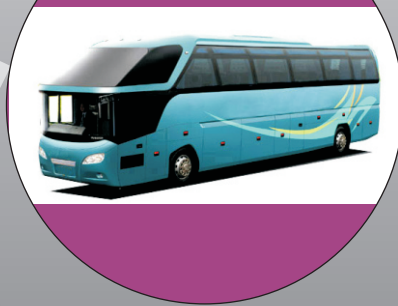


Growing through Products and Solutions

Remote Infrastructure Management (RIM)



Intelligent Transport Service (ITS)



Aftek BMS



**ANNUAL REPORT
2010-2011**



FINANCIAL SNAPSHOT

(Rs. in crores)

	FY'11	FY'10	FY'09	FY'08	FY'07	FY'06*	FY'05	FY'04	FY'03	FY'02
Total Income	170.15	185.39	315.99	398.84	341.02	202.86	198.00	140.50	99.36	67.44
Export Sale	151.05	179.39	213.72	377.11	329.73	191.30	191.36	134.37	91.54	57.37
Total Expenses	62.89	95.43	140.22	282.53	232.49	121.67	119.18	77.94	51.93	31.75
Operating Profit	107.26	89.96	175.77	116.31	108.53	81.18	78.82	62.56	47.43	35.69
Profit Before Tax	14.72	2.95	119.48	83.63	92.82	67.83	60.80	47.72	42.70	34.65
Profit After Tax	13.97	0.28	116.73	80.94	90.52	67.39	59.80	47.31	40.08	33.67
Exceptional Items	-	-	(129.49)	-	-	-	-	-	-	-
EPS Rs.10 per share	-	-	-	-	-	-	-	-	53.06	56.11
EPS Rs.2 per share – Basic	1.49	0.03	(1.37)	8.66	10.44	8.25	7.73	6.31	10.61	-
EPS Rs.2 per share – Diluted	1.49	0.03	(1.37)	8.23	9.83	8.15	7.68	6.31	-	-
Networth	592.22	752.96	728.49	730.47	621.59	538.30	459.44	280.18	238.58	132.04
Fixed Assets	363.39	348.14	280.88	139.64	99.06	12.69	24.04	40.44	43.83	8.47
Net Current Assets	200.02	375.00	418.80	474.61	403.85	406.35	374.40	178.35	132.84	114.53
Dividend Per Share (%)	-	-	-	25.00	50.00	50.00	50.00	50.00	50.00	35.00
Share Capital	18.70	18.70	18.70	18.70	17.45	17.14	15.00	10.00	10.00	6.00
Reserve & Surplus	432.42	615.46	617.12	632.46	563.32	463.50	314.86	270.18	228.58	126.04

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

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BOARD OF DIRECTORS

MR. RANJIT DHURU
MR. NITIN K. SHUKLA
MR. MUKUL DALAL
DR. S. S. S. P. RAO
MR. V. J. MASUREKAR
MR. MAHESH NAIK
MR. SANDIP C. SAVE

CHAIRMAN & MANAGING DIRECTOR

WHOLE-TIME DIRECTOR
WHOLE-TIME DIRECTOR
NON-EXECUTIVE DIRECTOR
NON-EXECUTIVE DIRECTOR
NON-EXECUTIVE DIRECTOR
NON-EXECUTIVE DIRECTOR

MANAGEMENT TEAM

MR. RANJIT DHURU
MR. NITIN K. SHUKLA
MR. MUKUL DALAL
MR. SANJAY CHOUDHARY
MR. RAVINDRANATH MALEKAR
MR. AMIT RAJE

CEO
CFO
ED-INTERNATIONAL SALES & MARKETING (SMART PRODUCTS)
COO
SR VICE-PRESIDENT-SUPPORT
SR VICE-PRESIDENT (ENGINEERING)

COMPANY SECRETARY

MR. C. G. DESHMUKH

REGISTERED OFFICE

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

SOFTWARE DEVELOPMENT CENTRE

Lohiya Jain IT Park,
First Floor, 'A' Wing,
Survey No. 150,
Paud 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

The Hongkong and Shanghai Banking Corpn Ltd
Asha Mahal,
46-B, Dr B G Deshmukh Road,
Mumbai 400 026

AUDITORS

M/s GMJ & Co
3rd & 4th Floor, Vaastu Darshan,
'B' Wing, Above Central Bank of India,
Azad Road, Andheri (E),
Mumbai 400 069

LEGAL ADVISORS

M/s Kanga & Co
Readymoney Mansion,
43, Veer Nariman Road,
Mumbai 400 001

REGISTRAR & TRANSFER AGENT

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



MESSAGE FROM THE CHAIRMAN & CEO



Dear Shareholders,

The western economies that had been literally destroyed by the economic tsunami had started showing feeble but positive signs of recovery in the last year. Though services sector did show some growth, the expected upswing is still not visible.

Your Company, as an aftermath to this tsunami, strategised itself to invest into several products and solutions which could assure sustained revenue not only from domestic markets but across different geographies. These product and solutions investments began two years ago when your Company was rated 'CARE A' [Single A] by Credit Analysis & Research Limited (CARE) for raising a 50 crores' debt for meeting additional funds requirements.

The advanced Battery Management Solution (BMS) which is currently being field-tested and has received approval from Indian Navy, would go a long way in strengthening your Company's relations in the defence sector where it is now a Registered Vendor in the 'below 100 crore' category. The BMS is also used in advanced countries to manage eco-friendly transportation switching from conventional power to battery-driven electrical power when in urban areas. This solution has very significant intellectual property which will be suitable for the eco-friendly age substituting alternate energies for traditional forms.

The other product is Remote Infrastructure Management (RIM), which is a series of building blocks useful for several industrial verticals to remote-manage the infrastructure which has been a long in-house expertise with Aftek perfected by working with very large US and European companies. Considering the energy efficiency that needs to be brought by all High Net-Worth global companies, this cutting-edge technology in the RIM arena is the correct one for various verticals namely, Infrastructure, Telecom or Supply Chain Management.

The other product in Intelligent Road Transport is now maturing and is available as a total solution for road transport, particularly, urban transport. This too was a product evolved from Aftek's historical Electronic Ticketing and Bus Management Solutions. This product now has all the features required by the Intelligent Transport Systems as laid down by international organisations.

Therefore, it would be correct to say that all the three solutions which are currently being implemented by Aftek contain rich intellectual property and solutions that can cut across national boundaries into different geographical spaces globally.

At this juncture, I would recommend caution to all stakeholders and say that though the storm is slowly subsiding we still need to navigate ourselves into safer and calmer waters. This is a work-in-progress and I can only say that the efforts, though herculean and laden with heavy investment, are now showing positive signs. Although very early, growth in these areas is certainly a way forward.

I may also want to mention here that IPs are extremely valuable and can help reap great dividends as is the case of our IP that has given us 51% ownership in Digihome Solutions Pvt Ltd in which several well-known international companies have shown interest.

Yours truly,

RANJIT DHURU
Chairman & CEO

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Thursday, the 29th September, 2011 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 to transact the following business:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended March 31, 2011, 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. Mukul Dalal, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. V J Masurekar, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sandip Save, 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, 2011

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 24th September, 2011 to Thursday, the 29th September, 2011 (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, 2004 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. The Ministry of Corporate Affairs (vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in the Corporate Governance' and allowed companies to share documents with its shareholders through electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form, with M/s Bigshare Services Pvt Ltd, the Company's Share Transfer Agent .
9. Members who are still holding the shares in physical form may consider surrendering the shares with the concerned Depository Participant since it is advantageous to hold the shares in demat form.
10. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting, are contained in the Annexure hereto.

ANNEXURE

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 24TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Particulars	Mr. Mukul Dalal	Mr. V J Masurekar	Mr. Sandip Save
Date of Birth	05/05/1959	24/03/1954	04/11/1958
Date of Appointment	01/08/2009	27/03/2002	27/11/2007
Expertise in specific functional area	Has over 29 years of marketing experience in the information technology industry. He started his career by providing software services and then graduated to providing turnkey solutions to many local and international clients, developed and serviced key government accounts in the Indian market. He has developed and created markets for Aftek Limited's embedded products and services in Indian Ocean Islands, Africa and Middle East.	Has been a Lawyer and Tax Consultant for over 32 years and has a financial and accounting background.	Has been associated with the computer industry for the last 28 years. He was responsible for production for about two decades with the Company.
Qualification(s)	BA / Diploma in International Marketing	BSC/LLB/P.G.Diploma-Tax Management	BSC/DCM, Mumbai
List of outside public companies in which Directorship held as on 31st March, 2011	Nil	Nil	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2011	Nil	Nil	Nil
Shareholding of Non-executive directors in the Company (No. of Shares)	NA	25000 equity shares	1239744 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 24th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

PARTICULARS	Amount (Rs. in lacs)	
	31/03/2011	31/03/2010
Turnover	15,486	18,203
Profit Before Depreciation	10,726	8,620
Less: Depreciation	9,254	8,325
Profit Before Tax	1,472	295
Less : Provision for Taxation	75	267
Profit After Tax	1,397	28
Transfer to General Reserve	-	-

DIVIDEND

Considering the heavy investments and restructuring that your Company is undergoing, the efforts being made to augment cash flow as also looking at the financial performance your Directors have not considered it appropriate to recommend any dividend for the year.

BUSINESS REVIEW & FUTURE PROSPECTS

Although last year your Company saw an improvement in the sales funnel and conversion from sales funnel to orders, the quantum of business in the services area has not seen the kind of upswing that was anticipated. Your Company has trimmed its work-force to suit the new environment which is based on the new strategy and business initiatives. The product and solution development is slowly taking centre stage with lot of capital expenditure being invested in these products. The Company has products and solutions with its own IPs and also acting as import substitution for advance Battery Management System which has been tested on submarines and accepted by the Indian Navy which forms only a part of the Indian defence industry. Keeping an eye on the tremendous potential in the defence segment, your Company has got itself registered as an approved vendor in the "below 100 crore" category. We see this division gaining positive momentum in this coming year and recording incremental business in near future leading to shifting of your Company's registration to a higher category.

The Remote Infra Management (RIM) building blocks namely, Aftek Protocol Converter, Remote Management Dashboard and Software and Vehicle Tracking System (VTS) along with other components is now getting integrated into various verticals namely, telecommunication, logistics etc. Similarly the Intelligent Transport System is moving ahead with new standards being integrated into our earlier field tested systems. The urban renewal and modernization initiative is being addressed by this division. We see a significant movement here with substantial orders already in the matured pipeline. The Company's IP which was transferred to Digihome Solutions Pvt Ltd has caught the eye of well-known large international companies. We expect a value realization by either a JV or by liquidating our stake in this company. Therefore, whether the times are good or bad economically, IP valuation is the only true valuation which your Company believes can retain its value proposition. Therefore, your Company has decided that investment in intellectual property and creating the same is the way forward and accordingly, it has positioned itself in the verticals mentioned above.

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 of Judicature at Bombay, vide Order dated 13th August, 2010 had sanctioned the aforesaid utilisation of Securities Premium Account and the same has been implemented from the second quarter of the year under review.

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 continue to remain outstanding as on 31st March, 2011. No conversion of FCCBs has taken place during the year under review. As informed earlier, the Company initiated the process of re-setting the conversion price of the FCCBs as per the applicable norms and while the Shareholders and Bondholders have approved the proposal, approval from Reserve Bank of India is awaited .

Further, no Stock Options were exercised during the year.

DIRECTORATE

Mr Mukul Dalal, Mr V J Masurekar and Mr Sandip Save 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, 2011, 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, 2011 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, 2011, 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 to support its statutory payouts.

Digihome in the last three years has been getting good traction with the digital home product in the home segment and large townships namely, Lavasa and other well-known builders have endorsed the product range and Digihome is in receipt of five substantial orders. In the last three years, the company has been doubling its revenue and considering the sales funnel it is expected to double its revenue this year too making it a significant player in the digital home and automation segment. Several well-known international companies in this segment or companies intending to enter into this segment have shown great interest in this company and serious dialogue is underway for either a Joint Venture or dilution of significant stake to larger players.

Aftek Sales & Services Pvt Ltd being non-functional, has been dissolved on its application made pursuant to the Easy Exit Scheme, 2011 notified by the Government of India, Ministry of Corporate Affairs by General Circular No. 6 /2010 F. No. 2/7/2010-CL V dated 03rd December, 2010.

In accordance with the General Circulars No: 2 /2011 No: 51/12/2007-CL-III and No. 3/2011 No: 5/12/2007-CL-III dated 08th February 2011 and 21st February 2011, respectively, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Annual Accounts of the subsidiary companies will be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be

interested in obtaining the same. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. 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

Auditors' observations in paragraphs 5 of their report have been explained under paragraphs B.14 and B.16 of Notes to Accounts. As regards observations made by the Auditors in the para (ix) (a) and (xi) of the Annexure to their Report, these are due to adverse liquidity conditions.

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 conservation 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, 2011

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, 2011.

SN	Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment
1	Mr Ranjit Dhuru	Chairman & Managing Director	B.Com. LL.M.	59	25/03/1986	30	75,02,496	Self-employed

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 appointment is contractual.
3. The above employees is not a relative 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 , 2011

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, 2011

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 : July 31, 2006 - Rs 51.90 per share	Grant Date : March 24, 2008 - Rs 34.15 per share
C	Options Vested	543,944	25,000	78,544
D	Options Exercised	351,318	Nil	Nil
E	Total Number of shares arising as a result of Exercise of Options	351,318	Nil	Nil
F	Options Lapsed	289,672	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	Nil	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 2011) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	Rs 1.49		
L	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS	The Company has calculated the employee compensation cost using the fair value of the stock options		
M	(i) Weighted average exercise price of Options (ii) Weighted average fair value of Options	Rs 52.02 Rs 41.61		
N	Method and significant assumptions used to estimate the fair value of Options	Method The fair value of Options has been computed under Black and Scholes Method. Significant Assumptions (Weighted) a) Exercise Price : Rs 52.02 b) Expected life of Option : 3.21 yrs c) Stock Price : Rs 69.39 d) Expected Volatility : 77.06% e) Expected Dividend yield : 1.22% f) Risk free rate of return : 6.47%		

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

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

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEME

We have examined the books of accounts and other relevant records of Aftek Limited (the 'Company') and based on the information and explanations given to us, certify that, in our opinion, the Company has implemented the Employee Stock Option Scheme in accordance with SEBI (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, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Industry :

The Information Technology Industry is largely linked with the global economies, particularly the economies of Northern America and Europe. As it is evident, the aftermath of the 2008 – 2010 slow down has not yet been fully overcome. The economies of Europe have various liquidity problems and are reeling under economic pressures. Save economies like Germany and partially France, all European economies do not seem to have recovered therefore the picture is not very positive for Indian IT vis-à-vis Europe. As regards the largest market i.e. US, although some signs of recovery were visible last year, the economic picture seems to have gone stagnant as the growth is miniscule and the economic task is uphill. This was personified by the recent drop in the sterling Triple A rating of the US where the country was in dire straits while trying to repay its legitimate debts. Therefore, wait and watch situation exists in the United States.

