AFTEK®

DRIVEN BY CHANGE

Light After Darkness

ANNUAL REPORT 2008-2009

FINANCIAL HIGHLIGHTS

(Rs. in crores)

	FY'09	FY'08	FY'07	FY'06*	FY'05	FY'04	FY'03	FY'02	FY'01	FY'00
Total Income	315.99	398.84	341.02	202.86	198.00	140.50	99.36	67.44	50.71	20.81
Export Sale	213.72	377.11	329.73	191.30	191.36	134.37	91.54	57.37	40.92	15.86
Total Expenses	140.22	282.53	232.49	121.67	119.18	77.94	51.93	31.75	23.45	11.16
Operating Profit	175.77	116.31	108.53	81.18	78.82	62.56	47.43	35.69	27.26	9.65
Profit Before Tax	119.48	83.63	92.82	67.83	60.80	47.72	42.70	34.65	26.41	8.94
Profit After Tax	116.73	80.94	90.52	67.39	59.80	47.31	40.08	33.67	25.10	8.46
Exceptional Items	(129.49)	-	-	-	-	-	- -	-	-	
EPS (Rs.) Rs.10 per share	-	-	-	-	-	-	53.06	56.11	41.47	14.09
EPS (Rs.) Rs.2 per share - Basic	(1.37)	8.66	10.44	8.25	7.73	6.31	10.61	-	-	-
EPS (Rs.) Rs.2 per share - Diluted	(1.37)	8.23	9.83	8.15	7.68	6.31	-	-	-	-
Networth	728.49	730.47	621.59	538.30	459.44	280.18	238.58	132.04	101.52	78.29
Fixed Assets	280.88	139.64	99.06	12.69	24.04	40.44	43.83	8.47	9.46	5.81
Net Current Assets	418.80	474.61	403.85	406.35	374.40	178.35	132.84	114.53	81.91	64.58
Dividend Per Share (%)	-	25.00	50.00	50.00	50.00	50.00	50.00	35.00	25.00	20.00
Share Capital	18.70	18.70	17.45	17.14	15.00	10.00	10.00	6.00	6.00	6.00
Reserve & Surplus	617.12	632.46	563.32	463.50	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

Message from The Chairman and CEO

Dear Shareholders,

There is finally light visible after a long spell of darkness! Yes, I am talking about the turn-around that is visible in the global business scenario. Negativity is slowly turning into positivity. Consumer confidence seems to be returning to the western world. With most of the financial crisis behind us, we all look at this slow but steady recovery as a 'V' shaped recovery rather than the pessimist view of a 'W' shaped one. Therefore, friends, we have to view the future with hope and optimism or let us say, cautious optimism. The path ahead as mentioned by the US President Mr. Barack Obama, the leader of the western world's largest economy is going to be a long and hard journey. But, the undertones are of positivity and optimism.

The effect of the global slow-down and the Company's de-risking strategy of hiving-off the third party testing and validation arrangements have had a negative impact of lowering the top-line from Rs. 392 crores to Rs. 220 crores. The bottom-line, however. had been moderate except for the effects of foreign exchange fluctuations and the exceptional write-off due to the closure of your Company's wholly-owned subsidiary namely, Arexera Information Technologies GmbH.

In this time of gloom, your Company has done some serious introspection. We have realized that the sunshine in which we were basking had suddenly turned into a dark and gloomy winter. Hitherto the IT industry - specially companies out of India - had a great advantage due to low cost structure and excellent resources. All this changed for every company from this sector in the last two years. Companies with strong technologies and fundamentals - whether big or small, and nimble- footed and great capacity for tenaciousness and patience will sail through these tough times. Yes, though the picture looks tough, hope and optimism also thrive as we go ahead on this long journey towards slow but definite growth.

Your company had hitherto concentrated its business out of the developed nations, that is, largely the western world and to a certain extent, Japan. Your Company has great technology strength and perhaps it is one of the very few companies out of India that have the capability of designing silicon products from scratch to application level under one roof. The slow recovery of the western world and the rapid growth happening in our Asian backyard, especially in our own motherland and China, has opened up fresh opportunities for your Company in our own country. A series of products in security, automation, transportation, infrastructure, energy and health-care are being created by your Company and specially integrated solutions and stand-alone products in security, automation and urban transport lines of business have already been launched. Their success is being seen as a harbinger for more such opportunities from the verticals mentioned above. Aftek's protocol converter, intelligent transport and security solutions are bringing in new and important customers like Johnson Controls, Siemens, Blue Star Ltd., host of urban banks and transport agencies under the aegis of Jawaharlal Nehru Urban Transport Initiative.

The aforesaid projects and the other long-terms goals of your Company have a recognized need for additional financial requirements and I am happy to say that your Company's Debt Instrument aggregating to Rs 50 crores has been assigned a 'CARE A' [Single A] rating by Credit Analysis & Research Limited (CARE).

Your Company's software-driven product has been consolidating its business in near- shore countries, namely, Mauritius, South Africa, Seychelles and their sales in certain banking verticals in India too have been growing. Their growth is modest but in view of the slow-down period it is certainly commendable. This division is expected to grow at a much rapid pace in the forthcoming year.

It is encouraging to see the sales funnel of your Company growing once again with the customers from US, Europe and Japan. We are also seeing that seles funnel growth is coming from other geographies like Middle-East, Africa, Austrialia and South America. Your Company is aggressively investing in marketing and is addressing every new opportunity with vigour. The conversion time of sales funnel to customers is getting reduced which is a positive factor and we belive that this is a beginning of new revival which will put your Company's revenues beyond what they were at their peak.

Lastly, my sincere apologies for the unfortunate delay in presentation of accounts which has occurred due to factors beyond control and I sincerely thank and request for your continued co-operation and support in our endeavors for achieving a brighter tomorrow.

Yours sincerely,

Ranjit Dhuru
CHAIRMAN & CEO

BOARD OF DIRECTORS

MR. RANJIT DHURU	CHAIRMAN & MANAGING DIRECTOR
MR. NITIN K SHUKLA	WHOLE-TIME DIRECTOR
MR. MUKUL DALAL	WHOLE-TIME DIRECTOR
DR. S S S P 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. MUKUL DALAL	ED-INTERNATIONAL SALES & MARKETING-(SMART PRODUCTS)
MR. MAHESH B VAIDYA	CTO
MR. SUNIL M DESAI	SR VICE-PRESIDENT-TECHNOLOGY SOLUTIONS
MR. C V KHOPKAR	SR VICE-PRESIDENT-QUALITY & HRD
MR. RAVINDRANATH MALEKAR	SR VICE-PRESIDENT-SUPPORT
MR. AMIT RAJE	SR VICE-PRESIDENT (ENGINEERING)

COMPANY SECRETARY

C G DESHMUKH

REGISTERED OFFICE

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

SOFTWARE DEVELOPMENT CENTRES

Software Centre - I
Pawan Complex, S. No. 45/8+9/B,
Off Karve Road,
Kothrud, Pune 411 038

Software Centre - II
50/24 Pralhad Arcade,
Bhakti Marg,
Off Law College Road
Erandwane, Pune 411 004

WORKS

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

BANKERS

Bank of India
Gohil House, L J Road,
Mahim,
Mumbai 400 016

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

AUDITORS

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

REGISTRAR & TRANSFER AGENT

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

CONTENTS

NOTICE

NOTICE is hereby given that in pursuance of the 22nd Annual General Meeting of the Company held on 30th September, 2009, the Adjourned 22nd Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Wednesday, the 30th December, 2009 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai - 400 025 to transact the following unfinished business:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended March 31, 2009 the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on equity shares

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 : 3rd December, 2009

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. Valid Proxy Forms submitted by the Members to the Company 48 hours prior to the original Annual General Meeting held on 30th September, 2009 would continue to remain valid and subsisting for this Meeting also to be held on 30th December, 2009 and such proxies appointed by the Members under the said Proxy Forms would be entitled to attend and vote at this Meeting.
3. If any Proxy Forms are received by the Company in respect of those shares for which Proxies have already been received at the time of the original Annual General Meeting held on 30th September, 2009 then the new Proxy Forms will supercede the existing proxy forms received by the Company from such Member.
4. The Board of Directors of the Company, at its meeting held on 30th September, 2009 has not recommended any dividend for the year ended 31st March, 2009. However, declaration of dividend on equity shares has been included at item no. 2 of this Notice as the unfinished business of the 22nd Annual General Meeting held on 30th September, 2009.
5. 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.
6. 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, 2002 and/or subsequent dividend payments are requested to make their claims to the Company.
7. As per the provisions of the Companies Act, 1956, facility for making nomination is available for Members in respect of shares held by them. Nomination Forms can be obtained from the Company's Share Registrar and Transfer Agent.
8. Members who hold shares in electronic form are requested to bring their depository account number for easy identification and attendance at the meeting.
9. Members who are still holding the shares in physical form may consider surrendering the shares with the concerned Depository Participant since it is advantageous to hold the shares in demat form.

DIRECTORS' REPORT

To,
The Members of Aftek Limited,

Your Directors are pleased to present their 22nd Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL PERFORMANCE Amount (Rs. in lacs)

PARTICULARS	31/03/2009	31/03/2008
Turnover	**22,035**	39,254
Profit Before Depreciation	**17,307**	11,533
Less:Depreciation	**5,359**	3,170
Profit Before Tax	**11,948**	8,363
Less : Provision for Taxation	**275**	269
Profit After Tax	**11,672**	8,094
Less : Exceptional Items	**12,949**	-
Profit/(Loss) after Exceptional Items	**(1,277)**	-
Transfer to General Reserve	-	1,000

DIVIDEND

Your Company was no exception to the global slow-down which was at its most severe level last year. In view of the not so satisfactory performance as well as the voluntary pay-cuts opted by the other stake-holders, namely, the employees of the Company, your Directors have not considered it appropriate to recommend any dividend for the year ended 31st March 2009.

BUSINESS REVIEW & FUTURE PROSPECTS

Last year has not been a year of positive growth for your Company. In fact, the top-line has suffered a sizable reduction which is primarily due to the de-risking measures initiated by the Company. Your Company is in the technology and product creation space. Products and technology created require extensive testing and validation forming almost 35% of the engagement value. At the behest of the clients these jobs of testing and validation were earlier being outsourced to third parties by your Company. Such arrangement could result into avoidable financial exposure in the event the concerned client went into financial adversities. Most of the Company's clients are from the SME segment and their funding largely comes from financial institutions which were adversely affected during the economic melt-down. Therefore, your Company re-structured these arrangements whereby the clients directly engages the third party testing and validation agencies leaving the monitoring aspect to be looked after by your Company. Apart from this, the economic slow-down had its own effect on the turnover.

As regards the bottom-line, barring the effects of foreign exchange gains/losses and the exceptional item of impairment of investment in Arexera Information Technologies GmbH, the wholly-owned subsidiary of your Company in Germany, the financial performance during the year under review, has been moderate. With a view to take advantage of better tax-structure and labour laws, it was decided to relocate the operations from Germany to Switzerland. The closure of the German subsidiary resulted in writing-off Rs. 130/- crores approximately in the year under review of the earlier investments made in the years 2003 & 2005 in that subsidiary which has been more than recovered over that period.

Last year, hopefully, was the peaking of the global melt-down and in the recent past the economic revival of the western world seems to be more of a common phenomenon indicating that the western economies are slowly and steadily coming out of the recession. Your Company is more concerned with US and European Economies. The last quarter of the US economy, for the first time, showed a positive growth. The better than expected performance of Fortune 500 companies, particularly, the financial and banking companies has surprised the markets. In Europe, Germany seems to be spearheading the reversal. Sterling performances by many German and European companies are being show-cased by the western world indicating that the recession is slowly but surely getting past them. Both India and China are looked upon by the world as the fastest growing economies. This has created a situation which your Company is leveraging to address the growing opportunities in the Automation and IT sector within this region, particularly, in India.

Your Directors look at tomorrow with optimism. based on the changing scenario on the business canvas. Your Company's sales funnel of enquiries which had, during the slow-down period dried-up to an alarmingly low-level, has now swelled into more than acceptable position. Customers, whose finances were based on venture capital funding, have started reviving relationships and re-starting shelved projects. Existing customers are increasing engagements with new proposals in verticals across the board, namely, in the areas that your Company operates in. The slow-down years made your Company do an introspection and realize the growing opportunities available in our backyard. India is not only strong and growing economy in this part of the region but energy, telecommunication, security, infrastructure, health-care etc are verticals which are on top priorities for both, the Government as well as the private sector. Your Company has initiated a string of products and solutions addressing most of the aforesaid verticals. To mention a few, in the past few months, your Company has successfully launched and created revenue streams out of the following products and services.

In industrial automation Aftek's Protocol Converter (APC) is setting a trail blazing performance in the SME market. Companies like Johnson Control, Siemens, Trane, Blue Star etc. have not only approved the product but have put them on their approved vendor list. Johnson Control Singapore too have selected this product for applications in the south-east Asia region. Alongwith the APC, a host of management software is being sold and as relationships get created, applications software development too is an opportunity that your Company proposes to exploit. In Security, the SpyGuard a stand-alone security device that captures intrusions in industrial, commercial and residential areas. Several distribution channel-partners are acting across the country to market and service this product which will give a boost to the product revenue of your Company. Your Company is working with several channel partners in the north, central and south zones in the field of Intelligent Transport System (ITS) and has already show-cased a product confirming to the requirements as tabled by the ITS specifications. Government funding through the Jawaharlal Nehru Urban Transport initiative (JNUT) is available for implementation till 2010. Your Company is, perhaps amongst a handful of companies out of India which can show-case such solutions.

From the above, it will be obvious that your Company's optimism is based on firm grounds. We are witnessing good growth possibilities out of the US which is the largest market for your Company. Europe too has started showing strong signs of improvement in outsourcing business to your Company. Added to this growth, a new market is being established in Products and Solutions by your Company in our own country in the first phase and with opportunities to take these products and services to the overseas markets.

FINANCE

With the changing business scenario and the aftermath of the major global slow-down witnessed over the past few months every IT company's ability to generate profits and cash has been under severe pressure. This is largely due to excessive dependency on the western economies that were, in turn, under the pressures of the economic slow-down. Cost-cutting and postponement of decisions has further affected most of the IT companies' growth numbers. We are seeing companies being content with retaining growth or in some cases negative growth numbers. Your Company is no exception and as a part of re-structuring and re-focusing the geographic zones a need for more funds is being felt. All IT companies, including yours, in the past hardly needed any debt. The debt market that your Company would want to address has largely undergone several changes requiring companies to undergo a rating process. Considering the new products and technologies which would need additional funding and longer gestation periods, your Company has got itself rated through Credit Analysis & Research Limited (CARE) for a Rs 50 crore debt instrument. Your Directors are pleased to inform the members that the said rating agency has granted 'CARE A '[Single A] rating to your Company's Debt Instrument . This exercise also validates the sound financial projections and fundamentals of your Company.

Out of 3,450 numbers of 1% Foreign Currency Convertible Bonds Due 2010 ("FCCBs") of USD 10,000/- each issued in 2005, a total number of 2570 FCCBs have already been converted into GDRs/equity shares resulting in the issuance of 12029471 equity shares and balance 880 numbers of FCCBs remained outstanding as on 31st March, 2009. No conversion of FCCBs has taken place during the current year.

Further, 45,277 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 18.70 crores to Rs 18.71 crores as on 31st March, 2009.

ANNUAL GENERAL MEETING

Members may kindly recall that due to the corruption of financial data and the time required for conducting an audit of the accounts of the Company, in accordance with and in pursuance of the provisions of Section 166 of the Companies Act, 1956, the Company had made an application to the Registrar of Companies, Maharashtra ("ROC") on August 18, 2009 seeking extension of time of three months for holding the 22nd Annual General Meeting ("AGM') which application was rejected by the ROC vide Order dated August 25, 2009. In view of the aforesaid, the said AGM of the members of the Company was held on

September 30, 2009 and was adjourned after transacting the business, other than accounts and dividend for the year 2008-2009, to a future date to be decided by the Board of Directors of the Company when the said accounts could be laid thereat. Accordingly, the said annual accounts are being laid at the ensuing Adjourned 22nd Annual General Meeting.

DIRECTORATE

Mr Mahesh Vaidya resigned from the Board of Directors of the Company ("Board") with effect from April 01, 2009 in view of his assignment of development of Energy Management Business in USA with the Company's wholly-owned subsidiary company Opdex Inc., USA. Mr Vaidya continues to work as CTO of the Company until his services are transferred to the said subsidiary.

The tenure of appointment of Mr Sunil Desai as a Whole-time Director for a period of five years expired on August 01, 2009 and since Mr Desai did not seek re-appointment, he ceased to be the Whole-time Director as well as a Director of the Company effective from that date. Mr Desai continues to work as the Sr Vice President -Technology Solutions of the Company.

