

BALANCE SHEET AS AT JUNE 30, 2009

	Schedule	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
I. Sources of funds			
1. Shareholders' Funds			
(a) Capital	1	1,344.97	1,352.85
(b) Reserves and surplus	2	33,624.61	27,811.63
		<u>34,969.58</u>	<u>29,164.48</u>
2. Loan funds			
Secured loans	3	17.49	37.46
		<u>34,987.07</u>	<u>29,201.94</u>
II. Application of funds			
1. Fixed assets	4		
(a) Gross block		23,222.86	21,562.29
(b) Less : Depreciation		15,057.78	12,833.37
(c) Net block		8,165.08	8,728.92
Capital work in progress (including capital advances)		3,671.36	2,190.91
		<u>11,836.44</u>	<u>10,919.83</u>
2. Investments	5	22,130.41	15,990.09
3. Deferred Taxation	6	1,242.35	837.00
4. Current assets, loans and advances			
(a) Sundry debtors	7	5,982.62	8,314.32
(b) Cash and bank balances	8	2,213.77	2,525.07
(c) Loans and advances	9	3,133.47	4,403.36
		<u>11,329.86</u>	<u>15,242.75</u>
Less : Current liabilities and provisions			
(a) Liabilities	10	4,548.49	8,057.70
(b) Provisions	11	7,003.50	5,730.03
		<u>11,551.99</u>	<u>13,787.73</u>
Net current assets		<u>(222.13)</u>	<u>1,455.02</u>
		<u>34,987.07</u>	<u>29,201.94</u>
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

Place: Mumbai

Dated: July 22, 2009

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 FOR THE YEAR ENDED JUNE 30, 2009

	Schedule	Year ended June 30, 2009	(Rs. in Lakhs) Year ended June 30, 2008
INCOME			
Information Technology Services and Products		58,816.53	58,326.96
Other income	12	959.78	1,379.89
		<u>59,776.31</u>	<u>59,706.85</u>
EXPENDITURE			
Operational expenses	13	42,774.76	42,292.03
Other expenses	14	4,981.16	3,987.07
Depreciation		2,539.03	2,719.84
Financial costs	15	15.41	46.05
		<u>50,310.36</u>	<u>49,044.99</u>
Profit before taxation		9,465.95	10,661.86
Provision for taxation (Refer note 8 of Schedule 16) For the year			
— Current tax		1,497.41	1,601.08
Less: MAT credit receivable		<u>(947.08)</u>	<u>(1,114.74)</u>
		550.33	486.34
— Deferred tax		<u>(405.35)</u>	<u>(79.88)</u>
— Fringe benefits tax		90.50	30.25
		<u>235.48</u>	<u>436.71</u>
Income tax for earlier years		<u>(334.11)</u>	<u>302.30</u>
Profit after taxation		9,564.58	9,922.85
Add: Profit brought forward from previous year		<u>19,913.90</u>	<u>15,697.53</u>
Profit available for appropriation		29,478.48	25,620.38
Appropriations			
Interim dividend		661.88	998.58
Final dividend		2,017.46	1,758.71
Corporate dividend tax		455.47	468.48
Transferred to General Reserve		2,391.15	2,480.71
Balance carried to Balance Sheet		<u>23,952.52</u>	<u>19,913.90</u>
		<u>29,478.48</u>	<u>25,620.38</u>
Earnings per share (net of taxes) in Rs.			
— Basic		35.54	34.87
— Diluted		35.53	34.71

(Refer note 11 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

For and on behalf of the Board of Directors

Vasant Gujarathi

Partner

Membership Number: 17866

For and on behalf of

Price Waterhouse

Chartered Accountants

Place: Mumbai

Dated: July 22, 2009

Sudhakar Ram

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Ashank Desai

Director

O. Banerjee

Company Secretary

SCHEDULES TO THE BALANCE SHEET AS AT JUNE 30, 2009

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
SCHEDULE 1		
CAPITAL		
Authorised		
40,000,000 equity shares of Rs. 5/- each	2,000.00	2,000.00
2,000,000 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		
27,643,875 shares of Rs. 5/- each, fully paid up (Previous year 28,540,296 shares of Rs.5/- each, fully paid up) (Refer note 6 of Schedule 16)	1,382.19	1,427.01
Less: 744,381 (Previous year 915,714) shares of Rs. 5/- each extinguished of which 176,863 (Previous year 1,483,232) shares have been bought back during the year in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 of Schedule 16)	37.22	45.78
26,899,494 (Previous year 27,624,582) shares of Rs.5/- each, fully paid up	1,344.97	1,381.23
Less: Shares Suspense Account (Nil (Previous year 567,518) shares of Rs. 5/- each, fully paid up)	—	28.38
	1,344.97	1,352.85
Of the above:		
— 14,054,594 and 6,913,280 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.		
— 660,000 equity shares of Rs. 5/- each fully paid have been issued as bonus shares by capitalisation of profits transferred from General Reserve.		

SCHEDULES TO THE BALANCE SHEET AS AT JUNE 30, 2009 (Contd.)

