AFTEK®

DRIVEN BY CHANGE

Getting into our own DNA

ANNUAL REPORT 2009-2010

FINANCIAL SNAPSHOT

(Rs. in crores)

	FY'10	FY'09	FY'08	FY'07	FY'06*	FY'05	FY'04	FY'03	FY'02	FY'01
Total Income	185.39	315.99	398.84	341.02	202.86	198.00	140.50	99.36	67.44	50.71
Export Sale	179.39	213.72	377.11	329.73	191.30	191.36	134.37	91.54	57.37	40.92
Total Expenses	95.43	140.22	282.53	232.49	121.67	119.18	77.94	51.93	31.75	23.45
Operating Profit	89.96	175.77	116.31	108.53	81.18	78.82	62.56	47.43	35.69	27.26
Profit Before Tax	2.95	119.48	83.63	92.82	67.83	60.80	47.72	42.70	34.65	26.41
Profit After Tax	0.28	116.73	80.94	90.52	67.39	59.80	47.31	40.08	33.67	25.10
Exceptional Items	-	(129.49)	-	-	-	-	-	-	-	-
EPS (Rs.) Rs.10 per share	-	-	-	-	-	-	-	53.06	56.11	41.47
EPS (Rs.) Rs.2 per share – Basic	0.03	(1.37)	8.66	10.44	8.25	7.73	6.31	10.61	-	-
EPS (Rs.) Rs.2 per share – Diluted	0.03	(1.37)	8.23	9.83	8.15	7.68	6.31	-	-	-
Networth	723.67	728.49	730.47	621.59	538.30	459.44	280.18	238.58	132.04	101.52
Fixed Assets	348.14	280.88	139.64	99.06	12.69	24.04	40.44	43.83	8.47	9.46
Net Current Assets	345.72	418.80	474.61	403.85	406.35	374.40	178.35	132.84	114.53	81.91
Dividend Per Share (%)	-	-	25.00	50.00	50.00	50.00	50.00	50.00	35.00	25.00
Share Capital	18.70	18.70	18.70	17.45	17.14	15.00	10.00	10.00	6.00	6.00
Reserve & Surplus	615.46	617.12	632.46	563.32	463.50	314.86	270.18	228.58	126.04	95.52

* 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,

The economic up-swing has begun. The sunshine, though feeble, is yet felt and as quarters go by, it is getting stronger and warmer. With cautious optimism one can say that the economic up-turn is here to stay. Towards the end of last year, the conversion from the funnel to order ratio improved for our software services business which largely comes from US and Europe. In this current year, it is getting even better. Engagements are improving, new client enquiries have significantly increased and long-term contracts for software work are being negotiated.

The economies of India and China are bouncing back and growth is inching towards double-digits. Government investment, particularly in India, in various sectors like infrastructure, health-care, defence, transportation etc has shown a significant rise. India is committed to improving its economic prime movers and investments are being augmented. With this emerging positive economic landscape, technology companies like ours cannot miss this opportunity. Your Company's core strength has always been in product engineering and providing end-to-end solutions in various verticals. In the past, your Company confined this activity to fulfilling the requirements of its overseas clients where the business model and the marketing was the client's prerogative. After detailed study in the last two years your Company has identified a few verticals, namely, transport, health-care, retail, logistics etc in which product engineering and end-to-end solutions could be implemented and with marketing tie-ups taking place this market has started showing great promise. To cite a few examples, in the intelligent transportation systems, tie-ups with companies like IBM, Abhibus, etc., are already in place and large tenders are being sought by these companies to implement the ITS system under the JNNURM Scheme, similar partnerships have been created in logistics and health-care. Initial pilots have had a suceessful run and major engagements are underway.

Dear Shareholders, this is a strategic move to balance the core factors driving your Company's growth. Over-dependance on the overseas business has taught us a bitter lesson and the Company's management has devised a new thinking in its strategy to insulate the Company from such situations in the future. Using technology created by your Company in end-to-end solutions for the domestic markets would ensure a sustained revenue from our own country whose economic growth is going to be on an upward swing for the next few decades. Thus, the strategic shift towards using our own DNA to our advantage!

Yours truly,

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. 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
50/24 Pralhad Arcade,
Bhakti Marg,
Off Law College Road
Erandwane, Pune 411 004

Software Centre – II
Pawan Complex, S. No. 45/8+9/B,
Shilvihar Colony,
Off Karve Road,
Kothrud, Pune 411 038

WORKS

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

BANKERS

State Bank of Bikaner and Jaipur
Commercial Network Branch
239, P.D'Mello Road, Near G.P.O.
Mumbai – 400 001

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

AUDITORS

GMJ & Co
157, Bldg No.6 Mittal Estate,
Andheri Kurla Road, Marol Naka,
Andheri (East),
Mumbai – 400 059

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 the 23rd Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Wednesday, the 29th September 2010 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended March 31, 2010, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Nitin Shukla, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. S S S P Rao, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mahesh Naik who retires by rotation, and being eligible, offers himself for reappointment.
5. To consider, and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

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

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 : August 31, 2010

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 25th September, 2010 to Wednesday, the 29th September, 2010 (both days inclusive) for annual closing in compliance with clause 16 of the Listing Agreement executed with the Stock Exchanges.
3. 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 Agent, 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.
4. 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 June 30, 2003 and/or subsequent dividend payments are requested to make their claims to the Company.
5. As per the provisions of the Companies Act, 1956, facility for making nomination is available for Members in respect of shares held by them in physical form. Nomination Forms can be obtained from the Company's Share Registrar and Transfer Agent.
6. Members desirous of obtaining any information concerning the accounts of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the meeting.
7. Members who hold shares in electronic form are requested to bring their depository account number for easy identification and attendance at the meeting.
8. 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.
9. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking re-appointment at the ensuing Annual General Meeting, are contained in the Annexure hereto.

ANNEXURE

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 23RD ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Particulars	Mr. Nitin Shukla	Dr. S S S P Rao	Mr Mahesh Naik
Date of Birth	18/10/1957	02/07/1942	01/02/1953
Date of Appointment	25/03/1986	27/03/2002	27/03/2002
Expertise in specific functional area	Has been associated with the computer industry for the past 28 years. He has experience in the field of accounts, banking, finance and customs.	Holds Ph.D. (CSE) from Department of Computer Science & Engineering, IIT-Bombay. Prof. Dr. Rao held the position of Head of Department of Computer Science & Engineering at IIT-Bombay from August 1985 to June 1991. Prof. Dr. Rao was on deputation to TIFR from IIT-Bombay to work on a defence research project from 1972 to 1975. He was also one of the Technical Members of the EC 1030 committee who visited Yeravan, State of Armenia, USSR from 1973 to 1974 to participate in the discussion of EC 1030 architecture. In addition, Prof. Dr. Rao also has to his credit, a number of publications/conference papers in IT industry and is associated with various institutions, universities, government departments and committees in various capacities. After serving IIT-Bombay for forty years, Prof. Dr. Rao retired as professor from IIT-Bombay in 2005 and he worked as Chief Technology Officer, Xilinx India Development Centre, Hyderabad till March 31, 2008. Since April 1st, he is with CMC-Hyderabad as their Chief Advisor and Mentor. He is a permanent member of National Council of the National Information Technology Education, Research & Development Foundation	Has experience in the Information Technology industry for about three decades and has skills in several programming languages and applications. Currently he specializes in the field of Operating Systems, Data Compression, Information Retrieval and Encryption. Mr Naik also has extensive experience in large scale Demographic Survey, Data Collection and Result Presentation.
Qualification(s)	B. Com.	Ph.D.(CSE) from IIT-Bombay	B.Sc. (Hons.) (Physics/Maths) degree plus PG Diploma in Software Computing Technique (PGDST) conducted by NCSDCT (presently known as CDAC) and VJTI
List of outside public companies in which Directorship held as on 31st March, 2010	Nil	Nil	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2010	Nil	Nil	Nil
Shareholding of Nonexecutive directors in the Company (No. of Shares)	N A	16,900 equity shares	27,000 equity shares
Relationship between the directors inter-se	Nil	Nil	Nil

DIRECTORS' REPORT

To,

The Members of Aftek Limited,

Your Directors are pleased to present their 23rd Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL PERFORMANCE **Amount (Rs. in lacs)**

PARTICULARS	31/03/2010	31/03/2009
Turnover	**18,203**	22,035
Profit Before Depreciation	**8,620**	17,307
Less:Depreciation	**8,325**	5,359
Profit Before Tax	**295**	11,948
Less : Provision for Taxation	**267**	275
Profit After Tax	**28**	11,672
Less : Exceptional Items	**-**	12,949
Profit/(Loss) after Exceptional Items	**28**	(1,277)
Transfer to General Reserve	**-**	-

DIVIDEND

The challenging times, your Company went through last year, have not completely receded. As is apparent from the financials, though stability is visible, growth is still not taking its firm roots. Your Company needs to invest more to see that good growth happens in the future. Under these circumstances, your Directors have not considered it appropriate to recommend any dividend for the year ended 31st March 2010.

BUSINESS REVIEW & FUTURE PROSPECTS

Your Company's consolidation process continues and is getting good momentum as time goes by. In spite of reduced top line, the Company's bottom-line improvement is visible. Last year saw a good build up of the sales funnel although the conversion from funnel to order had been slower than expected. However, the increase in conversion from funnel has seen an acceleration towards the end of last year. While business from US is showing healthier growth than the year before, Europe too shows a similar trend. Several new clients have been added by your Company and clients that had gone dormant during the slow-down have revived their engagements. It is to be understood that though client engagement has increased, the business growth with each of these clients has been relatively slow. This is largely due to the clients coming out of the economic melt-down. Your Company expects much better business in the current year as the US economy is showing over 3.5% growth. In Europe, Germany is reporting much better growth than its peers and your Company expects more outsourcing from Europe in the current year.

Your Company's strategy of diversifying, both, geographically and into products is now seeing positive effects. Your Company has forged new partnerships and alliances. These are largely to take the products and technologies to its customers. There has been a significant requirement for software development business in India and its neighbouring countries and your Company is quite alert to these opportunities and has already engaged itself with several domestic clients. Among several verticals like financial, utility, transport, logistics, telecommunication and industrial automation, your Company is now a registered defence contractor with the defence establishment and sees this segment as a significant growth vertical.

FINANCE

At an Extra-ordinary General Meeting held on 08th June, 2010, Members had approved by means of a special resolution, the proposal to utilize a sum of Rs.215 Crores (Rupees Two Hundred & Fifteen Crores only) standing to the credit of the Securities Premium Account of the Company by allocating and /or earmarking to adjust product development expenditure incurred and / or to be incurred, diminution in value of investments, if any and loss arising on account of foreign exchange fluctuations. The Hon'ble High Court Judicature at Bombay, vide Order dated 13th August, 2010 has sanctioned the aforesaid utilisation of Securities Premium Account.

As regards 1% Foreign Currency Convertible Bonds Due 2010 ("FCCBs") of USD 10,000 each, out of 3,450 FCCBs issued in 2005, a total number of 2570 FCCBs have already been converted into GDRs/equity shares and balance 880 numbers of FCCBs remained outstanding as on 31st March, 2010. No conversion of FCCBs has taken place during the current year. However, at the behest of the majority bondholders, the Company has initiated the process of re-setting the conversion price of the FCCBs as per applicable pricing guidelines and is in the process of seeking approval from bondholders and the shareholders.

Further, no stock options were exercised during the year.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr Nitin Shukla, Dr S S S P Rao and Mr Mahesh Naik retire by rotation and are eligible for re-appointment. Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. that in the preparation of the annual accounts for the year ended 31st March, 2010, 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, 2010 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, 2010, on a 'going concern' basis.

FIXED DEPOSITS

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

SUBSIDIARY COMPANIES

Mihir Properties Pvt Ltd. has earned some rental income and Aftek Sales & Services Pvt Ltd has not carried out any business during the year under review. Digihome Solutions Pvt Ltd (DSPL) has recorded a turnover of 5.81 croes (out of order size of over Rs 40 crores) depending upon the stage of completion of various projects, registering an increase of about 80% over the last year's. The deployment of the large order book of over Rs. 40 crores is now underway and the Company is expected to report a quantum growth in the current year. DSPL is seeing continous growth, the latest being the prestigous Lavasa Hill City development where all the luxury villas will carry the Digihome Solutions provided by DSPL. Opdex Inc. continues to explore business prospects in Energy sector in the USA. Aftek (Mauritius) Ltd has not carried on any business activity. As reported earlier, Arexera Information Technologies GmbH has gone into liquidation. Arexera Information Technologies AG has not been able to do any business during the year under review.

In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, vide letter bearing number 47/667/2010 –CL-III dated 30th August, 2010 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 ensuing Annual General Meeting, members will be required to appoint Auditors for the current year and fix their remuneration. M/s. GMJ & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors' observations in paragraph 5 of their report have been explained under Pars B.14, B.16 & B.17 of Notes to Accounts. As regard observations made by the Auditors in the para (ix) (a) of the Annexure to their report, the non-payment of statutory dues is due to delay in the realisation of receivables.

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 (vi) and (v) of the Notes to 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 : August 31, 2010

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, 2010.

Sr. No.	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.	58	25/03/1986	29	66,58,467	Self-employed
2	Mr Nitin Shukla	Director – Finance	B.Com.	53	25/03/1986	28	29,93,472	Accountant, Computer Shack
3	Mr Mukul Dalal @	ED-International Sales & Marketing (Smart Products)	B.A. & Diploma in International Marketing	51	06/02/1992	30	34,36,996	Director, Aftek Sales and Services Private Limited
4	Mr Sunil Desai *	Director – Technology Solutions	B.E. & M.M.S.	48	10/05/1986	27	7,48,368	Director, Aftek Digital Systems Private Limited
5	Mr Dhananjay Kulkarni*	Sr Vice President – Engineering	B.Sc.(Stats) & MCA	45	01/09/2005	23	21,29,646	Director, Starent Networks

@ Mr. Mukul Dalal was appointed as Whole-time Director w.e.f. 01/08/2009 and prior to this he was working as Sr-Vice President Smart Products

* Employed for part of the year

Notes:

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

FOR AND ON BEHALF OF THE BOARD

RANJIT DHURU
CHAIRMAN & MANAGING DIRECTOR

PLACE : MUMBAI

DATED : August 31, 2010

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, 2010

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 : August 25, 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	37,500	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	223,019	50,000	157,088
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	66,653	Nil	Nil
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 2010) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	Rs 0.03		

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	Rs 52.02
	(ii) Weighted average fair value of Options	Rs 41.61
N	Method and significant assumptions used to estimate the fair value of Options	Method
		The fair value of Options has been computed under Black and Scholes Method.
		Significant Assumptions (Weighted)
		a) Exercise Price : Rs 52.02
		b) Expected life of Option : 3.21 yrs
		c) Stock Price : Rs 69.39
		d) Expected Volatility : 77.06%
		e) Expected Dividend yield : 1.22%
		f) Risk free rate of return : 6.47%

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

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

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEME

We have examined the books of accounts and other relevant records of Aftek Limited (the 'Company') and based on the information and explanations given to us, certify that, in our opinion, the Company has implemented the Employee Stock Option Scheme in accordance with SEBI (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 GMJ & Co.
CHARTERED ACCOUNTANTS (FRN No.- 103429W)

Sd/-

(HARIDAS BHAT)
PARTNER (M.No. 39070)

Place: Mumbai Dated: August 31, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Industry:

The economic turbulence of the last year continued into the financial year 2009-10 but with reduced intensity. While global demand for Information Technology (IT) services declined, technology related spending was curtailed drastically. Since your Company mainly offers outsourced product engineering services to technology companies, your Company was affected too. Many clients used this scenario to re-negotiate commercial terms. Some clients delayed payments and some even went bankrupt.

However, in the background of this uncertainty, new markets, like retail, healthcare and power strengthened and provided new opportunities. Economic pressures resulted in new business models. End-to-end solutions and value-added services based on Intellectual Properties (IPs) with cost plus royalty or lease became feasible. General austerity brought innovation into designs resulting in better efficiency.

The financial year 2010-11 is expected to be better. Technology spending is gradually, but definitely increasing. NASSCOM expects engineering design and product segment that involves IP-based services, to grow faster. Clients are not negotiating very hard on commercial terms. Those clients, which have survived the economic turbulence, are getting new funding. However, overall business outlook continues to be optimistic, but cautious.

