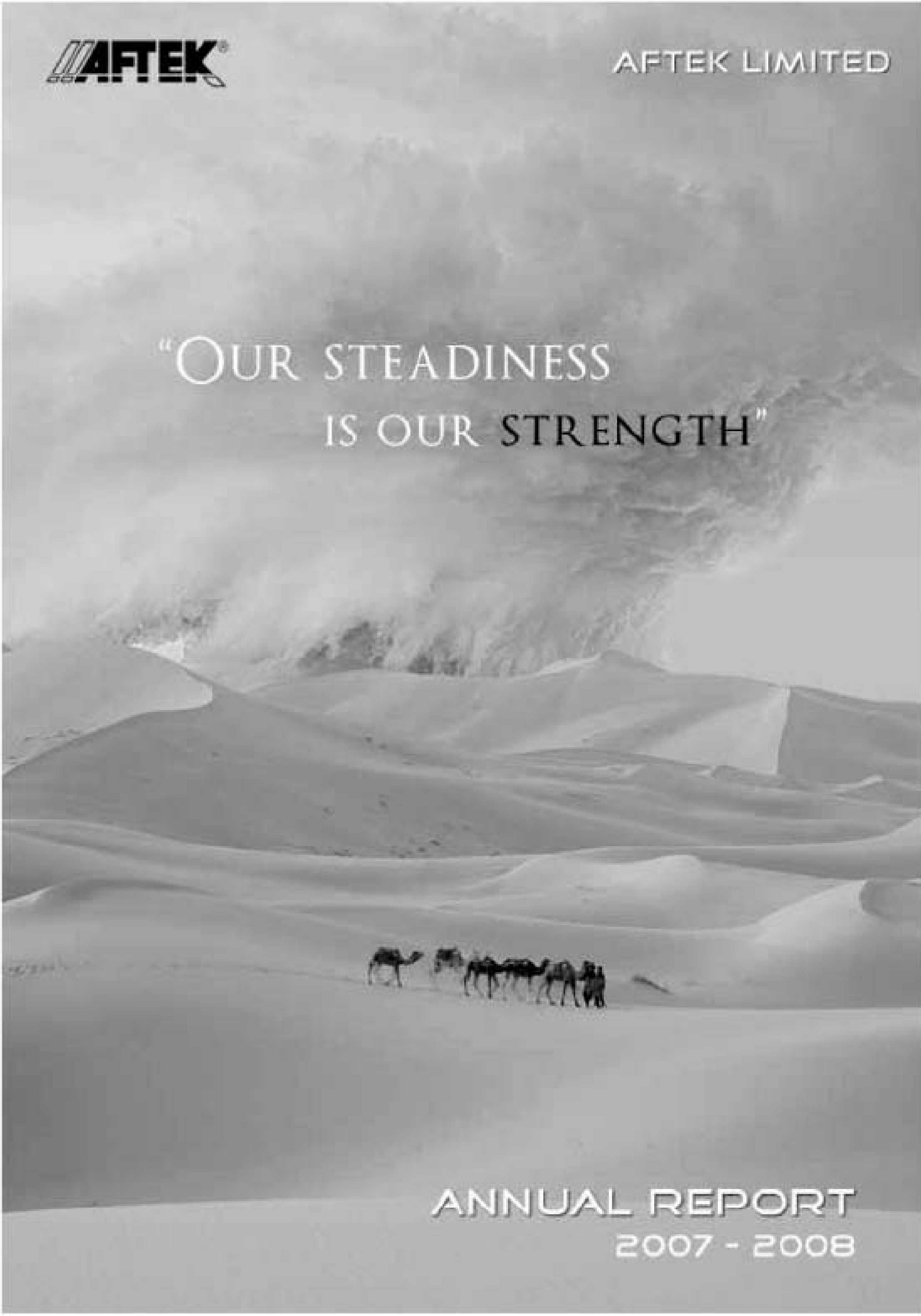
AFTEK LIMITED



"Our steadiness is our strength"

ANNUAL REPORT
2007 - 2008

FINANCIAL SNAPSHOT

(Rs. in crores)

	FY'08	FY'07	FY'06*	FY'05	FY'04	FY'03	FY'02	FY'01	FY'00
Total Income	398.84	341.02	20286	198.00	140.50	99.36	67.44	50.71	20.81
Export Sale	377.11	329.73	19130	191.36	134.37	91.54	57.37	40.92	15.86
Total Expenses	282.53	232.49	12167	119.18	77.94	51.93	31.75	23.45	11.16
Operating Profit	116.31	108.53	8118	78.82	62.56	47.43	35.69	27.26	9.65
Profit Before Tax	83.63	92.82	6783	60.80	47.72	42.70	34.65	26.41	8.94
Profit After Tax	80.94	90.52	6739	59.80	47.31	40.08	33.67	25.10	8.46
EPS (Rs.) Rs.10 per share	-	-	-	-	-	53.06	56.11	41.47	14.09
EPS (Rs.) Rs.2 per share – Basic	8.66	10.44	826	7.73	6.31	10.61	-	-	-
EPS (Rs.) Rs.2 per share – Diluted	8.23	9.83	815	7.68	6.31	-	-	-	-
Networth	730.47	621.59	53830	459.44	280.18	238.58	132.04	101.52	78.29
Fixed Assets	139.64	99.06	1269	24.04	40.44	43.83	8.47	9.46	5.81
Net Current Assets	474.61	403.85	40635	374.40	178.35	132.84	114.53	81.91	64.58
Dividend Per Share (%)	25.00	50.00	5000	50.00	50.00	50.00	35.00	25.00	20.00
Share Capital	18.70	17.45	1714	15.00	10.00	10.00	6.00	6.00	6.00
Reserve & Surplus	632.46	563.32	46350	314.86	270.18	228.58	126.04	95.52	72.29

* For a period of nine months since the Company's financial year changed to end on 31.03.06

BOARD OF DIRECTORS

MR. RANJIT DHURU	CHAIRMAN & MANAGING DIRECTOR
MR. NITIN K SHUKLA	WHOLE-TIME DIRECTOR
MR. MAHESH B VAIDYA	WHOLE-TIME DIRECTOR
MR. SUNIL M DESAI	WHOLE-TIME DIRECTOR
DR. SSSP RAO	NON-EXECUTIVE DIRECTOR
MR. V J MASUREKAR	NON-EXECUTIVE DIRECTOR
MR. MAHESH NAIK	NON-EXECUTIVE DIRECTOR
MR. SANDIP C SAVE	NON-EXECUTIVE DIRECTOR

MANAGEMENT TEAM

MR. RANJIT DHURU	CEO
MR. NITIN K SHUKLA	CFO
MR. MAHESH B VAIDYA	CTO
MR. SUNIL M DESAI	ED-Technology Solutions
MR. C V KHOPKAR	Sr Vice-President-Quality & HRD
MR. RAVINDRANATH MALEKAR	Sr Vice-President-Support
MR. MUKUL DALAL	Sr Vice-President-Smart Products
MR. DHANANJAY KULKARNI	Sr Vice-President-Engineering

COMPANY SECRETARY

C G DESHMUKH

REGISTERED OFFICE

"AFTEK HOUSE",
265, Veer Savarkar Marg,
Shivaji Park, Dadar,
Mumbai 400 028
Web-site:www.aftek.com

SOFTWARE DEVELOPMENT CENTRES

Software Centre – I
Kapil Zenith
5th Floor
Survey No. 55,
Hissa no 1,
Off Bangalore - Mumbai bypass,
Near Chandani Chowk,
Bavdhan, Pune- 411021

Software Centre – II
#09, SVR Complex
III Floor, Hosur Road
Madiwala
Bangalore-560068
Karnataka.

WORKS

Plot No. A/19/2,
M.I.D.C. Chincholi, Solapur 413 255

AUDITORS

M/s Walker, Chandiok & Co
Engineering Centre, 6th Floor,
9 Matthew Road, Opera House,
Mumbai 400 004,
India

BANKERS

Bank of India
Gohil House, L J Road,
Mumbai 400 026

The Hongkong and Shanghai Banking Corpn Ltd
Asia Mahal,
46/B Dr B G Deshmukh Marg,
Mumbai 400 026

REGISTRAR & TRANSFER AGENT

M/s Bigshare Services Pvt Ltd
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka, Andheri (East),
Mumbai 400 072

Message from
The Chairman and CEO

Dear Shareholder,

The great, Classical Greek Philosopher, Plato, once said, "The part can never be well unless the whole is well." No one could have described the modern world more accurately! As the world comes closer, interacts and integrates, the complex interdependencies become inevitable. Gone are the days of isolated, controlled economies. The world economy is facing rough weather. What surfaced as a small disturbance has culminated into a big tornado threatening to suck the strength out of the world economy. As political and business leaders all over the world make concerted attempts to overcome this grave challenge, it's important for your Company to stay focused on its core competencies and tread the known path cautiously until favorable economic weather sets in coming few quarters.

This is global reality my friends. Let me, with this as the background, present to you the financial performance of your Company for the year 2007-2008. Net Sales and Profits for the financial year 2007-2008 stand at Rs. 3925 million and Rs. 809 million respectively as against Rs. 3325 million and Rs. 905 million for the financial year 2006-2007. The EPS (Earning Per Share, diluted) on a par value of Rs. 2 per share for the financial year 2007-2008 stands at Rs. 8.23 against Rs. 9.83 for the financial year 2006-2007. Although Net Sales have increased by 18.05%, Net Profits and EPS have decreased by 10.61% and 16.28% respectively. Limited growth in sales is due to the reduced budgets or funding and delayed decisions on part of our clients. Reduction in Net Profits is due to significant increase in operating and administrative expenses largely on account of foreign exchange difference, provisions for doubtful debts, advances and diminution in value of investments.

While global economic outlook is very bleak, business growth is expected to reduce significantly and it's highly desirable to preserve cash, considering strong fundamentals of your Company, I am very happy to inform you that the Board of Directors has still recommended a dividend of 25%.

Now let me give you a comprehensive business update of your Company.

Last year, we had sighted the Engineering Services Outsourcing (ESO) business opportunity in the Business Outlook section of Management Discussions. I am very glad to report to you that we got two new large customer engagements, one each from North America and Europe, in this space. While the first one is in the space of retail automation, second one is in the space of business intelligence. You will be glad to know that your Company ended up developing complete engineering solution right from concept as a single-stop shop for outsourced engineering service in both these engagements. Both the engagements have excellent prospects for growth. Your Company will continue to grow in this space based on these early, grand success stories. You can read more about our customer engagements in the Management Discussion and Analysis.

Your Company's Software-Driven Products (SDP) group has expanded its business in South Africa and Middle-East regions. Besides transportation solutions, SDP group has also developed solutions for microfinance and mining. We expect strong domestic demand and bright offshore prospects for these solutions. SDP group is also being run as a strategic business unit.

Last year, we merged Elven Micro Circuits Private Limited and C2Silicon Software Solutions Private Limited with your Company. This year, we completed the integration process. In order to minimize costs and maximize profits, we have retained only core VLSI (Very Large Scale Integration) business in Bangalore and have transferred all other business to Pune. The VLSI operation in Bangalore is being run as a strategic business unit.

Due to lack of clarity on extension of benefits under the STPI (Software Technology Parks of India) scheme and also upcoming SEZ (Special Economic Zones) scheme, we had delayed the construction of Software Development Center at Hinjawadi in Pune. However, now that the benefits under the STPI scheme have been extended, we have reactivated the construction and the Software Development Center should be ready within coming 6 to 8 months. Since the developed usable space will be close to 260,000 square feet, we will consider leasing out the extra space in future if required.

Opdex Inc., your Company's 100%-owned, North-American subsidiary is operating in energy sector. As sales Of Powersafe, an Uninterruptible Power Supply (UPS) Management product, taper down, energy management market is opening up. However, this is a medium to long term and not an immediate opportunity. Opdex Inc. is exploring opportunities for products, solutions and services in this sector.

We have reported earlier that the critical intellectual property rights had already been transferred from Arexera Information Technologies GmbH ("Arexera GmbH"), Germany to Arexera Information Technologies AG ("Arexera AG"), Switzerland which will now continue as your Company's 100% subsidiary in Europe. Arexera GmbH was to continue as development centre, however due to unfavorable labour laws and legal frame works, it had to be closed down. After formation of Arexera Information Technologies AG, Switzerland, where reduced taxation benefits are available, all continuing business and fresh contracts have been signed with this entity. All developmental work for intellectual property is executed out of India.

Your Company's strategic partnership with the leading provider of automotive, telecommunications, aerospace, defence and logistics solutions from Europe is yet to convert into significant business. This is due to slow decision making and cautious approach to outsourcing as generally experienced in Europe.

The leading provider of storage, backup, archival and compliance solutions from Europe, to which Arexera AG, has licensed its search technology, has delayed the launch of its solution due to performance and scalability issues. We expect only modest business from these engagements next year.

Seekport Internet Technologies AG, which is listed on Frankfurt Stock Exchange and in which your Company has 24.75% stake, was not able to secure investments due to difficult business conditions in Europe. It has scaled down its operations significantly, but continues to look out for investments.

Your Company has acquired a controlling stake of 51% in Digihome Solutions Private Limited ("Digihome") in lieu of the Intellectual Properties. Digihome is doing extremely well in the residential market all over India. Its solution for intelligent homes featuring safety, security, automation and communications is being used as a Unique Selling Proposition (USP) in an otherwise competitive and difficult real-estate market. The solution has been installed in hundreds of apartments all over India. Digihome is now setting up distribution channels across India as well as Middle East and has already signed up with many corporate builders. We expect significant value to be created in this company.

As leading world banking and financial institutions melt down, funding for and investments into technology ventures get dried up. As your Company operates in and primarily serves the technology sector, it's also facing the brunt in terms of reduced budgets, delayed decisions and rate pressures. In order to successfully face the economic tornado, it's important for your Company to stay focused on its core competencies. Your Company is best at delivering end to end engineering solutions. And this is exactly where the Engineering Services Outsourcing (ESO) business opportunity exists. Your Company will consolidate upon its historical and recent successes and pursue the path of steady progress, just like a determined camel crossing a fathomless desert in spite of a threatening sand storm.

Let me take this opportunity to thank you for being with us always and request your continued confidence in and support for us. May this Diwali light up our path to a brighter tomorrow! My best wishes for the festival of lights to you!!

Yours Truly,
Ranjit Dhuru
Chairman & CEO

Management
Discussion & Analysis

Company overview:

For the benefit of new shareholders, here's a historical overview of your Company. Established in 1986, your Company is into 22nd year of operations! Taking off as a hardware company, Aftek Business Machines Private Limited, your Company soon established its leadership in the field of embedded peripherals and add-on cards. Embedded products is your Company's forte since then. In subsequent years, your Company also developed a range of embedded products and solutions for the vibrant manufacturing industry in and around Pune. By 1995, your Company was well-recognized as a strong technology company.

Poised to transform itself into a software company for exploiting emerging export opportunities and looking for required funding, your Company had an overwhelmingly successful Initial Public Offering (IPO) in 1995. 'Aftek Business Machines Private Limited' thus became 'Aftek Business Machines Limited'. Working through references and then getting references through work, your Company soon developed a significant customer base in the Silicon Valley of United States of America (USA). After establishing itself as a well-known company in the space of Information Systems, your Company was renamed as Aftek Infosys Limited in 1999.

In the year 2000, your Company received highest recognition in the form of Gold Certification for integration of its product with the Enterprise Management Framework from Computer Associates, Inc. Soon, your Company started providing products, solutions and services in the field of Enterprise Business Management. Your Company introduced its product in the North American market through its 100%-owned, North-American subsidiary, Opdex Inc.

In order to establish a footprint in Europe and add to its portfolio, an Enterprise Information Management solution, your Company made its first acquisition of Arexera Information Technologies GmbH, Germany. This helped your Company build up its business in Europe. Thereafter, your Company acquired significant stakes into Digihome Solutions Private Limited in lieu of its Infrastructure Management Intellectual Property Right for Intelligent homes. And recently, your Company invested and merged operations of Elvon Micro Circuits Private Limited and C2Silicon Software Solutions Private Limited. This helped your Company acquire Very Large Scale Integration (VLSI) expertise required for building end-to-end solutions in embedded space.

With long, impressive and continuous record of building end-to-end solutions, your Company continues to work in the Engineering Services Outsourcing space, serving its customers to build their products and solutions. In 2006, your Company opted to drop the word 'Infosys' from its name to become 'Aftek Limited'. Even after 22 years, Aftek Limited is committed to developing AFfordable TEKnoogy solutions for its customers.

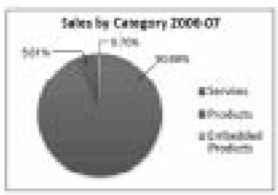
Operational results:

Following table summarizes results of operations for the financial years 2007-2008 and 2006-2007. For comparative study, the numbers are also shownas % of total income and % change with respect to corresponding numbers from previous year.

Particulars	2007-2008 Rs. crore	%	2006-2007 Rs. crore	%	% change
Net sales	392 54	98.40	332.52	97.51	18.05
Other income	6 30	1.60	8.50	2.49	(25.88)
Total income	398 84	100	341.02	100	16.96
Cost of revenues	241 41	60.52	213.27	62.54	13.20
Operating expenses	41 12	10.31	19.22	5.64	113.94
Finance charges	0 99	0.25	0.85	0.25	16.47
Depreciation and amortization	31 70	7.95	14.86	4.36	113.32
Total expenses	315 22	79.03	248.20	72.79	27.00
Profit before tax	83 63	20.97	92.82	27.21	(9.90)
Total taxes	2 69	0.68	2.32	0.67	16.96
Profit after tax	80 94	20.29	90.50	26.54	(10.56)
Dividend and dividend taxes	5 47	1.37	10.67	3.13	(48.73)

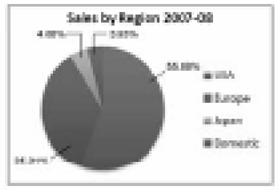
Business review:

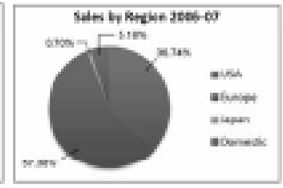
During the financial year 2007-2008, we had a net sales of Rs. 392.54 crores. which comprised of Rs. 359.38 crores from Services, Rs. 28.01 crores from Products and Intellectual Properties and Rs. 5.15 crores from Software Driven Products (SDP). These contributions amount to 91.55%, 7.14% and 1.31% respectively.



Although Services sales appear to be very high, we use lot of our Intellectual Properties as part of our deliverables. Use of Intellectual Properties is similar to customized products. Intellectual Properties sold without customization are included in Products sales. Products sales are tapering down due to limited size of the Uninterruptible Power Supply (UPS) management niche market. SDP sales are minimal due to focus on Domestic market. We will aggressively sell Services during the forthcoming year as outlined in following sections of the Management Discussion. Product sales are expected to decline further. SDP sales are expected to increase significantly due to strong traction in the African and Domestic markets.

On a geographic basis, net sales comprised 55.88% from USA, 35.31% from Europe, 4.88% from Japan, 3.93% from domestic and other regions. Relatively, Euro seems to be more stable and stronger than the US$. European economy appears to be relatively less affected than the US economy and Asia seems to be the least affected. Although uncertainty still exists, going forward, your Company will strengthen sales in Europe and Asia-Pacific, including Japan and Domestic markets.





During the financial year 2007-2008, we had a total of 44 customers for Software Export, out of which, 35 customers were for Services and 9 for Products. Out of these 44 customers, 21 customers gave us a business of less than US$ 1 million, 4 customers gave us a business of US$1-3 million, 15 customers gave us a business of US$3-5 million, 2 customers gave us a business of US$5-7 million and remaining 2 customers gave us business of more than US$ 7 million. Top 5 customers contributed to approximately 35% of our revenues, whereas similar contribution came from bottom 25 customers.

During the forthcoming year, we will target sales to top 18 customers which give us a business of US$ 3 million or more. At the same time, we will target new customers for business of US$ 3 million or less.

Human resources:

Information Technology is a human-resource intensive industry and we care utmost for them. Teamwork, passion and creativity are three pillars of our value system. And our employees are the real architects of the same!

During the year 2007-2008, we added 88 new employees to our workforce. With these new recruits, our workforce comprises 29% engineering post-graduates, 56% engineering graduates and 15% non-engineering graduates. Amongst them, 84% have core technical, 12% technical support and 4% non-technical support qualifications.

Your Company has recently consolidated all its development centers in Pune to a single location before the final move to the new premises being built at Hinjawadi. The consolidation is already helping us in optimizing time, costs and resources.

We have an on-job rotation policy whereby employees get to work in different departments like development, testing, documentation, research, etc. This lets them sharpen their skills and develop overall business understanding. Your Company in turn benefits due to more flexible, mature and knowledgeable workforce. It also reduces monotony, boredom and associated inefficiency.

Your Company is very closely associated with various reputed engineering and technology institutes in Pune. Your Company sponsors projects and holds technology seminars and workshops for their students. We also conduct training sessions for the faculty. We help them organize technical events in their colleges. Finally, we get handsome rewards in terms of their brilliant graduates joining your Company.

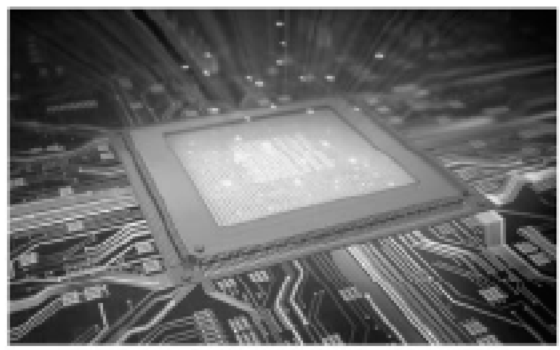
We encourage our employees to actively participate in intra- as well as inter-company sports events. This year, your Company won the Champion Trophy for Inter-Information-Technology-Companies Tennis Ball Cricket Tournament.

Your Company has many talented sportspeople engaged in various sports like cricket, badminton, table-tennis, chess, etc. Active engagement in sports helps our employees relieve stress and develop strong bonds, besides improved stamina and concentration. We also hold annual health checkups for our employees and have them covered under group insurance.

Adventure sports like Trekking take us into the Environment. This monsoon, we had organized a trek to Fort Torna, in which over 60 Aftekians participated and cleaned up all the garbage en-route to and on the fort, besides planting seeds for a greener and cleaner tomorrow. We owe our very existence to the environment and must do everything possible to save it.

Finally, we do contribute to the social cause as our corporate social responsibility. We work very closely with Sanvedana, a charitable, not-for-profit organization, dedicated to providing education to underprivileged kids. We have not only developed their website, http://www.sanvedana.org/, but also contribute to their cause in cash and kind. We believe very firmly that well-educated and well-cultured young generation is the promise for better tomorrow, to us and our industry.

Technology edge:



AFTEK stands for AFfordable TEKnology! Our mission is to make technology affordable for our customers and their end customers. In order to accomplish our mission, it's important for us to maintain a clear technology edge.

Gartner Inc., the famous analyst and research house from USA, annually publishes what it calls as Technology Hype Cycle. According to Gartner Inc., technologies typically follow a cycle starting as a technology trigger, slowly rising to a peak of inflated expectations, subsequently sliding down the trough of disillusionment and again climbing a slope of enlightenment before finally settling down to the plateau of productivity. We track these and other sources of technology predictions for creating a technology roadmap for your Company. We then proactively work on these technologies in our Research Laboratories and otherwise prepare ourselves much ahead of time. This helps us retain our razor sharp, cutting or bleeding technology edge.

Some of the top-10 technologies for 2008-2009 relevant to your Company's operations and those which we are actively working on include Unified Communications, Metadata Management, Virtualization/2.0, Software-as-a-Service (SaaS) and Web/2.0.

Intellectual Properties:

Intellectual Property Rights (IPRs) come in the form of trademarks, copyrights or patents. Your Company and its subsidiaries have registered trademarks for their names, products and solutions in applicable categories and regions.

The engagement contracts with our employees, contractors and consultants assign all rights to trademarks, copyrights and patents created by them during the course of their engagement with your Company in favor of your Company. We take all physical, technological and legal means to ensure security and availability of our Intellectual Properties. We will be implementing ISO-27001 for Information Security soon.

Your Company has filed several patent applications. These applications are in the areas of communication, acoustics, automation and automotives. Your Company encourages, rewards and recognizes filing of patent applications.

Your Company develops or buys many Intellectual Properties in the form of algorithms, modules, components or products. All of these Intellectual Properties are reused repeatedly for delivering products, solutions and services to our customers. Their reuse amounts to shortening of delivery periods, reduction of development efforts and consequent increase in profits.

Some significant Intellectual Properties include internet, enterprise and desktop search products, enterprise resource management frameworks, communication modules for wired and wireless communications, multimedia components, etc.

Intellectual Properties are important and valuable assets of your Company.

Research laboratory:

In order to maintain our technology edge, we need to engage in continuous research on upcoming and current technologies. This research work is done in our in-house Research Laboratory. Based on their competencies, interest and availability, engineers are assigned to the Research Laboratory from time to time, where they participate in active research. All research is applied and aimed at commercial exploitation.

We will soon be opening up our Research Laboratory on the Internet. Some of the products of our Research Laboratory will be available on our website for free download, whereas some others will be available only to our customers after free registration. Our customers will also be able to request for focused research for their specific requirements. We will take it up based on our focus, priorities and resources. This will help us add significant value to our customers and strengthen our partnership with them.

Research Laboratory also contributes to our Intellectual Properties in the form of white papers and presentations, proofs-of-concepts and reusable components, ideas and patents, etc. Research Laboratory strongly promotes and rewards innovation.

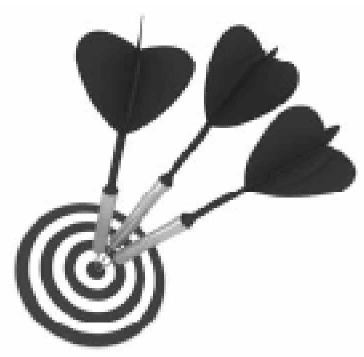
Business outlook:

The global economic situation is evolving very rapidly every day. Although finance and banking are the worst, directly and immediately affected sectors, other sectors may also get affected sooner or later. Similarly, although USA is the worst affected economy, other economies, including European and Asian economies, may also get affected sooner or later. It's a period of uncertainty and no experts are able to predict how long will it continue. However, the general feeling is that the recessionary and inflationary trends will not last long. Therefore, medium and long term forecasts should still hold good and it's important for all business to stay put firmly by their core fundamentals.

Your Company largely operates in the Engineering Services Outsourcing (ESO) space. National Association of Software and Service Companies (NASSCOM) includes Engineering Services, Research and Development and Software Products under this space. As per NASSCOM's factsheet, exports in this space have grown by 30.61% to US$ 6.4 billion in 2007-2008. During same period, domestic sales have grown by 37.5% to US$ 2.2 billion. Export opportunity in the ESO space is estimated to be US$ 50 billion by 2020. Technology, Telecommunications, Retail, Automotive and Utility sectors are expected to dominate this space. Fortunately, these sectors are not the worst affected sectors yet and your Company has good business in these sectors. Within these sectors, embedded services, which is your Company's forte, has significant applications.

During these difficult times, business growth can only be very modest. However, your Company will stay focused on its core competencies and build upon its strengths so as to exploit the aforesaid opportunities by realizing all success factors described below.

Success factors:



Difficult times are also the testing times for businesses. There is no guaranteed formula for success, but some factors, as identified below are more critical to success than others. Your Company will leave no stone unturned to realize them.

As long as uncertainty stays, it will be difficult to convert totally alien prospects into customers. Therefore, in-selling to customers' divisions, up-selling to customers' customers, cross-selling to customers' partners and down-selling to customers' vendors will have to be stressed. And for strong reference, there is no alternative to complete customer satisfaction. Customer-focused and customer-centric services will be of paramount importance

Optimizing cost, time and quality of deliverables will be very critical. With limited budgets, customers will be expecting minimal costs. With reduced time-to-market, customers will be expecting shorter delivery times. With competitive markets, customers will be expecting good quality. Any pressure on cost may affect time and quality, any pressure on time may affect cost and quality and any pressure on quality may affect cost and time. Therefore, ability to achieve optimal cost, time and quality will be critical to success.

