



OBJECTONE INFORMATION SYSTEMS LIMITED

BOARD OF DIRECTORS

Mr.K.Ravi Shankar	Managing Director
Mr K. Mallikarjuna Rao	Wholetime Director
Mr. M. Vijay Kumar	Director
Mr. Viswanadh Dasari	Director
Mr. B.S.N Kumar	Director
Mr. Mohan Muralidhar Venigella	Director
Mr.Sana Satish Babu	Director
Mr. I Venkat	Additional Director
Mr. K Mohan	Additional Director
Mr. N Prakash	Additional Director

AUDITORS

M/s. P Murali & Co.,
Chartered Accountants,
6-3-655/2/3, 1st Floor,
Somajiguda,
Hyderabad - 500 082.

BANKERS

ICICI Bank Ltd.
CITI Bank N.A.
The Bank of Nova Scotia
Karur Vysya Bank Ltd

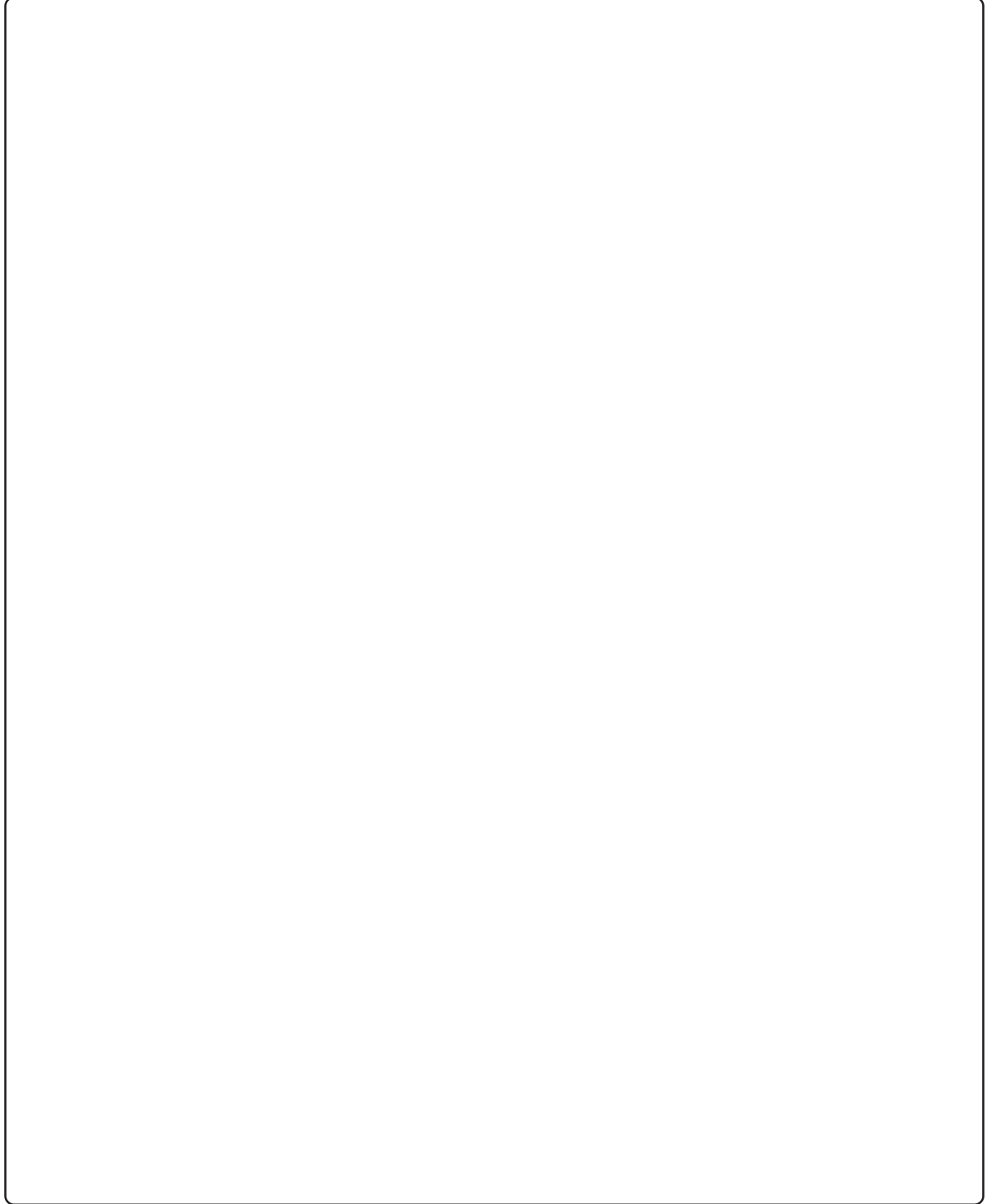
REGISTERED OFFICE

8-3-988/34/7/2/1 &2
Kamalapuri Colony,
Srinagar Colony Road
Hyderabad – 500 073
Tel Nos: 23757192, 23757193
Fax No: 23753323

SHARE TRANSFER AGENTS

M/s. Aarathi Consultants Private Limited
1-2-285, Domalguda,
HYDERABAD - 500 029

Contents	Page
Notice	03
Director's Report	06
Corporate Governance	08
Auditor's Report	22
Balance Sheet	27
Profit & Loss A/C	28
Schedule to Accounts	29
Notes on Accounts	32
Abstract	35
Cash Flow Statement	36
Consolidated Financial Statements	37
Annual Reports of Inmate Consultants Pvt. Ltd.	51
Financial Statement of ObjectNet Technologies Inc.	71
Proxy Form & Attendance Slip	73





NOTICE

Notice is hereby given that the Twelvth Annual General Meeting of the Members will be held on Monday, 29th day of September, 2008 at Registered office 8-3-988/34/7/2/1 &2, Kamalapuri Colony, Srinagar Colony Road, Hyderabad-500 073 at 11.00 am to transact the following business:

Ordinary Business

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31st, 2008 and the Profit and Loss Account for the financial year ended on that date together with the schedules and notes thereon and the Directors and Auditors Report thereof.
2. To appoint a Director in the place of Mr. M. Vijaya Kumar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Mr. Viswanath Dasari who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

Special Business

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

“RESOLVED THAT pursuant to the provisions of Sections 257 of the Companies Act, 1956, Mr. I Venkat, who was appointed as Additional Director during the year, be and is hereby appointed as Director of the Company, liable to retire by rotation”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an on ordinary resolution.

“RESOLVED THAT pursuant to the provisions of Sections 257 of the Companies Act, 1956, Mr. K Mohan, who was appointed as Additional Director during the year, be and is hereby appointed as Director of the Company, liable to retire by rotation”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

“RESOLVED THAT pursuant to the provisions of Sections 257 of the Companies Act, 1956, Mr. N Prakash, who was appointed as Additional Director during the year, be and is hereby appointed as Director of the Company, liable to retire by rotation”

By order of the Board
ObjectOne Information Systems Limited

Sd/-
K Ravi Shankar
Managing Director

Place: Hyderabad
Date: 02.09.2008



NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Proxies in order to be effective must be deposited at the company's registered office at # 8-3-988/34/7/2/1&2, Kamalapuri Colony, Srinagar Colony Road, Hyderabad – 500 073 not less than 48 hours before the time of holding the aforesaid meeting.
3. Members/Proxies should bring the attendance slips filled in for attending the meeting.
4. The Register of Members and Share Transfer Books will remain closed from, the 26th September, 2008 to 29th September, 2008 (both days inclusive).
5. Members are requested to notify the company at the registered office of any change in addresses quoting their folio number/s.
6. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.
7. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the Listing Agreement, the particulars of Directors, who are proposed to be appointed/reappointed at the ensuing Annual General Meeting are given below:

1	Name	: Mr Viswanath Dasari
	Age/DOB	: About 37 Years
	Qualification	: Post Graduation IN IT
	Experience	: Vast experience in Information Technology
	Other Directorships	: NIL
2	Name	: Mr. Vijaya Kumar
	Age/DOB	: About 37 Years
	Qualification	: MBA
	Experience	: Vast experience in Information Technology and Worked with big MNCs in USA
	Other Directorships	: ObjectOne Information Technology Ltd.
3	Name	: Mr. I Venkat
	Age/DOB	: About 61 years/14th October 1947
	Qualification	: B.Sc.
	Experience	: Above four decades of experience in Media (News Paper, Publication and Television)
	Other Directorships	: Ushodaya Enterprises Pvt. Ltd.



4	Name	: Mr K. Mohan
	Age/DOB	: About 51 years / 20th July 1957
	Qualification	: M.Com., LLB, CA IIB, DCM
	Experience	: 29 years in Banking sector, RBI-Panel Exchange Control Auditor, Panel of FADAI Faculty.
	Other Directorships	: Relisys Medical Devices Ltd. (CARE Group)
5	Name	: Mr N. Prakash
	Age/DOB	: About 45 Years/3rd May 1963
	Qualification	: MBA
	Experience	: Associated with M/s. Matrix Laboratories Ltd. heading the total Supply Chain Management Team, Bulk Drugs. Associated with Ms. Vanpic Ports Pvt. Ltd., an upcoming Industrial Corridor Project at Vadarevu & Nizampatnam.
	Other Directorships	: 30 companies

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5 , 6 & 7

Mr. I Venkat, Mr. K Mohan, & Mr. N Prakash, was appointed as Additional Directors of the Company in the Board Meeting held on 30th April 2008. As per the provisions of Section 260 of the Companies Act, 1956, they hold office only upto the date of the ensuing Annual General Meeting of the Company.