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	0.02	0.02
	<u>0.02</u>	<u>0.02</u>
Capital Redemption Reserve Account		
As per last Balance Sheet	1,286.42	1,212.26
Add : Transferred from General Reserve	8.85	74.16
	<u>1,295.27</u>	<u>1,286.42</u>
Share Premium Account		
As per last Balance Sheet	—	1,031.03
Add : Addition on account of ESOP	36.63	125.61
Less: Utilised for buy back of shares in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 of Schedule 16)	—	1,156.64
	<u>36.63</u>	<u>—</u>
General Reserve		
As per last Balance Sheet	6,611.29	8,811.66
Add : Transferred from Profit & Loss Account	2,391.15	2,480.71
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)	8.85	74.16
Less: Utilised for buy back of shares in accordance with Section 77A of the Companies Act, 1956 (Refer note 3 of Schedule 16)	653.42	4,606.92
	<u>8,340.17</u>	<u>6,611.29</u>
Profit and Loss Account	<u>23,952.52</u>	<u>19,913.90</u>
	<u><u>33,624.61</u></u>	<u><u>27,811.63</u></u>
 SCHEDULE 3		
SECURED LOANS		
Obligations on assets under Capital Lease (secured by hypothecation of vehicles taken on lease) Due within one year Rs.9.22 Lakhs (Previous year Rs. 13.61 Lakhs)	17.49	37.46
	<u>17.49</u>	<u>37.46</u>

SCHEDULES TO THE BALANCE SHEET AS AT JUNE 30, 2009 (Contd.)

SCHEDULE 4 FIXED ASSETS

(Rs. in Lakhs)

Description	Gross Block (at Cost)				Depreciation				Net Block	
	As at July 01, 2008	Additions	Deletions	As at June 30, 2009	As at July 01, 2008	For the year	Deletions	As at June 30, 2009	As at June 30, 2009	As at June 30, 2008
Leasehold Land and Premises	2,637.95	—	—	2,637.95	517.03	82.01	—	599.04	2,038.91	2,120.92
Owned Premises	2,616.28	66.78	—	2,683.06	255.30	116.01	—	371.31	2,311.75	2,360.98
Plant and Machinery	6,706.02	676.24	182.25	7,200.01	4,330.70	1,043.13	181.44	5,192.39	2,007.62	2,375.32
Software Designs	5,055.40	737.12	93.49	5,699.03	4,590.87	793.25	93.49	5,290.63	408.40	464.53
Furniture and Fittings	3,785.54	418.11	2.00	4,201.65	2,607.55	419.85	2.00	3,025.40	1,176.25	1,177.99
Leasehold Improvements	409.24	—	—	409.24	368.69	13.23	—	381.92	27.32	40.55
Vehicles	351.86	95.87	55.81	391.92	163.23	71.55	37.69	197.09	194.83	188.63
Total	21,562.29	1,994.12	333.55	23,222.86	12,833.37	2,539.03	314.62	15,057.78	8,165.08	8,728.92
Previous Year	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	

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.17.74 Lakhs (Previous year Rs. 27.50 Lakhs)

(Rs. in Lakhs)
As at
June 30, 2009 As at
June 30, 2008

SCHEDULE 5 INVESTMENTS

I. Investments in equity shares of (Long term, trade, unquoted)

Subsidiary companies at cost

MajescoMastek

131,300,000 (Previous year - 90,500,000) Equity Shares of US \$ 0.002 each, fully paid up

11,412.68 7,467.86

Mastek Asia Pacific Pte Ltd., Singapore

3,650,000 (Previous year - 3,650,000) Equity Shares of S \$ 1 each, fully paid up

886.22

Less : Provision for diminution in value

(661.40)

224.82

224.82

Mastek MSC Sdn Bhd., Malaysia

7,700,000 Equity Shares (Previous year - 3,000,000) of RM 1 each, fully paid up

955.66

355.69

Mastek UK Ltd., UK

200,000 (Previous year - 200,000) Equity Shares of £ 1 each, fully paid up

215.81

215.81

Mastek GmbH, Germany

1(Previous year - 1) Share fully paid up

274.11

274.11

MajescoMastek Enterprise Solutions Canada Co. Ltd

500,000 (Previous year - Nil) Shares of CN \$ 1 each, fully paid up

207.39

—

Mastek Outsourcing Services Private Limited

19,960 shares (Previous year - 19,960) Equity Shares of Rs.10 each, fully paid up

1.91

1.91

SCHEDULES TO THE BALANCE SHEET AS AT JUNE 30, 2009 (Contd.)

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
SCHEDULE 5		
INVESTMENTS (Contd.)		
II. Investment in others - units (Current, non trade, unquoted)		
5,469,603 (Previous year - Nil) units of Birla Sun Life Savings Fund - Inst. Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 717.39 Lakhs (7,169,053 units) and sold during the year Rs. 170.06 Lakhs (1,699,450 units).	547.33	—
8,547,783 (Previous year - Nil) units of IDFC Money Manager Treasury Plan C - Daily Dividend Reinvestment. Purchased during the year Rs. 854.91 Lakhs (8,547,783 units).	854.91	—
13,388,495 (Previous year - Nil) units of JPMorgan India Treasury Fund - Super Inst. Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 3,717.18 Lakhs (37,138,773 units) and sold during the year Rs. 2,377.14 Lakhs (23,750,278 units).	1,340.04	—
16,683,820 (Previous year - Nil) units of ICICI Prudential - Flexible Income Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 3,788.36 Lakhs (35,828,828 units) and sold during the year Rs. 2,024.30 Lakhs (19,145,008 units).	1,764.06	—
15,379,777 (Previous year - Nil) units of LIC MF Savings Plus Fund - Daily Dividend Reinvestment. Purchased during the year Rs. 1,537.98 Lakhs (15,379,777 units)	1,537.98	—
14,196,323 (Previous year - Nil) units of Kotak Floater Long Term - Daily Dividend Reinvestment. Purchased during the year Rs. 1,853.96 Lakhs (18,392,835 units) and sold during the year Rs. 423 Lakhs (4,196,512 units).	1,430.96	—
Nil (Previous year - 16,644,206) units of Principal Cash Management Fund - Liquid option Instl. Prem.Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 851.76 Lakhs (8,516,996 units) and sold during the year Rs. 2,516.30 Lakhs (25,161,202 units).	—	1,664.54
13,620,241 (Previous year - 1,826,023) units of JM Money Manager Fund Super Plus Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 2,993.01 Lakhs (29,915,070 units) and sold during the year Rs. 1,812.94 Lakhs (18,120,851 units).	1,362.75	182.68
Nil (Previous year - 5,000,000) units of LICMF Interval Fund - Series 1 - Annual Dividend Plan. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (5,000,000 units).	—	500.00
Nil (Previous year - 20,987,236) units of Templeton India Ultra Short Bond Fund Super Inst. Plan - Daily Dividend Reinvestment. Purchased during the year Rs. 2,394.19 Lakhs (23,896,937 units) and sold during the year Rs. 4,496.86 Lakhs (44,884,172 units).	—	2,102.67
Nil (Previous year - 5,000,000) units of ICICI Prudential FMP - Series 42 - 16 Months - Institutional Growth. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (5,000,000 units).	—	500.00
Nil (Previous year - 7,000,000) units of LICMF Fixed Maturity Plan - Series 35 - 15 Months - Growth Plan. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 700 Lakhs (7,000,000 units).	—	700.00
Nil (Previous year - 8,000,000) units of Birla Sun Life Fixed Term Plan - Inst. - Series AJ - Growth . Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 800 Lakhs (8,000,000 units).	—	800.00

