Mastek Limited

DIRECTORS' REPORT

To the Members,

Your Directors have immense pleasure in presenting the 26th Annual Report and Audited Statement of Accounts of Mastek for the year ended June 30, 2008.

1. FINANCIAL RESULTS — CONSOLIDATED RESULTS OF MASTEK LIMITED AND ITS SUBSIDIARIES

Rs. in Mn.

	Year Ended June 30, 2008	Year Ended June 30, 2007
Income from IT services	**8,940**	7,945
Other Income	**222**	159
Total Income	**9,162**	8,104
Expenses	**7,341**	6,626
Depreciation	**325**	299
Interest & Financial Charges	**36**	9
Profit Before Tax	**1,460**	1,170
Provision for Tax	**201**	307
Profit after Tax and before minority interest/share in earnings of associate company/profit on sale of joint venture	**1,259**	863
Minority interest	**—**	43
Profit on Sale of Investment in Joint ventures (net)	**—**	273
Share of loss in associate company	**—**	24
Profit after Tax	**1,259**	1,069

FINANCIAL RESULTS — MASTEK LIMITED

Rs. in Mn.

	Year Ended June 30, 2008	Year Ended June 30, 2007
Income	**5,971**	5,072
Profit before exceptional item and tax	**1,066**	657
Provision for tax	**74**	148
Profit on Sale of Investment in Joint Ventures (Net)	**—**	517
Profit After Tax	**992**	1,026
Add : Balance b/f from last year	**1,570**	1,047
Profit available for appropriation	**2,562**	2,073
Interim Dividend	**100**	85
Final Dividend	**176**	128
Corporate Dividend Tax	**47**	34
Transfer to General Reserve	**248**	256
Balance carried to Balance Sheet	**1,991**	1,570

2. RESULTS OF OPERATIONS

(A) Group Global Operations

Total income of the company on a consolidated basis stood at Rs. 9.16 billion in FY2008. After excluding the contributions of the erstwhile joint venture with Deloitte Consulting (DC JV) in FY2007, your company's revenues for FY2008 were 23% higher compared to Rs. 7.43 million in the preceding year.

Earnings before Interest, Depreciation, Tax and Amortisation (EBITDA) increased by 36% to Rs. 1820 million. This growth was achieved despite volatility in foreign currency exchange rates during most of the financial year under review. The company has been able to increase its EBITDA margin significantly to 17.9% in FY2008 from 16.1% in the previous year. Much of this improvement was brought about through increased productivity and operational efficiency during the course of the year.

Driven by this margin expansion, Profit after Tax (PAT) increased by 46% in FY2008 to Rs. 1,259 million from Rs. 858 million in FY2007. Net profit margins were better at 13.7% in FY2008 compared to 11.5% in FY2007.

During the year under review, the UK operations contributed Rs. 5,691 million in revenues, amounting to 64% of overall consolidated revenues for the year. Mastek enjoys a strong presence in this market and is leveraging its status as one of the largest Indian IT players in the UK to strengthen its pipeline in both Insurance and Government verticals. Mastek successfully entered into a new partnership with Thales UK for an IP-led solution implementation for the UK Ministry of Defence. The company is actively evaluating options of additional partnerships with large systems integrators and service providers in the UK. The company also revised its existing agreement with Capita Life & Pensions and won a direct deal with one of UK's largest financial services players Legal & General for the Elixir™ solution.

In the US, the company continued to chart a strong growth trajectory during the year under review. Mastek, unlike most other players in the Indian IT industry, has traditionally received a significant part of its revenues from the European market, with the US business unit making a relatively lesser contribution. Over the past couple of years, the company has seen better traction in the US market. During FY2008, Mastek's US revenues increased over 54% from the preceding year to Rs. 2,526 million. Near term growth in this market is expected to be driven by progression in existing accounts and contributions from the recently acquired VectorMastek and STGMastek.

In addition to the much larger European and US operations, Mastek's operations in the Asia-Pacific region including India, too continued to contribute to overall performance. The company has also been able to make initial headways in the Middle Eastern market. During FY 2008, the company's German and Asia-Pacific (including India and Middle East) operations contributed Rs. 723 million to overall consolidated revenues, implying a growth of 38% over the preceding year. (A more detailed discussion of the company's business model, strategy and performance appears in the MANAGEMENT'S DISCUSSION & ANALYSIS section of this annual report.)

(B) Mastek Standalone Operations

On a stand-alone basis, Mastek registered a total income of Rs. 5.9 billion for FY 2008, an increase of 18% compared to Rs. 5 billion for FY 2007. Profit after Tax grew by 146% to Rs. 992 million in FY2008 from Rs. 403 million in the preceding year.

(C) Board and Management & Sales Team Expansion

During FY2008, the company added Mr. Rajesh Mashruwala, a prominent figure in the US IT industry, to its Board of Directors. Mr. Mashruwala, with several years of experience in senior management roles within the North American technology industry, brings significant business and technology expertise to the company. The company also expanded and strengthened its leadership and sales teams globally, with some senior-level appointments during the year under review.

3. BUSINESS OUTLOOK

The company's past efforts and recent initiatives have begun to yield results, as reflected in the noticeable growth in existing client relationships, low attrition levels and a more attractive opportunity pipeline. This trend is likely to continue and gain pace as the company capitalizes upon unfolding opportunities during the subsequent years. For FY2008, the company delivered a 34% growth (in dollar terms) over FY2007 (after excluding contributions from the Deloitte JV). Going forward, the company is expected to maintain a healthy growth rate on the back of an encouraging sales pipeline, additional strategic acquisitions and new partnerships.

4. LIQUIDITY AND CASH EQUIVALENTS

The company continues to maintain a reasonably high level of cash and cash equivalents, which enables it to not only eliminate short and medium-term liquidity risks but also scale up operations at a short notice.

During the year, Mastek invested surplus funds in Liquid Schemes and Fixed Maturity Plans of Mutual Funds and Fixed Deposits with leading Banks. As of June 2008, the Cash and Cash Equivalents stood at Rs. 1.32 billion which amounted to two months' of expenses and Rs. 48.68 per share.

5. AUDITED ACCOUNTS OF SUBSIDIARY COMPANIES

In view of the approval granted by the Government of India, Ministry of Company Affairs, New Delhi, vide its letter dated May 30, 2008, the accounts of subsidiary companies are not attached to the audited accounts of the Company. We, hereby, undertake that the audited annual accounts of subsidiary companies shall be made available to the investors at any point of time. Copies of the audited annual accounts of subsidiary companies shall also be available for inspection by any investor at the registered office of the Company.

6. ISSUE OF SHARE CAPITAL

During the year, The Company allotted 76115 equity shares of Rs. 5 each to its eligible employees who exercised their options under Employee Stock Option Plan.

7. BUY-BACK OF SHARES

The Board approved the Share Buy-back offer of the Company upto a sum of Rs. 65 crores from the open market through stock exchanges at a price not exceeding Rs. 750 per share, at it's meeting held on October 11, 2007. Subsequently the said proposal was approved by the shareholders by special resolution on November 27, 2007.

The Company commenced the Share buy-back on May 20, 2008 and bought back 16,60,095 shares of Rs. 5/- each at an average price of Rs. 391.54 per share aggregating to a sum of Rs. 65 crores till July 17, 2008. The entire quantum of the said brought back equity shares has been extinguished.

8. DIVIDEND

At the Board Meeting held on July 23, 2008, the Board proposed a final dividend of Rs. 10 per share. Resultantly, the total effective dividend for the year 2007-08 is 200% compared to 150% for the year 2006-07.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

ii. that the selected accounting policies were applied consistently and the Directors 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 as on June 30, 2008, and of the profit of the company for the year ended on that date;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the company's assets and prevent and detect fraud and other irregularities;

iv. that the annual accounts have been prepared on a going concern basis.

10. DIRECTORS

Mr. Ashank Desai and Mr. Ketan Mehta, Director of the Company, retire by rotation and being eligible, offer themselves for re-appointment. Mr. Rajesh Mashruwala, was appointed as Additional Director on October 10, 2007.

Mr. S. D. Kulkarni and Mr. P. G. Kakodkar, Directors resigned during the year.

11. AUDITORS

You are requested to appoint Auditors and fix their remuneration. The retiring auditors, M/s. Price Waterhouse, are eligible for re-appointment.

12. HUMAN RESOURCES

Mastek recognizes its human resources as one of its prime and critical resources. This attained more focus & significance with increasing exposure to the knowledge based processes. The year 2007-08 was a land mark year from the point of view of further integration of human resource processes and systems.

The Directors wish to place on record their appreciation for the enthusiasm, sincerity and hard work of all the employees of the company.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, the report and accounts, excluding the Statement of Particulars under Section 217(2A), are being sent to all members. Any member interested in obtaining a copy of the Statement of Particulars may write to the Company at its Registered Office.

13. EMPLOYEE STOCK OPTIONS

Plan I

The Company established a plan in June 1999 for granting 150,000 options to the employees of the Company at an issue price of Rs. 320 per option representing one equity share of the Company. The scheme is governed by the guidelines issued in 1996 by the Securities and Exchange Board of India (SEBI) which did not specify the accounting treatment. Consequently, there is no compensation cost recognised. The Company passed a special resolution at the Extraordinary General Meeting held on April 18, 2000 to extend the plan to the employees of its subsidiaries. Further, in view of the bonus shares of 1:1 allotted to the shareholders of the Company in January, 2000, and also, in view of the sub-division of the shares in the ratio 2:1 in November, 2000, the Company passed a special resolution in October, 2000 giving effect to the number of total options reserved as also the price of the options. Subsequently, the total number of options reserved under the plan got enhanced to 600,000 and the issue price got adjusted to Rs. 80 per option, one option being equivalent to an equity share of Rs. 5 each. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

Period for unexercised options has expired during the year consequent to which the balance unexercised options have been cancelled.

(No. of options)

	Year ended June 30, 2008	Year ended June 30, 2007
Opening Balance	**–**	23,808
Granted during the year	**–**	–
Adjusted for the issue of bonus shares in ratio of 1:1	**–**	–
Exercised during the year	**–**	(9,714)
Cancelled during the year	**–**	(14,094)
Balance unexercised options	**–**	–

Plan II

The Company established a new scheme in 2002 for granting 700,000 stock options to employees and each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employees Stock Purchase Guidelines issued in 1999 by SEBI. There is a minimum period of twelve months for the first vesting from the date of the grant of options. The options are exercisable within two years of their vesting. As per the SEBI guidelines issued in 1999, and as amended from time to time, the excess of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

In accordance with the Guidelines, the Company has passed the necessary special resolutions in January 2002 to approve the scheme and to extend the plan to the employees of its subsidiaries.