Business Outlook:

Management is pleased to report that business environment of your Company is warming up. Many clients from North America and Europe have not only continued their engagement but some have also doubled or tripled their commitment. Domestic business is also growing significantly in terms of revenues as well as profits. Number of new proposals has gone up and conversion of proposals into orders has jumped up significantly. Many old clients are renewing their engagements.

Strategy and Opportunities:

Outsourced product engineering services constitute the bulk of your Company's revenues. While your Company will continue to achieve steady growth in revenues and profits from these services, efforts are being made to strengthen your Company's very own products in different verticals and end-to-end solutions. Significant resources are being deployed to this effect. Your Company expects to achieve handsome growth in revenues and profits in the long run with the help of its products and solutions. Many verticals have been identified, many products and solutions are being developed and some products and solutions have already been launched. A snapshot of the same is included in this report. This major shift in business strategy will entail significant capital expenditure on product development engineering, and marketing.

Developing and selling products and end-to-end solutions isn't easy. Your Company has identified technology and business partners in relevant verticals and has already forged strategic alliances with some of them. Your Company intends to use these partnerships for developing cutting-edge products and solutions and also to jointly exploit the market potential. In many cases, sales of products and solutions invariably results in customization and other service opportunities.

Partnerships:

As mentioned in the business strategy earlier, your Company is building technology and business partnerships with renowned global companies in the relevant verticals. Partnership agreements with Porticus Technology Inc. and Advanced Digital Design S.A. (ADD Semiconductors) have already been signed in the business verticals of Security and Power respectively. Your Company has identified technology and business partners in the business verticals of Healthcare, Transport, Media and Infrastructure. These partnerships are not only helping your Company develop cutting edge products and solutions, but also sell them effectively to mutual clients.

Porticus Technology Inc., has patented a highly secure voice biometric authentication module, VoiceKeyIDTM. This stack uses human voice for authentication instead of mechanisms like passwords, smartcards, etc., thus enhancing access security. Your Company has ported this stack on Android Operating System. Your Company has also developed a complete security solution, AmSecure, for mobile phones. These solutions will also be made available on i-Phone and Symbian platforms. These solutions have several compelling applications in the business verticals of banking, healthcare, pharmaceuticals and Telecommunications.

ADD Semiconductors is a global leader in the field of low cost and high efficiency System-on-Chip (SoC) solutions for narrow band communications. ADD semiconductor has developed a SoC for Power-Line-Communication (PLC). Based on this SoC, your Company has developed a modem for power line communications. This solution has extensive applications in the business vertical of Power since many countries have started or will be starting implementations of Smart Grids soon.

Verticals:

Based on already matured and developing markets and your Company's core competencies, certain business verticals have been identified for business growth through products and end-to-end solutions. Your Company plans to build Strategic Business Units (SBUs) in each of them. These SBUs are expected to achieve handsome growth in revenues as well as profits. Following list illustrates some of them.

Automation:

Your Company has executed several projects and has developed several products and solutions in the fields of home and industrial automation over last couple of decades. These products and solutions are being extended with Remote Management Consoles, Human Machine Interfaces (HMIs), etc. With pressing need for increased productivity, repeatable quality and seamless scalability, Industrial Automation is a mature, but large market.

Security:

Your Company has been a pioneer in the field of smartcard based access control solutions. These solutions are being strengthened with addition of biometric identification and authentication, including voice, finger-prints, retina, etc. mechanisms. With grave concerns about security going up with every passing day, Security is a demanding, but lucrative market.

Transport:

There are very few providers of complete Intelligent Transport System (ITS) across the world and your Company is one of them. Your Company has the complete range of devices including Driver Console Unit, Vehicle Tracking System, Electronic Ticketing Machine and Automated Fare Collector. Your Company also has a browser-based Transport Management Portal. There's a strong demand for ITS from developing nations in South America, Africa and West Asia. JNNURM (Jawaharlal Nehru National Urban Renewal Mission) has pushed up the domestic demand. Transport has matured into a vibrant, but challenging market.

Healthcare:

Increasing urbanization, changing lifestyles and growing uncertainties have triggered a world-wide growth of lifestyle diseases. With busy schedules, rising fuel costs and traffic congestions, it's becoming increasingly difficult to approach physicians and hospitals. Remote Health Monitoring is fast developing into a necessity for urban and rural areas alike. Growth of Telecommunications infrastructure has increased the feasibility of deploying such solutions on a large scale. Your Company is developing an end-to-end solution for Remote Health Monitoring. This is an upcoming, but large market.

Power:

While demand for power is increasing globally, supply is not matching the growth in demand. Aging power grids are no more able to handle ever-increasing demands for power efficiently and effectively. Smart management of power at the distribution end for a range of customers including residential, commercial and industrial, is becoming necessary. In order to manage increasing power costs, many consumers are seeking smart ways of managing power. Your Company is developing smart metering solutions with home and industrial automation for smart power management. With gap between demand and supply of power widening and resulting escalation of costs, this is an evolving, but attractive market.

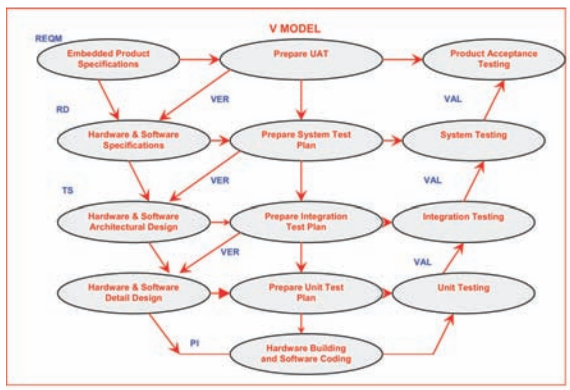
Insights:

Complying with outsourcing needs by Amit Raje, Vice President, Engineering

Amit Raje has over 28 years of working experience in the fields of telecommunication and embedded engineering. He brings with him vast and valued experience in entrepreneurship, engineering and outsourcing. At Aftek Amit handles all engineering resources for delivery of outsourced product engineering services and development of products and end-to-end solutions.

For your Company, the customer always comes first! We continuously strive to achieve excellence in customer deliveries. Being always ready to deal with multiple, large clients is just one of the challenges. It always makes sense to put oneself into the customer's shoes and understand customer's business drivers. Customer deliveries depend on Information Technology (IT) infrastructure and IT infrastructure processes are as vital as delivery processes. Network security is of paramount importance to your Company and its clients where Intellectual Properties are involved. Your Company has deployed best practices for both IT infrastructure and delivery processes.

Delivery process improvement is a continuous process and your Company follows best practices of Software Process Improvement and Capability Determination (SPiCE) framework. The practices are fine tuned to support delivery of products and end-to-end solutions, are compatible with CMMi, Level 3 practices and are optimized for development of both hardware and software.



Goals of CMMi, Level 3 are to develop engineering tasks which are defined, integrated and consistently performed to produce the product and to keep both the hardware and the software products consistent with each other. Principal objectives of the V-model are discovery of defects in the system as early as possible (Verification) and continuous assessment of whether or not the system is stable and usable in an operational situation (Validation). Verification activities ensure that the product is being built the right way and that the resulting artifacts like hardware and software requirements, hardware and software designs, hardware and software layouts and codes, integration plans and test plans are consistent with the baseline product requirements. Validation ensures that the right product is being built. The interdependency between hardware and software is continuously evaluated at every stage of development. Thus the development is always consistent and constraints, if any, found in these interdependencies are established and used to refine requirements.

Best practices in IT infrastructure and delivery have thus established a strong foundation for building products and end-to-end solutions for your Company.

Managing technology business by Dr. Rajendra Datar, Advisor

Rajendra Datar, Ph.D. from the University of Toronto, Canada and M.Tech. from I.I.T., Bombay, is an acknowledged expert and professional with over 30 years of experience in the field of semiconductor design for multimedia and telecommunication domains. He holds 8 US patents to his credit with 2 as lead inventor and 6 as co-inventor. He has authored several technical publications in the International Journals like IEEE. Rajendra brings with him profound knowledge and experience in technology, engineering and innovation. At Aftek, as an Advisor, Rajendra directs and guides all technological developments for developing products and solutions and for delivering services. He also mentors and guides technologists for best practices in innovation and technology.

Rapidly developing technology and continuously increasing performance remind one of Moore's law which states that amount of transistors integrated on a single chip doubles every 18 months. Consumer electronics has been impacted the most due to this rapid technology evolution resulting in halving of price and doubling of performance every year.

Probing deeper, however, it's interesting to notice that actual product design cycle, consisting of top level design, unit level design, system level testing, unit level testing, design and test reviews, regression testing, etc., has not changed at all. This is simply because there can be no shortcuts and any deviations from such a systemic approach are too expensive to correct in case of product failures, no matter whether it's hardware, software or both. Technical skills, Team work, resource and time management remain fundamental to any product development activity even today. This is precisely what your Company does very well.

As chips are getting increasingly complex and specialized, end-of-life for chips is getting increasingly shorter. As a result, long term product support has to be thought of well in advance during design stages itself. Locating alternative sources, pin-compatible replacements or adjusting inventories are some of the ways to address this. Your Company uses all these strategies so as to ensure product longevity. There are options available to use pin-compatible replacements for reduced or enhanced functionality without any changes to the circuits and your Company regularly exercises them. Chip and even board level debugging, in some cases, is getting obsolete. Board replacement costs add up to the overall support costs.

Many compact embedded devices tend to be complex and software code in them can easily run into millions of source code lines. Careful verification, extensive validation and software reuse are key factors to ensure stability of these products. Over years, your Company has preferred Linux as the open source platform and now, your Company has also taken up Android. This has resulted in reduced product prices, greater intellectual property reuse and increased product stability.

Finally, how can a design be better? How can a design be different? All such questions asked continuously during development result in innovation. And these innovations make what your Company is best known for, AFFordable TEKnology!

Next generation set-top boxes by Prashant Vadgaonkar, Asst. Project Manager (Hardware)

Telecommunications (Voice), cable (video) and internet (data) operators are competing world-over to reach and serve billions of consumers. They are also expanding into each-other's domains and services. While cable operators are providing internet, internet operators are providing television. However, everyone of them needs gateways, consumer-premise-equipments (CPEs) or set-top-boxes (STBs) to deliver these services at consumer's premises. These devices are getting increasingly versatile and complex by supporting triple play (Voice-Video-Data) or sometimes, even quadruple-play (Voice-Video- Data-Wireless) services. A range of features like High-Definition (HD) and rich multimedia content, Video-on-Demand (VoD), network gaming, etc. are being delivered by these devices.

Your Company has a strong legacy of building cutting-edge communication devices. Your Company is working with world's 5th largest semiconductor company for developing next generation set-top boxes. These devices are based on specialized processors from the semiconductor company and modern, embedded operating systems. Your Company works with Original Device Manufacturers (ODMs) to sell them to the Original Equipment Manufacturers (OEMs).

Smart-metering solutions by Minal Hajare, Asst. Project Manager (Systems)

Smart-metering is viewed by experts as a key technology that can help tackle some of the critical challenges of the energy sector, including efficient use of energy. Optimizing energy usage and bills has been a priority for all energy consumers. And increasing carbon foot-print from the power plants has been a hot topic in view of global warming. Any and every effort by any and every consumer of electricity is significant in at least arresting the spiraling growth of the problems.

Your Company has joined hands with a leading semiconductor company specialized in high-performance, power-line communication Integrated Circuits (ICs) for developing a near-real-time solution for monitoring and controlling electricity consumption by end-users. Your Company is leveraging its strong expertise in designing real-time, embedded, wireless, communication systems.

The solution is initially targeted for home users. Major energy consuming appliances in house-hold environment are refrigerators, ovens, water-heaters, air-conditioners, washing machines, etc. These devices are networked with the electricity meter so as to form a Home Area Network (HAN) for centralized monitoring and control. ZigBee, a low-cost, low-power, wireless, mesh networking standard meant for wireless, sensor network is being used as a communication backbone.

The solution optimizes energy usage by continuously monitoring the consumption and adjusting the peak load automatically as per the tariff and availability. Going forward, the solution will be integrated with the Smart-grid.

Telecommunication towers infrastructure management by Prafulla Kelkar, Manager (Engineering)

Number of mobile subscribers in India is expected to rise from 620+ million in 2010 to 1+ billion in 2015. Number of telecommunication towers to support this mobile subscriber base is expected to rise from 282,000+ in 2010 to 554,000+ in 2015. Such growth is seen not only in India, but also in many other developing countries. As networks expand and number of towers increase, monitoring and controlling them in real time to ensure high availability and reliability becomes a challenge for the telecommunication service providers. Fuel consumption, usage-based billing are some other critical challenges. Your Company is developing a highly available, reliable and scalable management solution for the same.

A typical telecommunication tower setup comprises base station equipments, inverter or uninterruptible power supply (UPS) with batteries and generator as alternative sources of power and air-conditioning, fire alarm, surveillance and access control equipments as support systems. In order to ensure high availability and reliability of this infrastructure, the solution must monitor health and operating parameters of these equipments in real-time, must provide a unified view to the operators, must generate alerts for critical conditions and be able to control these equipments.

Your Company has vast expertise and intellectual properties in the field of remote infrastructure management, right since release of its first solution, Powersafe, for Enterprise-wide UPS management. Your Company is reusing and building upon this solution and in keeping with its name, is targeting an AFfordable TEKnology solution.

Android competence center by Sandeep Marathe, Manager (Business, Strategic, Accounts)

Growth of mobile phones supported by robust bandwidth has made mobile phones the most popular, anytime, anywhere, available computing platform. Value-added services of increasing diversity and complexity based on voice, video and data are being delivered on mobile phones. Gartner predicts that 23% of workers will use only a mobile phone by 2012, up from about 4% today. Symbian is the most popular and widely used mobile operating system today, but Android is rising fast and is expected to be the most popular and widely used embedded and mobile operating system by 2012. Besides mobile phones, Android is also expected to be used in set-top boxes, car infotainment systems, home automation solutions, point-of-sales terminals, etc.

Considering this huge opportunity, your Company has started the Android competence center. The objectives are to develop strong expertise in Android platform and strong intellectual properties in the form of reusable frameworks useful for Android-based platforms.

The Android competence center has already developed and released some cross-platform libraries for Real Time Messaging Protocol (RTMP), Android Messaging Framework (AMF), etc. RTMP library facilitates streaming of voice, audio and video contents from backend servers to mobile phones and is required for applications like mobile television, video-on-demand, video-teleconferencing, mobile surveillance, etc. AMF library facilitates bandwidth and space efficient as well as standard communication of mobile phones with the backend servers and is required by most of the mobile applications. Trial versions of these libraries are available for free download and have already received several hits and requests for commercial quotes.

Urban transportation by Mahesh Hegde, Project Manager (Applications)

Urban population is growing precipitously and the growth is only expected to rise in coming years. Commuting millions of residents to their offices and back homes daily is becoming a challenge for the transport providers and planners. Modern cities must not only meet the current but must also provide for the future transportation needs. Governments all over the developing countries are encouraging use of public and multi-modal, integrated transport to bring equitable allocation of available and mostly limited road space.

After decades of experience in developing, deploying and implementing transport solutions in developing and developed countries, your Company has developed a fully integrated solution which helps transport authorities to plan, track and schedule their fleets for most efficient utilization of underlying road infrastructure, best service for the commuters and maximum profits for the organization. Comfort and convenience of commuters and green technologies is the focus of this solution.

The Intelligent Transport Solution (ITS) comprises a Driver Console Unit (DCU) or a Vehicle Tracking System (VTS), an Electronic Ticketing Machine (ETM) or an Automated Fare Collector (AFC) along with an integrated transport portal for fleet tracking and management, route planning and management, revenue collection and management information reports, etc.

Drive Console Unit (DCU) is part of the Intelligent Transport System (ITS) solution. DCU is typically installed next to driver's seat in the bus. It displays and speaks-out important information for the driver, including route map, traffic alerts, depot messages, etc. It also acts as a gateway for communication between all the devices in the bus and backend servers in the depot. ITS also includes passenger information systems at depots and stops and advertising framework for the advertisers.

Electronic Ticketing Machine (ETM) assists drivers (and conductors in many developing nations) in issuing tickets to the passengers. It handles complex routes, fare rules and fare calculations efficiently. It also transmits ticket data to Driver Console Unit and onward to backend portal servers for quick verification of cash collection and route management reports.

Human Resources

During the year 2009-2010 your Company has added 44 skilled resources out of which 75% resources have been added to the software development and in-house testing.

At Aftek resources are rotated through various technologies that enrich individual skills apart from removing stress and stagnation. In addition, employees actively participate in intra as well as inter-company sports events.