SCHEDULES TO THE BALANCE SHEET AS AT JUNE 30, 2009 (Contd.)

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
SCHEDULE 5		
INVESTMENTS (Contd.)		
Nil (Previous year - 5,000,000) units of Kotak FMP 12M Series 3 Institutional - Growth. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (5,000,000 units).	—	500.00
Nil (Previous year - 5,000,000) units of HSBC Fixed Term Series 52-12 Mths Inst. - Growth. Purchased during the year Rs. Nil (Nil units) and sold during the year Rs. 500 Lakhs (5,000,000 units).	—	500.00
	22,130.41	15,990.09
Aggregate of unquoted investments - at cost	22,130.41	15,990.09

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

Scheme	Nos. of Units	Cost in Rs. Lakhs
Templeton India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	96,954	970.00
TATA Liquid Super High Investment Fund - Daily Dividend Reinvestment	890,346	9,923.00
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend Reinvestment	32,107,176	3,216.00
HDFC-Cash Management Fund-Saving Plan - Daily Dividend Reinvestment	1,882,023	200.00
Birla Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	5,449,976	546.00
DWS Insta Cash Plus Fund - Inst. Plan - Daily Dividend Reinvestment	25,968,741	2,602.00
UTI Money Market - Daily Dividend Reinvestment	6,933,438	1,262.00
DWS Money Plus Fund - Regular Plan - Daily Dividend Reinvestment	20,032,891	2,006.00
Birla Sun Life Cash Manager -Inst. Plan - Daily Dividend Reinvestment	1,699,825	170.00
LIC MF Liquid Fund - Daily Dividend Reinvestment	16,686,818	1,832.00
Kotak Mahindra Liquid - Inst. Premium Plan -Daily Dividend Reinvestment	10,510,218	1,285.00
ICICI Prudential Inst. Liquid Plan - Super Institutional - Daily Dividend Reinvestment	39,828,140	3,983.00
UTI Treasury Advantage Fund Inst. Plan - Daily Dividend Reinvestment	120,460	1,205.00
TATA Floater Fund - Daily Dividend Reinvestment	54,674,023	5,487.00
Principal Liquid Plus Fund - Daily Dividend Reinvestment	13,995,500	1,402.00
LIC MF Liquid Plus Fund - Daily Dividend Reinvestment	3,013,642	301.00
Lotus India Liquid Fund - Institutional - Daily Dividend Reinvestment	8,395,523	840.00
Lotus India Liquid Plus Fund - Institutional - Daily Dividend Reinvestment	8,405,138	842.00
TATA Treasury Manager SHIP - Daily Dividend Reinvestment	183,031	1,836.00
Templeton India Treasury Management Account - Regular Plan - Daily Dividend Reinvestment	193,120	1,933.00
SBI Debt Fund Series - 30 Days - 3 - Dividend	5,000,000	500.00
LIC MF Interval Fund -Series 1 - Monthly Dividend Plan	4,995,554	500.00
Canara Robeco Interval Monthly Inst. Dividend Fund	4,998,650	500.00
ICICI Prudential Interval Fund III - Monthly Plan	5,000,000	500.00
JM Fixed Maturity Fund Series XII Monthly Plan 2 - Inst. Dividend Plan	5,000,000	500.00
TATA Fixed Horizon Fund-Series 19 - Scheme D - Inst. Plan - Periodic Dividend	3,000,000	300.00

SCHEDULES TO THE BALANCE SHEET AS AT JUNE 30, 2009 (Contd.)

