ Bank - Australia	17,500	173,503
<b>Total</b>	<b>17,500</b>	<b>173,503</b>



## 7. Details of Investments Purchased/ Sold during the Year ended 31 March 2009

Amount in Rupees

Name of the investment	Face value Amount	Purchased during the year Quantity	Purchased during the year Amount	Sold during the year Quantity	Sold during the year Amount
ICICI Prudential Flexible Income Plan-Dividend	10	10,256,033	108,442,165	10,256,033	108,442,165
HDFC Cash Management Fund-Savings Plus Plan-Wholesale-Dividend	10	5,035,685	50,515,476	5,035,685	50,515,476
Mirae Asset Liquid Plus Fund-IP-Dividend	1,000	21,089	21,118,683	21,089	20,741,296
ABN AMRO Money Plus Fund-IP-Dividend	10	840,402	8,404,123	840,402	8,406,624
DWS Fixed Term Fund- Series 57-Dividend	10	5,000,000	50,000,000	5,000,000	50,000,000
Lotus India FMP- 3 Months-Series XXXV-Dividend	10	2,040,077	20,400,850	2,040,077	20,410,558
Canara Robeco Monthly Interval Fund-Dividend	10	2,044,490	20,450,302	2,044,490	20,444,903
SBI Debt Fund Series -90 Days -26-Dividend	10	5,104,510	51,045,100	5,104,510	51,045,100
SBI Debt Fund Series -90 Days -29-Dividend	10	3,000,000	30,000,000	3,000,000	30,000,000
JM Interval Fund-Quarterly Plan 5 -Institutional Dividend Plan-Dividend	10	3,506,723	35,067,233	3,506,723	35,067,233
JM Fixed Maturity Fund-Series XII Quarterly Plan 3-Institutional-Dividend	10	3,478,772	34,787,722	3,478,772	34,787,722
DSPML FMP 3M Series 12-Institutional Dividend-Dividend	10	2,500,000	25,000,000	2,500,000	25,359,000
Reliance Fixed Horizon Fund-X -Series 13- Super Institutional Dividend Plan	10	1,017,815	10,178,146	1,017,815	10,325,220
Reliance Liquid Plus Fund-Institutional-Dividend	1,000	41,169	41,215,471	41,169	41,215,471
DWS Liquid Plus Fund-Regular-Dividend	10	549,548	5,503,559	549,548	5,503,559
Canara Robeco Liquid Plus -Institutional Plan-Dividend	10	5,917,090	73,413,925	5,917,090	73,413,925
JP Morgan India Liquid Plus Fund-Super Inst-Dividend	10	15,133,945	151,474,142	15,133,945	151,474,142
LIC MF Liquid Plus Fund-Dividend	10	30,245,862	302,458,623	30,245,862	302,458,623
JP Morgan India Liquid Fund-Super Inst-Dividend	10	11,320,238	113,294,838	11,320,238	113,294,838
LIC MF Liquid Fund-Dividend	10	1,366,389	15,003,087	1,366,389	15,003,087
ICICI Prudential Institutional Liquid Plan-Super Institutional-Dividend	10	7,001,001	70,013,508	7,001,001	70,013,508
Canara Robeco Liquid Fund -Institutional Plan-Dividend	10	4,303,209	43,208,526	4,303,209	43,208,526
Sundaram BNP Paribas Liquid Plus - Super IP-Dividend	10	5,021,563	50,341,170	5,021,563	50,341,170
JM Money Manager Fund Super Plus Plan-Daily Dividend-Dividend	10	3,369,827	33,712,084	3,369,827	33,712,084
SBI SHF Liquid Plus Plus-IP-Dividend	10	1,003,064	10,035,659	1,003,064	10,035,659
Reliance Fixed Horizon Fund-VIII- Series 10-Institutional-Dividend	10	2,000,000	20,000,000	2,000,000	20,000,200
Sundaram BNP Paribas Interval Fund-Qly-Plan-C-Inst-Dividend	10	1,017,552	10,177,525	1,017,552	10,175,525
HDFC FMP 90D May 2008 (VIII) (2)- Wholesale Plan-Dividend	10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund-VIII-Series 11-Inst-Dividend	10	1,000,000	10,000,000	1,000,000	10,000,000
IDFC Fixed Maturity Plan- Quarterly Series 34-Dividend	10	1,017,690	10,176,900	1,017,690	10,176,900
HDFC Liquid Fund Premium Plan-Dividend	10	2,854,859	35,000,000	2,854,859	35,000,000