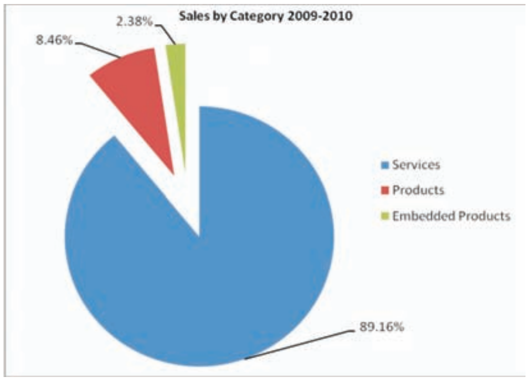
Internal control systems and their adequacy:

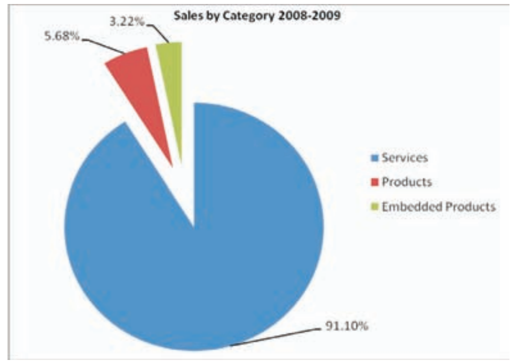
The Company maintains adequate internal control systems, which provide, among other things reasonable assurance of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets.

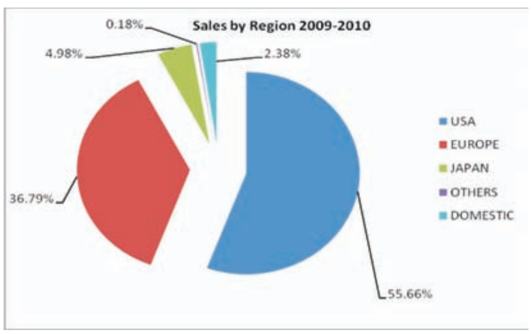
Financial and Operational performance:

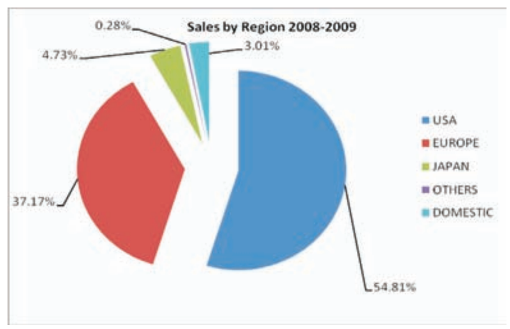
The Company's performance during the year under review has been quite satisfactory although there is a reduction in the topline. The bootmline is much healtheir than the pervious year's. Two factors mainly the large depreciation and deferred tax coming due to closure of sun-set year for tax holiday for the software industry.

The services continue to be the largest component in the revenue pie although when compared with last year, there is a drop of about 2% this is due to the increased thrust from products and embedded products. Products have grown from 5.68% to 8.46%. The Company expects to have more product sales and solutions. Region wise USA continues to drive the revenue drive the revenue followed by Europe, product sales and solutions. Region wise USA continues to drive the revenue followed by Europe, Japan and other countries. Domestic sales are expected to grow more inthe current year.









It will be noticed from the Company's P&L Account that heavy capital expenditure has significantly increased the depreciation component. This has put a pressure on the profit reporting. Although the performance before charge of depreciation (on account of long term capital expdnditure) has been satisfactory, post charging of depreciation has adversely affected the Company's Earnings Per Share. Considering the nature of the long term capital expenditure, your Company has, under able guidance from KPMG restructured this long term capital expenditure under securities premium account. The management is pleased to report that the necessary court permission is now in place. The effect of this will be visible in the current and future years as the shifting of depreciation will significantly improve the earnings per share.

Risks, concerns & threats

Risk is always associated with business and your Company is proactive in identifying assessing, eliminating or mitigating risk, which has been evidenced by its adaptability to changing business and technological developments in the past. Your Company has de-risked itself mainly by reducing certain businesses such as third party testing and validation and shifting the focus from western world to domestic market by relying on its strength to create products and solutions for verticals. Obsolescence of technology is a constant risk for any technology company which is being mitigated by constantly investing into product road-map and newer technologies in the specialization of the Company. As detailed above, many products and solutions are being developed and some products and solutions have already been launched in newly-identified verticals. IT industry being very competitive, your Company constantly endeavors to remain abreast of the developments taking place in the market. Further, 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. The Company continues to follow 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.

Forward looking statement

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, more than 50% of the Board of Directors are independent directors.

There has been no change in the composition of the Board of Directors of the Company since the last Annual General Meeting. The details of Directors seeking re-appointment have been attached along with the Notice of the Annual General Meeting.

(ii) Number of Board Meetings:

The Board of Directors met 8 times during the year under review. The meetings of the Board of Directors were held on various dates as follows : 29.04.09, 30.07.09, 04.09.09, 30.09.09, 30.10.09, 19.11.09, 03.12.09 and 29.01.10. The maximum interval between two Board Meetings was 91 days.

(iii) Directors' attendance and directorships held as on 31/03/2010

Name of Director	Category	No. of Board Meetings Attended	Attendance at AGM held on 30.09.2009	Attendance at Adjourned AGM held on 30.12.2009	Directorship of other Company(ies)	No. of other Committees	
						Membership	Chairmanship
Mr Ranjit Dhuru	CMD	8	Yes	Yes	3	NIL	NIL
Mr V J Masurekar	NE	8	Yes	Yes	3	NIL	NIL
Dr S S S P Rao	NE	5	No	No	0	NIL	NIL
Mr Mahesh Naik	NE	8	Yes	Yes	0	NIL	NIL
Mr Sandip Save	NE	4	Yes	Yes	1	NIL	NIL
Mr Nitin Shukla	ED	8	Yes	Yes	2	NIL	NIL
Mr Mukul Dalal	ED	6	Yes	Yes	2	NIL	NIL
Mr Sunil Desai*	ED	0	NA	NA	NA	NA	NA

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

* Mr Sunil Desai ceased to be Whole-time Director w.e.f. 01/08/2009

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 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, 7 meetings of the Audit Committee were held. The attendance of members thereat was as follows :

Director	No of Meetings Attended
V J Masurekar	7
Mahesh Naik	7
Sandip Save	4
Ranjit Dhuru	7

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 postaudit 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. 4 complaints were pending at the beginning of the year and the Company received 24 complaints during the year under review from the shareholders and all 28 complaints were disposed off to their satisfaction. No share transfers were pending as on 31st March, 2010.

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 31.03.2010:

(Amount in Rs)

Name	Salary	Allowances	Commission/Incentive	Sitting Fees
Mr Ranjit Dhuru	30,00,000	36,58,467	-	-
Mr Nitin Shukla	12,36,000	17,57,472	-	-
Mr Sunil Desai #	3,09,000	4,39,368	-	-
Mr Mukul Dalal &	5,24,000	13,87,845	-	-
Dr S S S P Rao	-	-	-	1,00,000
Mr V J Masurekar	-	-	-	3,00,000
Mr Mahesh Naik	-	-	-	3,00,000
Mr Sandip Save	-	-	4,05,000	-

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.

Mr Sunil Desai ceased to be Whole-time Director w.e.f.01.08.2009

& Mr Mukul Dalal was appointed as Whole-time Director w.e.f. 01.08.2009

The details of shares/convertible instruments held by Non-Executive Directors as on 31-03-2010 are as under:

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	1,240,744	—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, 2010. 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	10.30 a.m. 10.30 a.m. 10.30 a.m.

* The 22nd Annual General Meeting of the Company was held on 30th September, 2009, which was adjourned and the Adjourned Meeting was held on 30th December, 2009 at 10.30 a.m. at the same place.

Details of Special Resolution(s) passed at Annual 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

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 website (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 website.
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 through Press Releases.

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, August 31, 2010

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

Day & Date	Wednesday, September 29, 2010
Venue	The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai 400 025.
Time	10.30 a.m.
Book Closure Dates	Saturday, September 25, 2010 to Wednesday, September 29, 2010 (both days inclusive)
Dividend Payment Date	The Board, at its meeting held on August 31, 2010, has not recommended any dividend on the equity shares of the Company for the year ended March 31, 2010.

2. FINANCIAL CALENDAR

Financial Year 2010-2011	
Quarter ending 30th June, 2010	July / August 2010
Quarter ending 30th September, 2010	October / November 2010
Quarter ending 31st December, 2010	January / February 2011
Quarter ending 31st March, 2011	April / May 2011

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

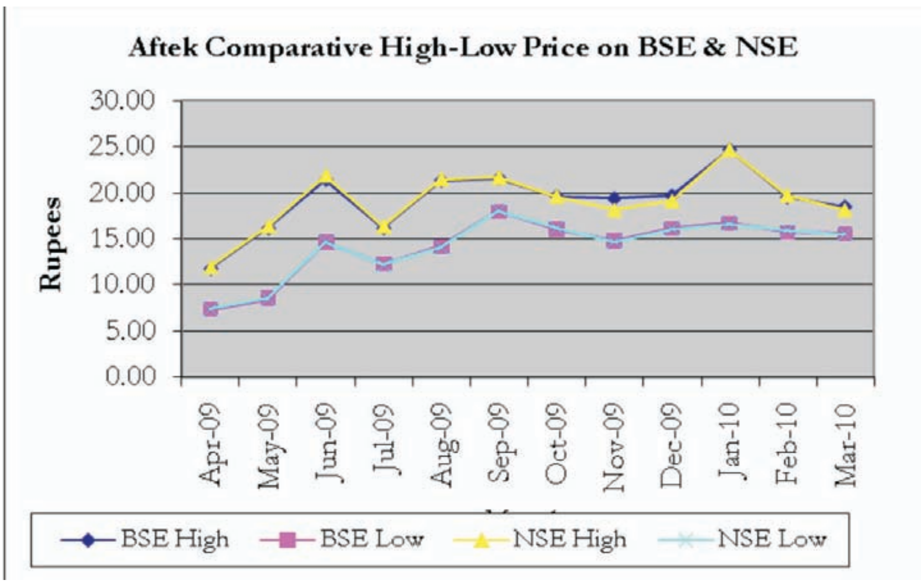
The listing fees for the year have been paid to the Stock Exchanges

4. **Market Price Data :**

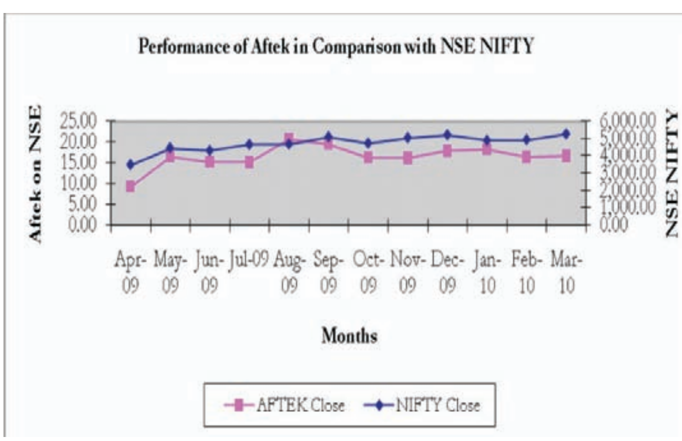
Monthly High and Low quotations of Shares traded on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd during the Financial Year ended 31st March, 2010

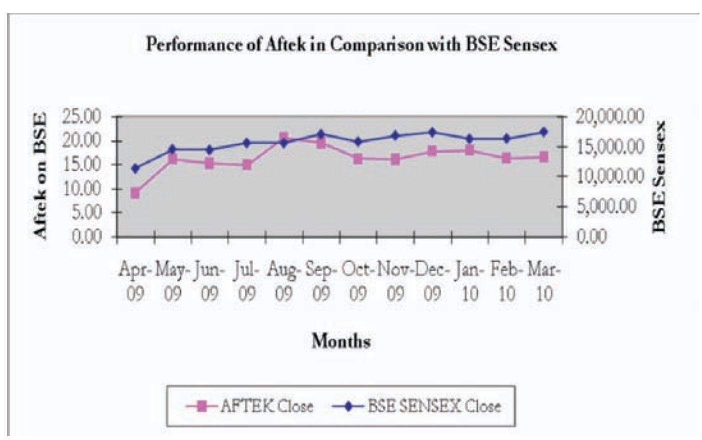
(in Rs.)

Months	BSE High	BSE Low	NSE High	NSE Low
Apr-09	11.82	7.38	12.00	7.45
May-09	16.17	8.55	16.45	8.55
Jun-09	21.45	14.70	21.95	14.75
Jul-09	16.20	12.30	16.45	12.25
Aug-09	21.35	14.20	21.55	14.10
Sep-09	21.60	18.00	21.75	18.10
Oct-09	19.65	16.10	19.70	16.20
Nov-09	19.40	14.80	18.20	14.75
Dec-09	19.70	16.15	19.20	16.15
Jan-10	24.70	16.70	24.75	16.65
Feb-10	19.55	15.75	19.80	16.00
Mar-10	18.50	15.60	18.20	15.60



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.

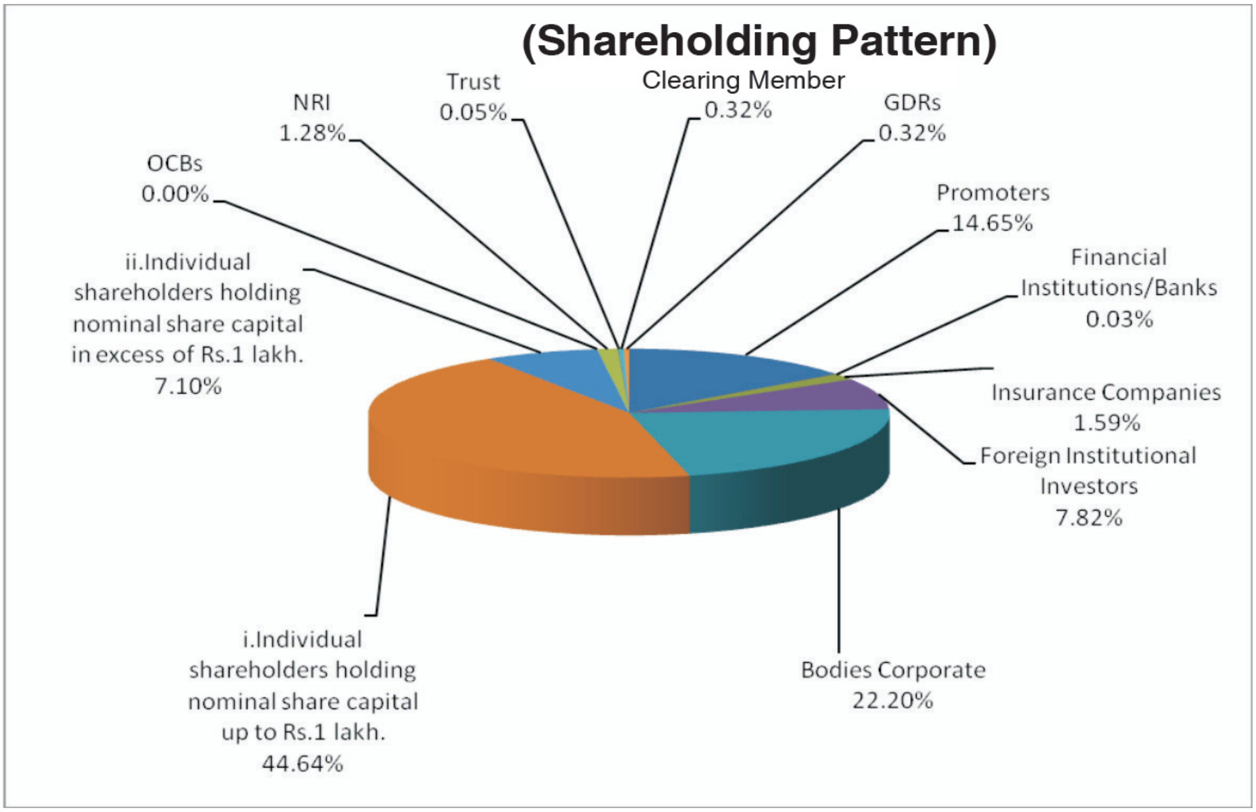
8. **Distribution of Shareholding**

Distribution of Shareholding as on 31st March, 2010

Range (In Rs)		No of Shareholders	% of Total Holders	Total Holding	% of Total Capital
1	5000	63,684	94.98	49,411,608	26.41
5001	10000	1,849	2.76	13,791,172	7.37
10001	20000	808	1.20	11,972,094	6.40
20001	30000	244	0.36	6,177,214	3.30
30001	40000	123	0.18	4,435,092	2.37
40001	50000	74	0.11	3,395,426	1.82
50001	100000	132	0.20	9,314,774	4.98
100001	99999999	139	0.21	88,564,198	47.35
Total		**67,053**		**187,061,578**	