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
SCHEDULE 5		
INVESTMENTS (Contd.)		
Canara Robeco Liquid Super Inst. Plan - Daily Dividend Reinvestment	19,988,233	2,007.00
Canara Robeco Treasury Advantage Fund - Super Inst. Plan - Daily Dividend Reinvestment	8,103,547	1,005.00
HDFC Liquid Fund - Premium Plan - Daily Dividend Reinvestment	32,957,054	4,041.00
HDFC Cash Management - Treasury Advantage Plan - Daily Dividend Reinvestment	4,997,480	501.00
DWS Insta Cash Plus Fund - Super Inst. Plan - Daily Dividend Reinvestment	46,604,595	4,670.00
DWS Liquid Plus Fund Inst. Plan - Daily Dividend Reinvestment	26,751,617	2,679.00
JM High Liquidity Fund - Inst. Plan - Daily Dividend Reinvestment	8,984,775	900.00
ICICI Prudential Liquid - Inst. Plan - Daily Dividend Reinvestment	1,688,007	200.00
JPMorgan India Liquid Fund - Super Inst. Plan - Daily Dividend Reinvestment	36,975,313	3,701.00
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Daily Dividend Reinvestment	13,791,277	1,390.00
FIDELITY Cash Fund - Super Inst. Plan - Daily Dividend Reinvestment	32,187,282	3,220.00
FIDELITY Ultra Short Term Debt Fund - Super Inst. Plan - Daily Dividend Reinvestment	32,282,589	3,229.00
DWS Money Plus Fund - Inst. Plan - Daily Dividend Reinvestment	8,185,255	819.00
IDFC Cash Fund Plan C - Super Inst. Plan - Daily Dividend Reinvestment	8,498,847	850.00

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)	609.08	473.74
— Provision for Gratuity	633.27	363.26
	1,242.35	837.00

SCHEDULE 7 SUNDRY DEBTORS (UNSECURED)

a. Debts outstanding for a period exceeding six months

Considered good	45.48	—
Considered doubtful	46.42	86.08

b. Other debts #	91.90	86.08
	5,937.14	8,314.32

	6,029.04	8,400.40
Less : Provision for doubtful debts	46.42	86.08

	5,982.62	8,314.32
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Debtors include dues from Subsidiaries and Associates Rs. 5,267.53 Lakhs (Previous year Rs. 7,314.64 Lakhs)

SCHEDULES TO THE BALANCE SHEET AS AT JUNE 30, 2009 (Contd.)

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash balance on hand	1.93	1.64
Balance with Scheduled banks		
— in Current Accounts *	574.59	384.39
— in Fixed Deposits **	28.92	69.98
	603.51	454.37
Balance with Unscheduled banks		
— in Current Accounts		
— Volksbank, Germany	—	0.24
— in Fixed Deposits		
— Lloyds Bank, UK	1,608.33	2,068.82
	1,608.33	2,069.06
	2,213.77	2,525.07
Maximum balance held during the year with Unscheduled banks - in Current Accounts		
— Ashahi Bank, Japan	—	8.59
— Lloyds Bank, UK	5,439.43	4,610.61
— Volksbank, Germany	0.28	1.78
* Includes amounts restricted Rs. 42.27 Lakhs (Previous year Rs. 32.30 Lakhs) on account of unpaid dividend		
** 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	877.76	3,099.23
MAT credit entitlement	2,149.52	1,202.44
Advance Fringe benefits tax (net of provision)	106.19	101.69
	3,133.47	4,403.36
SCHEDULE 10		
LIABILITIES		
Sundry Creditors (Refer note 12 of Schedule 16)	3,712.52	7,084.70
Book overdraft in current account with bank	28.75	71.19
Unclaimed dividends *	42.27	32.30
Unearned revenue	58.57	164.14
Other Liabilities	706.38	705.37
	4,548.49	8,057.70
* Note : There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
SCHEDULE 11		
PROVISIONS		
Proposed dividend	2,017.46	1,758.71
Provision for Corporate Dividend Tax	342.87	298.89
Provision for taxes (net of advances)	543.17	916.17
Provision for gratuity	1,998.55	1,284.64
Provision for leave encashment	2,101.45	1,471.62
	7,003.50	5,730.03

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009 (Contd.)

	Year ended June 30, 2009	(Rs. in Lakhs) Year ended June 30, 2008
SCHEDULE 12 OTHER INCOME		
Interest on deposits, etc. (Tax deducted at source Rs. 1.40 Lakhs (Previous year - Rs. Nil))	133.23	115.48
Profit on sale of fixed asset (net)	6.22	285.94
Profit on sale of investment (current, non trade)	338.40	18.67
Income from investments (current, non trade)	288.42	786.73
Miscellaneous income	193.51	173.07
	959.78	1,379.89
SCHEDULE 13 OPERATIONAL EXPENSES		
Salaries, bonus, incentives, etc.	32,959.68	32,556.75
Gratuity charges	810.85	247.22
Contribution to provident and other funds	2,195.06	2,027.87
Staff Welfare	607.28	737.05
Recruitment and training expenses	440.17	407.30
Travelling and conveyance	2,319.72	2,710.05
Communication charges	358.21	482.68
Electricity	667.99	566.87
Consultancy charges	2,315.03	2,241.79
Purchase of software	100.77	314.45
	42,774.76	42,292.03
SCHEDULE 14 OTHER EXPENSES		
Rates & Taxes	217.47	306.52
Repairs		
— Building	228.57	261.90
— Machinery	612.73	544.97
Insurance	72.22	76.61
Printing & stationery	105.88	125.15
Professional fees (Refer note 16 of Schedule 16)	1,507.10	1,082.05
Rent (Refer note 4 of Schedule 16)	383.44	463.67
Advertisement and publicity	161.19	265.94
Exchange loss (net)	1,326.53	336.46
Donation	16.80	30.75
Provision for doubtful debts	31.40	80.12
Bad debts written off	1.16	—
Loans & advances written off	12.47	0.20
Vehicle hire charges	226.55	296.59
Miscellaneous expenses	77.65	116.14
	4,981.16	3,987.07
SCHEDULE 15 FINANCIAL COSTS		
Bank charges	11.71	22.55
Other financial charges	3.70	23.50
	15.41	46.05

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 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 recognised as income or expense in the period in which they arise.