## Schedules forming part of the consolidated financial statements

Name of the investment	Face value Amount	Amount in Rupees			
		Purchased during the year Quantity	Purchased during the year Amount	Sold during the year Quantity	Sold during the year Amount
Reliance Medium Term Fund-Dividend	10	1,465,628	25,055,638	1,465,628	25,055,638
Reliance Liquid Fund-Treasury Plan-IP-(D)	10	981,408	15,002,982	981,408	15,002,982
UTI Fixed Income Interval Fund-Monthly Interval plan-II-IP-Reinvestment	10	2,013,272	20,132,725	2013272	20,132,725
SBI-SHF Liquid Plus-IP-daily dividend	10	2,012,309	20,133,151	2,012,309	20,133,151
J.M.Money Manager Fund Super Plus Plan-Dividend	10	2,862,498	28,636,714	2,862,498	28,636,714
LIC Income Plus Fund-Daily dividend plan	10	6,300,000	63,486,446	6,300,000	63,486,446
Reliance Medium term fund-Daily dividend plan	10	504,824	8,630,212	503,056	8,630,212
Reliance Liquid Fund- Treasury plan	10	457,899	7,000,000	457,899	7,000,000
DSP Merrill Lynch Cash Plus-Regular-Weekly-(Dividend)	1,000	30,195	30,224,103	30,195	30,224,103
DSP Merrill Lynch Cash Plus-Institutional-(Dividend)	1,000	50,074	50,078,701	50,074	50,078,701
UTI Liquid Plus Fund-Institutional Plan-(Dividend)	1,000	10,135	10,137,499	10,135	10,137,499
DWS Credit Opportunities Cash Fund-(Dividend)	10	4,272,042	43,199,339	4,272,042	43,399,673
LICMF Liquid Plus Fund-(Dividend)	10	5,174,727	51,747,270	5,174,727	51,750,539
Reliance Liquid Plus Fund-Institutional Option-(Dividend)	1,000	147,371	147,534,219	147,371	147,522,961
ICICI Prudentail Flexible Income Plan-(Dividend)	10	3,414,510	36,103,319	3,414,510	36,103,319
ING Liquid Plus Fund-Institutional-(Dividend)	10	17,208,071	172,137,494	17,208,071	172,137,494
Sundaram BNP Paribas Liquid Plus-Super Inst.-(Dividend)	10	8,805,443	88,264,001	8,805,443	88,264,001
Lotus India Liquid Fund-(Dividend)	10	1,018,743	10,197,810	1,018,743	10,192,523
UTI Liquid Cash Plan-Institutional Plan-(Dividend)	1,000	9,820	10,011,084	9,820	10,011,084
Birla Cash Plus-Instl Prem.-(Dividend)	10	5,991,527	60,032,101	5,991,527	60,032,101
HDFC Cash Management Fund-Savings Plus Plan-Wholesale-(Dividend)	10	2,748,204	27,568,607	2,748,204	27,568,607
Standard Chartered Liquidity Manager-Plus-(Dividend)	1,000	30,057	30,063,534	30,057	30,063,534
DWS Money Plus Fund-Institutional Plan-(Dividend)	10	5,072,460	50,766,192	5,072,460	50,766,192
AIG India Treasury Plus Fund-Institutional-(Dividend)	10	4,006,549	40,109,166	4,006,549	40,109,166
AIG India Treasury Plus Fund-Super Institutional-(Dividend)	10	10,010,024	100,210,353	10,010,024	100,210,353
ABN AMRO Money Plus-Institutional Plan-(Dividend)	10	1,508,181	15,081,958	1,508,181	15,081,958
Sundaram BNP Paribas Liquid Plus-(Dividend)	10	5,760,997	57,652,644	5,760,997	57,651,795
DWS Money Plus Fund-Regular-(Dividend)	10	1,999,263	20,044,407	1,999,263	20,044,407
Lotus India Liquid Plus Fund-(Dividend)	10	8,538,102	85,515,066	8,538,102	85,515,066
ABN AMRO Flexible Short Term Plan Ser C-(Dividend)	10	2,035,224	20,352,243	2,035,224	20,352,243
Sundaram BNP Paribas FTP Series XXIX-(Dividend)	10	2,543,718	25,437,175	2,543,718	25,437,175