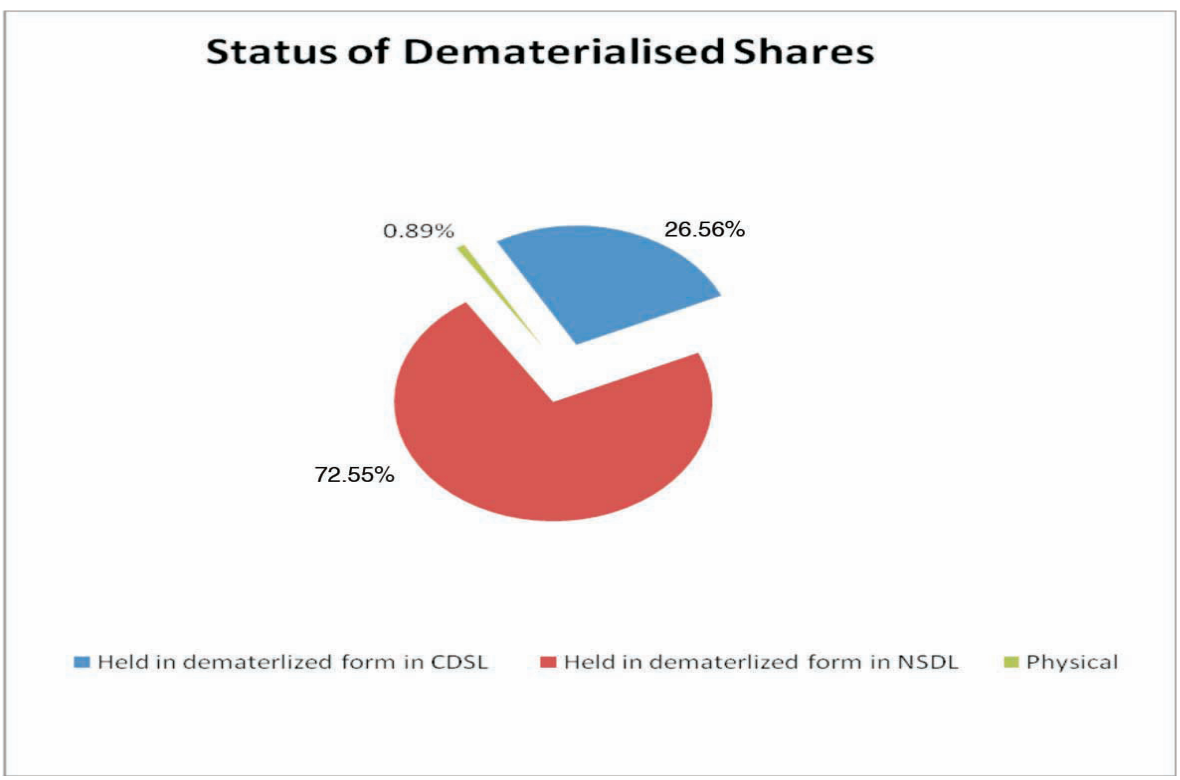
Distribution of Shareholding as on 31st March, 2010

Category	Number of shares held	% of Paid-up Capital
Promoters	13704725	14.65
Financial Institutions/Banks	23800	0.03
Insurance Companies	1485376	1.59
Foreign Institutional Investors	7313180	7.82
Bodies Corporate	20761834	22.2
i.Individual shareholders holding nominal share capital up to Rs.1 lakh.	41748574	44.64
ii.Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	6643925	7.1
OCBs	750	0
NRI	1194098	1.28
Trust	50400	0.05
Clearing Member	304127	0.32
GDRs	300000	0.32
TOTAL	**93530789**	**100.00**



9. Dematerialisation of Shares and Liquidity

As on March 31, 2010, 99.11 % of Company's total paid-up capital, representing 92692771 numbers of equity shares were held in dematerialised form and the balance 0.89 %, representing 838018 shares were held in physical form.



10. 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, 2010.

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%. As on 31st March 2010, 880 numbers of FCCBs were outstanding. All the outstanding 880 numbers of FCCBs, if converted into GDRs/equity shares would result into issuance of additional 5099202 numbers of equity shares of Rs 02/-each. At the behest of the majority bondholders, the Company has initiated the process of re-setting the conversion price of the FCCBs as per the applicable pricing guidlines.

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. Each stock option represents one equty share of Rs 02/- and 66653 numbers of vested stock options were outstanding as on 31st March 2010.

12. Plant Locations

Software Centre - I

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

Software Centre - II

Pawan Complex, S. No. 45/8+9/B,
Shilvihar Colony,
Off Karve Road,
Kothrud, Pune 411 038

Works

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, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

We state that the Registrar & Share Transfer Agents of the Company have certified that as on 31st March 2010, there were no 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.
V V CHAKRADEO
Proprietor
COP : 1705

PLACE: MUMBAI

DATE : 31st August, 2010

AUDITORS' REPORT

To

The Members of **AFTEK LIMITED**

1. We have audited the attached Balance Sheet of AFTEK LIMITED as at 31st March 2010 and also the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto (collectively referred as 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We conducted our audit in accordance with 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 manufacturing and other Companies (Auditor's Report) order, 2003 issued by the company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in annexure a statement on the matters specifies in paragraph 4 & 5 of the said order.
4. Without qualifying our opinion, we draw attention to Note No B.2 (iii) to Schedule S, wherein as explained the Liability if any of the pending assessement under Income Tax, Sales tax are not ascertained.
5. We report that:
   - *5.1 As stated in note B.14 to Schedule S, the management has not considered any provision in respect of old outstanding loans and advances aggregating (Rs.'000) 80,639 [Previous year (Rs.'000) 108,139], which in our opinion, are doubtful for 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 years.*
   - *5.2 As stated in note B.16 to Schedule S, the Company had developed a software (project) costing (Rs '000) 163,358, [Previous year (Rs.'000) 163,358] where the relevant project has been delayed for more than three 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. This matter was also qualified in the previous year.*
   - *5.3 As explained in note B.17 to Schedule S, the management has not considered any further provision in respect of investments (net of provision) aggregating (Rs.'000) 29,597 [Previous year (Rs.'000) 29,597] and loans and advances of (Rs.'000) 5,565 [Previous year (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. This matter was also qualified in the previous year.*
6. Further to our comments in the annexure referred to in paragraph (1) above; we state that:
   - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were neces¬sary for the purpose of our audit;
   - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examinations of those books;
   - iii) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
   - iv) 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 Companies Act, 1956.
   - v) On the basis of written representation received from the directors of the company as on 31st March, 2010 and taken on record by the board of directors, we report that none of the director is prima facie disqualified as on 31st March, 2010 from being appointed as director of the company in terms of clause (g) of sub section (1) of the section 274 of the Companies Act, 1956.
   - vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts given the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
     - *a) The Balance Sheet, of the state of affairs of the company as at 31st March 2010;*
     - *b) The Profit and Loss account of the Profit for the year ended on that date; and*
     - *c) The Cash Flow Statement, of the cash flows for the year ended on that date.*

For **GMJ & CO.,**

CHARTERED ACCOUNTANTS
(FRN No. 103429W)

(HARIDAS BHAT)
PARTNER (M. No. 39070)

Place: Mumbai.

Dated: August 31, 2010

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in Paragraph (3) of Audit Report to the members of **AFTEK LIMITED** on the Accounts of the year ended on 31st March, 2010.

As required by the Manufacturing and Other Companies (Auditors Report) Order, 2003 issued by the Company Law Board in terms of Sec. 227 (4A) of the Companies Act, 1956, as we considered appropriate and the information and explanations given to us during the course of our audit we report that:

(i) In respect of fixed assets.

 (a) the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information;

 (b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals; and no material discrepancies between the book records and physical inventory have been noticed.

 (c) A substantial part of fixed assets have not been disposed off during the year

(ii) In respect of Inventories

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

 (b) In our opinion and according to the information and explanations given to us 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 As explained to us there were no material discrepancies were noticed on physical verification, and the same have been properly dealt with in the books of account.

(iii) In respect of loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.

 (a) The company has granted unsecured loan to specified parties covered under section 301 of the Companies Act during the year. Maximum amount outstanding during the year was (Rs.'000) 11,428 and the year end balance was (Rs.'000) 11,428.

 (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 are repayable on demand. As Informed, the company has not demanded repayment of any such loans during the year, thus there is no default on the part of the party to whom the money is lent. The payment of interest where applicable has 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 Act.

 (e) The company has taken unsecured loan from a party covered in the register maintained under section 301 of the Companies Act during the year. Maximum amount outstanding during the year was (Rs.'000) 14,655 and the year end balance was (Rs.'000) 13,965.

 (f) The rate of interest and other terms and conditions of unsecured loan taken by the company are *prima facie* not prejudicial to the interest of the company.

 (g) The loans are repayable on demand. As Informed, the party has not demanded repayment of any such loans during the year, thus there is no default on the part of the company. Payment interest where applicable are regular.

(iv) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any major weaknesses in internal control;

(v) In respect of transactions covered under section 301 of the Companies Act 1956,

 (a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section have been so entered;

 (b) In our opinion and according to the information and explanations given to us transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time with regard to transactions exceeding the value of five lakh rupees in respect of each party and in any financial year.

(vi) The company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules frames thereunder.

(vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business;

(viii) The Central Govt. has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.

(ix) In respect of statutory dues:

(a) According to the information and explanations given to us the company is generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Employees State Insurance, Sales-tax, Wealth Tax, Service Tax Custom Duty, Excise Duty, cess and any other statutory dues 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 Amount relates	Date of Payment
Income Tax Act, 1961	Tax on FCCB Interest	581	2008-09	Not Paid
Income Tax Act, 1961	Tax on Dividend	10,834	2007-08	Not Paid

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

Name of the Statute	Nature of the Dues	Amount (Rs.'000)	Period to which Amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	4,667	2007-08	Commissioner of Service Tax

(x) The company has no accumulated losses at the end of the financial year and has incurred cash losses in the financial year and has not incurred cash losses in the immediately preceding financial year;

(xi) According to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;

(xiii) The provisions of any special statute applicable to chit fund are not applicable to the company.

(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) According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were obtained;

(xvii) In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long term investment.

(xviii) According to the information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

(xix) According to the information and explanations given to us the company has not issued secured debentures during the year.

(xx) According to the information and explanations given to us the company has not raised money by public issues during the year.

(xxi) In our opinion and according to the information and explanations given to us no fraud on or by the company has been noticed or reported during the year.

For **GMJ & CO.,**

CHARTERED ACCOUNTANTS
(FRN No. 103429W)

(HARIDAS BHAT)
PARTNER (M. No. 39070)

Place : Mumbai.

Dated : August 31, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SOURCES OF FUNDS			
Shareholders' Funds			
a) Capital	A	**187,062**	187,062
b) Reserves and Surplus	B	**6,154,588**	6,171,208
		6,341,650	6,358,270
Loan Funds			
a) Secured Loans	C	**729,114**	451,365
b) Unsecured Loans	D	**416,824**	458,976
		1,145,938	910,341
Deferred Tax Liability (refer note B.7 of Schedule S)		**41,978**	16,298
Total		**7,529,566**	7,284,909
APPLICATION OF FUNDS			
Fixed Assets	E		
a) Gross Block		**3,033,538**	2,845,928
b) Less: Accumulated Depreciation and Amortisation		**916,745**	1,484,213
c) Net Block		**2,116,793**	1,361,715
d) Capital Work-in-Progress (including Capital Advances)		**1,364,608**	1,447,097
		3,481,401	2,808,812
Investments	F	**298,126**	288,126
Current Assets, Loans and Advances			
a) Inventories	G	**9,884**	3,207
b) Sundry Debtors	H	**1,428,600**	1,317,238
c) Cash and Bank Balances	I	**2,381,107**	2,837,697
d) Loans and Advances & Other Assets	J	**150,422**	247,754
		3,970,013	4,405,896
Less: Current Liabilities and Provisions			
a) Current Liabilities	K	**179,353**	185,315
b) Provisions	L	**40,621**	32,610
		219,974	217,925
Net Current Assets		**3,750,039**	4,187,971
Total		**7,529,566**	7,284,909
Notes to the Financial Statements	S		

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

As per our report of even date attached

For **GMJ & Co.,**
Chartered Accountants (FRN. 103429W)

Haridas Bhat
Partner
Membership No.39070

Mumbai
Date: August 31, 2010

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: August 31, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

	SCHEDULE	YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
INCOME			
Sales	M	**1,820,329**	2,203,508
Other Income	N	**33,554**	956,404
Total		**1,853,883**	3,159,912
EXPENDITURE			
Cost of Sales and Services	O	**378,985**	1,118,087
Employee Costs	P	**90,862**	167,158
Operating and Administrative Expenses	Q	**484,449**	116,922
Finance Charges	R	**37,492**	27,039
Depreciation and Amortisation	E	**832,542**	535,889
Total		**1,824,330**	1,965,095
Profit Before Taxation and Exceptional Items		**29,553**	1,194,817
Less: Provision For Taxation			
- Current Tax (includes foreign tax of (Rs.'000) 5,914 (Previous year (Rs.'000) 8,705))		**14,080**	11,705
- Deferred Tax		**25,680**	14,797
- Fringe Benefit Tax		**-**	1,042
- Mat Credit Entitlement		**(8,160)**	-
- Short/(Excess) Provision for Taxation of earlier years		**(4,861)**	-
		26,739	27,544
Profit Before Exceptional Items		**2,814**	1,167,273
Less: Exceptional Items		**-**	(1,294,945)
Net (Loss) / Profit		**2,814**	(127,672)
Add: Balance Brought Forward From Earlier Years		**3,319,445**	3,447,117
Prior Period Adjustments		**5,701**	-
Profit Available for Appropriation		**3,327,960**	3,319,445
Balance Carried Forward to Balance Sheet		**3,327,960**	3,319,445
(Loss)/Earnings Per Share '(refer note B.4 of Schedule S)			
(Face Value of Rs. 2 Per Share)			
Basic (Rs.)		**0.03**	(1.37)
Diluted (Rs.)		**0.03**	(1.37)
Earnings Per Share (excluding exceptional items) (refer note B.4 of Schedule S)			
Basic (Rs.)		**0.03**	12.48
Diluted (Rs.)		**0.03**	12.48
Notes to the Financial Statements	S		

The schedules referred above form an integral part of the Profit & Loss Account

As per our report of even date attached

For **GMJ & Co.,**
Chartered Accountants (FRN. 103429W)

Haridas Bhat
Partner
Membership No.39070

Mumbai
Date: August 31, 2010

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: August 31, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010

		YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
{A}	**Cash Flows from Operating Activities**		
	Net profit before taxation, and exceptional items	**29,553**	1,194,817
	Adjustments for:		
	Depreciation and Amortisation	**832,542**	535,889
	Unrealised Foreign Exchange (Gain) / Loss (Net)	**350,762**	(874,073)
	Profit on Sale of Assets (net)	**(133)**	-
	Software Services and Sale of Rights to a Subsidiary	**-**	(42,312)
	Stock Compensation Expense	**-**	1,377
	Interest income	**(31,125)**	(51,100)
	Dividend income	**(6)**	-
	Interest expense	**37,492**	27,039
	Prior Period Income	**5,701**	-
	Provision for Gratuity and Leave Encashment	**1,012**	(1,274)
	Income Tax Refund Received for Earlier Years	**-**	(12,149)
	Debts and Advances Written off/ provided for	**38,849**	13,746
	Operating profit before working capital changes	**1,264,647**	791,960
	Adj for Trade and other Receivables	**(69,185)**	23,312
	Adj for Inventories	**(6,677)**	-
	Adj for Trade and other Payables	**(6,754)**	(225,758)
	Cash generated from operations	**1,182,031**	589,514
	Income taxes paid (net)	**(17,270)**	20,999
	Cash flow before extraordinary item	**1,164,761**	610,513
	Exceptional Items	**-**	-
	Cash flow After extraordinary item	**1,164,761**	610,513
	Net cash from operating activities	**1,164,761**	610,513
{B}	**Cash Flows from Investing Activities**		
	Purchase of Fixed Assets (Including capital advances and capital work in progress)	**(1,505,131)**	(1,950,730)
	Proceeds from sale of Assets	**133**	-
	Purchase of Investments	**(10,000)**	-
	Sale of Investments	**-**	-
	Share Applicaton money	**-**	-
	Repayment of Loan given to Subsidiary Company	**967**	(8,244)
	Repayment of Loan given to Aftek Employee's Welfare Trust Received Back	**14,206**	470
	Interest received	**31,125**	56,700
	Dividends received	**6**	-
	Net cash used in investing activities	**(1,468,694)**	(1,901,804)

		YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
{C}	**Cash Flows from Financing Activities**		
	Shares issued under ESOP	**-**	91
	Share Premium Received under ESOP	**-**	2,464
	Proceeds from Long term borrowings	**416,492**	1,571
	Proceeds from Unsecured Loans (Net)	**13,965**	-
	Repayments of Long term borrowings	**(138,743)**	(13,440)
	Interest paid	**(37,492)**	(37,309)
	Dividends and Dividend Tax paid	**-**	(46,719)
	Net cash used in financing activities	**254,222**	(93,342)
	Unrealised Foreign Exchange Gain /(Loss) on Cash and Cash Equivalents	**(406,879)**	824,045
	Net increase in cash and cash equivalents	**(456,590)**	(560,588)
	Cash and cash equivalents at beginning of period	**2,837,697**	3,398,285
	Cash and cash equivalents at end of period	**2,381,107**	2,837,697

Note:

Cash and cash equivalents includes fixed deposits of (Rs.000's) 341 {PY (Rs.000's) 149} placed with a bank against guarantees.