The market is already clearly segmented into scale (large) and niche (small) vendors. Niche vendors will have to take leadership positions and achieve considerable breadth and depth of expertise in their respective niches. Ability to offer complete end-to-end solutions within a niche will add to the competitive advantage.

As of today, USA appears to be the most affected and vulnerable economy. However, European Union (EU) is also having small disturbances. Comparatively, Asian economies appear to be more vibrant and growing. It will therefore be important to spread quickly and effectively to and within progressing economies. However, uncertainty looms large and ability to respond fast to quickly unfolding situations will be critical to success.

Finally, minimizing costs and improving productivity of operations will help stability, sustainability and profitability. With pressures on top-line growth, every effort will have to be made on strengthening bottom-lines.

Risk analysis:

Your Company manages all risks based on standard risk identification, measurement, mitigation, monitoring and control mechanisms. As of now, following risks are known and need to be managed.

Uncertainty is the biggest risk that all businesses are facing today. Whether it's the foreign exchange rate or oil prices, recession or inflation, everything is in a state of flux at the moment. Uncertainty makes management extremely difficult. Therefore, we will have to manage this risk in real-time and on a reactive basis.

However, there are other risks, which are more or less certain and can thus be managed more effectively. Geographical spread of customers across vulnerable economies is a risk for all businesses. Your Company has a large business coming out of USA and EU. We will monitor these economies closely, be in constant touch with our customers, proactively in, up, cross and down-sell and strengthen our business in Asian and Domestic markets.

Due to vulnerability of USA and EU economies, the impact of losing a client can be minimized by having proper spread of business across customers. Hence, instead of having few very large customers, it will be better to have a strong and solid foundation of many medium and small customers. We will proactively manage the accounts to ensure minimal dependency on large customers.

Technology obsolescence is a constant risk for any technology company. We will mitigate this risk by proactively monitoring and developing competencies in upcoming technologies through our Research Laboratory.

In today's insecure environment, complete security and constant availability of Intellectual Properties and the Infrastructure which hosts them are exposed to risks. We will enhance our existing legal, physical and technological means to ensure impervious security and uninterrupted availability.

Internal Control System:

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets. The system of internal control of the Company is being upgraded and strengthened considering the size and complexity of its business.

Forward looking statements:

Some of the statements in this Annual Report are forward-looking statements. These statements carry information about our future plans, growth, revenues, profits, strategies, performance etc. Information contained in these statements is subject to perceived circumstances, risks and uncertainties, which can result from various factors within or outside our control like currency fluctuations, domestic and international law changes, market conditions, economic swings, our ability to retain and attract clients, business and employees, competitive scenarios, political conditions, etc. We do not undertake to update these statements and information contained therein as and when the perceived cirumstances, risks and uncertainties change.

CONTENTS

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Friday, the 31st October, 2008 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2008, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on the equity shares.
3. To appoint a Director in place of Mr Nitin Shukla who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Sunil Desai who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr S S S P Rao who retires by rotation, and being eligible, offers himself for re-appointment.
6. To consider, and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

   "RESOLVED THAT M/s Walker, Chandiok & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the said Auditors, plus reimbursement of service tax, out-of-pocket and travelling expenses actually incurred by them in connection with the Audit."

Special Business:

7. To consider, and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

   "RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 as also provisions of any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, consents, permissions and sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI) and all other appropriate and /or concerned authorities, and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board" which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to issue, offer and allot Equity Shares/Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs) or Bonds or Debentures/Warrants and/or any instruments convertible into Equity Shares/GDRs/ADRs whether optionally or otherwise/(hereinafter referred to as 'Securities') for an aggregate sum of USD 25 million with a green shoe option of 15% or equivalent in Indian and /or any other currency(ies) (inclusive of such premium, as may be permitted by the Ministry of Finance/ such other authorities directly to Indian/Foreign/ Resident/Non-resident investors (whether institutions, incorporated bodies, mutual funds, Trusts/Foreign Institutional Investors/Banks and/or individuals, or otherwise and whether or not such investors are members, promoters, directors or their relatives/ associates, of the Company) through Prospectus, Offering Letter, Circular, Memorandum or through any other mode or a combination thereof at such time or times in such tranche or tranches, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors, wherever necessary in consultation with the Lead Managers, Underwriters, Advisors etc. in any markets and/or to the persons as may be deemed fit by the Board, so as to enable the Company to get securities listed at any stock exchanges in India and/or Luxembourg/Singapore/Hongkong/London/ Nasdaq/ New York Stock Exchanges and/or any of the overseas stock exchanges.

RESOLVED FURTHER THAT in case of equity linked issue, the Board be and is hereby authorized to offer, issue and allot such number of Ordinary Shares as may be required to be issued and allotted upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari passu, inter se, with the then existing Ordinary shares of the Company in all respects, excepting the right to dividend which may be provided under the terms of issue and in the offer document(s).

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the abovementioned Securities to be issued, by the creation of a mortgage and/or charge on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT such of these Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner as the Board may deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/GOI / RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of Securities in international offering may have all or any term or combination of terms in accordance with the international practice including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payment whatsoever and all such terms as are provided in international offering of this nature including terms for issue of additional Equity Shares or variation of the conversion price of the securities during the duration of the securities.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place of issue of the Securities in the international market and may be governed by applicable laws.

RESOLVED FURTHER THAT the Board is also entitled to enter into and execute all such arrangements/ agreements with any Lead Managers / Underwriters / Guarantors / Depositors / Custodians and all such agents as may be involved or concerned in such offering of Securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of Securities and other expenses, if any or the like.

RESOLVED FURTHER THAT subject to necessary approval, consent, permission, the Board be and is hereby authorized to convert the GDR into ADR/ADS and list at Nasdaq/NYSE or in any other overseas Stock Exchanges."

By Order of the Board of Directors

C G Deshmukh

Company Secretary

Registered Office:

"AFTEK HOUSE",
265, Veer Savarkar Marg,
Shivaji Park, Dadar, Mumbai – 400 028

Dated : 30th September, 2008

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 27th October, 2008 to Friday, the 31st October, 2008 (both days inclusive).

3. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid to those shareholders whose names appear (i) as Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before Saturday, the 25th October, 2008 and (ii) as Beneficial Owners as at the end of the business hours on Saturday, the 25th October, 2008 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form.

4. Members holding shares in physical form are requested to notify immediately any change in their addresses with PIN Code to the Company's Share Transfer Agents, M/s.Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400072, and in case they hold shares in demat form, this information should be passed on directly to their respective Depository Participants and not to the Company.

5. Members are informed that, in order to avoid fraudulent encashment of dividend warrants, they should send to the Company under the signature of the Sole/First Joint holder the information relating to Name and Address of the Banker along with the PIN code and Bank Account Number for the purpose of printing the same on the Dividend Warrants. Members holding shares in dematerialized form and desirous of changing or correcting the bank account details should send the same immediately to the concerned Depository Participant.

6. Members desirous of availing the facility of Electronic Credit of Dividend are requested to send ECS Form attached to this Annual Report alongwith a photocopy of a cheque for verification of details to the Share Transfer Agents of the Company.

7. Pursuant to the provisions of Section 205A and Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. Members should note that no claims can be made by the shareholders for the unclaimed Dividends which are transferred to the credit of The Investor Education & Protection Fund. Therefore, members who have not yet encashed the dividend warrants for the year ended 30th June, 2001 and/or subsequent dividend payments are requested to make their claims to the Company.

8. As per the provisions of Companies Act, 1956, facility for making nomination is available for the Members in respect of the shares held by them. Nomination Forms can be obtained from the Company's Share Registrar and Transfer Agent.

9. Members desirous of obtaining any information concerning the accounts of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the meeting.

10. Members who hold shares in electronic form are requested to bring their depository account number for easy identification and attendance at the meeting.

11. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting, are contained in Annexure hereto.

12. Members may please note that the Government of India, Ministry of Corporate Affairs, Office of the Registrar of Companies, Maharashtra vide letter dated 28th August, 2008 has granted extension of time of one month for holding the 21st Annual General Meeting under the provisions of section 166 of the Companies Act, 1956.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.7

In order to finance the Company's expansion plans in India and abroad, the Company at appropriate time proposes to raise capital in Indian and/or International Market in one or more tranches by issue of any one or more kinds of shares/ securities as detailed in the resolution at Item No. 7 of the Notice.

Consent of the shareholders is sought for issuing Securities as stated in the resolution which would result in issuance of further shares of the Company in accordance with the terms and nature of Securities to be issued by the Company. The Board, in consultation with its Lead Managers, Merchant Bankers and other Advisors, will finalize detailed terms of the issue including in relation to the pricing of the issue which will be fixed keeping in view the capital market conditions/practices and guidelines, if any, issued by the Securities And Exchange Board Of India (SEBI). The proposed resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet the growing needs of the Company by way of issue of GDR / ADR and other Securities.

Under the proposed Special Resolution consent of the Shareholders is sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with Stock Exchanges in India where the Company's securities are listed.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in general meeting decide otherwise. The Listing Agreement referred to above provides, inter alia, that the Company in the first instance should offer all shares to be issued by the Company for subscription pro rata to the equity shareholders unless the shareholders in General Meeting decide otherwise.

The said Securities may, if necessary, be secured by way of mortgage/hypothecation on the Company's assets in favor of the security holders/trustees for the holders of the said Securities. As the documents to be executed between the security holders/trustees for the holders of the said Securities and the Company may contain the power to take over the management of the Company in certain events, it is necessary to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage or charge.

Since the Special Resolution proposed at Item No. 7 may result in issue of shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Board of Directors recommends passing of the Special Resolution at Item No. 7 of the Notice.

All the Directors of the Company may be deemed to be concerned or interested in the said resolution in the event and to the extent of their application for and allotment of the said Securities.

By Order of the Board of Directors
C G Deshmukh
Company Secretary

Registered Office:
"AFTEK HOUSE",
265, Veer Savarkar Marg,
Shivaji Park, Dadar,
Mumbai – 400 028

Dated : 30th September, 2008

ANNEXURE to the Notice

BRIEF RESUMÉ OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 21ST ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Particulars	Nitin Shukla	Sunil Desai	Dr S S S P Rao
Date of Birth	18/10/1957	19/06/1962	02/07/1942
Date of Appointment	25/03/1986	01/08/1999	27/03/2002
Expertise in specific functional area	Has been associated with the computer industry for the past 24 years. He has experience in the field of accounts, banking, finance and customs.	Total 23+ years of experience in companies such as Godrej & Boyce Ltd and ICIM Ltd - Chief Architect for Embedded Systems, Business Development, Technology Management, People Management, university examiner / guide for graduate and post-graduate electronics and computer science /engineering students. Embedded systems or solutions include solutions for industrial, office and home automation. This involved end to product /solution development cycle from system architecture to detailed hardware and software design to implementation using x86, x51, Xscale, i960, MC68xxx, SH-3 etc. platforms and RS232/422/485, USB, TCP/IP, WiFi, Bluetooth, ZigBee GSM/GPRS, GPS communication protocols and DOS/Unix/ Linux/Windows/PocketPC/PalmOS/eCOS/ VxWorks/ Nucleus operating systems internals. Business Development basically covered offshore software & hardware consultancy services for Indian, European, US, Japanese & east Asian market. This also includes setting up and managing development centers.	Holds Ph.D. (CSE) from Department of Computer Science & Engineering, IIT-Bombay. Prof. Dr. Rao held the position of Head of Department, Department of Computer Science & Engineering at IIT-Bombay from August 1985 to June 1991. Prof. Dr. Rao was on deputation to TIFR from IIT-Bombay to work on a defense research project from 1972 to 1975. He was also one of the Technical Members of the of EC 1030 committee who visited Yeravan, State of Armenia, USSR from 1973 to 1974 to participate in the discussion of EC 1030 architecture. In addition, Prof. Dr. Rao also has to his credit, a number of publications/conference papers in IT industry and is associated with various institutions,universities, government departments and committees in various capacities. After serving IIT-Bombay for forty years, Prof. Dr.Rao retired as professor from IIT-Bombay in 2005 and he worked as Chief Technology Officer, Xilinx India Development Centre, Hyderabad .till March 31,2008. Since April 1st, he is with CMC-Hyderabad as their Chief Advisor and Mentor. He is a permanent member of National Council of the National Information Technology Education, Research & Development Foundation.
Qualification(s)	B.Com	B.E Electronics and Telecommunication/ Comp Techqs & MMS	Ph.D. (CSE) From IIT, Mumbai
List of outside pubic companies in which Directorship held as on 31st March 2008	Nil	Nil	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March 2008	Nil	Nil	Nil
Shareholding of Non-executive directors in the Company (No. of Shares) as on 31st March 2008	N.A.	N.A.	16,900 equity shares

DIRECTORS' REPORT

To,
The Members of Aftek Limited,

Your Directors are pleased to present their 21st Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2008.

Members may please note that the Government of India, Ministry of Corporate Affairs, the Office of the Registrar of Companies, Maharashtra vide letter dated 28th August, 2008 has granted extension of time of one month for holding the 21st Annual General Meeting ("AGM") of your Company under the provisions of section 166 of the Companies Act, 1956. The forthcoming AGM is being held accordingly.

FINANCIAL PERFORMANCE

PARTICULARS	Amount (Rs. in lacs)	
	31/03/2008	31/03/2007
Turnover	**39,254**	**33,252**
Profit Before Depreciation	**11,533**	**10,768**
Less: Depreciation	**3,170**	**1,486**
Profit Before Tax	**8,363**	**9,282**
Less: Provision for Taxation	**269**	**230**
Profit After Tax	**8,094**	**9,050**
Transfer to General Reserve	**1,000**	**1,200**

DIVIDEND

Your Directors have recommended a dividend of Re 0.50 (25%) per Equity Share of Rs.02/- each [Re. 01/- (50%) for the previous year], for the year ended 31st March 2008.

BUSINESS REVIEW & FUTURE PROSPECTS

Your Company experienced a steady performance in the backdrop of a global slowdown. In spite of early signs of recovery, it was noticed that the global meltdown had much larger dimensions than earlier anticipated. Your Company is now technologically as well as geographically fairly diversified and as a consequence, is able to meet the goals set for itself. However, herculean efforts are needed to keep the Company's funnel of customers full. US, which accounts for 55% of your Company's revenue, is the biggest casualty of the global financial mess. Your Directors believe that matters will get better in the next year, post the US elections. However, experts say that there would be further catastrophes in the financial world before a recovery can take place. Europe too gets affected by what happens in US. In fact, the whole world gets affected when US economy gets destabilized. This is hard times and one needs to hang in there till the crises are through. Here, the dictum 'cash is king' is extremely relevant and your Directors are very prudent in any expense which otherwise could be avoided.

After having executed our long intended strategy your Directors feel that your Company can and will cross this stormy waters. Growth targets set during the good times may not be relevant during the downturns. Your Company will shortly give revised outlook and growth targets which, your Directors believe, will be modest but will reflect a positive growth.

Your Company is keeping a close watch on all reorganized SBUs and is carefully monitoring them . Your Directors feel that the Company can certainly latch on any opportunities in its specialization domain. The Company was reorganized to precisely address the customers' needs under one roof by offering solutions from application layer to the physical layer (chip designing). This is a rare offering by mid-sized companies like yours. The global melt-down was in this backdrop but its significance was not analyzed or realized by the business community and your Company is no exception. However, the inherent strength coupled with your Company's resilience to survive through crises will hold good during these bad times.

FINANCE

Out of 3,450 numbers of FCCBs of USD 10,000/- each, issued in 2005, a total number of 2570 FCCBs stand converted into GDRs/equity shares resulting in the issuance of 12029471 equity shares and 880 numbers of FCCBs remained outstanding as on 31st March, 2008. No conversion of FCCBs has taken place during the year as well as during the period from 1st April, 2008 to 29th September, 2008.

61,50,000 equity shares of Rs 02/- each were allotted pursuant to the Scheme of Amalgamation of Elven Micro Circuits Pvt Ltd and C2Silicon Software Solutions Pvt Ltd with your Company during the year. Further,70263 numbers of equity shares of Rs 02/- each were allotted during the year against exercise of an equivalent number of stock options. In view of this, the paid-up equity share capital has increased from Rs 17.45 crores to Rs 18.70 crores as on 31st March, 2008.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Nitin Shukla, Mr. Sunil Desai and Dr S S S P Rao are liable to retire by rotation and are eligible for reappointment.

Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

i. that in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2008 and of the profit of the Company for that period;

iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the directors had prepared the annual accounts for the year ended 31st March, 2008, on a 'going concern' basis.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the Public.

SUBSIDIARY COMPANIES

Mihir Properties Pvt Ltd. and Aftek Sales & Services Pvt Ltd have not carried out any business during the year under review. Aftek (Mauritius) Ltd which was formed in October 2007 has not carried on any business activity. Digihome Solutions Pvt Ltd ("DSPL") became your Company's subsidiary company in January 2008 by virtue of increase in the stake of your Company in DSPL from 25% to 51%. Opdex Inc. continues to explore business prospects in Energy sector in the USA. As a part of business restructuring with a view to avail of reduced taxation and increased profitability and avoiding unfavourable labour laws and legal frame-work, Arexera Information Techonologies GmbH ("Arexera GmbH"), Germany is in the process of being closed down. The critical IPs had already being transferred from Arexera GmbH to Arexera Information Techonologies AG, Switzerland, a wholly-owned subsidiary of your Company, which will continue its business in Europe.

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of subsidiaries of the Company , forms part of the Annual Report.

AUDITORS

At the ensuing Annual General Meeting, members will be required to appoint Auditors for the current year and fix their remuneration. M/s Walker, Chandiok & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The Auditors' observations in paragraph 4 of their report have been explained under the Notes to accounts. With regard to observations made by the Auditors in the paras(i)(a), (iii)(c), (iv), (v), (vii), (ix)(a) of the Annexure to their report, we have to state as follows.

Fixed assets located at Bangalore earlier belonged to M/s Elven Micro Circuits Pvt Ltd that was merged with the Company vide Hon'ble Orders of High Courts at Bombay and Karnataka, Bangalore in August/September 2007. This is now being regularized ; Interest is payable alongwith principal which is not yet demanded; Internal control system for sales of services is being strengthened ; para B.16 of Notes to Accounts is self-explanatory ; Company is in the process of restructuring its internal audit system ; The provident fund and income-tax payments related to employees of the earstwhile Elven Micro Circuits Pvt Ltd and C2Silicon Software Solutions Pvt Ltd which were merged with the Company vide Court Orders in September 2007 with April 01, 2006 as the appointed date. The outsourced records needed to be reconciled leading to delay in payment of these dues.

PARTICULARS OF EMPLOYEES

Details of remuneration paid to employees, as required under Section 217(2A) of the Companies Act, 1956, are set out in a separate statement attached hereto as Annexure "A" and the same forms part of this Report

CONSERVATION OF ENERGY ETC.

Your Company endeavors to ensure conversation of energy. However, as a software company, energy costs constitute a small portion of the total cost and there is not much scope for energy conservation. Form A as prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable for software industry. The particulars of Technology Absorption are also not applicable. The Foreign Exchange Earnings and Outgo are as per Para Nos 3(iv) and (iii) of the Notes on Accounts.

OTHER DISCLOSURES

The disclosures required to be made under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, together with a certificate obtained from the Statutory Auditors confirming compliance, is given in Annexure "B".

Pursuant to Clause 49 of the listing agreement entered into with the Stock Exchanges, the Management Discussion and Analysis, Corporate Governance Report and Practicing Company Secretary's Certificate confirming compliance form part of the Annual Report.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere appreciation of the continued co-operation, support and assistance given by shareholders, customers, vendors, bankers, service providers, suppliers and employees at all levels.

FOR AND ON BEHALF OF THE BOARD
RANJIT DHURU
CHAIRMAN & MG. DIRECTOR

PLACE : MUMBAI
DATED : 30TH SEPTEMBER, 2008

ANNEXURE "A" TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of the Directors' Report for the year ended 31st March, 2008.

SN	Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment
1	Mr. Ranjit Dhuru	Chairman & Managing Director	B. Com . LL.M .	56	25/03/1986	27	7,502,496	Self-employed
2	Mr. Nitin Shukla	Director – Finance	B. Com.	51	25/03/1986	26	2,993,472	Accountant, Computer Shack
3	Mr. Sunil Desai	Director – Technology Solutions	B.E. & M.M.S.	46	10/05/1986	25	2,993,472	Director, Aftek Digital Systems Private Limited
4	Mr. Mahesh Vaidya	Director & Chief Technology Officer	B.E. (Elec Comm), M.Tech, IIT, Bombay (Comp.Sc & Engg)	46	10/05/1995	23	2,993,472	Director, Aftek Digital Systems Private Limited
5	Mr. Promod Broota*	Director – Planning (upto 20/04/07) Sr. Vice President (upto 20/06/07)	B.A.(Economics) & PGDSA	47	06/02/1992	22	665,216	Sales Executive Computer Shack
6	Mr. Dhananjay Kulkarni	Sr Vice President - Engineering	B.Sc. (Stats) & MCA	44	01/09/2005	22	4,052,430	Director, Starent Networks
7	Mr. Praveen Hoizal	Project Manager -Analog Design	M.S. (Micro Electronics)	36	03/02/2006	15	2,698,725	Analog Devices
8	Mr Vinay C Hegde*	VP Engineering	M. Tech.	45	01/06/2006	20	3,537,174	C2Silicon Software Solutions Pvt Ltd

* Employed for part of the year.

Notes:

1. Gross Remuneration received includes Basic Salary, Performance Bonus, House Rent Allowance, Medical Expenses, Leave Travel Allowance, Ex-gratia, Entertainment Allowance, and monetary value of Perquisites.
2. The above appointments are contractual.
3. The above employees are not relatives of any Director or Manager of the Company. There is no employee drawing salary in excess of that drawn by the Managing Director or Whole-time Director and holding, either by himself or along with spouse and dependent children, not less than two percent of the equity shares of the Company.

FOR AND ON BEHALF OF THE BOARD
RANJIT DHURU
CHAIRMAN & MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 30TH SEPTEMBER, 2008

ANNEXURE "B" TO THE DIRECTORS' REPORT

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999 (as amended) as on 31st March, 2008

SR NO	PARTICULARS	AFTEK ESOP SCHEME 2004		
		Grants made in the year 2004-2005	Grants made in the year 2006-2007	Grants made in the year 2007-2008
A	Options granted	640,990	50,000	224,788
B	The pricing formula	Price determined on discounting by 20%, the average of weekly high and low of the closing prices for the Company's equity shares on the Bombay Stock Exchange ('BSE') during the 26 weeks period prior to Grant Date or the closing price for the Company's shares on the BSE on Grant Date, whichever is lower.		
	Exercise Price	Grant Date : August 25, 2004-Rs56 per share* Grant Date : October 28, 2004-Rs70 per share**	Grant Date July 31, 2006-Rs 51.90 per share	Grant Date March 24, 2008-Rs 34.15 per share
C	Options Vested	445,319	12,500	Nil
D	Options Exercised	306,041	Nil	Nil
E	Total number of shares arising as a result of Exercise of Options	306,041	Nil	Nil
F	Options Lapsed	101,313	Nil	Nil
G	Variation of terms of Option	Nil	Nil	Nil
H	Money realised by exercise of Options	Rs 83.59 lacs	Nil	Nil
I	Total number of Options in force	233,636	50,000	224,788
J	Employee-wise details of Options granted to :-			
	i) Senior Managerial Personnel :			
	Mr Mahesh Vaidya	59,490	-	-
	Mr Sunil Desai	57,205	-	-
	Dr S S S P Rao	25,000	-	-
	Mr Shrikant Inamdar	25,000	-	-
	Mr V J Masurekar	25,000	-	-
	Mr Mahesh Naik	25,000	-	-
	Mr D R Kulkarni	-	50,000	-

	ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Nil	Nil	
	Praveen Hoizal	-	-	45,000
	Rajesh Misra	-	-	35,000
	P N L Surya Rekha	-	-	45,000
	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil
K	Diluted Earnings Per Share (EPS) (as on 31st March 2008) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	Rs.8.23		
L	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS	The Company has calculated the employee compensation cost using the fair value of the stock options		
M	(i) Weighted average exercise price of Options (ii) Weighted average fair value of Options	Rs 52.02 Rs 41.61		
N	Method and significant assumptions used to estimate the fair value of Options	Method The fair value of Options has been computed under Black and Scholes Method. Significant Assumptions (Weighted) a) Exercise price : Rs.52.02 b) Expected life of Option : 3.21 yrs c) Stock Price : Rs. 69.39 d) Expected Volatility : 77.06% e) Expected Dividend yield : 1.22% f) Risk free rate of return : 6.47%		

* Exercise price revised to Rs 26 for grant date 25/08/2004 on account of bonus issue of equity shares.

** Exercise price revised to Rs 40 for grant date 28/10/2004 on account of bonus issue of equity shares.

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEME

We have examined the books of accounts and other relevant records of Aftek Limited (the 'Company') and based on the information and explanations given to us, certify that, in our opinion, the Company has implemented the Employee Stock Option scheme in accordance with SEBI (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the Company in General Meeting held on 29th December 2000.

Walker, Chandiok & Co

Place : Mumbai

Date : 30th September 2008

REPORT ON
CORPORATE GOVERNANCE

Company's philosophy on corporate code of governance

The Company has always aimed to protect the interest of its shareholders, creditors, and employees. The management of the Company believes that the importance of the corporate code of governance lies in its contribution both to business prosperity and accountability

A. BOARD OF DIRECTORS

(i) Composition of the Board and changes since the date of last Annual General Meeting

The Board of Directors of the Company comprises of 8 Directors with an optimum combination of Executive and Non-executive and independent directors. Since the Company has an executive chairman, 50% of the Board of Directors are independent directors. There has been no change in the composition of the Board of Directors of the Company since the date of last Annual General Meeting held on 28th December 2007. The details of Directors seeking re-appointment have been attached along with the Notice of the Annual General Meeting.

(ii) Number of Board Meetings:

The Board of Directors met 5 times during the year under review. The meetings of the Board of Directors were held on various dates as follows : 30.04.07, 30.07.07, 31.10.07, 27.11.07, and 31.01.08. The maximum interval between two Board Meetings was 92 days.

(iii) Directors' attendance and directorships held as on 31/03/2008

Name of Director	Category	No. of Board Meetings Attended	Attendance at AGM held on 28.12.2007	Directorship of other Company(ies)	No. of other Committees	
					Membership	Chairmanship
Mr. Ranjit Dhuru	CMD	5	Yes	5	NIL	NIL
Dr. S S S P Rao	NE	4	Yes	NIL	NIL	NIL
Mr. Sandip Save^	NE	1	Yes	1	NIL	NIL
Mr. V J Masurekar	NE	5	Yes	3	1	NIL
Mr. Mahesh Naik	NE	4	Yes	NIL	NIL	NIL
Mr Mahesh Vaidya@	ED	3	Yes	4	NIL	NIL
Mr. Sunil Desai	ED	3	Yes	2	NIL	NIL
Mr. Nitin Shukla	ED	5	Yes	2	NIL	NIL
Mr. Shrikant Inamdar *	NE	3	No	N.A.	N.A.	N.A.

(CMD : Chairman & Managing Director / ED : Executive Director / NE : Non-executive Director)

NOTE :

Mr Promod Broota, Executive Director resigned w.e.f. 20.04.2007

^ Appointed as Director w.e.f. 27.11.2007

@ Appointed as Director w.e.f. 30.04.2007

* Ceased to be Director w.e.f. 28.12.2007

None of the Directors is a member of more than 10 committees or acts as Chairman of more than five committees across all companies in which he is a director.

Necessary information as mentioned in Annexure IA to Clause 49 of the Listing Agreements was placed before the Board from time to time for its consideration.