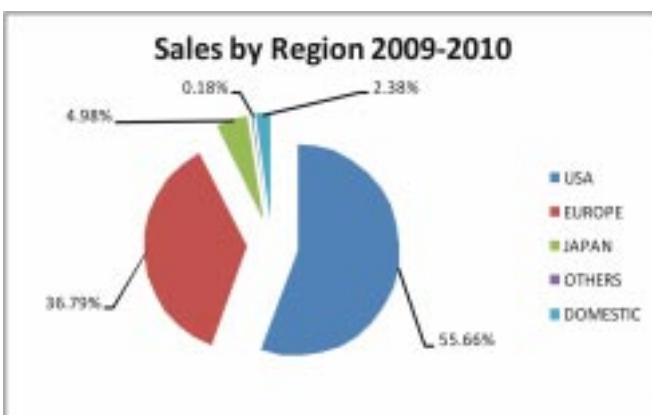
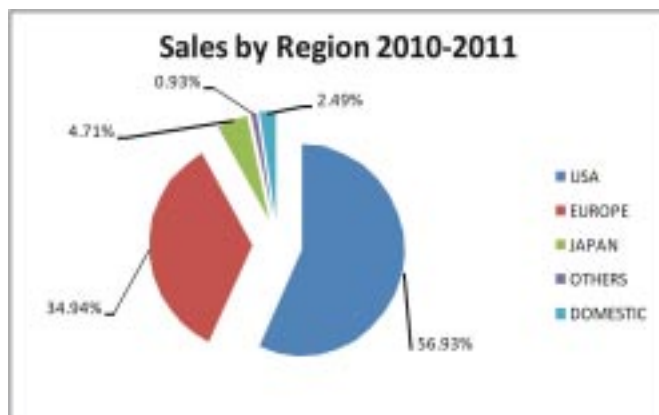
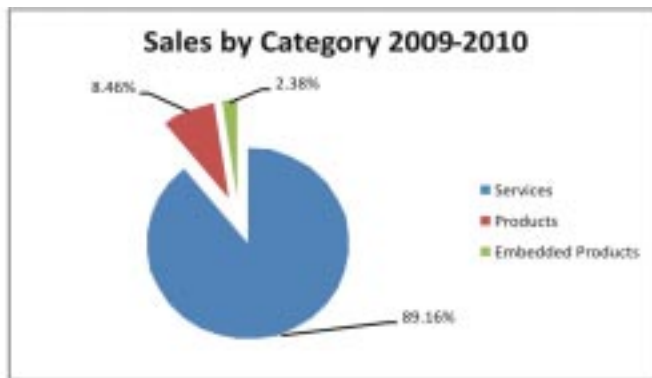
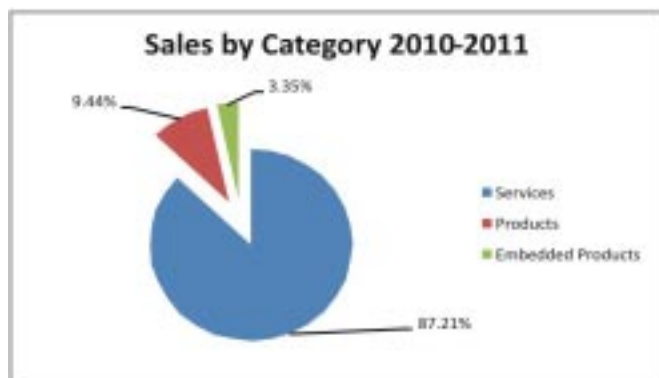
The most promising market seems to be in our own backyard i.e. in India and the neighbouring countries in various verticals like transport, power management, health care, infrastructure management, defence etc. where there is lot of requirement for information technology expertise.

Business Outlook, financial and operational performance :

The Company’s performance during the year under review has been quite satisfactory. The services continue to be the largest component in the revenue pie although when compared with last year, there is a further drop of about 1.95% due to the increased thrust from products and embedded products. Products have grown from 8.46% in the previous year to 9.44% during the year under review. The Company expects to increase the thrust in product sales and solutions.

Region-wise, USA continues to drive the revenue followed by Europe, Japan and other countries. Domestic sales during the year under review grew moderately over the previous year and these are expected to perform better in the current year.

Last year, the Company had restructured its long-term capital expenditure under the securities premium account and the same has been implemented from the second quarter of the year under review.



Strategy and Opportunities:

Considering the prevailing business scenario, the Company is poised to exploit opportunities opened up on domestic and neighbouring front in verticals such as Battery Management System, Integrated Transport Solutions, Remote Infrastructure Monitoring System etc.

Insights into Aftek Verticals

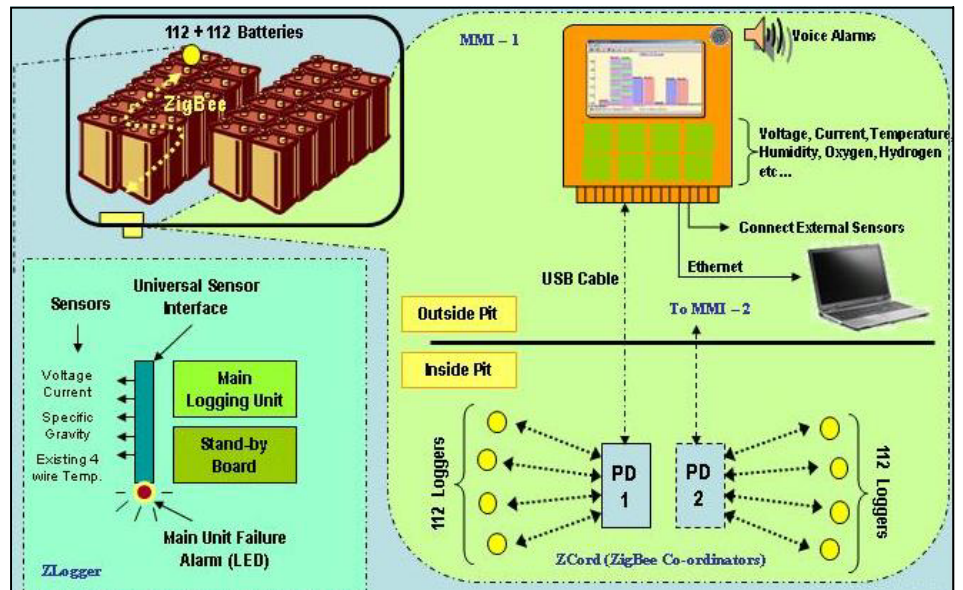
Battery Monitoring System by Amit Raje, Sr Vice-President (Engineering)



Amit brings in 23 years of field experience in the domain of Telecom T&M and Embedded. As an entrepreneur and co-founder CEO, he established Spartan Labs Pvt. Ltd., an Embedded Design Services Organization. Prior to joining Aftek, Amit worked as an Outsourcing expert with Acterna Ltd., Plymouth, U.K. and played a key role in building two joint venture companies for Forbes Campbell.

The Battery Monitoring System has been developed to closely monitor the status of a battery. The system monitors several battery parameters like voltage, charging and discharging current, residue capacity of battery and more.

At periodic intervals, the data is logged in and tracked for charging as well as discharging trends. This data is periodically transferred to the main MMI for tracking and monitoring. The main MMI gives a status of each and every battery and indicates its status health by changing colors. When you click a battery, the entire data analysis is displayed. The Battery Monitoring System can monitor other parameters like the temperature of a cell, the overall oxygen and hydrogen percentage in the room and check if there are any extreme conditions.



The sensors have options of both wired 485 (long distance) and wireless (line of site) data acquisition. They have additional input and output terminals

to incorporate additional parameters. Multiple sensors can be accommodated to cater to a large bank of battery set-up. The current application has been used in the defence area and incorporates 112 batteries at a time. Being rugged, the system has been designed to work



in defence environment. Many algorithms have been incorporated to know the status of each and every battery cell. It includes its life since installation and keeping track of manufacturers' specifications for charging and discharging cycles.

The system has in-built printer support and can work on three different power supply units. There are three levels of redundancy in the system. The system software is specially written on an RTOS to avoid virus and spam issues. The system is uniquely designed to run on a Windows environment and function on a Laptop.

Having a complex data acquisition and control system, the system has many applications in defence area, mobile towers, automotive and solar applications. A modular structure gives the system adaptability in small embedded applications.

Integrated Transport Solutions by Dr Rajendra Dattar, Advisor



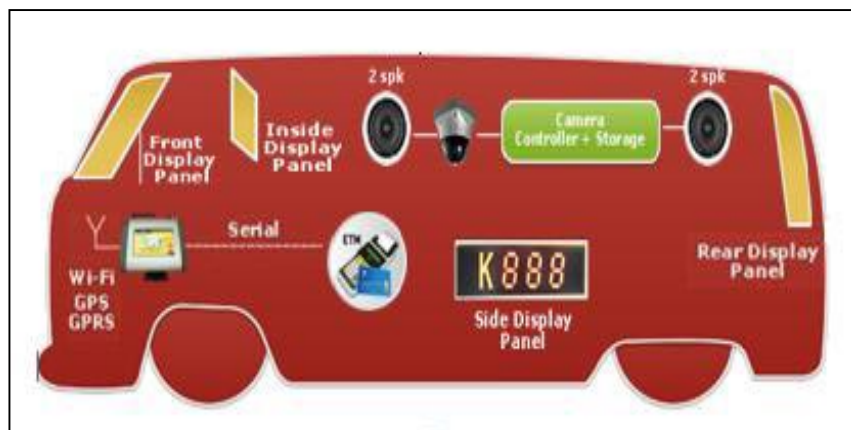
Dr Dattar brings in more than 25 years of experience in the semi-conductor industry that encompasses the complete mixed-signal chip design cycle, embedded software and board bring up of modern SoC's to set up competent teams and develop products in the area of Multimedia entertainment and Telecom domain. He obtained his Masters Degree in Technology from IIT Mumbai in 1976 and Ph. D. from University of Toronto in 1983. He holds 8 US patents, has several technical publications in internationally reputed journals like IEEE CAS transaction, Electronic letters, Proceedings of European Circuit Conference and is a Senior Member of IEEE.

Integrated Transport Solutions offer seamless integration of various IT services and devices aiding transport infrastructure on the whole, so as to enable improved operations and easy management.

These solutions are designed to manage vehicles, routes, and loads to improve safety while also reducing transportation time, fuel consumption, and vehicle wear and tear. Thus ITS helps in boosting the revenue generation process and in turn profitability. Another advantage of implementing ITS, is to ensure quick, affordable, comfortable and reliable transportation means for both passengers and freight.

With more than 20 years of proven expertise in the field of Hardware, BSP, Embedded solutions, and more, Aftek now offers various IT transportation services under a complete transportation framework, known as Aftek Transportation Framework (ATF).

Aftek has experience in building end-to-end, public, bus transportation management and bus tracking solutions to enable seamless exchange of information between all the concerned business entities. We are also vigorously working on the development of unique technologies based on GPS, GPRS, Wi-Fi, with a belief that the right information at the right time helps in making right



decisions.

Aftek has recently launched a Driver Console Unit, also known as Vehicle Mounted Terminal (VMT), to be used in public transport vehicles. With the help of VMT, a driver can broadcast useful information such as bus timings and make passenger announcements. It also functions as an entertainment and revenue generating model, with its ability to broadcast multimedia advertisements, movies, songs and so on a separate cabin mounted TV/LCD screen .

With ATF, we aim to offer various IT services and devices for the complete deployment of ITS. Our services are well integrated with the Electronic Ticketing Machine (ETM) and Vehicle Tracking System (VTS) developed in-house. We also have expertise in seamless integration with third party devices. Additionally, ATF offers centralized or back-end system for reporting and processing of revenues and other forms of data. Lastly, it covers software support and operations services.

Remote Infrastructure Monitoring System by Sanjay Choudhary, COO

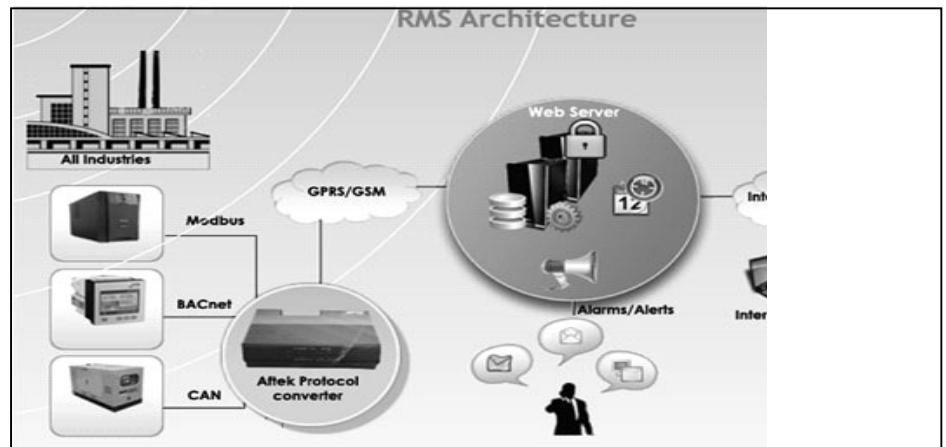


Sanjay Choudhary, a Electronics and communication Engineering professional with varied experience of over 33 + years, has worked for Aplab, Yakogawa India and GE Intelligent Platforms before joining Aftek in the capacity of COO. His expertise is in the area of (1) SME set up – Greenfield or Brownfield. (successfully turned around a SME), (2) Setting up Change management processes in an enterprise, and (3) Product Development and reverse Engineering

Remote Infrastructure Monitoring system is designed to give the optimal use of the infrastructure in an organization. This monitors energy consumption and controls energy expenditure, ensures security with digital surveillance, deploys effective safety measures by using smoke, fire, motion and occupancy sensors, gets alerts by means of email, text message (SMS), telephone and any other mode of communication.

The infrastructure is monitored in real-time using mobile phones and internet browser.

Keeping the operational challenges for organizations in mind Aftek has designed a very flexible framework to suit any organization’s requirements. The framework has taken care of all concerns about energy consumption, safety, and security and utilized your time for more productive tasks.



The solution ensures that lighting is turned on in conference and meeting rooms, cabins, server rooms, and walkways automatically when the area is occupied. Conversely, the lights are switched off automatically when the areas are unoccupied.

As an example the solution optimizes electricity usage of the air conditioning (HVAC) system by controlling temperature, fan speed, mode etc. based on occupancy. It can raise an alarm if the external doors are left open for a long time resulting in loss of efficiency. It can also operate curtains based on the configuration or temperature sensor input to improve efficiency. By utilizing capabilities like customizable configuration and scalable architecture, Aftek’s BMS solution can reduce the energy expenditure of your organization by 15 to 20%.

Security and safety features include digital surveillance which captures video clips in an “armed” surveillance zone when motion, occupancy, or activity is detected. It analyzes the video data captured in such a clip and can apply face recognition techniques to store relevant parts of the clip. The BMS solution monitors inputs from various motion and occupancy sensors, smoke and fire detectors, door limit switches, and takes appropriate actions accordingly.

It alerts you about any unexpected activity detected. Alerts are sent over email, text message (SMS), and by making phone calls. It can also take appropriate actions on occurrence of emergency conditions by turning on the sprinkler system in case of fire detection and turning on the hooter to alert security agency if it detects suspicious activity in restricted area. Most of the devices in the BMS solution utilize wireless communication to ensure that the deployment is quick and hassle free.

And that is not all about it! Thanks to its modular and scalable architecture, the solution can be easily extended to support additional functionality based on specific needs of your organization. Since it supports most of the industry standard automation and communication protocols, it can easily interoperate with other systems in a seamless manner.

Software Driven Products by Mr Mukul Dalal, ED – International Sales & Marketing (Smart Products)

Mukul Dalal has over 29 years of marketing experience in the information technology industry. He started his career by providing software services and then graduated to providing turnkey solutions to many local and international clients, developed and serviced key government accounts in the Indian market. He has developed and created markets for Aftek's embedded products and services in Indian Ocean Islands, Africa and Middle East.