Pursuant to Section 257 of the Companies Act, 1956, the Company has received notices from the members along with the requisite deposits signifying their intention to propose the appointment of aforesaid persons as Directors of the company, who shall be liable to retire by rotation.

Your Directors recommend the resolutions for your approval.

Except Mr.I Venkat, Mr. K Mohan, & Mr. N Prakash, none of the Directors of the company is in any way concerned or interested in these resolutions.

By order of the Board
ObjectOne Information Systems Limited

Sd/-
K Ravi Shankar
Managing Director

Place: Hyderabad
Date: 02.09.2008

**DIRECTORS' REPORT**

TO

THE MEMBERS

Your Directors hereby present the TWELVTH ANNUAL REPORT of your company together with the Audited Financial Statements for the financial year ended March 31st, 2008.

FINANCIAL RESULTS

Rupees in Lakhs

PARTICULARS	2007-08	2006-07
Gross Income	290.18	380.76
Expenditure	295.83	294.13
Gross Profit Before Depreciation	-5.65	86.63
Depreciation	39.09	68.13
Profit for the year before Tax	-44.74	18.50
Prior period adjustments	0.24	0.78
Provision for Income Tax	0.00	3.06
Provision for FBT	0.83	0.61
Provision for Deferred Tax	5.63	-2.13
Profit after Tax	-51.44	16.20
Profit brought forward	99.56	83.37
Profit carried forward to Balance Sheet	48.12	99.57

Performance

The Company has earned the income of Rs 290.18lakhs during the year against previous year income of Rs 380.76 lakhs and Gross Loss of Rs. 5.65 lakhs during the year against previous year Gross Profit of Rs. 86.63 lakhs.

Acquisition of Subsidiary Company

During the year, the Company has acquired a foreign based company by name Object Net Technologies INC as its Subsidiary Company in December, 2007.

Convertible Warrants

The Company has issued 24,02,000 Convertible Warrants of Rs. 10/- each (partly paid up of Rs. 3/- each) at premium of Rs. 3.35 per warrant amount in to Rs. 3,20,66,700 which includes Rs. 80,46,700/- premium on 15th March, 2008 to M/s. Swapriyaraj Holdings Private Limited to be convertible into equity shares within a period of 18 months from the date of its allotment and on such terms and condition, subject to SEBI (Disclosure and Investor Protection) guidelines 2000 as may be applicable from time to time.

Management Discussion and Analysis Report

Pursuant to clause 49 of the Listing Agreement, Management Analysis Report is given below:



Business Overview

Your company's Major achievements this year include acquisition of ObjectNet Inc. an IT consulting and Hosting facility with a Datacenter in Atlanta. This acquisition has strengthened your company in Technology, IT services, Video Hosting and Streaming services. Object Net has core skills in the area of developing video streaming solutions, and developing natural language query skills on hybrid databases.

In the year 2000 we have launched our entertainment portal www.teluguone.com, and after 8 years we see a major activity happening on Internet based Video entertainment, with all major companies world wide over plunging into this business. Teluguone.com is today a major brand with 80% market penetration abroad. Now with Broadband availability and IPTV implementations in India we have an opportunity to roll out in the Indian market.

Your company has built a unique portal www.kidsone.in catering to NRI kids who have passion towards their language and culture. This portal includes e-learning of Indian languages, 2D animated moral stories, Rhymes, Mythological stories, festivals, traditions, games etc.

Internet Protocol television (IPTV) is rapidly emerging as a new TV platform. The technology leverages the flexibility and scalability of IP to transform the television experience by providing access to more content—content that is superior in quality and can be more personalized and interactive than traditional broadcast TV. Within this context, video on demand (VoD) by enabling further service differentiation, is becoming a key component of the IPTV proposition. Your company has identified this opportunity way back in the year 2000 and started acquiring content.

Your company is proud to announce that till date teluguone.com is the only comprehensive Telugu portal offering content to all cross sections of audiences.

In an extremely competitive market, the telecommunications carriers have started to look for ways to grow their business beyond core voice and data services. Now thanks to improved bandwidth and video compression techniques, carriers are able to deliver Video signals to either a television set or a PC through a broadband network, thus completing the triple play of voice, video, and data offerings.

Online Advertising

The company enters into contracts with customers to serve advertisements in TeluguOne TV, TeluguOne Radio on Internet, Web Pages on TeluguOne.com,. Company is paid on the basis of impressions and click-throughs. Other revenue streams include advertisements in movies on Pay-Per-View (Vendithera) or in the newly launched weekly magazine called Patrika.

Software Development Division

During this financial year your company has executed and developed software projects in Payroll and Human Resource Management. We now have a reference customer who has completely outsourced IT services to our company.

SUBSIDIARIES:

As required under Section 212 of the Companies Act, 1956, the subsidiary's financial statement of accounts for the period ended 31st March, 2008 is annexed. The subsidiary company Object



Net Technologies INC the details have been given for the quarter ended 31st March 2008 as the same is acquired in December 2007.

CORPORATE GOVERNANCE

In terms of the Listing Agreement, a Report on Corporate Governance along with the Auditor's certificate on the compliance is also annexed herewith and forms part of the Annual Report.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

DIRECTORS

Mr Viswanath Dasari, Mr. M. Vijay Kumar Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

During the year under review Mr.I Venkat, Mr. K Mohan & Mr. N Prakash, were appointed as Additional Directors of the Company in the Board Meeting held on 30th April, 2008. The Board place on record appreciation of the services rendered by them during their tenure on the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that:

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2008, , the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss account of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s. P. MURALI & CO., Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility pursuant to Section 224 (1B) of the Companies Act, 1956 and willingness to accept office, if re-appointment at the ensuing Annual General Meeting

PARTICULARS OF EMPLOYEES

In pursuance of the provision of section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules 1975, the Directors are to report that no employee was in receipt of remuneration of Rs. 24,00,000/- or more per annum or Rs.2,00,000/- or more per month during the year or for a part of the year.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Disclosures required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31st, 2008 are as follows:

- A) Conservation of Energy: The Company is monitoring the consumption of energy and is identifying measures for saving energy wherever possible.
- B) Technology absorption, adaptation and innovation: No technology either indigenous or foreign is involved.
- C) Research and Development (R&D): No research and development has been carried out during the year.
- D) Foreign Exchange earnings and outgo:
 - Foreign Exchange earnings : Rs 18,244,805 against IT enabled Services and
 - Foreign Exchange outgo : Rs 81,800 towards foreign travel.
 - Foreign Exchange outgo : Rs 5,006,330 towards foreign company acquisition

ACKNOWLEDGEMENTS:

Your Directors place on record the appreciation for the sincere efforts and active involvement of employees at various levels of the Company in its operations. The Directors also place on record the appreciation for the support received from Banks and other Government Agencies.

The Directors express gratitude to the shareholders of the company for the confidence reposed in the management.

For and on behalf of the Board
ObjectOne Information Systems Ltd.

Sd/-
K Ravishankar
Managing Director

Sd/-
M. Vijay Kumar
Director

Place : Hyderabad
Date : 02.09.2008

**COMPLIANCE REPORT ON CORPORATE GOVERNANCE
ANNEXURE TO THE DIRECTORS' REPORT****1. Company's Objective on Corporate Governance**

Your Company is committed to good Corporate Governance against the prescribed standards. As the objective of Corporate Governance is the enhancement of value and protecting the interests of shareholder, your Company aimed at assisting the management in efficient conduct of the business of the Company and in meeting its obligations to shareholders and others.

2. Board of Directors

(a) Composition and Category of Directors

S. No.	Name of the Director	Category of Directorship	No. of Board Meetings Held during the year	No. of Boards Meetings Attended	Attendance at the last AGM	No. of Directorships held in other companies
1	Mr. K Ravi Shankar	Managing Director	7	7	Yes	2
2	Mr .K Mallikarjuna Rao	Wholetime Director	7	6	Yes	-
3	Mr. M Vijay Kumar	Non-Executive Director	7	5	Yes	1
4	Mr Vishwanadh Dasari	Independent Director	7	-	-	-
5	Mr R.Srinivas	Independent Director	7	5	Yes	2
6	Mr. B. Rama Murthy	Independent Director	7	5	Yes	1
7	Mr. V Jaya Prakesh Narayana	Independent Director	7	-	Yes	4
8	Mr. B.S.N Kumar	Independent Director	7	5	No	-
9	Mr. Mohan Muralidhar Venigella	Independent Director	7	1	No	-
10	Mr.Sana Satish Babu	Independent Director	7	5	Nil	



Note: Mr.I Venkat, Mr.K Mohan & Mr. N Prakash , were appointed as Additional Directors of the Company in the Board Meeting held on 30th April,2008.