(No. of options)

	Year ended June 30, 2008	Year ended June 30, 2007
Opening Balance	**403,655**	840,234
Granted during the year	**–**	–
Adjusted for the issue of bonus shares in ratio of 1:1	**–**	–
Exercised during the year	**(61,374)**	(284,842)
Cancelled during the year	**(91,702)**	(151,737)
Balance unexercised options	**250,579**	403,655

Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortised on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

(No. of options)

	Year ended June 30, 2008	Year ended June 30, 2007
Opening Balance	**1,007,745**	536,024
Granted during the year	**347,500**	587,040
Adjusted for the issue of bonus shares in ratio of 1:1	**—**	—
Exercised during the year	**(14,741)**	(31,991)
Cancelled during the year	**(269,466)**	(83,328)
Balance unexercised options	**1,071,038**	1,007,745

Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortised on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year.

(No. of options)

	Year ended June 30, 2008
Opening Balance	—
Granted during the year	**463,676**
Adjusted for the issue of bonus shares in ratio of 1:1	—
Exercised during the year	—
Cancelled during the year	**(214,800)**
Balance unexercised options	**2,48,876**

Disclosure required under SEBI (ESOSL ESPS), Guidelines, 1999:

In order to enable the Company to continue with its ESOP, the Company passed special resolutions through postal ballot in January,2002 for issue of 7,00,000 stock options to its employees. At the Annual General Meeting held on September20,2004, the Company passed special resolutions to issue 7,00,000 stock options to its employees. On August 9,2007, the shareholders of the Company approved the further issue of 10,00,000 options to the employees.

(a) Options granted: Opening: 1,411,400
(b) Issued during the year: 811,176
(c) Pricing formula: Market Price as defined by SEBI from time to time
(d) Options vested: 609,731
(e) Options exercised: 76,115
(f) Total number of shares arising as a result of exercise of options: 76,115
(g) Options lapsed: 575,968
(h) Variations of terms of options: NIL
(i) Money realized by exercise of options: Rs. 1,29,41,176
(j) Total number of options in force: 15,70,493
(k) Employee-wise details of options granted to: NIL
    (1) Senior managerial personnel: NIL
    (2) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year: NIL
    (3) Identified employees who were granted option, 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
(l) Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 is Rs. 34.71 (Before exceptional item) and Rs. 34.71 (After exceptional item).

    The impact of this difference on profits and on EPS of the Company

(Rs. in lacs)

Profit After Tax (PAT)	9922.85
Less Additional employee compensation based on fair value	632.09
Adjusted PAT	9290.76
Adjusted EPS including extraordinary income	32.65

(m) Weighted-average exercise price and fair value of Stock Options granted during the year:

Stock options granted on	Weighted average exercise price (in Rs.)	Weighted Average fair value	Closing market price at BSE on the date of grant (in Rs.)
July 19, 2007	352	323.40	352
August 22, 2007	259	258.05	259
October 11, 2007	317	319.85	317
March 25, 2008	297	296.75	297

(n) Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information: The Black Scholes option pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since Option pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options.

The main assumptions used in the black-Scholes option-pricing model during the year were as follows

Sr. No.	Grant Date	19-Jul-07	22-Aug-07	11-Oct-07	25-03-08
1.	Risk Free Interest Rate	6.90%-7.41%	7.76%-7.85%	7.69%-7.74%	7.14-7.46%
2.	Expected Life (years)	2 - 5 years	2 - 5 years	2 - 5 years	2 - 5 years
3.	Expected Volatility	40.69%-57.90%	41.55%-57.94%	41.76%-44.13%	44.88-58.19%
4.	Dividend Yield	1.32%	1.32%	1.32%	1.32%

14. ADDITIONAL INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1968, forming part of the Directors' Report for the year ended June 30, 2008:

(a) Conservation of Energy

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 is not applicable for software industry.

(b) Technology Absorption

Not Applicable

(c) Foreign Exchange Earnings and Outgo:

Total foreign exchange used and earned by the Company

(Rs. in Mn.)

	30.6.2008	30.6.2007
Exchange used	**2,415**	2,273
Exchange earned	**5,648**	4,910

15. CORPORATE GOVERNANCE

Mastek follows best practices in Corporate Governance by benchmarking them with the best in the world.

The report on corporate governance is included in the Corporate Social Responsibility (CSR) section of this Annual Report.

16. ACKNOWLEDGEMENTS

The Directors would like to place on record their sincere appreciation for the continued co-operation, guidance, support and assistance provided by the SEEPZ Authorities, MIDC, Department of Electronics, ICICI Bank, ING Vysya Bank Ltd. and other government departments and authorities.

By the Order of the Board of Directors

Mumbai
July 23, 2008

Sudhakar Ram
Chairman and Managing Director

AUDITORS' REPORT TO THE MEMBERS OF MASTEK LIMITED

1. We have audited the attached Balance Sheet of Mastek Limited as at June 30, 2008 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

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

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

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors as on June 30, 2008 and taken on record by the Board of Directors, we report that no director of the Company is disqualified as on June 30, 2008 from being appointed as a director as referred to in Section 274(1)(g) of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and Schedules 1 to 16 annexed thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2008;

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

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

Vasant Gujarathi
Partner
Membership Number: 17866

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai: July 23, 2008

ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MASTEK LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008)

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

2. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

3. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, according to the information and explanations given to us and on the basis of examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

4. (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.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of five lakh rupees in respect of any party during the year, are of a special nature for which comparable prices are not always determinable for services of such a nature and prices charged seem to be prima facie reasonable.

5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

7. The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products of the Company.

8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

9. The Company has no accumulated losses as at June 30, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

ANNEXURE TO AUDITORS' REPORT *(Contd.)*

10. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.

11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

12. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

14. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

15. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

16. 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 during the year.

17. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

18. The other clauses (ii), (xvi), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company for the current year.

Vasant Gujarathi
Partner
Membership Number: 17866

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai: July 23, 2008

BALANCE SHEET

	Schedule	As at June 30, 2008	As at June 30, 2007
			(Rs. in Lakhs)
I. Sources of funds			
1. Shareholders' Funds			
(a) Capital	**1**	**1,352.85**	1,423.21
(b) Reserves and surplus	**2**	**27,811.63**	26,752.50
		29,164.48	28,175.71
2. Loan funds			
Secured loans	**3**	**37.46**	37.42
		29,201.94	28,213.13
II. Application of funds			
1. Fixed assets	**4**		
(a) Gross block		**21,562.29**	17,424.25
(b) Less: Depreciation		**12,833.37**	10,576.54
(c) Net block		**8,728.92**	6,847.71
Capital work in progress (including capital advances)		**2,190.91**	3,161.74
		10,919.83	10,009.45
2. Investments	**5**	**15,990.09**	15,136.15
3. Deferred Taxation	**6**	**837.00**	757.12
4. Current assets, loans and advances			
(a) Sundry debtors	**7**	**8,150.18**	8,320.92
(b) Cash and bank balances	**8**	**2,525.07**	3,182.89
(c) Loans and advances	**9**	**4,403.36**	1,035.37
		15,078.61	12,539.18
Less: Current liabilities and provisions			
(a) Liabilities	**10**	**7,893.56**	6,241.87
(b) Provisions	**11**	**5,730.03**	3,986.90
		13,623.59	10,228.77
Net current assets		**1,455.02**	2,310.41
		29,201.94	28,213.13
Notes to the accounts	**16**		

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet and should be read in conjunction therewith.

In terms of our report of even date.

Vasant Gujarathi
Partner
Membership Number: 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
Dated : July 23, 2008

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

O. Banerjee
Company Secretary

PROFIT AND LOSS ACCOUNT

(Rs. in Lakhs)

	Schedule	Year ended June 30, 2008	Year ended June 30, 2007
INCOME			
Information Technology Services and Products		**58,326.96**	49,819.44
Other income	**12**	**1,379.89**	903.36
		59,706.85	50,722.80
EXPENDITURE			
Operational expenses	**13**	**42,292.03**	38,446.93
Other expenses	**14**	**3,987.07**	3,161.33
Depreciation		**2,719.84**	2,522.86
Financial costs	**15**	**46.05**	21.65
		49,044.99	44,152.77
Profit before exceptional item and taxation		**10,661.86**	6,570.03
Profit on sale of Investment in Joint Ventures (net) (Refer note 9 of Schedule 16)		**—**	5,165.09
Provision for taxation (Refer note 8 of Schedule 16)			
For the year			
— Current tax		**1,601.08**	1,552.38
Less: MAT credit receivable		**(1,114.74)**	(87.70)
		486.34	1,464.68
— Deferred tax		**(79.88)**	(124.89)
— Fringe benefit tax		**30.25**	140.00
		436.71	10,255.33
Income Tax for earlier years		**302.30**	—
Profit after taxation		**9,922.85**	10,255.33
Add: Profit brought forward from previous year		**15,697.53**	10,475.47
Profit available for appropriation		**25,620.38**	20,730.80
Appropriations			
Interim dividend		**998.58**	851.45
Final dividend		**1,758.71**	1,280.89
Corporate dividend tax		**468.48**	337.10
Transferred to general reserve		**2,480.71**	2,563.83
Balance carried to Balance Sheet		**19,913.90**	15,697.53
		25,620.38	20,730.80
Earnings per share before exceptional item (net of taxes) in Rs.			
— Basic		**34.87**	21.73
— Diluted		**34.71**	21.73
Earnings per share after exceptional item (net of taxes) in Rs.			
— Basic		**34.87**	36.24
— Diluted		**34.71**	36.24
(Refer note 12 of Schedule 16)			
(Nominal value per share Rs. 5/- each)			
Notes to the accounts	**16**		

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account and should be read in conjunction therewith.

In terms of our report of even date.