Amount in Rupees

Name of the investment	Face value Amount	Purchased during the year		Sold during the year	
		Quantity	Amount	Quantity	Amount
Birla FTP-Quarterly-Series 14-Dividend-Payout	10	1,000,000	10,000,000	1,000,000	10,210,372
DSP Merrill Lynch FTP Plan Series 1N-(Dividend)	1,000	25,440	25,439,824	25,440	25,445,884
Kotak FMP 3M Series 20-(Dividend)	10	2,035,146	20,351,465	2,035,146	20,351,465
ICICI Prudential Liquid Plan-Super IP-(Dividend)	10	4,016,724	40,167,239	4,016,724	40,167,239
Tata Liquidity Management Fund-(Dividend)	1,000	14,988	15,021,412	14,988	15,021,412
Standard Chartered Liquidity Manager-(Dividend)	1,000	30,104	30,109,551	30,104	30,109,551
HDFC Cash Management-Savings Plan-(Dividend)	10	941,913	10,018,559	941,913	10,018,559
Reliance Quarterly Interval Fund-Series II-Institutional-(Dividend)	10	1,016,912	10,169,530	1,016,912	10,169,730
ING Fixed Maturity Fund-34 Inst.-(Dividend)	10	2,000,000	20,000,000	2,000,000	20,000,000
Lotus India FMP-3 Months-Series XIX-(Dividend)	10	1,017,134	10,171,340	1,017,134	10,173,171
Kotak FMP 3M Series 26-(Dividend)	10	2,034,412	20,344,156	2,034,412	20,344,121
Reliance Quarterly Interval Fund-Series III-Institutional-(Dividend)	10	2,071,679	20,717,646	2,071,679	20,717,828
Lotus India Quarterly Interval Fund-Plan B-(Dividend)	10	1,018,507	10,185,077	1,018,507	10,185,577
Sundaram BNP Paribas Interval Fund-Qly-Plan -A-Inst-(Dividend)	10	1,553,402	15,534,019	1,553,402	15,534,019
ABN Amro Flexible Short Term Plan Ser C -QFMP (Dividend)	10	1,553,362	15,533,679	1,553,362	15,533,623
HSBC Interval Fund-Plan 2-Institutional-(Dividend)	10	3,563,583	35,636,241	3,563,583	35,658,641
DSP Merrill Lynch Fixed Maturity Plan 3M Series 2-Instl-(Dividend)	10	2,587,693	25,877,034	2,587,693	25,882,880
Reliance Fixed Horizon Fund VI-Series 1-Inst-(Dividend)	10	1,000,000	10,000,000	1,000,000	10,000,000
UTI Fixed Income Interval Fund-Quarterly Interval Plan Series -I-Inst-(Dividend)	10	1,018,327	10,183,671	1,018,327	10,183,271
UTI Fixed Maturity Plan Quarterly Series-QFMP-0907/I-INST-(Dividend)	10	2,032,725	20,327,246	2,032,725	20,346,557
Reliance Interval Fund-Quarterly Plan-Series I-Inst-(Dividend)	10	2,034,604	20,349,334	2,034,604	20,351,534
DSP Merrill Lynch Fixed Term Plan Series 1P-Institutional -(Dividend)	1,000	25,413	25,413,408	25,413	25,418,644
SBI Debt Fund Series-90 Days-15-(Sep 07)-(Dividend)	10	1,524,986	15,249,855	1,524,986	15,249,855
ING Fixed Maturity Fund-XXVI-(Dividend)	10	1,500,000	15,000,000	1,500,000	15,000,000
ICICI Prudential Institutional Liquid Plan-Daily	10	5,524,595	55,245,952	5,524,595	5,524,595
Reliance Liquid Plus Fund Institutional Option-Daily	1000	171,742	171,931,737	171,742	171,931,737
DWS Money Plus Fund Regular Plan-Daily	10	3,767,520	37,772,775	3,767,520	37,772,775
Lotus India Liquid Plus Fund-Daily	10	5,292,238	53,005,473	5,292,238	53,005,473
ING Liquid Plus Fund Institutional-Daily	10	5,575,223	55,767,625	5,575,223	55,767,625
DSP Merrill Lynch Cash Plus Institutional-Daily	10	60,585	60,591,335	60,585	60,591,335
ICICI Prudential Flexible Income Plan-Daily	10	5,026,889	53,151,804	5,026,889	53,151,804
DWS Credit Opportunities	10	1,005,519	10,108,939	1,005,519	10,108,939
Cash Fund-Weekly LIC Mutual Fund	10	6,950,000	69,500,000	6,950,000	69,500,000