Meetings of the Board of Directors

During the financial year 2007-2008, the Board of Directors met **7** times on the following dates: 30th April,2007, 31st July,2007, 30th August,2007, 29th Sep,2007, 31st October,2007, 31st January,2008 & 18th February 2008

3. Audit Committee

(a) Brief description of terms of reference

The terms of reference of the Audit Committee are comprehensive and covers the matters specified for Audit. The Audit Committee consists of independent Directors and provides assistance to the Board of Directors in fulfilling its oversight responsibilities.

The functions of Audit Committee include:

Oversight of the Company's Financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- | Reviewing the quarterly and annual financial statements before submission to the Board.
- | Reviewing the adequacy of internal control and compliance thereof.
- | Committees under the Listing Agreement with Stock Exchanges.

(b) Composition, Names of members and Chairperson

Presently the composition of Audit Committee is as follows:

- | | | |
|-------------------------|---|--------------------------------------|
| 1. Mr. B. Rama Murthy | – | Non-Executive & Independent Director |
| 2. Mr. Viswanath Dasari | – | Non-Executive & Independent Director |
| 3. Mr. M Vijay Kumar | – | Non-Executive Director |

The Heads of Finance & Accounts and representatives of Statutory Auditors are the permanent invites to the audit committee



(c) Meetings and attendance during the year :

During the financial year 2007-2008, the Audit Committee met four times on the following dates 30th April,2007, 31st July,2007, 31st October,2007 & 31st January,2008

Name of the Director	Position held in the Committee	No. of Meetings Attended
Mr. B. Rama Murthy	Chairman	4
Mr Viswanath Dasari	Member	-
Mr. M Vijay Kumar	Member	4

4 Remuneration Committee

The remuneration Committee consists of the following three directors i.e., Mr Viswanath Dasari, Mr. B. Rama Murthy and Mr. R. Srinivas. The remuneration committee decides reviews and approves the remuneration package for the Directors, which includes salary, benefits, bonuses, pensions and employee stock options. Mr. B. Ram Murthy, Chairman and R. Srinivas, Member has attended the meeting on 31st October 2007 and its recommendations were accepted.

Remuneration of Directors

(a) Remuneration to Non-Executive Directors

Presently, the non-executive Directors do not receive any remuneration from the Company and are paid sitting fees for attending the meetings of the Board.

(b) Details of remuneration paid to Directors

Amount in Rupees

S. No.	Name of Directors	Relationship with other Directors	Loans & Advances from Company	Remuneration Paid	Commission Paid	TOTAL
1.	K Ravishankar Managing Director	None	Nil	9,00,000	Nil	9,00,000
2.	K. Mallikarjuna Rao, Whole Time Director	None	Nil	5,40,000	Nil	5,40,000
3.	M Vijay Kumar Director	None	Nil	Nil	Nil	Nil
4.	Mr Viswanath Dasari	None	Nil	Nil	Nil	Nil
5.	Mr R.Srinivas	None	Nil	Nil	Nil	Nil



Amount in Rupees

S. No.	Name of Directors	Relationship with other Directors	Loans & Advances from Company	Remuneration Paid	Commission Paid	TOTAL
6.	Mr. B. Rama Murthy	None	Nil	Nil	Nil	Nil
7.	Mr. V Jaya Prakesh Narayana	None	Nil	Nil	Nil	Nil
8.	Mr. B.S.N Kumar	None	Nil	Nil	Nil	Nil
9.	Mr. Mohan Muralidhar Venigella	None	Nil	Nil	Nil	Nil
10.	Mr.Sana Satish Babu	None	Nil	Nil	Nil	Nil

5. Shareholders/Investors Grievances Committee

The Investors' Grievance Committee focuses on shareholders' grievances and strengthening of investor relations. The functions of the committee includes the matters relating to transfers/transmissions of shares, dividend and dematerialization of shares, replacement of lost/stolen/mutilated share certificates and other related issues. There are no complaints pending as on the date of this report. The following directors of the Company are the members of the Committee:

1. Mr K Ravi Shankar, Managing Director
2. Mr K. Mallikarjuna Rao, Whole Time Director
3. Mr M Vijay Kumar, Director

(a) Name of the Non-executive Director heading the Committee

The Committee functions under the Chairmanship of Mr M Vijay Kumar, a non-executive director.

(b) Name and Designation of the Compliance Officer:

Mr K Ravi Shankar
Managing Director
8-3-988/34/7/2/1 &2,
Kamalapuri Colony,
Srinagar Colony Road
Hyderabad – 500 073

6. Code of Conduct

The Board has approved a code of conduct for Board Members and senior management personnel of the company. The code of conduct has been posted on the website of the company. All directors and senior management personnel have affirmed compliance with the code of conduct and submitted declarations in this behalf for the year ended 31st March 2008. A declaration signed by the Managing Director to this effect is enclosed.



7. General Body Meetings

During the Financial Year 2007-2008, an Extraordinary General Meeting has been conducted on 14-03-2008 to enhance the Authorised Capital to Rs. 14,00,00,000/- and the relevant resolution has been passed in the meeting.

Details of the location and time of the last three Annual General Meetings (AGMs) of the Company.

The details in respect of the last three Annual General Meetings of the Company are as follows:

Date (Year)	Venue of the meeting	Time of meeting
27 th September, 2007 (F.Y. 2006-07)	H.No. 8-3-988/34/7/2, Kamalapuri Colony, Srinagar Colony Road, Hyderabad – 500073	3.00 P.M.
28 th September, 2006 (F.Y. 2005-06)	H.No. 8-3-988/34/7/2, Kamalapuri Colony, Srinagar Colony Road, Hyderabad – 500073	4.00 P.M.
30 th September, 2005 (F.Y. 2004-05)	H.No. 8-3-1116/1, Keshav Nagar, Srinagar Colony Road, Hyderabad – 500073	4.00 P.M.

(b) Information on Directors seeking appointment/re-appointment as required under Clause 49 VI(A) of the Listing Agreement with Stock Exchanges.

This information is provided in the Notes appended to the Explanatory Statement under the heading “Additional information on Directors recommended for appointment/seeking re-election at the ensuing Annual General Meeting.”

(c) Whether special resolutions were put through Postal Ballot last year, details of voting pattern, person who conducted the Postal Ballot exercise, proposed to be conducted through Postal Ballot and procedure for Postal Ballot.

None of the resolutions had been proposed to be passed through Postal Ballot.

8. Disclosure

(a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests, of the Company at large.

During the Financial Year 2007-2008 the Company has not entered into any such contracts as specified above.



- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all Legal Matters as required as such no penalty or stricture has been imposed by any authority.

9. Means of Communication

- (a) The Quarterly un-audited/audited financial results of the company were generally published in two news papers as per the norms i.e., English and a vernacular newspaper.
- (b) The Management and Analysis Report Forms part of the Directors Report.
- (c) Further all material information which will have bearing on the operations of the company is sent to all Stock Exchanges concerned.

10. General Share Holders Information

- (a) As indicated in the Notice to our Shareholders, the Annual General Meeting of the Company will be held on 29th September, 2008 at Registered office at 11.00 A.M.
- (b) The financial year of the Company is from 1st April to 31st March
- (c) Date of book closure : from 26th September, 2008 to 29th September, 2008 (both days inclusive) for the purpose of the Annual General Meeting.

- (d) The shares of the company are listed on:

The Hyderabad Stock Exchange Limited (Regional Stock Exchange)

The Stock Exchange, Ahmedabad (Non Regional Stock Exchange)

The listing fees to all stock exchanges for all the years are paid in time.

- (e) Stock Code

Stock Code –HSE - SYB

Stock Code – ASE- SURCABLES

- (f) Shares of the company are not traded during the year in Hyderabad Stock Exchange and The Stock Exchange, Ahmedabad, therefore the monthly high & Low stock quotation have not been furnished for the same.

- (g) Registrars and Share Transfer Agents

M/s Aarti Consultants Pvt Ltd

1-2-285, Domalguda,

Hyderabad – 500 029

- (h) Share Transfer System

The shareholders are advised to contact the Registrar and Share Transfer Agents at their address for effecting transfer of shares both in physical and electronic form.



(I) Distribution of Shareholding as on 31st March, 2008

Share Holding Nominal Value Rupees		Share Holders Nos. %		Share Amount Rs. %	
Upto	5000	100	26	224990	0.21
5001	10000	62	16	603000	0.57
10001	20000	41	11	702000	0.67
20001	30000	43	11	1130000	1.07
30001	40000	5	1	200000	0.19
40001	50000	15	4	745000	0.71
50001	100000	25	7	2405000	2.29
100001	And above	89	23	99109010	94.28
TOTAL		380	100	105119000	100

According to categories of Shareholders as at 31st March, 2008.