Vasant Gujarathi
Partner
Membership Number: 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
Dated : July 23, 2008

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

O. Banerjee
Company Secretary

SCHEDULES TO THE BALANCE SHEET

	As at June 30, 2008	As at June 30, 2007
		(Rs. in Lakhs)
SCHEDULE 1		
CAPITAL		
Authorised		
4,00,00,000 equity shares of Rs. 5/- each	**2,000.00**	2,000.00
20,00,000 preference shares of Rs. 100/- each	**2,000.00**	2,000.00
	4,000.00	4,000.00
Issued, Subscribed and Paid up :		
Equity Shares		
2,85,40,296 shares of Rs. 5/- each, fully paid up (Previous year 2,84,64,181 shares of Rs. 5/- each, fully paid up) (Refer note 6 of Schedule 16)	**1,427.01**	1,423.21
Less: 915,714 equity shares of Rs. 5 each bought back and extinguished during the year in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 of Schedule 16)	**45.78**	–
2,76,24,582 shares of Rs. 5/- each, fully paid up	**1,381.23**	–
Less: Shares Suspense Account (5,67,518 shares of Rs. 5/- each, fully paid up) (Refer note 3 of Schedule 16)	**28.38**	–
Of the above:		
– 1,40,54,594 and 69,13,280 equity shares of Rs. 5/- each fully paid, have been issued as bonus shares by utilisation of Capital Redemption Reserve and Share Premium Account respectively.		
– 6,60,000 equity shares of Rs. 5/- each fully paid have been issued as bonus shares by capitalisation of profits transferred from General Reserve.		
	1,352.85	1,423.21

SCHEDULES TO THE BALANCE SHEET *(Contd.)*

(Rs. in Lakhs)

	As at June 30, 2008	As at June 30, 2007
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	**0.02**	0.02
	0.02	0.02
Capital Redemption Reserve Account		
As per last Balance Sheet	**1,212.26**	1,212.26
Add : Transferred from General Reserve	**74.16**	–
	1,286.42	1,212.26
Share Premium Account		
As per last Balance Sheet	**1,031.03**	546.13
Add: Addition on account of ESOP	**125.61**	484.90
Less: Utilised for buy back of shares in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 to Schedule 16)	**1,156.64**	–
	–	1,031.03
General Reserve		
As per last Balance Sheet	**8,811.66**	6,630.25
Add: Transferred from Profit & Loss Account	**2,480.71**	2,563.83
Less: Leave Encashment transitional liability	**–**	382.42
Less: Transfer to Capital Redemption Reserve in accordance with Section 77A of the Companies Act, 1956 on buy back of equity shares during the year (Refer note 3 to Schedule 16)	**74.16**	–
Less: Utilised for buy back of shares in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 to Schedule 16)	**4,606.92**	–
	6,611.29	8,811.66
Profit and Loss Account	**19,913.90**	15,697.53
	27,811.63	26,752.50

SCHEDULE 3		
SECURED LOANS		
Obligations on assets under Capital Lease (secured by hypothecation of vehicles taken on lease) Due within one year Rs. 13.61 Lakhs (Previous year Rs. 10.69 Lakhs)	**37.46**	37.42
	37.46	37.42

SCHEDULES TO THE BALANCE SHEET *(Contd.)*

SCHEDULE 4

FIXED ASSETS

(Rs. in Lakhs)

Description	Gross Block (at Cost)				Depreciation				Net Block	
	As at July 01, 2007	Additions	Deletions	**As at June 30, 2008**	As at July 01, 2007	For the year	Deletions	**As at June 30, 2008**	**As at June 30, 2008**	As at June 30, 2007
Leasehold Land and Premises	2,645.86	–	7.91	**2,637.95**	435.18	82.09	0.24	**517.03**	**2,120.92**	2,210.68
Owned Premises	1,578.78	1,080.92	43.42	**2,616.28**	170.57	105.83	21.10	**255.30**	**2,360.98**	1,408.21
Plant and Machinery	4,786.91	2,069.27	150.16	**6,706.02**	3,409.41	1,058.93	137.64	**4,330.70**	**2,375.32**	1,377.50
Software Designs	4,784.22	343.70	72.52	**5,055.40**	3,800.93	862.46	72.52	**4,590.87**	**464.53**	983.29
Furniture and Fittings	2,744.70	1,085.07	44.23	**3,785.54**	2,132.77	517.54	42.76	**2,607.55**	**1,177.99**	611.93
Leasehold Improvements	536.24	–	127.00	**409.24**	474.26	21.43	127.00	**368.69**	**40.55**	61.98
Vehicles	347.54	93.62	89.30	**351.86**	153.42	71.56	61.75	**163.23**	**188.63**	194.12
Total	17,424.25	4,672.58	534.54	**21,562.29**	10,576.54	2,719.84	463.01	**12,833.37**	**8,728.92**	6,847.71
Previous Year	17,279.62	1,228.56	1,083.93	17,424.25	9,088.31	2,522.86	1,034.63	10,576.54	6,847.71	

1. Owned premises include subscription towards share capital of Co-operative societies amounting to Rs. 250 (Previous year Rs. 250).
2. Net block of vehicles include leased assets amounting to Rs. 27.50 Lakhs (Previous year Rs. 39.07 Lakhs).

(Rs. in Lakhs)

		As at June 30, 2008	As at June 30, 2007
SCHEDULE 5			
INVESTMENTS			
I. Investments in equity shares of (Long term, trade, unquoted)			
Subsidiary companies at cost			
MajescoMastek			
9,05,00,000 (Previous year – 3,75,00,000) Equity Shares of US $ 0.002 each, fully paid up		**7,467.86**	3,234.98
Mastek Asia Pacific Pte Ltd., Singapore	**886.22**		
36,50,000 (Previous year – 36,50,000) Equity Shares of S $ 1 each, fully paid up			
Less: Provision for diminution in value	**(661.40)**		
		224.82	224.82
Mastek MSC Sdn Bhd., Malaysia		**355.69**	355.69
30,00,000 Equity Shares (Previous year – 30,00,000) of RM 1 each, fully paid up			
Mastek UK Ltd., UK			
2,00,000 (Previous year – 2,00,000) Equity Shares of £ 1 each, fully paid up		**215.81**	215.81
Mastek GmbH, Germany		**274.11**	274.11
1 (Previous year – 1) Share fully paid up			
Mastek Outsourcing Services Private Limited		**1.91**	1.91
19,960 shares (Previous year – 19,960) Equity Shares of Rs.10 each, fully paid up			

SCHEDULES TO THE BALANCE SHEET *(Contd.)*

	As at June 30, 2008	(Rs. in Lakhs) As at June 30, 2007
SCHEDULE 5		
INVESTMENTS *(Contd.)*		
II. Investment in others – units (Current, non trade, unquoted)		
Nil (Previous year – 7.59) units of UTI Liquid Cash Plan Institutional – Daily Income Option – Reinvestment. Purchased during the year Rs. 4,101.22 Lakhs (402,298.86 units) and sold during the year Rs. 4,101.3 Lakhs (402,306.45 units.)	–	0.08
Nil (Previous year – 23,70,039.99) units of ICICI Prudential FMP Series 30-13 Months Plan-Institutional – Growth. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 237 Lakhs (23,70,039.99 units.)	–	237.00
Nil (Previous year – 14,63,830.68) units of ICICI Prudential Institutional Liquid Plan – Super Institutional – Daily Dividend Reinvest. Purchased during the year Rs.16,481.71 Lakhs (16,48,08,955.76 units) and sold during the year Rs.16628.1 Lakhs (16,62,72,786.44 units.)	–	146.38
Nil (Previous year – 50,00,000) units of UTI Fixed Maturity Plan Quarterly Series QFMP/0407/I – Dividend Plan. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (50,00,000 units.)	–	500.00
Nil (Previous year – 40,00,000) units of UTI Fixed Maturity Plan Quarterly Series QFMP/0407/II – Dividend Plan. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 400 Lakhs (40,00,000 units.)	–	400.00
Nil (Previous year – 90,00,000) units of Standard Chartered Fixed Maturity Plan – Quarterly Series – 13 – Dividend. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 900 Lakhs (90,00,000 units.)	–	900.00
Nil (Previous year – 50,00,000) units of SBI Debt Fund Series – 90 Days (May 07) – Dividend. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (50,00,000 units.)	–	500.00
Nil (Previous year – 30,14,110.33) units of ING Liquid Plus Fund – Institutional Daily Dividend. Purchased during the year Rs. 3,016 Lakhs (3,01,50,033.69 units) and sold during the year Rs. 3,317.51 Lakhs (3,31,64,144.02 units.)	–	301.51
Nil (Previous year – 1,80,00,000) units of Reliance Quarterly Interval Fund – Series III – Institutional Dividend Plan. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 1,800 Lakhs (1,80,00,000 units.)	–	1,800.00
Nil (Previous year – 90,29,086.52) units of Sundaram BNP Paribas Liquid Plus Super Inst. Daily Dividend Reinvest. Purchased during the year Rs. 1,556.91 Lakhs (1,55,58,711.48 units) and sold during the year Rs. 2,460.27 Lakhs (2,45,87,798 units.)	–	903.36
Nil (Previous year – 40,00,000) units of Sundaram BNP Paribas Fixed Term Plan – Series XXIX – Dividend. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 400 Lakhs (40,00,000 units.)	–	400.00
Nil (Previous year – 46,41,080.13) units of Principal Floating Rate Fund FMP Instl. Option – Dividend Reinvestment Daily. Purchased during the year Rs. 2894.48 Lakhs (2,89,09,210.4 units) and sold during the year Rs. 3,359.16 Lakhs (3,35,50,290.53 units.)	–	464.68
Nil (Previous year – 30,00,000) units of ABN Amro Flexible Short Term Plan – Srs. D – 90 Days. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 300 Lakhs (30,00,000 units.)	–	300.00
Nil (Previous year – 1,25,00,000) units of LICMF FMP Series 26 – 3 Months – Dividend Plan. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs.1,250 Lakhs (1,25,00,000 units.)	–	1,250.00