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 recognised 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 recognised 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



NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE (Contd.)

SCHEDULE 16 (Contd.)

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 recognised in the Profit and Loss Account.

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 actuarial 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 recognised based on services performed in accordance with contract terms and where billings are pending.

Dividend income from investments is recognised 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 recognised 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.

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE (Contd.)

SCHEDULE 16 (Contd.)

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.

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 recognised 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 recognised 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 recognised in the Profit and Loss Account in the year of change. Deferred tax assets are recognised 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 recognised 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 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, 2009	As at June 30, 2008
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2. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Counter guarantees outstanding in respect of guarantees given by banks on behalf of the Company	157.18	100.18
(ii) Corporate guarantees given		
— on behalf of subsidiary, Majesco Mastek	6,946.23	10,328.40
— on behalf of subsidiary, Mastek (UK) Limited	32,256.67	17,797.28
(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	2,153.19	3,087.44

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

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE (Contd.)

SCHEDULE 16 (Contd.)

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.

During current year, the Company had bought back 176,863 (Previous year 1,483,232) equity shares of Rs. 5/- each at an average price of Rs. 374.45 per share and extinguished 744,381 (Previous year 915,714) equity shares of Rs. 5/- each. The difference between the nominal value and amount spent for buy back, amounting to Rs. 653.42 Lakhs (Previous year 5,763.56 Lakhs) which has been appropriated from the share premium account to the tune of Rs. Nil (Previous year Rs.1,156.64 Lakhs) and from General Reserve to the tune of Rs. 653.42 Lakhs (Previous year Rs. 4,606.92 Lakhs). The Company completed its buyback of its equity shares by purchasing 1,660,095 equity shares of Rs. 5/- each at an average price of Rs. 391.54 per share.

The Company has transferred Rs. 8.85 Lakhs (Previous year Rs. 74.16 Lakhs) from General Reserve to Capital Redemption Reserve which represented the nominal value of shares bought back during the year.

	As at June 30, 2009	As at June 30, 2008
(Rs. in Lakhs)		
4. 1) Future minimum non-cancellable capital lease commitments on account of finance leases:		
Due within one year	10.44	17.24
Due later than 1 year but not later than 5 years	9.21	26.55
Due later than 5 years	—	—
Total minimum lease payments	<u>19.65</u>	<u>43.79</u>
Less: Interest portion	<u>(2.16)</u>	<u>(6.33)</u>
Present value of net minimum capital leases payments	<u>17.49</u>	<u>37.46</u>
2) Lease rentals recognised in the profit and loss account	<u>383.44</u>	<u>463.67</u>
	<u>383.44</u>	<u>463.67</u>
3) Future non – cancelable operating lease rental commitments		
Due within one year	35.50	98.03
Due later than 1 year but not later than 5 years	—	32.97
Due later than 5 years	—	—
Total minimum lease payments	<u>35.50</u>	<u>131.00</u>
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 as at June 30, 2009 amounting to Rs. 958.10 Lakhs (Previous year Rs. 10,866.34 Lakhs). Gain / (Loss) on foreign exchange forward contracts are included under the head Exchange loss (net). All the outstanding forward contracts are backed by receivables.		

6. Employee Stock 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.

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE (Contd.)

SCHEDULE 16 (Contd.)

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 recognised 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.

	Year ended June 30, 2009	Year ended June 30, 2008
Opening Balance	250,579	403,655
Granted during the year	—	—
Exercised during the year	(10,629)	(61,374)
Cancelled during the year	(148,430)	(91,702)
Balance unexercised options	91,520	250,579

(No. of options)

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 recognised 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.

	Year ended June 30, 2009	Year ended June 30, 2008
Opening Balance	1,071,038	1,007,745
Granted during the year	—	347,500
Exercised during the year	(8,664)	(14,741)
Cancelled during the year	(163,750)	(269,466)
Balance unexercised options	898,624	1,071,038

(No. of options)

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



NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE (Contd.)

SCHEDULE 16 (Contd.)

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. During the year the Company has extended the vesting period from two years to seven years. 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 recognised 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.

	Year ended June 30, 2009	(No. of options) Year ended June 30, 2008
Opening Balance	248,876	—
Granted during the year	413,484	463,676
Exercised during the year	—	—
Cancelled during the year	(47,443)	(214,800)
Balance unexercised options	614,917	248,876

Plan V

The Company established a new scheme in 2008 for granting 1,500,000 stock options to employees and each option representing one equity share of the Company. The exercise price as may be determined by the Compensation Committee and such price may be the face value of the share from time to time or may be the Market Price or any price as may be decided by the Committee and will be 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 seven 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 recognised 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.

The Shareholders of the Company through Postal Ballot on August 20, 2008 approved the allocation of 1,500,000 stock options to the eligible employees of the Company and its subsidiaries.

	(No. of options) Year ended June 30, 2009
Opening Balance	—
Granted during the year	61,000
Exercised during the year	—
Cancelled during the year	—
Balance unexercised options	61,000

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 recognised Rs. 715.61 Lakhs (Previous year Rs. 586.47 Lakhs) for provident fund contribution and Rs. 29.18 Lakhs (Previous year Rs. 36.16 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, 2009 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.

- c) The following table sets out the accrual status of gratuity (unfunded) and the amounts recognised in the Company's financial statements as at June 30, 2009 and June 30, 2008.