CATEGORY	No of shares Held Shareholding	%Age of Shareholding
A. Promoter's Holding		
1. Promoters'		
- Indian promoters-	10600	0.01
- Foreign Promoters	- Nil -	-Nil-
2. Persons acting in Concert #	- Nil -	- Nil -
Sub – Total	10600	0.01
B. Non-Promoters Holding	- Nil -	- Nil -
3. Institutional Investors	- Nil -	- Nil -
a. Mutual Funds and UTI	- Nil -	- Nil -
b. Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions/ Non-government Institutions)	- Nil -	- Nil -
C. FIIS	- Nil -	- Nil -
Sub – Total	- Nil -	- Nil -
4. OTHERS		
a. Private Corporate Bodies	520000	4.95
b. Indian Public:		
Holding upto of Rs.1 lakh	590399	5.62
Holding in excess of Rs.1 lakh	9390901	89.34
c. NRIs/OCBs	- Nil -	-Nil-
d. Any other (Please specify)	- Nil -	- Nil -
Sub – Total	10501300	99.99
GRAND TOTAL	10511900	100.00



(j) Dematerialization of Shares

The shares are traded in dematerialized form with effect from 5th January, 2002. Our Company had entered into agreements with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) to establish electronic connectivity and facilitate scripless trading. The International Securities Identification Number (ISIN) allotted to the Company's scrip is INE 860E01011.

(k) Outstanding GDRs/ADRs/Warrants or any other Convertible instruments, conversion date and likely impact on equity.

The Company has not issued any GDRs/ADRs but has issued 2402000 Convertible Warrants of Rs. 10/- each (partly paid up of Rs. 3/- each) at premium of Rs. 3.35 per warrant amount in to Rs. 3,20,66,700 which includes Rs. 80,46,700/- premium on 15th March, 2008 to M/s. Swapriyaraj Holdings Private Limited to be convertible into equity shares within a period of 18 months from the date of its allotment and on such terms and condition, subject to SEBI (Disclosure and Investor Protection) guidelines 2000 as may be applicable from time to time.

(l) Business Location

Since the company does not own any permanent office premises it is doing business in Leased premises and if any changes in the office premises being intimated to Stock Exchanges and through public announcement.

(m) Address for correspondence

OBJECTONE INFORMATION SYSTEMS LIMITED

8-3-988/34/7/2/1 &2,
Kamalapuri Colony, Srinagar Colony Road
Hyderabad – 500 073
Tel No's: 23757192, 23757193, Fax No: 23753323

Disclosure under clause 38 of the Listing Agreement

The Equity Shares of the Company are listed in the following Stock Exchanges and the listing fees for the year 2007-08 have been paid by the Company.

Regional	Non-Regional
The Hyderabad Stock Exchange Limited., 3-6-275, Himayatnagar, Hyderabad – 500 029	The Ahmedabad Stock Exchange Ltd., Kamadhenu Complex, Panjarapole, Ahmedabad – 380 015

For and on behalf of the Board
ObjectOne Information Systems Limited

Sd/-
K Ravishankar
Managing Director

Sd/-
M. Vijay Kumar
Director

Place : Hyderabad
Date : 02.09.2008



DECLARATION

I, K.Ravi Shankar, Managing Director hereby declare that as per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members & senior management personnel have confirmed compliance with the Code of Conduct & Ethics for the year ended 31st March, 2008.

For and on behalf of the Board
ObjectOne Information Systems Limited

Place: Hyderabad
Date: 02.09.2008

Sd/-
K Ravi Shankar
Managing Director



COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
ObjectOne Information Systems Ltd.
Hyderabad.

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s. ObjectOne Information Systems Limited ("the company") for the year ended 31st March, 2008 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the condition of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is either an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For P. Murali & Co.,
Chartered Accountants

Sd/-
P. Murali Mohan Rao
Partner

Place : Hyderabad
Date : 02-09-2008

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:**

A. Name of the Subsidiary Company	Inmate Consultants Private Limited
B. Financial year of the subsidiary company	March 31, 2008
C. The Company's interest in the subsidiary on the aforesaid date	
a. Number of shares held	21,000 Equity Shares
b. Face value per share	Rs. 10/-
c. Extent of holding	70%
D. The net aggregate of the Profits / (Losses) of the Subsidiary so far it concerns the Members of the company	Rs. 1,00,436/-
a. Not dealt with in the accounts of the company amounted to :	
1. For the Subsidiary's financial year ended as in B. above	Rs.31,131/-
2. for the previous financial years of the subsidiary since it became the company's subsidiary.	Rs. 22,951/-
b. Dealt with in the accounts of the Company amounted to :	
1. For the Subsidiary's financial year ended as in B. above	Rs. 70,305/-
2. for the previous financial years of the subsidiary since it became the company's subsidiary.	Rs. 53,552/-

For and on behalf of the Board
ObjectOne Information Systems Limited

Sd/-
K Ravi Shankar
Managing Director

Place: Hyderabad
Date: 02.09.2008

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:**

A. Name of the Subsidiary Company	ObjectNET Technologies Inc.
B. Financial year of the subsidiary company	For Quarter Ending March 31, 2008
C. The Company's interest in the subsidiary on the aforesaid date	
a. Number of shares held	1000 Equity Shares
b. Face value per share	Rs. 4000/-
c. Extent of holding	100%
D. The net aggregate of the Profits / (Losses) of the Subsidiary so far it concerns the Members of the company	Rs. 49,38,878/-
a. Not dealt with in the accounts of the company amounted to :	
1. For the Subsidiary's financial year ended as in B. above	NA
2. for the previous financial years of the subsidiary since it became the company's subsidiary.	NA
b. Dealt with in the accounts of the Company amounted to :	
1. For the Subsidiary's financial year ended as in B. above	Rs. 49,38,878/-
2. for the previous financial years of the subsidiary since it became the company's subsidiary.	NA

For and on behalf of the Board
ObjectOne Information Systems Limited

Place: Hyderabad
Date: 02.09.2008

Sd/-
K Ravi Shankar
Managing Director



AUDITOR'S REPORT

To
The Members,
ObjectOne Information Systems Limited

We have audited the attached Balance Sheet of OBJECTONE INFORMATION SYSTEMS LIMITED as at 31st March, 2008 and also the PFC:\WINDOWS\hinhem.scr\loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on the date. 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.

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

As required by the Companies (Auditor's Report) order 2003 and an amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i) 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;
- ii) 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;
- iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956;
- v) On the basis of written representations received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act,



ObjectOne Information Systems Limited

1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
- (b) In the case of the Profit & Loss Account, of the Loss for the period ended on that date;

And

- (c) In the case of the Cash Flow, of the cash flows for the period ended on that date;

For P. Murali & Co.,
Chartered Accountants

Sd/-
P. Murali Mohan Rao
Partner

Place : Hyderabad
Date : 02-09-2008



ANNEXURE TO THE AUDITOR'S REPORT

- I (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. The Company has no Inventory. Hence this clause is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956, hence overdue amount of more than rupees one lac does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956. (f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties, is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.



- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A,58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX. a) The Company is regular in depositing statutory dues including PF, ESI, Income Tax, Cess and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which due for more than 6 months from the date they became payable.
- b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF, ESI, Income Tax, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.



- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the term loans were applied by the company for the purpose for which the loans were obtained.
- XVII. According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long-term investment does not arise.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P. Murali & Co.,
Chartered Accountants

Sd/-
P. Murali Mohan Rao
Partner

Place : Hyderabad
Date : 02-09-2008

**OBJECTONE INFORMATION SYSTEMS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2008**

PARTICULARS	Schedule No.	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
I SOURCES OF FUNDS:			
1. Shareholders' Funds			
a. Share Capital	1	112,325,000	105,119,000
b. Reserves and Surplus	2	4,812,242	9,956,679
c. Provision for Deferred Tax		1,125,783	561,879
2. Secured Loan		1,785,729	1,321,181
TOTAL		120,048,754	116,958,739
II APPLICATION OF FUNDS:			
1. FIXED ASSETS			
a. Gross Block	3	126,324,961	122,822,254
b. Less Depreciation		35,883,843	31,974,045
c. Net Block		90,441,118	90,848,209
3. INVESTMENTS	4	10,890,000	600,000
4. CURRENT ASSETS, LOANS & ADVANCES			
a) Sundry Debtors	5	14,653,822	14,843,962
b) Cash and Bank Balances	6	3,915,842	399,331
c) Loans and Advances	7	11,843,657	17,085,955
Less: Current Liabilities and Provisions	8	12,195,329	7,568,184
NET CURRENT ASSETS		18,217,992	24,761,064
5. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	9	499,644	749,466
TOTAL		120,048,754	116,958,739
NOTES TO ACCOUNTS	11		

AS PER OUR REPORT EVEN DATE
For **P MURALI & CO**
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD
ObjectOne Information Systems Limited