SCHEDULES TO THE BALANCE SHEET *(Contd.)*

	As at June 30, 2008	As at June 30, 2007
		(Rs. in Lakhs)
SCHEDULE 5		
INVESTMENTS *(Contd.)*		
Nil (Previous year – 72,53,145.8) units of Birla Sun Life Liquid Plus – Instl. – Daily Dividend Reinvestment. Purchased during the year Rs. 501.97 Lakhs (50,18,789.09 units) and sold during the year Rs.1,227.48 Lakhs (1,22,71,934.89 units.)	–	725.51
Nil (Previous year – 50,00,000) units of UTI Fixed Maturity Plan Quarterly Series QFMP/0607/II – Institutional Dividend Plan.Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (50,00,000 units.)	–	500.00
Nil (Previous year – 1,49,88,993.68) units of Templeton Floting Rate INCOME FUND Long Term Plan Super Institutional Option – Daily Dividend Reinvestment. Purchased during the year Rs. 2,402.97 Lakhs (2,39,79,887.6 units) and sold during the year Rs. 3,903.28 Lakhs (3,89,68,881.28 units.)	–	1,500.31
1,66,44,206.45 (Previous year – Nil) units of Principal Cash Management Fund – Liquid option Instl. Prem. Plan – Dividend Reinvestment Daily. Purchased during the year Rs. 17,313.01 Lakhs (17,31,17,951.23 units) and sold during the year Rs. 15,648.47 Lakhs (15,64,73,744.78 units.)	**1,664.54**	–
18,26,022.97 (Previous year – Nil) units of JM Money Manager Fund Super Plus Plan – Daily Dividend. Purchased during the year Rs. 7,766.17 Lakhs (7,76,29,886.72 units) and sold during the year Rs. 7,583.49 Lakhs (7,58,03,863.75 units.)	**182.68**	–
50,00,000 (Previous year – Nil) units of LICMF Interval Fund – Series 1 – Annual Dividend Plan. Purchased during the year Rs. 500 Lakhs (50,00,000 units) and sold during the year Rs.Nil (Nil units.)	**500.00**	–
2,09,87,235.68 (Previous year – Nil) units of Templeton India Ultra Short Bond Fund Super Institutional Plan – Daily Dividend Reinvestment. Purchased during the year Rs. 8,155.82 Lakhs (8,14,05,131.45 units) and sold during the year Rs. 6,053.15 Lakhs (6,04,17,895.77 units.)	**2,102.67**	–
50,00,000 (Previous year – Nil) units of ICICI Prudential FMP – Series 42 – 16 Months – Institutional Growth. Purchased during the year Rs. 500 Lakhs (50,00,000 units) and sold during the year Rs. Nil (Nil units.)	**500.00**	–
70,00,000 (Previous year – Nil) units of LICMF Fixed Maturity Plan – Series 35 – 15 Months – Growth Plan. Purchased during the year Rs. 700 Lakhs (70,00,000 units) and sold during the year Rs. Nil (Nil units.)	**700.00**	–
80,00,000 (Previous year – Nil) units of Birla Sun Life FTP – INSTL – Series AJ – Growth. Purchased during the year Rs. 800 Lakhs (80,00,000 units) and sold during the year Rs. Nil (Nil units.)	**800.00**	–
50,00,000 (Previous year – Nil) units of Kotak FMP 12M Series 3 Institutional – Growth. Purchased during the year Rs. 500 Lakhs (50,00,000 units) and sold during the year Rs. Nil (Nil units.)	**500.00**	–
50,00,000 (Previous year – Nil) units of HSBC Fixed Term Series 52 Inst Growth. Purchased during the year Rs. 500 Lakhs (50,00,000 units) and sold during the year Rs. Nil (Nil units.)	**500.00**	–
	15,990.09	15,136.15
Aggregate of unquoted investments – at cost	**15,990.09**	15,136.15

Note: Details of Current Investments (other than trade, quoted) purchased and sold during the year other than those disclosed above

SCHEDULES TO THE BALANCE SHEET *(Contd.)*

SCHEDULE 5

INVESTMENTS *(Contd.)*

Scheme	Nos. of Units	Cost in Rs. Lakhs
Templeton India TREASURY MANAGEMENT ACCOUNT – Super Institutional Plan – Daily Dividend Reinvestment	**11,90,343.06**	11,908.68
TATA Liquid Super High Investment Fund – Daily Dividend	**3,32,037.08**	3,700.62
JM High Liquidity Fund – Super Institutional Plan – Daily Dividend	**7,17,61,393.40**	7,187.98
ING Liquid Fund Institutional – Daily Dividend	**3,50,41,622.29**	3,508.40
Birla Cash Plus – Instl. Prem. – Daily Dividend Reinvestment	**4,20,64,054.03**	4,214.61
DSP Merrill Lynch Liquidity Fund – Institutional – Daily Dividend	**49,995.79**	500.06
Standard Chartered Liquidity Manager – Plus – Daily Dividend	**49,994.58**	500.05
Reliance Liquidity Fund – Daily Dividend Reinvestment	**1,02,48,510.52**	1,025.17
LIC MF Liquid Fund – Daily Dividend	**2,39,18,485.94**	2,626.27
UTI Liquid Plus Fund Institutional Plan Daily Dividend Option – Reinvestment	**2,31,634.16**	2,316.84
Sundaram BNP Paribas Money Fund Super Inst. Daily Dividend Reinvest	**1,82,96,472.34**	1,847.08
Reliance Quarterly Interval Fund – Series I – Institutional Dividend Plan	**22,49,640.06**	225.00
Grindlays SSIF-Short Term – Plan C – Fortnightly Dividend	**50,19,296.17**	510.33
HDFC Quarterly Interval Fund – Plan C Wholesale Dividend Payout	**49,95,204.60**	500.00
Sundaram BNP Paribas Fixed Term Inst Plan Series XXXIV – Dividend	**65,00,000.00**	650.00
UTI Fixed Income Interval Fund – Quarterly Plan Series – III – Institutional Dividend Plan – Reinvestment	**1,42,31,583.24**	1,423.16
SBI Debt Fund Series – 90 Days – 13 – (Aug 07) – Dividend	**50,86,145.00**	508.61
Lotus India FMP – 3 Months – Series XIV Dividend	**91,46,007.42**	914.60
DSP Merrill Lynch Fixed Term Plan – Series 10 – Inst.l Dividend	**50,833.45**	508.34
ICICI Prudential Floating Rate Plan D – Daily Dividend Reinvest	**8,06,60,027.30**	8,067.70
TATA Floater Fund – Daily Dividend	**84,81,872.45**	851.21
Sundaram BNP Paribas Interval Fund Qly – Plan – A – Inst. Dividend	**40,00,000.00**	400.00
LICMF Fixed Maturity Plan – Series 30 – 3 Months	**1,25,00,000.00**	1,250.00
UTI Fixed Maturity Plan Quarterly Series QFMP/0907/II – Inst. Dividend Plan	**50,00,000.00**	500.00
Birla Sun Life Interval Income – INSTL – Monthly – Series 1 – Dividend	**1,15,00,000.00**	1,150.00
ING Fixed Maturity Fund – 36 Inst. Dividend	**60,00,000.00**	600.00
Lotus India FMP – 3 Months – Series XX Dividend	**91,57,121.59**	915.90
Principal Liquid Plus Fund – Dividend Reinvestment Daily	**10,66,22,349.79**	10,683.56
LIC MF Liquid Plus Fund – Daily Dividend	**2,21,77,682.44**	2,217.77
LIC MF Liquid Plus Fund – Growth Plan	**55,37,362.88**	580.00
HDFC Quarterly Interval Fund – Plan B Wholesale Dividend Payout	**49,86,188.26**	500.00
Reliance Liquid Plus Fund – Institutional Option – Daily Dividend Plan	**80,607.52**	806.98
Birla Sun Life Quarterly Interval – Series 6 – Dividend	**50,00,000.00**	500.00

Note: Details of Current Investments (other than trade, quoted) purchased and sold during the year other than those disclosed above.

SCHEDULES TO THE BALANCE SHEET *(Contd.)*

SCHEDULE 5

INVESTMENTS *(Contd.)*

Scheme	Nos. of Units	Cost in Rs. Lakhs
Reliance Liquid Plus Fund – Institutional Option – Daily Dividend Plan	**80,607.52**	806.98
Birla Sun Life Quarterly Interval – Series 6 – Dividend	**50,00,000.00**	500.00
Lotus India Liquid Fund – Institutional Daily Dividend	**1,20,00,671.50**	1,200.27
Lotus India Liquid Plus Fund – Institutional Daily Dividend	**80,11,822.65**	802.44
UTI Fixed Income Interval Fund – Monthly Interval Plan – II – Institutional Dividend Plan – Reinvestment	**1,20,00,000.00**	1,200.00
TATA Dynamic Bond Fund Option A – Dividend	**2,10,81,322.02**	2,214.20
Lotus India FMP 1 Month Series VII – Dividend	**1,00,78,381.94**	1,007.84
Birla Sun Life Dynamic Bond Fund – Retail – Dividend	**1,48,42,967.66**	1,562.28
TATA Treasury Manager SHIP – Daily Dividend	**2,86,181.13**	2,870.40
Templeton India TREASURY MANAGEMENT ACCOUNT Regular Plan – Daily Dividend Reinvestment	**6,618.77**	100.10

Note: Details of Current Investments (other than trade, quoted) purchased and sold during the year other than those disclosed above

	As at June 30, 2008	(Rs. in Lakhs) As at June 30, 2007
SCHEDULE 6		
DEFERRED TAXATION		
Deferred Tax Asset		
Tax effect of timing difference on account of :		
— Fixed assets (Excess of written down value as per the provisions of Income Tax Act, 1961 over Net Block)	**473.74**	426.36
— Provision for Gratuity	**363.26**	330.76
	837.00	757.12

SCHEDULE 7		
SUNDRY DEBTORS (UNSECURED)		
a. Debts outstanding for a period exceeding six months		
Considered good #	**–**	154.18
Considered doubtful	**86.08**	5.97
	86.08	160.15
b. Other debts #	**8,150.18**	8,166.74
Less: Provision for doubtful debts	**86.08**	5.97
	8,150.18	8,320.92

\# Debtors include dues from Subsidiaries and Associates Rs. 7,314.64 Lakhs (Previous year Rs. 7,999.74 Lakhs)

SCHEDULES TO THE BALANCE SHEET *(Contd.)*

	As at June 30, 2008	(Rs. in Lakhs) As at June 30, 2007
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash balance on hand	**1.64**	2.36
Balance with Scheduled banks		
– in Current Accounts *	**384.39**	251.04
– in Fixed Deposits **	**2,138.80**	2,914.10
	2,523.19	3,165.14
Balance with Unscheduled banks – in Current Accounts		
– Ashahi Bank, Japan	**–**	15.07
– Volksbank, Germany	**0.24**	0.32
	0.24	15.39
	2,525.07	3,182.89
Maximum balance held during the year with Unscheduled banks – in Current Accounts		
– Ashahi Bank, Japan	**8.59**	22.18
– Lloyds Bank, UK	**4,610.61**	4,133.14
– Volksbank, Germany	**1.78**	2.86

* Includes amounts restricted Rs. 32.30 Lakhs (Previous year Rs. 12.79 Lakhs) on account of unpaid dividend

** Includes Rs. 69.98 Lakhs (Previous Year Rs. 11.43 Lakhs) restricted on account of margin money

SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	**3,099.23**	947.67
MAT credit entitlement	**1,202.44**	87.70
Advance Fringe benefits tax (net of provision)	**101.69**	–
	4,403.36	1,035.37