B. COMMITTEES OF THE BOARD

i) AUDIT COMMITTEE:

The Audit Committee comprises of 4 directors, namely, Mr V J Masurekar, Mr Mahesh Naik, Mr Sandip Save being Independent Non-executive Directors, and Mr Ranjit Dhuru, CMD. Mr Sandip Save was inducted on Audit Committee w.e.f. 30/07//2008. Mr V J Masurekar acts as the Chairman of the Committee. Mr. C.G. Deshmukh, Company Secretary of the Company, functions as the Secretary of the Audit Committee. During the year under review, 5 meetings of the Audit Committee were held. The attendance of members thereat was as follows :

Director	No of Meetings Attended
V J Masurekar	5
Mahesh Naik	4
Ranjit Dhuru	5

Mr Mahesh Naik was unable to attend the Audit Committee meeting held on 30th July 2007 due to his hospitalisation for cardiac arrest and therefore, the requisite quorum of two independent members was not present at the said meeting.

The terms of reference of the Audit Committee are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval

6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

ii) SHAREHOLDERS' GRIEVANCE COMMITTEE

The Share Transfer-cum-Investors' Grievance Committee consists of 3 directors, majority of them being Non-executive Directors. Mr. V J Masurekar is the Non-executive Director and Chairman of the Committee. Mr C G Deshmukh, Company Secretary, has been designated as the Compliance Officer. One complaint was pending at the beginning of the year and the Company received 34 complaints during the year under review from the shareholders and all 35 complaints were disposed off to their satisfaction. No share transfers were pending as on 31st March, 2008.

C. REMUNERATION OF DIRECTORS :

Remuneration Policy :

Subject to the approval of the Board and of the Company in the general meeting and such other approvals as may be necessary, the Managing/Whole-time Directors are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Managing/Whole-time Directors comprises salary, allowances and gratuity.

Non-executive Directors are paid sitting fees / commission. The amount of commission is determined on the basis of the Company's performance and regulatory provisions.

Details of Remuneration of Directors as on 31.03.2008:

(Amount in Rs)

Name	Salary	Allowances	Commission/Incentive	Sitting Fees
Mr. Ranjit Dhuru	3,000,000	45,02,496	-	-
Mr. Nitin Shukla	1,236,000	1,757,472	-	-
*Mr. Promod Broota	68,667	97,637	-	-
Mr. Sunil Desai	1,236,000	1,757,472	-	-
$Mahesh Vaidya	1,133,000	1,611,016	-	-
Dr. S S S P Rao	-	-	-	80,000
&Mr. Shrikant Inamdar	-	-	450,000	-
Mr. V J Masurekar	-	-	-	200,000
Mr. Mahesh Naik	-	-	-	160,000
^Mr Sandip Save	-	-	540,000	-

* Ceased to be a director w.e.f. 20/04/2007

$ Appointed as a director w.e.f. 30/04/2007

& Ceased to be a director w.e.f. 28/12/2007

^ Appointed as a director w.e.f. 27/11/2007

Note : Monthly salary comprising : Basic/HRA/Ex-gratia/LTA/Medical/Entertainment etc.

- Notice period for termination of appointment of Chairman & Managing Director and other Whole-time Directors is three months on either side.
- No severance pay is payable on termination of appointment.
- Mr Mahesh Vaidya and Mr Sunil Desai were granted 59490 and 57205 numbers of stock options respectively on 25.08.2004 at an exercise price of Rs 56/- (later revised to Rs 26/- on account of Bonus Issue) with 25% of the options vesting every year, exercisable over a period of 2 years from vesting.

The details of shares/convertible instruments held by Non-executive Directors are as under:

(as on 31.03.2008)

Name	No of Shares Held	Stock Options Granted@	Warrants
Dr. S S S P Rao	16,900	25,000	—NIL—
Mr. V J Masurekar	25,000	25,000	—NIL—
Mr. Mahesh Naik	22,000	25,000	—NIL—
Mr. Sandip Save	1,452,985	—NIL—	—NIL—

@ Stock Options granted on 25.08.2004, at an exercise price of Rs 56/-, later revised to Rs 26/- on account of Bonus Issue, with a vesting period of one year from the date of grant and exercise period of two years from vesting.

D. SUBSIDIARY COMPANIES

The Company does not have a material non-listed Indian subsidiary whose turnover or net worth (i e paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding Accounting Year.

Copies of the minutes of the Board Meetings of the subsidiary companies are periodically placed at the Board Meeting of the listed Holding Company.

E. NON-MANDATORY REQUIREMENTS

The Status of Compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement is provided below :

1. Non-Executive Chairman's Office

A Non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

The Chairman of the Company is an Executive Chairman and hence, this provision is not applicable.

2. Remuneration Committee

The board may set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

The Company does not have a Remuneration Committee. Subject to the approval of the Board and of the Company, in the General Meeting and such other approvals as may be necessary, the Managing/Whole-time Directors are paid remuneration as per the Agreements entered into between them and the Company.

3. Shareholder Rights

A half-yearly declaration of financial performance including summary of the significant events in last six months, may be sent to each household of shareholders.

Presently, this information is being made available through press releases/website of the Company and announcements to the Stock Exchanges.

4. Audit qualifications

Company may move towards a regime of unqualified financial statements.

The Company endeavours to move towards a regime of unqualified financial statements.

5. **Training of Board Members**

A company may train its Board members in the business model of the company as well as the risk profile of the business parameters of the Company, their responsibilities as directors, and the best ways to discharge them.

The Board Members possess rich experience in their respective fields of specialization and have been on the Board for a considerable period of time. The Directors keep themselves abreast of the developments in the Organisation and in the industry.

6. **Mechanism for evaluating Non-executive Board Members**

The performance evaluation of Non-executive directors could be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend / continue the terms of appointment of Non-executive directors.

The Non-executive Directors have been inducted on the Board after mutual consultations by other members of the Board and have been found to be contributing significantly to the affairs of the Company.

7. **Whistle Blower Policy**

The company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

The Company encourages an Open-door policy, where employees have free access from the level of the immediate reporting authority upto that of the CEO, to report any unethical behaviour, or non-adherence to the Company's Code of Conduct.

F. GENERAL BODY MEETINGS:

Details of General Meetings held during the last three years:

Meeting	Location	Date	Time
Annual General Meetings	The Queenie Captain Auditorium, The NAB -Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai 400 025.	December 28, 2007 September 29, 2006 December 30, 2005	10.30 a.m. 10.30 a.m. 10.30 a.m.
Extra Ordinary General Meeting	_”_	November 09, 2005	10.30 a.m
Court Convened Meeting	_”_	June 05, 2007	10.30 a.m.

Details of Special Resolution(s) passed at General Meetings during the last three years :

Annual General Meeting held on 28th December 2007 :

To approve the remuneration payable to directors other than the Managing Director and Whole-time directors for a period of five years commencing from 1st April 2007

Court convened meeting of shareholders held on 05th June 2007 :

To approve the Scheme of Amalgamation of C2Silicon Software Solutions Pvt Ltd and Elven Micro Circuits Pvt Ltd with the Company

Annual General Meeting held on 29th September 2006 :

To approve the change of the name of the Company to 'Aftek Limited' and to alter the Memorandum of Association and Articles of Association of the Company accordingly.

Annual General Meeting held on 30th December 2005 :

a) To approve increase of investment limits for Foreign Institutional Investors upto 40 per cent of the ordinary Share Capital of the Company;

b) To approve payment of Commission to Mr Shrikant Inamdar, Non-executive Director, for the year ended 30th June 2005; and,

c) To authorise the Board of Directors for payment of Commission to Mr Shrikant Inamdar, Non-executive Director, for a period of four years, commencing from 1st July 2005.

Extraordinary General Meeting held on 9th November 2005 :

a) To amend the Articles of Association, consequent upon increase of Authorised Capital from Rs 20 crores to Rs 25 crores; and,

b) To authorise the Board of Directors to issue equity shares/warrants convertible into equity shares to Promoters, Directors etc, on preferential issue basis, aggregating to an amount not exceeding Rs 48.50 crores.

All the matters as set out in the respective notices of the above-mentioned General Meetings were passed by the Shareholders. No resolution was either required to be passed or is now proposed to be passed through postal ballot.

G. DISCLOSURES:

a) There was no transaction with any of the related parties that was in conflict with the interest of the Company.

b) The Company has complied with the requirements of the Stock Exchanges/SEBI and Statutory Authority on matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by any of the aforesaid authorities relating to the above.

c) In the preparation of financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.

H. MEANS OF COMMUNICATION

1. The quarterly financial results of the Company are published in Economic Times newspaper in English and Maharashtra Times in Marathi.
2. A Report on Management Discussion and Analysis forms part of the Annual Report.
3. The Company has its own web site (*www.aftek.com*) and all the vital information relating to the Company (such as quarterly/half-yearly results, press releases, presentations to analysts, shareholding pattern etc) and its products are displayed on the web site.
4. The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which, in its opinion, are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

I. OTHER INFORMATION

i) Code of Conduct :

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company, *www.aftek.com*. The declaration of the Chairman and Managing Director is given below :

To the Shareholders of Aftek Limited

Sub : Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Ranjit Dhuru
Chairman & Managing Director

Mumbai, 20th September 2008

ii) Insider Trading :

The Company has a Code of Conduct for prevention of Insider Trading in the securities of the Company, which *inter alia* prohibits dealing in securities of the Company by Insiders while in possession of unpublished price sensitive information.

J. GENERAL SHAREHOLDER INFORMATION

1. AGM : Date, Time and Venue/Book Closure/Dividend Payment Date

Date	Friday, October 31, 2008
Venue	The Queenie Captain Auditorium, The NAB-Workshop for the Blind,Dr Annie Besant Road,Prabhadevi, Mumbai – 400 025
Time	10.30 a.m.
Book Closure Dates	Monday, 27th October, 2008 to Friday, 31st October, 2008 (both days inclusive)
Dividend Payment Date	Within statutory period

2. FINANCIAL CALENDAR

Financial Year 2008-2009	
Quarter ending 30th June, 2008	July 2008
Quarter ending 30th September, 2008	October 2008
Quarter ending 31st December, 2008	January 2009
Quarter ending 31st March, 2009	April 2009

3. LISTING OF SECURITIES ON STOCK EXCHANGES (WITH STOCK CODE)

SECURITY	NAME & ADDRESS OF STOCK EXCHANGE	SECURITY CODE	ISIN
Equity	Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	530707	INE796A01023
	National Stock Exchange of India Ltd, Exchange Plaza, Bandra–Kurla Complex, Bandra (E), Mumbai – 400 051	AFTEK	INE796A01023
Global Depository Receipts	Luxembourg Stock Exchange Société de la Bourse de Luxembourg, 11, av de la Porte-Neuve, L-2227 Luxembourg	Common Code : 016077470 CUSIP : 00831M106	US00831M1062 US00831M1062
1% Foreign Currency Convertible Bonds Due 2010	Luxembourg Stock Exchange Société de la Bourse de Luxembourg, 11, av de la Porte-Neuve, L-2227 Luxembourg	Common Code : 022232347	XS0222323478

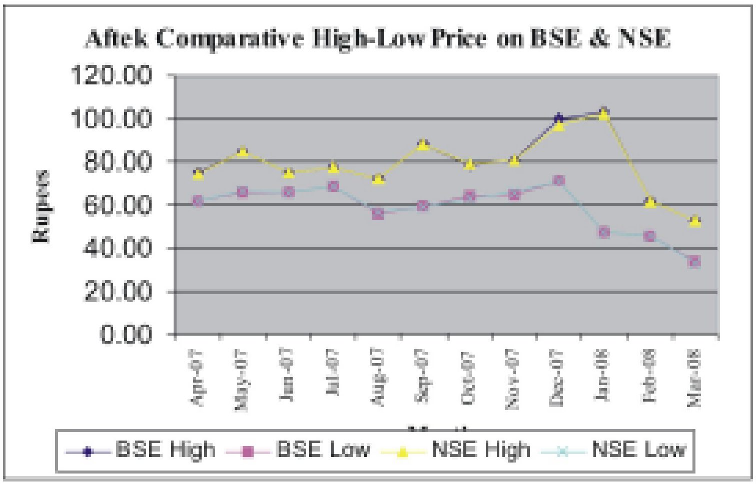
The listing fees for the Financial Year 2008-2009 have been paid to the Stock Exchanges

4. Market Price Data :

Monthly High and Low quotations of Shares traded on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd during the Financial Year ended 31st March, 2008

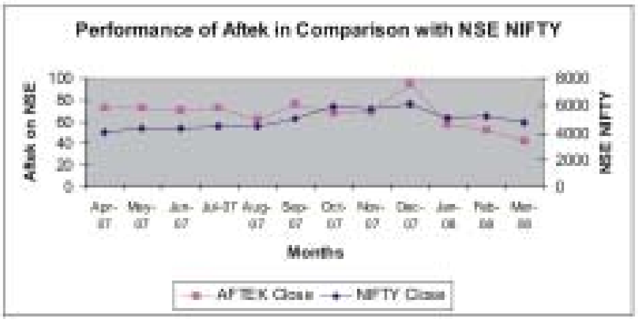
(in Rs.)

Months	BSE High	BSE Low	NSE High	NSE Low
Apr-07	74.90	61.85	74.40	61.85
May-07	84.70	66.00	84.70	66.15
Jun-07	75.50	65.65	75.40	65.35
Jul-07	77.40	68.80	77.30	68.65
Aug-07	71.90	56.25	71.70	56.50
Sep-07	88.30	59.10	88.40	59.30
Oct-07	78.75	63.90	79.00	63.20
Nov-07	81.00	65.05	80.70	65.55
Dec-07	99.95	70.95	96.50	71.00
Jan-08	102.95	47.30	102.40	47.30
Feb-08	61.25	45.85	61.30	45.70
Mar-08	52.60	33.35	52.70	33.20



(Source : BSE and NSE websites)

5. PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX, CRISIL INDEX, ETC.



(Source : BSE and NSE websites)

6. Registrar & Transfer Agent :

M/s Bigshare Services Pvt Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072;
Tel : 91-22-40430200 Fax : 91-22-2847 5207

7. Share Transfer System : The Company's shares are required to be compulsorily traded on the stock exchanges in dematerialized mode. In case of shares held in physical form, Share Transfer Deeds are processed by the Share Transfer Agents and Share Transfer Register is sent to the Company for approval. The Committee for Share Transfers comprising of Directors considers and approves the same. Thereafter, necessary endorsements on the Share Certificates are done and Share Certificates are dispatched to the transferees.

8. ECS Facility

The Company provides the facility of Electronic Clearing Service (ECS) for payment of dividend to shareholders residing in selected cities. Shareholders holding shares in physical form are requested to provide details of their bank account for availing ECS facility in the form attached to the Notice of the Annual General Meeting and to intimate the Company in respect of any changes in the bank account. However, if the shares are held in dematerialised form, the ECS mandate and changes, if any, have to be communicated to the respective Depository Participant (DP).

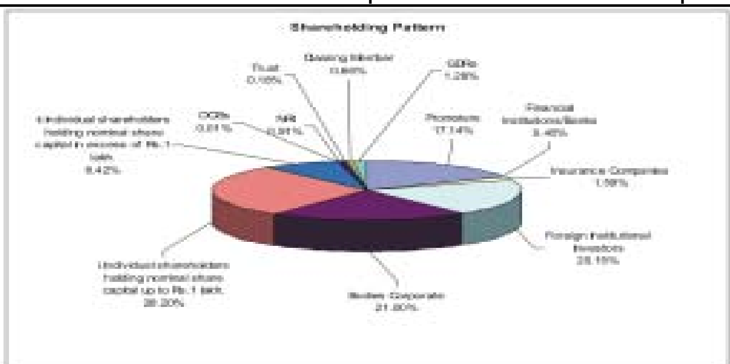
9. Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2008

Range		No of Shareholders	% of Total Holders	Total Holding	% of Total Capital
1	5000	54,351	96.24	3,40,60,936	18.22
5001	10000	1,105	1.96	83,08,116	4.44
10001	20000	488	0.86	73,65,490	3.94
20001	30000	149	0.26	37,72,530	2.02
30001	40000	82	0.15	29,22,534	1.56
40001	50000	49	0.09	22,31,330	1.19
50001	100000	108	0.19	78,43,426	4.20
100001	99999999	141	0.25	12,04,66,662	64.43
Total		**56,473**		**18,69,71,024**	

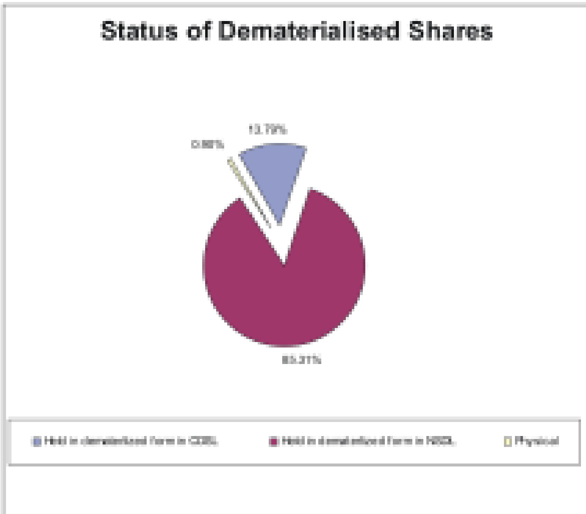
Distribution of Shareholding as on 31st March, 2008

Category	No of Shares held	% of Paid-up Capital
Promoters	16019902	17.14
Financial Institutions/Banks	416400	0.45
Insurance Companies	1485376	1.59
Foreign Institutional Investors	18841700	20.15
Bodies Corporate	19628422	21.00
i.Individual shareholders holding nominal share capital up to Rs.1 lakh.	26367586	28.21
ii.Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	7873142	8.42
OCBs	11750	0.01
NRI	852365	0.91
Trust	170400	0.18
Clearing Member	618469	0.66
GDRs	1200000	1.28
TOTAL	**93485512**	**100.00**



10. Dematerialisation of Shares and Liquidity

As on March 31, 2008, 99.10 % of Company's total paid-up capital, representing 92641604 numbers of equity shares were held in dematerialised form and the balance 0.90 %, representing 843908 shares were held in paper form.



11. Outstanding GDRs/Warrants/Convertible Instruments, Conversion Date and Likely Impact on Equity

a) Outstanding Global Depository Receipts (GDRs) :

The Company had issued 13,33,100 GDRs on 07th February, 2003 at a price of US$ 11.25, per GDR with each GDR representing 3 equity shares of Rs.10/- each. These GDRs are listed on Luxembourg Stock Exchange.

Pursuant to Special Resolution passed at the Annual General Meeting held on 29th December, 2003, equity shares of Rs.10/- each were sub-divided into smaller denomination of Rs.02/- for which Company had fixed 29th January, 2004 as the Record Date. Corresponding increase was made to the number of GDRs from one to five in order to maintain the GDR to Equity proportion of 1: 3.

Further, pursuant to the Special Resolution passed at the Annual General Meeting held on 28th December, 2004, Bonus Shares in the proportion of one equity share for every two equity shares held on the Record Date of 28th January, 2005 were allotted on 31st January, 2005 resulting in increase in the number of GDRs.

400000 numbers of GDRs representing 1200000 equity shares were outstanding as at 31st March, 2008.

As detailed below, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 (FCCBs), were outstanding as on 29th September, 2008. In the event these FCCBs are converted into GDRs, it would result into issuance of 1699734 numbers of GDRs representing 5099202 numbers of equity shares

b) **Outstanding FCCBs :**

The Company had raised US$ 34.5 millions through an issue of 3000 numbers of 1% Foreign Currency Convertible Bonds Due 2010 of US$ 10,000 each ("FCCBs") in June 2005 followed by 450 numbers of additional FCCBs in July 2005 on account of exercise of green shoe option of 15%. These FCCBs are listed at Luxembourg Stock Exchange. The FCCBs bear interest @ 1% per annum with redemption at 128.25% of their principal amount. At the option of the Bondholders FCCBs are convertible into Shares/Global Depository Receipts ("GDRs") at the revised conversion price of Rs 75.20 per share effective from 25th June 2006 (initial conversion price being Rs 94/- per share) pursuant to the provisions of the Trust Deed executed in respect of the FCCBs. As on 31st March 2008, 880 numbers of FCCBs were outstanding. Further, during the period from 1st April, 2008 to 29th September, 2008, no FCCBs have been converted into GDRs/ equity shares. All the outstanding 880 numbers of FCCBs, if converted into GDRs/equity shares at the reset Conversion Price of Rs 75.20 per share, would result into issuance of additional 5099202 numbers of equity shares of Rs 02/-each

c) **Outstanding Stock Options :**

The Company has granted 915778 numbers of stock options to employees and directors, as per details given in Annexure "B" to the Directors' Report. 140866 numbers of vested stock options were outstanding as on 31st March 2008.

12. **Plant Locations**

Software Centre – I	Software Centre – II	Works
Kapil Zenith	#89, SVR Complex	A/19/2, MIDC, Chincholi,
5th Floor	III Floor, Hosur Road	Solapur - 413 255
Survey No. 55,	Madiwala	
Hissa no 1,	Bangalore-560 068	
Off Bangalore - Mumbai Bypass,	Karnataka	
Near Chandani Chowk,		
Bavdhan, Pune- 411 021		

13. Address for Correspondence

AFTEK LIMITED
"Aftek House", 265, Veer Savarkar Marg,
Shivaji Park, Dadar,
Mumbai - 400 028
Tel : 91-22-2445 4016
Fax : 91-22-2444 6330

Shareholders' correspondence should be directed to the Company's Registrar and Transfer Agent, whose address is given below :

Registrar & Transfer Agent :
M/s Bigshare Services Pvt Ltd, E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka, Andheri (East),
Mumbai 400 072.
Tel : 91-22-4043 0200
Fax : 91-22-2847 5207

Investor Grievances

The Company has designated an exclusive e-mail id viz. investor-relations@aftek.com for redressal of investor grievances.

CORPORATE GOVERNANCE CERTIFICATE

To
The Members,
AFTEK LIMITED

We have examined the compliance of conditions of Corporate Governance by Aftek Limited (the Company) for the year ended 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that the Registrars & Share Transfer Agents of the Company have certified that as on 31st March 2008, there was no investor complaint pending.

We further state that such compliance is neither an assurances as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR V V CHAKRADEO & CO.
COMPANY SECRETARIES

V V CHAKRADEO
Proprietor

PLACE : MUMBAI
DATE : 30th September 2008

Auditors' Report

To
The Members of Aftek Limited

1. We have audited the attached Balance Sheet of Aftek Limited, (the 'Company') as at March 31, 2008, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. *We report that:*

   a.. *Management has not considered any provision in respect of old outstanding loans and advances aggregating (Rs.'000) 138,139 for the reasons explained by them in Note B.14 of Schedule P, Notes to the financial statements, which in our opinion, are doubtful of recovery. Consequently, loans and advances and profit before tax are overstated by (Rs.'000) 138,139;*

   b. *Management has not considered any provision in respect of investments of (Rs.'000) 1,002,092 and loans of (Rs.'000) 292,853 given to Arexara Information Technologies Gmbh (Arexara Gmbh), a wholly owned subsidiary whose accumulated losses substantially exceed its paid up capital for the reasons explained by them in Note B.15 of Schedule P, Notes to the financial statements. The impact of non provision of diminution other than temporary in investments and doubtful loans and advances is presently not ascertainable*;

   c. *As stated in the Note B.16 of Schedule P, Notes to the financial statements, during the year, the Company has entered into transactions for sale of rights and services with, and loan to private company in which some of the directors of the Company are interested. In respect of the transactions for sale and loan given, the company has not complied with the provisions of section 297 and 295 of the Act, respectively.*
5. Further to our comments in the Annexure referred to above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The financial statements dealt with by this report are in agreement with the books of account;

d) On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

e) In our opinion and to the best of our information and according to the explanations given to us, *subject to our comments in paragraph 4 above,* the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

   (i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

   (ii) the Profit and Loss Account, of the profit for the year ended on that date; and

   (iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

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For Walker, Chandiok & Co
Chartered Accountants

per **Khushroo B. Panthaky**
Partner
Membership No. F-42423

Place: Mumbai

Date: September 30, 2008

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF AFTEK LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except for one location, where the records are maintained for a group of similar assets and not for each individual asset.*

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted an unsecured loan to a party covered under section 301 of the Act. The maximum amount outstanding during the year was (Rs.'000) 8,750 and the year end balance was (Rs.'000) 8,700.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.

(c) The loans granted are repayable on demand. As informed, the Company has not demanded repayment of any such loan during the year, thus there has been no default on the part of the parties to whom the money has been lent. T*he payment of interest has not been regular*.

(d) There is no amount overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods. *However, the internal control system for sales of services needs to be strengthened with respect to process of authorization*. Further, we have not come across any continuing failure to correct major weaknesses in the aforesaid internal control system.

(v) (a) According to the information and explanation given to us, we are of the opinion that the company has entered all the transactions required to be entered in the register maintained under section 301 of the Companies Act, 1956 *except for transaction as explained in note B.16 of schedule P to the financial statement.*

(b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF AFTEK LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

(vi) In our opinion, the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) In our opinion, the Company *does not have an internal audit system commensurate with its size and the nature of its business.*

(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of the services rendered by the Company or in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

(ix) (a) Undisputed statutory dues including investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have been regularly deposited with the appropriate authorities. *In respect of provident fund and income-tax there have been significant delays in one location.* Undisputed amounts payable in respect of above mentioned taxes which were *outstanding, at the year end for a period of more than six months from the date they became payable* are as follows:

Name of the statute	Nature of the dues	Amount (Rs.'000)	Period to which the amount relates	Due Date	Date of Payment
Income-tax Act, 1961 Salary	*Tax deducted at Source-Salary*	*1,066*	*July 2007*	*August 7, 2007*	*July 24,2008*
		679	*August 2007*	*September 7, 2007*	
Provident Fund	*Employers' and Employees Contribution to Provident Fund*	*667*	*July 2007*	*August 15, 2007*	*May 22, 2008*
		399	*August 2007*	*September 15, 2007*	

(b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.'000)	Period to which the amount relates	Forum where dispute is pending
The Service Tax Act, 1994	Service tax	4,667	2007-08	Commissioner of Service Tax

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF AFTEK LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders during the year.

(xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) During the year, the Company has provided a corporate guarantee of (Rs.'000) 30,000 to a bank for loan availed by its subsidiary which are not considered, *prima facie*, prejudicial to the interest of the company.

(xvi) In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/ surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments, payable on demand.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the year covered by our audit.