Aftek's ingeniously developed PDA has been actively positioned to address multiple verticals including Banking, Microfinance, Sugar Industry, Cash-In-Transit, Financial Inclusion, Security etc.

Microfinance

The phenomenal growth rate of microfinance sector, especially the SHG bank linkage programme has posed number of issues and challenges which need immediate attention. In response to this NABARD has initiated a number of innovations basically as an investment for posterity. At the core of these innovations is a desire to improve the outreach and sustainability of the programme. Many Commercial Banks and Regional Rural Banks that service more than 200 SHG accounts which were hitherto considered impossible. Howsoever welcome the trend may be, the burgeoning numbers have also brought to the fore a host of issues relating to tracking, monitoring and adequately servicing SHG accounts. It was felt that the best way to deal with the huge numbers would be to take recourse to new technologies available.

The branch manager in the rural areas is hard pressed for time and as a result does little for developing the business of the branch or for scouting for new business opportunities for the branch. It was felt that use of Information Technology in the form of digital information in the PDA for SHGs and other clients coupled with automation in a branch would serve to solve these vexed issues and leave adequate time for business development work.

Introducing PDAs with entire information on active clients and SHGs & automation of book keeping in SHGs is expected to reduce paper work, save time and thus improve the efficiency of the field worker. This is also expected to reduce the scope of manipulation, reduce unintended leakages and also maintain up to date books at SHG level. It is expected that with enhanced use of technology, the bank would be able to provide value addition to services being offered to the rural clients and further expand its outreach in a sustainable manner.

Smart Harvesting

Every Co-operative Sugar Factory caters to a sizeable geographical region with more than tens of thousands of members registered with the factories for providing them the sugarcane. These sugar factories offer their registered members technical expertise in harvesting better quality sugarcane and in turn the best returns for their members. In the process the factories extend multiple schemes on credit to their members.

The entire process of cane registration, monitoring cane maturity, cane harvesting, transportation and cane weighing is very time consuming and tedious. It involves a lot of data duplication at every stage which leads not only to data errors but also considerable information delay leading to member grievances and valuable loss of time, efforts and money

Cash-In-Transit (Cash Management Services)

Their services are broadly classified into Door Step Banking (DSB), ATM Services & Plain Cash Receipts. DSB services include Cash Delivery, Cash Pick-up, Cash Deposits/Withdrawals. ATM services include ATM FLM Calls, Cash Replenishment (Swaps) and finally Plain Cash Receipting i.e. collecting Cash on behalf of the clients. The clientele consists of Banks, vendor outlets, Government Undertakings, Utilities, Petroleum companies, individuals etc.

The current system is heavily dependent on the human element and is not fool-proof since the consolidation would depend on the Agents reporting on time, Back office updation of records and also customers' errors. Since the volumes & amounts of transactions are huge there is tremendous pressure on the Service providers to keep their clients' confidence intact.

Under the system, all the field agents and the regular customers would be given a smartcard. The field agent would be issued a smartcard and once he logs in the PDA either with a smartcard/ user-id password, it would intimate the server about the PDA ID and his respective assignments would be transferred via GPRS to his PDA from the server. This is necessary

since anyone can carry a different PDA each day. Similarly the request calls would also be transferred to his PDA as and when they are registered. In case of the regular clients only part details would be sent along with the call type, whereas if the client is new then the entire address would be sent to help locate the client easily. The data sent would be stored in the PDA for further transactions.

Financial Inclusion

Aftek is looking at providing IT-enabled Financial Inclusion Solutions in collaboration with leading banks & Government for disbursements under various Govt. benefit Schemes and other agencies in other rural and remote un-banked areas in various states. We are also looking at extending the concept of Financial Inclusion to urban areas as well for disbursement of small payments to individual beneficiaries, especially for various Govt. Sponsored Schemes using the smart card technology integrated with biometric identification for minimizing /eliminating bogus beneficiaries in the disbursement of Social Security Pensions and NREGS Wages, to ensure that benefits reach the target group in time without delay, to deliver other benefits such as housing payments, public distribution system, SHG linkage and a host of banking and financial services in course of time and to put in place in every village a bank at the doorsteps of villagers, thereby bringing the un-banked segments into the banking fold.

Human Resources

The company has become leaner and retaining its critical manpower, has reduced the flab by reducing the number of people on the bench. Under the new strategy more reliance has been given on creation of products and solutions and creation of intellectual property.

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.

Risks, concerns & threats

Risk is a part and parcel of any organisation and your Company is proactive in identifying, assessing, eliminating or mitigating risk. As a de-risking exercise, your Company had reduced certain businesses such as third party testing and validation and shifted its focus from western world to domestic market by relying on its strength to create products and solutions for different 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 areas of the Company. 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. In order to ensure optimum utilisation of its work-force and avoiding benching of staff, the Company has realigned its policy towards human resources in line with changing business scenario and the business strategy of the Company.

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 6 times during the year under review. The meetings of the Board of Directors were held on various dates as follows : 07.05.2010, 04.08.2010, 17.08.2010, 31.08.2010, 12.11.2010 and 08.02.2011. The maximum interval between two Board Meetings was 88 days.

(iii) Directors' attendance and directorships held as on 31/03/2011

Name of Director	Category	No. of Board Meetings Attended	Attendance at AGM held on 29.09.2010	Directorship of other Company(ies)	No. of other Committees	
					Membership	Chairmanship
Mr Ranjit Dhuru	CMD	5	Yes	3	NIL	NIL
Mr V J Masurekar	NE	6	Yes	3	NIL	NIL
Dr S S S P Rao	NE	6	No	0	NIL	NIL
Mr Mahesh Naik	NE	6	Yes	0	NIL	NIL
Mr Sandip Save	NE	4	Yes	1	NIL	NIL
Mr Nitin Shukla	ED	6	Yes	3	NIL	NIL
Mr Mukul Dalal	ED	5	Yes	2	NIL	NIL

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

NOTE :

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

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

B. COMMITTEES OF THE BOARD**i) AUDIT COMMITTEE:**

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

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

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 thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

ii) **SHAREHOLDERS' GRIEVANCE COMMITTEE**

The Share Transfer-cum-Investors' Grievance Committee consists of 3 directors, majority of them being Non-executive Directors. Mr. V J Masurekar is the Non-executive Director and Chairman of the Committee. Mr C G Deshmukh, Company Secretary, has been designated as the Compliance Officer. No complaints were pending at the beginning of the year and the Company received 18 complaints during the year under review from the shareholders and all 18 complaints were disposed off to their satisfaction. No share transfers were pending as on 31st March, 2011.

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 31.03.2011:

(Amount in Rs)

Name	Salary	Allowances	Commission/Incentive	Sitting Fees
Mr Ranjit Dhuru	30,00,000	45,02,496	-	-
Mr Nitin Shukla	12,36,000	17,57,472	-	-
Mr Mukul Dalal	7,86,000	21,93,002		
Dr S S S P Rao	-	-	-	1,20,000
Mr V J Masurekar	-	-	-	2,20,000
Mr Mahesh Naik	-	-	-	2,20,000
Mr Sandip Save	-	-	1,60,000	-

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.

The details of shares/convertible instruments held by Non-Executive Directors as on 31-03-2011 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	27,000	25,000	—NIL—
Mr Sandip Save	12,39,744	—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, 2011. 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 Annual 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 29, 2010 September, 30, 2009* October 31, 2008	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

The above resolution was duly passed by the Shareholders.

Special Resolution passed through postal ballot :

Vide Notice dated August 17, 2010 Special Resolution was approved by requisite majority of the Shareholders for revision of conversion price of the Company's outstanding 880 1% Foreign Currency Convertible Bonds due 2010 of US\$ 10,000 each in line with the applicable pricing guidelines.

The details of the voting pattern for passing of the aforesaid resolution is as follows :

Particulars	Number of Postal ballot forms	Number of Equity Shares	% of total valid voted Equity Shares
Total postal ballot forms received	840	1,55,66,214	-
Less: Number of invalid postal ballot forms	50	47,124	-
Net valid postal ballot forms	790	1,55,19,090	100.00
Votes cast in favour of the Resolution	744	1,54,60,889	99.62
Votes cast against the Resolution	46	58,201	0.38

The postal ballot exercise was carried out by Mr V V Chakradeo of M/s V V Chakradeo & Co, Company Secretaries.

No resolution is now proposed to be passed through postal ballot.

G DISCLOSURES:

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

<p>To the Shareholders of Aftek Limited Sub : Compliance with Code of Conduct</p> <p>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.</p> <p style="text-align: right;">Ranjit Dhuru <i>Chairman & Managing Director</i> Mumbai, August 31, 2011</p>

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	Thursday, September 29, 2011
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 24, 2011 to Thursday, September 29, 2011 (both days inclusive)
Dividend Payment Date	The Board, at its meeting held on August 31, 2011, has not recommended any dividend on the equity shares of the Company for the year ended March 31, 2011.

2. FINANCIAL CALENDAR

Financial Year 2011-2012	
Quarter ending 30th June, 2011	July / August 2011
Quarter ending 30th September, 2011	October / November 2011
Quarter ending 31st December, 2011	January / February 2012
Quarter ending 31st March, 2012	April / May 2012

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

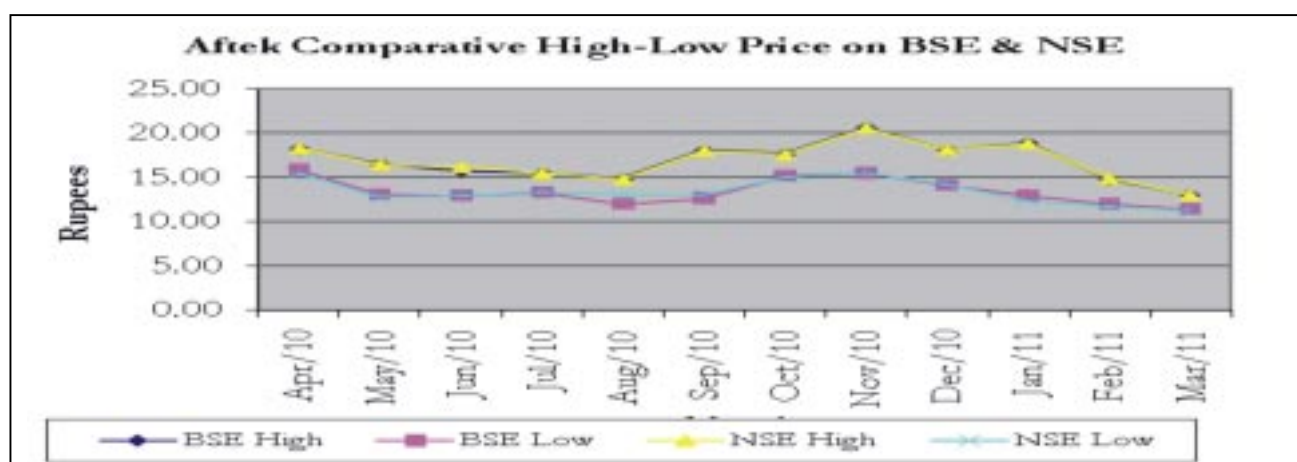
The listing fees for the year have been paid to the Stock Exchanges

4. Market Price Data :

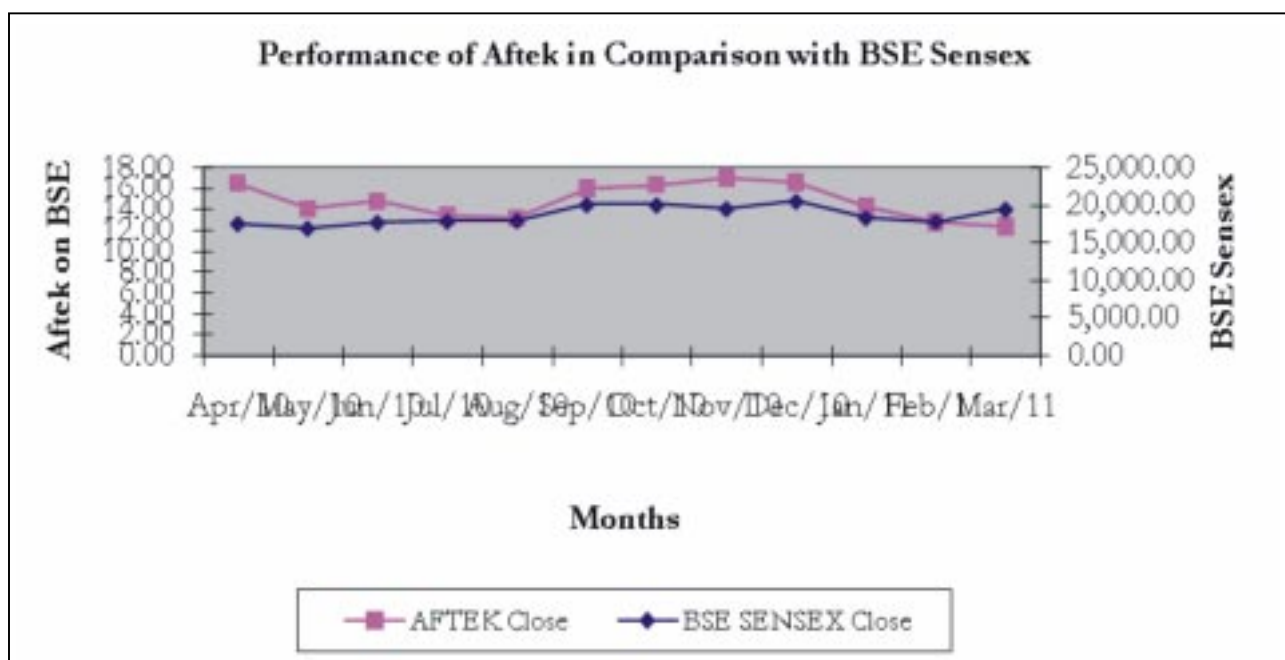
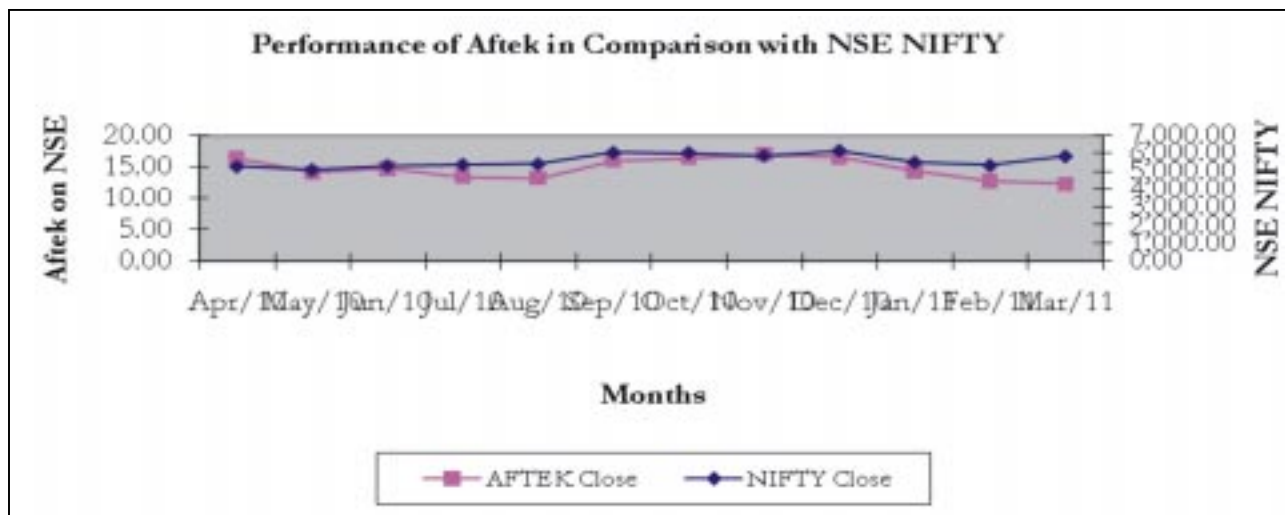
Monthly High and Low quotations of Shares traded on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd during the Financial Year ended 31st March, 2011

(in Rs.)