SCHEDULE 10		
LIABILITIES		
Sundry Creditors (Refer note 13 of Schedule 16)	**7,084.70**	5,591.82
Book overdraft in current account with bank	**71.19**	239.46
Unclaimed dividends *	**32.30**	12.72
Other Liabilities	**705.37**	397.87
	7,893.56	6,241.87

* Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund

SCHEDULE 11		
PROVISIONS		
Proposed dividend	**1,758.71**	1,280.89
Provision for Corporate Dividend Tax	**298.89**	217.69
Provision for taxes (net of advance tax)	**916.17**	131.77
Provision for Fringe benefit tax (net of advance tax)	**–**	18.06
Provision for gratuity and leave encashment	**2,756.26**	2,338.49
	5,730.03	3,986.90

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in Lakhs)

	As at June 30, 2008	As at June 30, 2007
SCHEDULE 12		
OTHER INCOME		
Interest on deposits, etc.	**115.48**	53.64
[Tax deducted at source Rs. Nil (Previous year — Rs. 0.20 Lakh)]		
Profit on sale of fixed asset (net)	**285.94**	47.94
Profit on sale of investment (current, non trade)	**18.67**	4.11
Income from investments [current, non trade; TDS Rs. Nil (Previous year Rs. Nil)]	**786.73**	482.55
Dividend from a subsidiary	**—**	229.22
Provision no longer required written back	**—**	17.03
Miscellaneous income	**173.07**	68.87
	1,379.89	903.36

	As at June 30, 2008	As at June 30, 2007
SCHEDULE 13		
OPERATIONAL EXPENSES		
Salaries, bonus, incentives, etc.	**32,556.75**	29,885.06
Contribution to provident and other funds	**2,275.09**	1,850.87
Staff Welfare	**737.05**	683.14
Recruitment and training expenses	**407.30**	414.88
Travelling and conveyance	**2,710.05**	2,754.77
Communication charges	**482.68**	489.55
Electricity	**566.87**	437.89
Consultancy charges	**2,241.79**	1,930.77
Purchase of software	**314.45**	—
	42,292.03	38,446.93

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT *(Contd.)*

(Rs. in Lakhs)

	As at June 30, 2008	As at June 30, 2007
SCHEDULE 14		
OTHER EXPENSES		
Rates & Taxes	**306.52**	149.28
Repairs		
– Building	**261.90**	239.46
– Machinery	**544.97**	559.24
Insurance	**76.61**	26.32
Printing & stationery	**125.15**	93.04
Professional fees (Refer note 17 of Schedule 16)	**1,082.05**	552.18
Rent (Refer note 4 of Schedule 16)	**463.67**	582.47
Advertisement and publicity	**265.94**	343.09
Exchange loss (net)	**336.46**	97.04
Donation	**30.75**	45.45
Provision for doubtful debts	**80.12**	5.97
Bad debts written off	**–**	0.09
Loans & advances written off	**0.20**	–
Vehicle hire charges	**296.59**	404.74
Miscellaneous expenses	**116.14**	62.96
	3,987.07	3,161.33

SCHEDULE 15		
FINANCIAL COSTS		
Bank charges	**22.55**	9.45
Other financial charges	**23.50**	12.20
	46.05	21.65

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE

SCHEDULE 16

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting and preparation of financial statements

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standard notified under sub section (3C) of Section 211 of 'The Companies Act, 1956' of India (The 'Act') and other relevant provisions of the Act.

The financial statements are prepared in accordance with the historical cost convention.

b. Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Direct costs are capitalized until the assets are ready for use and include inward freight, duties, taxes and expenses incidental to acquisition and installation.

Depreciation of fixed assets is provided on Straight Line Method over the useful life of assets, as estimated by the management, on a pro-rata basis or as per Schedule XIV of the Act in cases where the rates specified therein are higher. Assets costing less than Rs. 5,000/- each are depreciated fully in the year of acquisition. Expenditure incurred on purchase of Design and Software used in operations of the entity is depreciated over its estimated life. The useful lives estimated by the management for amortisation of the assets which are higher than rates specified as per Schedule XIV are as under:

Leasehold Land	Over the Lease Term ranging from 95 - 99 years
Owned/Leasehold Premises	25 - 30 years
Computers (Included in Plant & Machinery)	2 years
Other Plant & Machinery	5 years
Software	1 - 5 years
Furniture and Fixtures	5 years
Leasehold Improvements	5 years or over the primary period of lease whichever is less
Vehicles	5 years

c. Investments

Long term investments are stated at cost less provision made to recognize any decline, other than temporary, in the value of such investments. Investments in subsidiaries are carried at their original rupee cost unless impaired. Current investments are stated at lower of cost and fair value. Any reduction in carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

d. Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet, any exchange loss or gain, on such conversion is accounted for in the Profit and Loss Account. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

Fixed assets purchased from a country outside India are recorded at cost, based on the exchange rate as of date of purchase.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

Gains/losses on settlement of transaction arising on cancellation or renewal of such a forward exchange contract are recognized as income or as expense for the period.

In all other cases, the gain or loss on contract is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate (or the forward rate last used to measure a gain or loss on that contract for an earlier period) and is recognized in the Profit and Loss account for the period.

In respect of transactions related to foreign branches, all revenue and expense transactions during the year are reported at average rate. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/loss on foreign currency translation is recognized in the Profit and Loss Account. Fixed assets are carried at the exchange rate prevailing on the date of transaction.

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

e. Retirement Benefits

(a) Defined Contribution Plans

The Company has Defined Contribution Plans for post employment benefits in the form of Provident Fund and Superannuation Fund which are administered through Government of India and/or Life Insurance Corporation of India (LIC). Provident Fund and Superannuation Fund (which constitutes an insured benefit) are classified as Defined Contribution Plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred.

(b) Defined Benefit Plans

The Company has Defined Benefit Plans for post employment benefits in the form of Gratuity and Leave Encashment. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

f. Revenue Recognition

The Company derives its revenues primarily from software services.

Revenues from customer support services are recognised ratably over the term of the support period.

Revenues from software related services are primarily related to implementation services performed on a time and materials basis under separate service arrangements. Revenue with respect to time and material contracts is recognised as and when services are rendered.

Revenue from fixed price, fixed time frame contracts is recognised in accordance with the percentage of completion method measured by the percentage of cost incurred over the estimated total cost for each contract. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

Amounts received or billed, in advance of services performed are recorded as unearned revenue. Unbilled revenue included in debtors represents amounts recognized based on services performed in accordance with contract terms and where billings are pending.

Dividend income from investments is recognized when the right to receive payment is established. Dividend declared by the subsidiary companies after the date of the Balance Sheet is accounted during the year as required by Accounting Standard (AS) 9 – 'Revenue Recognition'.

Interest income is recognised on time proportion basis.

g. Borrowings Costs

Borrowing costs that are incurred on borrowings made specifically for the acquisition, construction or production of a qualifying asset are capitalized as a part of that asset. The amount of borrowing costs from funds that are borrowed generally and used for the purpose of obtaining a qualifying asset are calculated by applying a weighted average capitalization rate to the expenditure on that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

h. Leases

Assets taken on leases which transfer substantially all the risks and rewards incidental to ownership of the assets i.e. finance leases, in terms of provisions of Accounting Standard (AS) 19 — 'Leases', are capitalized. The assets are capitalized at the lower of the fair value at the inception of the lease and the present value of minimum lease payments. Such assets are disclosed as a part of the class of owned assets to which they belong and are depreciated accordingly.

i. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares.

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares. The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate.

j. Income taxes

Provision for tax for the year comprises of current tax and deferred tax. Current tax provision is measured by the amount of tax expected to be paid on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Changes in deferred tax assets and liabilities between one Balance Sheet date and the next are recognized in the Profit and Loss Account in the year of change. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Profit and Loss Account in the year of change. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized by way of future taxable income. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognized only to the extent that there is virtual certainty of realization. Deferred tax assets are reviewed for appropriateness of their carrying amounts at each Balance Sheet date.

k. Accounting for Investment in Joint Venture

Investments in Joint Ventures in which the Company has a joint control in terms of the definitions prescribed under Accounting Standard (AS) 27 – 'Financial Reporting of Interests in Joint Ventures' are accounted for at the cost of investment, subject to impairment test. Proportionate consolidation of the financial results of the joint venture, not in nature of subsidiary, is applied only in the consolidated financial statements of the Company. In case of joint venture in the nature of subsidiary, within the meaning of Accounting Standard (AS) 21 – 'Consolidated Financial Statements', consolidation of financial results is done in accordance with that standard.

l. Accounting for Employee Stock Options

Stock options granted to the employees of the Company and its subsidiaries under the stock option schemes established after June 19, 1999 are accounted as per the treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999 (SEBI guidelines) as amended from time to time, issued by the Securities and Exchange Board of India. According to the above guidelines, the excess of market value of the stock options as on the date of grant over the exercise price of the options, if any is to be recognised as deferred employee compensation and is charged to the Profit and Loss account ratably over the vesting period of the options.

(Rs. in Lakhs)

	As at June 30, 2008	As at June 30, 2007
2. CONTINGENT LIABILITIES AND COMMITMENTS		
(i) Counter guarantees outstanding in respect of guarantees given by banks on behalf of the Company	**100.18**	63.02
(ii) Corporate guarantees given		
– on behalf of subsidiary, Majesco Mastek	**10,328.40**	–
– on behalf of subsidiary, Mastek (UK) Limited	**17,797.28**	*
(*) – Corporate guarantee given on behalf of the subsidiary to a key customer for performance of the contractual obligations by the subsidiary. Though there is no specific limitation on the amount to be indemnified, the Company has not received any claim from the beneficiary as on date.		
(iii) Claim against the Company not acknowledged as debts	**105.78**	105.78
(iv) Estimated amount of contracts remaining to be executed on capital account not provided for	**3,087.44**	2,882.99

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

3. BUYBACK OF SHARES

The Board of Directors at their Meeting held on October 11, 2007 had announced buy back of its fully paid equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 at a price not exceeding Rs. 750 per share. The Company opted to buy back shares from open market through stock exchange route and the total offer size aggregates to Rs. 65 crores representing 25% of the Company's paid up capital and free reserves as on June 30, 2007.