For **Walker, Chandiok & Co**
Chartered Accountants

per **Khushroo B. Panthaky**
Partner
Membership No. F-42423

Place: Mumbai

Date: September 30, 2008

BALANCE SHEET as at 31st March ,2008

	SCH		As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SOURCES OF FUNDS				
SHAREHOLDERS' FUND				
Capital	A		186,971	174,530
Share Capital Suspense	A-1		-	12,300
Reserves and Surplus	B		6,324,570	5,633,246
LOAN FUNDS				
Secured Loans	C	434,075		10,691
Unsecured Loans	D	357,571		385,180
			791,646	
Deferred Tax Liability [Refer Note B.7 of Schdule P)			1,501	
	TOTAL Rs.		**7,304,688**	**6,215,947**
APPLICATION OF FUNDS				
FIXED ASSETS	E			
Gross Block		2,122,842		1,455,681
Less: Accumulated Depreciation/ Amortisation		(948,324)		(632,971)
Net Block		1,174,518		822,710
Capital Work-in-Progress (incl. capital advances)		221,863		167,935
			1,396,381	990,645
INVESTMENTS	F		1,162,198	1,185,106
CURRENT ASSETS, LOANS & ADVANCES	G			
Interest accrued but not due		5,859		1,004
Inventories		2,206		2,123
Sundry Debtors		1,176,021		857,109
Cash & Bank Balances		3,398,285		3,010,141
Loans and Advances		701,839		491,262
			5,284,210	4,361,639
LESS: CURRENT LIABILITIES & PROVISIONS	H			
Liabilities		387,536		205,287
Provisions		150,565		117,864
			538,101	323,151
Net Current Assets			4,746,109	4,038,488
Miscellaneous Expenditure (To the extent not written off or adjusted)	I		-	1,708
		TOTAL Rs.	**7,304,688**	**6,215,947**
Notes to the Financial Statements	P			

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached
For Walker, Chandiok & Co
Chartered Accountants

KHUSHROO B. PANTHAKY
Partner
Membership No. F-42423
Mumbai, September 30, 2008

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, September 30, 2008

PROFIT & LOSS ACCOUNT for the Year Ended 31st March, 2008

	SCH		Year ended March 31, 2008 Rs.000	Year ended March 31, 2007 Rs.000
INCOME:				
Sales	J		3,925,445	3,325,191
Other Income	K		62,973	84,988
	TOTAL Rs.		**3,988,418**	**3,410,179**
EXPENDITURE:				
Cost of Sales and Services	L		2,186,201	1,931,211
Employees Costs	M		227,889	201,475
Operating and Administrative Expenses	N		411,235	192,194
Finance Charges	O		9,863	8,505
Depreciation and Amortisation			316,962	148,631
		TOTAL Rs.	**3,152,150**	**2,482,016**
PROFIT BEFORE TAXATION AND PRIOR PERIOD ITEMS			**836,268**	**928,163**
INCOME TAX EXPENSE				
Current Tax {includes Foreign Tax of (Rs'000) 7,947 (Previous year (Rs'000) 9,746)}		113,642		22,146
Deferred Tax Charge		2,557		-
Fringe Benefit Tax		2,170		832
MAT Credit entitlement		(91,503)		-
			26,866	22,978
PROFIT BEFORE PRIOR PERIOD ADJUSTMENT			**809,402**	**905,185**
Less : Prior period items			-	164
PROFIT AFTER TAXATION			**809,402**	**905,021**
Balance Brought forward from earlier Year		`	2,795,323	2,116,944
Excess Provision for Taxation in earlier years			-	87
Profit Available for Appropriation			**3,604,725**	**3,022,052**
APPROPRIATIONS				
Transfer to General Reserve			100,000	120,000
Proposed Dividend			46,764	93,472
Corporate Dividend Tax {includes for earlier year (Rs'000) 2,897 (Previous year (Rs'000) 19)}			10,844	13,257
	Total		**157,608**	**226,729**
BALANCE CARRIED FORWARD TO BALANCE SHEET			**3,447,117**	**2,795,323**
EARNING PER SHARE (Refer note B.4 of schedule P)				
(Face value of Rs. 2 per share)				
Basic (Rs.)			8.66	10.44
Diluted (Rs.)			8.23	9.83
Notes to the Financial Statements	P			

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date attached
For Walker, Chandiok & Co
Chartered Accountants

KHUSHROO B. PANTHAKY
Partner
Membership No. F-42423
Mumbai, September 30, 2008

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, September 30, 2008

CASH FLOW STATEMENT for the Year Ended 31st March, 2008

	Year Ended March 31, 2008 Rupees'000	Year Ended March 31, 2007 Rupees'000
[A] Cash Flows from Operating Activities		
Profit Before Taxation and Prior Period Items	836,268	928,163
Adjustment for :		
Depreciation and Amortisation	316,962	148,631
(Profit)/Loss on sale of Fixed Assets (net)	(13,170)	61
Unrealised foreign exchange loss on cash and cash equivalents	76,410	112,813
Miscellaneous expenses written off	1,708	6,833
Provision for Doubtful Debts	103,781	87
Provision for dimunition in investments	40,100	-
Provision for doubtful application money	938	-
Stock Compensation Expense	2,078	3,251
Provsion for Gratuity and Leave Encashment	2,768	407
Interest Charges	9,863	8,505
Interest Income	(49,667)	(80,036)
Operating profit before working capital changes	1,328,039	1,128,715
Adjustment for:		
Trade and other receivables	(484,314)	(2,718)
Trade payables and other liabilities	182,588	(173,605)
Cash generated from operations	1,026,313	952,392
Prior Period Items	-	(164)
Income taxes paid	(14,963)	(22,977)
Net cash from operating activities	1,011,350	929,251
[B] Cash flows from investing activities		
Purchase of fixed assets (Including capital advances and capital work in progress)	(726,822)	(1,001,458)
Sale proceeds of fixed assets	17,294	10
Loans given to Subsidiaries	(74,176)	(253,140)
Loan given to Aftek Employee's Welfare Trust received back	940	-
Advance for acquisition of Shares	(85,708)	-
Loan repaid	4,113	57,728
Investments in subsidiaries	(17,192)	(1,075)
Interest income	49,667	80,036
Net cash used in investing activities	(831,884)	(1,117,899)

(CONT'D)

[C] Cash flows from financing activities	Year Ended March 31, 2008 Rupees'000	Year Ended March 31, 2007 Rupees'000
Repayment of Secured Loans	(77)	(150)
Proceed from Secured Loans	423,461	10,613
Repayment of Unsecured Loans	(30,096)	-
Proceed of Unsecured Loan	2,487	1,500
Shares issued under ESOP	141	84
Share Premium received on ESOP	5,745	-
Interest Expense	(9,863)	(8,505)
Payment of Dividend and Dividend tax	(106,710)	-
Net cash used in financing activities	285,088	3,542
Net increase/(decrease) in cash and cash equivalents	464,554	(185,106)
Cash and cash equivalents - opening balance	3,010,141	3,308,060
Cash and cash equivalents - closing balance	3,474,695	3,122,954
Cash and cash equivalents comprise the following		
Cash and Bank Balances as per Schedule G to the financial statements	3,398,285	3,010,141
Unrealised Foreign Exchange loss on cash and cash equivalents	76,410	112,813
	3,474,695	3,122,954

Notes:

1 The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standards 3, 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India.

2 Interest income on deposits is classified as cash flow from operating activities.

3 Previous year figures have been regrouped /reclassified, wherever necessary to correspond with those of the current year.

4 Cash and cash equivalents includes (Rs.'000)3,259 {Previous Year (Rs.'000) 404} has been placed with a bank against gurantees.

As per our report of even date attached
For Walker, Chandiok & Co
Chartered Accountants

KHUSHROO B. PANTHAKY
Partner
Membership No. F-42423
Mumbai, September 30, 2008

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, September 30, 2008

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

		As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE A: CAPITAL			
Authorised			
125,000,000 Equity shares of Rs. 2/- each		250,000	250,000
Issued, Subscribed & Paid Up			
93,485,512 (PY 87,265,249) Equity shares of Rs.2 each fully paid up		186,971	174,530
TOTAL Rs.		**186,971**	**174,530**

Note :

Of the above :

1) In 1994-95, there were subdivision of shares from Rs.100 to Rs. 10 and subsequently 350,000 equity shares were issued as bonus shares by capitalization of General Reserve
2) In 2003-04, there were subdivision of equity shares from Rs.10 to Rs.2.
3) In 2004-05, 25,000,000 equity shares were issued as bonus shares by capitalisation of General Reserve.
4) Till March 31, 2008 12,029,471 equity shares were issued on conversion of 2,570 Foreign Currency Convertible Bonds (FCCBs). (Refer note B.11 of schedule P)
5) 306,041 (Previous year: 235,778) equity shares were issued against exercise of stock options under 'Employees Stock Option Scheme,2004'.(Refer note B.9 of schedule P)
6) 6,150,000 equity shares were issued to the shareholders of erstwhile Elven Micro Circuits Private Limited in pursuance of merger of Elven Micro Circuits Private Limited with the Company.
7) 1,200,000 (Previous year: 6,643,785) equity shares represent 400,000 (Previous year: 2,214,595) Global Depository Receipts (GDRs) offered in the year 2003.(Refer note B.19 of schedule P)

SCHEDULE A-1: SHARE CAPITAL SUSPENSE			
6,150,000 shares of Rs.2 each fully paid up to be issued to the share holders of erstwhile Elven Microcircuit Private Limited in pursuance of Scheme of Arrangement as approved by Hon'ble High Court, Bombay and Hon'ble High Court of Bangalore.		-	12,300
(Refer note B.17 of schedule P) **TOTAL Rs.**		-	12,300
SCHEDULE B : RESERVES & SURPLUS			
General Reserve :			
Balance at the beginning of the year	502,659		365,860
Add: Transferred from Profit and Loss Account	100,000		120,000
Add: Excess of net assets over purchase consideration	-		29,099
(Refer note B.17 of Schedule P)			
Less: Amount transferred to share capital suspense	-		(12,300)
Less: Impact of transitional provisions of AS-15 (Revised) - net of tax	(2,051)		-
Balance at the end of the year		600,608	502,659
Share Premium :			
Balance at the beginning of the year	2,269,750		2,138,726
Add: Premium received during the year	5,745		131,024
Less: Premium payable on redemption of FCCBs	(62,372)		-
Balance at the end of the year		2,213,123	2,269,750
Capital Reserve			
Balance at the beginning of the year	48,205		336
Add: Forfeiture of Application money of Warrants (Refer note B.18 of schedule P)	-		47,869
Balance at the end of the year		48,205	48,205
Employee Stock Options			
Employee Stock Options Outstanding		12,426	14,218
Foreign Currency Translation Reserve		3,091	3,091
Profit & Loss Account		3,447,117	2,795,323
TOTAL Rs.		**6,324,570**	**5,633,246**
SCHEDULE C : SECURED LOANS			
From Banks			
Term loan (refer note 1 below)		381,780	-
Cash Credit Facilities (refer note 2 below)		38,855	905
Vehicle Loan (refer note 3 below)		-	77
Bill Discounting Facility (Refer note 4 below)		13,440	9,709
TOTAL Rs.		434,075	**10,691**

Notes
1. Secured by mortgage of Land at Hinjewadi, Pune
2. Secured by mortgage of building owned by subsidiary, Mihir Properties Private Limited
3. Secured by hypothecation of Motor Vehicles
4. Secured by hypothecation of Book Debts.
5. Secured Loan include amount aggregating to (Rs.'000) 13,440 {Previous Year (Rs.'000) 9,709} repayable within one year.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE E: FIXED ASSETS

(R u p e e s '000)

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2007	Additions during the year	Deletions during the year	As at March 31, 2008	As at April 1, 2007	For the Year	Deletions	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
TANGIBLE ASSETS										
Leasehold Land	10,113	-	-	10,113	161	107	-	268	9,845	9,952
Freehold Land	16,763	30	4,091	12,702	-	-	-	-	12,702	16,763
Factory Building	8,291	-	-	8,291	4,204	654	-	4,858	3,433	4,087
Plant and Machinery	5,837	1,107	-	6,944	4,086	647	-	4,733	2,211	1,751
Electrical Fittings	379	-	-	379	379	-	-	379	-	-
Computers	51,608	15,864	-	67,472	34,683	11,450	-	46,133	21,339	16,925
Air Conditioner	1,129	-	-	1,129	1,106	6	-	1,112	17	23
Furniture and Fixtures	10,063	25	-	10,088	9,489	200	-	9,689	399	574
Motor Vehicles	10,811	1,002	1,571	10,242	10,522	222	1,571	9,173	1,069	289
Office Equipment	2,933	445	71	3,307	1,831	332	38	2,125	1,182	1,102
Intangible Assets										
Intellectual Property Rights	1,323,614	654,421	-	1,978,035	565,603	300,508	-	866,111	1,111,924	758,011
Technical Know How	14,140	-	-	14,140	907	2,836	-	3,743	10,397	13,233
Total.. Rs.	**1,455,681**	**672,894**	**5,733**	**2,122,842**	**632,971**	**316,962**	**1,609**	**948,324**	**1,174,518**	**822,710**
Capital Work-in-progress Capital Advance paid									213,139 8,724	167,935 -
Total	**1,455,681**	**672,894**	**5,733**	**2,122,842**	**632,971**	**316,962**	**1,609**	**948,324**	**1,396,381**	**990,645**
Previous Year	608,756	858,827	11,902	1,455,681	496,170	148,631	11,830	632,971	990,645	-

Note:
Capital Work-in-Progress includes borrowing costs of (Rs'000) 21,538 {Previous year (Rs'000) Nil}

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE D : UNSECURED LOANS		
From others		
1% Foreign Currency Convertible Bonds (880 FCCBs of US$ 10,000/- each)	353,584	383,680
(Refer note B.11 of schedule P)		
Interest Accrued and Due	3,987	-
Loan from Director	-	1,500
TOTAL Rs.	**357,571**	**385,180**
SCHEDULE F : INVESTMENTS		
Long Term Investment , Trade, Unquoted (at Cost)		
Investment in Subsidiary Companies		
*Aftek Sales & Services Pvt. Ltd.	100	100
1,000 Equity shares of Rs.100 each fully paid up		
Less: Provision for diminution in value	(100)	-
	-	100
*Opdex Inc.(formerly Aftek Infosys (USA) Inc.,)		
31,700,000 Equity shares of US$0.05 each fully paid up	69,597	69,597
Less: Provision for diminution in value	(40,000)	-
	29,597	69,597
*Mihir Properties Private Ltd.	55,265	55,265
145,000 Equity shares of Rs.100 each fully paid up		
*Arexera Information Technologies GmbH	1,002,092	1,002,092
100% of share capital of the Company,		
nominal value of which is EURO 52,000 (Refer note B.15 of schdule P)		
*Arexera Information Technologies AG	15,995	15,995
100% of share capital of the Company,		
nominal value of which is CHF 100,000		
*Aftek (Mauritius) Limited	129	-
1 Equity share of US$1 fully paid up subscribed during the year		
Digihome Solutions Private Limited (Associate company till January 10, 2008)	18,313	1,250
416,327 (Previous year 125,000) Equity shares of Rs.10 each fully paid up		
During the year, company acquired 291,327 (previous year :125,000) equity shares (refer note B.16 of Schedule P}		
*are wholly owned subsidiaries		
Investment in Other Companies		
Elven Technologies Private Limited	825	825
82,500 Equity shares of Rs.10 each fully paid up		
V. Soft Inc. (USA)	39,982	39,982
164,250 Equity shares of US $5.48 each fully paid up		
TOTAL Rs.	**1,162,198**	**1,185,106**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

		As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES			
Interest Accrued but not due		**5,859**	**1,004**
Inventories			
Raw Materials and Consumables		1,870	1,683
Work-in-progress		336	440
	TOTAL Rs.	**2,206**	**2,123**
Sundry Debtors			
(Unsecured, Considered Good Unless Otherwise Stated)			
Debts outstanding for more than six months			
Considered good		266,347	163,961
Considered Doubtful		105,807	2,026
Others Debts-Considered Good		909,674	693,148
		1,281,828	859,135
Less: Provision for Doubtful Debts		(105,807)	(2,026)
	TOTAL Rs.	**1,176,021**	**857,109**
Cash & Bank Balances			
Cash on Hand		137	2,908
Balance with Scheduled Banks in			
Cash Credit Account		8	-
Current Account		5,001	2,000
Fixed Deposit Account#		272,702	25,134
Unclaimed Dividend Account		3,985	3,184
Foreign Currency Current Account*		680	36,841
Balance with Non Scheduled Banks in			
Deposit Accounts			
Banco Efisa , Portugal		1,003,590	1,059,397
(Maximum Balance outstanding at any time during the year (Rs.'000) 1,059,397 {Previous year (Rs.'000) 1,111,171}			
Investec Bank (Switzerland) AG, Switzerland**			
- Time Deposit		118,567	194,240
- Demand Deposit		11,832	-
(Maximum Balance outstanding at any time during the year (Rs.'000) 225,443 {Previous year (Rs.'000) 237,775}			
Current accounts			
Banco Efisa, Portugal		1,978,793	1,686,437
(Maximum Balance outstanding at any time during the year (Rs.'000) 2,688,429 {Previous year (Rs.'000) 2,459,257}			
Investec Bank (Switzerland) AG, Switzerland***		2,990	-
(Maximum Balance outstanding at any time during the year (Rs.'000) 10,544 (Previous year (Rs.'000) 35,623}			
	TOTAL Rs.	**3,398,285**	**3,010,141**

Fixed deposit of (Rs.'000) 3,259 {Previous Year (Rs.'000) 404} has been placed with a bank against guarantees.
As represented by management all other deposit and curent account balances are without any restriction for remittance.
* Balance in Bank of India in Foreign Currency Current accounts includes (Rs.'000) 232 {Previous year (Rs.000)} 35,993 being unutilised money of FCCB issue.
** Balance in Investec Bank Deposit accounts includes {(Rs.'000) 130,399 (Previous Year (Rs.'000) 194,240} being unutilised money of FCCB issue.
*** Balance in Investec Bank Foreign Currency Current accounts includes (Rs.'000) 2,990 {Previous year Rs.('000) Nil} being unutilised money of FCCB issue

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

		As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE G : Current Assets, Loans & Advances (Cont'd)			
Loans and Advances			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
-Considered good	2,497		29,586
-Considered doubtful	4,534		3.596
	7,031		33,182
Less : Provision for Doubtful Advances	(4,534)		(3,596)
		2,497	29,586
Advances for acquisition of shares of Digihome Solutions Private Limited		85,708	938
Loans to Subsidiary Companies		324,592	254,529
Loans to Aftek Employee's Welfare Trust		43,171	44,111
Deposit with Body Corporates (Refer note B.14 of schedule P)		138,139	145,599
Security deposit		16,229	16,499
MAT Credit Entitlement		91,503	-
	TOTAL Rs.	**701,839**	**491,262**
SCHEDULE H: CURRENT LIABILITIES & PROVISIONS			
Liabilities :			
Sundry Creditors (Refer note B.8 of Schedule P)		304,112	182,994
Premium payable on redemption of FCCBs		62,372	-
Advance from Customers		648	291
Unclaimed Dividend		3,985	3,184
Other Liabilities		16,419	18,818
	TOTAL Rs.	**387,536**	**205,287**
Provisions :			
Income Tax (net of taxes paid)		83,826	7,499
Fringe Benefit Tax		2,170	832
Proposed Dividend		46,764	93,472
Corporate Dividend Tax		10,844	13,238
Gratuity		4,854	681
Compensated Absences		2,107	2,142
	TOTAL Rs.	**150,565**	**117,864**
SCHEDULE I : MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
GDR Issue Expenses			
Balance at the beginning of the year	1,708		8,541
Less : Written off	(1,708)	-	(6,833)
	TOTAL Rs.	**-**	**1,708**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

		Year ended 31st March '08 Rs.000	Year ended 31st March '07 Rs.000
SCHEDULE J : SALES			
Software Exports			
Services		3,593,812	3,107,512
Products		177,280	181,327
Software Services and Sale of Rights to a Subsidiary (Refer Note B 16 of Schedule P)		102,771	-
Software Driven Products			
Local		43,955	27,818
Exports		7,609	8,483
		3,925,427	3,325,140
Add: Duty Drawback		18	51
	TOTAL Rs.	**3,925,445**	**3,325,191**
SCHEDULE K : OTHER INCOME			
Bank Interest [Including Tax deducted at source(Rs.'000) 581 {Previous Year (Rs.'000) 267}]		49,667	80,036
Profit on sale of Fixed Assets		13,170	-
Miscellaneous Income		136	4,952
	TOTAL Rs.	**62,973**	**84,988**
SCHEDULE L: COST OF SALES AND SERVICES			
Consumption of Raw Materials and Consumables			
Opening Stock	1,683		1,601
Add: Purchases	33,442		40,226
	35,125		41,827
Less: Closing Stock	(1,870)		(1,683)
		33,255	40,144
Decrease / (Increase) in finished and Semi finished stock			
Opening Stock	440		267
Closing Stock	(336)		(440)
		104	(173)
Software Development Expenses		2,152,842	1,891,240
	TOTAL Rs.	2,186,201	1,931,211
SCHEDULE M: EMPLOYEE COSTS			
Salaries, Wages and Bonus	212,683		185,034
Contribution to Provident Fund and Other Funds	9,033		8,873
Staff Welfare	4,095		4,317
Stock Compensation Expense	2,078	-	3,251
		227,889	201,475
	TOTAL Rs.	**227,889**	**201,475**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

		Year ended 31st March '08 Rs.000	Year ended 31st March '07 Rs.000
SCHEDULE N: OPERATING AND ADMINISTRATIVE EXPENSES			
Rent		43,358	32,986
Provision for doubtful debts		103,781	-
Provision for dimunition in value of investments		40,100	-
Provision for doubtful advances		938	-
Travelling & Conveyance		17,758	14,738
Professional Fees		12,730	12,754
Bad and doubtful debts written off		37	297
Advertisement and Sales Promotion		1,821	781
Auditor's remuneration (Refer note B.3(v) of schedule P)		4,179	2,369
Miscellaneous expenses written off		1,708	6,833
Commission		796	279
Electricity Expenses		7,051	6,752
Rates & Taxes		6,252	2,086
Foreign Exchange Loss		143,444	64,386
Telephone and Communication		4,910	6,170
Insurance Charges		94	134
Research and Development Expenses		9,005	25,975
Loss on sale of Fixed Assets		-	61
Commission paid to Non-Executive Directors		990	1,800
Repairs and Maintenance			
Buildings		25	310
Computers		470	598
Others		984	1,420
Miscellaneous Expenses		10,804	11,465
	Total Rs.	411,235	192,194

		Year ended 31st March '08 Rs.000	Year ended 31st March '07 Rs.000
SCHEDULE O: FINANCE CHARGES			
Bill Discounting Charges		1,676	166
Interest on Cash Credit		4,104	3,870
Interest on FCCB		3,987	4,291
Bank Charges		96	178
	Total Rs.	**9,863**	**8,505**

SCHEDULE P : NOTES TO THE FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation of financial statements

The financial statements which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 1956 (the 'Act') and comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

The accounting policies applied by the Company are consistent with those used in the previous years except for adoption of Accounting Standard 15 (Revised), 'Employee Benefits'.

(b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Key estimates include estimate of useful lives of fixed assets, unbilled revenue, income taxes and future obligations under employee retirement benefit plans. Actual results could differ from those estimates. Any revision to accounting estimates will be recognised prospectively in the future periods.

(c) Fixed Assets, Depreciation and Amortisation

(i) Fixed assets are stated at cost less accumulated depreciation amortisation and impairment losses. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

(ii) Depreciation is provided, pro rata for the period of use, by the straight line method (SLM), based on management's estimate of useful lives of the fixed assets, which are higher than the SLM rates prescribed in Schedule XIV to the Companies Act, 1956. The management's estimate of useful lives of fixed assets are given below:

Plant and Machinery	5 years
Factory Building	15 years
Electrical Fittings	5 years
Computers	3 years
Air conditioner	5 years
Furniture and Fixtures	5 years
Motor Vehicles	5 years
Office Equipment	5 years

Leasehold land is amortised over the period of lease.

(iii) Management evaluates at regular intervals, using external and internal sources, the need for impairment of any asset. 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 net realisable value on its eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined.

(d) Intangible Assets

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses thereon. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Based on management estimates the depreciable amount of intangible assets is allocated over the useful life on a straight-line basis. Management estimates the useful life of Technical Know-how as 5 years and Intellectual Property Rights as 3 years.

(e) Investments

The Company has presently classified all its investments as "Long Term" in accordance with Accounting Standard 13 on "Accounting for Investments." Long-term investments are stated at cost. However, provision is made to recognize a decline, other than temporary, in the value of investments.

(f) Inventories

Inventories are valued at lower of cost and net realizable value. Cost of inventories comprise cost of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

(g) Research and Development

Research and Development expenditure is recognized in the Profit and Loss Account as and when incurred. Capital expenditure if any, is shown under respective head of fixed assets.

(h) Foreign Currency Transactions

(i) Initial Recognition - Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction.

(ii) Conversion - Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet.

(iii) Exchange Differences - All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Account in the year in which they arise.

(i) Employee Benefits

(i) All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

(ii) All the employees are entitled to receive benefits under the provident fund, which is a defined contribution plan, in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Both, the employee and the employer make monthly contributions to the plan at a predetermined rate (presently at 12%) of the employees' basic salary. The Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to the fund administered and managed by the Government of India.

(iii) The Company's employees are covered under the group gratuity cum life assurance scheme with the Life Insurance Corporation of India ('LIC'). This scheme is a defined benefit scheme and is funded in accordance with the intimation received from LIC. Actuarial valuation of the liability is carried out at the year end and incremental liability, if any, is provided for in the books of account.

Liability for compensated absences is provided for on the basis of actuarial valuation at year-end made by an independent actuary.

(j) Stock based compensation

The compensation cost of stock options granted to employees is calculated using the fair value method. The compensation expense is amortized uniformly over the vesting period of the option.

(k) Revenue recognition

Revenue from sale of products is recognized when significant risks and rewards in respect of ownership of products are transferred to the customer and there are either no unfulfilled company obligations or any obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the arrangement.

Revenues from services are recognized as services are provided when arrangements are on a time and material basis. Revenue from fixed price contracts is generally recognised in accordance with the "Percentage of Completion" method.

Further, the company reimburses certain software installation and testing charges to channel partners and these installation and testing activities are considered to be distinct components preceding the actual delivery and acceptance of the software. The company also bears the entire credit risk on the sale of products. Accordingly, the installation and testing activity is considered to be transaction independent of the sale of the products and the costs relating to these activities are accounted cost of revenues.

Interest income is accounted on a time proportion basis.

(l) Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(m) Taxes on Income

The provision for current taxation is computed in accordance with the relevant tax regulations. Deferred tax is recognised on timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses under tax laws are recognised and carried forward to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised in future. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Minimum Alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

The Company provides for Fringe Benefits Tax (FBT) in accordance with the guidance note on accounting for fringe benefits tax issued by the Institute of Chartered Accountants of India.

(n) Borrowing Cost

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs, are capitalized as part of the cost of qualifying assets. Other borrowing costs are expensed as incurred.

(o) Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates. Provisions are recognised in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

(p) Share Issue Expenses and Premium Payable on Redemption of Foreign Currency Convertible Bonds (FCCBs)

Share Issue Expenses and Premium Payable on Redemption of FCCBs are adjusted against the Securities Premium Account.

NOTES TO THE FINANCIAL STATEMENTS

1. Capital Commitment:

Particulars	As at March 31, 2008 Rs.'000	As at March 31, 2007 Rs.'000
Estimated amounts of contracts remaining to be executed on capital account and (net of advances) not provided for	255,003	950,000
Total	255,003	950,000

2. Contingent Liabilities not provided for:

Particulars	As at March 31, 2008 Rs.'000	As at March 31, 2007 Rs.'000
Corporate Guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (Rs.'000) 24,342 {previous year (Rs.000) 14,986}	60,000	30,000
Disputed Income Tax matter in appeal (pertaining to Assessment year 2005-06 pending before Deputy Commissioner of Income Tax)	-	331
Disputed Service Tax Liability on fees and charges paid for Borrowings in the form of Foreign Currency Convertible Bonds and External Commercial Borrowings	4,667	-
Total	64,667	30,331

3. Additional information pursuant to paragraphs 3, 4B and 4D of Part II of Schedule VI to the Companies Act, 1956 as applicable

(i) Value of imported and indigenous raw materials consumed and percentage of each to total consumption:

Particulars	Year ended March 31, 2008		Year ended March 31, 2007	
	Rs.'000	%	Rs.'000	%
Imported raw material	2,613	7.86	2,279	5.68
Indigenous raw material	30,642	92.14	37,865	94.32
Total	33,255	100	40,144	100

Note: Quantities in respect of raw materials and consumables are not ascertainable due to multiplicity and diverse nature of items and value of each such item is less than 10% of the total value.