Months	BSE High	BSE Low	NSE High	NSE Low
Apr-10	18.25	15.90	18.30	15.50
May-10	16.50	13.10	16.50	12.75
Jun-10	15.75	12.95	16.20	12.95
Jul-10	15.47	13.35	15.50	13.35
Aug-10	14.84	12.05	14.85	13.05
Sep-10	18.05	12.67	18.05	13.05
Oct-10	17.65	15.20	17.60	15.00
Nov-10	20.65	15.50	20.60	15.50
Dec-10	18.10	14.15	18.15	14.25
Jan-11	18.90	12.95	18.85	12.30
Feb-11	14.79	12.03	14.95	11.70
Mar-11	13.00	11.45	13.05	11.25



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.

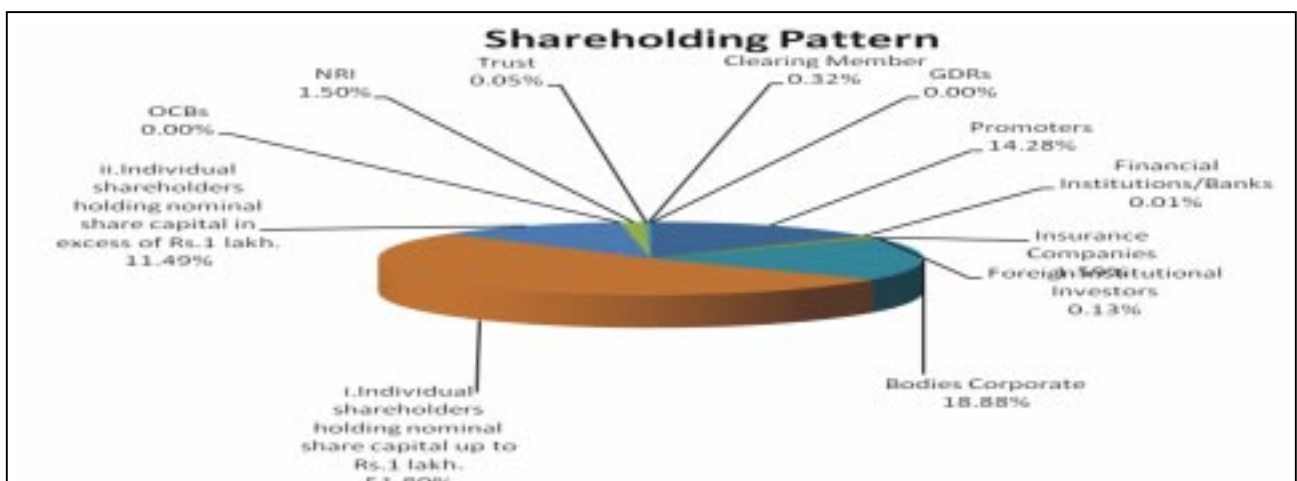
8. Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2011

Range (In Rs)		No of Shareholders	% of Total Holders	Total Holding	% of Total Capital
1	5000	63,224	94.30	5,38,30,676	28.78
5001	10000	2,042	3.05	1,53,80,994	8.22
10001	20000	983	1.47	1,47,76,772	7.90
20001	30000	276	0.41	69,48,392	3.71
30001	40000	135	0.20	48,69,440	2.60
40001	50000	82	0.12	38,03,102	2.03
50001	100000	137	0.20	98,27,638	5.25
100001	99999999	167	0.25	7,76,24,564	41.50
Total		67,046		18,70,61,578	

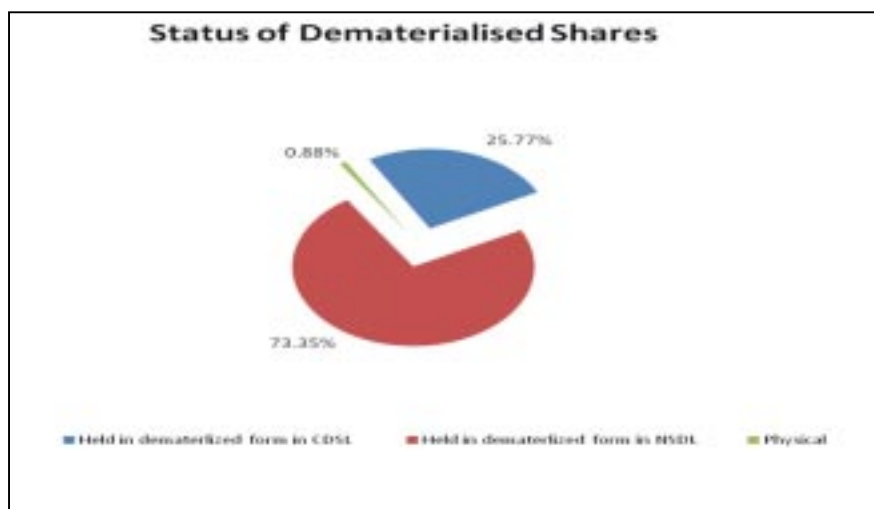
Distribution of Shareholding as on 31st March, 2011

Category	Number of shares held	% of Paid-up Capital
Promoters	13356465	14.28
Financial Institutions/Banks	9800	0.01
Insurance Companies	1485376	1.59
Foreign Institutional Investors	120316	0.13
Bodies Corporate	17659061	18.88
i.Individual shareholders holding nominal share capital up to Rs.1 lakh.	48445343	51.80
ii.Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	10748052	11.49
OCBs	750	0.00
NRI	1399764	1.50
Trust	50000	0.05
Clearing Member	255862	0.27
GDRs	0	0.00
TOTAL	93530789	100.00



9. Dematerialisation of Shares and Liquidity

As on March 31, 2011, 99.12 % of Company's total paid-up capital, representing 92703771 numbers of equity shares were held in dematerialised form and the balance 0.88 %, 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.

No GDRs were outstanding as at 31st March, 2011.

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 2011, 880 numbers of FCCBs were outstanding. At the behest of the majority bondholders, the Company has initiated the process of re-setting the conversion price of the FCCBs in line with the applicable pricing guidelines. While the approval to the proposal has been received from shareholders and bondholders, the same is awaited from Reserve Bank of India.

All the outstanding 880 numbers of FCCBs, if converted into GDRs/equity shares at the existing conversion price of Rs 75.20 would result into issuance of additional 5099202 numbers of equity shares of Rs 02/-each.

c) Outstanding Stock Options :

The Company has granted 915778 numbers of stock options to employees and directors, as per details given in Annexure "B" to the Directors' Report. Each stock option represents one equity share of Rs 02/- and no vested stock options were outstanding as on 31st March 2011.

12. Plant Locations**Software Centre**

Lohiya Jain IT Park,
First Floor, 'A' Wing,
Survey No. 150, Paud 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 Aftek Limited (the Company) for the year ended 31st March, 2011, 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 2011, 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, 2011

AUDITORS' REPORT

To
The Members of **AFTEK LIMITED**

1. We have audited the attached Balance Sheet of **AFTEK LIMITED** as at 31st March 2011 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 specified 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 assessment under Income Tax, Sales tax (including interest, if any) 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) 80,639], 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 explained in note B.16 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) 5,508 [Previous year (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.*
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 necessary 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, 2011 and taken on record by the board of directors, we report that none of the director is prima facie disqualified as on 31st March, 2011 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 2011;
 - 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)

Mumbai, August 31, 2011

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, 2011.

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) 11,069 and the year end balance was (Rs. '000) 11,069.
 - (b) In our opinion, the rate of interest and other terms and conditions of such a loan are prima facie not 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) 19,365 and the year end balance was (Rs. '000) 19,365.
 - (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 not regular in depositing undisputed statutory dues excluding Investor Education and Protection Fund, which has been paid in time, 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 are not regularly deposited with the appropriate authorities. 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 Dues	Amount (Rs.'000)	Period to which Amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Deduction Of Tax at Source-Salary	744.4	April'10	7-May-10	28-Jul-11
		732.4	May'10	7-Jun-10	
		628.6	June'10	7-Jul-10	
		616.4	July'10	7-Aug-10	
		613.0	August'10	7-Sep-10	
		612.2	September'10	7-Oct-10	
		859.3	October'10	7-Nov-10	
		889.2	November'10	7-Dec-10	
		849.8	December'10	7-Jan-11	
		791.0	January'11	7-Feb-11	
Income Tax Act, 1961	Deduction of Tax at Source-Rent	130.0	April'10	7-May-10	Not Paid
		130.0	May'10	7-Jun-10	
		130.0	June'10	7-Jul-10	
		130.0	July'10	7-Aug-10	
		130.0	August'10	7-Sep-10	
		130.0	September'10	7-Oct-10	
		135.5	October'10	7-Nov-10	
		140.0	November'10	7-Dec-10	
		140.0	December'10	7-Jan-11	
		123.1	January'11	7-Feb-11	
Income Tax Act, 1961	Deduction of Tax at Source-Professional or Technical Services	16.8	April'10	7-May-10	Not Paid
		41.8	May'10	7-Jun-10	
		94.4	June'10	7-Jul-10	
		39.1	July'10	7-Aug-10	
		824.7	August'10	7-Sep-10	

Name Of The Statute	Nature of Dues	Amount (Rs.'000)	Period to which Amount relates	Due Date	Date of Payment
		56.3	September'10	7-Oct-10	Not Paid
		8.2	October'10	7-Nov-10	
		211.4	November'10	7-Dec-10	
		36.8	December'10	7-Jan-11	
		24.7	January'11	7-Feb-11	
Income Tax Act, 1961	Deduction of Tax at Source-Payment to Contractor	2.9	April'10	7-May-10	Not Paid
		2.2	May'10	7-Jun-10	
		6.7	June'10	7-Jul-10	
		2.0	July'10	7-Aug-10	
		0.7	August'10	7-Sep-10	
		3.7	September'10	7-Oct-10	
		1.9	October'10	7-Nov-10	
		12.0	November'10	7-Dec-10	
		1.3	December'10	7-Jan-11	
		2.5	January'11	7-Feb-11	
Income Tax Act, 1961	Deduction of Tax at Source-Commission or Brokerage	1.6	April'10	7-May-10	Not Paid
		7.0	June'10	7-Jul-10	
		0.8	July'10	7-Aug-10	
		6.9	August'10	7-Sep-10	
		16.6	September'10	7-Oct-10	
		6.2	November'10	7-Dec-10	
		4.2	December'10	7-Jan-11	
		4.2	January'11	7-Feb-11	
Income Tax Act, 1961	Deduction of Tax at Source- Advertising	1.1	June'10	7-Jul-10	Not Paid
		0.9	August'10	7-Sep-10	
		0.3	September'10	7-Oct-10	
		0.5	October'10	7-Nov-10	
		1.8	November'10	7-Dec-10	
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund Contribution	540.1	April'10	20-May-10	Not Paid
		528.3	May'10	20-Jun-10	
		510.9	June'10	20-Jul-10	
		494.4	July'10	20-Aug-10	
		490.7	August'10	20-Sep-10	
		492.6	September'10	20-Oct-10	
		479.7	October'10	20-Nov-10	
		467.3	November'10	20-Dec-10	
		457.0	December'10	20-Jan-11	
		412.4	January'11	20-Feb-11	
Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax	30.3	September'10	31-Oct-10	Not Paid
		28.6	October'10	30-Nov-10	
		28.4	November'10	31-Dec-10	
		28.4	December'10	31-Jan-11	
		26.2	January'11	28-Feb-11	
Maharashtra Value Added Tax Act, 2002	Sales Tax	17.8	September'10	21-Oct-10	Not Paid
Central Sales Tax Act, 1956	Central Sales Tax	283.2	September'10	21-Oct-10	Not Paid

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	7,948	2007-08	Not Paid
Income Tax Act 1961	Tax on Regular Assessment U/s143(3)	3,052	2008-09	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 not 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 defaulted in repayment of dues to a banks the details of the same as on 31st March, 2011 are as mentioned below.

Sr.No	Name of the Bank	Type of Loan	Month	Defaulted Principal Amount in Rs.('000)	Defaulted Interest amount in Rs.('000)
I	Bank of India - Jersey Channel Islands	Term Loan	July 2010-March 2011	Nil	5,818
II	IDBI Bank Ltd.	Term Loan	February 2011 March 2011	Nil Nil	519 626
III	State Bank of Bikaner & Jaipur	Term Loan	Jan 2011 February 2011 March 2011	Nil Nil Nil	4,422 4,343 4,857
IV	State Bank of Bikaner & Jaipur	Cash Credit A/c	January 2011 February 2011 March 2011	Nil Nil Nil	1,199 1,250 2,661
V	Union Bank of India	Term Loan	December 2010 February 2011 March 2011	10,600 Nil Nil	Nil 563 610

- (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) The company has given guarantee for loans taken by Subsidiary from a bank, According to the information and explanations given to us the terms and conditions whereof are prima facie not prejudicial to the interest of the company.
- (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)

Mumbai, August 31, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
I SOURCES OF FUNDS			
1 Shareholders' Funds			
a) Capital	A	187,062	187,062
b) Reserves and Surplus	B	4,324,176	6,154,588
			6,341,650
2 Loan Funds			
a) Secured Loans	C	935,170	729,114
b) Unsecured Loans	D	427,526	416,824
			1,145,938
3 Deferred Tax Liability (refer note B.7 of Schedule S)			
		48,278	41,978
Total		5,922,212	7,529,566
II APPLICATION OF FUNDS			
1 Fixed Assets			
a) Gross Block	E	3,379,005	3,033,538
b) Less: Accumulated Depreciation and Amortisation		1,789,630	916,745
c) Net Block		1,589,375	2,116,793
d) Capital Work-in-Progress (including Capital Advances)		2,044,486	1,364,608
			3,481,401
2 Investments			
	F	288,126	298,126
3 Current Assets, Loans and Advances			
a) Inventories	G	10,862	9,884
b) Sundry Debtors	H	1,357,541	1,428,600
c) Cash and Bank Balances	I	708,648	2,381,107
d) Loans and Advances & Other Assets	J	187,064	150,422
		2,264,115	3,970,013
Less: Current Liabilities and Provisions			
a) Current Liabilities	K	239,448	179,353
b) Provisions	L	24,442	40,621
		263,890	219,974
Net Current Assets		2,000,225	3,750,039
Total		5,922,212	7,529,566
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)

For and on behalf of the Board of Directors

Haridas Bhat
Partner
Membership No.39070

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C G Deshmukh
Company Secretary