At the meeting of the Board held on July 30, 2009, Mr Mukul Dalal, Sr Vice-President-Smart Products, was appointed as Additional Director and also as Whole-time Director with effect from 1st August, 2009. Further, the Board at its meeting held on 04th September, 2009 re-appointed Mr Ranjit Dhuru and Mr Nitin Shukla as Managing Director and Whole-time Director respectively for a further period of five years with effect from December 01, 2009. Members have approved these appointments at the 22nd Annual General Meeting held on September 30, 2009.

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, 2009, 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, 2009 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, 2009, 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. Digihome Solutions Pvt Ltd ("DSPL") became your Company's subsidiary company in January 2008 by virtue of increase of stake in DSPL from 25% to 51%. Opdex Inc. continues to explore business prospects in Energy sector in the USA. Aftek (Mauritius) Ltd which was formed in October 2007 has not carried on any business activity. As a consequence of the closure of the wholly-owned German subsidiary of your Company, namely Arexera Information Technologies GmbH, your Company has written off the amount of Rs 130 crores in the year under review. These spends have taken place largely in 2003 and 2005 and your Company's profits generated out of European business during this period have been far in excess of the same. Presently all European operations and IPs are being managed through your Company's wholly-owned subsidiary in Switzerland, namely, Arexera Information Technologies AG.

In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, vide its letter bearing number 47/543/2009-CL-III dated 4/8/2009 the copies of the annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies investors seeking such information at any point of time. The annual accounts of the subsidiary companies are also kept for inspection by any investor in the Company's Registered and Head Office and that of the subsidiary companies concerned.

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 22nd Annual General Meeting of the Members of the Company held on September 30, 2009, M/s Walker, Chandiok & Co., Chartered Accountants, the retiring Auditors were re-appointed as Auditors of the Company from the conclusion of the said 22nd Annual General Meeting until the conclusion of the next Annual General Meeting. Since the 22nd AGM was adjourned to a future date to be fixed by the Board, the said appointment of Auditors becomes effective from the date of the ensuing Adjourned 22nd AGM and until then the earlier appointment of the said Auditors made at the 21st Annual General Meeting held on 31st October, 2008 remains valid. However, the Auditors have now informed their inability to accept their re-appointment for further term. Therefore, to fill in the casual vacancy so caused, the Board has appointed M/s. GMJ & Co., Chartered Accountants, as the Statutory Auditors to hold office till the conclusion of the next Annual General Meeting for the year ending 31st March, 2010.

AUDITORS' REPORT

The Auditors' observations in paragraphs 4 and 6 of their report have been explained under the Notes to Accounts. With regard to observations made by the Auditors in the Annexure to their Report we have to state as under.

Para (iii)(c): The details of loan are as per Note no. B.21 to Schedule 'O' Notes to Accounts. The interest is payable alongwith principal which is not yet demanded, however, interest accrued has been considered in the accounts; Para (iv) & (vii): The internal control and internal audit systems have been improved upon and are being reviewed on an on-going basis; Para (v): Note no. B.21 to Schedule 'O' Notes to Accounts is self-explanatory; Para (ix)(a) & (xvi): In view of the slow-down and also due to delayed receivables, the cash-flow position of the Company was under pressure as a result of which the statutory payments were delayed and paid subsequently. Also some portion of the ECB was used for working capital purposes for a short span of time and was repaid subsequently.

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. B 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 & MANAGING DIRECTOR

PLACE : MUMBAI
DATED : DECEMBER 03, 2009

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, 2009.

S N	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.	57	25/03/1986	28	72,21,153	Self-employed
2	Mr Nitin Shukla	Director - Finance	B.Com.	52	25/03/1986	27	29,93,472	Accountant, Computer Shack
3	Mr Sunil Desai	Director - Technology Solutions	B.E. & M.M.S.	47	10/05/1986	26	29,93,472	Director, Aftek Digital Systems Private Limited
4.	Mr. Mukul Dadal	Sr. Vice President Smart Products	B.A. & Diploma in International Marketing	50	06/02/1992	29	30,00,000	Director Aftek Sales and Services Private Limited
5	Mr Mahesh Vaidya	Director & Chief Technology Officer	B.E.(Elec Comm), M.Tech, IIT, Bombay (Comp.Sc & Engg)	47	10/05/1995	24	29,93,472	Director, Aftek Digital Systems Private Limited
6	Mr Dhananjay Kulkarni	Sr Vice President - Engineering	B.Sc.(Stats) & MCA	45	01/09/2005	23	49,57,904	Director, Starent Networks
7	Mr Praveen Hoizal	Project Manager - Analog Design	M.S. (Micro Electronics)	37	03/02/2006	16	27,91,204	Analog Devices

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 : DECEMBER 03, 2009

ANNEXURE "B" TO THE DIRECTORS' REPORT

Information required to be disclosed under Securities And Exchange Board Of India (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999 (as amended) as on 31st March, 2009

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 - Rs 56.00 per share** Grant Date : October 28, 2004 - Rs70.00 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	543,944	25,000	78,544
D	Options Exercised	351,318	Nil	Nil
E	Total Number of shares arising as a result of Exercise of Options	351,318	Nil	Nil
F	Options Lapsed	119,038	Nil	67,700
G	Variation of terms of Options	Nil	Nil	Nil
H	Money realised by exercise of Options	9,536,446	Nil	Nil
I	Total number of Options in force	170,634	50,000	157,088
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	Nil

	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 2009) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	Rs (-1.37)
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 relevent 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 (Employee Stock Option Scheme& Employees Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the Company passed in General Meeting held on 29 December 2000.

For Walker, Chandiok & Co

Place: Mumbai
Date: November 19, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview and business environment

The year 2009 has been a challenging year for IT Industry. The industry that enjoyed robust growth and had the benefits of being an enabler of efficiency and cost saving for clients has seen sluggishness in demand, pressure on prices or both. Even the volatility of currencies has put additional pressures on the companies' top-lines. These are the effects of the economic melt-down. Inspite of such adverse conditions the IT services exports have touched US$27 billion. If BPO and other services are to be added, it would perhaps go beyond US$40 billion (NASSCOM). This gives the confidence that the Indian IT industry is a major contributor to the Indian economy and as such has strong resilience even during adverse times.

However, individual entities will have to reckon with the changing global scenario and client expectations. Gone are the days of man-power exports and cost-arbitrage. Every Indian company is under pressure for man-hour rates and this will continue as the economies of the West recover through cost-cutting. Several leaders of the western countries, due to local pressures, have expressed need for creating local jobs and strong resentment towards importing labour or outsourcing jobs. These appear to be political statements in nature but the writing is already on the wall that every Indian IT company will have to not just depend on cost arbitrage but bring to the table something beyond. Looking up the value chain, creating intellectual property and using the same either in product or enterprise solutions would be the way forward. Technology innovations are the Mantra for the industry in the future.

The Aftek Edge:

Companies like Aftek have always believed in IT services from an engineering and intellectual property perspective. Historically, throughout your Company's life the Company has focused on communication verticals with embedded and product designing expertise. Although the engagement model starts with SMEs, these very SMEs can and have grown into mid-sized companies or get consolidated into larger companies either through organic growth or through acquisitions. Therefore, well-tested business model of Aftek of leveraging IT to deliver solutions and products to clients is becoming more relevant in the present times.

The unique differentiator business model of your Company :

Your Company, historically, has been an engineering and technology company. The USP is creating new technology in its domain expertise. These technologies could be a complete product or solution for clients or a part of a product or solution for clients. In either cases, reliance on strong technologies and quality engineering work force is a requirement. Intellectual property gets created, altered and re-engineered or gets integrated while Aftek delivers products or solutions to its global clients.

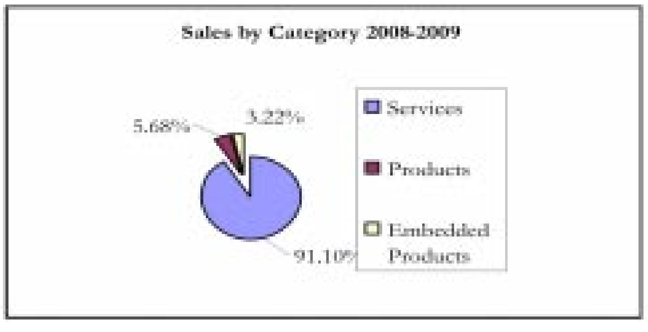
Aftek perhaps, is one of the few companies that has very large intellectual properties in its domain expertise to show-case. In the communication verticals which is your Company's strength area and enterprise solutions, Aftek has over 100 intellectual properties each of which is of significant size. Every Aftekian has to be a person with a strong engineering background and the key technologists have been not only the founding fathers of the Company, but this group has been growing over the years to be the core technologists in Aftek. Leveraging technology in product and solution cuts time of delivery for clients who want to create new products as quickly as possible giving Aftek an unfair advantage in this area. This unfair advantage proposition, has in the past, made your Company highly profitable. Unlike other companies, lesser man-power in combination with intellectual property helps your Company deliver a larger value solution with greater profits. Several instances that Aftek can show-case in its history prove this point. Aftek, throughout its history, has been delivering innovative and cutting edge products to its customers at affordable prices. Instances like terminal sub-systems and low-cost terminals for National Informatics Centre, in its early life, to cutting-edge products like complex corporate rating systems for Western World clients which involve technologies like learning engine, data harvesting and data mining. Solutions for mining, energy, transportation, security and health-care have all been done by Aftek in the past for its clients thereby gaining a lot of insights into these verticals. Therefore, the business model not only helps create and deliver solutions by leveraging intellectual property and technology for clients but also enriches the Company in various verticals by gaining insight into their domains.

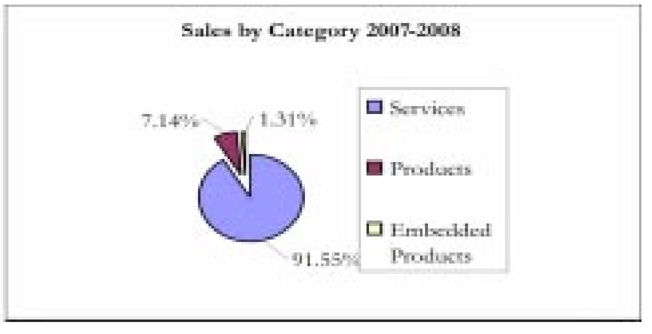
With lot of deliberations and research at AftekLAB and Solution Factory, a string of products and solutions has been identified in certain verticals viz. Security, Power, Transport and Infrastructure, Health-care and Industrial Automation in which intellectual property and technology could be integrated into products and solutions which would be responsible for driving the future growth for the Company.

Financial and Operational Performance:

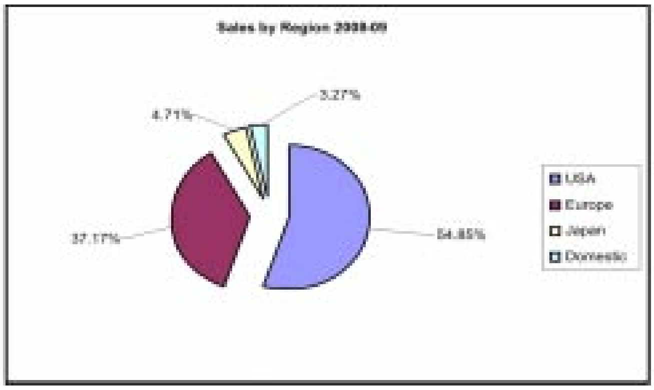
The Company's performance, considering the global business scenario, has been satisfactory largely on account of reduction of top-line by removing risk-laden third party testing and validation arrangements, global melt-down and currency fluctuations. The bottom-line has been quite satisfactory disregarding the effects of foreign exchange and exceptional write off amounting to INR 130 crores approx. on account of closure of Company's German subsidiary company, namely, Arexera Information Technologies GmbH.

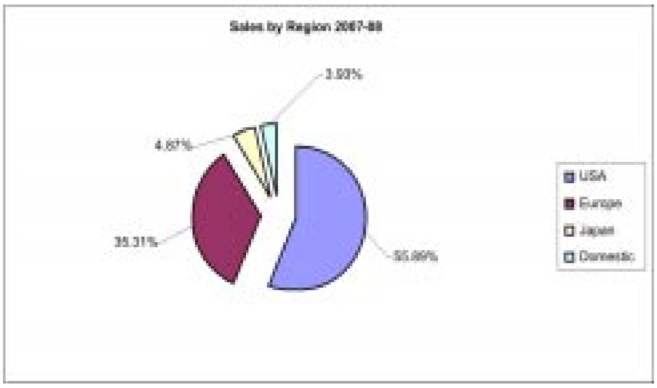
Strong cost-cutting measures and optimization of resources have contributed to the satisfactory bottom-line. The Company's operations have been in the direction of consolidating and improving client engagements and creating/integrating technologies into new products and services for various verticals for new geographical zones, namely India. To this effect the Company has substantially invested into acquiring / creating new IPRs for various verticals such as security, industrial automation, transport & infrastructure, energy and health-care.





During the FY 2008-2009 we had net sales of Rs. 220 crores which comprised largely from services which are technology and IP leveraged services. These contributed to 91.10% of the total revenue. The product sales which are about 5.68% and embedded products, also called smart products, contributed 3.22% of the total sales. There has been slight reduction in percentage contribution of products which is due to the slow-down putting constraints on budget allocation. The embedded products or smart products have seen a growth which is over a 100% compared to last year. This is due to the fact that many of the vertical solutions in transportation and uitility in the near-shore countries have matured into larger orders due to solution acceptance by major operators in those countries.





On geographical basis, in spite of the slow-down the US continues to be the major contributor to the revenue pie followed closely by Europe. Japan continues as the third contributor with 4.71% and domestic services have shrunk to 3.27%. It is to be remembered that these contributions are out of a reduced overall turnover of the Company. On domestic sales, since security systems are now being routed through your Company's subsidiary, namely, Digihome Solutions Pvt Ltd., they appear to be reduced.

Human Resources :

At Aftek, the human resources factor is considered as much an edge as its technology prowess. Ingrained into every Aftekian is the ethos of its HR policy of customer centricity and customer satisfaction, extra-ordinary team-work and approaching one's work with passion and creativity.

During the year 2008-2009 your Company has added 47 skilled engineering resources out of which 85% resources have been added to th e software development and in-house testing. Your Company has recently consolidated all its development centers in Pune as a single location before final shift to the new premises being constructed at Hinjwadi Phase-I. The consolidation is already helping us in optimizing time, costs and resources.

At Aftek resources are rotated through various technologies that enriches individual skills apart from removing stress and stagnation. In addition, employees actively participate in intra as well as inter-company sports events such as cricket, badminton, table-tennis, chess, etc.

To ensure the back fill at the lowest level, your Company has been engaged in conducting the campus interview at selective engineering colleges. Your Company has also implemented the policy of "project & placement" for a smooth transition into the Company's employ. We believe very firmly that a well-educated and well-cultured young generation is the promise for better tomorrow, for us and for our industry.

Business Outlook :

The future business scenario looks positive considering the introspection and restructuring your Company has done. Leveraging on core competencies, your Company has created a string of new products and solutions for several verticals, mainly security, automation, transporation, infrastructure, energy and health-care. The initial response has encouraged the Company to scale up operations in these segments. The Company expects to do well in these verticals. Specially verticals in industrial automations where significantly well known clients have been added, products like Aftek Protocol Converter (APC) is acting as a door opener to larger accounts. The Client having convinced on the APC is looking at Aftek's integrated embedded services offering to integrate these products with their other softwares. Similar door opening situation is expected to happen in other verticals especially energy, transport and security arenas.

With our long track-record of building end-to-end solutions the Company's ability in engineering services outsourcing is getting strengthened and clients who have continued with the Company in the last 23 years are expected to increase their engagements as the western economies come out of the recessionary phase.

Risk Analysis :

Your Company proactively identifies, assesses, eliminates or mitigates all risks which is evident from the fact that in the past the Company true to its catch-line 'Driven by Change' has adapted to the changing technology and business scenario. Currently, your Company has de-risked itself by reducing certain business of third party testing and validation as this could expose the Company at the time of recession to a sizable financial loss. The other de-risking initiative has been to shift the focus from western world to domestic market by relying on its strength to create products and solutions for the verticals rather than offering software services as done in the off-shoring business.

Obsolescence of technology is a constant risk for any technology company. This is being mitigated by constantly investing into product road-map and newer technologies. These investments are being done in the domain specialization of the Company.

Any future changes in tax benefits and government policies may affect the Company's business which may necessitate the Company to re-align its business strategy.

IT industry is a very competitive one and your Company constantly endeavors to remain abreast of the developments taking place in the market to effectively face the competition.

The Company follows a policy conducive to retention and development of its human resources which is aimed at reducing the attrition rate as well as the risk associated with dependence on key personnel.

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.

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 scenario, political conditions etc. We do not undertake to update these statements and information contained therein as and when the perceived circumstances, risks and uncertainties change.

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 7 Directors with an optimum combination of Executive and Non-executive and independent directors. Since the Company has an executive chairman, 57% of the Board of Directors are independent directors.