(ii) Value of Imports on C.I.F basis:

Particulars	Year ended March 31, 2008 Rs.'000	Year ended March 31, 2007 Rs.'000
Purchase of fixed assets - Intellectual property rights	654,421	824,768
Purchase of software	865,289	743,063
Purchase of Raw Materials	1,864	2,114
Other Purchases	6,206	25,330
Total	1,527,780	1,595,275

NOTES TO THE FINANCIAL STATEMENTS

	Year ended March 31, 2008 Rs.'000	Year ended March 31, 2007 Rs.'000

(iii) Expenditures in foreign currency (on accrual basis):

Particulars		
Software Development Expenses	1,313,333	1,148,069
Interest expenses (including interest capitalized)	19,645	4,291
Travelling expenses	11,532	6,177
Foreign Tax	7,947	9,746
Other expenses	4,699	3,553
Total	1,357,156	1,171,836

(iv) Earnings in foreign currency (on accrual basis):

Particulars		
Export Sales	3,778,701	3,297,322
Interest on foreign fixed deposit	47,291	78,360
Others	-	2,254
Total	3,825,992	3,377,936

(v) Auditor's Remuneration (including service tax):

Particulars		
i) As auditor	3,596	-
ii) For other services	234	-
iii) Out of pocket expenses	10	-
Payment to erstwhile auditors		
i) As auditor	339	1,807
ii) For tax audit	-	562
Total	4,179	2,369

(vi) The amount remitted during the year in foreign currencies on account of dividend are as follows:

Particulars		
Number of non-resident shareholders	7	8
Numbers of shares held	24,500	46,500
Amount remitted **(Rs.'000)**	25	47
Year to which dividend relates	2006-07	2005-06

(vii) Managerial Remuneration:

Particulars		
Salary	16,400	19,477
Perquisite on account of employee stock options to director	315	1,107
Commission to Non Executive directors	990	1,800
Total	17,705	22,384

Notes:

(i) The above does not include provision/contribution for gratuity, which is computed for the Company as a whole.

(ii) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 (the 'Act') for commission payable to non directors is as given below:

NOTES TO THE FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2008 Rs.'000	Year ended March 31, 2007 Rs.'000
Net profit before tax	836,268	928,163
Add:		
Managerial remuneration	17,705	22,384
Provision for diminution in value of investments	40,100	-
Provision for doubtful advances	938	-
Provision for doubtful debts	103,781	-
Loss on sale of fixed assets	-	61
Depreciation as per books of account	316,962	148,631
	1,315,754	1,099,239
Less:		
Depreciation as envisaged u/s. 350 of the Companies Act, 1956	316,962	148,631
Profit on sale of fixed assets	12,908	-
Net profit as per section 349 of the Companies Act, 1956	985,884	950,608
Maximum Commission Permissible to non-executive directors	9,859	9,506
Commission paid to non executive directors	990	1,800

Note: The Company depreciates fixed assets based on estimated useful lives of the assets. The rates of depreciation used by the Company are higher than the minimum rates prescribed by Schedule XIV of the Act.

4. Earnings per share (EPS):

Particulars	Year ended March 31, 2008 Rs.'000	Year ended March 31, 2007 Rs.'000
Basic		
Net profit available for equity shareholders – (A)	809,402	905,021
Weighted average number of equity shares outstanding, (in'000) –(B)	93,454	86,703
Face value of shares	2	2
Basic Earnings Per Share (A/B)	**8.66**	**10.44**
Diluted		
Net Profit available for equity share holders – (C)	809,402	905,021
Add: Interest on FCCB (Net of Tax)	3,987	4,291
Adjusted profit for Diluted Earnings per share	813,389	909,312
Weighted average number of equity shares outstanding (in'000)	93,454	86,703
Weighted average number of potential shares on account of outstanding Employee Stock Options (in'000)	318	189
Weighted average number of potential shares on conversion of Foreign Currency Convertible Bonds (in'000)	5,099	5,634
Total Weighted Average Number of shares outstanding (in'000)- (D)	98,871	92,526
Diluted Earnings Per Share (C/D)	8.23	9.83

NOTES TO THE FINANCIAL STATEMENTS

5. Related Party Disclosures :

(i) List of related parties:

Name	Nature of relationship
Opdex Inc. {Formerly known as Aftek Infosys (USA) Inc.} Aftek Sales and Services Private Limited Mihir Properties Private Limited Arexera Information Technologies GmbH Arexera Information Technologies AG Aftek (Mauritius) Limited Digihome Solutions Private Limited (Associate upto January 10, 2008)	Subsidiary Companies
Aftek Employees' Welfare Trust	Significantly influenced by Key Management Personnel (Controlled entities)
Mr.Ranjit M. Dhuru Mr.Nitin K Shukla Mr.Promod V. Broota (Up to April 20, 2007) Mr.Mahesh B. Vaidya (appointed as whole time director w.e.f April 30, 2007) Mr.Sunil M. Desai	Key Management Personnel

(ii) Related party transactions:

Nature	Subsidiary	Associates	Key Management Personnel	Significant Influence by Key Management Personnel	Total
Services rendered	**104,861**	**-**	**-**	**-**	**104,861**
	(4,644)	(732)	(-)	(-)	(5,376)
Digihome Solutions Private Limited	102,771	-	-	-	102,771
Arexera Information Technologies GmbH	2,090	-	-	-	2,090
Loans and Advances given	**55,553**	**-**	**-**	**-**	**55,553**
	(189,223)	(-)	(-)	(2,716)	(191,939)
Arexera Information Technologies GmbH	43,546	-	-	-	43,546
Digihome Solutions Private Limited	8,750	-	-	-	8,750
Others	3,257	-	-	-	3,257
Loans and Advances received back	**50**	**-**	**-**	**940**	**990**
	(-)	(-)	(-)	(-)	(-)
Aftek Employee Welfare Trust	-	-	-	940	940
Digihome Solutions Private Limited	50	-	-	-	50
Remuneration	**-**	**-**	**17,705**	**-**	**17,705**
	(-)	(-)	(22,384)	(-)	(22,384)
Equity contribution /advances for equity	**85,708**	**-**	**-**	**-**	**85,708**
	(461)	(625)	(-)	(-)	(1,086)
Digihome Solutions Private Limited	85,708	-	-	-	85,708
Interest accrued and due to Digihome Solutions Private Limited	**731**	**-**	**-**	**-**	**731**
	(-)	(-)	(-)	(-)	(-)
Contribution to Aftek Employee Welfare Trust	**-**	**-**	**-**	**1,258**	**1,258**
	(-)	(-)	(-)	(682)	(682)
Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited	**30,000**	**-**	**-**	**-**	**30,000**
	(30,000)	(-)	(-)	(-)	(30,000)

Figures in bracket pertain to previous year

(iii) Year end balances:

Name of the Subsidiary	Outstanding Amount (Rs.'000)		Maximum balance outstanding at any time during the year(Rs.'000)	
	As at March 31, 2008	As at March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2007
Mihir Properties Private, Limited	136	126	136	126
Aftek Sales & Services Private, Limited	61	60	61	60
Arexera Information Technologies GmbH {includes Debtors of (Rs"000)6,030; Previous Year (Rs.'000) 3,481}	298,883	232,641	298,883	232,641
Arexera Information Technologies AG	19,645	18,473	19,645	19,110
Digihome Solutions Private, Limited	9,431	-	9,431	-
Opdex Inc.	2,465	2,648	2,465	2,648
Total	**330,621**	**253,948**	**330,621**	**254,585**

Note: Aftek Employees' Welfare Trust (Unregistered) was created for the benefit of employees including executive directors. The purpose of the trust inter alia is to purchase/invest in the shares or other securities of Aftek Limited for the benefit of employees. As per the conditions of the trust deed, the Company has provided an interest free loan aggregating to (Rs.'000) 43,171 {Previous year (Rs.'000) 44,111} (maximum balance outstanding at any time during the year (Rs.'000) 44,111 {Previous year (Rs.'000) 45,896} and the same has been used for the purchase of equity shares of Aftek Limited. These shares may be allocated to the employees or the amount of profit earned on the sale of these shares may be distributed amongst the employees.

6. Staff Benefits cost in accordance with Accounting Standard 15 (Revised)

(i) Defined Contribution Plan: The amount of contribution to provident fund recognized as expenses during the year is (Rs.'000) 9,033{Previous Year (Rs.'000) 8,873}

(ii) The Company had been recognizing, accruing and accounting the Retirement Benefits as per the erstwhile Accounting Standard-15 on "Retirement Benefits" till March 31, 2007.

The Institute of Chartered Accountants of India (ICAI) had issued revised AS-15 on "Employee Benefits" and had made it mandatory for accounting periods commencing on or after December 7, 2006. Accordingly the Company has adopted of revised AS-15 w.e.f April 1, 2007.

In accordance with the transitional provisions of revised AS-15, the incremental liability at the beginning of the current financial year amounting to (Rs.'000) 2,051 [net of tax of (Rs.'000) 1,056] in respect of gratuity has been adjusted against General Reserve.

(iii) Defined benefit plans for Gratuity:

Particulars	Year ended March 31, 2008 Rs.'000
Change in Defined Benefit Obligations	
Defined Benefit Obligations as at the beginning of the year	5,459
Service cost	1,360
Interest cost	526
Actuarial (gain)/loss	58
Benefits paid	(487)
Present value of defined benefit obligations as at year end (A)	6,916
Change in Plan Assets	
Opening plan assets, at fair value	1,758
Expected return on plan assets	169
Actuarial gain/(loss)	29
Contributions	593
Benefits paid	(487)
Fair value of plan assets as at year end (B)	2,062
Cost for the year	
Service cost	1,360
Interest cost	526
Expected return on plan assets	(169)
Actuarial (gain)/loss	29
Total net cost recognized as employee remuneration	1,746
Reconciliation of Benefit Obligations and Plan Assets for the year	
Present value of defined benefit obligations as at year end (A)	6,916
Fair value of plan assets as at year end (B)	2,062
Net asset/(liability) as at year end recognised in Balance Sheet (A) - (B)	4,854
Investment details of plan assets	
The plan assets are invested in trust managed funds	
Assumptions	
Discount rate	8.00%
Salary escalation rate	5.00%
Estimated rate of return on plan assets	8.00%

The Company has adopted Accounting Standard 15 (Revised), 'Employee Benefits' from April 01, 2007 and this being the first year of adoption, the Company has not given disclosure for the following for previous four annual financial years :

1. the present value of the defined benefit obligation, the fair value of plan assets and the surplus or deficit in the plan ; and
2. the experience adjustments arising on plan liabilities and plan assets.

7. Deferred Taxes

	Particulars		As at March 31, 2008Rs.'000
A	Deferred tax liability on: -		
	Depreciation	(A)	17,900
B	Deferred tax asset on: -		
	Provision for gratuity		1,222
	Provision for Commenced Absences		716
	Provision for Doubtful Debts (Domestic)		14,461
		(B)	**16,399**
	Net Deferred tax liability (A)-(B)		1,501

As per the provisions of Section 10 B of the Income Tax Act 1961, deferred tax in respect of timing differences which originate and is reversed during the tax holiday period, is not recognized to the extent deduction from the total income is allowed during the tax holiday period. Based on management estimate no deferred tax was created during earlier years.

8. Micro, Small and Medium Enterprises

The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 ('the Act') and hence disclosure regarding following has not been provided.:

a) Amount due and outstanding to suppliers as at the end of the accounting year.
b) Interest paid during the year.
c) Interest payable at the end of the accounting year.
d) Interest accrued and unpaid at the end of the accounting year

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act. Management believes that the figures for disclosure will not be significant.

9. Employee Stock Option Scheme:

Stock Options [ESOP]											
Exercise Price per Share	Rs. 56		Rs. 56	Rs. 70		Rs. 51.90		Rs. 34.15		Weighted Average Exercise Price (Rs.)	
Adjusted Exercise Price on account of issue of Bonus shares	Rs. 26		Rs. 26	Rs. 40		NIL		NIL			
Grant Date	August 25, 2004		August 25, 2004	October 28, 2004		July 31, 2006		March 24, 2008			
Vesting commences on	August 25, 2005		August 25, 2005	October 28, 2005		July 31, 2007		March 24, 2009			
Vesting schedule	25% of grant each year commencing one year from the date of grant		100% on August 25, 2005	25% of grant each year commencing one year from the date of grant		25% of grant each year commencing one year from the date of grant		50% of grant first year and 25% each for the following two years			
Contractual life	Earlier of :Two years from the vesting date or Seven years from grant date										
Method of Settlement	Equity										
Particulars of Number of Options	2007-08	2006-07	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Options outstanding at the beginning of the year	274,574	319,649	4,000	40,980	77,417	50,000	-	-	-	31.11	28.73
Options granted during the year	-	-	-	-	-	-	50,000	224,788	-	51.9	51.9
Options exercised in respect of which shares were allotted	56,821	31,230	4,000	13,442	6,707	-	-	-	-	28.68	28.48
Options lapsed during the year on separation and non exercise	5,436	13,845	-	6,219	29,730	-	-	-	-	33.47	35.55
Options outstanding at the end of the year	212,317	274,574	-	21,319	40,980	50,000	50,000	224,788	-	40.59	31.11
Of which –											
Options vested	117,945	80,717	-	10,421	13,990	12,500	-	-	-	-	-
Options Yet to vest	94,372	193,857	-	10,898	26,990	37,500	50,000	224,788	-	- -	

During the year the company has granted 224,788 options on March 24, 2008, the weighted average fair value is Rs.15.12.This was calculated by applying Black Scholes Option Pricing Model. The Model inputs were the share price and exercise price at the grant date of Rs.34.15 ,expected volatility of 68.61%, expected dividend 1.11%. The contractual life of the options is earlier of two years from date of vesting or seven years from the date of grant and risk free rate of return ranging between 7.24% - 7.39%.

The weighted average life of the options outstanding is 1.7 years

10. The Company has significant leasing arrangements in respect of operating leases for premises and utilities. The leasing arrangement is non cancellable for a period of 33 and 72 months respectively. An amount of (Rs.'000) 43,358 {Previous year: (Rs.'000) 32,986}is recognized as lease expenses in the Profit and Loss Account for the year ended March 31, 2008. The future guaranteed lease payments under non cancellable agreements are as follows:

Particulars	**Year ended March 31, 2008 Rs.'000**	**Year ended March 31, 2007 Rs.'000**
Not later than one year	33,600	5,500
Later than one year and not later than five years	118,447	45,091
Later than Five years	27,820	-
Total	179,867	50,591

11. The Company had raised US$ 34.5 millions through an issue of 3000 numbers of 1% Foreign Currency Convertible Bonds Due 2010 of US$ 10,000 each ("FCCB") in June 2005 followed by 450 numbers of additional FCCB in July 2005 on account of exercise of green shoe option of 15%. These FCCB are listed at Luxembourg Stock Exchange. The FCCB bear interest @ 1% per annum with redemption at 128.25% of their principal amount. At the option of the Bondholders FCCB are convertible into Shares/Global Depository Receipts ("GDR") within a period of 5 years from the date of the original issue i.e. June 24, 2005 at the revised conversion price of Rs 75.20 per share effective from June 25, 2006 (initial conversion price being Rs. 94/- per share) pursuant to the provisions of the Trust Deed executed in respect of the FCCB. At the year end 880 FCCB were outstanding, if converted into GDR/Equity shares at the reset Conversion Price of Rs 75.20 per share, would result into issuance of additional 5,099,202 numbers of equity shares of Rs. 2 each.

12. Segment Information

Primary Segment Information

The Company is in business of sale of software services which is viewed by the management as a single primary segment, i.e. business segment.

Secondary Segment Information - Geographical

The secondary segment information in relation to the geographies is as follows:

Regions	Year ended March 31, 2008		Year ended March 31, 2007	
	Rs'000	%	Rs'000	%
America	2,193,539	55.88	1,907,994	57.38
Europe	1,386,074	35.31	1,221,675	36.74
Japan	191,562	4.88	172,24	55.18
India	154,270	3.93	23,276	0.70
Total	**3,925,445**	**100.00**	**3,325,190**	**100.00**

Note: All the segment assets are located in India.

13. Unhedged Foreign Currency Exposure:

Particulars of Unhedged Foreign Currency exposure as at Balance Sheet date in ('000s)

Import Creditors	Rs. 234,217 (USD 5,829)
Export Debtors	Rs. 1,236,566 (USD 20,588; EURO 6,827)
Foreign Currency Bank Account	Rs. 3,116,451 (USD 68,212; EURO 6,854)

14. The Company has outstanding interest free deposits of (Rs.'000) 138,139 as at March 31, 2008. These deposits were given prior to 2003 to company's various business associates for business development. The company is confident of recovering these dues and no provision is considered necessary at this stage.

15. As at March 31, 2008, the Company has investments of (Rs.'000) 1,002,092 in shares of Arexara Information Technologies Gmbh (Arexara Gmbh), its wholly owned subsidiary, and also has outstanding loans receivable balance of (Rs.'000) 292,853. Although the net worth of Arexera Gmbh is eroded; as at the year end, it has Intellectual Property Rights (IPR) and holds 24.75% stake of Seekport AG, a company listed on Frankfurt Stock Exchange. In accordance with the latest available (September 26, 2008) quote from the Frankfurt Stock Exchange, the scrip of Seekport AG was traded at Euro 2.05 per share. Subsequent to the year end, as a part of the business reorganization, the Company has initiated the process of transferring its assets from Arexera Gmbh to Arexara Information Technologies AG (Arexara AG) and has accordingly filed for the voluntary liquidation of Arexera Gmbh. In the opinion of the management, there is no permanent diminution in value of investment in shares of Arexara Gmbh and the loans given to it are good and fully recoverable and therefore presently, no provision is considered necessary.

16. Vide agreement dated July 24, 2005, and further to the agreement dated December 29, 2007; the Company has transferred certain technology rights to Digihome Solutions Private Limited (DSPL), for a consideration of (Rs.'000) 60,000, payable by allotment of 70,834 shares in DSPL at par value of Rs.10 each and 988,194 new shares in DSPL at a premium of Rs.50 per share. The Company could only discharge part obligation and for which it received consideration of (Rs.'000) 17,063 by allotment of 291,327 shares of DSPL. Consequent to the allotment of shares on January 10, 2008, DSPL became a subsidiary of the company. Further, during the year, the Company also rendered software services to DSPL at a consideration of (Rs.'000) 85,708, which was to be received by allotment of 1,428,472 equity shares of Rs.10 each in DSPL at a premium of Rs.50 per share. Pending allotment, these are shown as advance against equity.

Prior to January 10, 2008, under the agreement dated December 29, 2007 the Company had transactions for sale of rights and services with DSPL, a private company in which some of the directors held interest. Further, the Company had also given loan to DSPL and the outstanding balance as at the year end amounted to Rs. ('000) 8,700. In both the instances, the management is of the view,that when the original agreements were executed, section 297 or section 295 of the Act were not applicable.

17. During the year ended March 31, 2007; scheme of arrangement between Elven Microcircuits Private Limited (EMPL), C2silicon Software Solutions Private Limited(C2silicon) and the Company:

The Hon'ble High Court, Bombay and Hon'ble High Court of Karnatka, Bangalore have sanctioned a scheme of amalgamation of EMPL and C2silicon with the Company under Section 391 to 394 of the Companies Act, 1956 ('The Scheme'). Consequently, in terms the scheme:

(i) Entire business of EMPL and C2silicon including assets and liabilities, as a going concern, shall stand transferred to and vested in the Company with effect from April 1, 2006 being the appointed date.

(ii) As at March 31, 2007, 6,150,000 ordinary shares of Rs. 2 each of the Company were required to be issued to the shareholders of EMPL in the proportion of 123 equity shares in the Company for every 100 equity shares of Rs 2 each held in EMPL. Pending allotment, an amount of (Rs'000) 12,300 representing the face value of the shares to be issued, has been included in the Share Capital Suspense account as at March 31, 2007 (Schedule A-1).

(iii) The Amalgamation in the nature of merger has been accounted for under the 'purchase method' as prescribed by Accounting Standard 14, "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India. As provided in the Scheme and in terms of the Court Orders:

a) (Rs.'000) 29,099 being the excess of amount of the fair value (as determined by the management) of the net assets of EMPL and C2silicon over the consideration, has been credited to the General Reserve Account of the Company as adjustment on amalgamation.

These accounting treatments to the general reserve account of the Company were prescribed in the Scheme. Had the Sheme not prescribed these treatments, the amount of (Rs.'000) 29,099 would have been credited to Capital reserve account.

18. During the year ended March 31, 2007; the Company had forfeited (Rs'000) 47,869 against issue of 3,969,200 numbers of partly paid warrants issued to Promoter's Group on preferential basis at a price of Rs.120.60 per warrant and the said amount has been transferred to Capital Reserve.

NOTES TO THE FINANCIAL STATEMENTS

19. The Company had issued 1,333,100 Global Depository Receipt (GDR) on February 07, 2003 at a price of USD 11.25, per GDR with each GDR representing 3 equity shares of Rs.10. These GDR are listed on Luxembourg Stock Exchange. Pursuant to Special Resolution passed at the Annual General Meeting held on December 29, 2003, equity shares of Rs.10 each were sub-divided into smaller denomination of Rs.2 each for which Company had fixed January 29, 2004 as the Record Date. Corresponding increase was made to the number of GDR from one to five in order to maintain the GDR to Equity proportion of 1: 3.

Further, pursuant to the Special Resolution passed at the Annual General Meeting held on December 28, 2004, bonus shares in the proportion of one equity share for every two equity shares held on the record date of January 28, 2005 were allotted on January 31, 2005 resulting in increase in the number of GDR.

400,000 numbers of GDR representing 1,200,000 equity shares were outstanding as at March 31, 2008. As stated above, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 was outstanding as on March, 31, 2008. In the event these FCCB are converted into GDR, it would result into issuance of 1,699,734 numbers of GDR representing 5,099,202 numbers of equity shares.

20. The financial statements of the Company for the year ended March 31, 2007 were audited and reported by another firm of Chartered Accountants; vide their unqualified report dated November 27, 2007. The balances as at March 31, 2007 as per such audited financial statements, have been regrouped or rearranged wherever necessary to make them comparable with the current year's figure. Figures are rounded off to nearest thousands.

21. Schedules - A to P forms an integral part of the accounts and has been duly authenticated.

Signatures to Schedules A to P

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner
Membership No. F-42423

Mumbai, September 30, 2008

For and on behalf of the Board of Directors

Ranjit M. Dhuru
Chairman & Managing Director

Nitin K. Shukla
Director-Finance

C.G. Deshmukh
Company Secretary

Mumbai, September 30, 2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(Pursuant to Part IV of Schedule VI to the Companies Act, 1956)

1 Registration Details

Registration No.:L57220MH1986PLC039342		State Code: 11	
Balance Sheet Date:	March 31, 2008		

2 Capital raised during the year

Public Issue	-	Right Issue:	-
Bonus Issue	-	Private Placement:	*12,441

*6,150,000 equity shares of Rs 02/- each allotted pursuant to Scheme of Amalgamation of Elven Micro Circuits Pvt Ltd and C2Silicon Software Solutions Pvt Ltd with the Company and 70,263 equity shares of Rs 02/- each allotted under Employee Stock Option Scheme during the year.

3 Position of Mobilisation and Deployment of funds

Total Liabilities	7,304,688	Total Assets	7,304,688

Sources of funds

Paid up capital	186,971	Reserves & Surplus	6,324,570
Secured loans	434,075	Unsecured Loans	357,571
Deferred Tax Liability	1,501		

Application of funds

Net Fixed Assets	1,174,518	Investments	1,162,198
Net Current Assets	4,746,109	Miscellaneous Expenditure	-
Capital Work-in-Progress	221,863	Accumulated Losses	-

4 Performance of company

Income	3,988,418	Total Expenditure	3,152,150
Profit before Tax	836,268	Profit after Tax	809,402
Earnings Per Share (Rs.)			
- Basic (+)	8.66	Dividend Rate	25%
-Diluted (+)	8.23		

5 Generic names of principal products/services of company

Product Description:Computer Software	Item Code No.:	85249009.10

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of Aftek Sales And Services Private Limited will be held at 10.30 a.m on Saturday, the 16th August, 2008 at the Registered Office of the Company at 366, Veer Savarkar Marg, Dadar, Mumbai- 400 028 to transact the following business **:**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.

2. To appoint a Director in place of Mr.Ravindranath Malekar who retires by rotation, and being eligible, offers himself for re--appointment.

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. J. R. Shah & Associates, Chartered Accountants, Mumbai, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus reimbursement of service tax, out-of-pocket and travelling expenses actually incurred by them in connection with the Audit."

BY ORDER OF THE BOARD OF DIRECTORS
RAVINDRANATH MALEKAR
DIRECTOR

Registered Office :
366, Veer Savarkar Marg,
Dadar, Mumbai – 400 028

DATED : 08th August, 2008

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

DIRECTORS' REPORT

To,
The Members of
Aftek Sales & Services Pvt. Ltd.

Your Directors present their Annual Report together with the Audited Statement of Accounts for the financial year ended on March 31, 2008.

1. PERFORMANCE

Your Company did not carry out any business activity during the year under review.

2. DIVIDEND

In view of the loss incurred by the Company your directors could not consider recommendation of any dividend for the year.

3. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

(i) that in the preparation of the annual accounts for the year ended March 31, 2008, the applicable accounting standards have been followed along with proper explanations in case of material departures;

(ii) that the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the year ended March 31, 2008 and of the profit of the Company for that period;

(iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the annual accounts for the year ended March 31, 2008 have been prepared on a 'going concern' basis.

4. PERSONNEL

There were no employees drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, as amended.

5. INFORMATION UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Considering the nature of your Company's activities and the fact that no business activity was carried out, the particulars viz. Conservation of energy etc. prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable. There are no Foreign Exchange Earnings and Outgo during the year under review.

6. AUDITORS

M/s J.R. Shah & Associates, Chartered Accountants, Mumbai, the retiring Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD OF DIRECTORS

RAVINDRANATH MALEKAR

Place : Mumbai CHAIRMAN OF THE MEETING

Date : 08th August, 2008

AUDITORS' REPORT To the Members of AFTEK SALES & SERVICES PVT. LTD.

1. We have audited the attached Balance Sheet of **AFTEK Sales & Services Private Limited** as at **31st March, 2008** and also the Profit & Loss Account & cash flow Statement of the Company for year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditors' Report) Order 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, is not applicable to the Company, as the Company is not covered by the order.
4. Further to our comments in the paragraph 3 above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b. In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of these books.
   c. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
   d. In our opinion the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   e. On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **31st March, 2008** from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
   f. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the Significant Accounting Policies and other notes thereon give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view:
      i) in the case of the Balance Sheet, of the State of affairs of the Company as at **31st March, 2008**
      ii) in the case of the Profit & Loss Account, of the Loss for the year ended on that date.
      iii) in the case of the cash flow Statement of the cash flows for the year ended on that date.

For J.R.SHAH & ASSOCIATES
Chartered Accountants

(J.R.Shah)
Proprietor
Mem.No.046598

Mumbai, 8th August, 2008

BALANCE SHEET as at 31st March 2008

		As At 31st March,2008 Rs.	As At 31st March, 2007 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
AUTHORISED			
1,000 Equity shares of Rs.100/- each		100,000.00	100,000.00
ISSUED, SUBSCRIBED & PAID UP			
1,000 Equity Shares of Rs.100/- each		100,000.00	100,000.00
UNSECURED LOANS			
From Holding Company		61,345.41	60,145.41
	TOTAL Rs.	**161,345.41**	**160,145.41**
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS & ADVANCE			
Bank Balance	8,338.00		19,722.00
Cash on hand	165.19		165.19
	8,503.19		19,887.19
LESS: CURRENT LIABILITIES & PROVISIONS			
Provision for Audit Fees	14,045.00		11,233.00
Sundry Creditors	12,359.00		11,224.00
	26,404.00		22,457.00
Net Current Assets		**(17,900.81)**	**(2,569.81)**
Profit & Loss Account		179,246.22	162,715.22
	TOTAL Rs.	**161,345.41**	**160,145.41**

Notes on Accounts

As per our report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

For & on Behalf of Board of Directors

J R Shah
Proprietor.
Mumbai, 08th August, 2008.

Mukul S Dalal — **Director**

Ravindranath U. Malekar — **Director**

Mumbai, 08th August, 2008.