As per our report of even date attached

For **GMJ & Co.,**
Chartered Accountants (FRN. 103429W)

Haridas Bhat
Partner
Membership No.39070

Mumbai
Date: August 31, 2010

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: August 31, 2010

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE A : CAPITAL		
Authorised		
125,000,000 Equity Shares of Rs. 2 each	**250,000**	250,000
Issued, Subscribed and Paid Up		
93,530,789 Equity Shares of Rs. 2 each fully paid up	**187,062**	187,062
Total	**187,062**	187,062

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, 2010, 12,029,471 equity shares were issued on conversion of 2,570 Foreign Currency Convertible Bonds (FCCBs). (refer note B.11 of Schedule S)

5 Nil (PY 351,318) equity shares were issued against exercise of stock options under 'Employees Stock Option Scheme 2004'. (refer note B.9 of Schedule S)

6 In 2007-08, 6,150,000 equity shares were issued to the shareholders of erstwhile Elven Technologies Pvt. Ltd. Limited in pursuance of merger of Elven Micro Circuits Private Limited with the Company

7 300,000 (PY 300,000) equity shares represent 100,000 (PY 100,000) Global Depository Receipts (GDRs) offered in the year 2003. (refer note B.15 of Schedule S)

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE B : RESERVES AND SURPLUS		
General Reserve		
Balance at the Beginning of the Year	**601,623**	600,608
Add: Transferred from Profit and Loss Account	**-**	-
Add: Unexcercised Employee Stock Options which have Lapsed	**8,249**	1,015
Balance at the End of the Year	**609,872**	601,623
Securities Premium Account		
Balance at the Beginning of the Year	**2,182,032**	2,213,123
Add: Premium Received During the Year	**-**	3,277
Less: Premium Payable on Redemption of FCCBs	**(23,258)**	(34,368)
Balance at the End of the Year	**2,158,774**	2,182,032
Capital Reserve	**48,205**	48,205
Employee Stock Options	**3,364**	11,613
Foreign Currency Translation Reserve	**6,414**	8,290
Profit and Loss Account	**3,327,959**	3,319,445
Total	**6,154,588**	6,171,208

SCHEDULE C : SECURED LOANS		
From Banks		
Term Loan (refer note 1, 2 and 3 below)	**729,114**	410,940
Cash Credit (refer note 4 below)	**-**	40,425
Total	**729,114**	451,365

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 Mortgage of Land at Andheri, Mumbai.
4. Amount Repayable Within One Year is (Rs. Nil (PYRs.13,440,000))

SCHEDULE D : UNSECURED LOAN		
From Others		
1% Foreign Currency Convertible Bonds	**398,464**	454,432
(880 FCCBs of US$ 10,000 each) (refer note B.11 of Schedule S)		
Interest Accrued and Due (refer note B.11 of Schedule S)	**4,395**	4,544
From Bodies Corporate	**13,965**	-
Total	**416,824**	458,976

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE E : FIXED ASSETS

Description of Assets	Gross Block (At Cost)				Depreciation and Amortisation				Net Block	
	As at April 01, 2009	Additions	Deletions	As at 31 March 2010	As at April 01, 2009	For the Year	Deletions	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
Tangible Assets										
Leasehold Land	10,113	-	-	10,113	374	106	-	480	9,633	9,739
Freehold Land	12,702	-	-	12,702	-	-	-	-	12,702	12,702
Factory Building	8,291	-	-	8,291	5,511	653	-	6,164	2,127	2,781
Plant and Machinery	7,018	1,259	3,997	4,280	5,458	883	3,997	2,344	1,936	1,560
Electrical Fittings	379	-	379	-	379	-	379	-	-	-
Computers	70,611	714,965	51,593	733,983	59,133	146,628	51,593	154,168	579,815	11,478
Air Conditioner	1,130	-	-	1,130	1,118	6	-	1,124	6	13
Furniture and Fixtures	10,182	-	9,565	617	9,851	150	9,565	436	181	332
Motor Vehicles	10,242	-	9,240	1,002	9,493	265	9,240	518	484	749
Office Equipment	3,315	70	1,622	1,763	2,491	361	1,622	1,230	533	824
Intangible Assets										
Intellectual Property Rights	2,697,806	871,325	1,323,614	2,245,517	1,383,834	680,662	1,323,614	740,882	1,504,635	1,313,972
Technical Know How	14,140	-	-	14,140	6,571	2,828	-	9,399	4,741	7,569
Total	**2,845,929**	**1,587,619**	**1,400,010**	**3,033,538**	**1,484,213**	**832,542**	**1,400,010**	**916,745**	**2,116,793**	**1,361,718**
Capital Work-in-Progress									949,707	1,158,683
Capital Advance									414,901	288,415
Total									**3,481,401**	**2,808,816**
Previous Year	2,122,842	723,087	-	2,845,929	948,324	535,889	-	1,484,213	2,808,814	1,396,381

Notes:

1. Capital Work-in-Progress includes Internally Generated Intangible Assets yet to be capitalised (Rs.163,358,250 (PY (Rs.163,358,250)) (refer note B.16 of Schedule S)

2 Borrowing cost capitalised during the year amounts to Rs.Nil (PY (Rs. 97,85,000))

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

		AS AT MARCH 31, 2010 Rupees in '000s		AS AT MARCH 31, 2009 Rupees in '000s
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.17 of Schedule S)		**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 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		**146,333**		146,333
2,550,000 (PY 25,50,000) Equity Shares of Rs.10 Each Fully Paid Up				
* 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				
Investment in Mutual Funds				
SBI-SHF-Ultra Short Term Fund - Institutional Plan		**10,000**		-
(999400.360 units (PY Nil) Nominal Value Rs.10/- each).				
Total		**298,126**		288,126

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE G : INVENTORIES		
(At Cost or Net Realisable Value, whichever is less)		
(as taken, valued and certified by the Management)		
Raw Materials, Consumables	**8,537**	2,795
Work-in-Progress	**1,347**	412
Total	**9,884**	3,207

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE H : SUNDRY DEBTORS		
(Unsecured Considered Good Unless Otherwise Stated)		
Debts Outstanding for More Than Six Months		
-Considered Good	**526,049**	731,426
-Considered Doubtful	**83,913**	113,431
-Other Debts - Considered Good	**902,551**	585,813
	1,512,513	1,430,669
Less: Provision for Doubtful Debts	**(83,913)**	(113,431)
Total	**1,428,600**	1,317,238

SCHEDULE I : CASH AND BANK BALANCES		
Cash on Hand	**420**	44
Balance with Scheduled Banks in:		
Cash Credit Account	8	8
Current Account	28,881	2,759
Fixed Deposit Account #	2,840	26,173
Unclaimed Dividend Account	3,614	4,040
Foreign Currency Current Account*	1,048	2,838
Balance with Non Scheduled Banks in:		
Deposit Account with Banco Efisa , Portugal	1,198,731	1,317,453
(Maximum balance outstanding at any time during the year (Rs.1,317,453,351 (PYRs.1,317,453,351))		
Current Accounts with Banco Efisa, Portugal	1,145,565	1,484,382
(Maximum balance outstanding at any time during the year (Rs.2,418,810,192 (PYRs.3,234,915,899))		
Total	**2,381,107**	2,837,697

Fixed deposit of (Rs.341,281 (PY Rs.148,753)) has been placed with a bank against guarantees.

* Balance in Bank of India in Foreign Currency Current Account includes (Rs.152,210 (PY Rs.171,526)) being unutilised money of FCCB issue.

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

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE J : LOANS AND ADVANCES		
(Unsecured Considered Good Unless Otherwise Stated)		
Advance tax and Tax Deducted at source	**14,768**	15,901
Deposit with Body Corporates (refer note B.14 of Schedule S)	**80,639**	108,139
Other Deposits	**2,705**	31,973
Less : Provision for Doubtful Deposits	**-**	(6,118)
	2,705	25,855
Loans to Subsidiary Companies	**47,306**	341,126
Less: Doubtful Advances Written Off	**-**	(292,853)
	47,306	48,273
Loans to Aftek Employees' Welfare Trust	**28,495**	42,701
Less: Written off	**(26,000)**	-
	2,495	42,701
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Considered Good	**2,509**	6,885
- Considered Doubtful	**-**	4,534
	2,509	11,419
Less : Provision for Doubtful Advances	**-**	(4,534)
	2,509	6,885
Total	**150,422**	247,754

SCHEDULE K: CURRENT LIABILITIES		
Liabilities		
Sundry Creditors (refer note B.8 of Schedule S)	**27,412**	29,874
Premium Payable on Redemption of FCCBs	**119,998**	96,740
Accrued Expenses	**9,954**	36,825
Advance from Customers	**7,048**	2,998
Interest Accrued But Not Due	**1,578**	3,947
Unclaimed Dividends*	**3,614**	4,040
Other Liabilities	**9,749**	10,891
Total	**179,353**	185,315

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

SCHEDULE L: PROVISIONS		
Provision for taxation	**23,150**	12,878
Provision for Fringe Benefit Tax	**1,742**	3,211
Provision for Corporate Dividend Tax	**10,834**	10,834
Gratuity	**3,921**	4,194
Compensated Absences	**974**	1,493
Total	**40,621**	32,610

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

	YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
SCHEDULE M : SALES		
Software Exports		
Services	**1,622,606**	2,006,402
Products	**154,343**	125,112
Software Services and Sale of Rights to a Subsidiary	**-**	42,312
Software Driven Products		
Local	**26,297**	24,039
Exports	**16,985**	5,642
	1,820,231	2,203,507
Add: Duty Drawback	**98**	1
Total	**1,820,329**	2,203,508
SCHEDULE N : OTHER INCOME		
Bank Interest	**31,125**	51,100
(Including tax deducted at source Rs.51,200 (PY Rs.892,461))		
Dividend	**6**	-
Bad debt Recoverd	**811**	-
Profit on Sale of Fixed Assets	**133**	-
Foreign Exchange Gain	**-**	891,386
Income Tax Refund Received for Earlier Years	**-**	12,149
Miscellaneous Income	**1,479**	1,769
Total	**33,554**	956,404
SCHEDULE O : COST OF SALES AND SERVICES		
Consumption of Raw Materials and Consumables		
Opening Stock	**2,795**	1,870
Add: Purchases	**26,712**	13,540
	29,507	15,410
Less: Closing Stock	**(8,537)**	(2,795)
	20,970	12,615
(Increase)/Decrease in Work in Progress		
Opening Stock	412	336
Closing Stock	(1,347)	(412)
	(935)	(76)
Software Development Expenses	358,950	1,105,548
Total	**378,985**	1,118,087

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

	YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
SCHEDULE P : EMPLOYEE COSTS		
Salaries, Wages and Bonus	**84,571**	154,196
Contribution to Provident Fund and Other Funds	**4,366**	7,146
Gratuity	**582**	598
Staff Welfare	**1,343**	2,825
Stock Compensation Expense	**-**	2,393
Total	**90,862**	167,158
SCHEDULE Q: OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	**22,597**	37,406
Director Remuneration	**12,312**	16,202
Directors Sitting Fees	**700**	420
Commission to Non executive directors	**-**	1,620
Travelling and Conveyance	**8,626**	13,256
Professional Fees	**18,026**	4,590
Advertisement and Sales Promotion	**930**	619
Commission	**890**	1,190
Repairs and Maintenance to Buildings	**467**	128
Repairs and Maintenance to Computers	**459**	514
Repairs and Maintenance to Others	**862**	602
Electricity Expenses	**5,164**	6,456
Rates and Taxes	**2,945**	1,699
Telephone and Communication	**2,413**	3,094
Insurance Charges	**156**	98
Research and Development Expenses	**1,598**	2,287
Auditors' Remuneration (refer note B.3(vii) of Schedule S)	**4,620**	4,922
Foreign Exchange Loss	**350,762**	-
Write-off for Doubtful Loans and Advances	**26,000**	6,118
Provision for Doubtful Debts	**12,788**	7,624
Bad and Doubtful Debts Written Off	**61**	4
Miscellaneous Expenses	**12,073**	8,073
Total	**484,449**	116,922
SCHEDULE R: FINANCE CHARGES		
To Banks		
Interest on Term Loan	**26,981**	13,641
Interest on Cash Credit	**4,785**	5,476
Interest On Bill Discounting	**31**	2,197
To Others		
Interest on FCCB	**4,395**	5,125
Others	**1,300**	600
Total	**37,492**	27,039

SCHEDULE ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE S: 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 (In accordance with the Accounting Standard 16 on '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.

(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.