Since the date of the last Annual General Meeting held on 31st October 2008, Mr Mahesh Vaidya resigned from the Board of Directors with effect from April 01, 2009. Mr Sunil Desai ceased to be Whole-time Director and also as Director with effect from August 01, 2009 on completion of his term of 5 years. At the meeting of the Board of Directors of the Company held on July 30, 2009, Mr Mukul Dalal, Sr Vice-President-Smart Products, was appointed as Additional Director and also as Whole-time Director with effect from 1st August, 2009. Further, at the meeting of the Board held on 30th September, 2009, the Board of Directors, subject to the approval of Shareholders, re-appointed Mr Ranjit Dhuru as Managing Director and Mr Nitin Shukla as Whole-time Director for a period of five years with effect from 1st December 2009.

(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 : 29.04.08, 30.07.08, 30.09.08, 31.10.08 and 30.01.09. The maximum interval between two Board Meetings was 91 days.

(iii) Directors' attendance and directorships held as on 31/03/2009

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	4	NIL	NIL
Dr S S S P Rao	NE	4	Yes	NIL	NIL	NIL
Mr Sandip Save	NE	4	Yes	1	NIL	NIL
Mr V J Masurekar	NE	4	Yes	3	NIL	NIL
Mr Mahesh Naik	NE	4	Yes	NIL	NIL	NIL
Mr Mahesh Vaidya	ED	1	No	4	NIL	NIL
Mr Sunil Desai	ED	2	Yes	2	NIL	NIL
Mr Nitin Shukla	ED	5	Yes	2	NIL	NIL

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

NOTE :

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
Sandip Save	3

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. No complaints were pending at the beginning of the year and the Company received 56 complaints during the year under review from the shareholders and 52 complaints were disposed off to their satisfaction and the remaining 4 complaints were also resolved subsequently. No share transfers were pending as on 31st March, 2009

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 31.03.2009:

(Amount in Rs)

Name	Salary	Allowances	Commission/Incentive	Sitting Fees
Mr Ranjit Dhuru	30,00,000	42,21,153	-	-
Mr Nitin Shukla	12,36,000	17,57,472	-	-
Mr Sunil Desai	12,36,000	17,57,472	-	-
Mr Mahesh Vaidya	12,36,000	17,57,472	-	-
Dr S S S P Rao	-	-	-	80,000
Mr V J Masurekar	-	-	-	1,80,000
Mr Mahesh Naik	-	-	-	1,60,000
Mr Sandip Save	-	-	16,20,000	-

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.

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	33,000	25,000	—NIL—
Mr Sandip Save	1,283,441	—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 Auditors have given a qualified report on the annual accounts for the year ended 31st March, 2009. However, 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.	September, 30, 2009* October 31, 2008 December 28, 2007 September 29, 2006	10.30 a.m. 10.30 a.m. 10.30 a.m. 10.30 a.m.
Court Convened Meeting	— " —	June 05, 2007	10.30 a.m.

***** Adjourned as stated at Para J.1

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

Annual General Meeting held on 31st October 2008 :

To authorize the Board to issue securities, through international offerings or otherwise, for the aggregate sum of USD 25 million

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.

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, 30th September, 2009

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

The 22nd Annual General Meeting (AGM) of the Members of the Company was held at 10.30 a.m. on Wednesday, the 30th September, 2009 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai - 400 025 at which appointments of directors and auditors were approved whereafter the said meeting was adjourned to a future date to be decided by the Board of Directors of the Company for consideration of unfinished business of the AGM i.e. adoption of annual accounts and declaration of dividend for the year ended March 31, 2009.

The Adjourned 22nd Annual General Meeting is scheduled to be held at 10.30 a.m. on Wednesday, the 30th December, 2009 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai - 400 025.

Pursuant to the provisions of clause 16 of the listing agreement executed with the stock exchanges, the Company had fixed the book closure from 26th September, 2009 to 30th September, 2009 (both days inclusive).

The Board, at its meeting held on 30th September, 2009 after the adjournment of AGM as aforesaid, has not recommended any dividend on the equity shares of the Company for the year ended March 31, 2009.

2. FINANCIAL CALENDAR

Financial Year 2009-2010	
Quarter ending 30th June, 2009	July 2009
Quarter ending 30th September, 2009	October 2009
Quarter ending 31st December, 2009	January 2010
Quarter ending 31st March, 2010	April 2010

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

SECURITY	NAME & ADDRESS OF STOCK EXCHANGE	SECURITY CODE	ISIN
Equity Shares	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

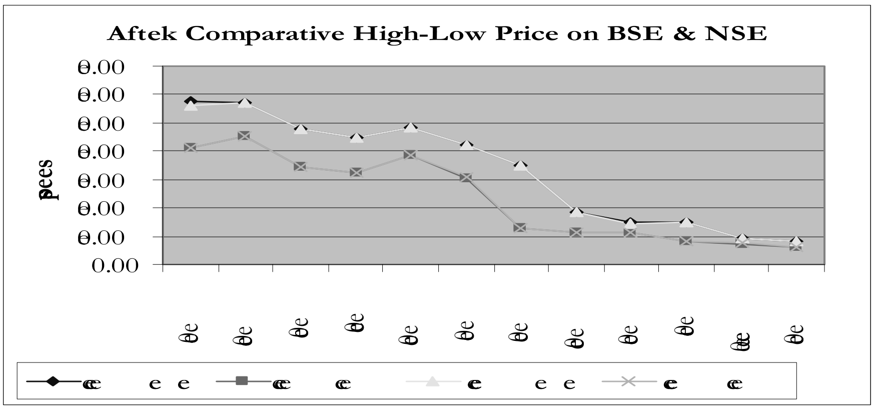
The listing fees for the Financial Year 2009-2010 have been paid to the Stock Exchanges

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, 2009

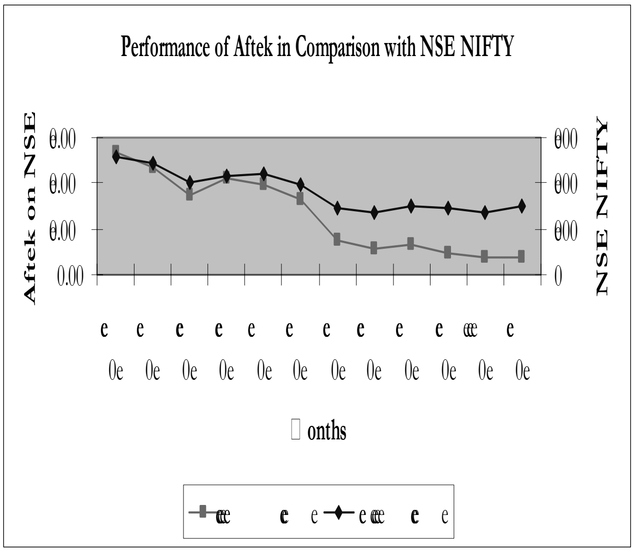
(in Rs.)

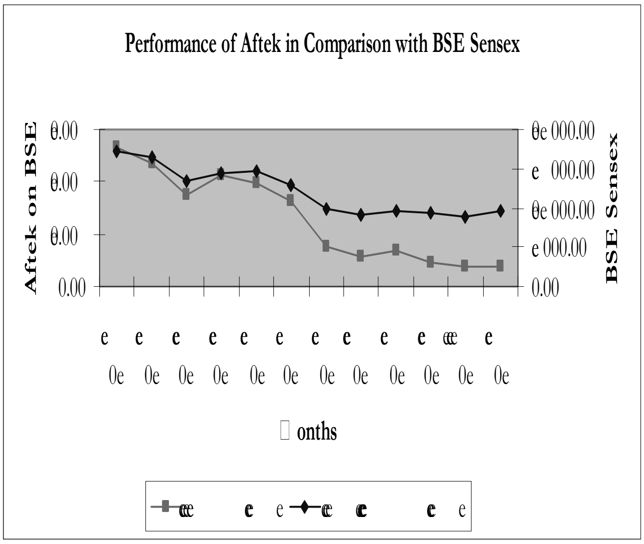
Months	BSE High	BSE Low	NSE High	NSE Low
Apr-08	57.90	41.00	56.25	41.25
May-08	57.30	45.40	57.35	45.30
Jun-08	47.70	34.35	47.80	34.60
Jul-08	44.95	32.60	44.90	32.60
Aug-08	48.40	38.60	48.40	38.50
Sep-08	42.25	30.15	42.25	30.70
Oct-08	34.90	13.05	35.00	13.00
Nov-08	18.45	11.40	18.55	11.40
Dec-08	14.70	11.50	14.65	11.55
Jan-09	14.70	8.20	14.70	8.40
Feb-09	9.22	7.46	9.30	7.50
Mar-09	8.35	5.99	8.40	6.10



(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).

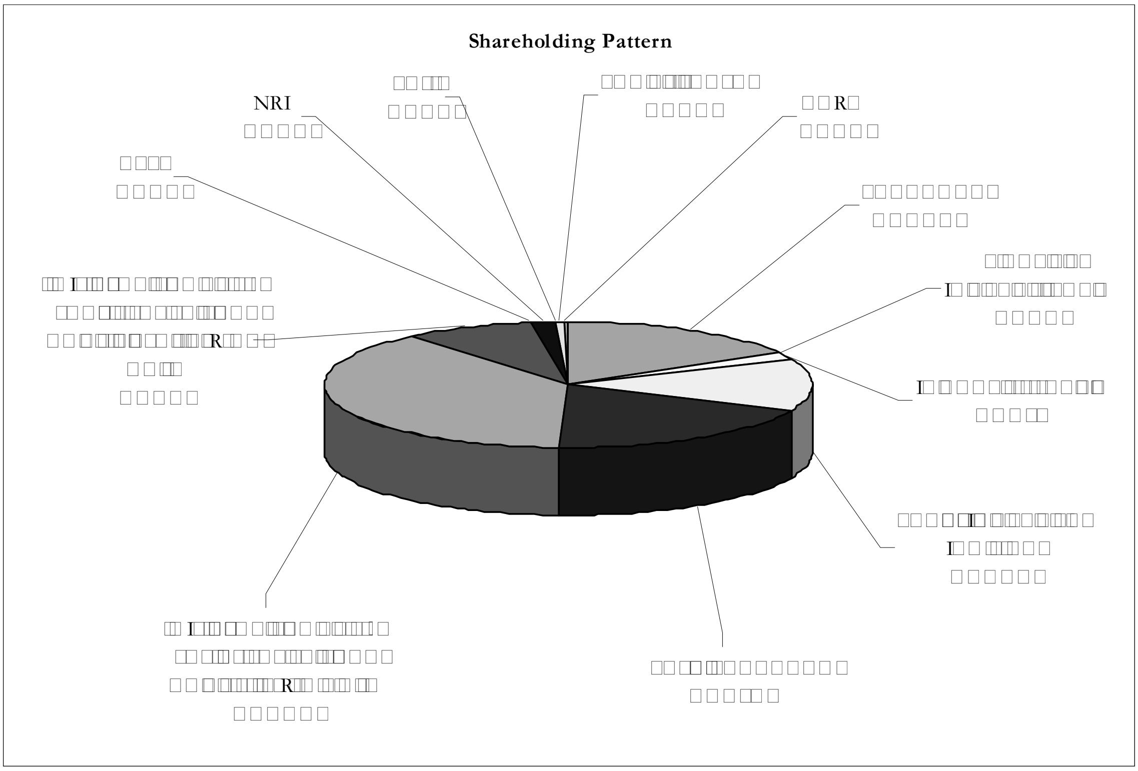
9. Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2009

Range (In Rs)		No of Shareholders	% of Total Holders	Total Holding	% of Total Capital
1	5000	60,998	95.39	43,439,704	23.22
5001	10000	1,561	2.44	11,592,728	6.20
10001	20000	726	1.14	10,701,976	5.72
20001	30000	209	0.33	5,325,562	2.85
30001	40000	104	0.16	3,776,912	2.02
40001	50000	54	0.08	2,434,950	1.30
50001	100000	134	0.21	9,549,470	5.10
100001	99999999	158	0.25	100,240,276	53.59
Total		**63,944**		**187,061,578**	

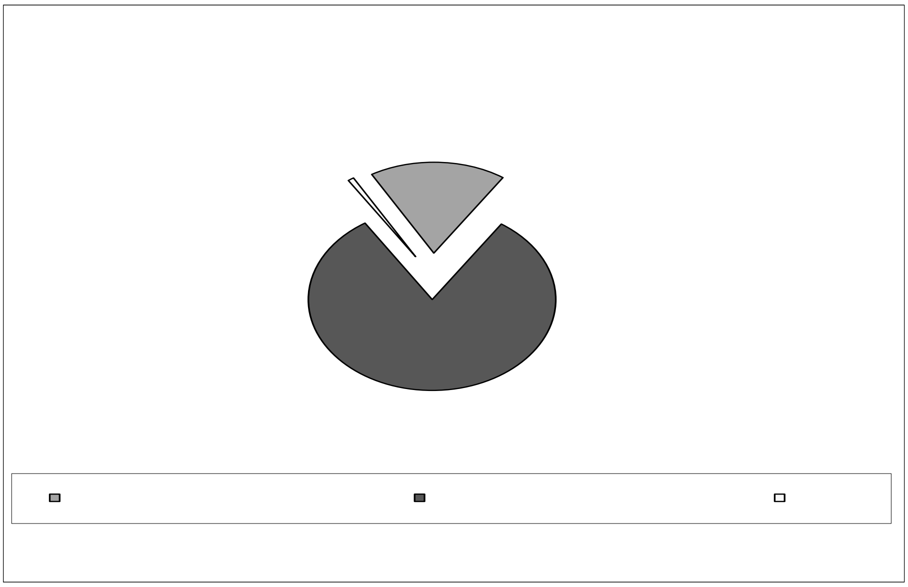
Distribution of Shareholding as on 31st March, 2009

Category	Number of shares held	% of Paid-up Capital
Promoters	15597647	16.68
Financial Institutions/Banks	5800	0.01
Insurance Companies	1485376	1.59
Foreign Institutional Investors	12542701	13.41
Bodies Corporate	17704323	18.93
i. Individual shareholders holding nominal share capital up to Rs.1 lakh.	35893316	38.38
ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	7875333	8.42
OCBs	11750	0.01
NRI	1556054	1.66
Trust	46400	0.05
Clearing Member	512089	0.55
GDRs	300000	0.32
TOTAL	**93530789**	**100.00**



10. Dematerialisation of Shares and Liquidity

As on March 31, 2009, 99.10 % of Company's total paid-up capital, representing 92686306 numbers of equity shares were held in dematerialised form and the balance 0.90 %, representing 844483 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.

100000 numbers of GDRs representing 300000 equity shares were outstanding as at 31st March, 2009.

As detailed below, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 (FCCBs), were outstanding as on 31st March, 2009. 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 2009, 880 numbers of FCCBs were outstanding. Further, during the current year, 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. 274178 numbers of vested stock options were outstanding as on 31st March 2009.

12. Plant Locations

Software Centre - I	Software Centre - II	Works
Pawan Complex, S. No. 45/8+9/B, Off Karve Road, Kothrud, Pune 411 038	50/24 Pralhad Arcade, Bhakti Marg, Off Law College Road Erandwane, Pune 411 004	A/19/2, MIDC, Chincholi, Solapur - 413 255

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 the Aftek Limited (the Company) for the year ended 31st March, 2009, 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 stipulate in Clause 49 of the above mentioned Listing Agreement.

We state that the Registers & Share Transfer Agents of the Company have certified that as on 31st March 2009, there were 4 investor complaints pending.

We further state that such compliance is neither an assurance 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 : 19th November, 2009

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, 2009, 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. *Except as discussed in paragraph 4 below*, 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. *As stated in note B.19 to Schedule O, in view of non disclosure agreements entered into by the Company with its customers, we were unable to verify certain commercial documents which define the terms of arrangements, based on which the revenue is recognised for export sale of software products and services entered, into between the Company and its customers and have therefore relied on the summary of relevant extracts of these commercial documents certified by the management.*

5. Without qualifying our opinion, we draw attention to note B.20 to Schedule O, wherein as explained, the Management has given loans of (Rs '000) 42,701 to Aftek Employees' Welfare Trust ('Trust') which has invested in the equity share of the Company. The Trust's ability to repay the loan to the company is contingent on the valuation of the investments held by the trust.

6. We report that:

   6.1. As stated in note B.14 to Schedule 0, management has not considered any provision in respect of old outstanding loans and advances aggregating (Rs '000) 80,639[previous year (Rs.'000) 138,139], which in our opinion, are doubtful of recovery. Consequently, loans and advances are overstated and net loss for the year is understated by (Rs '000) 80,639. This matter was also qualified in the previous year.

   6.2. As stated in note B.17 to Schedule 0, during an earlier year, the Company had developed software costing (Rs '000) 163,358, where the relevant project has been delayed for more than two years and hence such software could be impaired. Management is in the process of carrying out an evaluation for impairment. Pending completion of impairment testing, the impact of non provision of impairment loss, if any, is presently not ascertainable.