PROFIT & LOSS ACCOUNT For The Year ended 31ST MARCH, 2008

		As At 31st March,2008 Rs.	As At 31st March, 2007 Rs.
INCOME		NIL	NIL
EXPENDITURE			
Selling, Admn. & other Expenses			
Audit Fees		14,048.00	11,233.00
Professional fees		1,123.00	0.00
Bank Charges		160.00	480.00
ROC filing fees		1,200.00	1,000.00
	TOTAL	**16,531.00**	**12,713.00**
Net Profit/(Loss) Before tax		(16,531.00)	(12,713.00)
Less: Provision for Tax Expenses - Current		-	-
- Deferred		-	-
Net Profit/(Loss) for the Period		**(16,531.00)**	**(12,713.00)**
Balance brought forward		(162,715.22)	(150,002.22)
Add: Net Profit/(Loss) for the period		(16,531.00)	(12,713.00)
Balance carried to Balance Sheet		**(179,246.22)**	**(162,715.22)**

Notes on Accounts

As per our report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

For & on Behalf of Board of Directors

J R Shah
Proprietor.
Mumbai, 08th August, 2008.

Mukul S Dalal — **Director**

Ravindranath U. Malekar — **Director**

Mumbai, 08th August, 2008.

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2008

		2007-2008 Rs.	2006-2007 Rs.
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	NET LOSS BEFORE TAX & EXTRAORDINARY ITEMS	(16,531)	(12,713)
	Adjustment for :	-	-
	Depreciation	-	-
	Interest Charges		
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(16,531)	(12,713)
	Adjustment for changes		
	Trade & Other receivables	-	-
	Trade & Other Payables	3,947	11,233
	CASH GENERATED FROM OPERATIONS	(12,584)	(1,480)
	Interest paid	-	-
	CASH FLOW BEFORE EXTRA ORDINARY ITEMS	(12,584)	(1,480)
	EXTRAORDINARY ITEMS		
	Extraordinary Item	-	-
	NET CASH OPERATING ACTIVITIES	(12,584)	(1,480)
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase/Sale of Fixed Assets	-	-
	Interest Income	-	-
	NET CASH USED IN INVESTING ACTIVITIES	-	-
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Short term borrowings	-	-
	Borrowing/(Repayment) of unsecured loans	1,200	15,200
	NET CASH USED IN / FROM FINANCING ACTIVITIES	1,200	15,200
	NET INCREASE /(DECREASE) IN CASH & CASH EQUIVALENT	(11,384)	13,720
	CASH AND CASH EQUIVALENTS (OPENING BALANCE)	19,887	6,167
	CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	8,503	19,887
	NET INCREASE /(DECREASE) IN CASH AS DISCLOSED ABOVE	(11,384)	13,720

1 *Figures in bracket represent outflow.*
2 *Previous year's figures have been regrouped, wherever necessary.*

As per our report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

For & on Behalf of Board of Directors

J R Shah
Proprietor.
Mumbai, 08th August, 2008.

Mukul S Dalal
Director

Ravindranath U. Malekar
Director

Mumbai, 08th August, 2008.

NOTES FORMING PART OF ACCOUNTS as at 31st March, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

General

(i) The accounts are prepared on historical cost basis and on the accounting principles of going concern.

(ii) The company generally adopts the accrual basis of accounting.

(iii) The accounting policies not specifically referred to otherwise is consistent and in consonance with generally accepted accounting principles.

	Current Year	Previous Year
2. Auditors Remuneration:		
Audit Fees	Rs. 14,054/-	Rs. 11,236/-

3. Quantitative and other informations:

During the year the company has not carried on any business activity therefore no quantitative details have been given.

	Current Year	Previous Year
4. C.I.F.Value of Imports:	NIL	NIL
5. Expenditure in Foreign Currency	NIL	NIL
6. Earnings in Foreign Currency	NIL	NIL
7. Outflow in Foreign Currency	NIL	NIL

8. No tax provision made as there is loss during the year. Since there is no business activity, no deferred tax liability/asset has been provided for.

9. RELATED PARTY INFORMATION:

LIST OF RELATED PARTIES WHERE CONTROL EXIST.

Holding Company : Aftek Ltd.

Fellow Subsidiaries : Mihir Properties Pvt. Ltd., Opdex Inc., Arexera Information Technologies GmbH, Arexera Information Technologies AG & Digihome Solution Pvt. Ltd.

10. BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

Name of Related party	Description of relationship	Nature of Transaction	Amount taken during the year (Rs.)	Amount outstanding as on 31/03/2008	Amounts written off or written back
Aftek Ltd.	100% Holding Co.	Interest Free Loan taken	NIL (PY Rs.15,200)	Rs. 61,345 (PY Rs.60,145)	Rs.NIL (PY Rs.NIL)

NOTES FORMING PART OF ACCOUNTS as at 31st March, 2008

10. BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	U51900MH1987PTCO44828			State Code 11
Balance – Sheet	31	03	2008	
	Date	Month	Year	

II Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	Right Issue
NI	NIL
Bonus Issue	Private placement
NIL	NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets
161	161

SOURCES OF FUNDS

Paid – up capital	Reserve & Surplus
100	NIL
Secured Loans	Unsecured Loans
NIL	61

APPLICATION OF FUNDS

Net Fixed Assets	Investments
NIL	NIL
Net Current Assets	Misc. Expenditure
(-) 18	NIL
Accumulated Losses	
179	

IV Performance of company (Amount in Rs.Thousand).

Turnover	Total Expenditure
NIL	17
+/- Profit/Loss Before Tax	+/- Profit/Loss After Tax
(-) 17	(-) 17
Earning Per Share in	Dividend
Rs. (16.53)	NIL

V **Generic Names Principal Products/Services of Company as per Monetary Terms**.

11. Previous years' figures have been regrouped / recast wherever necessary .

For & On behalf of Board of Directors

Mukul S. Dalal
Director

Ravindranath U. Malekar
Director

Mumbai, 08th August, 2008.

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of Mihir Properties Private Limited will be held at 11.30 a.m. on Saturday, the 16th August 2008 at the Registered Office of the Company at 265, Veer Savarkar Marg, Cadell Road, Shivaji Park, Dadar, Mumbai-400 028 to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Nitin Shukla who retires by rotation, and being eligible, offers himself for re-appointment.

3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT M/s J R Shah & Associates., Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of M/s V D Joshi & Co., be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus reimbursement of service tax, out-of-pocket and travelling expenses actually incurred by them in connection with the Audit."

BY ORDER OF THE BOARD OF DIRECTORS
NITIN SHUKLA
DIRECTOR

Registered Office :
265, Veer Savarkar Marg,
Cadell Road, Shivaji Park, Dadar,
Mumbai – 400 028

DATE D : 8th August 2008

NOTES : A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

DIRECTORS' REPORT

To,
The Members of
Mihir Properties Pvt. Ltd.

Your Directors present their Fifteenth Annual Report together with Audited Statement of Accounts for the year ended on 31st March, 2008.

1. **PERFORMANCE**
   The Company did not carry out any business activity during the year under review.

2. **DIVIDEND**
   In view of the loss incurred by the Company your directors could not consider recommendation of any dividend for the year.

3. **FIXED DEPOSITS**
   The Company has not invited any fixed deposit from the Public

4. **DIRECTORS' RESPONSIBILITY STATEMENT**
   Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :
   (i) that in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures;
   (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2008 and of the profit of the Company for that period;
   (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
   (iv) that the directors had prepared the annual accounts for the year ended 31st March, 2008, on a 'going concern' basis.

5. **PERSONNEL**
   There were no employees drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, as amended

6. **INFORMATION UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**
   Considering the nature of your Company's activities and the fact that no business activity was carried out, the particulars viz. Conservation of energy etc. prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable. There are no Foreign Exchange Earnings and Outgo during the year under review.

7. **SECRETARIAL COMPLIANCE CERTIFICATE**
   Pursuant to the provisions of Section 383A of the Companies Act, 1956 the necessary Secretarial Compliance Certificate is given in Annexure "I" to this report.

8. **AUDITORS**

M/s J R Shah & Associates, Chartered Accountants, Mumbai, the retiring Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE BOARD
NITIN K SHUKLA
CHAIRMAN

PLACE : MUMBAI
DATED: 08th August 2008

ANNEXURE "I"

COMPLIANCE CERTIFICATE
(Under Proviso to Sub-Section (1) of Section 383 A)

To
The Members,
MIHIR PROPERTIES PRIVATE LIMITED
Mumbai.

I have examined the registers, records, books and papers of MIHIR PROPERTIES PRIVATE LIMITED having its registered office at 265, Veer Savarkar Marg, Cadell Road, Dadar, Mumbai 400 028 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2008. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. the company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions and the rules made thereunder and all entries therein have been duly recorded.

2. the company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Maharashtra, Mumbai within the time prescribed under the Act and the rules made thereunder except as specified in the said Annexure 'B".

3. the company being private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 2 excluding its present and past employees and the company during the year under scrutiny:

   (i) has not invited public to subscribe for its shares or debentures; and
   (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.

4. the Board of Directors duly met five times in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

5. the company was not required to close its Register of Members during the financial year under scrutiny.

6. the Annual General Meeting for the financial year ended on 31st March, 2007 was held on 28th September, 2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded

in the Minutes Book maintained for the purpose.

7. no extra ordinary general meeting was held during the financial year under scrutiny.

8. the provisions of Section 295 of the Act were not attracted during the year under scrutiny.

9. no contracts were entered during the year attracting the provisions of Section 297 of the Act.

10. there were no transactions required to be entered in the register maintained under Section 301 of the Act.

11. as there were no instances falling within the purview of Section 314 of the Act, the company was not require to obtain any approvals from the Board of Directors, members or Central Government.

12. the company has not issued any duplicate share certificates during the financial year under scrutiny.

13. the company has :

    1. not made any allotment/transfer/transmission of securities during the financial year.

    2. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

    3. not posted warrants to any member of the company as no dividend was declared during the financial year.

    4. there were no amounts unpaid in dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence the question of transferring of the same to the Investor Education and Protection Fund does not arise.

    5. duly complied with the requirements of Section 217 of the Act.

14. Board of Directors of the company is duly constituted and there was appointment of additional director during the financial year under scrutiny.

15. the provisions of Section 269 of the Act with regard to appointment of Managing Director and Whole-time Director were not attracted during the financial year under scrutiny.

16. the company has not appointed any sole-selling agents during the financial year under scrutiny.

17. the company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.

18. the Directors have disclosed their interest in other companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. the company has not issued any shares/ debentures/ other securities during the financial year under scrutiny.

20. the company has not bought back any shares during the financial year under scrutiny.

21. the company has not issued any preference shares/debentures and hence there is no question of redemption of the same.

22. during the year there was no need for the company to keep in abeyance rights to dividend, rights shares and bonus shares.

23. the company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year under scrutiny.

24. the provisions of Section 293(1)(d) of the Act were not attracted during the financial year under scrutiny.

25. the company has not made any loans or investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. the company has not altered the provisions of the Memorandum of Association with respect to situation of the company's registered office from one state to another during the year under scrutiny.

27. the company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny

28. the company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.

29. the company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.

30. the company has not altered its Articles of Association during the year under scrutiny.

31. there was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for the offences under the Act.

32. the company has not received any sum as security from its employees during the year under scrutiny.

33. the provisions of Section 418 of the Act are not applicable to the company during the year under scrutiny.

For V V CHAKRADEO & Co.
V V CHAKRADEO
C.O. P. NO. : 1705

PLACE : MUMBAI
DATE : 8th August, 2008

Annexure A

Registers as maintained by the Company

1. Register of Members U/S. 150.
2. Minutes Books of General Meetings and Board Meetings U/S. 193.
3. Register of Contracts U/S. 301.
4. Register of Directors U/S. 303.
5. Register of Directors Shareholding U/S. 307.

Annexure B

Forms and Returns as filed by the company with the Registrar of Companies, Maharashtra, Mumbai during the financial year ended on 31st March, 2008:

1. Balance Sheet (Form 23AC & Form 23ACA) for the year ended 31/03/2007 filed u/s 220 on 11/01/2008
2. Compliance Certificate (Form 66) for the year ended 31/03/2007 filed u/s 383 on 11/01/2008
3. Annual Return (Form 20B) for AGM held on 28/09/2007 filed u/s 159 on 11/01/2008
4. Form DIN-3 for all the Directors on 04/04/2007
5. Form 32 for resignation of Mr Promod Broota and appointment of Mr Ravindranath Malekar as Additional Director on 18-05-2007
6. Form DIN-3 for appointment of Mr Ravindranath Malekar on 28-09-2007
7. Form 32 for Mr Ravindranath Malekar's confirmation at AGM filed on 10-01-2008

Auditors' Report to the Members of Mihir Properties Pvt. Ltd.

We have audited the attached Balance Sheet of **MIHIR PROPERTIES PRIVATE LTD.** as at **31st March, 2008** and also the Profit & Loss Account and cash flow Statement of the Company for year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraph 4 & 5 of the said order.
3. Further to our comments in the paragraph 3 above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b. In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of these books.
   c. Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
   d. In our opinion the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   e. On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **31st March 2008** from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
   f. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the Significant Accounting Policies and other notes thereon give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view:
      i. in the case of the Balance Sheet, of the State of affairs of the Company as at **31st March, 2008**
      ii. in the case of the Profit & Loss Account, of the Loss for the year ended on that date.
      iii. in the case of the cash flow Statement of the cash flows for the year ended on that date.

For J.R.SHAH & ASSOCIATES
Chartered Accountants

(J.R.Shah)
Proprietor
Mem.No.046598
Mumbai,08th August,2008

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 2 of the Auditors' Report of even date to the members of Mihir Properties Pvt. Ltd. for the year ended 31st March, 2008.)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

   (b) There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the Company and nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.

   (c) The Company has not disposed off substantial part of fixed assets during the year.

2. Question of physical verification or maintaining proper record doesn't arise, as there is no opening or closing stock in trade nor any inventories lying.

3.(a)(i) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   (ii) The Company has not taken any loans, secured or unsecured from firms and parties covered in the register maintained under Section 301 of the Companies Act, 1956. However the Company has taken unsecured loans from a company covered in the register maintained under Section 301 of the Companies Act, 1956. In aggregate the maximum amount involved during the year was Rs.1,36,055/- and in aggregate the year end balance of loans taken from such was Rs.1,36,055/-.

   (b) There are no covenants, so we are not able to comment that whether the rate of interest and other terms and conditions of loans taken by the company is prejudicial to the interest of the company.

   (c) In absence of any covenants/agreements for repayments of principal amount and interest in respect of loans taken, we have not made any comments about regularity in respect of the repayments of principal amount & interest.

   (d) In absence of any covenants/agreements for repayments of principal amount and interest in respect of loans taken, we have not made any comments about whether there is any overdue amount. However the company informed that loan is repayable on demand and therefore the question of overdue amounts does not arise.

4. There is no business or manufacturing activity during the year and hence there is no question of internal control system arises.

5. There are no transactions with the parties covered under section 301 of the Companies Act, 1956.

6. The company has not accepted any deposit from the public, attracting the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

7. The Company has no internal audit system. As per explanations and information given by the management, in absence of any business activity, internal audit system is not required.

8. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the product manufactured by the company.

9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

   (b) According to the information and explanations given to us no undisputed amounts payable in respect of Income Tax, Wealth -Tax, Sales-Tax/VAT, Custom Duty, Excise Duty and Cess were in arrears, as at **31st March, 2008** for a year of more than 6 months from the date they become payable .

   (c) According to information and explanations given to us, there are no dues of Sales-tax, Income Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute.

10. The Company has incurred cash loss in the current year and also in the immediately preceding financial year and accumulated losses in the Balance Sheet as on **31st March, 2008** is less than 50% of the net worth of the company.

11. The Company has not defaulted during the year in repayment of dues to any financial institutions, banks or debenture holders.

ANNEXURE TO AUDITORS' REPORT

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. As the Company is not a chit fund, nidhi, mutual benefit fund or society, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

15. In our opinion and according to information and explanations given to us, the Company has not given guarantee for loans taken by others from Bank or Financial Institutions.

16. The Company has not taken any term loan during the year.

17. According to the information and explanations given to us, the Company has not applied short-term borrowings for long-term use.

18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. The Company has not issued debentures and therefore the question of creation of security in respect debentures does not arise.

20. The Company has not raised money by public issues during the year.

21. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

For J.R.SHAH & ASSOCIATES
Chartered Accountants

(J.R.Shah)
Proprietor
Mem.No.046598
Mumbai,08th August,2008

BALANCE SHEET as at 31st March ,2008

		As At 31st March'08 Rs.	As At 31st March '07 Rs.
SOURCE OF FUND			
Capital			
AUTHORISED			
150,000 (PY 150,000) Equity Shares of Rs.100/- each		15,000,000.00	15,000,000.00
ISSUED,SUBSCRIBED & PAID UP 145,000 (PY145,000) Equity shares of Rs.100/- each fully paid up		14,500,000.00	14,500,000.00
RESERVES & SURPLUS			
Share Premium		16,620,000.00	16,620,000.00
UNSECURED LOANS			
Aftek Ltd.		136055.00	126055.00
		31,256,055.00	**31,246,055.00**
APPLICATION OF FUNDS:			
FIXED ASSETS			
Land & Building	30,964,168.82		30964168.82
Less: Depreciation	2,905,629.00		2518282.00
		28,058,539.82	**28,445,886.82**
CURRENT ASSETS,LOANS & ADVANCES			
Cash & Bank Balance	8,448.59		7,138.59
Deposits with BEST	15,590.00		15,590.00
	24,038.59		22,728.59
LESS: CURRENT LIABILITIES & PROVISIONS	40,446.00		15,165.00
NET CURRENT ASSETS		(16,407.41)	7,563.59
Profit & Loss Account		3,213,922.59	2,792,604.59
	Total Rs.	31,256,055.00	31,246,055.00

Notes to Accounts

As per our audit report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

J R Shah
Proprietor
Mumbai, 08th August 2008.

For & on Behalf of Board of Directors

Nitin Shukla
Director

Ravindranath U. Malekar
Director

Mumbai, 08th August 2008.

PROFIT & LOSS ACCOUNT for the Year Ended 31st March, 2008

PARTICULARS		31st March'08 Rs.	31st March '07 Rs.
Income		NIL	NIL
	Total Rs.	-	-
Expenditure			
Bank Charges		190.00	67.00
Filing fees		8,500.00	4,000.00
Legal & Professional Fees		8,427.00	3,929.00
Audit Fees		16,854.00	11,236.00
	Total Rs.	**33,971.00**	**19,232.00**
Profit before Depreciation & Tax		(33,971.00)	(19,232.00)
Less : Provision for Depreciation		387,347.00	387,346.00
Net Profit/(Loss) Before Tax		**(421,318.00)**	**(406,578.00)**
Less : Provision for Taxation		-	-
Net Profit/(Loss) for the year		**(421,318.00)**	**(406,578.00)**
Balance brought forward		(2,792,604.59)	(2,386,026.59)
Add : Net Profit/(Loss) for the year		(421,318.00)	(406,578.00)
Balance carried to Balance Sheet		**(3,213,922.59)**	**(2,792,604.59)**

Notes to Accounts

As per our audit report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

For & on Behalf of Board of Directors

J R Shah
Proprietor
Mumbai, 08th August 2008.

Nitin Shukla — Director

Ravindranath U. Malekar — Director

Mumbai, 08th August 2008.

CASH FLOW STATEMENT for the Year Ended 31st March, 2008

		2007- 2008 Rs.	2006-2007 Rs.
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	NET LOSS BEFORE TAX & EXTRAORDINARY ITEMS	(421,318)	(406,578)
	Adjustment for :		
	Depreciation	387,347	387,346
	Interest Charges	-	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(33,971)	(19,232)
	Adjustment for changes		
	Trade & Other receivables	-	-
	Trade & Other Payables	25,281	(7,080)
	CASH GENERATED FROM OPERATIONS	(8,690)	(26,312)
	Interest paid	-	-
	CASH FLOW BEFORE EXTRA ORDINARY ITEMS	(8,690)	(26,312)
	EXTRAORDINARY ITEMS		
	Extraordinary Item	-	-
	NET CASH OPERATING ACTIVITIES	(8,690)	(26,312)
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase/Sale of Fixed Assets	-	-
	Interest Income	-	-
	NET CASH USED IN INVESTING ACTIVITIES	-	-
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Short term borrowings	-	
	Borrowing/(Repayment) of unsecured loans	10,000	400
	NET CASH USED IN / FROM FINANCING ACTIVITIES	10,000	400
	NET INCREASE /(DECREASE) IN CASH & CASH EQUIVALENT	1,310	(25,912)
	CASH AND CASH EQUIVALENTS (OPENING BALANCE)	7,138	33,050
	CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	8,448	7,138
	NET INCREASE /(DECREASE) IN CASH AS DISCLOSED ABOVE	1,310	(25,912)

1 *Figures in bracket represent outflow.* - -
2 *Previous year's figures have been regrouped, wherever necessary.*

As per our audit report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

For & on Behalf of Board of Director

J R Shah
Proprietor
Mumbai, 08th August 2008.

Nitin Shukla Director
Ravindranath U. Malekar Director
Mumbai, 08th August 2008.

NOTES FORMING PART OF ACCOUNTS as at 31st March 2008

SCHEDULE A

1. SIGNIFICANT ACCOUNTING POLICIES:

A METHOD OF ACCOUNTING : The company maintains its accounts on accrual basis.

B) FIXED ASSETS: Fixed assets have been shown at historical cost incurred to bring the assets at the existing condition.

C) DEPRECIATION: Depreciation on building has been calculated on straight line method as per rate prescribed in schedule XIV of the Companies Act, 1956.

2. **Contingent liability :-** The Company has kept its building as security for availing OD facility with Scheduled Bank for Rs.400 Lacs (P.Y. Rs.400 Lacs), for its holding Company Aftek Ltd.

3. In our opinion, additional information as required vide Schedule VI of the Companies Act, 1956 are not applicable to the company.

4. Payment to Auditors :

	2007-2008	2006-2007
For Audit Fees	Rs.16,854	Rs.11,236

5. There are no tax expenses as there is loss during the year. Since there is no business activity, no deferred tax liability/asset has been provided for.

6. Previous year's figure have been re-grouped and rearranged wherever necessary.

7. RELATED PARTY INFORMATION:

LIST OF RELATED PARTIES WHERE CONTROL EXISTS:

Holding Company : Aftek Ltd.

Fellow Subsidiaries : Aftek Sales & Services Pvt. Ltd., Opdex Inc., Arexera Information Technologies GmbH, Arexera Information Technologies AG & Digihome Solutions Pvt.Ltd.

Name of Related party	Description of relationship	Nature of Transaction	Amount (Rs.)	Amount outstanding as on 31/03/2008	Amount written off or written back
Aftek Ltd.	100% Holding Co.	Interest Free Loan taken	Rs.10,000/- (PY 400/-)	Rs.1,36,055/- (PY Rs.1,26,055/-)	Nil
Aftek Ltd.	100% Holding Co.	Using our Land & Building Rent Free	Nil	Nil	Nil

NOTES FORMING PART OF ACCOUNTS as at 31st March 2008

8. BALANCE SHEET ABSTRACT AND COMPANY'S, GENERAL BUSINESS PROFILE AS PER SCHEDULE VI PART (iv) OF THE COMPANIES ACT, 1956.

i) REGISTRATION DETAILS:

Registration No :	U45200MH1993PTC071510
Balance Sheet date :	31st March, 2008.

ii) CAPITAL RAISED DURING THE YEAR: (Amount in Rs. Thousands)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

iii) **POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS: (Amount in Rs. Thousands)**

Total Liabilities	Total Assets
31256	31256

SOURCES OF FUNDS

Paid up Capital	Reserves & Surplus
14500	16620
Secured Loans	Unsecured Loans
Nil	136

APPLICATION OF FUNDS

Net Fixed assets	Investments
28059	NIL
Net Current Assets	Misc.Expenditure
(-) 16	NIL
Accumulated Losses	
3214	

iv) **PERFORMANCE OF COMPANY: (Amount in Rs. Thousands)**

Turnover	Total Expenditure
Nil	(421)
Profit/(Loss) after Tax	Profit/(Loss) after Tax
(-) 421	(-) 421
Earning Per share in	Dividend
Rs. (2.91)	NIL

v) **GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICE Of COMPANY AS PER MONETARY TERMS.**

For & on Behalf of Board of Directors

Nitin Shukla
Director

Ravindranath U. Malekar
Director

Mumbai, 08th August, 2008

DIRECTORS' REPORT

To,
The Members of
Opdex Inc.

The Directors present herewith the Annual Report together with the Audited Accounts for the year ended March 31, 2008.

1. PERFORMANCE

Due to operational expenses the net loss as at March 31, 2008 is 76,159 US$

2. DIVIDEND

In view of the loss incurred during the year, your Directors could not consider any proposal for dividend.

3. FUTURE PROSPECTS

Barring unforeseen circumstances, your directors are confident of achieving better performance in the next year.

BY ORDER OF THE BOARD OF DIRECTORS

RANJIT DHURU
DIRECTOR
20th August, 2008

Auditors' Report to the Members of OPDEX INC.

I have audited the accompanying balance sheet of Opdex Inc. as of March 31, 2008, and the related statements of operations, retained earnings, and cash flows for the twelve months then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatment. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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 statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opdex Inc. as of March 31, 2008, and the results of operations and its cash flows for the twelve months then ended in conformity with generally accepted accounting principles.

Surender K. Jindal
Certified Public Accountant

Hayward, California
June 18, 2008.

BALANCE SHEET as at 31st March, 2008

	(Amount in US $)	(Amount in US $)
ASSETS		
Current Assets:		
Cash	806	
Prepaid franchise tax	800	
Total Current Assets		1,606
Property and Equipment:		
net of depreciation	240	
Total Property and Equipment		240
Other Assets:		
Licenses/permits,		
net of amortization	438,598	
Total Other Assets		438,598
Total Assets		440,444
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities:		
Accounts payable	35,000	
Total Current Liabilities		35,000
Other Liabilities		
Notes Payable - Shareholders	62,500	
Total Other Liabilities		62,500
Shareholder's Equity:		
Common Stock, $0.05 par value; authorized 100,000,000 shares;issued and outstanding 31,700,000 shares	1,585,000	
Retained earnings	(1,242,056)	
Total Shareholder's Equity		342,944
Total Liabilities & Shareholder's Equity		440,444

The accompanying notes are an integral part of these financial statements.

STATEMENT of Operations for the Twelve Months Ended 31st March, 2008

	(Amount in US $)
Income	
Total Income	0
Operating Expenses	0
Amortization and Depreciation	74,357
Bank Charges	30
Professional Services	1,150
Taxes and Fees	150
Telephone	472
Total operating expenses	76,159
Loss from operations	(76,159)
Provision for Income Taxes	(800)
Net Loss	(76,959)

The accompanying notes are an integral part of these financial statements.

STATEMENT of Retained Earning as at 31st March 2008

	(Amount in US $)
Retained Earnings - Beginning March 31, 2007	(1,165,097)
Net Loss - Twelve months ended March 31, 2008	(76,959)
Retained Earnings - Ending March 31, 2008	(1,242,056)

Statement of Cash Flows Twelve Months Ended March 31, 2008

Cash Flows From Operating Activities:	
Net loss	(76,959)
Adjustments to reconcile net loss provided by operating activities:	
Depreciation and amortization	74,357
Decrease in accrued expenses	
Net Cash Used By Operating Activities	(2,602)
Cash Flows From Investing Activities	
Purchase of Equipment	0
Net Cash Used By Investing Activities	0
Cash Flows From Financing Activities	
Loan, Advances from Shareholders	2,500
Net Cash Provided By Financing Activities	2,500
Net Decrease in Cash	(102)
Cash at Beginning of Year i.e. from April 01, 2007	908
Cash at End of year	806

Notes To Financial Statements for the Twelve months Ended March, 31st 2008

Summary of Significant Accounting Policies:

(a) Nature of Operations:

Opdex Inc. is set up as a 100% subsidiary of Aftek Ltd., India (AftekIndia) with two primary objectives. First is to act as a marketing arm for marketing software services of AftekIndia and to install confidence and comfort level in the client base. Second is to create and develop Software Products and Intellectual Property rights and to market software products primarily created by Opdex Inc.