Mumbai, August 31, 2011

Mumbai, August 31, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	SCHEDULE	YEAR ENDED MARCH 31, 2011 Rupees in '000s	YEAR ENDED MARCH 31, 2010 Rupees in '000s
INCOME			
Sales	M	1,548,598	1,820,329
Other Income	N	152,875	33,554
Total		1,701,473	1,853,883
EXPENDITURE			
Cost of Sales and Services	O	346,322	378,985
Employee Costs	P	75,522	90,862
Operating and Administrative Expenses	Q	112,881	484,449
Finance Charges	R	94,177	37,492
Depreciation and Amortisation	E	925,387	832,542
Product Development Expenditure, diminution in value of investments and loss arising on account of foreign exchange fluctuations. (refer note B.17 of Schedule S)		1,967,987	-
Less: Transfer from Securities Premium Account		(1,967,987)	-
Total		1,554,289	1,824,330
Profit Before Taxation and Exceptional Items		147,184	29,553
Less: Provision For Taxation			
- Current Tax (includes foreign tax of (Rs.'000) 5,241 (Previous year (Rs.'000) 5,914))		35,930	14,080
- Deferred Tax		6,300	25,680
- Mat Credit Entitlement		(30,690)	(8,160)
- Short/(Excess) Provision for Taxation of earlier years		(4,062)	(4,861)
		7,478	26,739
Profit Before Exceptional Items		139,706	2,814
Less: Exceptional Items		-	-
Net (Loss) / Profit		139,706	2,814
Add: Balance Brought Forward From Earlier Years		3,327,960	3,319,445
Prior Period Adjustments		-	5,701
Profit Available for Appropriation		3,467,666	3,327,960
Balance Carried Forward to Balance Sheet		3,467,666	3,327,960
Earnings Per Share (refer note B.4 of Schedule S) (Face Value of Rs. 2 Per Share)			
Basic (Rs.)		1.49	0.03
Diluted (Rs.)		1.49	0.03
Notes to the Financial Statements	S		

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

As per our report of even date attached
For GMJ & Co.,
Chartered Accountants (FRN. 103429W)

For and on behalf of the Board of Directors

Haridas Bhat
Partner
Membership No.39070

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C G Deshmukh
Company Secretary

Mumbai, August 31, 2011

Mumbai, August 31, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2011

	MARCH 31, 2011 Rupees in '000s	MARCH 31, 2010 Rupees in '000s
Cash flows from operating activities		
Net profit before taxation, and exceptional items	147,184	29,553
Adjustments for:		
Depreciation and Amortisation	925,387	832,542
Unrealised Foreign Exchange (Gain) / Loss (Net)	(125,129)	350,762
Profit on Sale of Assets (net)	(89)	(133)
Interest income	(27,535)	(31,125)
Dividend income	(57)	(6)
Interest expense	94,177	37,492
Prior Period Income	-	5,701
Provision for Gratuity and Leave Encashment	308	1,012
Debts and Advances Written off/ provided for	33,397	38,849
Operating profit before working capital changes	1,047,643	1,264,647
Adj for Trade and other Receivables	37,112	(69,185)
Adj for Inventories	(978)	(6,677)
Adj for Trade and other Payables	60,403	(6,754)
Cash generated from operations	1,144,180	1,182,031
Income taxes paid (net)	(15,236)	(17,270)
Cash flow before extraordinary item	1,128,944	1,164,761
Exceptional Items	-	-
Cash flow After extraordinary item	1,128,944	1,164,761
Net cash from operating activities	1,128,944	1,164,761
Cash flows from investing activities		
Purchase of Fixed Assets (Including capital advances and capital work in progress)	(1,077,847)	(1,505,131)
Proceeds from sale of Assets	89	133
Purchase of Investments	-	(10,000)
Sale of Investments	10,000	-
Financial restructuring expenses	(1,967,987)	-
Loan given to Subsidiary Company	(39,432)	967
Repayment of Loan given to Aftak Employee's Welfare Trust Received Back	-	14,206
Interest received	27,535	31,125
Dividends received	57	6
Net cash used in investing activities	(3,047,585)	(1,468,694)

	MARCH 31, 2011 Rupees in '000s	MARCH 31, 2010 Rupees in '000s
Cash flows from financing activities		
Proceeds from Long term borrowings (Net)	206,055	416,492
Proceeds from Unsecured Loans (Net)	10,400	13,965
Repayments of Long term borrowings	-	(138,743)
Interest paid	(94,177)	(37,492)
Net cash used in financing activities	122,278	254,222
Unrealised Foreign Exchange Gain /(Loss) on Cash and Cash Equivalents	123,904	(406,879)
Net increase in cash and cash equivalents	(1,672,459)	(456,590)
Cash and cash equivalents at beginning of period	2,381,107	2,837,697
Cash and cash equivalents at end of period	708,648	2,381,107

Cash and cash equivalents includes fixed deposits of (Rs.000's)
3,554 {PY (Rs.000's) 341} 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, August 31, 2011

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, August 31, 2011

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 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, 2011, 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 Nil) 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	Nil (PY 300,000) equity shares represent Nil (PY 100,000) Global Depository Receipts (GDRs) offered in the year 2003. (refer note B.15 of Schedule S)	
SCHEDULE B : RESERVES AND SURPLUS		
General Reserve		
Balance at the Beginning of the Year	609,872	601,623
Add: Unexercised Employee Stock Options which have Lapsed	3,364	8,249
Balance at the End of the Year	613,236	609,872
Securities Premium Account		
Balance at the Beginning of the Year	2,158,774	2,182,032
Less: Product Development Expenditure, diminution in value of investments and loss arising on account of foreign exchange fluctuations. (refer note B.17 of Schedule S)	(1,967,987)	-
Less: Premium Payable on Redemption of FCCBs	(5,662)	(23,258)
Balance at the End of the Year	185,125	2,158,774
Capital Reserve		
Employee Stock Options	48,205	48,205
Foreign Currency Translation Reserve	-	3,364
Profit and Loss Account	9,944	6,414
	3,467,666	3,327,959
Total	4,324,176	6,154,588

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
SCHEDULE C : SECURED LOANS		
From Banks		
i) Bank of India - Jersey Channel Islands (Secured by mortgage of Land at Hinjewadi, Pune)	285,750	273,780
ii) IDBI Bank Ltd. (Personal Guarantee of Directors)	51,122	-
iii) State Bank of Bikaner & Jaipur (Secured by mortgage of building owned by subsidiary Mihir Properties Pvt. Ltd.)	413,622	404,276
iv) Union Bank of India (Secured by mortgage of Land at Andheri, Mumbai)	49,273	51,058
v) State Bank of Bikaner & Jaipur - CC Account (Secured by hypothecation of Raw Materials and Book Debts)	135,403	-
Total	935,170	729,114

Notes

1. Amount Repayable Within One Year is (Rs.('000) 75,000 (PYRs.('000) Nil))

SCHEDULE D : UNSECURED LOAN

From Others		
1% Foreign Currency Convertible Bonds (880 FCCBs of US\$ 10,000 each) (refer note B.11 of Schedule S)	394,416	398,464
Interest Accrued and Due (refer note B.11 of Schedule S)	8,745	4,395
From Directors	4,365	-
From Bodies Corporate	20,000	13,965
Total	427,526	416,824

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE E : FIXED ASSETS

Rupees in '000s

Description of Assets	Gross Block (At Cost)				Depreciation and Amortisation				Net Block	
	As at 01 April 2010	Additions	Deletions	As at 31 March 2011	As at 01 April 2010	For the Year	Deletions	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Tangible Assets										
Leasehold Land	10,113	-	-	10,113	480	106	-	586	9,527	9,633
Freehold Land	12,702	-	-	12,702	-	-	-	-	12,702	12,702
Factory Building	8,291	-	-	8,291	6,164	653	-	6,817	1,474	2,127
Plant and Machinery	4,280	12	82	4,210	2,344	697	65	2,976	1,234	1,936
Computers	733,983	28,902	28,815	734,070	154,168	241,650	-	395,818	338,252	579,815
Air Conditioner	1,130	-	-	1,130	1,124	6	-	1,130	-	6
Furniture and Fixtures	617	34	-	652	436	117	-	553	99	181
Motor Vehicles	1,002	-	-	1,002	518	197	-	715	287	484
Office Equipment	1,763	23	-	1,786	1,230	319	-	1,549	237	533
Intangible Assets										
Intellectual Property Rights	2,245,517	767,987	422,595	2,590,909	740,882	679,871	52,438	1,368,316	1,222,593	1,504,635
Technical Know How	14,140	-	-	14,140	9,399	1,771	-	11,170	2,970	4,741
Total	3,033,538	796,958	451,492	3,379,005	916,745	925,387	52,503	1,789,630	1,589,375	2,116,793
Capital Work-in-Progress									885,054	949,707
Capital Advance									1,159,432	414,901
Total									3,633,861	3,481,401
Previous Year	2,845,929	1,587,619	1,400,010	3,033,538	1,481,213	832,542	1,400,010	916,745	3,481,401	2,808,816

Notes

- Capital Work-in-Progress includes Internally Generated Intangible Assets yet to be capitalised (Rs. Nil (PY (Rs.('000) 163,358))
- Borrowing cost capitalised during the year amounts to Rs.Nil (PY (Rs. Nil))

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
SCHEDULE F : INVESTMENTS		
Long Term Investments, Trade, Unquoted (at Cost)		
Investment in Subsidiary Companies		
Aftek Sales and Services Private Limited****	-	100
1,000 Equity Shares of Rs.100 Each Fully Paid Up		
Less: Provision for Diminution in Value	-	(100)
	-----	-----
**** Struck off U/s.560 of the Companies Act, 1956 under Easy Exit Scheme 2011.	-	-
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 (refer note B.16 of Schedule S)	(40,000)	(40,000)
	-----	-----
	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		
2,550,000 (PY 2,550,000) Equity Shares of Rs.10 Each Fully Paid Up	146,333	146,333
* 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		
Quoted Investment in Mutual Funds		
SBI-SHF-Ultra Short Term Fund - Institutional Plan (Nil units (PY 999400.360 units) Nominal Value Rs.10/- each).	-	10,000
	-----	-----
Total	288,126	298,126
	=====	=====
SCHEDULE G : INVENTORIES		
(At Cost or Net Realisable Value, whichever is less) (as taken, valued and certified by the Management)		
Raw Materials, Consumables	7,991	8,537
Work-in-Progress	2,871	1,347
	-----	-----
Total	10,862	9,884
	=====	=====

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
SCHEDULE H : SUNDRY DEBTORS		
(Unsecured Considered Good Unless Otherwise Stated)		
Debts Outstanding for More Than Six Months		
-Considered Good	623,514	526,049
-Considered Doubtful	117,310	83,913
-Other Debts - Considered Good(Less than six months)	734,027	902,551
	<u>1,474,851</u>	<u>1,512,513</u>
Less: Provision for Doubtful Debts	(117,310)	(83,913)
Total	<u><u>1,357,541</u></u>	<u><u>1,428,600</u></u>
SCHEDULE I : CASH AND BANK BALANCES		
Cash on Hand	212	420
Balance with Scheduled Banks in:		
Cash Credit Account	8	8
Current Account	183	28,881
Fixed Deposit Account #	4,575	2,840
Unclaimed Dividend Account	3,171	3,614
Foreign Currency Current Account*	605	1,048
Balance with Non Scheduled Banks in:		
Deposit Account with Banco Efisa , Portugal (Maximum balance outstanding at any time during the year (Rs.(000) 1,246,343 (PYRs.1,317,453))	-	1,198,731
Current Accounts with Banco Efisa, Portugal (Maximum balance outstanding at any time during the year (Rs.(000) 1,993,370 (PYRs.2,418,810))	699,894	1,145,565
Total	<u><u>708,648</u></u>	<u><u>2,381,107</u></u>

Fixed deposit of (Rs.('000) 3,554 (PY Rs.('000) 341)) has been placed with a bank against guarantees.

* Balance in Bank of India in Foreign Currency Current Account includes (Rs.('000) 151 (PY Rs.('000) 152)) 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, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
SCHEDULE J : LOANS AND ADVANCES		
(Unsecured Considered Good Unless Otherwise Stated)		
Advance tax and Tax Deducted at source	8,278	14,768
Deposit with Body Corporates (refer note B.14 of Schedule S)	80,639	80,639
Other Deposits	2,546	2,705
Loans to Subsidiary Companies	89,888	47,306
Less: Doubtful Advances Written Off	-	-
	<u>89,888</u>	<u>47,306</u>
Loans to Aftek Employees' Welfare Trust	2,495	28,495
Less: Written off	-	(26,000)
	<u>2,495</u>	<u>2,495</u>
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Considered Good	3,218	2,509
- Considered Doubtful	-	-
	<u>3,218</u>	<u>2,509</u>
Less : Provision for Doubtful Advances	-	-
	<u>3,218</u>	<u>2,509</u>
Total	<u><u>187,064</u></u>	<u><u>150,422</u></u>
SCHEDULE K: CURRENT LIABILITIES		
Liabilities		
Sundry Creditors (refer note B.8 of Schedule S)	51,244	27,412
Premium Payable on Redemption of FCCBs	125,660	119,998
Accrued Expenses	20,640	9,954
Advance from Customers	3,473	7,048
Interest Accrued But Not Due	8,118	1,578
Unclaimed Dividends*	3,171	3,614
Other Liabilities	27,142	9,749
Total	<u><u>239,448</u></u>	<u><u>179,353</u></u>
* 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	11,292	23,150
Provision for Fringe Benefit Tax	-	1,742
Provision for Corporate Dividend Tax	7,948	10,834
Gratuity	4,138	3,921
Compensated Absences	1,064	974
Total	<u><u>24,442</u></u>	<u><u>40,621</u></u>

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

	YEAR ENDED MARCH 31, 2011 Rupees in '000s	YEAR ENDED MARCH 31, 2010 Rupees in '000s
SCHEDULE M : SALES		
Software Exports		
Services	1,350,402	1,622,606
Products	146,313	154,343
Software Driven Products		
Local	38,008	26,297
Exports	13,794	16,985
	<u>51,802</u>	<u>1,820,231</u>
Add: Duty Drawback	81	98
Total	<u><u>1,548,598</u></u>	<u><u>1,820,329</u></u>
SCHEDULE N : OTHER INCOME		
Bank Interest	26,331	31,125
(Including tax deducted at source Rs.('000) 5,241 (PY Rs.('000) 5,120))		
Interest Received	1,204	-
Dividend	57	6
Bad debt Recovered	-	811
Profit on Sale of Fixed Assets	89	133
Foreign Exchange Gain	125,129	-
Miscellaneous Income	65	1,479
Total	<u><u>152,875</u></u>	<u><u>33,554</u></u>
SCHEDULE O : COST OF SALES AND SERVICES		
Consumption of Raw Materials and Consumables		
Opening Stock	8,537	2,795
Add: Purchases	28,021	26,712
	<u>36,558</u>	<u>29,507</u>
Less: Closing Stock	(7,991)	(8,537)
	<u>28,567</u>	<u>20,970</u>
(Increase)/Decrease in Work in Progress		
Opening Stock	1,346	412
Closing Stock	(2,871)	(1,347)
	<u>(1,525)</u>	<u>(935)</u>
Software Development Expenses	319,280	358,950
Total	<u><u>346,322</u></u>	<u><u>378,985</u></u>

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

	YEAR ENDED MARCH 31, 2011 Rupees in '000s	YEAR ENDED MARCH 31, 2010 Rupees in '000s
SCHEDULE P : EMPLOYEE COSTS		
Salaries, Wages and Bonus	70,641	84,571
Contribution to Provident Fund and Other Funds	2,838	4,366
Gratuity	800	582
Staff Welfare	1,243	1,343
Total	75,522	90,862
SCHEDULE Q: OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	16,880	22,597
Directors Remuneration	13,635	12,312
Directors Sitting Fees	560	700
Travelling and Conveyance	9,846	8,626
Professional Fees	13,702	18,026
Advertisement and Sales Promotion	403	930
Commission	449	890
Repairs and Maintenance to Buildings	256	467
Repairs and Maintenance to Computers	296	459
Repairs and Maintenance to Others	326	862
Electricity Expenses	3,982	5,164
Rates and Taxes	2,205	2,945
Telephone and Communication	1,852	2,413
Insurance Charges	138	156
Research and Development Expenses	38	1,598
Auditors' Remuneration (refer note B.3(vii) of Schedule S)	4,183	4,620
Foreign Exchange Loss	-	350,762
Write-off for Doubtful Loans and Advances	-	26,000
Provision for Doubtful Debts	33,397	12,788
Bad and Doubtful Debts Written Off	13	61
Miscellaneous Expenses	10,720	12,073
Total	112,881	484,449
SCHEDULE R: FINANCE CHARGES		
To Banks		
Interest on Term Loan	72,804	26,981
Interest on Cash Credit	10,135	4,785
Interest On Bill Discounting	-	31
To Others		
Interest on FCCB	4,350	4,395
Interest on Income Tax	489	-
Interest on Dividend Distribution Tax	2,300	-
Others	4,099	1,300
Total	94,177	37,492

SCHEDULE ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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.