## Schedules forming part of the consolidated financial statements

8. Certain operations of the company are conducted through Software Technology Park ('STP'). Income from STP are tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development or 31 March 2010.

Pursuant to the change in the Indian Income-tax Act, 1961, the company has calculated its tax liability after considering Minimum Alternative Tax (MAT). The MAT credit entitlement can be carried forward and set off against the future tax liability. Accordingly a sum of Rs.77,865,904 (Rs.59,650,000) was carried forward and shown under "Loans and advances" in the balance sheet as at 31 March 2009.

### 9. Employee Benefit Obligations

#### Defined contribution plans

An amount of Rs.61,902,454 (Rs.48,376,786) for the year ended has been recognized as an expense in respect of Company's contribution for Provident Fund and Employee State Insurance Fund deposited with the government authorities.

#### Defined benefit plans

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

The following table set out the status of the gratuity plan as required under the aforesaid standard:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	Amount in Rupees	
	As at 31 March 2009	As at 31 March 2008
Obligation at period beginning	37,253,641	21,484,480
Current service cost	10,294,663	6,293,169
Interest cost	3,350,267	1,555,176
Actuarial losses	5,277,873	9,921,064
Benefits paid	(1,705,375)	(2,000,248)
Obligation at period end	<u>54,471,069</u>	<u>37,253,641</u>
<b>Change in plan assets</b>		
Plan Assets at period beginning, at fair value	-	-
Contributions	1,705,375	2,000,248
Benefits paid	(1,705,375)	(2,000,248)
Plan assets at period end, at fair value	<u>-</u>	<u>-</u>

The Scheme does not have any assets as at the valuation date to meet the gratuity liability.

	Amount in Rupees	
	As at 31 March 2009	As at 31 March 2008
<b>Gratuity cost for the period:</b>		
Current service cost	10,294,663	6,293,169
Interest cost	3,350,317	1,555,176
Actuarial losses	5,277,873	9,921,064
Net gratuity cost	<u>18,922,853</u>	<u>17,769,409</u>

#### Assumptions

##### Economic assumptions

	As at 31 March 2009	As at 31 March 2008
Discount rate	6.65% p.a	7.50% p.a
Salary escalation rate	10% p.a for first 4 years & 7% p.a thereafter	10% p.a for first 5 years & 7% p.a thereafter

##### a) Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.



b) Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions	As at 31 March 2009	As at 31 March 2008
Retirement age	58 years	58 years
Mortality table	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rates	Ages - Withdrawal Rate (%)	Ages - Withdrawal Rate (%)
	21-50 years - 20%	21-50 years - 20%
	51-54 years - 2%	51-54 years - 2%
	55-57 years - 1%	55-57 years - 1%

## 10. Segment Reporting – Basis of Preparation

### (i) Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Group and is in conformity with Accounting Standard-17 on "Segment Reporting", issued by the ICAI. The primary segmentation is based on the Geographies in which the Group operates and internal reporting systems. The secondary segmentation is based on the nature and type of services rendered.

### (ii) Composition of reportable segments

The Group operates in five main geographical segments: India, Far East, Singapore, Europe and Middle East

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are categorised in relation to the associated turnover and/or number of employees. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Till previous year, the cost not directly associated with the segment was allocated on the basis of turnover and/or number of employees. Whereas in the current year, the Company has changed the basis of allocation of cost not directly associated with the segment i.e. such expenses are now being allocated to various segments on the basis of turnover of the segment and/or man-months used for the segment.

Segment assets and liabilities represent the net assets put up and liabilities of that segment. Most of the fixed assets of the Group are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between segments and across geographies. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under "Unallocated" head.11.