(b) Revenue of Loss Recognition:

The company utilizes the accrual method of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

(c) Property and Equipment:

Property and equipment owned are stated at cost. Depreciation for financial reporting purposes is computed using the accelerated depreciation method over the estimated useful life of the related assets, which range from 5-7 years.

(d) Licenses/Permits:

Licenses/Permits are valued at cost. Licenses were acquired from the parent company Aftek Ltd., India, in lieu of 19 million shares of common stock.

Amortization is computed under the straight-line method over the estimated useful life of 15 years.

(e) Income Taxes:

The corporation has a net operating loss carry forward for tax purposes of US$1,239,446 to offset against future tax liabilities.

(f) Lease Commitments:

None.

DIRECTORS' REPORT

To,
The Members of
Arexera Information Technologies AG

The Directors present herewith the Annual Report together with the Audited Accounts for the period from 01st January 2007 to 31st December 2007.

1. PERFORMANCE

	Amount in CHF
Consulting Income	735,403.74
Interest Income	570.15
Net Loss	93,708.11

2. DIVIDEND
   In view of the loss incurred during the year, your Directors could not consider any proposal for dividend.

3. FUTURE PROSPECTS

We expect the delayed projects and revenues to get realized next year. The overall business outlook however is very conservative.

BY ORDER OF THE BOARD OF DIRECTORS

DIRECTOR

BALANCE SHEET as at 31st December, 2007

	(Amount in CHF)
ASSETS	
Current Assets:	
Liquid Assets	107,028.47
Receivables, others	121,455.39
Accrued expenses and prepayments	170,250.45
	398,734.31
LIABILITIES & EQUITY	
Liabilities:	
Accounts payables	11,869.71
Accrued expenses	196,625.69
Loans, subordinated	614,200.00
	822,695.40
Equity:	
Share capital	100,000.00
Reserves & Surplus	(430,252.98)
	(330,252.98)
Net result for the period	(93,708.11)
	398,734.31

PROFIT & LOSS Statement for the period 01.01.2007 to 31.12.2007

	(Amount in CHF)
INCOME	
Consulting Income	735,403.74
Interest income	570.15
	735,973.89
EXPENDITURE	
Professional Charges	362,990.80
Personnel Expenes	376,142.90
Rent Expenses	3,228.00
Motor Car Expenses	17,334.44
Insurance Charges	480.40
Electricity Expenses	23.23
Administration Expenses	62,816.98
Marketing Expenses	4,401.50
Financial Charges	2,263.75
	829,682.00
Net result for the period	**(93,708.11)**

BALANCE SHEET as at 31st December, 2007

	(Amount in EURO)	(Amount in EURO)
ASSETS		
Current Assets:		
Fixed Assets (Gross)	104,647.48	
Less: Depreciation/Amortisation	84,183.17	20,464.31
Investments		2,992,282.00
Sundry Debtors		2,373,441.87
Cash and Bank Balances		
Cash on Hand	2,122.34	
Bank Balances	67,963.08	70,085.42
Loans, Advances and Deposits		675,596.73
Total		**6,131,870.33**
LIABILITIES & EQUITY		
Liabilities:		
Accounts payables- Creditors		621,099.52
Loans, subordinated		4,709,000.00
		5,330,099.52
Equity:		
Share capital		52,000.00
Capital Reserve		5,828,116.79
		5,880,116.79
Retained Earnings		
(Loss) as per P/L Account - Opening Balance		(3,953,236.00)
(Loss) as per P/L Account - Current period		(1,125,109.98)
		(5,078,345.98)
Total		**6,131,870.33**

PROFIT & LOSS Statement for the period 01.01.2007 to 31.12.2007

	(Amount in EURO)
INCOME	
Operating Income	683,883.38
Miscellaneous Income	5,484.60
Interest Income	847.20
Total	690,215.18
EXPENDITURE	
Personnel Expenses	1,054,248.68
Depreciation	31,840.57
Rent Expenses	143,744.08
Motor Car Expenses	21,734.08
Financial Charges	93.29
Professional Charges	82,048.05
Office Maintenance	30,991.55
Staff Welfare Expenses	9,739.65
Software Development Expenses	306,585.37
Telephone & Communication	57,660.46
Travelling Expenses	36,165.69
Marketing Expenses	40,473.69
Financial Charges	-
Total	1,815,325.16
Net loss before tax	**(1,125,109.98)**

(Amount in EURO)

Description	RATE	Gross Block			Depreciation			Net Block
		As at 1-Jan-2007	Addition/ (Deduction)	As at 31-Dec-2007	As at 1-Jan-2007	for the year	As at 31-Dec-2007	As at 31-Dec-2007
Computer & Softwares	33%	83,931.32	-	83,931.32	39,820.82	27,697.34	67,518.16	16,413.16
Furniture & Fixtures	20%	20,716.16	-	20,716.16	12,521.78	4,143.23	16,665.01	4,051.15
TOTAL		**104,647.48**	**-**	**104,647.48**	**52,342.60**	**31,840.57**	**84,183.17**	**20,464.31**

To
The Board of Directors of Aftek Limited

We have audited the attached Consolidated Balance Sheet of Aftek Limited ("the Company") and its subsidiaries ("the Group") as at 31st March, 2008 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the "consolidated financial statements"). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. ('000) 359,248 as at March 31, 2008, total sales of Rs. ('000) 64,413 and net cash flows amounting to Rs. ('000) 3,139 for the year ended on that date. Those financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.

3. We report that:

   3.1. Management has not considered any provision in respect of old outstanding loans and advances aggregating (Rs.'000) 138,139 for the reasons explained under Note B3 of Schedule P, which in our opinion, are doubtful of recovery. Consequently, loans and advances and profit before tax are overstated by (Rs.'000) 138,139.

   3.2. As explained in Note B4 of Schedule P, management has not considered any impairment of goodwill amounting to Rs. ('000) 986,488, arising on consolidation of its wholly owned subsidiary Arexara Information Technologies Gmbh (Arexara Gmbh), whose accumulated losses substantially exceed its paid up capital. The impact of impairment is presently not ascertainable.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard ('AS') 21 "Consolidated Financial Statements" and AS 23, "Accounting for Investment in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India

5. In our opinion and to the best of our information and according to the explanations given to us the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of Consolidated Balance sheet, of the state of affairs of the Group as at March 31, 2008,

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and,

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Walker, Chandiok & Co
Chartered Accountants

per Khushroo B. Panthaky
Partner
Membership No. F-42423

Place: Mumbai

Date: September 30, 2008

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	SCH	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	186,971	174,530
Share Capital Suspense	A-1	-	12,300
Reserves and Surplus	B	6,024,296	5,628,593
Minority Interest		3,095	-
Loan Funds			
Secured Loans	C	458,417	10,691
Unsecured Loans	D	357,571	385,180
Deferred Tax Liability			
(Refer Note B.7 of Schedule P)		1,501	-
		7,031,851	**6,211,294**
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		2,165,142	1,491,696
Less: Accumulated Depreciation/Amortisation		959,570	637,887
Net Block		1,205,572	853,809
Capital Work-in-Progress (including capital advances)		221,863	167,935
		1,427,435	1,021,744
Goodwill arising on consolidation		1,022,909	1,012,019
Investments	F	214,604	215,740
Current Assets, Loans and Advances	G		
Interest accrued but not due		5,859	1,006
Inventories		18,340	2,123
Sundry Debtors		1,180,889	1,072,650
Cash and Bank Balances		3,406,704	3,033,267
Loans and Advances		338,845	284,769
		4,950,637	4,393,815
Less: Current Liabilities and Provisions	H		
Liabilities		433,201	310,540
Provisions		150,533	123,600
		583,734	434,140
Net Current Assets		**4,366,903**	**3,959,675**
Miscellaneous Expenditure	I	-	2,116
(to the extent not written off or adjusted)			
		7,031,851	**6,211,294**
Notes to the consolidated financial statements	P		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached
For Walker, Chandiok & Co
Chartered Accountants

KHUSHROO B. PANTHAKY
Partner
Membership No. F-42423
Mumbai, September 30, 2008

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, September 30, 2008

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	SCH	Year ended March 31, 2008 Rs.000	Year ended March 31, 2007 Rs.000
INCOME:			
Sales	J	3,884,996	3,621,732
Other income	K	62,657	86,074
		3,947,653	**3,707,806**
EXPENDITURE			
Cost of sales and services	L	2,204,198	2,045,776
Employee costs	M	302,476	296,284
Operating and administrative expenses	N	543,778	278,372
Finance charges	O	10,683	8,515
Depreciation and amortisation	E	323,294	151,312
		3,384,429	**2,780,259**
Profit before taxation		**563,224**	**927,547**
Income Tax Expenses			
Current taxes		113,675	22,146
Deferred tax charge		2,557	-
Fringe benefit tax		2,244	(832)
Minimum alternate tax credit entitlement		(91,503)	-
Profit after taxation		**536,251**	**904,569**
Share of loss in associate		(238)	(540)
Share of Minority interest in loss		3,586	-
Profit available for appropriation		**539,599**	**904,029**
Balance brought forward from earlier years		2,790,763	2,113,465
Appropriations			
Transfer to general reserve		(100,000)	(120,000)
Proposed dividend and dividend tax		(57,608)	(106,731)
Balance carried forward to balance sheet		**3,172,754**	**2,790,763**
Earnings per share			
(Refer note B.10 of schedule P)			
(Face value of Rs. 2 per share)			
Basic (Rs.)		5.77	10.43
Diluted (Rs.)		5.50	9.82
Notes to the consolidated financial statements	P		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached
For Walker, Chandiok & Co
Chartered Accountants

KHUSHROO B. PANTHAKY
Partner
Membership No. F-42423
Mumbai, September 30, 2008

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, September 30, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	Year Ended March 31, 2008 Rupees'000	Year Ended March 31, 2007 Rupees'000
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	563,224	927,547
Adjustments:		
Depreciation and amortisation	323,294	151,312
Miscellaneous expenditure written off	2,116	7,176
Provision for employee benefits (net)	2,768	407
Employee compensation (ESOP)	2,078	3,251
Unrealised foreign exchange (gain)/loss	63,699	81,515
(Profit)/Loss on sale/discard of fixed assets	(13,170)	61
Provision for doubtful debts	241,635	87
Provision for advances	938	-
Interest income	(49,003)	(80,001)
Interest charges	10,483	8,515
Operating profit before working capital changes	**1,148,062**	**1,099,870**
Adjustments for (Increase)/Decrease in :		
Trade and other receivables	(421,975)	(222,852)
Other assets	(457)	-
Inventories	111	(255)
Trade payables and other liabilities	115,989	(126,913)
	841,703	749,850
Income taxes paid	(14,943)	(13,232)
Net cash generated from operating activities	**826,787**	**736,618**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(726,957)	(1,003,890)
Sale of fixed assets	17,294	10
Acquistion of shares from promotors in wholly owned subsidiary	-	(1,075)
(Increase)/decrease in loans given to Aftek Employees Welfare Trust	5,003	(4,790)
Cash acquired on acquisition	92	-
Advances for acquisition of shares	-	(948)
Interest Income	49,003	80,001
Net cash generated from investing activities	**(655,565)**	**(930,692)**

(CONT'D)

	Year Ended March 31, 2008 Rupees'000	Year Ended March 31, 2007 Rupees'000
C. CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued under ESOP	141	84
Share premium received on ESOP	5,745	-
Proceeds in secured loans	429,266	10,614
Repayment of secured loans	(77)	(150)
Proceeds in unsecured loans (net)	(27,598)	19,319
Interest paid	(10,483)	(8,515)
Dividend paid (including taxes on dividend)	(106,710)	-
Net Cash From Financing Activities	**290,284**	**21,352**
D. Increase/(decrease) in cash & cash equivalents (A+B+C)	**461,506**	**(172,722)**
Effect of exchange rates on cash and cash equivalents	(88,069)	59,909
Net Increase/(decrease) in cash & cash equivalents	**373,437**	**(112,813)**
Cash & cash equivalents at the beginning of the year	3,033,267	3,146,080
Cash & cash equivalents at the end of the year	3,406,704	3,033,267
Net Increase/(decrease) in cash & cash equivalents	**373,437**	**(112,813)**

As per our report of even date attached
For Walker, Chandiok & Co
Chartered Accountants

KHUSHROO B. PANTHAKY
Partner
Membership No. F-42423
Mumbai, September 30, 2008

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, September 30, 2008

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE A: CAPITAL		
Authorised		
125,000,000 Equity shares of Rs. 2 each	**250,000**	**250,000**
Issued, Subscribed and Paid Up		
93,485,512 (Previous year 87,265,249) Equity shares of Rs.2 each fully paid up	186,971	174,530
TOTAL Rs.	**186,971**	**174,530**

Note :

Of the above :

1) In 1994-95, there were subdivision of shares from Rs.100 to Rs. 10 and subsequently 350,000 equity shares were issued as bonus shares by capitalization of General Reserve
2) In 2003-04, there were subdivision of equity shares from Rs.10 to Rs.2.
3) In 2004-05, 25,000,000 equity shares were issued as bonus shares by capitalisation of General Reserve.
4) Till March 31, 2008 12,029,471 equity shares were issued on conversion of 2,570 Foreign Currency Convertible Bonds (FCCBs). (Refer note B.11 of schedule P)
5) 306,041 (Previous year: 235,778) equity shares were issued against exercise of stock options under 'Employees Stock Option Scheme,2004'.(Refer note B.9 of schedule P)
6) 6,150,000 equity shares were issued to the shareholders of erstwhile Elven Micro Circuits Private Limited in pursuance of merger of Elven Micro Circuits Private Limited with the Company.
7) 1,200,000 (Previous year: 6,643,785) equity shares represent 400,000 (Previous year: 2,214,595) Global Depository Receipts (GDRs) offered in the year 2003.(Refer note B.19 of schedule P)

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE A-1: SHARE CAPITAL SUSPENSE		
6,150,000 shares of Rs.2 each fully paid up to be issued to the share holders of erstwhile Elven Microcircuit Private Limited in pursuance of Scheme of Arrangement as approved by Hon'ble High Court, Mumbai and Hon'ble High Court Bangalore.	-	12,300
(Refer note B.17 of schedule P) **TOTAL Rs.**	-	12,300
SCHEDULE B : RESERVES & SURPLUS		
General Reserve :		
Balance at the beginning of the year	502,659	365,860
Add: Transfer from profit and loss account	100,000	120,000
Add: Excess of net asset over purchase consideration (Refer note B.17 of schedule P)	-	29,099
Less: Amount transferred to share capital suspense	-	(12,300)
Less: Impact of transitional provisions of AS-15 (Revised) - net of tax	(2,051)	-
Balance at the end of the year	600,608	502,659
Share Premium :		
Balance at the beginning of the year	2,269,750	2,138,726
Add: Premium received during the year	5,745	131,024
Less: Premium payable on redemption of FCCBs	(62,372)	-
Balance at the end of the year	2,213,123	2,269,750
Capital Reserve		
Balance at the beginning of the year	48,205	336
Add: Forfeiture of Application money of Warrants (Refer note B.18 of schedule P)	-	47,869
Balance at the end of the year	48,205	48,205
Employee stock options outstanding	12,426	14,217
Foreign currency translation reserve	(22,820)	2,999
Profit and Loss Account	3,172,754	2,790,763
TOTAL Rs.	**6,024,296**	**5,628,593**
SCHEDULE C : SECURED LOANS		
Term loan (refer note 1 below)	381,780	-
Cash credit facilities (refer note 2 below)	38,855	905
Vehicle loan (refer note 3 below)	-	77
Working capital demand loan (refer note 4 below)	24,342	-
Bills discounting facility (refer note 4 below)	13,440	9,709
TOTAL Rs.	**458,417**	**10,691**

Notes
1. Secured by mortgage of Land at Hinjewadi, Pune
2. Secured by mortgage of building owned by subsidiary, Mihir Properties Private Limited
3. Secured by hypothecation of Motor Vehicles
4. Secured by hypothecation of Book Debts.

SCHEDULE E: FIXED ASSETS

(Rupees '000)

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION				NET BLOCK	
	As at April 1, 2007	Additions	Deletions	As at March 31, 2008	As at April 1, 2007	For the Year	Deletions	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
TANGIBLE ASSETS										
Leasehold land	10,113	-	-	10,113	161	107	-	268	9,845	9,952
Freehold land	16,763	30	4,091	12,702	-	-	-	-	12,702	16,763
Factory building	8,291	-	-	8,291	4,204	654	-	4,858	3,433	4,087
Buildings	30,964	-	-	30,964	2,518	388	-	2,906	28,058	28,446
Plant and machinery	5,837	5,045	-	10,882	4,086	1,910	-	5,996	4,886	1,751
Electrical fittings	379	-	-	379	379	-	-	379	-	-
Computers	56,504	17,330	-	73,834	37,001	16,029	-	53,030	20,804	19,503
Air conditioners	1,130	-	-	1,130	1,106	6	-	1,112	18	24
Furniture and fixtures	10,063	280	-	10,343	9,489	246	-	9,735	608	574
Motor vehicles	10,811	1,002	1,571	10,242	10,522	222	1,571	9,173	1,069	289
Office equipments	2,933	445	71	3,307	1,831	332	38	2,125	1,182	1,102
Total	**153,788**	**24,132**	**5,733**	**172,187**	**71,297**	**19,894**	**1,609**	**89,582**	**82,604**	**82,490**
Intangible Assets										
Intellectual property rights	1,323,768	654,421	-	1,978,189	565,682	300,563	-	866,245	1,111,944	758,086
Technical know how	14,140	625	-	14,765	907	2,836	-	3,743	11,022	13,233
Total	**1,337,908**	**655,046**	**-**	**1,992,954**	**566,589**	**303,399**	**-**	**869,988**	**1,122,966**	**771,319**
Total fixed assets	**1,491,696**	**679,178**	**5,733**	**2,165,142**	**637,887**	**323,294**	**1,609**	**959,570**	**1,205,570**	**853,809**
Capital work-in-progress	-	-	-	-	-	-	-	-	213,139	167,935
Capital advance paid	-	-	-	-	-	-	-	-	8,724	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**221,863**	**167,935**
Grand Total	**1,491,696**	**679,178**	**5,733**	**2,165,142**	**637,887**	**323,294**	**1,609**	**959,570**	**1,427,435**	**1,021,744**
Previous year	642,338	861,260	11,902	1,491,696	498,405	151,312	11,830	637,887	853,809	

Norw:
1. Gross block additions include assets of (Rs. '000) 6,283 of Digihome Solutions Private Limited which has become subsidiary during the year.
2. Additions to accumulated depreciation include depreciation of (Rs. '000) 1,554 of Digihome Solutions Private Limited which has become subsidiary during the year.
3. Capital work in progress includes borrowing costs of (Rs.'000) 21,538 (Previous Year (Rs. '000) Nil

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE D : UNSECURED LOANS		
From others		
1% Foreign currency convertible bonds (880 FCCBs of US$ 10,000 each)	353,584	383,680
(Refer note B.17 of schedule P)		
Interest Accrued and Due	3,987	-
Loan from director	-	1,500
TOTAL Rs.	357,571	385,180

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE F : INVESTMENT		
Long Term Investment, Trade, Unquoted (at Cost)		
Digihome Solutions Private Limited		
(Nil (PY 125,000) equity shares of Rs. 10 each fully paid	-	710
In others		
Elven Technologies Private Limited	825	825
82,500 (PY 82,500) equity shares of Rs.10 each fully paid up		
V Soft Inc. (USA)	39,982	39,982
164,250 (PY 164,250) equity shares of US $5.48 each fully paid up		
Seekport Internet Technologies GmbH	173,797	174,223
24,750,000 (PY 24,750,000) Equity shares		
TOTAL Rs.	214,604	215,740

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
SCHEDULE G: CURRENT ASSETS, LOANS AND ADVANCES		
Inventories		
Raw Materials and Consumables	18,004	1,683
Work-in-progress	336	440
	18,340	2,123
Sundry Debtors		
(Unsecured, considered good unless otherwise stated)		
Debts outstanding for more than six months		
Considered good	264,571	162,026
Considered doubtful	243,661	2,026
Others Debts - Considered good	916,318	910,624
	1,424,550	1,074,676
Less: Provision for Doubtful Debts	(243,661)	(2,026)
TOTAL Rs.	1,180,889	1,072,650

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
Cash and Bank Balances		
Cash on Hand	293	2,908
Balance with Scheduled Banks in		
Cash Credit Account	559	-
Current Account	5,017	25,126
Fixed Deposit Account #	272,702	25,134
Unclaimed Dividend Account	3,985	3,184
Foreign Currency Current Account*	680	36,841
Balance with Non Scheduled Banks in Deposit Accounts		
Banco Efisa, Portugal	1,003,590	1,059,397
Investec Bank (Switzerland) AG, Switzerland **		
- Time Deposit	118,567	194,240
- Demand Deposit	11,832	-
Current accounts		
Muenchner Bank, Germany	3,947	-
Zuercher Kantonal Bank, Switzerland	3,749	-
Banco Efisa , Portugal	1,978,793	1,686,437
Investec Bank (Switzerland) AG, Switzerland ***	2,990	-
TOTAL Rs.	**3,406,704**	**3,033,267**

Fixed deposit of (Rs.'000) 3,259 {Previous Year (Rs.'000) 404} has been placed with a bank against guarantees.

As represented by management all other deposit and curent account balances are without any restriction for remittance.

* Balance in Bank of India in Foreign Currency Current accounts includes (Rs.'000) 232 {Previous year (Rs.000)} 35,993 being unutilised money of FCCB issue.

** Balance in Investec Bank Fixed Deposit accounts includes (Rs.'000) 130,399 (Previous Year (Rs.'000) 194,240} being unutilised money of FCCB issue.

*** Balance in Investec Bank Foreign Currency Current accounts includes (Rs.'000) 2,990 {Previous year Rs.('000) Nil} being unutilised money of FCCB issue.

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
Loans and Advances		
Advances recoverable in cash or in kind or for value to be received		
Considered good	49,533	72,379
Considered doubtful	4,534	4,534
	54,067	76,913
Less: Provision for doubtful advances	(4,534)	(3,596)
	49,533	73,317
Deferred assets	-	1,180
Loans given to affiliaties Aftek Employees' Welfare Trust	43,171	48,174
Deposit with body corporates (Refer note B.13 of schedule P)	138,139	145,599
Security Deposit	16,499	16,499
MAT credit entitlement	91,503	-
TOTAL Rs.	**338,845**	**284,769**

SCHEDULE H: CURRENT LIABILITIES & PROVISIONS

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
Liabilities		
Sundry Creditors	338,987	288,247
Advance from Customers	3,476	291
Premium payable on redemption of FCCBs	62,372	-
Unclaimed Dividend	3,985	3,184
Other Liabilities	24,381	18,818
TOTAL Rs.	**433,201**	**310,540**
Provisions		
Income Tax (net of taxes paid)	83,794	12,541
Fringe benefit tax	2,170	2,143
Proposed dividend (including dividend tax)	57,608	106,710
Employee benefits	6,961	2,206
TOTAL Rs.	**150,533**	**123,600**

SCHEDULE I : MISCELLANEOUS EXPENDITURE

	As At 31st March '08 Rs.000	As At 31st March '07 Rs.000
(to the extent not written off or adjusted)		
GDR Issue & Preliminery Issue Expenses		
Balance at the beginning of the year	2,116	9,292
Less : Written off	(2,116)	(7,176)
TOTAL Rs.	**-**	**2,116**

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended 31st March '08 Rs.000	Year ended 31st March '07 Rs.000
SCHEDULE J : SALES			
Software Exports			
Services		3,655,064	3,102,867
Products		177,280	181,327
Software Driven Products			
Local		45,025	329,004
Exports		7,609	8,483
		3,884,978	3,621,681
Add: Duty Drawback		18	51
	TOTAL Rs.	**3,884,996**	**3,621,732**
SCHEDULE K : OTHER INCOME			
Bank Interest		49,003	80,001
Profit on sale of Fixed Assets		13,170	-
Miscellaneous Income		484	6,073
	TOTAL Rs.	**62,657**	**86,074**
SCHEDULE L: COST OF SALES AND SERVICES			
Consumption of Raw Materials and Consumables			
Opening Stock		1,683	1,601
Add: Stock acquired on acquisition		16,245	-
Add: Purchases		35,314	40,226
		53,242	41,827
Less: Closing Stock		(18,004)	(1,683)
		35,238	40,144
Decrease / (Increase) in finished and semi finished stock			
Opening Stock		440	267
Closing Stock		(336)	(440)
		104	(173)
Software Development Expenses		2,168,856	2,005,805
	TOTAL Rs.	**2,204,198**	**2,045,776**
SCHEDULE M: EMPLOYEE COSTS			
Salaries, Wages and Bonus		286,670	279,162
Contribution to Provident Fund and Other Funds		9,033	9,554
Staff Welfare		4,695	4,317
Stock Compensation Expense		2,078	3,251
	TOTAL Rs.	**302,476**	**296,284**

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended 31st March '08 Rs.000	Year ended 31st March '07 Rs.000
SCHEDULE N: OPERATING AND ADMINISTRATIVE EXPENSES		
Advertisement and Sales Promotion	4,612	1,842
Auditors' Remuneration (Refer note B.3(v) of schdule P)	4,730	4,219
Bad and Doubtful Debts Written Off	37	297
Commission	873	279
Commission paid to Non-Executive Directors	990	-
Electricity Expenses	7,087	6,752
Foreign Exchange Loss	143,444	64,386
Insurance Charges	111	134
Loss on sale of Fixed Assets	-	61
Preliminary Expenses Written Off	2,116	7,176
Professional Fees	29,199	16,433
Provision for Doubtful Advances	938	-
Provision for Doubtful Debts	236,753	-
Rates and Taxes	6,428	51,284
Rent	51,781	41,258
Repairs and Maintenance	3,236	3,921
Research and Development Expenses	9,005	25,975
Telephone and Communication	8,269	9,731
Travelling and Conveyance	21,884	19,586
Miscellaneous Expenses	12,285	25,038
TOTAL	**543,778**	**278,372**
SCHEDULE O: FINANCE CHARGES		
Bank Charges	200	178
Bill Discounting	1,676	3,870
Interest on cash credit	4,104	-
Interest to FCCB	3,987	4,291
Interest to others	716	176
TOTAL	**10,683**	**8,515**

SCHEDULE P: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis for consolidation and presentation

The consolidated financial statements include the financial statements of Aftek Limited and its subsidiaries (refer note B.1) and are prepared in accordance with accounting principles generally accepted in India under the historical cost convention on the accrual basis of accounting and complying in all material respects with the notified Accounting Standards under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies applied are consistent with those used in the previous years except for adoption of Accounting Standard 15 (Revised) 'Employees' Benefits' in the current year. The consolidated financial statements are presented in the general format specified in Schedule VI to the Act. However, as these consolidated financial statements are not statutory financial statements required under the Act, these consolidated financial statements do not reflect all the disclosure requirements of the Act

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 'AS 21', 'Consolidated Financials Statements', AS 23, 'Accounting for Investments in Associates in Consolidated Financial Statements'. The financial statements of the Company and its subsidiaries ('the Group') are consolidated on a line to line basis by adding together like items of assets, liabilities, income and expenses. Any excess of the cost to the parent company of its investment in a subsidiary and the parent company's portion of equity of subsidiary at the date, at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. All significant inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. Investment in associate company is accounted under equity method in consolidated financial statements. The consolidated financial statements are presented in thousands of Indian rupees unless otherwise stated.