   6.3. As explained in note B.18 to Schedule O, the management has not considered any further provision in respect of investments (net of provision) aggregating (Rs '000) 29,597 and loans and advances of (Rs '000) 6,009 given to Opdex Inc. a wholly owned subsidiary whose accumulated losses substantially exceed its paid up capital. The impact of non provision of diminution in investments and doubtful loans and advances, if any, is presently not ascertainable.

7. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   a) *Except as discussed in paragraph 4 above* , 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) *Except as discussed in paragraph 4 above and our comments in paragraph 6 above*, in our opinion, 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.

e) On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

f) In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report give the information required by the Act, in the manner so required and, *except to the effects of such adjustments, if any, as might have been determined to be necessary had we been able to perform the scope of our work in relation to export sale of software products and services and sundry debtors as stated in paragraph 4 above* and our comments in paragraph 6 above, 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, 2009;

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

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

For Walker, Chandiok & Co
Chartered Accountants

per Amyn Jassani
Partner
Membership No. F-46447

Place: Mumbai
Date: November 19, 2009

Annexure to the Auditors' Report of even date to the members of Aftek Limited, on the financial statements for the year ended March 31, 2009

Based on the extent of 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 has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(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) 10,563 and the year end balance was (Rs.'000) 10,563.

(b) In our opinion, the rate of interest and other terms and conditions of such a loan 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 party to whom the money has been lent. *The 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. *In view of our observation made in paragraph 4 of our Auditors' Report we are unable to comment on the internal control system for sale of goods and services.*

(v) (a) According to the information and explanations 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 the transaction as explained in note B.21 in Schedule O 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.

(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, customs duty, excise duty, cess and other material statutory dues, as applicable, have been regularly deposited with the appropriate authorities. Undisputed provident fund dues have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. *In respect of income-tax, the Company is not regular in depositing those dues with the appropriate authorities and there have been significant delays in a large number of cases*. 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	*Deduction of Tax at Source-Salary*	*290*	*April 2008*	*May 07, 2008*	*June 24,2009*
		314	*May 2008*	*June 07,2008*	
		256	*June 2008*	*July 07, 2008*	
		1,808	*July 2008*	*August 07, 2008*	
	Deduction of Tax at Source-Rent	*5*	*April 2008*	*May 07, 2008*	*July 03, 2009*
		59	*May 2008*	*June 07,2008*	
		82	*June 2008*	*July 07, 2008*	
		428	*July 2008*	*August 07, 2008*	
	Deduction of Tax at Source-Commission or Brokerage	*2*	*July 2008*	*August 07, 2008*	*July 03, 2009*
	Deduction of Tax at Source-Fees for Professional or Technical Services	*20*	*May 2008*	*June 07,2008*	*July 03, 2009*
		20	*June 2008*	*July 07, 2008*	
		96	*July 2008*	*August 07, 2008*	
	Deduction of Tax at Source- Payment to Contractor	*0.6*	*April 2008*	*May 07, 2008*	*July 03, 2009*
		1	*May 2008*	*June 07,2008*	
		1	*June 2008*	*July 07, 2008*	
		382	*July 2008*	*August 07, 2008*	

(b) The dues outstanding in respect of sales-tax, income-tax, customs 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.

(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) 50,000 to a bank for loan availed by its subsidiary which are not considered, *prima facie*, prejudicial to the interest of the company. In our opinion, there are no other guarantees given by the Company for loans taken by others from banks or financial institutions.

(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, *except for External Commercial Borrowing which was used for working capital and subsequently repaid.*

(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 Amyn Jassani
Partner
Membership No. F-46447

Place: Mumbai
Date: November 19, 2009

BALANCE SHEET

	SCHEDULE	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	**187,062**	186,971
Reserves and Surplus	B	**6,171,210**	6,324,570
		6,358,272	6,511,541
Loan Funds			
Secured Loans	C	**451,365**	434,075
Unsecured Loans	D	**458,976**	357,571
		910,341	791,646
Deferred Tax Liability (refer note B.7 of Schedule O)		**16,298**	1,501
Total		**7,284,911**	7,304,688
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		**2,845,929**	2,122,842
Less: Accumulated Depreciation and Amortisation		**1,484,213**	948,324
Net Block		**1,361,716**	1,174,518
Capital Work-in-Progress (including Capital Advances)		**1,447,098**	221,863
		2,808,814	1,396,381
Investments	F	**288,126**	1,162,198
Current Assets, Loans and Advances	G		
Interest Accrued But Not Due		**259**	5,859
Inventories		**3,207**	2,206
Sundry Debtors		**1,317,239**	1,176,021
Cash and Bank Balances		**2,837,697**	3,398,285
Loans and Advances		**338,997**	701,839
		4,497,399	5,284,210
Less: Current Liabilities and Provisions	H		
Liabilities		**185,315**	387,536
Provisions		**124,113**	150,565
		309,428	538,101
Net Current Assets		**4,187,971**	4,746,109
Total		**7,284,911**	7,304,688
Notes to the Financial Statements	O		

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

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Amyn Jassani
Partner
Membership No.F-46447

Mumbai
Date: November 19, 2009

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
Date: September 30, 2009

PROFIT AND LOSS ACCOUNT FOR THE

	SCHEDULE	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
INCOME			
Sales (refer note B.19 of Schedule O)	I	**2,203,508**	3,925,445
Other Income	J	**956,404**	62,973
Total		**3,159,912**	3,988,418
EXPENDITURE			
Cost of Sales and Services	K	**1,118,087**	2,186,201
Employee Costs	L	**183,360**	227,889
Operating and Administrative Expenses	M	**100,720**	411,235
Finance Charges	N	**27,039**	9,863
Depreciation and Amortisation	E	**535,889**	316,962
Total		**1,965,095**	3,152,150
Profit Before Taxation and Exceptional Items		**1,194,817**	836,268
Less: Provision For Taxation			
- Current Tax (includes foreign tax of (Rs.'000) 8,705 (Previous year (Rs.'000) 7,947))		**11,705**	113,642
- Deferred Tax		**14,797**	2,557
- Fringe Benefit Tax		**1,042**	2,170
- MAT Credit Entitlement		-	(91,503)
		27,544	26,866
Profit Before Exceptional Items		**1,167,273**	809,402
Less: Exceptional Items (refer note B.15 of Schedule O)		**(1,294,945)**	-
Net (Loss) / Profit		**(127,672)**	809,402
Balance Brought Forward From Earlier Years		**3,447,117**	2,795,323
Profit Available for Appropriation		**3,319,445**	3,604,725
Appropations			
Transfer to General Reserve		-	100,000
Proposed Dividend		-	46,764
Corporate Dividend Tax (includes for earlier years (Rs.'000) Nil (Previous Year (Rs.'000) 2,897))		-	10,844
Total		-	157,608
Balance Carried Forward to Balance Sheet		**3,319,445**	3,447,117
(Loss)/Earnings Per Share (refer note B.4 of Schedule O) (Face Value of Rs. 2 Per Share)			
Basic (Rs.)		**(1.37)**	8.66
Diluted (Rs.)		**(1.37)**	8.23
Earnings Per Share (excluding exceptional items) (refer note B.4 of Schedule O)			
Basic (Rs.)		**12.48**	8.66
Diluted (Rs.)		**12.48**	8.23
Notes to the Financial Statements	O		

The schedules referred 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

Amyn Jassani
Partner
Membership No.F-46447

Mumbai
Date: November 19, 2009

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
Date: September 30, 2009

CASH FLOW STATEMENT FOR THE

	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
[A] Cash Flows from Operating Activities		
Profit Before Taxation and Exceptional Items	**1,194,817**	836,268
Adjustment for :		
Depreciation and Amortisation	**535,889**	316,962
Unrealised Foreign Exchange (Gain) / Loss (Net)	**(874,073)**	76,410
Profit on Sale of Fixed Assets (Net)	-	(13,170)
Software Services and Sale of Rights to a Subsidiary	**(42,312)**	(102,772)
Miscellaneous Expenses Written Off	-	1,708
Provision for Doubtful Debts	**7,624**	103,781
Bad and Doubtful Debts Written Off	**4**	37
Provision for Diminution in Investments	-	40,100
Provision for Doubtful Loans and Advances	**6,118**	938
Stock Compensation Expense	**1,377**	2,078
Provision for Gratuity and Leave Encashment	**(1,274)**	2,768
Income Tax Refund Received for Earlier Years	**(12,149)**	-
Finance Charges	**27,039**	9,863
Interest Income	**(51,100)**	(49,667)
Operating Profit Before Working Capital Changes	**791,960**	1,225,304
Changes in Current Assets and Liabilities:		
Trade and Other Receivables	**23,312**	(484,314)
Trade Payables and Other Liabilities	**(225,758)**	182,552
Cash Generated from Operations	**589,514**	923,542
Income Taxes Refund Received/(Paid)	**20,999**	(14,963)
Net Cash Provided By Operating Activities	**610,513**	908,579
[B] Cash Flows from Investing Activities		
Purchase of Fixed Assets (Including capital advances and capital work in progress)	**(1,950,730)**	(726,822)
Sale Proceeds of Fixed Assets	-	17,294
Loans Given to Subsidiaries	**(8,244)**	(74,176)
Loan Given to Aftek Employee's Welfare Trust Received Back	**470**	940
Loan Repaid	-	4,113
Investments in Subsidiaries	-	(129)
Interest Income	**56,700**	49,667
Net Cash Used in Investing Activities	**(1,901,804)**	(729,113)

	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
[C] Cash Flows from Financing Activities		
Shares Issued under ESOP	**91**	141
Share Premium Received on ESOP	**2,464**	5,745
Proceed from Secured Loans	**1,571**	423,461
Repayment of Secured Loans	**(13,440)**	(77)
Proceed from Unsecured Loan	-	2,487
Repayment of Unsecured Loans	-	(30,096)
Payment of Dividend and Dividend Tax	**(46,719)**	(106,710)
Interest Expense	**(37,309)**	(9,863)
Net Cash (Used in) Provided By Financing Activities	**(93,342)**	285,088
Unrealised Foreign Exchange Gain /(Loss) on Cash and Cash Equivalents	**824,045**	(76,410)
Net Increase/(Decrease) in Cash and Cash Equivalents	**560,588**	388,144
Cash and Cash Equivalents - Opening Balance	**3,398,285**	3,010,141
Cash and Cash Equivalents - Closing Balance (refer Schedule G)	**2,837,697**	3,398,285

Note:

Cash and cash equivalents includes fixed deposits of (Rs.'000) 149 {Previous Year (Rs.'000) 3,259} placed with a bank against guarantees.

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Amyn Jassani
Partner
Membership No.F-46447

Mumbai
Date: November 19, 2009

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
Date: September 30, 2009

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE A : CAPITAL		
Authorised		
125,000,000 (Previous Year: 125,000,000) Equity Shares of Rs. 2 each	**250,000**	250,000
Issued, Subscribed and Paid Up		
93,530,789 (Previous Year: 93,485,512) Equity Shares of Rs. 2 each fully paid up	**187,062**	186,971
Total	**187,062**	186,971

Notes :

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, 2009, 12,029,471 equity shares were issued on conversion of 2,570 Foreign Currency Convertible Bonds (FCCBs). (refer note B.11 of Schedule O)
5) 351,318 (Previous Year: 306,041) equity shares were issued against exercise of stock options under 'Employees Stock Option Scheme 2004'. (refer note B.9 of Schedule O)
6) In 2007-08, 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) 300,000 (Previous Year: 1,200,000) equity shares represent 100,000 (Previous Year: 400,000) Global Depository Receipts (GDRs) offered in the year 2003. (refer note B.16 of Schedule O)

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SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE B : RESERVES AND SURPLUS		
General Reserve		
Balance at the Beginning of the Year	**600,608**	502,659
Add: Transferred from Profit and Loss Account	-	100,000
Less: Impact of Transitional Provisions of AS-15 (Revised) - Net of Tax	-	(2,051)
Add: Unexcercised Employee Stock Options which have Lapsed	**1,016**	-
Balance at the End of the Year	**601,624**	600,608
Securities Premium Account		
Balance at the Beginning of the Year	**2,213,123**	2,269,750
Add: Premium Received During the Year	**3,277**	5,745
Less: Premium Payable on Redemption of FCCBs	**(34,368)**	(62,372)
Balance at the End of the Year	**2,182,032**	2,213,123
Capital Reserve	**48,205**	48,205
Employee Stock Options	**11,613**	12,426
Foreign Currency Translation Reserve	**8,291**	3,091
Profit and Loss Account	**3,319,445**	3,447,117
Total	**6,171,210**	6,324,570
SCHEDULE C : SECURED LOANS		
From Banks		
Term Loan (refer note 1 and 4 below)	**410,940**	381,780
Cash Credit (refer note 2 and 4 below)	**40,425**	38,855
Bill Discounting (refer note 3 and 4 below)	-	13,440
Total	**451,365**	434,075

Notes

1. Secured by Mortgage of Land at Hinjewadi, Pune
2. Secured by Mortgage of Building Owned by Subsidiary Company, Mihir Properties Private Limited
3. Secured by Hypothecation of Book Debts.
4. Amount Repayable Within One Year is (Rs.'000) 143,160 (Previous Year: (Rs.'000) 13,440))

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE D : UNSECURED LOAN		
From Others		
1% Foreign Currency Convertible Bonds (880 FCCBs of US$ 10,000 each) (refer note B.11 of Schedule O)	**454,432**	353,584
Interest Accrued and Due	**4,544**	3,987
Total	**458,976**	357,571

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE E : FIXED ASSETS

(Rupees '000)

Description of Assets	Gross Block (At Cost)				Depreciation and Amortisation				Net Block	
	As at April 01, 2008	Additions	Deletions	As at March 31, 2009	As at April 01, 2008	For the Year	Deletions	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Tangible Assets										
Leasehold Land	10,113	-	-	10,113	268	106	-	374	9,739	9,845
Freehold Land	12,702	-	-	12,702	-	-	-	-	12,702	12,702
Factory Building	8,291	-	-	8,291	4,858	653	-	5,511	2,780	3,433
Plant and Machinery	6,944	74	-	7,018	4,733	725	-	5,458	1,560	2,211
Electrical Fittings	379	-	-	379	379	-	-	379	-	-
Computers	67,450	3,161	-	70,611	46,133	13,000	-	59,133	11,478	21,317
Air Conditioner	1,129	-	-	1,129	1,112	6	-	1,118	11	17
Furniture and Fixtures	10,110	72	-	10,182	9,689	162	-	9,851	331	421
Motor Vehicles	10,242	-	-	10,242	9,173	320	-	9,493	749	1,069
Office Equipment	3,307	9	-	3,316	2,125	366	-	2,491	825	1,182
Intangible Assets										
Intellectual Property Rights	1,978,035	719,771	-	2,697,806	866,111	517,723	-	1,383,834	1,313,972	1,111,924
Technical Know How	14,140	-	-	14,140	3,743	2,828	-	6,571	7,569	10,397
Total	**2,122,842**	**723,087**	**-**	**2,845,929**	**948,324**	**535,889**	**-**	**1,484,213**	**1,361,716**	1,174,518
Capital Work-in-Progress									1,158,683	213,139
Capital Advance									288,415	8,724
Total									2,808,814	1,396,381
Previous Year	1,455,681	672,894	5,733	2,122,842	632,971	316,962	1,609	948,324	1,396,381	

Notes

1. Capital Work-in-Progress includes Internally Generated Intangible Assets yet to be capitalised (Rs.'000) 163,358 (Previous Year: (Rs.'000) 163,358) (refer note B.17 of Schedule O)

2. Borrowing cost capitalised during the year amounts to (Rs.'000) 9,785 (Previous Year: (Rs.'000) 21,538))

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE F : INVESTMENTS		
Long Term Investments, Trade, Unquoted (at Cost)		
Investment in Subsidiary Companies		
Aftek Sales and Services Private Limited*	**100**	100
1,000 Equity Shares of Rs.100 Each Fully Paid Up		
Less: Provision for Diminution in Value	**(100)**	(100)
	-	-
Opdex 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)**	(40,000)
(refer note B.18 of Schedule O)		
	29,597	29,597
Mihir Properties Private Limited*	**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 schedule O)		
Less: Investment Written Off	**(1,002,092)**	-
(refer note B.15 of Schedule O)		
	-	1,002,092
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**	129
1 Equity Share of US$1 Fully Paid Up		
Digihome Solutions Private Limited		
2,550,000 (Previous Year: 416,327) Equity Shares of Rs.10 Each Fully Paid Up	**146,333**	18,313
(2,133,673 (Previous Year: 291,327) Equity Shares Acquired During the Year)		
(refer note B.21 of Schedule O)		
* are wholly owned subsidiary companies		
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	**288,126**	1,162,198

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES		
Interest Accrued But Not Due	**259**	5,859
Inventories		
(At Cost or Net Realisable Value, whichever is less)		
(as taken, valued and certified by the Management)		
Raw Materials, Consumables	**2,795**	1,870
Work-in-Progress	**412**	336
Total	**3,207**	2,206
Sundry Debtors		
(Unsecured Considered Good Unless Otherwise Stated)		
Debts Outstanding for More Than Six Months		
-Considered Good	**731,426**	266,347
-Considered Doubtful	**113,431**	105,807
Other Debts - Considered Good	**585,813**	909,674
	1,430,670	1,281,828
Less: Provision for Doubtful Debts	**(113,431)**	(105,807)
Total	**1,317,239**	1,176,021
Cash and Bank Balances		
Cash on Hand	**44**	137
Balance with Scheduled Banks in:		
Cash Credit Account	**8**	8
Current Account	**2,759**	5,001
Fixed Deposit Account #	**26,173**	272,702
Unclaimed Dividend Account	**4,040**	3,985
Foreign Currency Current Account*	**2,838**	680
Balance with Non Scheduled Banks in:		
Deposit Accounts		
Banco Efisa , Portugal	**1,317,453**	1,003,590
(Maximum balance outstanding at any time during the year (Rs.'000) 1,317,453 (Previous Year (Rs.'000) 1,059,397))		
Investec Bank (Switzerland) AG, Switzerland **		
Time Deposit	-	118,567
Demand Deposit	-	11,832
(Maximum balance outstanding at any time during the year (Rs.'000) 134,466 (Previous Year: (Rs.'000) 225,443))		
Current Accounts		
Banco Efisa, Portugal	**1,484,382**	1,978,793
(Maximum balance outstanding at any time during the year (Rs.'000) 3,234,916 (Previous Year: (Rs.'000) 2,688,429))		

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES (CONT.)		
Investec Bank (Switzerland) AG, Switzerland ***	-	2,990
(Maximum balance outstanding at any time during the year (Rs.'000) 144,161 (Previous Year: (Rs.'000) 10,544))		
Total	**2,837,697**	3,398,285

Fixed deposit of (Rs.'000) 149 (Previous Year: (Rs.'000) 3,259) has been placed with a bank against guarantees.