Sd/-
P. Murali Mohana Rao
Partner

Sd/-
K. Ravi Shankar
Managing Director

Sd/-
M. Vijay Kumar
Director

PLACE : HYDERABAD
DATE : 02-09-2008



OBJECTONE INFORMATION SYSTEMS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	Schedule No.	Year Ended 31-03-2008 (Rupees)	Year Ended 31-03-2007 (Rupees)
I INCOME			
Export Income		23,175,363	34,172,894
Domestic Income		5,691,608	3,641,866
Other Income		151,485	261,953
TOTAL		29,018,456	38,076,713
II EXPENDITURE			
Salaries		10,659,489	7,398,144
Operational & Administrative Expenses	10	18,521,245	21,615,621
Interest & Financial Charges		152,435	149,203
Depreciation	3	3,909,798	6,813,481
Written off Expenses		249,822	249,822
TOTAL		33,492,789	36,226,271
Profit / (Loss) Before Tax		(4,474,333)	1,850,442
Prior Period Adjustments		23,387	77,567
Provision for taxation		-	306,233
Provision for FBT		82,813	60,545
Pro/Reversal of Deferred taxation		563,904	(213,165)
Balance Brought Forward		9,956,679	8,337,416
Balance Carried Forward		4,812,242	9,956,679
Earning per share		(0.43)	0.15

NOTES TO ACCOUNTS

11

AS PER OUR REPORT EVEN DATE
For **P MURALI & CO**
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD
ObjectOne Information Systems Limited

Sd/-
P. Murali Mohana Rao
Partner

Sd/-
K. Ravi Shankar
Managing Director

Sd/-
M. Vijay Kumar
Director

PLACE : HYDERABAD
DATE : 02-09-2008

**OBJECTONE INFORMATION SYSTEMS LTD.**
Schedules forming part of the Balance Sheet

PARTICULARS	As At 31-03-2008 (Rupees)	As At 31-03-2007 (Rupees)
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED :		
14000000 Equity Shares of Rs.10/- each	140,000,000	
11000000 Equity Shares of Rs.10/- each (P.Y)		110,000,000
ISSUED, SUBSCRIBED & PAID UP:		
10511900 Equity shares of Rs.10/- each fully paid	105,119,000	105,119,000
2402000 Convertible Warrants of Rs 10 each partly paid of Rs 3/- per warrant	7,206,000	-
	112,325,000	105,119,000
SCHEDULE 2 RESERVES & SURPLUS		
Profit & Loss Account	4,812,242	9,956,679
	4,812,242	9,956,679
SCHEDULE 4 INVESTMENTS		
INMATE CONSULTANTS PVT. LTD.	600,000	600,000
OBJECT NET TECHNOLOGIES INC	10,290,000	-
	10,890,000	600,000
SCHEDULE 5 SUNDRY DEBTORS (Unsecured & considered good)		
a. Debt over a period of six months	4,385,660	3,612,730
b. Other (Less than six months)	10,268,162	11,231,232
	14,653,822	14,843,962
SCHEDULE 6 CASH & BANK BALANCES		
Cash on Hand	6,598	49,442
Cash at Scheduled Banks	16,650	349,889
Cash at Other Banks	38,92,594	-
	3,915,842	399,331



**ObjectOne Information Systems Limited
Schedules forming part of the Balance Sheet**

SCHEDULE- 3 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	ASAT 1-04-2007	Additions during the year	ASAT 31-03-2008	UPTO 1-04-2007	During the year	ASAT 31-03- 2008	ASAT 31-03- 2008	ASAT 31-03- 2007
LEASED BUILDING	6,790,956		6,790,956	214,345	429,868	644,213	6,146,743	6,576,611
RIGHTS	54,860,700		54,860,700	-		-	54,860,700	54,860,700
RIGHTS	20,586,925	1,385,500	21,972,425	3,830,453	2,091,869	5,922,322	16,050,103	16,756,472
HARDWARE & SOFTWARE	24,994,024	597,942	25,591,966	23,928,000	302,628	24,230,628	1,361,338	1,066,024
FURNITURE & FITTINGS	5,741,743	50,005	5,791,748	1,348,597	364,699	1,713,296	4,078,452	4,393,146
OFFICE EQUIPMENTS	7,282,807	162,220	7,445,027	2,486,238	462,575	2,948,813	4,496,214	4,796,569
ELECTRICAL EQUIPMENTS	125,000	-	125,000	38,596	5,938	44,534	80,465	86,404
VEHICLES	2,440,099	1,307,040	3,747,139	127,816	252,221	380,037	3,367,102	2,312,283
	122,822,254	3,502,707	126,324,961	31,974,045	3,909,798	35,883,843	90,441,118	90,848,209

**OBJECTONE INFORMATION SYSTEMS LTD.**
Schedules forming part of the Balance Sheet

PARTICULARS	As At 31-03-2008 (Rupees)	As At 31-03-2007 (Rupees)
SCHEDULE 7		
LOANS & ADVANCES		
Deposits	124,113	164,000
Other Advances	11,719,544	16,921,955
	11,843,657	17,085,955
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	4,527,580	4,556,804
Creditors for Expenses	6,502,413	1,972,063
Outstanding Expenses & Provision	1,165,336	1,039,317
	12,195,329	7,568,184
SCHEDULE 9		
MISCELLANEOUS EXPENSES		
Preliminary Expenses	106,366	122,892
Share Issue Expenditure	393,278	626,574
	499,644	749,466
SCHEDULE 10		
OPERATING AND ADMINISTRATION EXPENSES		
Electricity Charges	627,109	558,410
Postage & Telephone Expenses	541,562	530,014
Consultancy Charges	722,234	861,092
Business Promotion Expenses	96,179	34,518
Rent, Rates & Taxes	1,425,314	1,262,686
Traveling & Conveyance	486,952	788,177
Printing & Stationary	65,474	233,699
Server Hosting charges	4,105,500	8,118,932
Repairs & Maintenance	2,274,387	1,738,458
Directors Remuneration	1,440,000	1,260,000
Auditor Remuneration	56,180	50,562
eCommerce Expenses	5,336,168	4,246,636
Other Miscellaneous Expenses	1,020,186	1,313,796
Donations	324,000	503,000
Loss on Sale of Vehicle	-	115,641
	18,521,245	21,615,621



SCHEDULE - 11

NOTES ON ACCOUNTS

General :

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

Revenue Recognition :

- (i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- (ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are performed.
- (iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognised as related services are performed.
- (iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
- (v) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Foreign Exchange Transaction :

- (i) Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account. Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date.

Investments :

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable.

Fixed Assets :

- (i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

Depreciation and Amortisation :

- (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.
- (ii) Preliminary Expenses are amortised over the period of 10 years.
- (iii) Public Issue Expenses are amortised over the period of 10 years.

**Taxation :**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

Earning Per Share:

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year.

Gratuity :

No provision for gratuity has been made as no employee has put in qualifying period of service for entitlement of this benefit.

B. NOTES ON ACCOUNTS

1. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act , 1956 read with Companies (Particulars of Employees) Rule 1975.

NIL

2. Director's Remuneration:	Current Years (Rs.)	Previous Year (Rs.)
a) K. Ravi Shankar, Managing Director	9,00,000/-	9,00,000/-
b) K, Mallikarjuna Rao Whole Time Director	5,40,000/-	3,60,000/-
3. Auditor's Remuneration	Current Years (Rs.)	Previous Year (Rs.)
Audit Fee	56,180/-	50,562/-
4. The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.		
5. Expenditure in Foreign Currency:	Current Years (Rs.)	Previous Year (Rs.)
Foreign Traveling	81,800/-	4,95,894/-
Acquisition of Foreign Company	50,06,330/-	Nil
6. Earnings in Foreign Exchange as reported by the Company to Government of India and as certified by Management.	Current Years (Rs.)	Previous Year (Rs.)
Foreign Exchange Inflow	1,82,44,805/-	2,10 43,533/-



7. The Depreciation has been calculated on Rights Tangible Assets at the rate of 10% on the rights which were put to use during the financial year under audit
8. There are no dues to SSI Units outstanding for more than 30 days.
9. No confirmations were obtained from debtors/creditors as to the balances receivable from/ payable to them as at year end.
10. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to 563,904 towards deferred tax liability (Previous Year Rs.2,13,165/ - towards deferred tax asset)
11. The vehicle loans are secured against hypothecation of the vehicles.
12. The company has invested an amount of Rs. 1,08,90,000/- towards the purchase of shares in M/s. Object Net Technologies Inc (100% Foreign Subsidiary) which includes Rs. 62,90,000/ - towards Goodwill.
13. The company has issued 24,02,000 convertible Share warrants (Rs. 10/- each per Warrant) at Rs. 13.35 per warrant against which the company has received Rs. 72,06,000/- (Rs. 3 per Warrant) during the Financial Year.
14. The figures have been rounded off to the nearest rupee.