### a) Information in respect of primary segment

The profit and loss for reportable primary segment is set out below:

#### For the year ended 31 March 2009

Amount in Rupees

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Revenue from external customers	367,353,024	1,605,537,937	431,143,204	216,114,714	320,227,865	343,651,512	3,284,028,256
Expenses	328,827,670	1,330,448,564	375,136,943	117,056,556	189,986,048	402,469,752	2,743,925,533
Segment result	38,525,354	275,089,373	56,006,261	99,058,157	130,241,817	(58,818,240)	540,102,723
Unallocated corporate expenditure							249,447,158
Operating profit before taxation							290,655,565
Other income							137,083,763
Foreign Exchange gain /(loss)							(79,196,089)
Profit before tax							348,543,239
Provision for taxation							
– current tax							53,734,308
– MAT credit entitlement							(20,215,904)
– fringe benefit tax							7,020,686
– deferred tax charge							(14,876,749)
– income tax for earlier years							210,273
Provision for wealth tax							88,047
<b>Net profit after taxation</b>							<b>322,582,578</b>

## Schedules forming part of the consolidated financial statements

### For the year ended 31 March 2008

Description	Amount in Rupees						Total
	India	Far East	Singapore	Europe	Middle East	Others	
Revenue from external customers	321,091,730	1,454,543,002	326,219,667	155,221,729	286,932,912	343,165,582	2,887,174,622
Expenses	299,438,702	824,738,195	390,421,614	64,621,444	207,591,528	287,604,996	2,074,416,479
Segment result	21,653,028	629,804,807	(64,201,947)	90,600,285	79,341,384	55,560,586	812,758,144
Unallocated corporate expenditure							238,604,046
Operating profit before taxation							<b>574,154,098</b>
Other income							72,540,241
Foreign Exchange gain /(loss)							(2,068,062)
Profit before tax							<b>644,626,277</b>
Provision for taxation							
– current tax							82,886,834
– MAT credit entitlement							(59,650,000)
– fringe benefit tax							7,167,414
– deferred tax charge							(2,784,932)
– income tax for earlier years							(455,387)
Provision for wealth tax							70,040
<b>Net profit after taxation</b>							<b>617,392,308</b>

Assets and liabilities of reportable primary segment are as follows:

### As at 31 March 2009

Description	Amount in Rupees						Total
	India	Far East	Singapore	Europe	Middle East	Others	
Segment assets	273,542,623	544,342,369	117,542,181	45,597,113	176,480,847	179,429,534	1,336,934,667
Unallocated corporate assets							1,870,114,481
<b>Total assets</b>							<b>3,207,049,148</b>
Segment liabilities	85,734,137	294,715,170	88,948,821	15,413,575	56,146,660	57,637,889	598,596,252
Unallocated corporate liabilities							199,392,619
<b>Total liabilities</b>							<b>797,988,871</b>
<b>Capital employed</b>							<b>2,409,060,277</b>

### As at 31 March 2008

Description	Amount in Rupees						Total
	India	Far East	Singapore	Europe	Middle East	Others	
Segment assets	115,051,374	542,912,473	85,306,815	24,633,486	122,634,203	281,768,292	1,172,306,643
Unallocated corporate assets							1,679,100,886
<b>Total assets</b>							<b>2,851,407,529</b>
Segment liabilities	68,867,870	186,477,013	82,040,361	81,491,731	28,565,235	58,317,356	505,759,566
Unallocated corporate liabilities							185,701,589
<b>Total liabilities</b>							<b>691,461,155</b>
<b>Capital employed</b>							<b>2,159,946,374</b>

A listing of capital expenditure, depreciation and other non-cash expenditure of the reportable primary segment are set out below:

### For the year ended 31 March 2009

Description	Amount in Rupees						Total
	India	Far East	Singapore	Europe	Middle East	Others	
Capital expenditure	–	2,552,512	7,116,206	473,810		–	10,142,528
Capital expenditure (unallocated)							201,141,716
<b>Total capital expenditure</b>							<b>211,284,244</b>
Depreciation expenditure	–	11,131,108	9,455,024	18,151		–	20,604,283
Depreciation expenditure (unallocated)							112,166,176
<b>Total Depreciation</b>							<b>132,770,459</b>
Segment non-cash expense other than depreciation	10,970,127	4,626,940	14,356,642	131,826	14,197,293	12,045,305	56,328,133
<b>Total non cash expenditure other than depreciation</b>	<b>10,970,127</b>	<b>4,626,940</b>	<b>14,356,642</b>	<b>131,826</b>	<b>14,197,293</b>	<b>12,045,305</b>	<b>56,328,133</b>