* Balance in Bank of India in Foreign Currency Current Account includes (Rs.'000) 172 (Previous Year: (Rs.'000) 232) being unutilised money of FCCB issue.

** In 2007-08 balance in Investec Bank Deposit Account includes (Rs.'000) 130,399 being unutilised money of FCCB issue.

*** In 2007-08 balance in Investec Bank Foreign Currency Current Account includes (Rs.' 000) 2,990 being unutilised money of FCCB issue.

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

Loans and Advances		
(Unsecured Considered Good Unless Otherwise Stated)		
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Considered Good	**22,526**	2,497
- Considered Doubtful	**4,534**	4,534
	27,060	7,031
Less : Provision for Doubtful Advances	**(4,534)**	(4,534)
	22,526	2,497
Loans to Subsidiary Companies	**341,126**	324,592
Less: Doubtful Advances Written Off (refer note B.15 of Schedule O)	**(292,853)**	-
	48,273	324,592
Advances for Acquisition of Investments	-	85,708
Loans to Aftek Employees' Welfare Trust (refer note B.20 of Schedule O)	**42,701**	43,171
Deposit with Body Corporates (refer note B.14 of Schedule O)	**108,139**	138,139
Security Deposit	**31,973**	16,229
Less : Provision for Doubtful Deposits	**(6,118)**	-
	25,855	16,229
MAT Credit Entitlement	**91,503**	91,503
Total	**338,997**	701,839

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Sundry Creditors (refer note B.8 of Schedule O)	**29,874**	295,676
Premium Payable on Redemption of FCCBs	**96,740**	62,372
Accrued Expenses	**36,825**	9,914
Advance from Customers	**2,998**	648
Interest Accrued But Not Due	**3,947**	4,988
Investor Education and Protection Fund to be Credited by Unclaimed Dividends*	**4,040**	3,985
Other Liabilities	**10,891**	9,953
Total	**185,315**	387,536

* There is no amount due and outstanding as at balance sheet date to be credited to the Investor Education and Protection Fund

Provisions		
Income Tax, net of taxes paid	**104,381**	83,826
Fringe Benefit Tax	**3,211**	2,170
Proposed Dividend	-	46,764
Corporate Dividend Tax	**10,834**	10,844
Gratuity	**4,194**	4,854
Compensated Absences	**1,493**	2,107
Total	**124,113**	150,565

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE

	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
SCHEDULE I : SALES		
Software Exports (refer note B.19 of Schedule O)		
Services	**2,006,402**	3,593,812
Products	**125,112**	177,280
Software Services and Sale of Rights to a Subsidiary (refer note B.21 of Schedule O)	**42,312**	102,771
Software Driven Products		
Local	**24,039**	43,955
Exports	**5,642**	7,609
	2,203,507	3,925,427
Add: Duty Drawback	**1**	18
Total	**2,203,508**	3,925,445
SCHEDULE J : OTHER INCOME		
Bank Interest (Including tax deducted at source (Rs.'000) 892 (Previous Year: (Rs.'000) 581))	**51,100**	49,667
Profit on Sale of Fixed Assets	**-**	13,170
Foreign Exchange Gain	**891,386**	-
Income Tax Refund Received for Earlier Years	**12,149**	-
Miscellaneous Income	**1,769**	136
Total	**956,404**	62,973
SCHEDULE K : COST OF SALES AND SERVICES		
Consumption of Raw Materials and Consumables		
Opening Stock	**1,870**	1,683
Add: Purchases	**13,540**	33,442
	15,410	35,125
Less: Closing Stock	**(2,795)**	(1,870)
	12,615	33,255
(Increase)/Decrease in Work in Progress		
Opening Stock	**336**	440
Closing Stock	**412**	336
	(76)	104
Software Development Expenses	**1,105,548**	2,152,842
Total	**1,118,087**	2,186,201

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE

	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
SCHEDULE L : EMPLOYEE COSTS		
Salaries, Wages and Bonus	**170,398**	212,683
Contribution to Provident Fund and Other Funds	**7,744**	9,033
Staff Welfare	**2,825**	4,095
Stock Compensation Expense	**2,393**	2,078
Total	**183,360**	227,889
SCHEDULE M: OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	**37,406**	43,358
Travelling and Conveyance	**13,256**	17,758
Professional Fees	**4,590**	12,730
Advertisement and Sales Promotion	**619**	1,821
Commission	**1,190**	796
Repairs and Maintenance		
Buildings	**128**	25
Computers	**514**	470
Others	**602**	984
Electricity Expenses	**6,456**	7,051
Rates and Taxes	**1,699**	6,252
Telephone and Communication	**3,094**	4,910
Insurance Charges	**98**	94
Research and Development Expenses	**2,287**	9,005
Commission to Non-Executive Directors	**1,620**	990
Auditors' Remuneration (refer note B.3(V) of Schedule O)	**4,922**	4,179
Foreign Exchange Loss	-	143,444
Provision for Diminution in Value of Investments	-	40,100
Provision for Doubtful Loans and Advances	**6,118**	938
Provision for Doubtful Debts	**7,624**	103,781
Bad and Doubtful Debts Written Off	**4**	37
Miscellaneous Expenses Written off	-	1,708
Miscellaneous Expenses	**8,493**	10,804
	100,720	411,235
SCHEDULE N: FINANCE CHARGES		
To Banks		
Interest on Term Loan	**13,641**	-
Interest on Cash Credit	**5,476**	4,104
Interest On Bill Discounting	**2,197**	1,772
To Others		
Interest on FCCB	**5,125**	3,987
Others	**600**	-
Total	**27,039**	9,863

SCHEDULE ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE O: 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 year.

(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 year. Key estimates include estimate of useful lives of fixed assets, income taxes, vesting of employee stock options and future obligations under employee retirement benefit plans. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and 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) Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, construction cost, borrowing costs capitalized and other direct expenditure

(iii) 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.

(d) Intangible Assets

Intangible assets are stated at cost of acquisition, less accumulated amortisation and impairment losses if any. 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) Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

(f) 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.

(g) 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.

(h) 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.

(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

Initial recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

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

Exchange differences - Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise

(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) The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the year in which services are rendered by the employees.

(iii) The Company's employees are covered under the group gratuity cum life assurance scheme with the Life Insurance Corporation of India ('LIC'). Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit/ obligation at the Balance Sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation are calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year in which such gains or losses are determined.

(iv) 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 outstanding 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 the transaction independent of the sale of the products and the costs relating to these activities are accounted as 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.

Deferred tax in respect of timing differences which originate and reverse during the tax holiday period is not recognized to the extent to which the Company's gross total income is subject to deduction during the tax holiday period.

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.

(p) Earnings Per Share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of all dilutive potential equity shares

(q) 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.

(r) 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.

B. Other Notes to the Financial Statements

1. Capital commitment :

Particulars	As at March 31, 2009 Rs. '000	As at March 31, 2008 Rs. '000
Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	294,160	255,003

2. Contingent liabilities not provided for :

	Particulars	As at March 31, 2009 Rs. '000	As at March 31, 2008 Rs. '000
(i)	Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (Rs.'000) 19,597 Previous year (Rs.'000) 24,342}	80,000	60,000
(ii)	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	4,667
	Total	84,667	64,667

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 and consumables consumed and percentage of each to total consumption:

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Rs. '000	%	Rs. '000	%
Imported raw material and consumables	7,958	63.08	2,613	7.86
Indigenous raw material and consumables	4,657	36.92	30,642	92.14
Total	12,615	100	33,255	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, 2009 Rs. '000	Year ended March 31, 2008 Rs. '000
Purchase of intellectual property rights	719,771	654,421
Purchase of software tools	713,130	6,206
Purchase of raw materials	7,095	1,864
Total	1,439,996	662,491

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

Particulars	Year ended March 31, 2009 Rs. '000	Year ended March 31, 2008 Rs. '000
Software development expenses	1,105,548	2,152,842
Interest expenses (including interest capitalized)	31,051	19,645
Travelling expenses	10,116	11,532
Foreign tax	8,705	7,947
Other expenses	3,796	4,699
Total	1,159,216	2,196,665

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

Particulars	Year ended March 31, 2009 Rs. '000	Year ended March 31, 2008 Rs. '000
Export sales	2,137,156	3,778,701
Interest on foreign fixed deposit	45,666	47,291
Total	2,182,822	3,825,992

(v) Auditors' remuneration (including service tax):

Particulars	Year ended March 31, 2009 Rs. '000	Year ended March 31, 2008 Rs. '000
i) As auditors	3,419	3,596
ii) For other services	1,503	234
iii) Out of pocket expenses	-	10
Payment to erstwhile auditors		
As auditors	-	339
Total	4,922	4,179

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

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Number of non-resident shareholders	11	7
Number of shares held	34,250	24,500
Amount remitted (Rs.'000)	17	25
Year to which dividend relates	2007-08	2006-07

(vii) Managerial remuneration:

Particulars	Year ended March 31, 2009 Rs. '000	Year ended March 31, 2008 Rs. '000
Salary	16,202	16,400
Perquisite on account of employee stock options to director	-	315
Commission to non executive directors	1,620	990
Total	17,822	17,705

The above amounts do not include provision/contribution for gratuity, which is computed for the Company as a whole.

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

Particulars	Year ended March 31, 2009 Rs. '000	Year ended March 31, 2008 Rs. '000
Net (loss)/profit after tax and exceptional items	(127,672)	809,402
Add:		
Managerial remuneration	16,202	16,715
Commission to non-executive directors	1,620	990
Provision for diminution in value of investment	-	40,100
Exceptional items (refer note B.15 of Schedule O)	1,294,945	-

Provision for doubtful loans and advances	6,118	938
Provision for doubtful debts	7,624	103,781
Provision for taxation	27,544	26,886
Depreciation as per books of account	535,889	316,962
	1,762,269	1,315,774
Less:		
Depreciation as envisaged u/s 350 of the Companies Act, 1956	535,889	316,962
Profit on sale of fixed assets	-	12,908
Income tax refund received for earlier years	12,149	-
Net profit as per section 349 of the Companies Act, 1956	1,214,231	985,904
Maximum commission permissible to non-executive directors	12,142	9,859
Commission paid to non executive directors	1,620	990

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, 2009 Rs. '000**	**Year ended March 31, 2008 Rs. '000**
Basic		
Net (loss)/profit including exceptional item available for equity shareholders (A)	(127,672)	809,402
Less: Exceptional item (refer note B.15 of Schedule O)	1,294,945	-
Net profit excluding exceptional item available for equity shareholders (B)	1,167,273	809,402
Weighted average number of equity shares outstanding (C) (in '000)	93,512	93,454
Face value of shares (in Rs.)	2	2
Basic (loss)/earnings per share, including exceptional item (A/C)	**(1.37)**	**8.66**
Basic earnings per share, excluding exceptional item (B/C)	**12.48**	**8.66**
Diluted		
Net (loss)/profit including exceptional item available for equity share holders	(127,672)	809,402
Add: Interest on FCCB (net of tax)	-	3,987
Adjusted profit including exceptional item for diluted earnings per share - (D)	(127,672)	813,389
Less: Exceptional item (refer note B.15 of Schedule O)	1,294,945	-
Adjusted profit excluding exceptional item for diluted earnings per share - (E)	1,167,273	813,389
Weighted average number of equity shares outstanding (in '000)	93,512	93,454
Weighted average number of potential shares on account of outstanding Employee Stock Options (in '000)	-	318
Weighted average number of potential shares on conversion of Foreign Currency Convertible Bonds (in '000)	-	5,099
Weighted average number of shares outstanding - (F) (in '000)	93,512	98,871
Diluted (loss)/earnings per share, including exceptional item (D/F)	**(1.37)**	**8.23**
Diluted (loss)/earnings per share, excluding exceptional item (E/F)	**12.48**	**8.23**

5. **Related party disclosures:**

(i) **List of related parties**

Name of the related party	Nature of relationship
Opdex Inc. Aftek Sales and Services Private Limited	Subsidiary Companies
Mihir Properties Private Limited	
Arexera Information Technologies Gmbh	
Arexera Information Technologies AG	
Aftek (Mauritius) Limited	
Digihome Solutions Private Limited (Associate up to January 10, 2008)	
Aftek Employees' Welfare Trust	Significantly influenced by Key Management Personnel (Controlled entities)
Aftek Employees' Gratuity Assurance Scheme	
Mr. Ranjit M. Dhuru	Key Management Personnel
Mr. Nitin K. Shukla	
Mr. Mahesh B. Vaidya (Appointed as whole time director w.e.f April 30, 2007)	
Mr. Sunil M. Desai	
Mr. Promod V. Broota (Up to April 20, 2007)	

(ii) **Related party transactions:**

(Rs. '000)

Nature	Subsidiary	Key Management Personnel	Significant Influence by Key Management Personnel	Total
Services rendered	42,924 (104,861)	- -	- -	42,924 (104,861)
Digihome Solutions Private Limited	42,312 (102,771)	- -	- -	42,312 (102,771)
Arexera Information Technologies GmbH	612 (2,090)	- -	- -	612 (2,090)
Loans and advances given	7,160 (55,553)	- -	- -	7,160 (55,553)
Arexera Information Technologies AG	4390 (43,546)	- -	- -	4,390 (43,546)
Digihome Solutions Private Limited	- (8,750)	- -	- -	- (8,750)
Opdex Inc.	2742 -	- -	- -	2,742 -
Others	28 (3,257)	- -	- -	28 (3,257)
Advances received back	- (50)	- -	470 (940)	470 (990)
Aftek Employees' Welfare Trust	- -	- -	470 (940)	470 (940)

Digihome Solutions Private Limited	- (50)	- -	- -	- (50)
Remuneration	- -	16,202 (17,705)	- -	16,202 (17,705)
Equity contribution /advances for equity	- (85,708)	- -	- -	- (85,708)
Interest accrued and due to Digihome Solutions Private Limited	1,132 (731)	- -	- -	1,132 (731)
Contribution to Aftek Employees' Gratuity Scheme	- -	- -	- (1,258)	- (1,258)
Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited	20,000 (30,000)	- -	- -	20,000 (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, 2009	**As at March 31, 2008**	**Year ended March 31, 2009**	**Year ended March 31, 2008**
Mihir Properties Private Limited	153	136	153	136
Aftek Sales and Services Private Limited	73	61	73	61
Arexera Information Technologies Gmbh {includes debtors of (Rs'000) 6,642; Previous year (Rs'000) 6,030} (Amount written off during the year)	299,495	298,883	299,495	298,883
Arexera Information Technologies AG	31,522	19,645	31,522	19,645
Digihome Solutions Private Limited	10,563	9,431	10,563	9,431
Opdex Inc.	6,009	2,465	6,009	2,465
Aftek Employees' Welfare Trust	42,701	43,171	43,171	44,111
Total	390,516	373,792	390,986	374,732

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, an interest free loan has been provided by the Company which is to be 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) 7,744{Previous Year (Rs.'000) 9,033}