As of June 30, 2008, the Company had bought back 14,83,232 equity shares of Rs. 5/- each at an average price of Rs. 393.58 per share. Out of this, 9,15,714 equity shares of Rs. 5/- each have been extinguished. Balance 5,67,518 shares have been extinguished subsequent to balance sheet date i.e. by July 11, 2008 and have accordingly been shown under the Share Capital Suspense Account and disclosed as a reduction from Issued and paid up Share Capital amounting to Rs. 74.16 lakhs. The difference between the nominal value and amount spent for buy back, amounting to Rs. 5,763.56 lakhs has been appropriated from the share premium account to the tune of Rs. 1,156.64 lakhs and from General Reserve to the tune of Rs. 4,606.92 lakhs.

The Company has transferred Rs. 74.16 Lakhs from General Reserve to Capital Redemption Reserve which represented the nominal value of shares bought back during the year.

(Rs. in Lakhs)

		As at June 30, 2008	As at June 30, 2007
4. (1)	Future minimum capital lease commitments on account of finance leases:		
	Due within one year	**17.24**	14.39
	Due later than 1 year but not later than 5 years	**26.55**	31.61
	Total minimum lease payments	**43.79**	46.00
	Less: Interest portion	**(6.33)**	(8.58)
	Present value of net minimum capital leases payments	**37.46**	37.42
(2)	Lease rentals recognised in the profit and loss account	**463.67**	582.47
		463.67	582.47
(3)	Future non-cancelable operating lease rental commitments		
	Due within one year	**98.03**	130.24
	Due later than 1 year but not later than 5 years	**32.97**	151.31
	Total minimum lease payments	**131.00**	281.55

(4) Description of significant lease agreements:

- The Company has given refundable interest free security deposit under the lease agreements.
- All agreements contain provision for renewal at the option of either parties.
- All agreements provide for restriction on sub-lease.

5. Forward Contracts outstanding Rs. 10,866.34 Lakhs (Previous year Rs. 6,822.04 Lakhs). Gain/(Loss) on foreign exchange forward contracts are included under the head Exchange loss (net).

Exchange loss (net) includes an amount of Rs. 49.35 Lakhs being exchange loss incurred on forward contracts taken to cover future projected receivables.

6. EMPLOYEE STOCK OPTIONS

Plan I

The Company established a plan in June 1999 for granting 150,000 options to the employees of the Company at an issue price of Rs. 320 per option representing one equity share of the Company. The scheme is governed by the guidelines issued in 1996 by the Securities and Exchange Board of India (SEBI) which did not specify the accounting treatment. Consequently, there is no compensation cost recognised. The Company passed a special

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

resolution at the Extraordinary General Meeting held on April 18, 2000 to extend the plan to the employees of its subsidiaries. Further, in view of the bonus shares of 1:1 allotted to the shareholders of the Company in January, 2000, and also, in view of the sub-division of the shares in the ratio 2:1 in November, 2000, the Company passed a special resolution in October, 2000 giving effect to the number of total options reserved as also the price of the options. Subsequently, the total number of options reserved under the plan got enhanced to 600,000 and the issue price got adjusted to Rs. 80 per option, one option being equivalent to an equity share of Rs. 5 each. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

Period for unexercised options has expired during the year consequent to which the balance unexercised options have been cancelled.

(No. of options)

	Year ended June 30, 2008	Year ended June 30, 2007
Opening Balance	**–**	23,808
Granted during the year	**–**	–
Adjusted for the issue of bonus shares in ratio of 1:1	**–**	–
Exercised during the year	**–**	(9,714)
Cancelled during the year	**–**	(14,094)
Balance unexercised options	**–**	–

Plan II

The Company established a new scheme in 2002 for granting 700,000 stock options to employees and each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employees Stock Purchase Guidelines issued in 1999 by SEBI. There is a minimum period of twelve months for the first vesting from the date of the grant of options. The options are exercisable within two years of their vesting. As per the SEBI guidelines issued in 1999, and as amended from time to time, the excess of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option is to be recognized and amortized on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006, the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

In accordance with the Guidelines, the Company has passed the necessary special resolutions in January, 2002 to approve the scheme and to extend the plan to the employees of its subsidiaries.

(No. of options)

	Year ended June 30, 2008	Year ended June 30, 2007
Opening Balance	**403,655**	840,234
Granted during the year	**–**	–
Adjusted for the issue of bonus shares in ratio of 1:1	**–**	–
Exercised during the year	**(61,374)**	(284,842)
Cancelled during the year	**(91,702)**	(151,737)
Balance unexercised options	**250,579**	403,655

Plan III

The Company passed special resolutions at its Annual General Meeting held on September 20, 2004 approving the allocation of 700,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2004 for granting 700,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option

SCHEDULE 16 (Contd.)

Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortised on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year. In April, 2006 the Company issued Bonus Shares in the ratio of 1:1 and the number of unvested and unexercised options and the price of the said options have been adjusted accordingly.

(No. of options)

	Year ended June 30, 2008	Year ended June 30, 2007
Opening Balance	**1,007,745**	536,024
Granted during the year	**347,500**	587,040
Adjusted for the issue of bonus shares in ratio of 1:1	**—**	—
Exercised during the year	**(14,741)**	(31,991)
Cancelled during the year	**(269,466)**	(83,328)
Balance unexercised options	**1,071,038**	1,007,745

Plan IV

The Shareholders of the Company through Postal Ballot on August 9, 2007 approved the allocation of 1,000,000 stock options to the eligible employees of the Company and its subsidiaries.

The Company subsequently established a new scheme in 2007 for granting 1,000,000 stock options to the employees referred to above, each option representing one equity share of the Company. The exercise price is as governed by the guidelines issued by SEBI. The scheme is governed by the Employee Stock Option Scheme and Employee Stock Purchase Guidelines issued in 1999 by SEBI and as amended from time to time. The first vesting of the stock options shall happen only on completion of one year from the date of grant and the options are exercisable within two years from the date of vesting. As per the SEBI guidelines, the excess of market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option is to be recognized and amortised on a straight line basis over the vesting period. The options granted during the year have been granted at an exercise price which is equal to the market price of the underlying equity shares. Consequently, there is no compensation cost in the current year.

(No. of options)

	Year ended June 30, 2008
Opening Balance	**—**
Granted during the year	**463,676**
Adjusted for the issue of bonus shares in ratio of 1:1	**—**
Exercised during the year	**—**
Cancelled during the year	**(214,800)**
Balance unexercised options	**248,876**

7. RETIREMENT BENEFIT PLANS

(a) *Defined contribution plans*

The Company makes contribution towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the superannuation fund is maintained by making contribution to Life Insurance Corporation of India. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company recognized Rs. 586.47 Lakhs (Previous year Rs. 452.19 Lakhs) for provident fund contribution and Rs. 36.16 Lakhs (Previous year Rs. 22.93 Lakhs) for superannuation contribution in the profit & loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

(b) *Defined benefit plans*

The Company provides for liability towards gratuity and leave encashment payable to the employees. Gratuity vests to the employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. Leave encashment vest to the employees at the time of retirement, death while in employment or on termination of employment equivalent to salary payable for number of days of accumulated leave balance.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method with actuarial valuations being carried out at the balance sheet date, made by independent actuaries.

(c) The following table sets out the accrual status of gratuity and the amounts recognized in the Company's financial statements as at June 30, 2008 and June 30, 2007.

(Rs in Lakhs)

		As at June 30, 2008	As at June 30, 2007
1.	**Change in benefit obligations:**		
	Projected benefit obligation, beginning of the year (July 1, 2007)	**1,159.48**	1,035.90
	Service cost	**278.19**	238.98
	Interest cost	**93.54**	80.58
	Actuarial gain	**(124.51)**	(96.99)
	Benefits paid	**(122.06)**	(98.99)
	Projected benefit obligation, closing of the year (June 30, 2008)	**1,284.64**	1,159.48
2.	**Change in plan assets:**		
	Fair value of plan assets, beginning of the year (July 1, 2007)	**–**	–
	Expected return on plan assets	**–**	–
	Employer's contribution	**116.63**	98.99
	Acquisitions	**–**	–
	Benefit paid	**(116.63)**	(98.99)
	Actuarial (gain)/loss	**–**	–
	Fair value of plan assets, closing of the year (June 30, 2008)	**–**	–
3.	**Net gratuity cost for the year ended June 30, 2008:**		
	Service cost	**278.19**	238.98
	Interest cost	**93.54**	80.58
	Expected return on plan assets	**–**	–
	Net actuarial (gain)/loss recognized in the year	**(124.51)**	(96.99)
	Net gratuity cost	**247.22**	222.57
4.	**Assumptions used in accounting for the gratuity plan:**		
	Discount rate	**8.70%**	8.30%
	Salary escalation rate	**15% p.a. for 1st year & 10% p.a. thereafter**	15% p.a. for 1st year & 10% p.a. thereafter
	Expected rate of return on plan assets	**N.A.**	N.A.

(d) Leave encashment charged during the year amount to Rs. 214.48 Lakhs (Previous year Rs. 130.04 Lakhs).

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

8. INCOME TAXES

The Company follows Accounting Standard 22 'Accounting for taxes on income'.

(a) The Company's operations are eligible for significant tax incentives under the Indian taxation laws. These incentives presently include an exemption from payment of Indian corporate taxes for a period of ten consecutive years of operations of software development facilities designated as Software Technology Park or in Special Economic Zone. The management estimates the provision for current taxes and deferred taxes after considering such tax benefits and the expected results of the future operations of the Company.

(b) Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carry forward and set off against future tax liability. Accordingly, a sum of Rs. 1,114.74 Lakhs (Previous Year Rs. 87.70 Lakhs) has been carried forward and shown under 'Loans and Advances'.

(c) The Finance Act 2007 included 'Fringe Benefits Tax' (FBT) on Employees' Stock Option Plan (ESOP). FBT liability crystallizes on the date of exercise of stock options. The Company has recovered FBT liability on ESOP's from its employees.

(d) Provision for tax includes additional provision amounting to Rs. 302.30 Lakhs (Previous Year Rs. Nil) relating to prior periods.

9. JOINT VENTURE WITH DELOITTE CONSULTING

The Company had during the year 2001-02 established a joint controlled entity in India, named 'Mastek — DC Offshore Development Private Limited' (DCOTG) with Deloitte Consulting LLP, USA ('Deloitte'), to set up and operate an offshore development centre for developing IT and other related services. The Company owned 50.1% of the shares in the joint venture. Both the venturers had equal voting rights in the entity.