	As at June 30, 2009	(Rs. in Lakhs) As at June 30, 2008
1. Change in defined benefit obligations:		
Projected benefit obligation, beginning of the year (July 1, 2008)	1,284.64	1,159.48
Service cost	311.04	278.19
Interest cost	135.56	93.54
Actuarial (gain) / loss	364.25	(124.51)
Benefits paid	(96.94)	(122.06)
Projected benefit obligation, closing of the year (June 30, 2009)	1,998.55	1,284.64
2. Change in fair value of assets:		
Fair value of plan assets, beginning of the year (July 1, 2008)	—	—
Expected return on plan assets	—	—
Employer's contribution	96.94	122.06
Acquisitions	—	—
Benefit paid	(96.94)	(122.06)
Actuarial (gain) / loss	—	—
Fair value of plan assets, closing of the year (June 30, 2009)	—	—
3. Amount recognised in the Balance Sheet		
Present value of obligations as at June 30, 2009	1,998.55	1,284.64
Fair value of plan assets as at June 30, 2009	—	—
Amount not recognised as an asset	—	—
Net Liability recognised as at June 30, 2009	1,998.55	1,284.64
4. Net gratuity cost for the year ended June 30, 2009		
Service cost	311.04	278.19
Interest cost	135.56	93.54
Expected return on plan assets	—	—
Net actuarial (gain) / loss recognised in the year	364.25	(124.51)
Net gratuity cost	810.85	247.22
5. Assumptions used in accounting for the gratuity plan:		
Discount rate (p.a.)	7.50%	8.70%
Salary escalation rate (p.a.)	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 (p.a.)	N.A.	N.A.

- d) Leave encashment charged during the year amount to Rs. 923.38 Lakhs (Previous year Rs. 497.07Lakhs).

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 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'.

- 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.
- 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. 947.08 Lakhs (Previous year Rs. 1,114.74 Lakhs) has been carried forward and shown under 'Loans and Advances'.

9. RELATED PARTY DISCLOSURES

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, Majesco Mastek Enterprises Solutions Canada Co. Ltd, Keystone Solutions Private Limited and Carretek LLC, USA. These companies constitute entities under the control of the Company.

Key Management Personnel: Sudhakar Ram (Chairman & Managing Director) and R. Sundar (Executive Director) w.e.f January 1, 2009.

(Rs. in Lakhs)

	Transactions during the year ended	
	June 30, 2009	June 30, 2008
Income from services		
Mastek (UK) Ltd.	46,181.98	46,814.30
MajescoMastek	7,783.10	6,499.41
Others	1,474.51	2,142.44
Purchase of Services		
Keystone Solutions Private Limited	0.81	—
Investments in Equity shares		
MajescoMastek	3,944.82	4,232.88
Mastek Msc Sdn Bhd	599.97	—
Others	207.39	—

(Rs. in Lakhs)

	Transactions during the year ended	
	June 30, 2009	June 30, 2008
Remuneration to Key Management Personnel		
— Sudhakar Ram	66.14	—
— R Sundar	68.25	—

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 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, 2009	June 30, 2008
Outstanding receivables		
Mastek (UK) Ltd.	4,308.90	6,025.91
MajescoMastek	626.85	563.57
Others	331.78	725.16
Corporate guarantees given on behalf of subsidiaries		
Mastek (UK) Ltd.	32,256.67	17,797.28
MajescoMastek	6,946.23	10,328.40
* Refer note 2 (ii) of Schedule 16		
Investments in Equity shares		
MajescoMastek	11,412.68	7,467.86
Others	2,541.10	1,072.34

(Rs. in Lakhs)

	Closing Balance as at	
	June 30, 2009	June 30, 2008
Remuneration payable to Key Management Personnel	48.05	—

Notes:

- Reimbursement of expenses incurred by related parties for and on behalf of the Company and vice versa has not been included above.
- The disclosures given above have been reckoned on the basis of information available with the Company.
- Remuneration to key management personnel given above includes commission Rs. 48.05 Lakhs (Previous year Rs. Nil).

10. 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.

11. EARNINGS PER SHARE (EPS)

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

	As at June 30, 2009	As at June 30, 2008
— Net income available to equity shareholders (Rs. in Lakhs)	9,564.58	9,922.85
— Weighted average number of outstanding equity Shares		
Considered for basic EPS	26,914,521	28,460,276
Add : Effect of dilutive issue of stock options	1,469	130,021
Considered for diluted EPS	26,915,990	28,590,297
— Earnings per share (net of taxes) in Rs.		
Basic	35.54	34.87
Diluted	35.53	34.71
(Nominal value per share Rs.5/- each)		

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE (Contd.)

SCHEDULE 16 (Contd.)

12. 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.

	Year ended June 30, 2009	Year ended June 30, 2008
		(Rs. in Lakhs)
13. Directors' Remuneration		
Salary	75.03	—
Contribution to Provident Fund	4.10	—
Perquisites	7.20	—
Sitting Fees	6.90	5.90
Commission (see Note no. 14 below)	92.05	100.00
Total	185.28	105.90

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.

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

	Year ended June 30, 2009	Year ended June 30, 2008
		(Rs. in Lakhs)
Profit before tax as per Profit and Loss Account	9,465.95	10,661.86
Add:		
Managerial Remuneration (excludes sitting fees)	178.38	100.00
Depreciation charge as per accounts	2,539.03	2,719.84
	12,183.36	13,481.70
Less :		
* Depreciation under Section 350 of the Companies Act, 1956	2,539.03	2,719.84
Profit on sale of assets (net)	6.22	285.94
Net profit as per Section 349 of the Companies Act, 1956	9,638.11	10,475.92
Maximum commission allowable to Non-Wholetime Directors as per the Companies Act, 1956 at 1%	96.38	104.76
Commission payable to Non-Wholetime Directors, restricted by the Board of Directors to	44.00	100.00
Commission payable to Wholetime Directors, restricted by the Board of Directors to	48.05	—
Total commission payable	92.05	100.00

* 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.

NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE (Contd.)

SCHEDULE 16 (Contd.)

15. 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, 2009	Year ended June 30, 2008
(ii) Value of Imports on C.I.F basis		
Capital Goods	567.68	834.90
(iii) Expenditure in Foreign Currency		
(Including expenditure incurred by the Company's overseas branch)		
Travel	1,278.03	1,573.10
Professional fees	2,692.44	2,305.58
Salaries	18,293.99	18,633.99
Other matters	264.84	800.61
	<u>22,529.30</u>	<u>23,313.28</u>
(iv) Earnings in foreign exchange		
Income from services	55,819.30	56,369.77
Others	98.85	114.47
16. Professional fees include remuneration to auditors (Rs. in Lakhs)		
Audit Fees	75.00	75.00
Out of pocket expenses	2.10	2.50

17. DISCONTINUED OPERATIONS

The Board of Directors of the Company at its meeting held on May 9, 2009 approved the acquisition of business activities pertaining to "Keystone Solutions Private Limited" ("Keystone"). Consequent to this, Mastek has entered into a business transfer agreement dated June 8, 2009 with Keystone to purchase the entire business on a slump sale basis as a going concern for a total consideration of Rs. 20.36 crores with effect from July 31, 2009.



NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2009 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, 2009		

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

Public Issue	—	Rights Issue	—
Bonus Issue	—	Private Placement *	96

* Options exercised by employees as per ESOP

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

Total Liabilities	3,498,707	Total Assets	3,498,707
Source of Funds			
Paid-Up Capital	134,497	Reserves & Surplus	3,362,461
Secured Loans	1,749	Unsecured Loans	—
Application of Funds			
Net Fixed Assets	1,183,644	Investments	2,213,041
Deferred Tax Assets	124,235	Net Current Assets	(22,213)
Accumulated Losses			

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

Turnover (including other income)	5,977,631
Total Expenditure	5,031,036
Profit/Loss Before Tax	946,595
Profit/Loss after Tax	956,458
Earning Per Share in Rs.	35.54
Dividend rate %	200%

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

(as per monetary terms)

Item Code No	85249113
(ITC Code)	
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

O. Banerjee

Company Secretary

Place; Mumbai

Dated: July 22, 2009

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2009

	Year ended June 30, 2009	(Rs. in Lakhs) Year ended June 30, 2008
Cash flows from operating activities		
Net Profit before tax and exceptional item	9,465.95	10,661.86
Adjustments for :		
Interest on deposits, etc.	(133.23)	(115.48)
Income from investments	(288.42)	(786.73)
Financial expenses	3.70	23.50
Depreciation and amortisation	2,539.03	2,719.84
Provision for doubtful debts	31.40	80.12
Profit on sale of investment	(338.40)	(18.67)
Profit on sale of fixed assets (net)	(6.22)	(285.94)
Unrealised Foreign exchange gain	72.24	(62.26)
Operating profit before working capital changes	<u>11,346.05</u>	12,216.24
Decrease / (Increase) in sundry debtors	2,310.99	135.07
Decrease / (Increase) in loans and advances	2,223.55	(2,151.56)
Increase / (Decrease) in liabilities	(2,175.44)	2,049.88
Cash generated from operations	<u>13,705.15</u>	12,249.63
Income taxes paid (net of refunds received)	(1,713.71)	(1,268.98)
Net cash from operating activities	<u>11,991.44</u>	<u>10,980.65</u>
Cash flows from investing activities		
Proceeds from sale of fixed assets	25.15	357.47
Purchase of fixed assets (including leasehold improvements and capital work in progress)	(3,469.61)	(3,691.66)
Interest received	131.15	115.48
Acquisition of shares in subsidiaries	(4,752.18)	(4,232.88)
Sale proceeds of current investments	91,514.26	155,644.31
Dividend from current investments	288.42	786.73
Purchase of current investments	(92,564.00)	(152,246.70)
Net cash used in investing activities	<u>(8,826.81)</u>	<u>(3,267.25)</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2009 (Contd.)

	Year ended June 30, 2009	(Rs. in Lakhs) Year ended June 30, 2008
Cash flows from financing activities		
Payments for redemption of share capital	(662.27)	(5,837.73)
Proceeds from equity share capital	37.59	129.41
Payment of Lease obligation	(24.93)	(10.05)
Dividends paid (including Corporate dividend tax)	(2,822.11)	(2,647.17)
Interest paid on loans and lease obligations	(3.70)	(23.50)
Net cash used in financing activities	<u>(3,475.42)</u>	<u>(8,389.04)</u>
Effect of exchange differences on translation of foreign currency deposits	(0.51)	17.82
Total increase/(decrease) in cash and equivalents during the year	(311.30)	(657.82)
Cash and cash equivalents at the beginning of the year	2,525.07	3,182.89
Cash and cash equivalents at the end of the year	<u>2,213.77</u>	<u>2,525.07</u>

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. 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.
3. Assets acquired on lease - Rs.4.96 lakhs (Previous year Rs. 10.09 Lakhs) being a non-cash transaction has not been considered in the cash flow statement.
4. Cash and cash equivalents includes Rs.42.27 Lakhs (Previous year Rs.32.30 Lakhs) restricted on account of unpaid dividend.
5. Figures in brackets indicate cash outgo.
6. 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