## For the year ended 31 March 2008

	Amount in Rupees						
Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Capital expenditure	-	2,728,221	21,601,413	-	-	-	24,329,634
Capital expenditure (unallocated)							<u>137,824,837</u>
<b>Total capital expenditure</b>							<b><u>162,154,471</u></b>
Depreciation expenditure	-	11,400,737	26,025,159	-	-	-	37,425,896
Depreciation expenditure (unallocated)							<u>81,038,061</u>
<b>Total Depreciation</b>							<b><u>118,463,957</u></b>
Segment non-cash expense other than depreciation	3,686,190	2,012,080	5,227,235	555,153	1,122,783	6,835,458	<u>19,438,899</u>
<b>Total non cash expenditure other than depreciation</b>	<b>3,686,190</b>	<b>2,012,080</b>	<b>5,227,235</b>	<b>555,153</b>	<b>1,122,783</b>	<b>7,958,241</b>	<b><u>19,438,899</u></b>

## b) Information in respect of secondary segment

### For the year ended 31 March 2009

	Amount in Rupees		
Description	Products	Software projects and services	Total
Revenue	2,199,616,587	1,084,411,669	3,284,028,256
Carrying amount of segment assets	700,773,687	367,858,993	1,068,632,680

### For the year ended 31 March 2008

	Amount in Rupees		
Description	Products	Software projects and services	Total
Revenue	1,974,144,506	913,030,116	2,887,174,622
Carrying amount of segment assets	721,694,415	286,999,442	1,008,693,857

Most of the fixed assets of the Group located in India have not been identified to any of the reportable segments, as these are used interchangeably between segments. Further, information related to carrying amount of assets by location of assets, to the extent possible, has been provided in primary segmentation

## 11. Related party transactions

### a) List of related parties

*Related parties with whom transactions have taken place during the year:*

Key managerial personnel:

- Vishnu R Dusad (Managing Director, parent company)
- Kapil Gupta (Director, Subsidiary Company)

Amount in Rupees

b) Transactions with related parties	Year ended 31 March 2009	Year ended 31 March 2008
<b>Managerial remuneration</b>		
Key managerial personnel	13,625,960	22,181,760

## 12. Legal and professional includes payment to auditors \*

Audit fees	5,540,412	4,734,678
Other services	1,575,000	942,810
Out of pocket expenses	244,343	145,618
	<b>7,359,755</b>	<b>5,823,106</b>

\*excluding service tax.

## Schedules forming part of the consolidated financial statements

### 13. Earnings per share

	Year ended 31 March 2009	Year ended 31 March 2008
Profit after taxation available to equity shareholders (Rupees)	322,582,578	617,392,308
Weighted average number of equity shares used in calculating basic earnings per share	32,369,568	32,358,999
Add: Effect of dilutive issue of shares	8,052	256,060
Weighted average number of equity shares used in calculating diluted earnings per share	32,377,620	32,615,059
Basic earnings per share (Rupees)	9.97	19.08
Diluted earnings per share (Rupees)	9.96	18.93

### 14. Capital commitments and contingent liabilities

- Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances) Rs.1,404,533 (Rs.111,750,052).
- Claim against the Group not acknowledged as debt Rs.324,000 (Rs.324,000).