SCHEDULE S : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

B Notes To Accounts

1. Capital commitment :

Particulars	As at March 31, 2011 Rs. '000	As at March 31, 2010 Rs. '000
Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	588,549	588,556

2. Contingent liabilities not provided for :

Particulars	As at March 31, 2011 Rs. '000	As at March 31, 2010 Rs. '000
(i) Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (Rs.'000) 7,900 previous year (Rs.'000) 11,441}	77,900	77,900
(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 assessment of Income tax and Sales tax(Including Interest, if any)	Amount unascertainable	
Total	82,567	82,567

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	2,129	1,888
Sales	Qty in Nos	2,129	1,888
	Value Rs, '000s	27,403	26,935
Others	Value Rs, '000s	24,399	16,347
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, 2011		Year ended March 31, 2010	
	Rs. '000	%	Rs. '000	%
Imported raw material and consumables	14,357	50.26	5,269	25.13
Indigenous raw material and consumables	14,210	49.74	15,701	74.87
Total	28,567	100.00	20,970	100.00

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

Particulars	Year ended March 31, 2011 Rs. '000	Year ended March 31, 2010 Rs. '000
Purchase of intellectual property rights	767,987	871,325
Purchase of raw materials	13,799	8,261
Total	781,786	879,586

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

Particulars	Year ended March 31, 2011 Rs. '000	Year ended March 31, 2010 Rs. '000
Software development expenses	319,280	358,950
Interest expenses (including interest capitalized if any)	11,796	17,764
Travelling expenses	5,724	4,635
Foreign tax (withheld)	5,241	5,914
Other expenses	2,481	3,167
Total	344,522	390,430

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

Particulars	Year ended March 31, 2011 Rs. '000	Year ended March 31, 2010 Rs. '000
Export sales	1,510,509	1,793,934
Interest on fixed deposit	26,204	29,572
Total	1,536,713	1,823,506

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

Particulars	Year ended March 31, 2011 Rs. '000	Year ended March 31, 2010 Rs. '000
i) As auditors	3,900	4,112
ii) Other Services	283	-
Payment to erstwhile auditors		
As auditors	-	508
Total	4,183	4,620

(viii) Managerial remuneration:

Particulars	Year ended March 31, 2011 Rs. '000	Year ended March 31, 2010 Rs. '000
Salary	13,475	12,312
Commission to non executive directors	160	405
Total	13,635	12,717

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, 2011 Rs. '000	Year ended March 31, 2010 Rs. '000
Net (loss)/profit after tax and exceptional items	139,706	2,814
Add:		
Managerial remuneration	13,475	12,312
Commission to non-executive directors	160	405
Provision for doubtful loans and advances	-	26,000
Provision for doubtful debts	33,397	12,788
Provision for taxation	38,168	34,899
Depreciation as per books of account	925,387	832,542
	1,150,293	921,760

Less:		
Depreciation as envisaged u/s 350 of the Companies Act, 1956 (Book depreciation considered in the previous year)	450,738	406,059
Profit on sale of fixed assets	89	133
Net profit as per section 349 of the Companies Act, 1956	699,466	515,568
Maximum Commission permissible to non-executive directors	69,947	5,156
Commission paid to non executive directors	160	405

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, 2011 Rs. '000	Year ended March 31, 2010 Rs. '000
Basic		
Net (loss)/profit including exceptional item available for equity shareholders (A)	139,706	2,814
Less: Exceptional item	-	-
Net profit excluding exceptional item available for equity shareholders (B)	139,706	2,814
Weighted average number of equity shares outstanding (C) (in '000)	93,531	93,531
Face value of shares (in Rs.)	2	2
Basic (loss)/earnings per share, including exceptional item (A/C)	1.49	0.03
Diluted		
Net (loss)/profit including exceptional item available for equity share holders	139,706	2,814
Add: Interest on FCCB (net of tax)	-	-
Adjusted profit including exceptional item for diluted earnings per share - (D)	139,706	2,814
Less: Exceptional item	-	-
Adjusted profit excluding exceptional item for diluted earnings per share - (E)	139,706	2,814
Weighted average number of equity shares outstanding (in '000)	93,531	93,531
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	93,531
Diluted (loss)/earnings per share, including exceptional item (D/F)	1.49	0.03

5. Related party disclosures:

(i) List of related parties

Name of the Related Party	Nature of relationship
Opdex Inc. Atek Sales and Services Private Limited**** Mihir Properties Private Limited Arexera Information Technologies AG Atek (Mauritius) Limited Digihome Solutions Private Limited	Subsidiary Companies
Atek Employees' Welfare Trust	Significantly influenced by Key Management Personnel (Controlled entities)
Atek Employees' Gratuity Assurance Scheme	
Mr. Ranjit M. Dhuru Mr. Nitin K. Shukla Mr. Mukul S Dalal	Key Management Personnel
Mr. VJ Masurekar	Independent Director

Note: (i) **** Struck off U/s.560 of the Companies Act, 1956 under Easy Exit Scheme 2011.

(ii) Related party transactions:

(Rs. '000)

Nature	Subsidiary	Key Management Personnel	Significant Influence by Key Management Personnel	Total
Services rendered	26	-	-	26
	-	-	-	-
Digihome Solutions Private Limited	26	-	-	26
	-	-	-	-
Services received	210	-	-	210
	-	-	-	-
Digihome Solutions Private Limited	210	-	-	210
	-	-	-	-
Services Received from VJ Masurekar (Independent Director)	-	-	-	-
	-	(1,100)	-	(1,100)
Loans and advances given	39,522	-	-	39,522
	(2,189)	-	-	(2,189)
Arexera Information Technologies AG	39,432	-	-	39,432
	(217)	-	-	(217)
Digihome Solutions Private Limited	-	-	-	-
	(48)	-	-	(48)
Mihir Properties Private Limited	52	-	-	52
	(18)	-	-	(18)
Opdex Inc.	-	-	-	-
	(1,905)	-	-	(1,905)
Others	38	-	-	38
	(1)	-	-	(1)
Advances received back	1,495	-	-	1,495
	(1,897)	-	(14,206)	(16,103)
Aftek Employees' Welfare Trust	-	-	-	-
	-	-	(14,206)	(14,206)
Digihome Solutions Private Limited	1,491	-	-	1,491
	(154)	-	-	(154)
Mihir Properties Private Limited	1	-	-	1
	(134)	-	-	(134)
Opdex Inc.	-	-	-	-
	(1,609)	-	-	(1,609)
Others	3	-	-	3
	-	-	-	-
Remuneration	-	13,635	-	13,635
	-	(12,312)	-	(12,312)
Loans and Advance Taken	-	4,365	-	4,365
Maximum balance outstanding at any time during the year - Rs.('000) 4,365 {previous year Rs.('000) NIL}	-	-	-	-
Directors sitting fees	-	560	-	560
	-	(700)	-	(700)
Interest accrued and due from Digihome Solutions Private Limited	1,132	-	-	1,132
	(1,132)	-	-	(1,132)

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, 2011	As at March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
Mihir Properties Private Limited	89	36	89	153
Aftek Sales and Services Private Limited****	-	74	-	74
Arexera Information Technologies AG	73,221	30,203	73,589	33,225
Digihome Solutions Private Limited	11,069	11,428	11,428	11,428
Opdex Inc.	5,508	5,565	5,759	7,594
Aftek Employees' Welfare Trust	2,495	2,495	2,495	42,701
Total	92,382	49,801	93,360	95,175

Note: (i) **** Struck off U/s.560 of the Companies Act, 1956 under Easy Exit Scheme 2011.

Note: (ii) 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 not sold any shares and made 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) 2,917{Previous Year (Rs.'000) 4,948}
- (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, 2011 (Rs.'000)	Year ended March 31, 2010 (Rs.'000)
Change in Defined Benefit Obligations		
Defined Benefit Obligations as at the beginning of the year	8,980	6,956
Service cost	1,028	4,235
Interest cost	718	539
Actuarial (gain)/loss	(2,258)	(616)
Benefits paid	(1,419)	(2,134)
Present value of defined benefit obligations as at year end (A)	7,049	8,980
Change in Plan Assets		
Opening plan assets, at fair value	1,577	2,762
Expected return on plan assets	126	221
Actuarial gain/(loss)	(21)	(42)
Contributions	513	771

Benefits paid	(1,419)	(2,134)
Fair value of plan assets as at year end (B)	776	1,577
Cost for the year		
Service cost	1,028	4,235
Interest cost	718	539
Expected return on plan assets	(126)	(221)
Actuarial (gain)/loss	(2,237)	(575)
Total net cost recognized as employee remuneration	(617)	3,979
Reconciliation of Benefit Obligations and Plan Assets		
Present value of defined benefit obligations as at year end (A)	7,049	8,980
Fair value of plan assets as at year end (B)	776	1,577
Net asset/(liability) as at year end recognised in Balance Sheet (A) - (B)	6,273	7,402
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, 2011 (Rs.'000)	As at March 31, 2010 (Rs.'000)
Deferred Tax Liability on :		
Depreciation	180,059	207,679
(A)	180,059	207,679
Deferred Tax Asset on :		
Unabsorbed Depreciation adjusted for timing difference	92,027	136,198
Provision for gratuity	1,343	1,302
Provision for compensated absences	345	324
Provision for doubtful debts	38,061	27,874
(B)	131,777	165,698
Net Deferred Tax Liability (A)-(B)	48,283	41,981

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.

- Amount due and outstanding to MSME suppliers as at the end of the accounting year.
- Interest paid during the year to MSME
- Interest payable at the end of the accounting year.
- 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

	Option I	Option II	Option III	Option IV
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	62,659 (156,431)	3,994 (14,203)	Nil (50,000)	Nil (157,088)
Option exercised in respect of which shares were allotted	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Option lapsed during the year on separation	2,298 (22,768)	1,082 (7,421)	Nil (37,500)	Nil (157,088)
Option lapsed during the year due to non-exercise of options	60,361 (71,004)	2,912 (2,788)	Nil (12,500)	Nil (Nil)
Option outstanding at the end Of the year Of which -	Nil (62,659)	Nil (3,994)	Nil (Nil)	Nil (Nil)
Option vested	Nil (62,659)	Nil (3,994)	Nil (Nil)	Nil (Nil)
Option Yet to vest	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(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) 16,880 {Previous year: (Rs.'000) 22,597}. The future minimum lease rental payments under non cancellable agreements entered on or after April 01, 2010 are as follows:

Particulars	Year ended March 31, 2011 Rs.'000	Year ended March 31, 2010 Rs.'000
Not later than one year	5,304	16,100
Later than one year and not later than five years	23,976	27,800
Later than Five years	-	-
Total	29,280	43,900

The agreements are executed for a period of 11 to 60 months with a 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 which, 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 the company is in the process of resetting the conversion price as per current pricing guidelines. The same is currently pending before the Reserve Bank of India, Mumbai.

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, 2011 (Rs.'000)		Year ended March 31, 2010 (Rs.'000)	
America	881,550	56.93%	1,013,243	55.66%
Europe	541,151	34.94%	669,695	36.79%
Japan	72,951	4.71%	90,724	4.98%
India	38,526	2.49%	43,380	2.38%
Others	14,420	0.93%	3,287	0.18%
Total	1,548,598	100%	1,820,329	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. 744,531 (USD 16,757) (PY: Rs. 575 ; USD 13).
Creditors	Rs.5 (USD 0.12) (PY: Nil)
Export Debtors	Rs.1,349,211 (USD 22,474; EURO 5,621) (PY: Rs. 1,442,642 ; USD 23,920; EURO 6,129)
Foreign Currency Bank Account	Rs. 699,894 (USD 15577; EURO 125) (PY:Rs. 2,345,345; USD 47,099; EURO 3,858)
Term Loan	Rs. 285,750 (EURO 4,500) (PY: Rs.273,780; EURO 4,500)
Unsecured Loan	Rs. 403,161 (USD 8,995) (PY: Rs. 416,826; USD 9,206)
Loans and Advances to Subsidiaries	Rs. 78,729 (USD 124; CHF 1,523) (PY: Rs. 35,769; USD 124; CHF 723)

14. At the beginning of the year, the Company had outstanding Interest Free Deposits with Body Corporates aggregating (Rs '000) 80,639. (Previous year (Rs '000) 80,639.) These deposits were given prior to 2003 to Company's various business associates for the business development. During the current year, no amount 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.

No GDRs (PY('000) 100, representing ('000) 300 equity shares) were outstanding as at March, 2011.

As stated at para 11 above, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 was outstanding as at March, 31, 2011. 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 existing conversion price. However, at the behest of majority bondholders, the company is in the process of resetting the conversion price as per applicable pricing guidelines. The same is currently pending before the Reserve bank of India, Mumbai.

- 16 The Company has an investment (net of provision) of (Rs '000) 29,597 (Previous year (Rs '000) 29,597) in Opdex Inc (Opdex), a wholly owned subsidiary and it has also granted loans and advances of (Rs '000) 5,508 (Previous year (Rs '000) 5565) 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 restructuring

- a) The company has formulated a scheme of Financial restructuring to deal with current recession in the software industry, and the costs incurred on the product development and foreign currency losses. Accordingly as per the scheme of arrangement Under section 100 to 103 read with section 78 of the Companies Act, 1956, The Hon'ble High Court of Judicature at Bombay, vide its Order dated 13th August, 2010 has sanctioned the scheme approved by members by the Special Resolution passed at the Extra-ordinary General Meeting held on 08th June, 2010 for utilization of Rs.215.00 crores out of the balance standing to the credit of the Securities Premium Account for allocating and/or earmarking to adjust product development expenditure incurred/to be incurred, diminution in value of investments if any and loss arising on account of foreign exchange fluctuations. Accordingly, the resolution has been given effect to in the accounts of the Company to the tune of aggregating an amount of Rs.196.80 crores.