SHEDULE S : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

B Notes To Accounts

1. Capital commitment :

Particulars	As at March 31, 2010 Rs. '000	As at March 31, 2009 Rs. '000
Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	588,556	294,160

2. Contingent liabilities not provided for :

Particulars	As at March 31, 2010 Rs. '000	As at March 31, 2009 Rs. '000
(i) Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (Rs.'000) 11,441 Previous year (Rs.'000) 19,597}	77,900	80,000
(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
(iii) Pending assessement of Income tax and Sales tax	Amount Unascertaiable	
Total	**82,567**	**84,667**

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

(i) Particulars in respect of Manufactured Products

Software driven products	Current Year	Previous year
Opening Stock	Nil	Nil
Manufacturing - (Qty in Nos)	1,888	1,059
Sales - (Qty in Nos)	1,888	1,059
Value (Rs, '000s)	26,935	9,561
Others - Value (Rs, '000s)	16,347	20,120
Closing stock	Nil	Nil

(ii) Raw Material Consumed Quantities in respect of raw materials and consumable are not ascertainable due to multiplicity and diverse nature of items and value of each such items are less than 10% of the total value

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

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Rs. '000	%	Rs. '000	%
Imported raw material and consumables	5,269	25%	7,958	63.08
Indigenous raw material and consumables	15,701	75%	4,657	36.92
Total	**20,970**	**100%**	**12,615**	**100**

(iv) Value of imports on C.I.F basis:

Particulars	Year ended March 31, 2010 Rs. '000	Year ended March 31, 2009 Rs. '000
Purchase of intellectual property rights	871,325	719,771
Purchase of software tools	-	713,130
Purchase of raw materials	8,261	7,095
Total	**879,586**	**1,439,996**

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

Particulars	**Year ended March 31, 2010 Rs. '000**	**Year ended March 31, 2009 Rs. '000**
Software development expenses	358,950	1,105,548
Interest expenses (including interest capitalized)	17,764	31,051
Travelling expenses	4,635	10,116
Foreign tax	5,914	8,705
Other expenses	3,167	3,796
Total	**390,430**	**1,159,216**

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

Particulars	**Year ended March 31, 2010 Rs. '000**	**Year ended March 31, 2009 Rs. '000**
Export sales	1,793,934	2,137,156
Interest on foreign fixed deposit	29,572	45,666
Total	**1,823,506**	**2,182,822**

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

Particulars	**Year ended March 31, 2010 Rs. '000**	**Year ended March 31, 2009 Rs. '000**
i) As auditors	4,112	3,419
ii) For other services	-	1,503
Payment to erstwhile auditors		
As auditors	508	-
Total	**4,620**	**4,922**

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

Particulars	**Year ended March 31, 2010**	**Year ended March 31, 2009**
Number of non-resident shareholders	NIL	11
Number of shares held	NIL	34,250
Amount remitted (Rs.'000)	-	17
Year to which dividend relates	NIL	2007-08

(ix) Managerial remuneration:

Particulars	**Year ended March 31, 2010 Rs. '000**	**Year ended March 31, 2009 Rs. '000**
Salary	12,312	16,202
Perquisite on account of employee stock options to director	-	-
Commission to non executive directors	405	1620
Total	**12,717**	**17,822**

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, 2010 Rs. '000	Year ended March 31, 2009 Rs. '000
Net (loss)/profit after tax and exceptional items	2,814	(127,672)
Add:		
Managerial remuneration	12,312	16,202
Commission to non-executive directors	-	1,620
Exceptional items	Nil	1,294,945
Provision for doubtful loans and advances	26,000	6,118
Provision for doubtful debts	12,788	7,624
Provision for taxation	34,899	27,544
Depreciation as per books of account	832,542	535,889
	921,355	1,762,270
Less:		
Depreciation as envisaged u/s 350 of the Companies Act, 1956 (Book depreciation considered in the previous year)	406,059	535,889
Profit on sale of fixed assets	133	-
Income tax refund received for earlier years	-	12,149
Net profit as per section 349 of the Companies Act, 1956	515,163	1,214,232
Maximum Commission permissible to non-executive directors	51,111	12,142
Commission paid to non executive directors	405	1,620

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, 2010 Rs. '000	Year ended March 31, 2009 Rs. '000
Basic		
Net (loss)/profit including exceptional item available for equity shareholders (A)	2,814	(127,672)
Less: Exceptional item (refer note B.15 of Schedule O)	-	1,294,945
Net profit excluding exceptional item available for equity shareholders (B)	2,814	1,167,273
Weighted average number of equity shares outstanding (C) (in '000)	93,531	93,512
Face value of shares (in Rs.)	2	2
Basic (loss)/earnings per share, including exceptional item (A/C)	**0.03**	**(1.37)**
Basic earnings per share, excluding exceptional item (B/C)	**0.03**	**12.48**
Diluted		
Net (loss)/profit including exceptional item available for equity share holders	2,814	(127,672)
Add: Interest on FCCB (net of tax)	-	-
Adjusted profit including exceptional item for diluted earnings per share – (D)	2,814	(127,672)
Less: Exceptional item (refer note B.15 of Schedule O)	-	1,294,945
Adjusted profit excluding exceptional item for diluted earnings per share - (E)	2,814	1,167,273
Weighted average number of equity shares outstanding (in '000)	93,531	93,512
Weighted average number of potential shares on account of outstanding Employee Stock Options (in '000)	-	-
Weighted average number of potential shares on conversion of Foreign Currency Convertible Bonds (in '000)	-	
Weighted average number of shares outstanding – (F) (in '000)	93,531	93,512
Diluted (loss)/earnings per share, including exceptional item (D/F)	**0.03**	**(1.37)**
Diluted (loss)/earnings per share, excluding exceptional item (E/F)	**0.03**	**12.48**

5. **Related party disclosures:**

(i) **List of related parties**

Name of the Related Party	Nature of relationship
Opdex Inc.	Subsidiary Companies
Aftek Sales and Services Private Limited	
Mihir Properties Private Limited	
Arexera Information Technologies AG	
Aftek (Mauritius) Limited	
Digihome Solutions Private Limited	
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. Mukul S Dalal (Appointed as whole time director w.e.f August 01, 2009)	
Mr. Sunil M. Desai (Up to July, 2009)	
Mr. VJ Masurekar	Independent Director

(ii) **Related party transactions:**

(Rs. '000)

Nature	Subsidiary	Key Management Personnel	Significant Influence by Key Management Personnel	Total
Services rendered	-	-	-	-
	(42,924)	-	-	(42,924)
Digihome Solutions Private Limited	-	-	-	-
	(42,312)	-	-	(42,312)
Arexera Information Technologies GmbH	-	-	-	-
	(612)	-	-	(612)
Services Received from VJ Masurekar	-	1,100	-	1,100
(Independent Director)	-	-	-	-
Loans and advances given	2,122	-	-	2,122
	(7,160)	-	-	(7,160)
Arexera Information Technologies AG	217	-	-	217
	(4,390)	-	-	(4,390)
Digihome Solutions Private Limited	48	-	-	48
	-	-	-	
Mihir Properties Private Limited	18	-	-	18
	-	-	-	-
Opdex Inc.	1,905	-	-	1,905
	(2,742)	-	-	(2,742)
Others	1	-	-	1
	(28)	-	-	(28)
Advances received back	1,897	-	14,206	16,103
	-	-	(470)	(470)

Aftek Employees' Welfare Trust	- -	- -	14,206 (470)	14,206 (470)
Digihome Solutions Private Limited	154 -	- -	- -	154 -
Mihir Properties Private Limited	134 -	- -	- -	134 -
Opdex Inc.	1,609 -	- -	- -	1,609 -
Remuneration	- -	12,312 (16,202)	-	12,312 (16,202)
Directors sitting fees	- -	700 (420)	- -	700 (420)
Interest accrued and due from Digihome Solutions Private Limited	1,132 (1,132)	- -	- -	1,132 (1,132)
Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited	- (20,000)	- -	- -	- (20,000)

Figures in bracket pertain to previous year

(iii) Year end balances:

(Rs. '000)

Name of the Subsidiary	Outstanding Amount		Maximum balance outstanding at any time during the year	
	As at March 31, 2010	As at March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009
Mihir Properties Private Limited	36	153	153	153
Aftek Sales and Services Private Limited	74	73	74	73
Arexera Information Technologies Gmbh	-	299,495	-	299,495
Arexera Information Technologies AG	30,203	31,522	33,225	31,522
Digihome Solutions Private Limited	11,428	10,563	11,428	10,563
Opdex Inc.	5,565	6,009	7,594	6,009
Aftek Employees' Welfare Trust	2,495	42,701	42,701	43,171
Total	**49,801**	**390,516**	**95,175**	**390,986**

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. During the year the trust has sold majority of the shares and repaid (Rs.'000) 14,206 as part payment against loan.

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) 4,948{Previous Year (Rs.'000) 7,744}

(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.

(iii) Defined benefit plans for Gratuity:

Particulars	Year ended March 31, 2010 (Rs.'000)	Year ended March 31, 2009 (Rs.'000)
Change in Defined Benefit Obligations		
Defined Benefit Obligations as at the beginning of the year	6,956	6,916
Service cost	4,235	1,387
Interest cost	539	637
Actuarial (gain)/loss	(616)	(1,308)
Benefits paid	(2,134)	(676)
Present value of defined benefit obligations as at year end (A)	8,980	6,956
Change in Plan Assets		
Opening plan assets, at fair value	2,762	2,062
Expected return on plan assets	221	230
Actuarial gain/(loss)	(42)	1
Contributions	771	1,145
Benefits paid	(2,134)	(676)
Fair value of plan assets as at year end (B)	1,577	2,762
Cost for the year		
Service cost	4,235	1,387
Interest cost	539	637
Expected return on plan assets	(221)	(230)
Actuarial (gain)/loss	(575)	(1,309)
Total net cost recognized as employee remuneration	3,979	485
Reconciliation of Benefit Obligations and Plan Assets		
Present value of defined benefit obligations as at year end (A)	8,980	6,956
Fair value of plan assets as at year end (B)	1,577	2,762
Net asset/(liability) as at year end recognised in Balance Sheet (A) - (B)	7,402	4,194
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, 2010 (Rs.'000)	As at March 31, 2019 (Rs.'000)
Deferred Tax Liability on :		
Depreciation	207,679	30,329
(A)	**207,679**	**30,329**
Deferred Tax Asset on :		
Unabsorbed Depreciation adjusted for timing difference	136,198	-
Provision for gratuity	1,302	-
Provision for compensated absences	324	-
Provision for doubtful debts	27,874	14,031
(B)	**165,697**	**14,031**
Net Deferred Tax Liability (A)-(B)	**41,982**	**16,298**

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

Exercise Price per Share	Rs. 56	Rs. 70	Rs 51.90	Rs 34.15
Adjusted Exercise Price on account of issue of Bonus shares	Rs. 26	Rs. 40	N.A.	N.A.
Grant Date	25.08.2004	28.10.2004	31.07.2006	24.03.2008
Vesting commences on	25.08.2005	28.10.2005	31.07.2007	24.03.2009
Vesting schedule	25% of grant each year commencing one year from the date of grant			50% of grant for first year commencing one year from the date of grant and 25% each subsequent year
Particulars of Numbers of Options				
Option outstanding at The Beginning of the year	156,431 (212,317)	14,203 (21,319)	50,000 (50,000)	157,088 (224,788)
Option exercised in respect of which shares were allotted	Nil (45,277)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Option lapsed during the year on separation	22,768 (10,121)	7,421 (5,220)	37,500 (Nil)	157,088 (67,700)
Option lapsed during the year due to non-exercise of options	71,004 (488)	2,788 (1,896)	12,500 (Nil)	Nil (Nil)
Option outstanding at the end Of the year Of which –	62,659 (156,431)	3,994 (14,203)	Nil (50,000)	Nil (157,088)
Option vested	62659 (156,431)	3994 (14,203)	Nil (25,000)	Nil (78,544)
Option Yet to vest	Nil (Nil)	Nil (Nil)	Nil (25,000)	Nil (78,544)

(Figures in (Bracket) indicate previous year's figures.)

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) 22,597{Previous year: (Rs.'000) 37,406}. 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, 2010 Rs.'000**	**Year ended March 31, 2009 Rs.'000**
Not later than one year	16,100	12,924
Later than one year and not later than five years	27,800	467
Later than Five years	-	-
Total	**43,900**	**13,391**

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. However, at the behest of majority bondholders, the company is in the process of resetting the conversion price as per applicable pricing guidelines.

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, 2010 (Rs.'000)		Year ended March 31, 2009 (Rs.'000)	
America	1,013,243	55.66%	1,207,663	54.81%
Europe	669,695	36.79%	819,074	37.17%
Japan	90,724	4.98%	104,160	4.73%
India	43,380	2.38%	66,352	3.01%
Others	3,287	0.18%	6259	0.28%
Total	1,820,329	100%	2,203,508	100%

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. 575 (USD 13) (PY: Rs. 19,624 ; USD 380).
Creditors	Rs. Nil/- (PY: Nil)
Export Debtors	Rs. 1,442,642 (USD 23,920; EURO 6,129) (PY: Rs. 1,387,997 ; USD 19,270; EURO 6,348)
Foreign Currency Bank Account	Rs. 2,345,345 (USD 47,099; EURO 3,858) (PY:Rs. 2,804,673; USD 38,014; EURO 13,397)
Term Loan	Rs. 273,780 (EURO 4,500) (PY: Rs.410,940; EURO 6,000)
Unsecured Loan	Rs.416,826 (USD 9,206) (PY: Rs. 458,976; USD 8,888)
Loans and Advances to Subsidiaries	Rs. 35,769 (USD 124, CHF 723) (PY: Rs. 37,531; USD 119; CHF 718)

14. At the beginning of the year, the Company had outstanding Interest Free Deposits with Body Corporates aggregating (Rs '000) 108139. (Previous year (Rs '000) 138139.) 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) 27,500 (Previous year (Rs '000) 30000) has been received. 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 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, 2010.

As stated above, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 was outstanding as at March, 31, 2010. 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 at the exisiting coversion price. However, at the behest of majority bondholders, the company is in the process of resetting the conversion price as per applicable pricing guidelines.

16 During an earlier years, the Company had developed a software (project) costing (Rs ‘000) 163,358,(Previous year (Rs ‘000) 163358) which was pending completion of final testing on live data and has been classified under Capital-Work-In-Progress. This project has been delayed since past three years due to slow progress of business arrangement with an existing anchor customer. In view of the positive economic scenario management expect that the said project will go commercial in the near furture, and believes that there would not be any significant impairment loss considering market protential of the product.

17 The Company has an investment (net of provision) of (Rs ‘000) 29,597 (Previous year (Rs ‘000) 29597.)in Opdex Inc (Opdex), a wholly owned subsidiary and it has also granted loans and advances of (Rs ‘000) 5,565 (Previous year (Rs ‘000) 6009) 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.

18 Financial restucturing

In the course of its operations, the Company has incurred and will continue to incur significant expenditure towards development of new product and creating Intellectual Property Rights. With the weakening of the global markets, the Company is also focusing on internally developing IT related software and hardware, towards which significant expenditure will be incurred. Since the products developed are unique and are still in trial phase, the management of the Company believes that while certain projects will still be commercially viable, there could be some portion of the expenditure which may result in development of products which may not be commercially viable. The Company generally capitalizes the expenditure incurred on development of products and the same is amortized over a period of time. The Company has also made strategic investments in operating subsidiary companies and has also advanced loans to certain subsidiaries. Due to slump in the software industry, the accumulated losses of the subsidiary companies have substantially exceeded and as a result the value of investment in these subsidiaries has declined.

The Company has presence in the international markets and in the light of present global scenario and slump in the software industry, the Company has / and may continue to suffer foreign exchange losses

In view of the aforesaid, Members of the Company, at an Extra-ordinary General Meeting held on 08th June, 2010, had approved by means of a special resolution, the proposal to utilize a sum of Rs.215 Crores (Rupees Two Hundred & Fifteen Crores only) standing to the credit of the Securities Premium Account of the Company by allocating and /or earmarking to adjust product development expenditure incurred and / or to be incurred, diminution in value of investments, if any and loss arising on account of foreign exchange fluctuations. The Hon’ble High Court at Judicature at Bombay, vide Order dated 13th August, 2010 has sanctioned the aforesaid resolution.

19 Previous years' figures are regrouped and re arranged to make them comparable

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

Signatures to Schedules A to S

As per our report of even date attached

For **GMJ & Co.,**
Chartered Accountants (FRN. 103429W)

Haridas Bhat
Partner
Membership No.39070

Mumbai
Date: August 31, 2010

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: August 31, 2010

SHEDULE S : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS :

Registration No	L57220MH1986PLCO39342	State Code	11
Balance Sheet Date	31 03 2010		
	Date Month Year		

II. **CAPITAL RAISED DURING THE YEAR (Amount in Rs.'000)**

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

III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount in Rs. '000)

Total Liabilities	7529566	Total Assets	7529566
Sources of Funds			
Paid-up Capital	187062	Reserves & Surplus	6154588
Secured Loans	729114	Unsecured Loans	416824
Deferred Tax Liability	41978		
Application of Funds			
Net Fixed Assets	3481401	Investments	298126
Net Current Assets	3750039	Misc. Expenditure	0
Accumulated Losses	0		

IV. PERFORMANCE OF COMPANY (Amount in Rs. '000)

Turnover	1853883	Total Expenditure	1824330
Profit/(Loss) Before Tax	29553	Profit/(Loss) After Tax	2814
Earning Per Share	0.03	Dividend Rate	Nil

V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No. (ITC Code)	85249009.10
Product Description	Computer Software
(As per Monetary terms)	

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: August 31, 2010

AUDITOR'S 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 31st March 2010 and also the annexed Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Company for the year ended on that date annexed thereto (collectively referred as 'Consolidated financial statements'). These 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. We conducted our audit in accordance with 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. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.('000) 258,154 as at March 31,2010, total sales of Rs.('000) 41,043 and net cash flow amounting to Rs.('000) 45,259 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 required by manufacturing and other Companies (Auditor's Report) order, 2003 issued by the company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in annexure a statement on the matters specifies in paragraph 4 & 5 of the said order.
5. Without qualifying our opinion, we draw attention to Note No B.3 to Schedule S, wherein as explained the Liability if any of the pending assessement under Income Tax, Sales tax are not ascertained.
6. We report that:

   6.1 As stated in note B.14 to Schedule S, the management has not considered any provision in respect of old outstanding loans and advances aggregating (Rs.'000) 80,639 [Previous year (Rs.'000) 108,139], which in our opinion, are doubtful for 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 S, the Company had developed a software (project) costing (Rs '000) 163,358, where the relevant project has been delayed for more than three 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 S, 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) 5,565 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. This matter was also qualified in the previous year.
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, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

   a) The Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;

   b) The Consolidated Profit and Loss account of the Loss for the year ended on that date; and

   c) The Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For GMJ & CO
CHARTERED ACCOUNTANTS
(FRN No. – 103429W)
(HARIDAS BHAT)
PARTNER (M. No. 39070)