SIGNATURES TO SCHEDULES 1 To 11

As per our report of even date
For **P. Murali & Co**
Chartered Accountants

For and on behalf of the Board
ObjectOne Information Systems Limited

Sd/-
P. Murali Mohan Rao
Partner

Sd/-
K. Ravi Shankar
Managing Director

Sd/-
M. Vijay Kumar
Director

PLACE : HYDERABAD
DATE : 02-09-2008

**ADDITIONAL INFORMATION AS REQUIRED UNDER IV OF SCHEDULE VI TO THE
THE COMPANIES ACT 1956****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I	Registration details			
	Registration No.	23119	State Code:	1
	Balance Sheet Date	31/03/2008		
II	Capital Raised During the Year (Amount in Rs. Thousand)			
	Public Issue(Call Money)	NIL	Rights Issue	NIL
	Bonus Issue	NIL	Preferential Offer	7,206
III	Position and Mobilisation and deployment of funds(Amount in Rs Thounds)			
	Total Liabilities	120,049	Total Assets	120,049
	Sources of Funds			
	Paid up Capital	112,325	Reserves & Surplus	5,938
	Secured Loans	1,786	Unsecured Loans	NIL
	Application of Funds			
	Net Fixed Assets	90,441	Investments	10,890
	Net Current Assets	18,218	Misc. Expenditure	500
	Accumulated Lossess	NIL		
IV	Performance of the Company (Amount in Rs. Thousands)			
	Turnover/other income	29,018	Expenditure	33,494
	Profit/loss before tax	(4,474)	Profit/loss after tax	(5,144)
	Earning per Share	-0.46	Dividend Rate %	NIL

V General names of three principle Products/services of the Company
(As per Monetary Terms)Item Code No. Training, Software Development & Media
(ITC Code)

Product Description Training, Software Development & Media

For and on behalf of the Board
ObjectOne Information Systems Ltd.Sd/-
K. Ravi Shankar
Managing DirectorPlace : Hyderabad
Date : 02-09-2008

**OBJECTONE INFORMATION SYSTEMS LIMITED
CASH FLOW STATEMENT OF THE YEAR ENDED 31-03-2008**

PARTICULARS	(Rs in Lakhs)	
	2007-08	2006-07
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit Before Tax & Extraordinary Items	-44.74	18.50
ADJUSTMENTS FOR		
Depreciation	39.10	68.13
Loss on Sale of Fixed Assets	0.00	1.16
Preliminary & Issue Exp Written Off	2.50	2.50
Interest Expenses	1.52	1.49
Operating Profit before Working Capital Changes	-1.62	91.78
ADJUSTMENTS FOR		
Trade & Other Receivable	54.32	-6.76
Trade Payables & Others	49.85	11.94
Cash Generated From Operations	102.56	96.96
Interest & Finance Charges paid	1.52	1.49
Cash flow from Extraordinary Items	0.00	0.00
Net Cash flow from Operating Activities	101.03	95.47
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-35.03	-105.27
Sale of Fixed Assets	0.00	11.80
Investments	-102.90	0.00
Net Cash Used in Investment Activities	-137.93	-93.47
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds received against Call Money	72.06	0.00
Proceeds from Issue of Capital	0.00	0.00
Deferred Expenditure	0.00	0.00
Net Cash used in Financing Activities	72.06	0.00
NET INCREASE IN CASH & CASH EQUIVALENTS	35.17	2.00
Cash and Cash Equivalents (Opening Balance)	3.99	1.99
Cash and Cash Equivalents (Closing Balance)	39.16	3.99

For and on behalf of the Board
ObjectOne Information Systems Ltd

Place : Hyderabad
Date : 02.09.2008

Sd/-
K Ravishankar
Managing Director

Sd/-
M. Vijay Kumar
Director

AUDITORS' CERTIFICATE

We have examined the above cash flow statement for the year ended 31st, March, 2008. This has been prepared by the Company is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For P. Murali & Co.,
Chartered Accountants
Sd/-

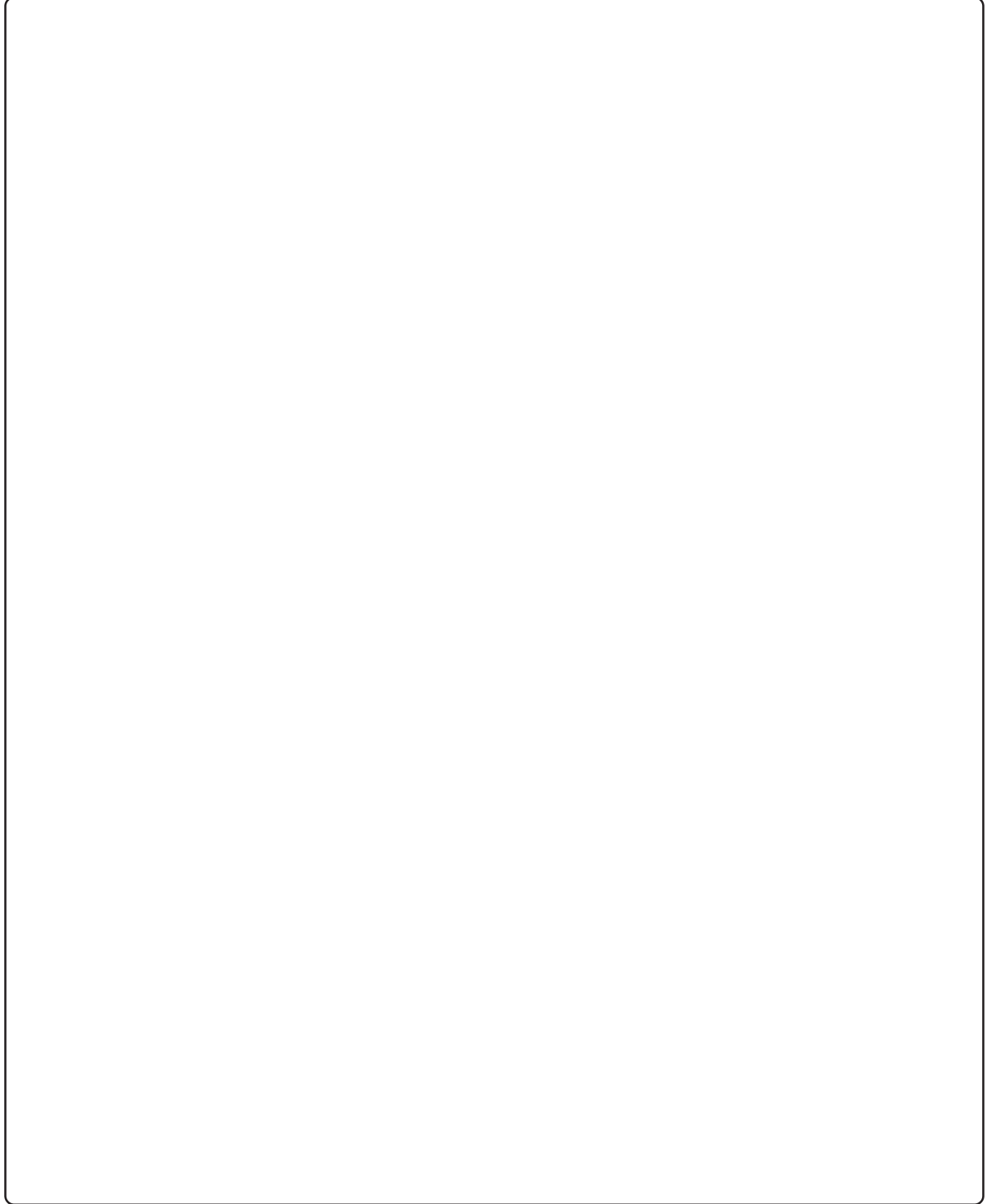
Place : Hyderabad
Date : 02-09-2008

P. Murali Mohana Rao
Partner



INDIAN GAAP CONSOLIDATED FINANCIAL STATEMENTS

- **Auditor's Report**
- **Consolidated Balance Sheet**
- **Consolidated Profit & Loss Account**
- **Consolidated Schedules**
- **Notes on Consolidated Accounts**
- **Consolidated Cash Flow Statement**





AUDITOR'S REPORT

To
The Board of Directors,
ObjectOne Information Systems Limited,

On the Consolidated Financial Statements of ObjectOne Information Systems Limited, and its Subsidiary.

We have examined the attached Consolidated Balance Sheet of **M/s. OBJECTONE INFORMATION SYSTEMS LIMITED** and its subsidiaries INMATE CONSULTANTS PRIVATE LIMITED, OBJECT NET TECHNOLOGIES INC as at 31st March, 2008 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Consolidated financial statements based on Our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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. I believe that the audit provides a reasonable basis for our opinion.

We did not audit the financial statements of its subsidiaries M/s INMATE CONSULTANTS PRIVATE LIMITED and OBJECT NET TECHNOLOGIES INC as at 31st March, 2008. The Financial statements of M/s. INMATE CONSULTANTS PRIVATE LIMITED have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors. The financial statements of OBJECT NET TECHNOLOGIES INC has not audited and has been included on the basis of compulsion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, I am of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the company and its subsidiaries as at 31st March, 2008.
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
- (c) In the case of the consolidated cash flows Statement, of the consolidated Cash flows of the company and its subsidiaries for the year then ended.