On March 9, 2007, the Company had sold its entire stake in the joint venture to Deloitte for a consideration of Rs. 5,844.40 Lakhs. The excess of sale consideration over the carrying value of investment amounting to Rs. 5,137.99 Lakhs has been shown as an 'Exceptional Item' in the profit and loss account for the year ended June 2007.

The Company follows Accounting Standard 27 'Financial Reporting of Investments in Joint Ventures' and in terms of the disclosure requirements contained therein, following is the Company's shares of the assets, liabilities, income and expenses of the jointly controlled entity as at March 9, 2007:

Assets and Liabilities

(Rs. in Lakhs)

	As at June 30, 2008	As at June 30, 2007
Fixed Assets	–	–
Investments	–	–
Current Assets	–	–
Current Liabilities	–	–
Secured Loan	–	–
Deferred Tax	–	–
Minority Interest	–	–

Income Statement

	Year ended June 30, 2008	Year ended June 30, 2007
Income	–	6,893.69
Profit before tax	–	1,196.30
Income taxes	–	335.91
Profit after tax	–	860.39
Minority Interest		429.34
Mastek's proportionate interest in joint venture's contingent liabilities	–	–
Capital Commitments	–	–

During the year, the Company received dividend amounting to Rs. Nil Lakhs (Previous year Rs. 229.22 Lakhs) from the joint venture.

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

10. RELATED PARTIES

The Company has entered into transactions with the following related parties:

Subsidiaries: MajescoMastek USA; Mastek UK Ltd., UK; Mastek GmbH, Germany; Mastek Asia Pacific Pte. Ltd., Singapore; Mastek MSC Sdn. Bhd., Malaysia; Mastek Outsourcing Services Private Limited, Mastek MSC Thailand Co. Ltd, Thailand and Carretek LLC, USA. These companies constitute entities under the control of the Company.

Entities where Company has significant influence: Mastek — DC Offshore Development Company Private Limited (ceased to be a Joint Venture on March 9, 2007).

Key Management Personnel: Sudhakar Ram (Chairman & Managing Director).

				(Rs. in Lakhs)
	Transactions during the year ended			
	June 30, 2008		June 30, 2007	
	Subsidiary	**Entities where Company has significant influence**	Subsidiary	Entities where Company has significant influence
Income from services				
Mastek (UK) Ltd.	**46,814.30**	**–**	41,598.87	–
MajescoMastek	**6,499.41**	**–**	5,464.58	–
Others	**2,142.44**	**–**	1,991.00	–
Dividend received				
Mastek-DC Offshore Development Company Private Limited	**–**	**–**	–	229.22
Investments in Equity shares				
MajescoMastek	**4,232.88**	**–**	–	–
Mastek GmbH	**–**	**–**	114.53	–
Mastek Outsourcing Services Private Limited	**–**	**–**	0.91	–
Sale of Equity shares				
Mastek-DC Offshore Development Company Private Limited	**–**	**–**	5,844.40	–
Profit on sale of Investments				
Mastek-DC Offshore Development Company Private Limited	**–**	**–**	5,137.99	–

		(Rs. in Lakhs)
	Transactions during the year ended	
	June 30, 2008	June 30, 2007
Remuneration to Key Management Personnel		
- Ashank Desai	**–**	208.12
- Sudhakar Ram	**–**	54.51

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

				(Rs. in Lakhs)
	Closing Balance as at			
	June 30, 2008		June 30, 2007	
	Subsidiary	**Entities where Company has significant influence**	Subsidiary	Entities where Company has significant influence
Outstanding receivables				
Mastek (UK) Ltd.	**6,025.91**	**–**	7,045.46	–
MajescoMastek	**563.57**	**–**	365.74	–
Others	**725.16**	**–**	588.54	–
Corporate guarantees given on behalf of subsidiaries				
Mastek (UK) Ltd.	*** 17,797.28**	**–**	–	–
MajescoMastek	*** 10,328.40**	**–**	–	–
* Refer note 2 (ii) of Schedule 16				
Investments in Equity shares				
MajescoMastek	**7,467.86**	**–**	3,234.98	–
Others	**1,072.34**	**–**	1,072.34	–

Notes:

(i) Reimbursement of expenses incurred by related parties for and on behalf of the Company and vice versa has not been included above.

(ii) The disclosures given above have been reckoned on the basis of information available with the Company.

(iii) Remuneration to key management personnel given above includes commission Rs. Nil (Previous year Rs. 100.22 Lakhs).

(iv) The Company has paid Rs. Nil (Previous year Rs. 2.22 Lakhs) to a relative of key management personnel as salary.

11. SEGMENTS

The Company has presented data relating to its segments in its consolidated financial statements which are presented in the same annual report as Mastek Limited. In terms of provisions of Accounting Standard (AS) 17 – 'Segment Reporting', no disclosures related to segments are presented in its stand-alone financial statements.

12. EARNINGS PER SHARE (EPS)

The components of basic and diluted earnings per share were as follows:

		(Rs. in Lakhs)
	As at June 30, 2008	As at June 30, 2007
– **Net income available to equity shareholders before exceptional item (Rs. in Lakhs)**	**9,922.85**	6,148.24
– **Net income available to equity shareholders after exceptional item (Rs. in Lakhs)**	**9,922.85**	10,255.33
– **Weighted average number of outstanding equity Shares**		
Considered for basic EPS	**28,460,276**	28,298,337
Add: Effect of dilutive issue of stock options	**130,021**	1,273
Considered for diluted EPS	**28,590,297**	28,299,610

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

(Rs. in Lakhs)

	As at June 30, 2008	As at June 30, 2007
– **Earnings per share before exceptional item (net of taxes) in Rs.**		
Basic	**34.87**	21.73
Diluted *	**34.71**	21.73
– **Earnings per share after exceptional item (net of taxes) in Rs.**		
Basic	**34.87**	36.24
Diluted *	**34.71**	36.24
(Nominal value per share Rs. 5/- each)		

* Diluted earning per share for previous year is computed based on options exercised during the period.

13. There are no dues to micro and small enterprises which are outstanding at the Balance Sheet date. This information regarding micro and small enterprises has been determined on the basis of the information available with the Company. This has been relied upon by the auditors.

(Rs. in Lakhs)

	Year ended June 30, 2008	Year ended June 30, 2007
14. DIRECTORS' REMUNERATION		
Salary	–	159.00
Contribution to Provident Fund	–	1.11
Perquisites	–	2.30
Sitting Fees	**5.90**	5.10
Commission (see Note no. 15 below)	**100.00**	158.18
Total	**105.90**	325.69

Provision for gratuity and leave encashment benefit which is based on actuarial valuation carried out on an overall basis for the Company. Therefore, excluded from the above remuneration.

15. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and Commission payable to Directors:

(Rs. in Lakhs)

	Year ended June 30, 2008	Year ended June 30, 2007
Profit before exceptional item and tax as per Profit and Loss Account	**10,661.86**	6,570.03
Add:		
Managerial Remuneration (excludes sitting fees)	**100.00**	320.59
Depreciation charge as per accounts	**2,719.84**	2,522.86
	13,481.70	9,413.48
Less:		
* Depreciation under Section 350 of the Companies Act, 1956	**2,719.84**	2,522.86
Profit on sale of assets (net)	**285.94**	47.94
Net profit as per Section 349 of the Companies Act, 1956	**10,475.92**	6,842.68

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

(Rs. in Lakhs)

	Year ended June 30, 2008	Year ended June 30, 2007
Commission payable to Wholetime Directors	—	90.44
Commission payable to Non-Wholetime Directors:		
— Resident	**59.00**	37.80
— Non-Resident	**41.00**	29.94
Total	**100.00**	158.18

* The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit in Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the Company are higher than the minimum rates prescribed by Schedule XIV.

16. Additional Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956:

(i) The Company is engaged in the development of computer software and other software related services. Considering the nature of business, certain details required under Part II of schedule VI are not applicable.

(Rs. in Lakhs)

	Year ended June 30, 2008	Year ended June 30, 2007
(ii) **Value of Imports on C.I.F basis**		
Capital Goods	**834.90**	365.84
(iii) **Expenditure in Foreign Currency**		
(Including expenditure incurred by the Company's overseas branch)		
Travel	**1,573.10**	1,693.48
Professional fees	**2,305.58**	1,579.10
Salaries	**18,633.99**	18,492.68
Other matters	**800.61**	595.66
	23,313.28	22,360.92
(iv) **Earnings in foreign exchange**		
Income from services	**56,369.77**	49,095.60
Other	**114.47**	52.06

17. Professional fees include remuneration to auditors (Rs. in Lakhs)

Audit Fees	**75.00**	52.00
Out of pocket expenses	**2.5**	1.00

Audit fees represent fees towards statutory audit of Mastek Limited, audit of Mastek Limited consolidated accounts as per Generally Accepted Accounting Practices in India, limited review of half-yearly and quarterly accounts and certification work on account of ESOP, remittance of dividend etc.

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE *(Contd.)*

SCHEDULE 16 (Contd.)

18. Balance Sheet abstract and company's general business profile:

I. **Registration Details:**

Registration No.	04-5215	State code	04
Balance Sheet Date	June 30, 2008		

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

Public Issue	–	Rights Issue	–
Bonus Issue	–	Private Placement *	380

*** Options exercised by employees as per ESOP**

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

Total Liabilities	2,920,194	Total Assets	2,920,194
Source of Funds			
Paid-Up Capital	135,285	Reserves & Surplus	2,781,163
Secured Loans	3,746	Unsecured Loans	–
Application of Funds			
Net Fixed Assets	1,091,983	Investments	1,599,009
Deferred Tax Assets	83,700	Net Current Assets	145,502
Accumulated Losses			

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

Turnover (including other income)	5,970,685
Total Expenditure	4,904,499
Profit/Loss Before exceptional item	1,066,186
Profit/Loss After exceptional item	1,066,186
Profit/Loss after Tax	992,285
Earning Per Share in Rs.	34.87
Dividend rate %	200%

V. **Generic Names of Three Principal Products/Services of Company**
(as per monetary terms)

Item Code No (ITC Code)	85249113
Product Description	Computer software and consulting services

19. The previous year's figures have been regrouped and reclassified, wherever necessary.

Signatures to Schedules 1 to 16

For and on behalf of the Board

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Mumbai
Dated: July 23, 2008.