Place: Mumbai.
Dated: August 31, 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SOURCES OF FUNDS			
Shareholders' Funds			
a) Capital	A	**187,062**	187,062
b) Reserves and Surplus	B	**5,915,606**	5,946,055
		6,102,668	6,133,117
Loan Funds			
a) Secured Loans	C	**766,704**	494,796
b) Unsecured Loans	D	**416,824**	459,420
		1,183,528	954,216
Deferred Tax Liability (refer note B.7 of Schedule S)		**41,978**	16,298
Total		**7,328,174**	7,103,631
APPLICATION OF FUNDS			
Fixed Assets	E		
a) Gross Block		**3,074,450**	2,885,752
b) Less: Accumulated Depreciation and Amortisation		**931,658**	1,493,590
c) Net Block		**2,142,792**	1,392,162
d) Capital Work-in-Progress (including Capital Advances)		**1,364,608**	1,449,501
		3,507,400	2,841,663
Goodwill Arising on Consolidation		**9,707**	35,340
Investments	F	**50,807**	40,807
Current Assets, Loans and Advances			
a) Inventories	G	**43,481**	35,444
b) Sundry Debtors	H	**1,458,285**	1,346,582
c) Cash and Bank Balances	I	**2,390,873**	2,843,011
d) Loans and Advances & Other Assets	J	**111,179**	205,324
		4,003,818	4,430,361
Less: Current Liabilities and Provisions			
a) Current Liabilities	K	**202,937**	211,930
b) Provisions	L	**40,621**	32,610
		243,558	244,540
Net Current Assets		**3,760,260**	4,185,821
Total		**7,328,174**	7,103,631
Notes to the Financial Statements	S		

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

As per our report of even date attached

For **GMJ & Co.,**
Chartered Accountants (FRN. 103429W)

Haridas Bhat
Partner
Membership No.39070

Mumbai
Date: August 31, 2010

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: August 31, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

	SCHEDULE	YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
INCOME			
Sales	M	**1,873,769**	2,203,966
Other Income	N	**51,378**	955,560
Total		**1,925,147**	**3,159,526**
EXPENDITURE			
Cost of Sales and Services	O	**410,109**	1,122,278
Employee Costs	P	**111,996**	194,612
Operating and Administrative Expenses	Q	**494,556**	126,662
Finance Charges	R	**45,394**	32,986
Depreciation and Amortisation	E	**838,078**	538,995
Total		**1,900,133**	2,015,533
Profit Before Taxation and Exceptional Items		**25,014**	1,143,993
Less: Provision For Taxation			
- Current Tax (includes foreign tax of (Rs.'000) 5,914 (Previous year (Rs.'000) 8,705))		**14,118**	11,742
- Deferred Tax		**25,680**	14,797
- Fringe Benefit Tax		**-**	1,119
- Mat Credit Entitlement		**(8,160)**	-
- Short/(Excess) Provision for Taxation of earlier years		**(4,861)**	-
		26,777	27,658
Profit Before Exceptional Items		**(1,763)**	1,116,335
Less: Exceptional Items		-	(1,203,659)
Net (Loss) / Profit before share of Minority Interest in Loss		**(1,763)**	(87,324)
Share of Minority interest in Loss		**961**	(5,145)
Net (Loss) / Profit		**(2,724)**	(82,179)
Add: Balance Brought Forward From Earlier Years		**3,090,575**	3,172,754
Prior Period Adjustments		**(5,220)**	-
Profit Available for Appropriation		**3,093,071**	3,090,575
Balance Carried Forward to Balance Sheet		**3,093,071**	3,090,575
(Loss)/Earnings Per Share '(refer note B.4 of Schedule S)			
(Face Value of Rs. 2 Per Share)			
Basic (Rs.)		**0.03**	(1.37)
Diluted (Rs.)		**0.03**	(1.37)
Earnings Per Share (excluding exceptional items)			
(refer note B.4 of Schedule S)			
Basic (Rs.)		**0.03**	11.99
Diluted (Rs.)		**0.03**	11.99
Notes to the Financial Statements	S		

The schedules referred above form an integral part of the Profit & Loss Account

As per our report of even date attached
For **GMJ & Co.,**
Chartered Accountants (FRN. 103429W)
Haridas Bhat
Partner
Membership No.39070
Mumbai
Date: August 31, 2010

For and on behalf of the Board of Directors
Ranjit M Dhuru
Chairman & Managing Director
C. G. Deshmukh
Company Secretary

Nitin K Shukla
Director - Finance

Mumbai
Date: August 31, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010

		YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
{A}	Cash flows from operating activities		
	Net profit before taxation, and exceptional items	**25,014**	1,143,993
	Adjustments for:		
	Depreciation and Amortisation	**838,078**	538,995
	Unrealised Foreign Exchange (Gain) / Loss (Net)	**350,877**	-874,902
	Profit on Sale of Assets (net)	**(133)**	-
	Stock Compensation Expense	**-**	1,377
	Interest income	**(31,542)**	(51,177)
	Dividend income	**(6)**	-
	Interest expense	**45,394**	32,986
	Prior Period Income	**(5,220)**	(144)
	Provision for Gratuity and Leave Encashment	**1,012**	(1,274)
	Income Tax Refund Received for Earlier Years	**-**	(12,149)
	Debts and Advances Written off/ provided for	**38,849**	13,742
	Operating profit before working capital changes	**1,262,323**	791,447
	Adj for Trade and other Receivables	**10,944**	(8,968)
	Adj for Inventories	**(8,037)**	-
	Adj for Trade and other Payables	**(9,785)**	(214,681)
	Cash generated from operations	**1,255,445**	567,798
	Income taxes paid (net)	**(19,581)**	20,963
	Cash flow before extraordinary item	**1,235,864**	588,761
	Cash flow After extraordinary item	**1,235,864**	588,761
	Net cash from operating activities	**1,235,864**	588,761
{B}	**Cash flows from investing activities**		
	Purchase of Fixed Assets (Including capital advances and capital work in progress)	**(1,562,920)**	(1,953,145)
	Proceeds from sale of Assets	**133**	-
	Purchase of Investments	**(10,000)**	-
	Repayment of Loan given to Aftek Employee's Welfare Trust Received Back	**14,206**	470
	Interest received	**31,542**	56,774
	Dividends received	**6**	-
	Net cash used in investing activities	**(1,527,033)**	(1,895,901)

		YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
{C}	**Cash flows from financing activities**		
	Shares issued under ESOP	**-**	91
	Share Premium Received under ESOP	**-**	2,464
	Proceeds from Long term borrowings	**416,492**	20,659
	Proceeds from Unsecured Loans (Net)	**13,521**	1,555
	Repayments of Long term borrowings	**(138,743)**	(13,440)
	Interest paid	**(45,394)**	(37,309)
	Dividends and Dividend Tax paid	**-**	(46,719)
Net cash used in financing activities		**245,876**	(72,699)
Unrealised Foreign Exchange Gain /(Loss) on Cash and Cash Equivalents		**(406,845)**	816,145
Net increase in cash and cash equivalents		**(452,138)**	(563,694)
Cash and cash equivalents at beginning of period		**2,843,011**	3,406,705
Cash and cash equivalents at end of period		**2,390,873**	2,843,011

Cash and cash equivalents includes fixed deposits of (Rs.000's) 341 {PY (Rs.000's) 149} placed with a bank against guarantees.

As per our report of even date attached

For **GMJ & Co.,**
Chartered Accountants (FRN. 103429W)

Haridas Bhat
Partner
Membership No.39070

Mumbai
Date: August 31, 2010

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: August 31, 2010

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE A : CAPITAL		
Authorised		
125,000,000 Equity Shares of Rs. 2 each	**250,000**	250,000
Issued, Subscribed and Paid Up		
93,530,789 Equity Shares of Rs. 2 each fully paid up	**187,062**	187,062
Total	**187,062**	187,062

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, 2010, 12,029,471 equity shares were issued on conversion of 2,570 Foreign Currency Convertible Bonds (FCCBs). (refer note B.10 of Schedule S)

5 Nil (PY 351,318) equity shares were issued against exercise of stock options under 'Employees Stock Option Scheme 2004'. (refer note B.8 of Schedule S)

6 In 2007-08, 6,150,000 equity shares were issued to the shareholders of erstwhile Elven Technologies Pvt. Ltd. Limited in pursuance of merger of Elven Micro Circuits Private Limited with the Company

7 300,000 (PY 300,000) equity shares represent 100,000 (PY 100,000) Global Depository Receipts (GDRs) offered in the year 2003. (refer note B.14 of Schedule S)

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE B : RESERVES AND SURPLUS		
General Reserve		
Balance at the Beginning of the Year	**601,623**	600,608
Add: Unexcercised Employee Stock Options which have Lapsed	**8,249**	1,016
Balance at the End of the Year	**609,872**	601,624
Securities Premium Account		
Balance at the Beginning of the Year	**2,182,032**	2,213,123
Add: Premium Received During the Year	**-**	3,277
Less: Premium Payable on Redemption of FCCBs	**(23,258)**	(34,368)
Balance at the End of the Year	**2,158,774**	2,182,032
Capital Reserve	**48,205**	48,205
Employee Stock Options	**3,364**	11,613
Foreign Currency Translation Reserve	**2,320**	12,006
Profit and Loss Account	**3,093,071**	3,090,575
Total	**5,915,606**	5,946,055

SCHEDULE C : SECURED LOANS		
From Banks		
Term Loan (refer note 1, 2 and 3 below)	**743,804**	430,777
Cash Credit (refer note 4 below)	**22,900**	64,019
Total	**766,704**	494,796

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 Mortgage of Land at Andheri, Mumbai.
4. Amount Repayable Within One Year is (Rs. Nil (PYRs.13,440,000))

SCHEDULE D : UNSECURED LOAN		
From Others		
1% Foreign Currency Convertible Bonds	**398,464**	454,432
(880 FCCBs of US$ 10,000 each) (refer note B.10 of Schedule S)		
Interest Accrued and Due (refer note B.10 of Schedule S)	**4,395**	4,544
From Bodies Corporate and Director	**13,965**	444
Total	**416,824**	459,420

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE E : FIXED ASSETS

Description of Assets	Gross Block (At Cost)				Depreciation and Amortisation				Net Block	
	As at April 01, 2009	Additions	Deletions	As at 31 March 2010	As at April 01, 2009	For the Year	Deletions	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
Tangible Assets										
Leasehold Land	10,113	-	-	10,113	374	106	-	480	9,633	9,739
Freehold Land	12,702	-	-	12,702	-	-	-	-	12,702	12,702
Factory Building	8,291	-	-	8,291	5,511	653	-	6,164	2,127	2,781
Buildings	30,964	-	-	30,964	3,293	387	-	3,680	27,284	27,671
Plant and Machinery	11,826	3,065	3,997	10,894	7,600	2,135	3,997	5,738	5,156	4,226
Electrical Fittings	379	-	379	-	379	-	379	-	-	-
Computers	72,202	715,187	51,593	735,796	62,734	147,187	51,593	158,328	577,468	9,469
Air Conditioner	1,130	-	-	1,130	1,118	6	-	1,124	6	13
Furniture and Fixtures	11,862	798	9,565	3,095	10,058	601	9,565	1,094	2,001	1,804
Motor Vehicles	10,242	-	9,240	1,002	9,493	265	9,240	518	484	749
Office Equipment	3,316	70	1,622	1,764	2,491	361	1,622	1,230	534	825
Intangible Assets										
Intellectual Property Rights	2,697,960	871,325	1,323,614	2,245,671	1,383,968	683,547	1,323,614	743,901	1,501,770	1,313,992
Technical Know How	14,765	27	-	14,792	6,571	2,830	-	9,401	5,391	8,194
Total	**2,885,752**	**1,590,472**	**1,400,010**	**3,074,450**	**1,493,590**	**838,078**	**1,400,010**	**931,658**	**2,142,792**	**1,392,164**
Capital Work-in-Progress									949,707	1,161,085
Capital Advance									414,901	288,415
Total									3,507,400	2,841,663
Previous Year	2,122,842	723,087	-	2,845,929	948,324	535,889	-	1,484,213	2,808,814	1,396,381

Notes

1. Capital Work-in-Progress includes Internally Generated Intangible Assets yet to be capitalised (Rs.163,358,250 (PY (Rs.163,358,250)) (refer note B.15 of Schedule S)
2. Borrowing cost capitalised during the year amounts to Rs.Nil (PY (Rs. 97,85,000))

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE F : INVESTMENTS		
Long Term Investments, Trade, Unquoted (at Cost)		
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		
Investment in Mutual Funds		
SBI-SHF-Ultra Short Term Fund - Institutional Plan		
(999400.360 units (PY Nil) Nominal Value Rs.10/- each).	**10,000**	-
Total	**50,807**	40,807
SCHEDULE G : INVENTORIES		
(At Cost or Net Realisable Value, whichever is less) (as taken, valued and certified by the Management)		
Raw Materials, Consumables	**42,134**	35,031
Work-in-Progress	**1,347**	413
Total	**43,481**	35,444
SCHEDULE H : SUNDRY DEBTORS		
(Unsecured Considered Good Unless Otherwise Stated)		
Debts Outstanding for More Than Six Months		
-Considered Good	**526,049**	731,426
-Considered Doubtful	**83,913**	113,431
-Other Debts - Considered Good	**932,236**	615,156
	1,542,198	1,460,013
Less: Provision for Doubtful Debts	**(83,913)**	(113,431)
Total	**1,458,285**	1,346,582

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE I : CASH AND BANK BALANCES		
Cash on Hand	**884**	2,703
Balance with Scheduled Banks in:		
Cash Credit Account	**8**	2,649
Current Account	**30,170**	2,773
Fixed Deposit Account #	**10,852**	26,173
Unclaimed Dividend Account	**3,614**	4,040
Foreign Currency Current Account*	**1,048**	2,838
Balance with Non Scheduled Banks in:		
Deposit Account with Banco Efisa , Portugal	**1,198,731**	1,484,382
(Maximum balance outstanding at any time during the year (Rs.1,317,453,351 (PYRs.1,317,453,351))		
Current Accounts with Banco Efisa, Portugal	**1,145,566**	1,317,453
(Maximum balance outstanding at any time during the year (Rs.2,418,810,192 (PYRs.3,234,915,899))		
Total	**2,390,873**	2,843,011

Fixed deposit of (Rs.341,281 (PY Rs.148,753)) has been placed with a bank against guarantees.

* Balance in Bank of India in Foreign Currency Current Account includes (Rs.152,210 (PY Rs.171,526)) being unutilised money of FCCB issue.