(Rs.'000)

Particulars	Increase (Decrease)
a) Product Development Expenditure.	1,857,896
diminution in value of investments	108
loss arising on account of foreign exchange fluctuations.	109,983
Total	1,967,987
b) Had the scheme not prescribed aforesaid treatment, the impact would have been as under:-	
In the Profit and Loss Account	
Particulars	Increase (Decrease)
Operating and Administrative Expenses	108
Other Income	(109,983)
Profit Before Taxation and Exceptional Items	(109,875)
Net (Loss) / Profit	(109,875)
EPS	
Basic (Rs.)	0.32
Diluted (Rs.)	0.32
In the balance Sheet	
Particulars	Increase (Decrease)
Reserves and Surplus:	
Securities Premium Account	1,967,987
Profit and Loss Account	(109,875)
Fixed Assets:	
Capital Work in Progress	1,857,896

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)

For and on behalf of the Board of Directors

Haridas Bhat
Partner
 Membership No.39070

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C G Deshmukh
Company Secretary

Mumbai, August 31, 2011

Mumbai, August 31, 2011

AUDITORS' REPORT

To
The Board of Directors of AFTEK LIMITED

1. We have audited the attached Consolidated Balance Sheet of Aftek Limited (the 'Company') and its subsidiaries (together referred to as 'the Group') as at 31st March 2011 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 except Mihir Properties Pvt Ltd & Aftek Sales & services Pvt Ltd, whose financial statements reflect total assets of Rs.('000) 211,376 as at March 31,2011, total sales of Rs.('000) 126,283 and net cash out flow amounting to Rs.('000) 2,621 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. 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 assessment under Income Tax, Sales tax (Including interest, if any) are not ascertained.
5. We report that:
 - 5.1 As stated in note B.13 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) 80,639], 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.
 - 5.2 As explained in note B.15 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) 5,508 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. 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.
7. 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 2011;
 - b) The Consolidated Profit and Loss account of the Profit 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)

Mumbai, August 31, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
I SOURCES OF FUNDS			
1 Shareholders' Funds			
a) Capital	A	187,062	187,062
b) Reserves and Surplus	B	4,069,824	5,918,330
		4,256,886	6,105,392
2 Minority Interest		28,955	-
3 Loan Funds			
a) Secured Loans	C	957,022	766,704
b) Unsecured Loans	D	440,328	416,824
		1,397,350	1,183,528
4 Deferred Tax Liability (refer note B.7 of Schedule S)		49,309	41,978
Total		5,732,500	7,330,898
II APPLICATION OF FUNDS			
1 Fixed Assets	E		
a) Gross Block		3,444,132	3,074,450
b) Less: Accumulated Depreciation and Amortisation		1,801,487	931,658
		1,642,645	2,142,792
c) Net Block		2,044,486	1,364,608
d) Capital Work-in-Progress (including Capital Advances)			
		3,687,131	3,507,400
2 Goodwill arising from Consolidation		20,176	12,431
3 Investments	F	40,807	50,807
4 Current Assets, Loans and Advances			
a) Inventories	G	40,591	43,481
b) Sundry Debtors	H	1,430,377	1,458,285
c) Cash and Bank Balances	I	715,885	2,390,873
d) Loans and Advances & Other Assets	J	106,797	111,179
		2,293,650	4,003,818
Less: Current Liabilities and Provisions			
a) Current Liabilities	K	284,822	202,937
b) Provisions	L	24,442	40,621
		309,264	243,558
Net Current Assets		1,984,386	3,760,260
Total		5,732,500	7,330,898
Notes to the Financial Statements	S		

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

As per our report of even date attached
For GMJ & Co.,
Chartered Accountants (FRN. 103429W)

For and on behalf of the Board of Directors

Haridas Bhat
Partner
Membership No.39070
Mumbai, August 31, 2011

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla

Director - Finance

C G Deshmukh
Company Secretary

Mumbai, August 31, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	SCHEDULE	YEAR ENDED MARCH 31, 2011 Rupees in '000s	YEAR ENDED MARCH 31, 2010 Rupees in '000s
INCOME			
Sales	M	1,674,582	1,873,769
Other Income	N	156,128	51,378
Total		1,830,710	1,925,147
EXPENDITURE			
Cost of Sales and Services	O	422,357	410,109
Employee Costs	P	106,403	111,996
Operating and Administrative Expenses	Q	136,128	494,556
Finance Charges	R	99,317	45,394
Depreciation and Amortisation	E	927,777	838,078
Product Development Expenditure, diminution in value of investments and loss arising on account of foreign exchange fluctuations. (refer note B.16 of Schedule S)		1,967,879	-
Less: Transfer from Securities Premium Account		(1,967,879)	-
Total		1,691,982	1,900,133
Profit Before Taxation and Exceptional Items		138,728	25,014
Less: Provision For Taxation			
- Current Tax (includes foreign tax of (Rs.'000) 5,241 (Previous year (Rs.'000) 5,914))		36,082	14,118
- Deferred Tax		7,331	25,680
- Mat Credit Entitlement		(30,805)	(8,160)
- Short/(Excess) Provision for Taxation of earlier years		(4,062)	(4,861)
		8,546	26,777
Profit Before Exceptional Items		130,182	(1,763)
Less: Minority Interest in Profit		(5,431)	961
Net (Loss) / Profit		124,751	(2,724)
Add: Balance Brought Forward From Earlier Years		3,095,795	3,090,575
Prior Period Adjustments		-	(5,220)
Profit Available for Appropriation		3,220,546	3,095,795
Balance Carried Forward to Balance Sheet		3,220,546	3,095,795
Earnings Per Share (refer note B.4 of Schedule S) (Face Value of Rs. 2 Per Share)			
Basic (Rs.)		1.33	(0.03)
Diluted (Rs.)		1.33	(0.03)
Notes to the Financial Statements	S		

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

As per our report of even date attached

For GMJ & Co.,

Chartered Accountants (FRN. 103429W)

Haridas Bhat

Partner

Membership No.39070

Mumbai, August 31, 2011

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, August 31, 2011

Consolidated Cash Flow Statement for the year ended

	MARCH 31, 2011 Rupees in '000s	MARCH 31, 2010 Rupees in '000s
Cash flows from operating activities		
Net profit before taxation, and exceptional items	138,728	25,014
Adjustments for:		
Depreciation and Amortisation	927,777	838,078
Unrealised Foreign Exchange (Gain) / Loss (Net)	(125,100)	350,877
Profit on Sale of Assets (net)	(89)	(133)
Interest income	(26,774)	(31,542)
Dividend income	(57)	(6)
Interest expense	99,317	45,394
Prior Period Income	0	(5,220)
Provision for Gratuity and Leave Encashment	307	1,012
Debts and Advances Written off/ provided for	33,397	38,849
Operating profit before working capital changes	1,047,506	1,262,323
Adj for Trade and other Receivables	(7,572)	10,944
Adj for Inventories	2,890	(8,037)
Adj for Trade and other Payables	82,192	(9,785)
Cash generated from operations	1,125,016	1,255,445
Income taxes paid (net)	(4,744)	(19,581)
Cash flow before extraordinary item	1,120,272	1,235,864
Cash flow After extraordinary item	1,120,272	1,235,864
Net cash from operating activities	1,120,272	1,235,864
Cash flows from investing activities		
Purchase of Fixed Assets (Including capital advances and capital work in progress)	(1,107,508)	(1,562,920)
Proceeds from sale of Assets	89	133
Purchase of Investments	-	(10,000)
Sale of Investments	10,000	-
Financial restructuring expenses	(1,967,879)	-
Repayment of Loan given to Aftok Employee's Welfare Trust Received Back	-	14,206
Interest received	26,774	31,542
Dividends received	57	6
Net cash used in investing activities	(3,038,467)	(1,527,033)

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 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, 2011, 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 Nil) 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 Nil (PY 300,000) equity shares represent Nil (PY 100,000) Global Depository Receipts (GDRs) offered in the year 2003. (refer note B.14 of Schedule S)		
SCHEDULE B : RESERVES AND SURPLUS		
General Reserve		
Balance at the Beginning of the Year	609,872	601,623
Add: Transferred from Profit and Loss Account	-	-
Add: Unexercised Employee Stock Options which have Lapsed	3,364	8,249
Balance at the End of the Year	613,236	609,872
Securities Premium Account		
Balance at the Beginning of the Year	2,158,774	2,182,032
Less: Product Development Expenditure, diminution in value of investments and loss arising on account of foreign exchange fluctuations. (refer note B.16 of Schedule S)	(1,967,879)	-
Less: Premium Payable on Redemption of FCCBs	(5,662)	(23,258)
Balance at the End of the Year	185,233	2,158,774
Capital Reserve	48,205	48,205
Employee Stock Options	-	3,364
Foreign Currency Translation Reserve	2,604	2,320
Profit and Loss Account	3,220,546	3,095,795
Total	4,069,824	5,918,330

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
SCHEDULE C : SECURED LOANS		
From Banks		
i) Bank of India - Jersey Channel Islands (Secured by mortgage of Land at Hinjewadi, Pune)	285,750	273,780
ii) IDBI Bank Ltd. (Personal Guarantee of Directors)	51,122	-
iii) State Bank of Bikaner & Jaipur (Secured by mortgage of building owned by subsidiary Mihir Properties Pvt. Ltd.)	413,622	404,276
iv) Union Bank of India (Secured by mortgage of Land at Andheri, Mumbai)	49,273	51,058
v) State Bank of Bikaner & Jaipur - CC Account (Secured by hypothecation of Raw Materials and Book Debts)	135,403	-
vi) Bank Of India Cash Credit (Secured against Stocks)	13,952	14,690
vii) Bank of India Term Loan (Secured against Bank Guarantee)	7,900	22,900
Total	957,022	766,704
Notes		
1. Amount Repayable Within One Year is (Rs.('000) 75,000 (PYRs.('000) Nil))		
SCHEDULE D : UNSECURED LOAN		
From Others		
1% Foreign Currency Convertible Bonds (880 FCCBs of US\$ 10,000 each) (refer note B.10 of Schedule S)	394,416	398,464
Interest Accrued and Due (refer note B.10 of Schedule S)	8,745	4,395
From Directors & Shareholder	17,167	-
From Bodies Corporate	20,000	13,965
Total	440,328	416,824

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE E : FIXED ASSETS

Rupees in '000s

Description of Assets	Gross Block (At Cost)				Depreciation and Amortisation				Net Block	
	As at 01 April 2010	Additions	Deletions	As at 31 March 2011	As at 01 April 2010	For the Year	Deletions	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Tangible Assets										
Leasehold Land	10,113	-	-	10,113	480	106	-	587	9,526	9,632
Freehold Land	12,702	-	-	12,702	-	-	-	-	12,702	12,702
Factory Building	8,291	-	-	8,291	6,164	653	-	6,816	1,475	2,127
Buildings	30,964	-	-	30,964	3,680	387	-	4,068	26,896	27,284
Plant and Machinery	10,894	100	82	10,912	5,738	2,019	65	7,692	3,220	3,926
	-	-	-	-	-	-	-	-	-	-
Computers	735,796	29,123	28,815	736,105	158,328	241,824	-	400,152	335,953	577,468
Air Conditioner	1,130	-	-	1,130	1,124	6	-	1,130	-	6
Furniture and Fixtures	3,095	37	-	3,133	1,094	589	-	1,685	1,449	2,001
Motor Vehicles	1,002	-	-	1,002	518	197	-	716	286	484
Office Equipment	-	1,787	-	1,787	1,230	319	-	1,548	238	-
Intangible Assets										
Intellectual Property Rights	2,245,671	767,987	400,456	2,613,201	743,900	679,902	57,885	1,365,917	1,247,284	1,501,770
Technical Know How	14,792	-	-	14,792	9,402	1,774	-	11,176	3,616	5,391
Total	3,074,450	799,034	429,353	3,444,132	931,658	927,776	57,950	1,801,487	1,642,645	2,142,792
Capital Work-in-Progress									885,054	949,707
Capital Advance									1,159,432	414,901
Total									3,687,131	3,507,400
Previous Year	2,885,752	1,590,472	1,400,010	3,074,450	1,493,590	838,078	1,400,010	931,658	3,507,400	2,784,324

Notes

- Capital Work-in-Progress includes Internally Generated Intangible Assets yet to be capitalised (Rs. Nil (PY (Rs.'000) 163,358))
- Borrowing cost capitalised during the year amounts to Rs.Nil (PY (Rs. Nil))

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
SCHEDULE F : INVESTMENTS		
Long Term Investments, Trade, Unquoted (at Cost)		
Investment in Other Companies		
Elven Technologies Private Limited 82,500 Equity Shares of Rs.10 Each Fully Paid Up	825	825
V Soft Inc. (USA) 164,250 Equity Shares of US \$5.48 Each Fully Paid Up	39,982	39,982
Quoted Investment in Mutual Funds		
SBI-SHF-Ultra Short Term Fund - Institutional Plan (Nil units (PY 999400.360 units) Nominal Value Rs.10/- each).	-	10,000
Total	40,807	50,807
SCHEDULE G : INVENTORIES		
(At Cost or Net Realisable Value, whichever is less) (as taken, valued and certified by the Management)		
Raw Materials, Consumables	37,720	42,134
Work-in-Progress	2,871	1,347
Total	40,591	43,481
SCHEDULE H : SUNDRY DEBTORS		
(Unsecured Considered Good Unless Otherwise Stated)		
Debts Outstanding for More Than Six Months		
-Considered Good	635,859	526,049
-Considered Doubtful	117,310	83,913
-Other Debts - Considered Good (less than six months)	794,518	932,236
	1,547,687	1,542,198
Less: Provision for Doubtful Debts	(117,310)	(83,913)
Total	1,430,377	1,458,285
SCHEDULE I : CASH AND BANK BALANCES		
Cash on Hand	425	884
Balance with Scheduled Banks in:		
Cash Credit Account	8	8
Current Account	320	30,170
Fixed Deposit Account #	10,933	10,852
Unclaimed Dividend Account	3,171	3,614
Foreign Currency Current Account*	605	1,048
Balance with Non Scheduled Banks in:		
Deposit Account with Banco Efisa , Portugal (Maximum balance outstanding at any time during the year (Rs.('000) 1,246,343 (PYRs. ('000) 1,317,453))	-	1,198,731
Current Accounts with Banco Efisa, Portugal (Maximum balance outstanding at any time during the year (Rs.('000) 1,993,370 (PYRs. ('000) 2,418,810))	700,423	1,145,566
Total	715,885	2,390,873

Fixed deposit of (Rs.('000) 3,554 (PY Rs.('000) 341)) has been placed with bank against guarantees.