For P. Murali & Co.,
Chartered Accountants

Sd/-
P. Murali Mohana Rao
Partner

Place : Hyderabad
Date : 02-09-2008



OBJECTONE INFORMATION SYSTEMS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	Schedule No.	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
I SOURCES OF FUNDS:			
1. Shareholders' Funds			
a. Share Capital	1	112,325,000	105,119,000
b. Reserves and Surplus	2	9,874,777	10,010,233
c. Provision for Differed Tax		1,133,355	558,233
2. Minority Interest	3	143,082	112,951
3. Loan Funds			
a. Secured Loans		1,785,729	1,321,181
b. Unsecured Loans		559,736	559,736
TOTAL		125,821,679	117,681,334
II APPLICATION OF FUNDS:			
1. GOODWILL			
		6,680,000	390,000
2. FIXED ASSETS			
a. Gross Block	4	130,490,114	123,207,037
b. Less Depreciation		39,762,327	32,241,924
c. Net Block		90,727,787	90,965,113
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Sundry Debtors	5	22,814,281	15,253,594
b) Cash and Bank Balances	6	5,225,505	700,984
c) Loans and Advances	7	12,478,554	17,312,009
Less: Current Liabilities and Provisions	8	12,604,092	7,689,832
NET CURRENT ASSETS		27,914,248	25,576,755
4. MISCELLANEOUS EXPENDITURE	9	499,644	749,466
(to the extent not written off or adjusted)			
TOTAL		125,821,679	117,681,334

NOTES TO ACCOUNTS

11

AS PER OUR REPORT EVEN DATE
For **P MURALI & CO**
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD
ObjectOne Information Systems Limited

Sd/-
P. Murali Mohana Rao
Partner
PLACE : HYDERABAD
DATE : 02-09-2008

Sd/-
K. Ravi Shankar
Managing Director

Sd/-
M. Vijay Kumar
Director



OBJECTONE INFORMATION SYSTEMS LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	Schedule No.	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
I INCOME			
Export Income		23,175,363	34,172,894
Domestic Income		71,540,477	4,405,069
Other Income		154,670	262,643
TOTAL		94,870,510	38,840,606
II EXPENDITURE			
Salaries		55,353,489	7,692,499
Operational & Administrative Expenses	10	34,670,943	22,012,709
Interest & Financial Charges		153,109	149,989
Depreciation	4	3,948,162	6,818,397
Written off Expenses		249,822	249,822
TOTAL		94,375,525	36,923,416
Profit / (Loss) Before Tax		494,985	1,917,190
Prior Period Adjustments		23,387	77,567
Provision for taxation		33,351	318,593
Provision for FBT		85,929	63,339
Reversal of Pro for Deferred taxation		575,122	(203,058)
Balance Brought Forward		10,150,663	8,372,434
Minority Interest		53,082	22,951
Balance Carried Forward		9,874,777	10,010,233
Earning per share		0.044	0.15
NOTES TO ACCOUNTS	11		

AS PER OUR REPORT EVEN DATE
For **P MURALI & CO**
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD
ObjectOne Information Systems Limited

Sd/-
P. Murali Mohana Rao
Partner
PLACE : HYDERABAD
DATE : 02-09-2008

Sd/-
K. Ravi Shankar
Managing Director

Sd/-
M. Vijay Kumar
Director



CONSOLIDATED ACCOUNTS
Schedules forming part of the Balance Sheet

PARTICULARS	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
14000000 Equity Shares of Rs.10/- each	140,000,000	
11000000 Equity Shares of Rs.10/- each (P.Y)		110,000,000
ISSUED, SUBSCRIBED & PAID UP:		
10511900 Equity shares of Rs.10/- each fully paid	105,119,000	105,119,000
2402000 Convertible Warrants of Rs 10 each partly paid of Rs 3/- per warrant	7,206,000	-
	112,325,000	105,119,000
SCHEDULE 2		
RESERVES & SURPLUS		
Profit & Loss Account	9,874,777	10,010,233
	9,874,777	10,010,233
SCHEDULE 3		
MINORITY INTEREST		
30% of 30000 Equity Share of 10 fully paid	90,000	90,000
add:30% of Reserves & Surplus	53,082	22,951
	143,082	112,951
SCHEDULE 5		
SUNDRY DEBTORS		
(Unsecured & considered good)		
a. Debt over a period of six months	4,526,160	3,612,730
b. Other (Less than six months)	18,288,121	11,640,864
	22,814,281	15,253,594
SCHEDULE 6		
CASH & BANK BALANCES		
Cash on Hand	15,525	191,433
Cash with Scheduled Banks	16,650	509,551
Cash with other Banks	5,193,330	-
	5,225,505	700,984



CONSOLIDATED ACCOUNTS
Schedules forming part of the Balance Sheet

SCHEDULE- 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	ASAT 1-04-2007	Additions during the year	ASAT 31-03-2008	UPTO 1-04-2007	During the year	ASAT 31-03- 2008	ASAT 31-03- 2008	ASAT 31-03- 2007
LEASED BUILDING	6,790,956	-	6,790,956	214,345	429,868	644,213	6,146,743	6,576,611
RIGHTS	54,860,700	-	54,860,700	-	-	-	54,860,700	54,860,700
RIGHTS	20,586,925	1,385,500	21,972,425	3,830,453	2,091,869	5,922,322	16,050,103	16,756,472
HARDWARE & SOFTWARE	29,004,142	709,892	29,714,034	27,760,913	339,285	28,100,198	1,613,836	1,243,229
FURNITURE & FITTINGS	5,754,648	80,185	5,834,833	1,355,804	366,406	1,722,210	4,112,623	4,398,844
OFFICE EQUIPMENTS	7,282,807	162,220	7,445,027	2,486,238	462,575	2,948,813	4,496,214	4,796,569
ELECTRICAL EQUIPMENTS	125,000	-	125,000	38,596	5,938	44,534	80,466	86,404
VEHICLES	2,440,099	1,307,040	3,747,139	127,816	252,221	380,037	3,367,102	2,312,283
TOTAL	126,845,277	3,644,837	130,490,114	35,814,165	3,948,162	39,762,327	90,727,787	91,031,112



CONSOLIDATED ACCOUNTS
Schedules forming part of the Balance Sheet

PARTICULARS	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
SCHEDULE 7		
LOANS & ADVANCES		
Deposits	133,613	173,500
Other Advance	12,114,021	17,028,089
Wip & Finished Stock	230,920	110,420
	12,478,554	17,312,009
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	4,455,247	4,556,804
Creditors for Expenses	6,934,681	2,068,723
Outstanding Expenses & Provision	1,214,164	1,064,305
	12,604,092	7,689,832
SCHEDULE 9		
MISCELLANEOUS EXPENSES		
Preliminary Expenses	106,366	122,892
Share Issue Expenditure	393,278	626,574
	499,644	749,466
SCHEDULE 10		
OPERATING AND ADMINISTRATION EXPENSES		
Electricity Charges	627,109	558,410
Postage & Telephone Expenses	584,940	554,812
Consultancy Charges	16,135,189	962,222
Business Promotion Expenses	96,179	34,518
Rent, Rates & Taxes	1,683,226	1,267,782
Traveling & Conveyance	561,947	856,477
Printing & Stationary	65,474	233,699
Server Hosting charges	4,105,500	8,118,932
Repairs & Maintenance	2,340,707	1,741,712
Directors Remuneration	1,620,000	1,440,000
Auditor Remuneration	68,680	60,562
eCommerce Expenses	5,336,168	4,246,636
Other Miscellaneous Expenses	1,121,824	1,318,306
Donations	324,000	503,000
Loss on Sale of Vehicles	-	115,641
	34,670,943	22,012,709



SCHEDULE - 11

NOTES ON CONSOLIDATED ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. The consolidated financial statements relate to OBJECTONE INFORMATION SYSTEMS LIMITED have been prepared the Consolidated Financial Statements, by consolidating its accounts with that of its subsidiaries INMATE CONSULTANTS PRIVATE LIMITED and OBJECT NET TECHNOLOGIES INC in accordance with the Statements of Accounting standards on " Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India (ICAI) The Consolidated Financial Statements have been prepared under the historical cost convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the ICAI. The consolidated financial statements have been prepared on the following basis:
 - (i) The financial statements of the Company and it subsidiary company are combined on a line-byline basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 --"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - (ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill
 - (iii) Minority interest's share is holding 30% there as the company is holding 70% Equity Shares in INMATE CONSULTANTS PRIVATE LIMITED
 - (iv) As for as possible, the consolidate financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT:

INMATE CONSULTANTS PRIVATE LIMITED, OBJECT NET TECHNOLOGIES INC subsidiary companies has been considered in the consolidated financial Statements.

As required by Accounting Standard (AS - 23) on Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the carrying amount of Investments in Associates at the beginning of the year have been restated by applying " equity Method " of accounting from the date of acquisition of the associates and corresponding adjustments has been made to the retained earnings at the beginning of the year after eliminating unrealised profits, if any.

As this is the first year of adoption of Accounting Standard (AS - 23) on Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, figures for the previous year are therefore not comparable to that extent.