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

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE J : LOANS AND ADVANCES		
(Unsecured Considered Good Unless Otherwise Stated)		
Advance tax and Tax Deducted at source	**14,885**	15,901
Deposit with Body Corporates (refer note B.13 of Schedule S)	**80,639**	-
Other Deposits	**3,132**	32,103
Less : Provision for Doubtful Deposits	**-**	(6,118)
	3,132	25,985
Loans to Aftek Employees' Welfare Trust	**28,495**	42,701
Less: Written off	**(26,000)**	-
	2,495	42,701
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Considered Good	**10,028**	120,737
- Considered Doubtful	**-**	4,534
	10,028	125,271
Less : Provision for Doubtful Advances	**-**	(4,534)
	10,028	120,737
Total	**111,179**	205,324

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2010 Rupees in '000s	AS AT MARCH 31, 2009 Rupees in '000s
SCHEDULE K: CURRENT LIABILITIES		
Liabilities		
Sundry Creditors	**44,202**	79,282
Premium Payable on Redemption of FCCBs	**119,997**	96,740
Accrued Expenses	**9,954**	-
Advance from Customers	**10,340**	14,569
Interest Accrued But Not Due	**1,578**	3,947
Unclaimed Dividends*	**3,614**	4,040
Other Liabilities	**13,252**	13,352
Total	**202,937**	211,930

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

SCHEDULE L: PROVISIONS		
Provision for taxation	**23,150**	12,878
Provision for Fringe Benefit Tax	**1,742**	3,211
Provision for Corporate Dividend Tax	**10,834**	10,834
Gratuity	**3,921**	4,194
Compensated Absences	**974**	1,493
Total	**40,621**	32,610

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
SCHEDULE M : SALES		
Software Exports		
Services	**1,622,606**	2,049,172
Products	**154,343**	125,112
Software Driven Products		
Local	**79,737**	24,039
Exports	**16,985**	5,642
	1,873,671	2,203,965
Add: Duty Drawback	**98**	1
Total	**1,87,769**	2,203,966
SCHEDULE N : OTHER INCOME		
Bank Interest	**31,542**	51,177
(Including tax deducted at source Rs.51,200 (PY Rs.892,461))		
Consultancy Charges	**16,220**	-
Dividend	**6**	-
Bad debt Recovered	**811**	-
Profit on Sale of Fixed Assets	**133**	-
Foreign Exchange Gain	**-**	891,386
Income Tax Refund Received for Earlier Years	**-**	12,149
Insurance Claim Received	**157**	-
Rent Income	**271**	-
Miscellaneous Income	**2,238**	848
Total	**51,378**	955,560
SCHEDULE O : COST OF SALES AND SERVICES		
Consumption of Raw Materials and Consumables		
Opening Stock	**35,031**	18,004
Add: Purchases	**59,196**	33,834
	94,227	51,838
Less: Closing Stock	**(42,134)**	(35,031)
	52,093	16,807
(Increase)/Decrease in Work in Progress		
Opening Stock	**413**	336
Closing Stock	**(1,347)**	(413)
	(934)	(77)
Software Development Expenses	**358,950**	1,105,548
Total	**410,109**	1,122,278

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	YEAR ENDED MARCH 31, 2010 Rupees in '000s	YEAR ENDED MARCH 31, 2009 Rupees in '000s
SCHEDULE P : EMPLOYEE COSTS		
Salaries, Wages and Bonus	**105,300**	181,511
Contribution to Provident Fund and Other Funds	**4,366**	7,146
Gratuity	**582**	598
Staff Welfare	**1,748**	2,964
Stock Compensation Expense	**-**	2,393
Total	**111,996**	194,612
SCHEDULE Q: OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	**24,818**	38,879
Director Remuneration	**12,312**	16,202
Directors Sitting Fees	**860**	420
Property Tax	**238**	1,736
Commission to Non executive directors	**-**	1,620
Travelling and Conveyance	**9,834**	15,233
Professional Fees	**21,190**	5,271
Advertisement and Sales Promotion	**1,265**	2,057
Commission	**932**	1,285
Repairs and Maintenance to Buildings	**467**	1,288
Repairs and Maintenance to Computers	**459**	-
Repairs and Maintenance to Others	**1,003**	-
Deferred Revenue Exps. W/off	**85**	-
Preliminary Expenses W/off	**2**	-
Electricity Expenses	**5,404**	6,582
Rates and Taxes	**2,945**	-
Telephone and Communication	**3,050**	3,739
Insurance Charges	**329**	191
Research and Development Expenses	**1,642**	2,316
Auditors' Remuneration	**4,931**	5,103
Foreign Exchange Loss	**350,877**	-
Write-off for Doubtful Loans and Advances	**26,000**	6,118
Provision for Doubtful Debts	**12,788**	7,624
Bad and Doubtful Debts Written Off	**61**	4
Miscellaneous Expenses	**13,064**	10,994
	494,556	126,662
SCHEDULE R: FINANCE CHARGES		
To Banks		
Interest on Term Loan	**34,026**	19,028
Interest on Cash Credit	**4,785**	5,476
Interest On Bill Discounting	**31**	2,197
To Others		
Interest on FCCB	**4,395**	5,125
Others	**2,157**	1,160
	45,394	32,986

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE S : 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 (In accordance with the Accounting Standard 16 on '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 Notes To Consolidated Financial Statements

1 Details of subsidiaries whose financial statements have been consolidated as at March 31,2010 are given below:

Name of the Subsidiary	Company of Incorporation	Proportion of ownership interest	
		March 31, 2010	March 31, 2009
Mihir Properties Private Limited	India	100%	100%
Aftek Sales and Services Private Limited	India	100%	100%
Digihome Solutions Private Limited	India	51%	51%
Arexera Information Technologies AG	Switzerland	100%	100%
Opdex Inc.	USA	100%	100%

2 Capital commitment :

Particulars	As at March 31, 2010 Rs. '000	As at March 31, 2009 Rs. '000
Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	588,556	294,160

3 Contingent liabilities not provided for :

Particulars	As at March 31, 2010 Rs. '000	As at March 31, 2009 Rs. '000
(i) Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (Rs.'000) 11,441 Previous year (Rs.'000) 19,597}	77,900	80,000
(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
(iii) Pending assessement of Income tax and Sales tax	Amount unascertaiable	
Total	**82,567**	**84,667**

4 Earnings per share (EPS):

Particulars	As at March 31, 2010 Rs. '000	As at March 31, 2009 Rs. '000
Basic		
Net (loss)/profit including exceptional item available for equity shareholders (A)	(2,724)	(82,179)
Less: Exceptional item	-	1,203,659
Net profit excluding exceptional item available for equity shareholders (B)	(2,724)	1,121,480
Weighted average number of equity shares outstanding (C) (in '000)	93,531	93,512
Face value of shares (in Rs.)	2	2
Basic (loss)/earnings per share, including exceptional item (A/C)	(0.03)	(0.88)
Basic earnings per share, excluding exceptional item (B/C)	(0.03)	11.99
Diluted		
Net (loss)/profit including exceptional item available for equity share holders	(2,724)	(82,179)
Add: Interest on FCCB (net of tax)	-	-

Adjusted profit including exceptional item for diluted earnings per share – (D)	(2,724)	(82,179)
Less: Exceptional item	-	1,203,659
Adjusted profit excluding exceptional item for diluted earnings per share - (E)	(2,724)	1,121,480
Weighted average number of equity shares outstanding (in '000)	93,531	93,512
Weighted average number of potential shares on account of outstanding Employee Stock Options (in '000)	-	-
Weighted average number of potential shares on conversion of Foreign Currency Convertible Bonds (in '000)	-	
Weighted average number of shares outstanding – (F) (in '000)	93,531	93,512
Diluted (loss)/earnings per share, including exceptional item (D/F)	(0.03)	(0.88)
Diluted (loss)/earnings per share, excluding exceptional item (E/F)	(0.03)	11.99

5 (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. Mukul S Dalal (Appointed as whole time director w.e.f August 01, 2009) Mr. Sunil M. Desai (Up to July, 2009)	Key Management Personnel
Mr. VJ Masurekar	Independent Director

(ii) **Related party transactions: (Rs. '000)**

Nature	**Subsidiary**	**Key Management Personnel**	**Significant Influence by Key Management Personnel**	**Total**
Services Received from VJ Masurekar	-	1,100 -	- -	1,100
Advance Received from Aftek Employees' Welfare Trust	- -	- -	14,206 (470)	14,206 (470)
Remuneration	- -	12,312 (16,202)	- -	12,312 (16,202)
Directors sitting fees	- -	860 (420)	- -	860 (420)

Figures in bracket pertain to previous year

(iii) **Year end balances: (Rs. '000)**

Name of the Subsidiary	Outstanding Amount		Maximum balance outstanding at any time during the year	
	As at March 31, 2010	As at March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009
Aftek Employees' Welfare Trust	2,495	42,701	42,701	43,171
Total	**2,495**	**42,701**	**42,701**	**43,171**

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. During the year the trust has sold majority of the shares and repaid (Rs.'000) 14,206 as part payment against loan.

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) 4,948{Previous Year (Rs.'000) 7,744}

(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.

(iii) Defined benefit plans for Gratuity:

Particulars	**Year ended March 31, 2010 (Rs.'000)**	**Year ended March 31, 2009 (Rs.'000)**
Change in Defined Benefit Obligations		
Defined Benefit Obligations as at the beginning of the year	6,956	6,916
Service cost	4,235	1,387
Interest cost	539	637
Actuarial (gain)/loss	(616)	(1,308)
Benefits paid	(2,134)	(676)
Present value of defined benefit obligations as at year end (A)	8,980	6,956
Change in Plan Assets		
Opening plan assets, at fair value	2,762	2,062
Expected return on plan assets	221	230
Actuarial gain/(loss)	(42)	1
Contributions	771	1,145
Benefits paid	(2,134)	(676)
Fair value of plan assets as at year end (B)	1,577	2,762
Cost for the year		
Service cost	4,235	1,387
Interest cost	539	637
Expected return on plan assets	(221)	(230)
Actuarial (gain)/loss	(575)	(1,309)
Total net cost recognized as employee remuneration	3,979	485
Reconciliation of Benefit Obligations and Plan Assets		
Present value of defined benefit obligations as at year end (A)	8,980	6,956
Fair value of plan assets as at year end (B)	1,577	2,762
Net asset/(liability) as at year end recognised in Balance Sheet (A) - (B)	7,402	4,194
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	Year ended March 31, 2010 (Rs.'000)	Year ended March 31, 2009 (Rs.'000)
Deferred Tax Liability on :		
Depreciation	207,679	30,329
(A)	207,679	30,329
Deferred Tax Asset on :		
Unabsorbed Depreciation adjusted for timing difference	136,198	-
Provision for gratuity	1,302	-
Provision for compensated absences	324	-
Provision for doubtful debts	27,874	14,031
(B)	165,697	14,031
Net Deferred Tax Liability (A)-(B)	41,982	16,298

8 **Employee Stock Option Scheme**

Exercise Price per Share	Rs. 56	Rs. 70	Rs 51.90	Rs 34.15
Adjusted Exercise Price on account of issue of Bonus shares	Rs. 26	Rs. 40	N.A.	N.A.
Grant Date	25.08.2004	28.10.2004	31.07.2006	24.03.2008
Vesting commences on	25.08.2005	28.10.2005	31.07.2007	24.03.2009
Vesting schedule	25% of grant each year commencing one year from the date of grant			50% of grant for first year commencing one year from the date of grant and 25% each subsequent year
Particulars of Numbers of Options				
Option outstanding at The Beginning of the year	156,431 (212,317)	14,203 (21,319)	50,000 (50,000)	157,088 (224,788)
Option exercised in respect of which shares were allotted	Nil (45,277)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Option lapsed during the year on separation	22,768 (10,121)	7,421 (5,220)	37,500 (Nil)	157,088 (67,700)
Option lapsed during the year due to non-exercise of options	71,004 (488)	2,788 (1,896)	12,500 (Nil)	Nil (Nil)
Option outstanding at the end Of the year Of which –	62,659 (156,431)	3,994 (14,203)	Nil (50,000)	Nil (157,088)
Option vested	62659 (156,431)	3994 (14,203)	Nil (25,000)	Nil (78,544)
Option Yet to vest	Nil (Nil)	Nil (Nil)	0 (25,000)	0 (78,544)

(Figures in (Bracket) indicate previous year's figures.)

9 **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) 22,597{Previous year: (Rs.'000) 37,406}. 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, 2010 Rs.'000	Year ended March 31, 2009 Rs.'000
Not later than one year	16,100	12,924
Later than one year and not later than five years	27,800	467
Later than Five years	-	-
Total	**43,900**	**13,391**

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.

10 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. However, at the behest of majority bondholders, the company is in the process of resetting the conversion price as per applicable pricing guidelines.

11 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, 2010 (Rs.'000)		Year ended March 31, 2009 (Rs.'000)	
America	1,013,243	55.66%	1,207,663	54.81%
Europe	669,695	36.79%	819,074	37.17%
Japan	90,724	4.98%	104,160	4.73%
India	43,380	2.38%	66,352	3.01%
Others	3,287	0.18%	6259	0.28%
Total	1,820,329	100%	2,203,508	100%

Note: All the segment assets are located in India.

12 Unhedged Foreign Currency Exposure:

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

Advance to Creditors	Rs. 575 (USD 13) (PY: Rs. 19,624 ; USD 380).
Creditors	Rs. Nil/- (PY: Nil)
Export Debtors	Rs. 1,442,642 (USD 23,920; EURO 6,129) (PY: Rs. 1,387,997 ; USD 19,270; EURO 6,348)
Foreign Currency Bank Account	Rs. 2,345,345 (USD 47,099; EURO 3,858) (PY:Rs. 2,804,673; USD 38,014; EURO 13,397)
Term Loan	Rs. 273,780 (EURO 4,500) (PY: Rs.410,940; EURO 6,000)
Unsecured Loan	Rs.416,826 (USD 9,206) (PY: Rs. 458,976; USD 8,888)
Loans and Advances to Subsidiaries	Rs. 35,769 (USD 124, CHF 723) (PY: Rs. 37,531; USD 119; CHF 718)

13 At the beginning of the year, the Company had outstanding Interest Free Deposits with Body Corporates aggregating (Rs '000) 108139. 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) 27,500 has been received. 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.

14 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 GD Rs. 100,000 numbers of GDRs representing 300,000 equity shares were outstanding as at March 31, 2010. As stated above, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 was outstanding as at March, 31, 2010. 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 at the exisiting coversion price. However, at the behest of majority bondholders, the company is in the process of resetting the conversion price as per applicable pricing guidelines.

15 During an earlier years, the Company had developed a software (project) costing (Rs ‘000) 163,358,(Previous year (Rs ‘000) 163358) which was pending completion of final testing on live data and has been classified under Capital-Work-In-Progress. This project has been delayed since past three years due to slow progress of business arrangement with an existing anchor customer. In view of the positive economic scenario management expect that the said project will go commercial in the near furture, and believes that there would not be any significant impairment loss considering market protential of the product.

16 The Company has an investment (net of provision) of (Rs ‘000) 29,597 (Previous year (Rs ‘000) 29597.)in Opdex Inc (Opdex), a wholly owned subsidiary and it has also granted loans and advances of (Rs ‘000) 5,565 (Previous year (Rs ‘000) 6009) 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.

17 **Financial restucturing** In the course of its operations, the Company has incurred and will continue to incur significant expenditure towards development of new product and creating Intellectual Property Rights. With the weakening of the global markets, the Company is also focusing on internally developing IT related software and hardware, towards which significant expenditure will be incurred. Since the products developed are unique and are still in trial phase, the management of the Company believes that while certain projects will still be commercially viable, there could be some portion of the expenditure which may result in development of products which may not be commercially viable. The Company generally capitalizes the expenditure incurred on development of products and the same is amortized over a period of time. The Company has also made strategic investments in operating subsidiary companies and has also advanced loans to certain subsidiaries. Due to slump in the software industry, the accumulated losses of the subsidiary companies have substantially exceeded and as a result the value of investment in these subsidiaries has declined. The Company has presence in the international markets and in the light of present global scenario and slump in the software industry, the Company has / and may continue to suffer foreign exchange losses. In view of the aforesaid, Members of the Company, at an Extra-ordinary General Meeting held on 08th June, 2010, had approved by means of a special resolution, the proposal to utilize a sum of Rs.215 Crores (Rupees Two Hundred & Fifteen Crores only) standing to the credit of the Securities Premium Account of the Company by allocating and /or earmarking to adjust product development expenditure incurred and / or to be incurred, diminution in value of investments, if any and loss arising on account of foreign exchange fluctuations. The Hon’ble High Court at Judicature at Bombay, vide Order dated 13th August, 2010 has sanctioned the aforesaid resolution.

18 Previous years figures are regrouped and re arranged to make them comparable.

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

Signatures to Schedules A to S

As per our report of even date attached

For **GMJ & Co.,**
Chartered Accountants (FRN. 103429W)

Haridas Bhat
Partner
Membership No.39070

Mumbai
Date: August 31, 2010

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: August 31, 2010

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	-	-	-	47.20	44.20
3	Share Capital	100	14,500	35,650	74,812	4,420
4	Reserves & Surplus	-	16,620	120,833	-	-
5	Total Assets	17	27,391	209,667	14,443	7,470
6	Total Liabilities	125	321	77,390	7,505	7,381
7	Details of investment other than investment in subsidiary	-	-	-	-	-
8	% of holding	100	100	51	100	100
9	Turnover	11#	271	58,100	708	12,111
10	Profit before taxation	(10)	(422)	1,962	(5,664)	(1,017)
11	Provision for taxation	-	-	-	38	-
12	Profit after taxation	(10)	(422)	1,962	(5,711)	(1,017)
13	Proposed Dividend	-	-	-	-	-
14	Country	INDIA	INDIA	INDIA	USA	SWITZERLAND

Represents Miscellaneous Income

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.

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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 23rd Annual General Meeting of the Company to be held on 29th September, 2010 and at any adjournment(s) thereof.

Signed this……………………day of………………...2010

Affix
Revenue
Stamp

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 aforsaid meeting.

ATTENDANCE SLIP

23RD 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 23rd Annual General Meeting of Aftek Limited to be held at 10.30 a.m. on Wednesday, the 29th September, 2010 at the Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai - 400025

Member’s / Proxy’s Signature

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.