* Balance in Bank of India in Foreign Currency Current Account includes (Rs.('000) 151 (PY Rs.('000) 152)) 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 CONSOLIDATED BALANCE SHEET

	AS AT MARCH 31, 2011 Rupees in '000s	AS AT MARCH 31, 2010 Rupees in '000s
SCHEDULE J : LOANS AND ADVANCES		
(Unsecured Considered Good Unless Otherwise Stated)		
Advance tax and Tax Deducted at source	8,420	14,885
Deposit with Body Corporates (refer note B.13 of Schedule S)	80,639	80,639
Other Deposits	2,997	3,132
Loans to Aftek Employees' Welfare Trust	2,495	28,495
Less: Written off	-	(26,000)
	<u>2,495</u>	<u>2,495</u>
Advances Recoverable in Cash or in Kind or for Value to be Received - Considered Good	12,246	10,028
Total	<u><u>106,797</u></u>	<u><u>111,179</u></u>
SCHEDULE K: CURRENT LIABILITIES		
Liabilities		
Sundry Creditors	81,235	44,202
Premium Payable on Redemption of FCCBs	125,660	119,997
Accrued Expenses	20,640	9,954
Advance from Customers	10,884	10,340
Interest Accrued But Not Due	8,118	1,578
Unclaimed Dividends*	3,171	3,614
Other Liabilities	35,114	13,252
Total	<u><u>284,822</u></u>	<u><u>202,937</u></u>
* 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	11,292	23,150
Provision for Fringe Benefit Tax	-	1,742
Provision for Corporate Dividend Tax	7,948	10,834
Gratuity	4,139	3,921
Compensated Absences	1,063	974
Total	<u><u>24,442</u></u>	<u><u>40,621</u></u>

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

	YEAR ENDED MARCH 31, 2011 Rupees in '000s	YEAR ENDED MARCH 31, 2010 Rupees in '000s
SCHEDULE M : SALES		
Software Exports		
Services	1,350,402	1,622,606
Products	146,313	154,343
Software Driven Products		
Local	163,992	79,737
Exports	13,794	16,985
	<u>177,786</u>	<u>1,873,671</u>
Add: Duty Drawback	81	98
Total	<u><u>1,674,582</u></u>	<u><u>1,873,769</u></u>
SCHEDULE N : OTHER INCOME		
Bank Interest	26,331	31,542
(Including tax deducted at source Rs.('000) 5,241 (PY Rs. ('000) 5,120))		
Consulting Income	1,916	16,220
Software Development Charges	1,613	-
Interest Received	443	-
Dividend	57	6
Bad debt Recoverd	-	811
Profit on Sale of Fixed Assets	89	133
Foreign Exchange Gain	125,100	-
Insurance Claim Received	-	157
Rental Income	479	271
Miscellaneous Income	100	2,238
Total	<u><u>156,128</u></u>	<u><u>51,378</u></u>
SCHEDULE O : COST OF SALES AND SERVICES		
Consumption of Raw Materials and Consumables		
Opening Stock	42,134	35,031
Add: Purchases	100,188	59,196
	<u>142,322</u>	<u>94,227</u>
Less: Closing Stock	(37,720)	(42,134)
	<u>104,602</u>	<u>52,093</u>
(Increase)/Decrease in Work in Progress		
Opening Stock	1,347	413
Closing Stock	(2,871)	(1,347)
	<u>(1,524)</u>	<u>(934)</u>
Software Development Expenses	319,279	358,950
Total	<u><u>422,357</u></u>	<u><u>410,109</u></u>

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

	YEAR ENDED MARCH 31, 2011 Rupees in '000s	YEAR ENDED MARCH 31, 2010 Rupees in '000s
SCHEDULE P : EMPLOYEE COSTS		
Salaries, Wages and Bonus	100,947	105,300
Contribution to Provident Fund and Other Funds	2,932	4,366
Gratuity	800	582
Staff Welfare	1,724	1,748
Total	106,403	111,996
SCHEDULE Q: OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	20,670	24,818
Director Remuneration	13,635	12,312
Directors Sitting Fees	1,080	860
Property tax	238	238
Travelling and Conveyance	11,808	9,834
Professional Fees	21,576	21,190
Advertisement and Sales Promotion	403	1,265
Commission	1,681	932
Repairs and Maintenance to Buildings	256	467
Repairs and Maintenance to Computers	296	459
Repairs and Maintenance to Others	444	1,003
Electricity Expenses	4,305	5,404
Deferred Revenue Exps. W/off	85	85
Preliminary Expenses W/off	-	2
Prior Period Items	127	-
Rates and Taxes	2,207	2,945
Telephone and Communication	2,302	3,050
Insurance Charges	617	329
Research and Development Expenses	104	1,642
Auditors' Remuneration	4,389	4,931
Foreign Exchange Loss	-	350,877
Write-off for Doubtful Loans and Advances	-	26,000
Provision for Doubtful Debts	33,397	12,788
Bad and Doubtful Debts Written Off	1,643	61
Miscellaneous Expenses	14,865	13,064
Total	136,128	494,556
SCHEDULE R: FINANCE CHARGES		
To Banks		
Interest on Term Loan	77,766	34,026
Interest on Cash Credit	10,135	4,785
Interest On Bill Discounting	-	31
To Others		
Interest on FCCB	4,350	4,395
Interest on Income Tax	489	-
Interest on Dividend Distribution Tax	2,300	-
Others	4,277	2,157
Total	99,317	45,394

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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.

SCHEDULE S : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**B Notes To Consolidated Financial Statements****1 Details of subsidiaries whose financial statements have been consolidated as at March 31,2011 are given below:**

Name of the Subsidiary	Company of Incorporation	Proportion of ownership interest	
		March 31, 2011	March 31, 2010
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%

Note: * Struck off U/s.560 of the Companies Act, 1956 under Easy Exit Scheme 2011 on 25/01/2011 therefore accounts are prepared up to 25/01/2011

2 Capital commitment :

Particulars	As at March 31, 2011 Rs. '000	As at March 31, 2010 Rs. '000
Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.	588,549	588,556

3 Contingent liabilities not provided for :

Particulars	As at March 31, 2011 Rs. '000	As at March 31, 2010 Rs. '000
(i) Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (Rs.'000) 7,900 {previous year (Rs.'000) 11,441}	77,900	77,900
(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 assesment of Income tax and Sales tax (Including Interest, if any)	Amount unascertainable	
Total	82,567	82,567

4 Earnings per share (EPS):

Particulars	Year ended March 31, 2011 Rs. '000	Year ended March 31, 2010 Rs. '000
Basic		
Net (loss)/profit including exceptional item available for equity shareholders (A)	124,751	(2,724)
Net profit excluding exceptional item available for equity shareholders (B)	124,751	(2,724)
Weighted average number of equity shares outstanding (C) (in '000)	93,531	93,531
Face value of shares (in Rs.)	2	2
Basic (loss)/earnings per share, (A/C)	1.33	(0.03)
Diluted		
Net (loss)/profit including exceptional item available for equity shareholders	124,751	(2,724)
Add: Interest on FCCB (net of tax)	-	-
Adjusted profit including exceptional item for diluted earnings per share - (D)	124,751	(2,724)
Adjusted profit excluding exceptional item for diluted earnings pershare - (E)	124,751	(2,724)
Weighted average number of equity shares outstanding (in '000)	93,531	93,531
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	93,531
Diluted (loss)/earnings per share, including exceptional item (D/F)	1.33	(0.03)

5 Related party disclosures:

(i) List of related parties

Name of the Related Party	Nature of relationship
Aftek Employees' Welfare Trust Aftek Employees' Gratuity Assurance Scheme	Significantly influenced by Key Management Personnel (Controlled entitles)
Mr. Ranjit M. Dhuru Mr. Nitin K. Shukla Mr. Mukul S Dalal	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)	- (14,206)
Remuneration	- -	13,635 (12,312)	- -	13,635 (12,312)
Directors sitting fees	- -	560 (860)	- -	560 (860)

Figures in bracket pertain to previous year

(iii) Year end balances:

(Rs. '000)

Name	Outstanding Amount		Maximum balance outstanding at any time during the year	
	March 31, 2011	March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
Aftek Employees' Welfare Trust	2,495	2,495	2,495	2,495
Total	2,495	2,495	2,495	2,495

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 the loan to the company

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) 2,917{Previous Year (Rs.'000) 4,948}
- (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, 2011 (Rs.'000)	Year ended March 31, 2010 (Rs.'000)
Change in Defined Benefit Obligations		
Defined Benefit Obligations as at the beginning of the year	8,980	6,956
Service cost	1,028	4,235
Interest cost	718	539
Actuarial (gain)/loss	(2,258)	(616)
Benefits paid	(1,419)	(2,134)
Present value of defined benefit obligations as at year end (A)	7,049	8,980
Change in Plan Assets		
Opening plan assets, at fair value	1,577	2,762
Expected return on plan assets	126	221
Actuarial gain/(loss)	(21)	(42)
Contributions	513	771
Benefits paid	(1,419)	(2,134)
Fair value of plan assets as at year end (B)	776	1,577
Cost for the year		
Service cost	1,028	4,235
Interest cost	718	539
Expected return on plan assets	(126)	(221)
Actuarial (gain)/loss	(2,237)	(575)
Total net cost recognized as employee remuneration	(617)	3,979
Reconciliation of Benefit Obligations and Plan Assets		
Present value of defined benefit obligations as at year end (A)	7,049	8,980
Fair value of plan assets as at year end (B)	776	1,577
Net asset/(liability) as at year end recognised in Balance Sheet (A) - (B)	6,273	7,402
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, 2011 (Rs.'000)	As at March 31, 2010 (Rs.'000)
Deferred Tax Liability on :		
Depreciation	180,059	207,677
(A)	180,059	207,677
Deferred Tax Asset on :		
Unabsorbed Depreciation adjusted for timing difference	91,001	136,198
Provision for gratuity	1,343	1,302
Provision for compensated absences	345	324
Provision for doubtful debts	38,061	27,875
(B)	130,750	165,699
Net Deferred Tax Liability (A)-(B)	49,309	41,978

8 Employee Stock Option Scheme

	Option I	Option II	Option III	Option IV
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	62,659 (156,431)	3,994 (14,203)	Nil (50,000)	Nil (157,088)
Option exercised in respect of which shares were allotted	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Option lapsed during the year on separation	2,298 (22,768)	1,082 (7,421)	Nil (37,500)	Nil (157,088)
Option lapsed during the year due to non-exercise of options	60,361 (71,004)	2,912 (2,788)	Nil (12,500)	Nil (Nil)
Option outstanding at the end Of the year Of which -	Nil (62,659)	Nil (3,994)	Nil (Nil)	Nil (Nil)
Option vested	Nil (62,659)	Nil (3,994)	Nil (Nil)	Nil (Nil)
Option Yet to vest	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(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) 16,880 {Previous year: (Rs.'000) 22,597}. The future minimum lease rental payments under non cancellable agreements entered on or after April 01, 2010 are as follows:

Particulars	Year ended March 31, 2011 Rs.'000	Year ended March 31, 2010 Rs.'000
Not later than one year	5,304	16,100
Later than one year and not later than five years	23,976	27,800
Later than Five years	-	-
Total	29,280	43,900

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 which, 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 the company is in the process of resetting the conversion price as per current pricing guidelines. The same is currently pending before the Reserve bank of India, Mumbai.

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, 2011 (Rs.'000)		Year ended March 31, 2010 (Rs.'000)	
America	881,550	56.93%	1,013,243	55.66%
Europe	541,151	34.94%	669,695	36.79%
Japan	72,951	4.71%	90,724	4.98%
India	38,526	2.49%	43,380	2.38%
Others	14,420	0.93%	3,287	0.18%
Total	1,548,598	100%	1,820,329	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. 744,531 (USD 16,757) (PY: Rs. 575 ; USD 13).
Creditors	Rs.5 (USD 0.12) (PY: Nil)
Export Debtors	Rs.1,349,211 (USD 22,474; EURO 5,621) (PY: Rs. 1,442,642 ; USD 23,920; EURO 6,129)
Foreign Currency Bank Account	Rs. 699,894 (USD 15,577; EURO 125) (PY:Rs. 2,345,345; USD 47,099; EURO 3,858)
Term Loan	Rs. 285,750 (EURO 4,500) (PY: Rs.273,780; EURO 4,500)
Unsecured Loan	Rs. 403,161 (USD 8,995) (PY: Rs. 416,826; USD 9,206)
Loans and Advances to Subsidiaries	Rs. 78,729 (USD 124; CHF 1,523) (PY: Rs. 35,769; USD 124; CHF 723)

13 At the beginning of the year, the Company had outstanding Interest Free Deposits with Body Corporates aggregating (Rs '000) 80,639. (Previous year (Rs '000) 108,139.) These deposits were given prior to 2003 to Company's various business associates for the business development. During the current year, an amount of (Rs '000) Nil (Previous year

(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 GDRs.

No GDRs (PY('000) 100, representing ('000) 300 equity shares) were outstanding as at March, 2011.

As stated at para 11 above, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 was outstanding as at March, 31, 2011. 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 existing conversion price. However, at the behest of majority bondholders, the company is in the process of resetting the conversion price as per applicable pricing guidelines. The same is currently pending before the Reserve bank of India, Mumbai.

- 15 The Company has an investment (net of provision) of (Rs '000) 29,597 (Previous year (Rs '000) 29,597.) in Opdex Inc (Opdex), a wholly owned subsidiary and it has also granted loans and advances of (Rs '000) 5,508 (Previous year (Rs '000) 5,565) 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.

16 Financial restructuring

The company has formulated a scheme of Financial restructuring to deal with current recession in the software industry, and the costs incurred on the product development and foreign currency losses. Accordingly as per the scheme of arrangement Under section 100 to 103 read with section 78 of the Companies Act, 1956, The Hon'ble High Court of Judicature at Bombay, vide its Order dated 13th August, 2010 has sanctioned the scheme approved by members by the Special Resolution passed at the Extra-ordinary General Meeting held on 08th June, 2010 for utilization of Rs.215.00 crores out of the balance standing to the credit of the Securities Premium Account for allocating and/or earmarking to adjust product development expenditure incurred/to be incurred, diminution in value of investments if any and loss arising on account of foreign exchange fluctuations. Accordingly, the resolution has been given effect to in the accounts of the Company to the tune of aggregating an amount of Rs.196.80 crores.

(Rs.'000)

Particulars	Increase (Decrease)
a) Product Development Expenditure.	1,857,896
Diminution in value of investments	108
Loss arising on account of foreign exchange fluctuations.	109,983
Total	1,967,987
b) Had the scheme not prescribed aforesaid treatment, the impact would have been as under:- In the Profit and Loss Account	
Particulars	Increase (Decrease)
Operating and Administrative Expenses	108
Other Income	(109,983)
Profit Before Taxation and Exceptional Items	(109,875)
Net (Loss) / Profit	(109,875)
EPS	
Basic (Rs.)	0.32
Diluted (Rs.)	0.32
In the balance Sheet	
Particulars	Increase (Decrease)
Reserves and Surplus:	
Securities Premium Account	1,967,987
Profit and Loss Account	(109,875)
Fixed Assets:	
Capital Work in Progress	1,857,896

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

18 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 and on behalf of the Board of Directors

For GMJ & Co.,

Chartered Accountants (FRN. 103429W)

Haridas Bhat

Partner

Membership No.39070

Ranjit M Dhuru

Chairman & Managing Director

Nitin K Shukla

Director - Finance

C G Deshmukh

Company Secretary

Mumbai, August 31, 2011

Mumbai, August 31, 2011

SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in Rs '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	-	-	-	44.43	48.08
3	Share Capital	100	14,500	39,348	70,422	4,808
4	Reserves & Surplus	-	16,620	120,833	-	-
5	Total Assets	-	27,025	236,493	10,438	9,771
6	Total Liabilities	-	1,200	43,669	1,555	103
7	Details of investment other than investment in subsidiary	-	-	-	-	-
8	% of holding	100	100	51	100	100
9	Turnover	-	479	127,066	1,613	1,435
10	Profit before taxation	(0.02)	(182)	11,084	(3,190)	(26,506)
11	Provision for taxation	-	(1,031)	-	(36)	-
12	Profit after taxation	(0.02)	(1,213)	11,084	(3,227)	(26,506)
13	Proposed Dividend	-	-	-	-	-
14	Country	INDIA	INDIA	INDIA	USA	SWITZERLAND

- Notes**
- a) Aftek (Mauritius) has not carried out any business during the Financial Year.
 - b) ****Struck off U/s. 560 of the Companies Act, 1965 under Easy Exit Scheme, 2011.
 - c) ## Deferred Tax liability charged in case of Mihir Properties Pvt. Ltd.

AFTEK LIMITED

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

Reg. Folio No.....

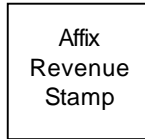
No. of Shares.....

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.....ofas my/our proxy to attend and vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held on 29th September, 2011 and at any adjournment(s) thereof.



Signed thisday of2011

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

ATTENDANCE SLIP

24TH 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 24th Annual General Meeting of Aftek Limited to be held at 10.30 a.m. on Thursday, the 29th September, 2011 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025.

Member's / Proxy's Signature

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

If Undelivered Please return to :



AFTEK LIMITED

AFTEK HOUSE, 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai - 400 028.