The significant accounting policies adopted by the Group, in respect of the consolidated financial statements are set out below:

a. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Key estimates include estimate of useful lives of fixed assets, income taxes and future obligations under employee retirement benefit plans. Actual results could differ from those estimates. Any revision to accounting estimates will be recognised prospectively in the future periods.

b. Fixed tangible assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

Depreciation is provided, pro rata for the period of use, by the Straight Line Method (SLM), based on management's estimate of useful lives of the fixed assets are as under:

Asset	Estimates useful life
Plant and Machinery	5 years
Factory Building	15 years
Building	15 years
Electrical Fittings	5 years
Computers	3 years
Air Conditioner	5 years
Furniture and Fixtures	5 years
Motor Vehicles	5 years
Office Equipment	5 years

Leasehold land is amortised over the period of lease.

c. Borrowing Cost

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in AS 16, 'Borrowing Costs', are capitalized as part of qualifying assets. Other borrowing costs are expensed as incurred.

d. Impairment of assets

Management evaluates at regular intervals, using external and internal sources, the need for impairment of any asset. 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 net realisable value on its eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined.

e. Intangible assets

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses thereon. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Based on management estimates the depreciable amount of intangible assets is allocated over the useful life on a straight line basis. Management estimates the useful life of Technical Know-how as 5 years and Intellectual Property Rights as 3 years

f. Goodwill

Goodwill reflects the excess of the purchase price over the book value of net assets acquired. Goodwill arising on acquisition of subsidiaries / business is being tested for impairment on an annual basis. Goodwill which can be identified directly to an underlying asset acquired is amortised over the useful life of the asset, based on management's estimate.

g. Investments

The Group has presently classified all its investments as "Long Term" in accordance with AS 13 on "Accounting for Investments." Long-term investments are stated at cost. However, provision is made to recognize a decline, other than temporary, in the value of investments.

h. Inventories

Inventories are valued at lower of cost and net realizable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

i. Research and Development

Research and Development expenditure is recognized in the Profit and Loss Account as and when incurred. Capital expenditure, if any, is shown under respective head of fixed assets.

j. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Consolidated Balance Sheet. All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Consolidated Profit and Loss Account in the year in which they arise

Foreign operations of the group are classified under integral and non integral foreign operations. The financial statements of integral foreign operations are translated as if the transactions of foreign operations have been those of the Group itself. In translating the financial statements of non-integral foreign operations for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operations are translated at closing rate, income and expense items of the non-integral foreign operations are translated at the average exchange rate; all the resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or a expenses in the same period in which the gain or loss on disposal is recognized.

k. Employee Benefits

i. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

ii. All the Employees of Indian entities of the Group are entitled to receive benefits under the provident fund, which is a defined contribution plan, in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Both, the employee and the employer make monthly contributions to the plan at a predetermined rate (presently at 12%) of the employees' basic salary. The Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to the fund administered and managed by the Government of India.

iii. The Employees of Indian entities of the Group are covered under the group gratuity cum life assurance scheme with the Life Insurance Corporation of India ('LIC'). This scheme is a defined benefit scheme and is funded in accordance with the intimation received from LIC. Actuarial valuation of the liability is carried out at the year end and incremental liability, if any, is provided for in the books of account.

Liability for compensated absences is provided for on the basis of actuarial valuation at year-end made by an independent actuary.

l. Stock based compensation

The compensation cost of stock options granted to employees is calculated using the fair value method. The compensation expense is amortized uniformly over the vesting period of the option.

m. Revenue recognition

Revenue from sale of products is recognized when significant risks and rewards in respect of ownership of products are transferred to the customer and there are either no unfulfilled company obligations or any obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the arrangement.

Revenues from services are recognized as services are provided when arrangements are on a time and material basis. Revenues for fixed price contracts are generally recognized in accordance with the "Percentage of Completion" method.

Further, the Group reimburses certain software installation and testing charges to channel partners and these installation and testing activities are considered to be distinct components preceding the actual delivery and acceptance of the software. The Group also bears the entire credit risk on the sale of products. Accordingly, the installation and testing activity is considered to be transaction independent of the sale of the products and the costs relating to these activities are accounted cost of revenues.

Interest income is accounted on a time proportion basis.

n. Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

o. Taxes on Income

The provision for current taxation is computed in accordance with the relevant tax regulations. Deferred tax is recognised on timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses under tax laws are recognised and carried forward to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised in future. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

The Group provides for Fringe Benefits Tax (FBT) in accordance with the guidance note on accounting for fringe benefits tax issued by the Institute of Chartered Accountants of India.

p. Provisions and Contingent Liabilites

A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the consolidated balance sheet date. These are reviewed at each Consolidated Balance Sheet date and adjusted to reflect the current management estimates. Provisions are recognised in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group.

q. Share issue/foreign currency convertible bonds (FCCBs) and premium on redemption of FCCBs

Share issue expenses and premium payable on redemption of FCCBs are adjusted against the securities premium account

B. Notes to consolidated financial statements

1) Details of subsidiaries and associates whose financial statements have been consolidated as at March 31, 2008 are given below:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest	
		March 31, 2008	March 31, 2007
Mihir Properties Private Limited	India	100%	100%
Aftek Sales and Services Private Limited	India	100%	100%
Digihome Solutions Private Limited (Associate upto January 10, 2008)	India	51%	25%
Opdex Inc.	USA	100%	100%
Aftek (Mauritius) Limited	Mauritius	100%	-
Arexera Information Technologies GmbH	Germany	100%	100%
Arexera Information Technologies AG	Switzerland	100%	100%

Financial statements of Arexera Information Technologies GmbH and Arexera Information Technologies AG were drawn up to December 31, 2007. Accordingly, adjustments were made as per managements' best estimates for the effects of significant transactions and events that occurred between December 31, 2007 and the date of the Company's financial statements being March 31, 2008.

During the year Aftek Ltd. has transferred certain technology rights to Digihome Solutions Private Limited (DSPL), for a consideration of (Rs.'000) 60,000 payable by allotment of 70,834 shares in DSPL at par value of Rs.10 each and 988,194 additional shares in DSPL at a value of Rs. 60 per share which includes a premium of Rs.50 per share. The Aftek Ltd. could only discharge part obligation and for which it received consideration of (Rs.'000) 17,063 by allotment of 291,327 shares of DSPL. Consequent to the allotment of shares on January 10, 2008, DSPL became a subsidiary of the company.

The Group has not consolidated its 24.75% (PY 24.75%) equity stake investment in Seekport Internet Technologies GmbH ("the Investee') held by Arexera Information Technology GmbH and has instead accounted the same as a long term investment and has stated this investment at at cost. The Management does not have any significant influence on the investee as evidenced by the following:

(a) No representation on the board of directors or corresponding governing body of the investee, no interchange of managerial personnel and no participation in policy making processes;

(b) No provision of essential technical information or no material transactions between the Group and the investee

2) The Group on October 16, 2007 incorporated Aftek (Mauritius) Limited a subsidiary company in Mauritius. Aftek Mauritius Limited ('Aftek Mauritius') has not commenced any commercial activity and accordingly has not prepared financial statement.

3) The Group has outstanding interest free deposits of (Rs.'000) 138,139 as at March 31, 2008. These deposits were given prior to 2003 to company's various business associates for business development. The Group is confident of recovering these dues and no provision is considered necessary at this stage.

4) The networth of Arexara Information Technologies Gmbh ('Arexara Gmbh'), a wholly owned subsidiary is fully eroded as at March 31, 2008. As at the year end, Arexara GmBH holds Intellectual Property Rights (IPR) and also holds 24.75% stake of Seekport AG, a company listed on Frankfurt Stock Exchange. In accordance with the latest available (September 26, 2008) quote from the Frankfurt Stock Exchange, the scrip of Seekport AG was traded at Euro 2.05 per share. Subsequent to the year end, as a part of the business reorganization, the Group has initiated the process of transferring its assets from Arexera Gmbh to Arexara Information Technologies AG (Arexara AG) and has accordingly filed for the voluntary liquidation of Arexera Gmbh. Considering, the value of underlying assets and the expected cash inflow, in the opinion of the management, there is no impairment of goodwill in respect of Arexara Gmbh.

5) Capital Commitment

(all amounts in Rs. '000)

Particulars	As at March 31, 2008	As at March 31, 2007
Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	255,003	950,000
Total	**255,003**	**950,000**

6) Contingent Liabilities not provided for

(all amounts in Rs. '000)

Particulars	**As at March 31, 2008**	**As at March 31, 2007**
Corporate Guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (Rs.'000) 24,342 {Previous year Nil}	60,000	30,000
Disputed Income Tax matter in appeal (Pertaining to AY 2005-06 pending before Deputy Commissioner of Income Tax)	-	331
Disputed Service Tax Liability on fees and charges paid for Borrowings in the form of Foreign Currency Convertible Bonds and External Commercial Borrowings	4,667	-
Total	**64,667**	**30,331**

7. Related Party Disclosure:

a) List of related parties

Name	Nature of relationship
Mr.Ranjit M. Dhuru Mr.Nitin K Shukla Mr.Promod V. Broota (Up to April 20, 2007) Mr.Mahesh B. Vaidya (appointed as whole time director w.e.f April 30, 2007) Mr.Sunil M. Desai	Key Management Personnel
Aftek Employees' Welfare Trust	Significantly influenced by Key Management Personnel (Controlled entities)

b) Details of related party transactions:

Nature	Key Management Personnel	Significant Influence by Key Management Personnel	Total
Loans and Advances given	- (-)	- (2,716)	- (2,716)
Loans and Advances received back	- (-)	940 (-)	940 (-)
Remunerations	17,705 (22,384)	- (-)	17,705 (22,384)
Contribution	- (-)	1,258 (682)	1,258 (682)

Figures in bracket pertains to previous year

Note: Aftek Employees' Welfare Trust (Unregistered) was created for the benefit of employees including executive directors. The purpose of the trust inter alia is to purchase/invest in the shares or other securities of Aftek Limited for the benefit of employees. As per the conditions of the trust deed, the Group has provided an interest free loan aggregating to (Rs.'000) 43,171 {Previous year (Rs.'000) 44,111} (maximum amount at any time during the year (Rs.'000) 44,111 {Previous year (Rs.'000) 45,896} and the same has been used for the purchase of equity shares of Aftek Limited. These shares may be allocated to the employees or the amount of profit earned on the sale of these shares may be distributed amongst the employees.

8) Staff Benefits cost in accordance with Accounting Standard 15 (Revised)

a) Defined contribution plan

The amount of contribution to provident fund recognized as expenses during the year is (Rs.'000) 9,033{Previous Year (Rs.'000) 8,873}

b) Defined benefit scheme

The Company had been recognizing, accruing and accounting for retirement benefits as per the erstwhile AS 15, Retirement Benefit till March 31, 2007.

The Institute of Chartered Accountants of India (ICAI) had issued revised AS-15 on "Employees Benefits" and had made it mandatory from the accounting period commencing on or after December 7, 2006 accordingly the Group has decided for adoption of revised AS-15 w.e.f. April 01, 2007.

In accordance with the transitional provisions of revised AS-15, the incremental liability at the beginning of the current financial year amounting to (Rs.'000) 2,051 [net of tax of (Rs.'000) 1,056] in respect of gratuity has been adjusted against General Reserve.

c) Defined Benefit Plan for Gratuity:

Particulars	Year ended March 31, 2008 Rs.'000
Change in Defined Benefit Obligations	
Defined Benefit Obligations as at the beginning of the year	5,459
Service cost	1,360
Interest cost	526
Actuarial (gain)/loss	58
Benefits paid	(487)
Present value of defined benefit obligations as at year end (A)	6,916
Change in Plan Assets	
Opening plan assets, at fair value	1,758
Expected return on plan assets	169
Actuarial gain/(loss)	29
Contributions	593
Benefits paid	(487)
Fair value of plan assets as at year end (B)	2,062
Cost for the year	
Service cost	1,360
Interest cost	526
Expected return on plan assets	(169)
Actuarial (gain)/loss	29
Total net cost recognized as employee remuneration	1,746
Reconciliation of Benefit Obligation and Planned Assets for the year	
Present value of defined benefit obligations as at year end (A)	6,916
Fair value of plan assets as at year end (B)	2,062
Net asset/(liability) as at year end recognised in Balance Sheet (A) - (B)	4,854
Investment details of plan assets	
The plan assets are invested in trust managed funds	
Assumptions	
Discount rate	8.00%
Salary escalation rate	5.00%
Estimated rate of return on plan assets	8.00%

The Group has adopted Accounting Standard 15 (Revised), 'Employee Benefits' from April 01, 2007 and this being the first year of adoption, the Group has not given disclosure for the following for previous four annual financial years :

1. the present value of the defined benefit obligation, the fair value of plan assets and the surplus or deficit in the plan ; and
2. the experience adjustments arising on plan liabilities and plan assets.

9) Deferred Taxes

	Particulars		As at March 31, 2008 Rs.'000
A	Deferred tax liability on		
	Depreciation		17,900
		(A)	**17,900**
B	Deferred tax asset on		
	Provision for gratuity		1,222
	Provision for Compensated Absences		716
	Provision for Doubtful debts (Domestic)		14,461
		(B)	**16,399**
	Net Deferred tax liability (A)-(B)		**1,501**

As per the provisions of Section 10 B of Income Tax Act 1961 deferred tax in respect of timing differences which originate and is reversed during tax holiday period, is not recognized to the extent deduction from the total income of an enterprise is allowed during the tax holiday period. Based on management estimate no deferred tax was created during earlier years.

10) Earnings per share

Particulars		Year ended March 31, 2008 Rs.'000	Year ended March 31, 2007 Rs.'000
Basic			
Net profit available for equity shareholders	(A)	539,599	904,029
Weighted average number of equity shares outstanding (in'000)	(B)	93,454	86,703
Face value of shares		2.00	2.00
Basic Earnings per Equity Share (A/B)		**5.77**	**10.43**
Diluted			
Net Profit available for equity share holders –	(C)	539,599	904,029
Add: Interest on FCCB (net of tax)		3,987	4,291
Adjusted profit for diluted earnings per share		543,590	908,230
Weighted average number of equity shares outstanding (in'000)		93,454	86,703
Weighted average number of potential shares on account of outstanding Employee Stock Options (in'000)		318	189
Weighted average number of potential shares on conversion of Foreign Currency Convertible Bonds (in'000)		5,099	5,634
Total Weighted Average Number of shares outstanding (in'000)	(D)	98,871	92,526
Diluted Earnings Per Share (C/D)		**5.50**	**9.82**

11) Operating leases

The Group has significant leasing arrangements in respect of operating leases for premises and utilities. The non cancellable leasing arrangement is non cancellable for a period of 33 and 72 months respectively. An amount of (Rs.'000) 51,781 {Previous year: (Rs.'000) 41,258}is recognized as lease expenses in the Profit and Loss Account for the year ended March 31, 2008. The future guaranteed lease payments under non cancellable agreements are as follows:

Particulars	Year ended March 31, 2008 Rs.'000	Year ended March 31, 2007 Rs.'000
Not later than one year	33,600	5,500
Later than one year and not later than five years	118,447	45,091
Later than Five years	27,820	-
Total	**179,867**	**50,591**

12) Segment reporting

a) Primary segment information

The Group is in business of sale of software services and productswhich is viewed by the management as a single primary segment, i.e. business segment.

b) Secondary segment information - geographical

The secondary segment information in relation to the geographical regions is as follows:

Regions	Year ended March 31, 2008		Year ended March 31, 2007	
	Rs'000	%	Rs'000	%
United States of America	2,193,539	56.46	1,907,994	52.68
Europe	1,447,327	37.25	1,518,216	41.92
Japan	191,562	4.93	172,245	4.76
India	52,568	1.36	23,277	0.64
Total	3,884,996	100.00	3,621,732	100.00

13) Unhedged foreign currency exposure:

Particulars of unhedged foreign currency exposure as at consolidated balance sheet date

Particulars	As at March 31, 2008 (Rs. '000)	As at March 31, 2008 (USD '000)	As at March 31, 2008 (Euro '000)	As at March 31, 2008 (CHF '000)
Import creditors	272,077	5,864	521	-
Export Debtors	1,372,645	20,588	9,200	121
Foreign Currency Bank accounts	3,124,148	68,212	6,924	107

14) Aftek Limited had raised USD 34.5 millions through an issue of 3000 numbers of 1% Foreign Currency Convertible Bonds Due 2010 of USD 10,000 each ("FCCB") in June 2005 followed by 450 numbers of additional FCCB in July 2005 on account of exercise of green shoe option of 15%. These FCCB are listed at Luxembourg Stock Exchange. The FCCB bear interest @ 1% per annum with redemption at 128.25% of their principal amount. At the option of the Bondholders FCCB are convertible into Shares/Global Depository Receipts ("GDR") within a period of 5 years from the date of the original issue i.e. June 24, 2005 at the revised conversion price of Rs 75.20 per share effective from June 25, 2006 (initial conversion price being Rs. 94/- per share) pursuant to the provisions of the Trust Deed executed in respect of the FCCB. At the year end 880 FCCB were outstanding, if converted into GDR/Equity shares at the reset Conversion Price of Rs 75.20 per share, would result into issuance of additional 5,099,202 numbers of equity shares of Rs. 2 each.

15) Forfeiture of shares

During the year ended March 31, 2007; the Group had forfeited (Rs'000) 47,869 against issue of 3,969,200 numbers of partly paid warrants issued to Promoter's Group on preferential basis at a price of Rs.120.60 per warrant and the said amount has been transferred to Capital Reserve.

16) Employee Stock Option Scheme:

Stock Options [ESOP]											
Exercise Price per Share	Rs. 56		Rs. 56	Rs. 70		Rs. 51.90		Rs. 34.15		Weighted Average Exercise Price (Rs.)	
Adjusted Exercise Price on account of issue of Bonus shares	Rs. 26		Rs. 26	Rs. 40		NIL		NIL			
Grant Date	August 25, 2004		August 25, 2004	October 28, 2004		July 31, 2006		March 24, 2008			
Vesting commences on	August 25, 2005		August 25, 2005	October 28, 2005		July 31, 2007		March 24, 2009			
Vesting schedule	25% of grant each year commencing one year from the date of grant		100% on August 25, 2005	25% of grant each year commencing one year from the date of grant		25% of grant each year commencing one year from the date of grant		50% of grant first year and 25% each for the following two years			
Contractual life	Earlier of :Two years from the vesting date or Seven years from grant date										
Method of Settlement	Equity										
Particulars of Number of Options	2007-08	2006-07	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Options outstanding at the beginning of the year	274,574	319,649	4,000	40,980	77,417	50,000	-	-	-	31.11	28.73
Options granted during the year	-	-	-	-	-	-	50,000	224,788	-	51.9	51.9
Options exercised in respect of which shares were allotted	56,821	31,230	4,000	13,442	6,707	-	-	-	-	28.68	28.48
Options lapsed during the year on separation and non exercise	5,436	13,845	-	6,219	29,730	-	-	-	-	33.47	35.55
Options outstanding at the end of the year	212,317	274,574	-	21,319	40,980	50,000	50,000	224,788	-	40.59	31.11
Of which –											
Options vested	117,945	80,717	-	10,421	13,990	12,500	-	-	-	-	-
Options Yet to vest	94,372	193,857	-	10,898	26,990	37,500	50,000	224,788	-	- -	

During the year the company has granted 224,788 options on March 24, 2008, the weighted average fair value is Rs.15.12.This was calculated by applying Black Scholes Option Pricing Model. The Model inputs were the share price and exercise price at the grant date of Rs.34.15 ,expected volatility of 68.61%, expected dividend 1.11%. The contractual life of the options is earlier of two years from date of vesting or seven years from the date of grant and risk free rate of return ranging between 7.24% - 7.39%.

The weighted average life of the options outstanding is 1.7 years

17) Scheme of amalgamation :

During the year ended March 31, 2007; scheme of arrangement between Elven Microcircuits Private Limited (EMPL), C2silicon Software Solutions Private Limited (C2silicon) and the Group.

The Hon'ble High Court Bombay and The Hon'ble High Court of Karnataka Bangalore have sanctioned a scheme of amalgamation of EMPL and C2silicon with the Group under Section 391 to 394 of the Companies Act, 1956 ('The Scheme'). Consequently, in terms the scheme:

a) Entire business of EMPL and C2silicon including assets and liabilities, as a going concern, shall stand transferred to and vested in the Company with effect from April 1, 2006 being the appointed date.

b) As at March 31, 2007, 6,150,000 ordinary shares of Rs. 2 each of the Company were required to be issued to the shareholders of EMPL in the proportion of 123 equity shares in the Company for every 100 equity shares of Rs 2 each held in EMPL. Pending allotment, an amount of (Rs'000) 12,300 representing the face value of the shares to be issued, has been included in the Share Capital Suspense account as at March 31, 2007 (Schedule A-1).

c) The Amalgamation in the nature of merger has been accounted for under the 'purchase method' as prescribed by Accounting Standard 14, "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India. As provided in the Scheme and in terms of the Court Orders: (Rs.'000) 29,099 being the excess of amount of the fair value (as determined by the management) of the net assets of EMPL and C2silicon over the consideration, has been credited to the General Reserve Account of the Company as adjustment on amalgamation.

These accounting treatments to the general reserve account of the Company were prescribed in the Scheme. Had the Scheme not prescribed these treatments, the amount of (Rs.'000) 29,099 would has been credited to Capital reserve account.

18) Prior year figures

The consolidated financial statements of the Group for the year ended March 31, 2007 were audited and reported by another firm of Chartered Accountants; vide their unqualified report dated November 27, 2007. The balances as at March 31, 2007 as per such audited financial statements, have been regrouped or rearranged wherever necessary to make them comparable with the current year's figure. Figures are rounded off to nearest thousands.

Signatures to Schedules A to P attached.

As per our report of even date attached
For Walker, Chandiok & Co
Chartered Accountants

KHUSHROO B. PANTHAKY
Partner
Membership No. F-42423
Mumbai, September 30, 2008

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, September 30, 2008

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO THE SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Opdex Inc.	Aftek Sales & Services Pvt. Ltd.	Mihir Properties Pvt. Ltd.	Arexera Information Technologies GmbH	Arexera Information Technologies AG
1. Financial year of the Companies ended on	31/03/2008	31/03/2008	31/03/2008	31/12/2007	31/12/2007
2. Total Issued, Subscribed and Paid-up Capital of the Subsidiary Company:	31,700,000 common stock of US $. 0.05 par value	1000equity shares of Rs. 100/- each	1,45,000 equity shares of Rs. 100/- each	Euro 52,000	CHF 100,000
3. Extent of Interest of Aftek Ltd. at the end of the financial year:	100%	100%	100%	100%	100%
4. The net aggregate of Profits / (Loss) of the Subsidiary Companies of the financial year, so far as they concern the members of Aftek Ltd. were:					
a) Dealt with in the Accounts of Aftek Ltd. for the year ended 31st March, 2008	Nil	Nil	Nil	Nil	Nil
b) Not dealt with in the Accounts of Aftek Ltd. for the year ended 31st March, 2008	(US$76,959) (Rs.3,100,339)	(Rs.16,531)	(Rs.421,317)	(EURO1,125,110) (Rs.196,006,724)	(CHF93,708) (Rs.3,189,214)
5. The net aggregate of Profits / (Loss) of the Subsidiary Companies for the previous financial years since they became subsidiaries so far as they concern the members of Aftek Ltd. were:					
a) Dealt with in the Accounts of Aftek Ltd. for the year ended 31st March, 2007	Nil	Nil	Nil	Nil	Nil
b) Not dealt with in the Accounts of Aftek Ltd. for the year ended 31st March, 2007	($77,042) (Rs.3,405,104)	(Rs.12,713)	(Rs.406,578)	EURO185,322 Rs.9,967,080	(CHF430,253) (Rs.15,578,400)

Notes:

1. Digihome Solutions Pvt. Ltd. became 51% Subsidiary company of Aftek Limited effective from 10th January 2008 and its financial year ends on 30th June hence annual accounts are not available.
2. Aftek Mauritius Ltd., formed as 100% Subsidiary of Aftek Limited in October 2007, has not commenced any commercial activity and has not prepared financial statement.

FOR & ON BEHALF OF BOARD OF DIRECTORS

RANJIT DHURU — *CHAIRMAN & MG. DIRECTOR*

NITIN K. SHUKLA — *DIRECTOR-FINANCE*

C. G. DESHMUKH
COMPANY SECRETARY

MUMBAI, SEPTEMBER 30, 2008.

AFTEK LIMITED

Registered Office : "AFTEK HOUSE ", 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai - 400 028

September 30, 2008

Dear Members,

Securities & Exchange Board of India (SEBI) has made it mandatory for all the Listed Companies to use the bank account details furnished by the depositories for distributing dividends and other cash benefits, etc through Electronic Clearing System (ECS) to the investors, wherever ECS and bank details are available. In the absence of ECS facility, the Companies should print the Bank Account details, if available, on the payment instrument, for the distribution of dividends and other cash benefits etc., to the investors.

Thus, in light of the above SEBI's directive, the Company has arranged for ECS facility for the payment of dividend, if any, that may be declared by the Company to all those Shareholders who are holding shares in dematerialized form, however, subject to the RBI Guidelines as regards ECS facility in different locations.

In case you are still holding the Shares in the physical form, we would request you to kindly consider the benefits of dematerialization and open a De-mat Account with the Depository Participants to get your physical shares dematerlised. Till you are holding shares in physical form we also request you to send us the Bank Mandate by completing and returning the perforated lower portion of this letter along with a photocopy of a blank cheque duly cancelled at the Registered office of the Company or to its Registrar and Share Transfer Agent i.e. Bigshare Serives Private Limited, E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(E), Mumbai-400 072 latest by 25th October 2008.

However, if you prefer to get your dividend by way of physical warrants and not to opt for ECS, please let us know the name, branch and account number of your Bank, if not provided earlier. This will enable us to incorporate such particulars on the dividend warrant to avoid any fraudulent encashment. Your action in the above matter will help us in serving you better.

Yours truly,

For AFTEK LIMITED

C G DESHMUKH

COMPANY SECRETARY

AFTEK LIMITED

Registered Office : "AFTEK HOUSE", 265, Veer Savarkar Marg, Shivaji Park, Dadar,Mumbai - 400 028

INFORMATION FOR ELECTRONIC CELARING SYSTEM OF DIVIDEND

Folio No :

Client ID :

DP ID :

I/We…………………………..…………………………………………………do hereby authorize Aftek Ltd to :

* print the following details on my/our dividend warrant
* credit my/our dividend amount directly to my Bank Account by ECS.

(*Strike out whichever is not applicable)

Bank Account No. :

Name of the Bank :

Name and address of Branch :

Type of Account : Saving / Current

9-Digit Code Number of Bank & Branch appearing on the MICR cheque :

I/We hereby declare that the above particulars are complete and correct. If the transaction is delayed or is not effected at all due to incomplete or incorrect information, I/We shall not hold the Company responsible.

Signature of First Named Shareholder

Place :

Date :

Encl.: A photocopy of the blank cheque duly cancelled

AFTEK LIMITED

Regd. Office: "AFTEK HOUSE", 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028

Reg. Folio No……………… No. of Shares……………….

DP ID No……..…..…..……

Client ID No. ………………

PROXY FORM

I/We.. ....……… …… …

of ……………………………… ……………………………………… ………………………………..…… …………

………………………… being member/members of Aftek Limited hereby appoint...............…………………..… ……

………………..……………………………of…………………………or failing him ………………….. ………………

…… ………………… ……of…………………………..or failing him……………..………… ……………………….of

……………………………as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 31st October, 2008 and at any adjournment(s) thereof.

As witness my/our hand(s) this……………….day of………………...2008

Signed by the said ………………….. ……………..…………………….

Affix 15 paise Revenue Stamp

………….........................………

Signed this ……..…..…day of …..…..……2008

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

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ATTENDANCE SLIP

ANNUAL GENERAL MEETING

Name of the attending Member / Proxy (in block letters)

Member's Folio No. : No. of Shares held :

DP ID No. :

Client ID No. :

I hereby record my presence at the 21st Annual General Meeting of Aftek Limited to be held on 31st October, 2008.

Member's / Proxy's Signature

1. PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HAND OVER AT THE ENTRANCE DULY FILLED IN.
2. Shareholders are requested to bring their copies of the Annual Report with them.