(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 Company has adopted 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 previous 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, 2009 (Rs.'000)**	**Year ended March 31, 2008 (Rs.'000)**
Change in Defined Benefit Obligations		
Defined Benefit Obligations as at the beginning of the year	6,916	5,459
Service cost	1,387	1,360
Interest cost	637	526
Actuarial (gain)/loss	(1,308)	58
Benefits paid	(676)	(487)
Present value of defined benefit obligations as at year end (A)	6,956	6,916
Change in Plan Assets		
Opening plan assets, at fair value	2,062	1,758
Expected return on plan assets	230	169
Actuarial gain/(loss)	1	29
Contributions	1,145	593
Benefits paid	(676)	(487)
Fair value of plan assets as at year end (B)	2,762	2,062
Cost for the year		
Service cost	1,387	1,360
Interest cost	637	526
Expected return on plan assets	(230)	(169)
Actuarial (gain)/loss	(1,309)	29
Total net cost recognized as employee remuneration	485	1,746
Reconciliation of Benefit Obligations and Plan Assets		
Present value of defined benefit obligations as at year end (A)	6,956	6,916
Fair value of plan assets as at year end (B)	2,762	2,062
Net asset/(liability) as at year end recognised in Balance Sheet (A) - (B)	4,194	4,854
Investment details of plan assets		
The plan assets are invested in trust managed funds	-	-
Assumptions		
Discount rate	8.00%	8.00%
Salary escalation rate	5.00%	5.00%
Estimated rate of return on plan assets	8.00%	8.00%

7. Deferred Taxes

Particulars		As at March 31, 2009 (Rs.'000)	As at March 31, 2008 (Rs.'000)
A	Deferred Tax Liability on :		
	Depreciation	30,329	17,900
	(A)	**30,329**	17,900
B	Deferred Tax Asset on :		
	Provision for gratuity	-	1,222
	Provision for compensated absences	-	716
	Provision for doubtful debts (Domestic)	14,031	14,461
	(B)	**14,031**	16,399
	Net Deferred Tax Liability (A)-(B)	**16,298**	1,501

8. Dues to Micro, Small and Medium Enterprises (MSME)

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 MSME suppliers as at the end of the accounting year.

b) Interest paid during the year to MSME

c) Interest payable at the end of the accounting year.

d) Interest accrued and unpaid at the end of the accounting year to MSME

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	2008-09	2007-08	2008-09	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Options outstanding at the beginning of the year	212,317	274,574	-	21,319	40,980	50,000	50,000	224,788	-	32.74	31.11
Options granted during the year	-	-	-	-	-	-		-	224,788	-	51.90
Options exercised in respect of which shares were allotted	45,277	56,821	-	-	13,442	-	-	-		26.00	28.68
Options lapsed during the year on separation and non exercise	10,609	5,436	-	7,116	6,219	-	-	67,700	-	33.63	33.47
Options outstanding at the end of the year	156,431	212,317	-	14,203	21,319	50,000	50,000	157,088	224,788	33.34	40.59
Of which -											
Options vested	156,431	117,945	-	14,203	10,421	25,000	12,500	78,544	-		
Options Yet to vest	-	94,372	-	-	10,898	25,000	37,500	78,544	224,788		

In the previous 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 1.81 years

10. Leases

The Company has significant leasing arrangements in respect of operating leases for premises and utilities. Operating lease rental charged to revenue amount to (Rs.'000) 37,406{Previous year: (Rs.'000) 43,358}. The future minimum lease rental payments under non cancellable agreements entered on or after April 01, 2001 are as follows:

Particulars	Year ended March 31, 2009 Rs.'000	Year ended March 31, 2008 Rs.'000
Not later than one year	12,924	33,600
Later than one year and not later than five years	467	118,447
Later than Five years	-	27,820
Total	13,391	179,867

The agreements are executed for a period of 11 to 72 months with a non- cancellable period at the beginning of the agreement ranging from 0 to 24 months and having a renewable clause.

11. Foreign Currency Convertible Bonds

The Company had raised USD 34.5 million 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.

12. Segment Information

Primary Segment Information

The Company is in the 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	REVENUE			
	Year ended March 31, 2009		Year ended March 31, 2008	
	(Rs.'000)	%	(Rs.'000)	%
America	1,207,663	54.81	2,193,539	55.88
Europe	819,074	37.17	1,386,074	35.31
Japan	104,160	4.73	191,562	4.88
India	66,352	3.01	154,270	3.93
Others	6,259	0.28	-	-
Total	2,203,508	100.00	3,925,445	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)

Advance to Creditors	Rs. 19,624 (USD 380) (PY: Nil).
Creditors	Rs. Nil/- (PY: Rs. 234,217; USD 5,829)
Export Debtors	Rs. 1,387,997 (USD 19,270; EURO 6,348) (PY: Rs. 1,236,566 ; USD 20,588; EURO 6,827)
Foreign Currency Bank Account	Rs. 2,804,673 (USD 38,014; EURO 13,397) (PY: Rs.3,116,451; USD 68,212; EURO 6,854)
Term Loan	Rs. 410,940 (EURO 6,000) (PY: Rs.381,780; EURO 6,000)
Unsecured Loan	Rs. 458,976 (USD 8,888) (PY: Rs. 357,571; USD 8,888)
Loans and Advances to Subsidiaries	Rs. 37,531 (USD 119, CHF 718) (PY: Rs. 314,963; USD 561; EURO 4,709)

14. At the beginning of the year, the Company had outstanding Interest Free Deposits with Body Corporates aggregating (Rs '000) 138,139. These deposits were given prior to 2003 to Company's various business associates for the business development. During the current year, an amount of (Rs '000) 30,000 has been received. Further, subsequent to balance sheet date, the management has recovered (Rs'000) 27,500 of the dealer deposit. In respect of balance receivables of Rs 80,639, the management is taking appropriate steps for recovery of these dues. Consequently no provision is considered necessary at this stage.

15. The Company had investment of (Rs'000) 1,002,092 in shares of Arexera Information Technologies GmbH (Arexera GmbH), its wholly-owned subsidiary, and also had outstanding loans receivable of (Rs '000) 292,853. The net worth of Arexera GmbH is eroded; however it has Intellectual Property Rights. Due to poor financial performance and cash flow issues, some of the employees served Arexera GmbH with a notice for liquidation, which ultimately led to appointment of liquidator for closure. Considering the realizable value of the residual assets of Arexera GmbH, in the current year management has written off investment and outstanding loan receivable aggregating to (Rs'000)

1,294,945, which is disclosed as an exceptional item in Profit and Loss Account . Arexera Information Technologies AG, another wholly owned subsidiary of the Company has entered into an agreement with the liquidator to acquire all rights of Arexera GmbH and the same is not yet concluded.

16. The Company had issued 1,333,100 Global Depository Receipts (GDRs) on February 07, 2003 at a price of USD 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 December 29, 2003, equity shares of Rs.10 each were sub-divided into smaller denomination of Rs.2 each for which the Company had fixed January 29, 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 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 GDRs.

100,000 numbers of GDRs representing 300,000 equity shares were outstanding as at March 31, 2009.

As stated above, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 was outstanding as at March, 31, 2009. In the event these FCCB are converted into GDR, it would result into issuance of 1,699,734 numbers of GDRs representing 5,099,202 numbers of equity shares.

17. During an earlier year, the Company had developed a software (project) costing (Rs ‘000) 163,358, which is pending completion of final testing on live data and has been classified under Capital-Work-In-Progress. The project has been delayed for last two years due to slow progress of business arrangement with an existing anchor customer. Management is in process of carrying out an evaluation for impairment. The management believes that there would not be any significant impairment loss, considering the market potential of the product. Management believes that the technology used in the project is highly advanced and will not become obsolete in the near future.

18. The Company has an investment (net of provision) of (Rs ‘000) 29,597 in Opdex Inc (Opdex), a wholly owned subsidiary and it has also granted loans and advances of (Rs ‘000) 6,009 to Opdex, whose accumulated losses substantially exceed its paid up capital. The management has initiated series of steps to revive the business of Opdex, including providing additional funds and deputing a senior employee to head the operations of Opdex. The management believes that Company’s investment in Opdex is strategic and diminution in value, if any, is only temporary. In view of the foregoing, the management believes that provision made is sufficient and no further loss is anticipated on diminution in the value of said investment. Management also believes that dues from Opdex are fully recoverable.

19. The Company is engaged in creating new technologies and products or modify the same for overseas clients which result into Intellectual Property Rights for the clients which are significant to client’s core business strategy. In relation to export sales of software products and services amounting to (Rs ‘000) 2,131,514, the relevant documentary evidence, specifically the development proposal / statement of works (primary contractual arrangement for revenue) which defines the contract value, project deliverables, schedule for delivery, project milestone, terms for payment and mode for acceptance by customer, etc could not be disclosed due to the restrictions imposed by the Non disclosure Agreements (NDA) with the customers. Management believes that any such disclosure would result in a breach of the NDA and could lead to significant loss of business to the Company. As an alternative, summary of financial terms extracted from these contractual arrangements for revenue, email communication from customer for acceptance of hours billed and reconciliation of available man-hours with hours billed (including equivalent man hours for intellectual property utilized) has been certified by management and provided for audit. Senior management closely monitors the billing process and believes that revenue recognised by the company is in accordance with the provisions of Accounting Standard 9 - “Revenue Recognition”.

20. In early 2005, the Company had given loans Aftek Employees’ Welfare Trust (‘Trust’) which has made invested in the equity share of the Company. The amount outstanding as at 31st March 2009 is (Rs ‘000) 42,701. The Trust owns 947,500 shares of the Company which based on market value as at 30 September 2009 is (Rs ‘000) 18,950 and based on book value of the shares is (Rs ‘000) 64,430. The management believes that current fall in market value is only temporary and based on the book value of the shares, the net worth of the trust is adequate for it to be able to repay the loan and Company therefore does not anticipate any loss against such loans.

21. 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, in 2007-08, the Company also rendered software services to DSPL at a consideration of (Rs.'000) 85,708, which was to be received by allotment of 1,428,473 equity shares of Rs.10 each in DSPL at a premium of Rs.50 per share which was shown as advance against equity as at March 31, 2008 on account of pending allotment.

During the current year, the Company has transferred the balance technology rights for a consideration of (Rs'000) 42,312 payable by allotment of 705,200 shares in DSPL at a premium of Rs. 50 per share. All the balance outstanding shares of DSPL aggregating to 2,133, 673 have been issued during the year.

Further, the Company had also given loan to DSPL and the outstanding balance as at the year end amounted to (Rs.'000) 10,563. 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. However, provisions of section 299 are applicable and hence section 301 applies to the Company. However, inadvertently, the necessary entries were not made in the Register of Contracts and hence the provisions of section 301 have not been complied with.

22. Schedules - A to O form an integral part of the financial statements accounts and has been duly authenticated.

Signatures to Schedules A to O

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Amyn Jassani
Partner
Membership No. F-46447

Mumbai,
November 19, 2009

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, 2009

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.	L57220MH1986PLCO39342	State Code :	11
Balance-sheet	31st March, 2009		

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

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	90*

*Equity shares of Rs.02/- each allotted under Employee Stock Option Scheme during the year.

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

Total Liabilities	7,284,911	Total Assets	7,284,911
Sources of Funds			
Paid-up Capital	187,062	Reserve & Surplus	6,171,210
Share Application Money	-	Secured Loans	451,365
Deferred Tax Liability	16,298	Unsecured Loans	458,976
Application of Funds			
Net Fixed Assets	1,361,716	Investments	288,126
Net Current Assets	4,187,971	Misc. Expenditure	-
Capital Work-in-Progress	1,447,098	Accumulated Losses	-

IV. Performance of Company (Amount in Rs. Thousands).

Turnover/Total Income	3,159,912	Total Expenditure	1,965,095
+ - Profit/(Loss) Before Tax	1,194,817	**+ - Profit/(Loss) After Tax**	1,167,273
+ (-) Exceptional items	(1,294,945)		
Earning Per Share in Rs.		Dividend Rate	-
- Basic (-)	(-) 1.37		
- Diluted (-)	(-) 1.37		

V. Generic Names of Three Principal Products/Services of Company

Product Description: Computer Software Item Code : 85249009.10

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, 2009.

Auditors' Report

To

The Board of Directors of Aftek Limited

1. We have audited the attached Consolidated Balance Sheet of Aftek Limited (the 'Company') and its subsidiaries (together referred to as 'the Group') as at March 31, 2009 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 Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. *Except as discussed in paragraph 4 below*, 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.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. ('000) 254,463 as at March 31, 2009, total sales of Rs. ('000) 42,769 and net cash flows amounting to Rs. ('000) 296 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.
4. *As stated in note B.18 to Schedule O, in view of non disclosure agreements entered into by the Company with its customers, we were unable to verify certain commercial documents which define the terms of arrangements, based on which the revenue is recognised for export sale of software products and services entered, into between the Company and its customers and have therefore relied on the summary of relevant extracts of these commercial documents certified by the management.*
5. Without qualifying our opinion, we draw attention to note B.19 to Schedule O, wherein as explained, the Management has given loans of (Rs '000) 42,701 to Aftek Employees' Welfare Trust ('Trust') which has invested in the equity share of the Company. The Trust's ability to repay the loan to the company is contingent on the valuation of the investments held by the trust.
6. We report that:

   6.1. *As stated in note B.14 to Schedule 0, management has not considered any provision in respect of old outstanding loans and advances aggregating (Rs '000) 80,639[previous year (Rs.'000) 138,139], which in our opinion, are doubtful of recovery. Consequently, loans and advances are overstated and net loss for the year is understated by (Rs '000) 80,639. This matter was also qualified in the previous year.*

   6.2. *As stated in note B.17 to Schedule 0, during an earlier year, the Company had developed software costing (Rs '000) 163,358, where the relevant project has been delayed for more than two years and hence such software could be impaired. Management is in the process of carrying out an evaluation for impairment. Pending completion of impairment testing, the impact of non provision of impairment loss, if any, is presently not ascertainable.*
7. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard ('AS') 21 'Consolidated Financial Statements', notified pursuant to the Companies (Accounting Standards) Rules, 2006
8. In our opinion and to the best of our information and according to the explanations given to us, *except to the effects of such adjustments, if any, as might have been determined to be necessary had we been able to perform the scope of our work in relation to export sale of software products and services and sundry debtors as stated in paragraph 4 above and our comments in paragraph 6 above*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

   (i) the Consolidated Balance sheet, of the state of affairs of the Group as at March 31, 2009;

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

   (iii) 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 Amyn Jassani
Partner
Membership No. F-46447

Place : Mumbai
Date : November 19, 2009

CONSOLIDATED BALANCE SHEET

	SCHEDULE	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	**187,062**	186,971
Reserves and Surplus	B	**5,946,055**	6,024,296
Minority Interest		-	3,095
Loan Funds			
Secured Loans	C	**494,796**	458,417
Unsecured Loans	D	**459,420**	357,571
Deferred Tax Liability (refer note B.7 of Schedule O)		**16,298**	1,501
Total		**7,103,631**	7,031,851
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		**2,885,752**	2,165,142
Less: Accumulated Depreciation and Amortisation		**1,493,590**	959,570
Net Block		**1,392,162**	1,205,572
Capital Work-in-Progress (including capital advances)		**1,449,501**	221,863
		2,841,663	1,427,435
Goodwill Arising On Consolidation		**35,340**	1,022,909
Investments	F	**40,807**	214,604
Current Assets, Loans and Advances	G		
Interest Accrued But Not Due		**262**	5,859
Inventories		**35,444**	18,340
Sundry Debtors		**1,346,582**	1,180,889
Cash and Bank Balances		**2,843,011**	3,406,704
Loans and Advances		**296,565**	338,845
		4,521,864	4,950,637
Less: Current Liabilities and Provisions	H		
Liabilities		**211,930**	433,201
Provisions		**124,113**	150,533
		336,043	583,734
Net Current Assets		**4,185,821**	4,366,903
Total		**7,103,631**	7,031,851
Notes to the Consolidated Financial Statements	O		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

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

Amyn Jassani
Partner
Membership No. F-46447

Mumbai, November 19, 2009

For and on behalf of the Board of Directors

Ranjit M. Dhuru
Chairman and Managing Director

Nitin K. Shukla
Director Finance

C.G. Deshmukh
Company Secretary

Mumbai, November 19, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE

	SCHEDULE	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
INCOME			
Sales (refer note B.18 of Schedule O)	I	**2,203,966**	3,884,996
Other Income	J	**955,560**	62,657
Total		**3,159,526**	3,947,653
EXPENDITURE			
Cost of Sales and Services	K	**1,122,278**	2,204,198
Employee Costs	L	**210,814**	302,476
Operating and Administrative Expenses	M	**110,460**	543,778
Finance Charges	N	**32,986**	10,683
Depreciation and Amortisation (including amortisation of Goodwill amounting to Rs.('000) 1040)	E	**538,995**	323,294
Total		**2,015,533**	3,384,429
Profit Before Taxation and Exceptional Items		**1,143,993**	563,224
Less: Provision For Taxation			
-Current Tax(includes foreign tax of (Rs.'000) 8,705 (Previous year (Rs.'000) 7,947))		**11,742**	113,675
-Deferred Tax		**14,797**	2,557
-Fringe Benefit Tax		**1,119**	2,244
-Minimum Alternate Tax Credit Entitlement		-	(91,503)
		27,658	26,973
Profit Before Exceptional Items		**1,116,335**	536,251
Less:Exceptional item(refer note B.15 of Schedule O)		**(1,203,659)**	-
Net (Loss)/Profit Before Share of Loss in Associate and Share of Minority Interest in Loss		**(87,324)**	536,251
Share of Loss in Associate		-	(238)
Share of Minority Interest in Loss		**5,145**	3,586
Net (Loss)/Profit		**(82,179)**	539,599
Balance Brought Forward from Earlier Years		**3,172,754**	2,790,763
Profit Available for Appropriation		**3,090,575**	3,330,362
Appropriations			
Transfer to General Reserve		-	100,000
Proposed Dividend		-	46,764
Corporate Dividend Tax		-	10,844
Total		-	157,608
Balance carried forward to Balance Sheet		**3,090,575**	3,172,754
(Loss)/Earnings Per Share			
(refer note B.8 of Schedule O) (Face Value of Rs. 2 Per Share)			
Basic (Rs.)		**(0.88)**	5.77
Diluted (Rs.)		**(0.88)**	5.50
Earnings Per Share (excluding exceptional items)			
(refer note B.8 of Schedule O)			
Basic (Rs.)		**11.99**	5.77
Diluted (Rs.)		**11.99**	5.50
Notes to the Consolidated Financial Statements	O		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