### 15. The Company has acquired office premises under a non-cancellable operating lease. The future minimum lease expense in respect of such leases is as follows:

	Amount in Rupees	
	As at 31 March 2009	As at 31 March 2008
Not later than one year	35,264,512	18,081,846
Later than one year but not later than 5 years	13,729,378	990,806
	<u>48,993,890</u>	<u>19,072,652</u>

### 16. The following are the aggregate amounts incurred on certain specific expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956:

	Amount in Rupees	
	Year ended 31 March 2009	Year ended 31 March 2008
Salaries and allowances	1,538,596,576	1,244,100,928
Contribution to provident and other funds	72,099,371	60,241,763
Directors' remuneration	17,505,960	29,534,523
Employee's stock compensation expenses	3,220,672	5,677,545
Staff welfare	26,451,033	21,245,479
Training and recruitment	15,840,550	31,265,052
Software and other development charges	79,306,710	12,761,828
Cost of software purchased for delivery to clients	150,623,613	91,742,259
Travelling	213,772,990	211,049,937
Conveyance	20,181,202	19,353,093
Communication	30,393,820	29,451,921
Rent	156,553,683	110,029,514
Rates and taxes	4,043,879	5,219,069
Legal and professional	61,518,278	39,853,245
Consultancy charges	191,235,860	97,688,028
Power and fuel	30,879,168	28,219,192



	Amount in Rupees	
	Year ended 31 March 2009	Year ended 31 March 2008
Repair and maintenance		
– Building	733,063	1,872,269
– Others	16,761,185	14,375,313
Advertisement and business promotion	14,233,969	17,960,133
Conference, exhibition and seminar	12,958,335	8,844,173
Information technology expenses	11,089,617	7,997,750
Advances and other current assets written off	4,846,684	6,609,696
Provision for doubtful debts / advances / other current assets	48,260,777	6,838,935
Commission to channel partners	4,542,383	8,192,431
Printing and stationery	5,081,532	7,776,195
Insurance	7,205,789	6,522,097
Bank charges	3,015,002	3,002,821
Loss on sale of fixed assets (net)	7,614,637	–
Loss on foreign exchange fluctuation on consolidation (net)	3,434,560	–
Miscellaneous expenses	35,976,652	25,633,648
<b>Total</b>	<b>2,787,977,550</b>	<b>2,153,058,837</b>

17. One of the subsidiaries of the Group has been granted a Letter of Approval (LOA) from Office of Development Commissioner, Special Economic Zone, the Government of India on 25 June 2008. According to this, the subsidiary has to commence operations within one year from the date of LOA. As per the management, the subsidiary is yet to commence its operations and is in the process of filing an application for extension of LOA. Based on the assessment of the management, extension will be granted and would undertake requisite steps to comply with the conditions stipulated in the LOA.

18. Following expenses are net of reimbursements from customers:

	Amount in Rupees	
Particulars	For the year ended 31 March 2009	For the year ended 31 March 2008
<b>Software support expenses</b>		
Salaries and allowances	1,707,909	804,376
Staff welfare	515,540	808,742
Conveyance	1,264,712	1,294,644
Communication	1,593,646	1,408,749
Bandwidth charges	6,921,088	10,262,024
Software and other development charges	65,055	303,624
Rent, rates and taxes	7,300,554	5,755,596
Assets hire charges	2,949,451	2,697,084
Legal and professional	3,520,523	5,284,262
Repair and maintenance	1,902,991	1,431,807
Training and recruitment	3,472,244	4,518,139
Printing and stationery	137,786	140,998
Insurance	674,523	450,625

## Schedules forming part of the consolidated financial statements

Particulars	Amount in Rupees	
	For the year ended 31 March 2009	For the year ended 31 March 2008
Travelling		
– Foreign	4,959,542	5,241,317
– Domestic	691,621	761,454
Electricity and water	2,382,991	2,413,209
Miscellaneous expenses	1,339,542	1,584,273
	<b>41,399,718</b>	<b>45,160,923</b>
<b>General and Administration expenses</b>		
Accounting charges	2,016,300	1,827,704
Bank charges	314,140	359,503
	<b>2,330,440</b>	<b>2,187,207</b>
<b>Depreciation</b>	10,459,014	10,934,250
<b>Fringe Benefit tax</b>	858,000	918,120
<b>Grand total</b>	<b>55,047,172</b>	<b>59,200,500</b>

19. Revenue recognised upto the reporting date in respect of contracts in progress at the reporting date aggregates Rs.2,091,833,482 (Rs.1,131,889,491)

20. Previous year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.

For and on behalf of the Board of Directors

**Janki Ballabh**  
*Chairman*

**Vishnu R Dusad**  
*Managing Director*

**P K Sanghi**  
*Chief Financial Officer*

**Poonam Bhasin**  
*Company Secretary*

Noida (U.P.)  
April 26, 2009