O. Banerjee
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2008

(Rs. in Lakhs)

	Year ended June 30, 2008	Year ended June 30, 2007
Cash flows from operating activities		
Net Profit before tax and exceptional item	**10,661.86**	6,570.03
Adjustments for:		
Other income	**(920.02)**	(783.60)
Financial expenses	**23.50**	12.20
Depreciation and amortisation	**2,719.84**	2,522.86
Provision for doubtful debts	**80.12**	5.97
Profit on sale of investment	**(18.67)**	(4.11)
Profit on sale of fixed assets (net)	**(285.94)**	(47.94)
Unrealised Foreign exchange gain	**(44.45)**	(18.62)
Operating profit before working capital changes	**12,216.24**	8,256.79
Decrease/(Increase) in sundry debtors	**135.07**	(904.20)
Decrease/(Increase) in time deposits	**(58.55)**	6.01
Decrease/(Increase) in loans and advances	**(2,151.56)**	(230.51)
Increase/(Decrease) in liabilities	**2,049.88**	1,303.14
Cash generated from operations	**12,191.08**	8,431.23
Income taxes paid (net of refunds received)	**(1,268.98)**	(2,008.12)
Net cash from operating activities	**10,922.10**	6,423.11
Cash flows from investing activities		
Proceeds from sale of fixed assets	**357.47**	97.22
Purchase of fixed assets (including leasehold improvements and capital work in progress)	**(3,691.66)**	(3,751.40)
Interest received	**115.48**	53.64
Dividend received from subsidiary	**–**	229.22
Acquisition of shares in subsidiaries	**(4,232.88)**	(115.43)
Proceeds from sale of Investment in Joint Ventures	**–**	5,871.49
Sale proceeds of current investments	**155,644.31**	81,917.07
Dividend from current investments	**786.73**	482.55
Purchase of current investments	**(152,246.70)**	(87,719.01)
Net cash used in investing activities	**(3,267.25)**	(2,934.65)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2008 *(Contd.)*

(Rs. in Lakhs)

	Year ended June 30, 2008	Year ended June 30, 2007
Cash flows from financing activities		
Payments for redemption of share capital	**(5,837.73)**	–
Proceeds from equity share capital	**129.41**	501.23
Payment of Lease obligation	**(10.05)**	(41.57)
Dividends paid (including Corporate dividend tax)	**(2,647.17)**	(2,099.95)
Interest paid on loans and lease obligations	**(23.50)**	(12.20)
Net cash used in financing activities	**(8,389.04)**	(1,652.49)
Effect of exchange differences on translation of foreign currency deposits	**17.82**	(10.60)
Total increase/(decrease) in cash and equivalents during the year	**(716.37)**	1,825.37
Cash and cash equivalents at the beginning of the year	**3,171.46**	1,346.09
Cash and cash equivalents at the end of the year	**2,455.09**	3,171.46

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Cash and cash equivalents exclude Rs. 69.98 Lakhs (Previous year Rs. 11.43 Lakhs) kept as time deposit and margin money towards bank guarantee and letter of credit.
3. For reasons, principally the effects of translation differences, certain items in the statement of cash flow do not correspond to the differences between the balance sheet amounts for the respective items.
4. Assets acquired on lease - Rs. 10.09 lakhs (Previous year Rs. 22.26 Lakhs) being a non-cash transaction has not been considered in the cash flow statement.
5. Cash and cash equivalents includes Rs. 32.30 Lakhs (Previous year Rs. 12.79 Lakhs) restricted on account of unpaid dividend.
6. Figures in brackets indicate cash outgo.
7. Previous year's figures have been regrouped and reclassified wherever necessary.

This is the cash flow referred to in our report of even date

Vasant Gujarathi
Partner

Membership Number: 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
Dated : July 23, 2008.

For and on behalf of the Board of Directors

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

O. Banerjee
Company Secretary

STATEMENT OF HOLDING COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

Name of the Subsidiary	Mastek (UK) Limited	MajescoMastek	Mastek, GmbH	Mastek Asia Pacific Pte Limited	Mastek MSC Sdn Bhd	Mastek Outsourcing Services Private Limited	Mastek MSC (Thailand) Co. Ltd.**	Vector Insurance LLC**	System Task Group International Ltd. **	Keystone Solutions Pvt. Ltd.***
1. Financial year of the Subsidiary Company ended on	30th June, 2008	30th June, 2008	30th June, 2008	30th June, 2008	30th June, 2008	30th June, 2008	30th June, 2008	30th June, 2008	30th June, 2008	30th June, 2008
2. (i) Number of equity shares held by Mastek Limited in the Subsidiary Company on the above date.	200,000	90,500,000	1	3,650,000	3,000,002	19,960	60,000	2,700	27,218,500	1,060,512
(ii) Holding Company's interest %	100	100	100	100	99.99	100	100	90	100	100
3. The net aggregate profit/(loss) of Subsidiary Company so far as it concerns the Holding Company										
I. Not dealt with in the accounts of Mastek Limited										
(a) For the Subsidiary's financial year ended as above	GBP 3,015,829 Rs. 2,431.06 Lakhs	US $ 960,227 Rs. 387.95 Lakhs	(Euro 331,025.92) (Rs. 198.78 Lakhs)	(Sing $ 47,589) (Rs. 13.50 Lakhs)	RM 84,904 Rs. 10.39 Lakhs	(Rs. 28,910) Rs. (0.29 Lakhs)	(Baht 879,176.85) (Rs.10.57 Lakhs)	(US $ 213,049) (Rs. 86.09 Lakhs)	US $ 56,275 Rs. 22.74 Lakhs	Rs. 44,095,176 Rs. 440.95 Lakhs
(b) For the previous financial year of the Subsidiary since it became a subsidiary of Mastek Limited	GBP 10,422,741 Rs. 8,594.62 Lakhs	(US $ 3,974,073) (Rs. 1,601.44 Lakhs)	Euro 124,483.82 Rs. 69.90 Lakhs	(Sing $ 2,423,302) (Rs. 641.22 Lakhs)	(RM 463,983) (Rs. 50.70 Lakhs)	(Rs. 42,134.20) (Rs. 0.42 Lakhs)	(Baht 789,192) (Rs. 9.99 Lakhs)	Nil Nil	Nil Nil	Nil Nil
II. Dealt with in the accounts of Mastek Limited										
(a) For the Subsidiary's financial year ended as above	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) For the previous financial year of the Subsidiary since it became a subsidiary of Mastek Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: * Fellow Subsidiary of Mastek MSC Sdn Bhd

** Fellow Subsidiary of Majesco Mastek. MajescoMastek acquired Vector Insurance LLC w.e.f. July 1, 2007 and System Task Group International Ltd. w.e.f. January 1, 2008

*** Fellow Subsidiary of System Task Group International Ltd. (STG). MajescoMastek acquired STG and Keystone Solutions Pvt. Ltd. being subsidiary of STG was also acquired w.e.f. January 1, 2008

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

Mumbai,
Dated: July 23, 2008

O. Banerjee
Company Secretary

DETAILS OF SUBSIDIARIES AS AT JUNE 30, 2008

(Value in thousand)

Subsidiaries	Mastek (UK) Limited		MajescoMastek		Mastek, GmbH		Mastek Asia Pacific Pte Limited		Mastek MSC Sdn Bhd		Mastek MSC (Thailand) Co. Ltd.*		Mastek Outsourcing Services Private Limited	Vector insurance LLC **		System Task Group International Ltd. **		Keystone Solutions Pvt. Ltd.***
Particulars	GBP	Rs. Equivalent	USD	Rs. Equivalent	Euro	Rs. Equivalent	SGD	Rs. Equivalent	RM	Rs. Equivalent	BATH	Rs. Equivalent	Rs.	USD	Rs. Equivalent	USD	Rs. Equivalent	Rs.
Share Capital	200.00	17,154.00	181.00	7,789.34	540.00	36,749.70	3,650.00	115,613.75	3,000.00	39,510.03	6,000.00	7,680.00	199.60	932.52	40,131.08	2.72	117.01	10,605.12
Reserves	13,438.57	1,152,626.15	15,682.95	674,915.62	(206.54)	(14,056.22)	(2,470.89)	(78,265.47)	(353.40)	(4,654.24)	(1,668.37)	(2,135.51)	(71.11)	(1,152.97)	(49,617.98)	(1,759.19)	(75,706.94)	126,580.10
Total Assets	31,862.73	2,732,866.70	47,415.62	2,040,531.10	864.57	58,838.64	1,638.05	51,885.17	10,721.67	141,204.39	4,583.98	5,867.50	158.50	919.81	39,583.81	1,613.47	69,435.77	180,985.04
Total Liabilities	18,224.16	1,563,086.55	31,551.67	1,357,826.14	531.12	36,145.16	458.94	14,536.89	8,075.07	106,348.61	252.35	323.01	30.00	1,140.25	49,070.70	3,369.95	145,025.91	43,799.82
Details of Investment (except in case of subsidiaries)	–	–	–	–	240.33	16,355.32	–	–	–	–	–	–	–	–	–	–	–	–
Investment in subsidiary	1.00	85.77	32,836.45	1,413,116.83	–	–	–	–	601.11	7,916.62	–	–	–	–	–	413.97	17,814.98	–
Income	71,105.10	5,731,782.35	50,161.05	2,027,008.15	2,626.22	157,704.33	2,047.77	58,095.18	18,074.64	221,233.57	1,589.48	1,910.55	–	3,407.11	137,681.36	9,152.10	369,836.52	144,544.47
Profit before taxation	4,281.09	345,098.26	1,254.46	50,692.91	(330.56)	(19,850.30)	(47.59)	(1,350.10)	84.90	1,039.22	(879.18)	(1,056.77)	(28.91)	(213.05)	(8,609.31)	155.22	6,272.40	52,825.93
Provision for taxation	1,265.26	101,992.29	294.44	11,898.22	0.46	27.80	–	–	–	–	–	–	–	–	–	98.94	3,998.33	8,730.75
Profit after taxation	3,015.83	243,105.98	960.03	38,794.69	(331.03)	(19,878.11)	(47.59)	(1,350.10)	84.90	1,039.22	(879.18)	(1,056.77)	(28.91)	(213.05)	(8,609.31)	56.2750	2,274.07	44,095.18
Proposed Dividend	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Note : * Fellow Subsidiary of Mastek MSC Sdn Bhd

** Fellow Subsidiary of Majesco Mastek. MajescoMastek acquired Vector Insurance LLC w.e.f. July 1st, 2007 and System Task Group International Ltd. w.e.f. January 1st, 2008

*** Fellow Subsidiary of System Task Group International Ltd. (STG). MajescoMastek acquired STG and Keystone Solutions Pvt. Ltd. being subsidiary of STG was also acquired w.e.f. January 1st, 2008