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

Amyn Jassani
Partner
Membership No. F-46447
Mumbai, November 19, 2009

For and on behalf of the Board of Directors

Ranjit M. Dhuru
Chairman and Managing Director

Nitin K. Shukla
Director Finance

C.G. Deshmukh
Company Secretary

Mumbai, November 19, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE

		YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
[A]	**Cash Flows from Operating Activities**		
	Profit Before Taxation and Exceptional Items	**1,143,993**	563,224
	Adjustment for :		
	Depreciation and Amortisation	**538,995**	323,294
	Unrealised Foreign Exchange (Gain) / Loss (Net)	**(874,902)**	63,699
	Profit on Sale of Fixed Assets (Net)	-	(13,170)
	Provision for Doubtful Debts	**7,624**	241,635
	Provision for Doubtful Loans and Advances	**6,118**	938
	Stock Compensation Expense	**1,377**	2,078
	Provision for Gratuity and Leave Encashment	**(1,274)**	2,768
	Income Tax Refund Received for Earlier Years	**(12,149)**	-
	Miscellaneous Expenses Written Off	-	2,116
	Insurance Claims Received	**(144)**	-
	Finance Charges	**32,986**	10,483
	Interest Income	**(51,177)**	(49,003)
	Operating Profit Before Working Capital Changes	**791,447**	1,148,062
	Changes in Current Assets and Liabilities:		
	Trade and Other Receivables	**(8,968)**	(422,321)
	Trade Payables and Other Liabilities	**(214,681)**	115,989
	Cash Generated from Operations	**567,798**	841,730
	Income Taxes Refund Received/(Paid)	**20,963**	(14,943)
	Net Cash Provided By Operating Activities	**588,761**	826,787
[B]	**Cash Flows from Investing Activities**		
	Purchase of Fixed Assets (Including capital advances and capital work in progress)	**(1,953,145)**	(726,957)
	Sale Proceeds of Fixed Assets	-	17,294
	Loan Given to Aftek Employee's Welfare Trust Received Back	**470**	5,095
	Interest Income	**56,774**	49,003
	Net Cash Used in Investing Activities	**(1,895,901)**	(655,565)

	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
[C] Cash Flows from Financing Activities		
Shares Issued under ESOP	**91**	141
Share Premium Received on ESOP	**2,464**	5,745
Proceed from Secured Loans	**20,659**	429,266
Repayment of Secured Loans	**(13,440)**	(77)
Proceed from Unsecured Loan	**1,555**	-
Repayment of Unsecured Loans	-	(27,598)
Payment of Dividend and Dividend Tax	**(46,719)**	(106,710)
Interest Paid	**(37,309)**	(10,483)
Net Cash (Used in) Provided By Financing Activities	**(72,699)**	290,284
Unrealised Foreign Exchange Gain /(Loss) on Cash and Cash Equivalents	**816,145**	(88,069)
Net Increase/(Decrease) in Cash and Cash Equivalents	**(563,693)**	373,437
Cash and Cash Equivalents - Opening Balance	**3,406,704**	3,033,267
Cash and Cash Equivalents - Closing Balance (refer Schedule G)	**2,843,011**	3,406,704

Note:

Cash and cash equivalents includes fixed deposits of (Rs.'000) 149 {Previous Year (Rs.'000) 3,259} placed with a bank against guarantees.

As per our report of even date attached

For Walker, Chandiok & Co
Chartered Accountants

Amyn Jassani
Partner
Membership No.F-46447

Mumbai
Date: November 19, 2009

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman and Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Mumbai
Date: November 19, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE A: CAPITAL		
Authorised		
125,000,000 (Previous year 125,000,000) Equity Shares of Rs. 2 each	**250,000**	250,000
Issued, Subscribed and Paid Up		
93,530,789 (Previous year 93,485,512) Equity Shares of Rs.2 each fully paid up	**187,062**	186,971
Total	**187,062**	186,971

Notes:

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 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, 2009, 12,029,471 equity shares were issued on conversion of 2,570 Foreign Currency Convertible Bonds (FCCBs). (refer note B.11 of schedule O)
5) 351,318 (Previous Year 306,041) equity shares were issued against exercise of stock options under 'Employees Stock Option Scheme 2004'. (refer note B.9 of schedule O)
6) In 2007-08, 6,150,000 equity shares were issued to the shareholders of erstwhile Elven Micro Circuits PrivateLimited in pursuance of merger of Elven Micro Circuits Private Limited with the Company.
7) 300,000 (Previous Year: 1,200,000) equity shares represent 100,000 (Previous Year: 400,000) Global Depository Receipts (GDRs) offered in the year 2003.(refer note B.16 of Schedule O)

SCHEDULE B: RESERVES AND SURPLUS		
General Reserve		
Balance at the Beginning of the Year	**600,608**	502,659
Add: Transferred from Profit and Loss Account	-	100,000
Less: Impact of Transition Provision of AS-15 (Revised) - Net of Tax	-	(2,051)
Add: Unexercised Employee Stock Options which have Lapsed	**1,016**	-
Balance at the End of the Year	**601,624**	600,608
Securities Premium Account		
Balance at the Beginning of the Year	**2,213,123**	2,269,750
Add: Premium Received During the Year	**3,277**	5,745
Less: Premium Payable on Redemption of FCCBs	**(34,368)**	(62,372)
Balance at the End of the Year	**2,182,032**	2,213,123

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE B: RESERVES AND SURPLUS (Contd.)		
Capital Reserve	**48,205**	48,205
Employee Stock Options	**11,613**	12,426
Foreign Currency Translation Reserve	**12,006**	(22,820)
Profit and Loss Account	**3,090,575**	3,172,754
Total	**5,946,055**	6,024,296
SCHEDULE C: SECURED LOANS		
From Banks		
Term Loan (refer note 1 below)	**430,777**	381,780
Cash Credit Facilities (refer note 2 below)	**64,019**	38,855
Working Capital Demand Loan (refer note 3 below)	-	24,342
Bills Discounting Facility (refer note 3 below)	-	13,440
Total	**494,796**	458,417

Notes

1. Secured by Mortgage of Land at Hinjewadi, Pune
2. Secured by Mortgage of Building
3. Secured by Hypothecation of Book Debts.

SCHEDULE D: UNSECURED LOANS		
From others		
1% Foreign Currency Convertible Bonds (880 FCCBs of US$ 10,000 each) (refer note B.11 of schedule O)	**454,432**	353,584
Interest Accrued and Due	**4,544**	3,987
Loan from Director	**444**	-
Total	**459,420**	357,571

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE E: FIXED ASSETS

(Rupees '000)

Description of Assets	Gross Block (At Cost)				Depreciation and Amortisation				Net Block	
	As at April 01, 2008	Additions	Deletions	As at March 31, 2009	As at April 01, 2008	For the Year	Deletions	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Tangible Assets										
Leasehold Land	10,113	-	-	10,113	268	106	-	374	9,739	9,845
Freehold Land	12,702	-	-	12,702	-	-	-	-	12,702	12,702
Factory Building	8,291	-	-	8,291	4,858	653	-	5,511	2,780	3,433
Buildings	30,964	-	-	30,964	2,906	387	-	3,293	27,671	28,058
Plant and Machinery	10,882	944	-	11,826	5,996	1,604	-	7,600	4,226	4,886
Electrical Fittings	379	-	-	379	379	-	-	379	-	-
Computers	73,834	3,264	4,896	72,202	53,029	13,639	3,934	62,734	9,468	20,804
Air Conditioners	1,130	-	-	1,130	1,112	6	-	1,118	12	18
Furniture and Fixtures	10,343	1,519	-	11,862	9,735	323	-	10,058	1,804	608
Motor Vehicles	10,242	-	-	10,242	9,173	320	-	9,493	749	1,069
Office Equipment	3,307	9	-	3,316	2,125	366	-	2,491	825	1,182
Intangible Assets										
Intellectual Property Rights	1,978,189	719,771	-	2,697,960	866,245	517,723	-	1,383,968	1,313,992	1,111,945
Technical Know How	14,765	-	-	14,765	3,743	2,828	-	6,571	8,194	11,022
Total	**2,165,141**	**725,507**	**4,896**	**2,885,752**	**959,569**	**537,955**	**3,934**	**1,493,590**	**1,392,162**	1,205,572
Capital Work-in-Progress									1,158,683	213,139
Capital Advance									290,818	8,724
Total									2,841,663	1,427,435
Previous year	1,491,696	679,178	5,733	2,165,141	637,887	323,294	1,609	959,569	1,427,435	

Notes:

1. Capital Work-in-Progress includes Internally Generated Intangible Assets yet to be capitalised (Rs.'000) 163,358 (Previous Year: (Rs.'000) 163,358) (refer note B.17 of Schedule O)

2 Borrowing cost capitalised during the year amounts to (Rs.'000) 9,785 (Previous Year: (Rs.'000) 21,538))

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
SCHEDULE F: INVESTMENTS		
Long Term Investment, Trade, Unquoted (at Cost)		
In others		
Elven Technologies Private Limited 82,500 (Previous year: 82,500) equity shares of Rs. 10 each fully paid up	**825**	825
V Soft Inc. (USA) 164,250 (Previous year: 164,250) equity shares of US $5.48 each fully paid up	**39,982**	39,982
Seekport Internet Technologies GmbH (Nil (Previous year: 24,750,000) equity shares)	-	173,797
Total	**40,807**	214,604
SCHEDULE G: CURRENT ASSETS, LOANS AND ADVANCES		
Interest Accrued But Not Due	**262**	5,859
Inventories		
Raw Materials, Consumables	**35,031**	18,004
Work-in-Progress	**413**	336
Total	**35,444**	18,340
Sundry Debtors		
(Unsecured Considered Good Unless Otherwise Stated)		
Debts Outstanding for More Than Six Months		
-Considered Good	**731,426**	264,571
-Considered Doubtful	**113,431**	243,661
Others Debts - Considered Good	**615,156**	916,318
	1,460,013	1,424,550
Less: Provision for Doubtful Debts	**(113,431)**	(243,661)
Total	**1,346,582**	1,180,889
Cash and Bank Balances		
Cash on Hand	**2,703**	293
Balance with Scheduled Banks in		
Cash Credit Account	**2,649**	559
Current Account	**2,773**	5,017
Fixed Deposit Account #	**26,173**	272,702
Unclaimed Dividend Account	**4,040**	3,985
Foreign Currency Current Account*	**2,838**	680
Balance with Non Scheduled Banks in		
Deposit Accounts		
Banco Efisa, Portugal	**1,484,382**	1,003,590
Investec Bank (Switzerland) AG, Switzerland **		
- Time Deposit	-	118,567
- Demand Deposit	-	11,832
Current accounts		
Muenchner Bank, Germany	-	3,947
Zuercher Kantonal Bank, Switzerland	-	3,749
Banco Efisa , Portugal	**1,317,453**	1,978,793
Investec Bank (Switzerland) AG, Switzerland ***	-	2,990
Total	**2,843,011**	3,406,704

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000

SCHEDULE G: CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

Fixed deposit of (Rs.'000) 149 {Previous Year (Rs.'000) 3,259 } has been placed with a bank against guarantees.

* Balance in Bank of India in Foreign Currency Current Account includes (Rs.'000) 172 {Previous year (Rs.000) 232} being unutilised money of FCCB issue.

** In 2007-08 balance in Investec Bank Deposit Account includes (Rs.'000) 130,399 being unutilised money of FCCB issue.

*** In 2007-08 balance in Investec Bank Foreign Currency Current Account includes (Rs.' 000) 2,990 being unutilised money of FCCB issue.

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

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
Loans and Advances		
(Unsecured Considered Good Unless Otherwise Stated)		
Advances Recoverable in Cash or in Kind or for Value to be Received		
-Considered Good	**28,237**	49,533
-Considered Doubtful	**4,534**	4,534
	32,771	54,067
Less: Provision for Doubtful Advances	**(4,534)**	(4,534)
	28,237	49,533
Loans to Aftek Employee's Welfare Trust(refer note B.19 of Schedule O)	**42,701**	43,171
Deposit with Body Corporates (refer note B.14 of schedule O)	**108,139**	138,139
Security Deposit	**32,103**	16,499
Less : Provision for Doubtful Deposits	**(6,118)**	-
	25,985	16,499
Minimum Alternate Tax Credit Entitlement	**91,503**	91,503
Total	**296,565**	338,845

SCHEDULE H: CURRENT LIABILITIES AND PROVISIONS

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
Liabilities		
Sundry Creditors	**79,282**	338,987
Advance from Customers	**14,569**	3,476
Premium Payable on Redemption of FCCBs	**96,740**	62,372
Investor Education and Protection Fund to be Credited by Unclaimed Dividends*	**4,040**	3,985
Interest accrued but not due	**3,947**	
Other Liabilities	**13,352**	24,381
Total	**211,930**	433,201

* There is no amount due and outstanding as at balance sheet date to be credited to the Investor Education and Protection Fund

	AS AT MARCH 31, 2009 Rupees'000	AS AT MARCH 31, 2008 Rupees'000
Provisions		
Income Tax, net of taxes paid	**104,381**	83,794
Fringe Benefit Tax	**3,211**	2,170
Proposed Dividend	-	46,764
Corporate Dividend Tax	**10,834**	10,844
Gratuity	**4,194**	-
Compensated Absences	**1,493**	6,961
Total	**124,113**	150,533

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE

	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
SCHEDULE I: SALES		
Software Exports(refer note B.18 of Schedule O)		
Services	**2,049,172**	3,655,064
Products	**125,112**	177,280
Software Driven Products		
Local	**24,039**	45,025
Exports	**5,642**	7,609
	2,203,965	3,884,978
Add: Duty Drawback	**1**	18
Total	**2,203,966**	3,884,996
SCHEDULE J: OTHER INCOME		
Bank Interest	**51,177**	49,003
Profit on Sale of Fixed Assets	-	13,170
Foreign Exchange Gain	**891,386**	-
Income Tax Refund Received for Earlier Years	**12,149**	-
Miscellaneous Income	**848**	484
Total	**955,560**	62,657
SCHEDULE K: COST OF SALES AND SERVICES		
Consumption of Raw Materials and Consumables		
Opening Stock	**18,004**	1,683
Add: Stock acquired on acquisition	-	16,245
Add: Purchases	**33,834**	35,314
	51,838	53,242
Less: Closing Stock	**(35,031)**	(18,004)
	16,807	35,238
(Increase)/Decrease in Work-in-Progress		
Opening Stock	**336**	440
Closing Stock	**(413)**	(336)
	(77)	104
Software Development Expenses	**1,105,548**	2,168,856
Total	**1,122,278**	2,204,198

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE

	YEAR ENDED MARCH 31, 2009 Rupees'000	YEAR ENDED MARCH 31, 2008 Rupees'000
SCHEDULE L: EMPLOYEE COSTS		
Salaries, Wages and Bonus	**197,713**	286,670
Contribution to Provident Fund and Other Funds	**7,744**	9,033
Staff Welfare	**2,964**	4,695
Stock Compensation Expense	**2,393**	2,078
Total	**210,814**	302,476
SCHEDULE M:		
OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	**38,879**	51,781
Travelling and Conveyance	**15,233**	21,884
Professional Fees	**5,271**	29,199
Advertisement and Sales Promotion	**2,057**	4,612
Auditors' Remuneration	**5,103**	4,730
Commission	**1,285**	873
Commission paid to Non-Executive Directors	**1,620**	990
Electricity Expenses	**6,582**	7,087
Insurance Charges	**191**	111
Miscellaneous Expenses Written Off	-	2,116
Provision for Doubtful Loans and Advances	**6,118**	938
Provision for Doubtful Debts	**7,624**	236,753
Rates and Taxes	**1,736**	6,428
Repairs and Maintenance	**1,288**	3,236
Research and Development Expenses	**2,316**	9,005
Telephone and Communication	**3,739**	8,269
Bad and Doubtful Debts written off	**4**	37
Foreign Exchange Loss	-	143,444
Miscellaneous Expenses	**11,414**	12,285
Total	**110,460**	543,778
SCHEDULE N: FINANCE CHARGES		
Bank Charges	**1,160**	200
Bill Discounting Charges	**2,197**	1,676
Interest on cash credit	**5,476**	4,104
Interest on FCCB	**5,125**	3,987
Interest to others	**19,028**	716
Total	**32,986**	10,683

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE O : 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 comply in all material aspects 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. 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 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 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 the 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. 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 year. Key estimates include estimate of useful lives of fixed assets, income taxes, vesting of employee stock options and future obligations under employee retirement benefit plans. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

b. 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) Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, construction cost, borrowing costs capitalized and other direct expenditure

(iii) 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.

c. Intangible Assets

Intangible assets are stated at cost of acquisition, less accumulated amortisation and impairment losses if any. 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.

d. Impairment of Assets

The carrying amounts of the Group's assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

e. 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 Group's obligations or any outstanding 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 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 the transaction independent of the sale of the products and the costs relating to these activities are accounted as cost of revenues.