Place: Mumbai
Dated: July 22, 2009

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

1	Name of the Subsidiary	Mastek (UK) Limited	MajescoMastek	Mastek, GmbH	Mastek Asia Pacific Pte Limited	Mastek MSC Sdn Bhd	Mastek MSC (Thailand) Co. Ltd*	Majesco Mastek Enterprises Solutions Canada Co. Ltd	Vector Insurance LLC**	System Task Group International Ltd **	Keystone Solutions Pvt Ltd**
2	Financial year of the Subsidiary Company ended on	30th June, 2009	30th June, 2009	30th June, 2009	30th June, 2009	30th June, 2009	30th June, 2009	30th June, 2009	30th June, 2009	30th June, 2009	30th June, 2009
3	i) Number of equity shares held by Mastek Limited/its subsidiaries in the Subsidiary Company on the above date.	200,000	131,300,000	1	3,650,000	7,700,002	60,000	500,000	2,700	27,218,500	1,060,512
	ii) Holding Company's interest %	100	100	100	100	99.99	100	100	90	100	100
4	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 3,346,302	(US \$770,760)	Euro 424,489	(Sing \$ 17,989)	RM 290,681	(Bath 1,976,295)	(CAD 245,429)	(US \$1,127,491)	US \$2,837,816	Rs.46,741,757
		Rs 2,553.42 Lakhs	(Rs 370.89 Lakhs)	Rs 279.43 Lakhs	(Rs 5.90 Lakhs)	Rs 39.68 Lakhs	(Rs.27.12 Lakhs)	(Rs.100.90 Lakhs)	(Rs 542.55 Lakhs)	Rs. 136.57Lakhs	Rs.467.42 Lakhs
	b) For the previous financial year of the Subsidiary since it became a subsidiary of Mastek Limited	GBP 13,438,570	(US \$ 3,013,846)	(Euro 206,542)	(Sing \$ 2,470,891)	(RM 379,079)	(Bath 1,668,369)	Nil	(US \$ 213,049)	US \$ 56,275	Rs.44,095,176
		Rs 11,025.68 Lakhs	(Rs 1,213.49 Lakhs)	(Rs 128.88 Lakhs)	(Rs 654.72 Lakhs)	(Rs 40.31 Lakhs)	(Rs. 20.56 Lakhs)	Nil	(Rs 86.09 Lakhs)	Rs. 22.74 Lakhs	Rs.440.95 Lakhs
	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 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

Mumbai,
Dated: July 22, 2009

Sudhakar Ram
Chairman & Managing Director

Ashank Desai
Director

O. Banerjee
Company Secretary

DETAILS OF SUBSIDIARIES AS AT JUNE 30, 2009

(Value in thousand)

Subsidiaries	Mastek (UK) Limited		Mastek, GmbH		Mastek Asia Pacific Pte Limited		Mastek MSC Sdn Bhd		Mastek MSC (Thailand) Co. Ltd*		Majesco Mastek Enterprises Solutions Canada Co. Ltd		Vector Insurance LLC ***		System Task Group International Ltd **		Keystone Solution Pvt Ltd.**	
	GBP	Rs. Equivalent	Euro	Rs. Equivalent	SGD	Rs. Equivalent	RM	Rs. Equivalent	Baht	Rs. Equivalent	CAD	Rs. Equivalent	USD	Rs. Equivalent	USD	Rs. Equivalent	Rs.	
Share Capital	200.00	15,889.00	540.00	36,343.15	3,650.00	120,924.50	7,700.00	104,931.78	6,000.00	8,145.00	500.00	20,765.00	932.52	44,672.47	2.72	130.25	10,605.12	
Reserves	16,784.87	1,334,313.40	217.95	14,749.02	(2,488.88)	(82,456.59)	(62.72)	(854.66)	(3,644.66)	(5,129.87)	(245.43)	(10,202.53)	(2,280.46)	(109,245.44)	1,076.62	51,671.39	173,321.85	
Total Assets	27,951.13	2,221,975.24	788.29	53,345.22	1,640.97	54,365.27	12,288.37	167,459.72	2,887.93	4,064.76	283.77	11,796.44	435.93	20,863.37	7,612.68	364,685.29	240,688.04	
Total Liabilities	10,966.26	871,762.84	30.34	2,053.05	479.85	15,897.36	4,651.08	63,382.61	532.59	749.62	292.20	1,213.97	1,763.87	85,456.34	6,531.34	312,883.60	95,762.30	
Details of Investment (except in case of subsidiaries)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Investment in subsidiary	1.00	79.50	—	—	—	—	601.11	8,191.63	—	—	—	—	413.97	19,630.99	—	—	—	
Income	71,938.88	5,483,951.06	1,281.70	84,372.02	1,247.55	40,913.37	14,933.96	203,867.90	2,820.64	3,670.76	2.92	120.21	2,376.41	114,363.73	23,881.53	1,149,289.08	313,982.49	
Profit before taxation	4,366.54	333,182.46	433.35	28,526.60	(17.99)	(589.95)	311.44	4,251.49	(1,976.30)	(2,712.07)	(245.43)	(10,089.59)	(1,127.49)	(54,260.05)	3,170.46	152,577.07	51,987.00	
Provision for taxation	1,020.23	77,849.87	8.86	583.29	—	—	20.75	283.32	—	—	—	—	—	—	332.64	16,008.31	5,245.24	
Profit after taxation	3,346.30	255,342.59	424.49	27,943.31	(17.99)	(589.95)	290.68	3,968.17	(1,976.30)	(2,712.07)	(245.43)	(10,089.59)	(1,127.49)	(54,260.05)	2,837.82	136,568.76	46,741.76	
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