Interest income is accounted on a time proportion basis.

f. 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.

g. 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 estimates.

h. Investments

The Group 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.

i. Inventories

Inventories are valued at lower of cost and net realizable value. Cost of inventories comprises 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.

j. 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.

k. 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 expense in the same period in which the gain or loss on disposal is recognized

l. Employee Benefits

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

(ii) Employees of the 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 Group 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) Employees of the 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.

m. 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.

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.

Deferred tax in respect of timing differences which originate and reverse during the tax holiday period is not recognized to the extent to which the Group's gross total income is subject to deduction during the tax holiday period.

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 Liabilities

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 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 Group.

q. 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.

B. Other Notes to Consolidated Financial Statements

1. Details of subsidiaries whose financial statements have been consolidated as at March 31, 2009 are given below:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest	
		March 31, 2009	March 31, 2008
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%	51%
Opdex Inc.	USA	100%	100%
Aftek (Mauritius) Limited	Mauritius	100%	100%
Arexera Information Technologies Gmbh	Germany	-	100%
Arexera Information Technologies AG	Switzerland	100%	100%

During the year, Arexera Information Technologies Gmbh ('Arexara')has initiated liquidation proceedings and the Group does not control the operations of Arexara and accordingly the same is not consolidated in the current year. (Refer note B.15 for more details). Financial statements of Arexera Information Technologies AG were drawn up to December 31, 2008. Accordingly, adjustments were made as per management's best estimates for the effects of significant transactions and events that occurred between December 31, 2008 and the date of the Company's financial statements being March 31, 2009.

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 statements.

3. **Capital commitment :**

Particulars	**As at March 31, 2009 Rs. '000**	**As at March 31, 2008 Rs. '000**
Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	294,160	255,003
Total	**294,160**	255,003

4. **Contingent liabilities not provided for :**

Particulars	**As at March 31, 2009 Rs. '000**	**As at March 31, 2008 Rs. '000**
(i) Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited	80,000	60,000
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	4,667
Total	**84,667**	64,667

5. **Related party disclosures:**

(i) **List of related parties**

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

(ii) **Related party transactions:**

(Rs. '000)

Nature	**Key Management Personnel**	**Significant Influence by Key Management Personnel**	**Total**
Loans and advances received back	- -	470 (940)	470 (940)
Remuneration	16,202 (17,705)	- -	16,202 (17,705)
Contribution to Aftek Employees' Gratuity Scheme	- -	- (1,258)	- (1,258)

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, 2009	As at March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2008
Aftek Employees' Welfare Trust	42,701	43,171	43,171	44,111

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, an interest free loan has been provided by the Company which is to be 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) 7,744{Previous Year (Rs.'000) 9,033}

(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 Company has adopted 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 previous 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, 2009 (Rs.'000)	Year ended March 31, 2008 (Rs.'000)
Change in Defined Benefit Obligations		
Defined Benefit Obligations as at the beginning of the year	6,916	5,459
Service cost	1,387	1,360
Interest cost	637	526
Actuarial (gain)/loss	(1,308)	58
Benefits paid	(676)	(487)
Present value of defined benefit obligations as at year end (A)	6,956	6,916
Change in Plan Assets		
Opening plan assets, at fair value	2,062	1,758
Expected return on plan assets	230	169
Actuarial gain/(loss)	1	29
Contributions	1,145	593
Benefits paid	(676)	(487)
Fair value of plan assets as at year end (B)	2,762	2,062
Cost for the year		
Service cost	1,387	1,360
Interest cost	637	526
Expected return on plan assets	(230)	(169)
Actuarial (gain)/loss	(1,309)	29
Total net cost recognized as employee remuneration	485	1,746

Reconciliation of Benefit Obligations and Plan Assets for the year		
Present value of defined benefit obligations as at year end (A)	6,956	6,916
Fair value of plan assets as at year end (B)	2,762	2,062
Net asset/(liability) as at year end recognised in Balance Sheet (A) - (B)	4,194	4,854
Investment details of plan assets		
The plan assets are invested in trust managed funds	-	-
Assumptions		
Discount rate	8.00%	8.00%
Salary escalation rate	5.00%	5.00%
Estimated rate of return on plan assets	8.00%	8.00%

7. **Deferred Taxes**

Particulars	**As at March 31, 2009 (Rs.'000)**	**As at March 31, 2008 (Rs.'000)**
A Deferred Tax Liability on :		
Depreciation	30,329	17,900
(A)	30,329	17,900
B Deferred Tax Asset on :		
Provision for gratuity	-	1,222
Provision for compensated absences	-	716
Provision for doubtful debts (Domestic)	14,031	14,461
(B)	14,031	16,399
Net Deferred Tax Liability (A)-(B)	**16,298**	1,501

8. **Earnings Per Share**

Particulars	**Year ended March 31, 2009 Rs. '000**	**Year ended March 31, 2008 Rs. '000**
Basic		
Net (loss)/profit including exceptional item available for equity shareholders (A)	(82,179)	539,599
Less: Exceptional item (refer note B.15 of schedule O)	1,203,659	-
Net profit excluding exceptional item available for equity shareholders (B)	1,121,480	539,599
Weighted average number of equity shares outstanding (C) (in '000)	93,512	93,454
Face value of shares (in Rs.)	2	2
Basic (loss)/earnings per share, including exceptional item (A/C)	**(0.88)**	5.77
Basic earnings per share, excluding exceptional item (B/C)	**11.99**	5.77
Diluted		
Net (loss)/profit including exceptional item available for equity share holders	(82,179)	539,599
Add: Interest on FCCB (net of tax)	-	3,987
Adjusted profit including exceptional item for diluted earnings per share - (D)	(82,179)	543,590
Less: Exceptional item (refer note B.15 of schedule O)	1,203,659	-
Adjusted profit excluding exceptional item for diluted earnings per share - (E)	1,121,480	543,590
Weighted average number of equity shares outstanding (in '000)	93,512	93,454

Weighted average number of potential shares on account of outstanding Employee Stock Options (in '000)	-	318
Weighted average number of potential shares on conversion of Foreign Currency Convertible Bonds (in '000)	-	5,099
Weighted average number of shares outstanding - (F) (in '000)	93,512	98,871
Diluted (loss)/earnings per share, including exceptional item (D/F)	**(0.88)**	5.50
Diluted (loss)/earnings per share, excluding exceptional item (E/F)	**11.99**	5.50

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	**2008-09**	**2007-08**	**2008-09**	**2008-09**	**2007-08**	**2008-09**	**2007-08**	**2008-09**	**2007-08**	**2008-09**	**2007-08**
Options outstanding at the beginning of the year	212,317	274,574	-	21,319	40,980	50,000	50,000	224,788	-	32.74	31.11
Options granted during the year	-	-	-	-	-	-	-	-	224,788	-	51.90
Options exercised in respect of which shares were allotted	45,277	56,821	-	-	13,442	-	-	-	-	26.00	28.68
Options lapsed during the year on separation and non exercise	10,609	5,436	-	7,116	6,219	-	-	67,700	-	33.63	33.47
Options outstanding at the end of the year	156,431	212,317	-	14,203	21,319	50,000	50,000	157,088	224,788	33.34	40.59
Of which -			-								
Options vested	156,431	117,945	-	14,203	10,421	25,000	12,500	78,544	-		
Options Yet to vest	-	94,372	-	-	10,898	25,000	37,500	78,544	224,788		

In the previous 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 1.81 years

10. Operating Lease

The Group has significant leasing arrangements in respect of operating leases for premises and utilities. Operating lease rental charged to revenue amount to (Rs.'000) 38,8789{Previous year: (Rs.'000) 51,781}.

The future minimum lease rental payments under non cancellable agreements entered on or after April 01, 2001 are as follows:

Particulars	Year ended March 31, 2009 Rs.'000	Year ended March 31, 2008 Rs.'000
Not later than one year	12,924	33,600
Later than one year and not later than five years	467	118,447
Later than Five years	-	27,820
Total	**13,391**	179,867

The agreements are executed for a period of 11 to 72 months with a non- cancellable period at the beginning of the agreement ranging from 0 to 24 months and having a renewable clause.

11. Foreign Currency Convertible Bonds

The Company had raised USD 34.5 million 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.

12. Segment Information

Primary Segment Information

The Company is in the 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	REVENUE			
	Year ended March 31, 2009		Year ended March 31, 2008	
	(Rs.'000)	%	(Rs.'000)	%
United States of America	1,207,663	54.79	2,193,539	56.46
Europe	819,074	37.16	1,447,,327	37.25
Japan	104,160	4.73	191,562	4.93
India	66,810	3.03	52,568	1.36
Others	6,259	0.28	-	-
Total	**2,203,966**	**100.00**	3,884,996	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)

Advance to Creditors	Rs. 19,624 (USD 380) (PY: Nil).
Creditors	Rs. Nil/- (PY: Rs. 272,077; USD 5,829)
Export Debtors	Rs. 1,424,351 (USD 19,270; EURO 6,348) (PY: Rs. 1,236,566 ; USD 20,588; EURO 6,827)
Foreign Currency Bank Account	Rs. 2,804,673 (USD 38,014; EURO 13,397) (PY: Rs.3,116,451; USD 68,212; EURO 6,854)
Term Loan	Rs. 410,940 (EURO 6,000) (PY: Rs.381,780; EURO 6,000)
Unsecured Loan	Rs. 458,976 (USD 8,888) (PY: Rs. 357,571; USD 8,888)

14. At the beginning of the year, the Company had outstanding Interest Free Deposits with Body Corporates aggregating (Rs ‘000) 138,139. These deposits were given prior to 2003 to Company’s various business associates for the business development. During the current year, an amount of (Rs ‘000) 30,000 has been received. Further, subsequent to balance sheet date, the management has recovered (Rs’000) 27,500 of the dealer deposit. In respect of balance receivables of Rs 80,639, the management is taking appropriate steps for recovery of these dues. Consequently no provision is considered necessary at this stage.

15. The Company had investment of (Rs’000) 1,002,092 in shares of Arexera Information Technologies GmbH (Arexera GmbH), its wholly-owned subsidiary, and also had outstanding loans receivable of (Rs ‘000) 292,853. The net worth of Arexera GmbH is eroded; however it has Intellectual Property Rights. Due to poor financial performance and cash flow issues, some of the employees served Arexera GmbH with a notice for liquidation, which ultimately led to appointment of liquidator for closure. Considering the realizable value of the residual assets of Arexera GmbH, in the current year management has written off investment and outstanding loan receivable aggregating to (Rs’000) 1,203,659, which is disclosed as an exceptional item in Consolidated Profit and Loss Account.

16. The Company had issued 1,333,100 Global Depository Receipts (GDRs) on February 07, 2003 at a price of USD 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 December 29, 2003, equity shares of Rs.10 each were sub-divided into smaller denomination of Rs.2 each for which the Company had fixed January 29, 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 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 GDRs.

100,000 numbers of GDRs representing 300,000 equity shares were outstanding as at March 31, 2009.

As stated above, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 was outstanding as at March, 31, 2009. In the event these FCCB are converted into GDR, it would result into issuance of 1,699,734 numbers of GDRs representing 5,099,202 numbers of equity shares.

17. During an earlier year, the Company had developed a software (project) costing (Rs ‘000) 163,358, which is pending completion of final testing on live data and has been classified under Capital-Work-In-Progress. The project has been delayed for last two years due to slow progress of business arrangement with an existing anchor customer. Management is in process of carrying out an evaluation for impairment. The management believes that there would not be any significant impairment loss, considering the market potential of the product. Management believes that the technology used in the project is highly advanced and will not become obsolete in the near future.

18. The Company is engaged in creating new technologies and products or modify the same for overseas clients which result into Intellectual Property Rights for the clients which are significant to client’s core business strategy. In relation to export sales of software products and services amounting to (Rs ‘000) 2,131,514, the relevant documentary

evidence, specifically the development proposal / statement of works (primary contractual arrangement for revenue) which defines the contract value, project deliverables, schedule for delivery, project milestone, terms for payment and mode for acceptance by customer, etc could not be disclosed due to the restrictions imposed by the Non disclosure Agreements (NDA) with the customers. Management believes that any such disclosure would result in a breach of the NDA and could lead to significant loss of business to the Company. As an alternative, summary of financial terms extracted from these contractual arrangements for revenue, email communication from customer for acceptance of hours billed and reconciliation of available man-hours with hours billed (including equivalent man hours for intellectual property utilized) has been certified by management and provided for audit. Senior management closely monitors the billing process and believes that revenue recognised by the company is in accordance with the provisions of Accounting Standard 9 - “Revenue Recognition”.

19. In early 2005, the Company had given loans Aftek Employees’ Welfare Trust (‘Trust’) which has made investment in the equity share of the Company. The amount outstanding as at 31st March 2009 is (Rs ‘000) 42,701. The Trust owns 947,500 shares of the Company which based on market value as at 30 September 2009 is (Rs ‘000) 18,950 and based on book value of the shares is (Rs ‘000) 64,430. The management believes that current fall in market value is only temporary and based on the book value of the shares, the net worth of the trust is adequate for it to be able to repay the loan and Company therefore does not anticipate any loss against such loans.

20. Schedules - A to O form an integral part of the consolidated financial statements and has been duly authenticated.

Signatures to Schedules A to O

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

Amyn Jassani
Partner
Membership No. F-46447

Mumbai, November 19, 2009

For and on Behalf of the Board of Directors

Ranjit M. Dhuru
Chairman and Managing Director

Nitin K. Shukla
Director-Finance

C.G. Deshmukh
Company Secretary

Mumbai, November 19, 2009

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

(Amount in Rupees '000)

Sr No	Details	Aftek Sales & Services Private Limited	Mihir Properties Private Limited	Digihome Solutions Private Limited	Opdex Inc.	Arexera Information Technologies AG
1	Reporting Currency	INR	INR	INR	USD	CHF
2	Exchange Rate	-	-	-	50.29	45.06
3	Share Capital	100	14,500	31,550	79,710	4,506
4	Reserves & Surplus	-	16,620	120,833	-	-
5	Total Assets	7	27,694	199,234	21,275	6,253
6	Total Liabilities	105	202	72,931	7,770	37,726
7	Details of investment other than investment in subsidiary	-	-	-	-	-
8	% of holding	100	100	51	100	100
9	Turnover	-	-	34,154	-	8,487
10	Profit before taxation	(19)	(414)	(10,175)	(3,531)	(10,934)
11	Provision for taxation	-	-	-	38	-
12	Profit after taxation	(19)	(414)	(10,175)	(3,569)	(10,934)
13	Proposed Dividend	-	-	-	-	-
14	Country	INDIA	INDIA	INDIA	USA	SWITZERLAND

Notes : a) Aftek (Mauritius) has not carried out any business during the Financial Year.

b) Arexera Information Technologies GmbH has been closed hence not included above.

AFTEK LIMITED

Regd. Office : “AFTEK HOUSE”, 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai - 400 028

Reg. Folio No... No. of Shares................................

DPID 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 Adjourned 22nd Annual General Meeting of the Company to be held on 30th December, 2009 and at any adjournment(s) thereof.

As witness my/our hand(s) this.........................day of.....................2009

Affix 15 paise Revenue Stamp

Signed this ....day of 2009

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.

ATTENDANCE SLIP

ADJOURNED 22ND ANNUAL GENERAL MEETING

Name of the attending Member / Proxy (in block letters)

Member’s Folio No. : No. of Shares held :

DPID No. :

Client ID No. :

I hereby record my presence at the Adjourned 22nd Annual General Meeting of Aftek Limited to be held at 10.30 a.m. on Wednesday, the 30th December, 2009

____

Member’s / Proxy’s Signature

1. PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HAND OVER AT THE ENTRANCE DULY FILLED IN.

BOOK POST

AFTEK LIMITED

If undelivered please return to :
" Aftek House", 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai - 400 028.