General :

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

Revenue Recognition :

- (i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- (ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are performed.
- (iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognised as related services are performed.
- (iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
- (v) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Foreign Exchange Transaction :

- (i) Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account. Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date.

Investments :

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable.

Fixed Assets :

- (i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

Depreciation and Amortisation :

- (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.
- (ii) Preliminary Expenses are amortised over the period of 10 years.
- (iii) Public Issue Expenses are amortised over the period of 10 years.

**Taxation :**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

Earning Per Share:

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year.

Gratuity :

No provision for gratuity has been made as no employee has put in qualifying period of service for entitlement of this benefit.

B. NOTES ON ACCOUNTS

1. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act , 1956 read with Companies (Particulars of Employees) Rule 1975.

NIL

2. Director's Remuneration:	Current Years (Rs.)	Previous Year (Rs.)
	16,60,000	14,40,000
3. Auditor's Remuneration	Current Years (Rs.)	Previous Year (Rs.)
Audit Fee	68,680/-	60,562/-
4. The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.		
5. Expenditure in Foreign Currency:	Current Years (Rs.)	Previous Year (Rs.)
Foreign Traveling	81,800/-	4,95,894/-
Acquisition of Foreign Company	50,06,330	Nil
6. Earnings in Foreign Exchange as reported by the Company to Government of India and as certified by Management.	Current Years (Rs.)	Previous Year (Rs.)
Foreign Exchange Inflow	1,82,44,805/-	2,10,43,533/-
7. The Depreciation has been calculated on Rights Tangible Assets at the rate of 10% on the rights which where put to use during the financial year under audit		



8. There are no dues to SSI Units outstanding for more than 30 days.
9. No confirmations are obtained from debtors/creditors as to the balances receivable from/ payable to them as at year end.
10. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs. 5,63,904/- towards deferred tax liability (Previous Year Rs.2,13,165/- towards deferred tax asset)
11. The vehicle loans are secured against hypothecation of the vehicles.
12. The company has invested during the financial year an amount of Rs. 1,08,90,000/- towards the purchase of shares in M/s. Object Net Technologies Inc (100% Foreign Subsidiary) which includes Rs. 62,90,000/- towards Goodwill.
13. The company has issued 24,02,000 convertible Share warrants (Rs. 10/- each per warrant) at Rs. 13.35 per warrant against which the company has received Rs. 72,06,000/- (Rs. 3 per warrant) during the financial year.
14. The figures have been rounded off to the nearest rupee.

SIGNATURES TO SCHEDULES 1 To 11

As per our report of even date
For **P. Murali & Co**
Chartered Accountants

For and on behalf of the Board
ObjectOne Information Systems Limited

Sd/-
P. Murali Mohan Rao
Partner

Sd/-
K. Ravi Shankar
Managing Director

Sd/-
M. Vijay Kumar
Director

PLACE : HYDERABAD
DATE : 02-09-2008

**OBJECTONE INFORMATION SYSTEMS LIMITED
CONSOLIDATED CASH FLOW STATEMENT OF THE YEAR ENDED 31-03-2008**

PARTICULARS	(Rs in Lakhs)	
	2007-08	2006-07
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit Before Tax & Extraordinary Items	4.95	19.17
ADJUSTMENTS FOR		
Depreciation	39.48	68.18
Loss on Sale of Fixed Assets	0.00	1.16
Preliminary & Issue Exp Written Off	2.50	2.50
Interest Expenses	1.53	1.49
Operating Profit before Working Capital Changes	48.46	92.50
ADJUSTMENTS FOR		
Trade & Other Receivable	-40.88	-8.63
Trade Payables	0.93	16.31
Cash Generated From Operations	8.51	100.21
Interest & Finance Charges paid	1.53	1.50
Cash flow from Extraordinary Items	0.00	0.00
Net Cash flow from Operating Activities	6.98	98.71
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-36.45	-106.36
Sales of Fixed Assets	0.00	11.80
Investments	-102.90	0.00
Net Cash Used in Investment Activities	-139.35	-94.56
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds received against Call Money	72.06	0.00
Proceeds from Issue of Capital	0.00	0.00
Deferred Expenditure	0.00	0.00
Net Cash used in Financing Activities	72.06	0.00
NET INCREASE IN CASH & CASH EQUIVALENTS	-60.31	4.15
Cash and Cash Equivalents (Opening Balance)	112.57	2.86
Cash and Cash Equivalents (Closing Balance)	52.26	7.01

For and on behalf of the Board
ObjectOne Information Systems Ltd

Place : Hyderabad
Date : 02.09.2008

Sd/-
K Ravishankar
Managing Director

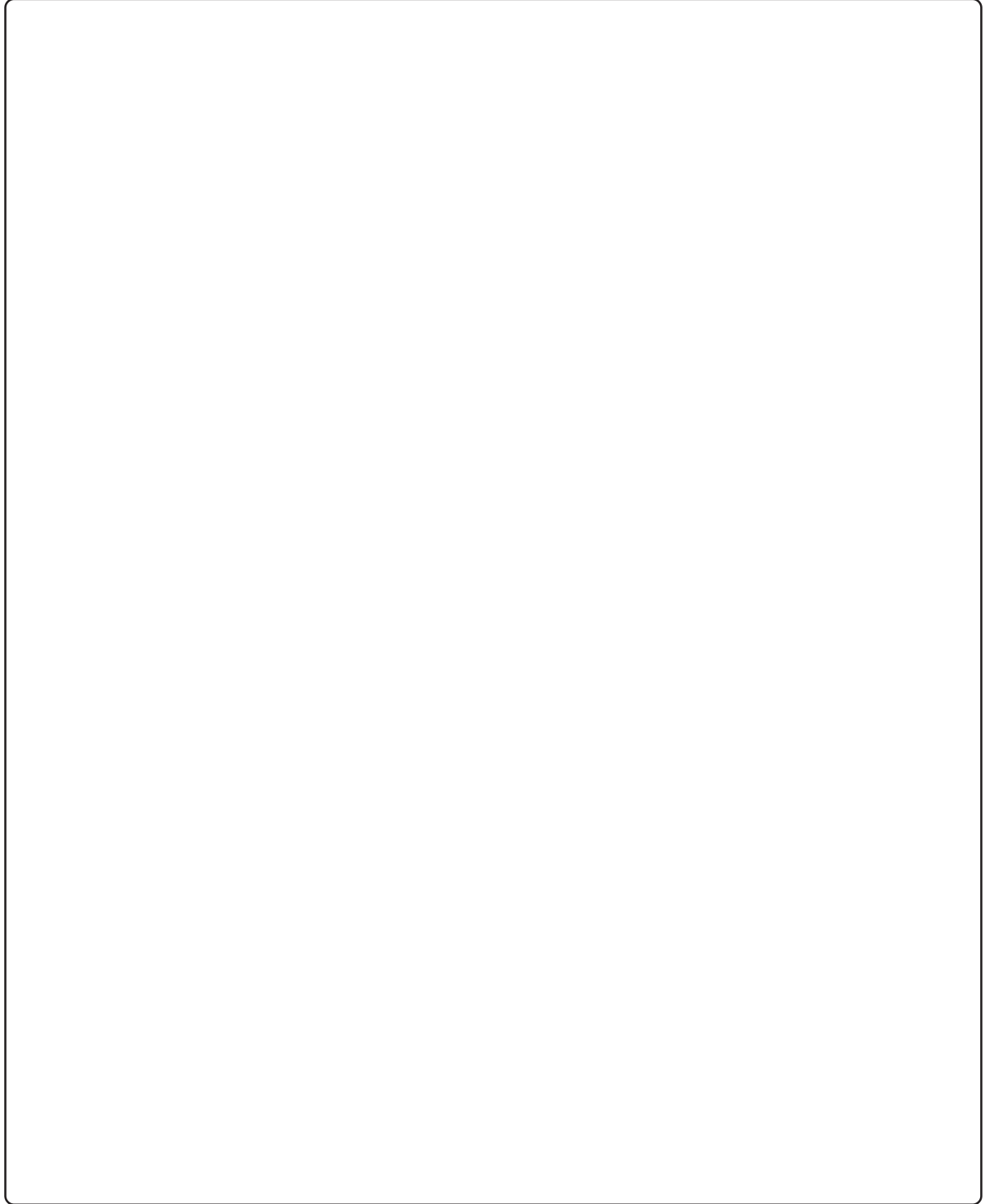
Sd/-
M. Vijay Kumar
Director

AUDITORS' CERTIFICATE

We have examined the above consolidated cash flow statement for the year ended 31st, March, 2008. This has been prepared by the Company is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

Place : Hyderabad
Date : 02-09-2008

For P. Murali & Co.,
Chartered Accountants
Sd/-
P. Murali Mohana Rao
Partner





SUBSIDIARY COMPANY FINANCIAL STATEMENT

**21st ANNUAL REPORT
2007-08**

INMATE CONSULTANTS PRIVATE LIMITED

BOARD OF DIRECTORS

Mr.K.Ravi Shankar	Managing Director
Smt.K.Himabindu	Director
Mr B Prasanna Srinivas	Director

BANKERS

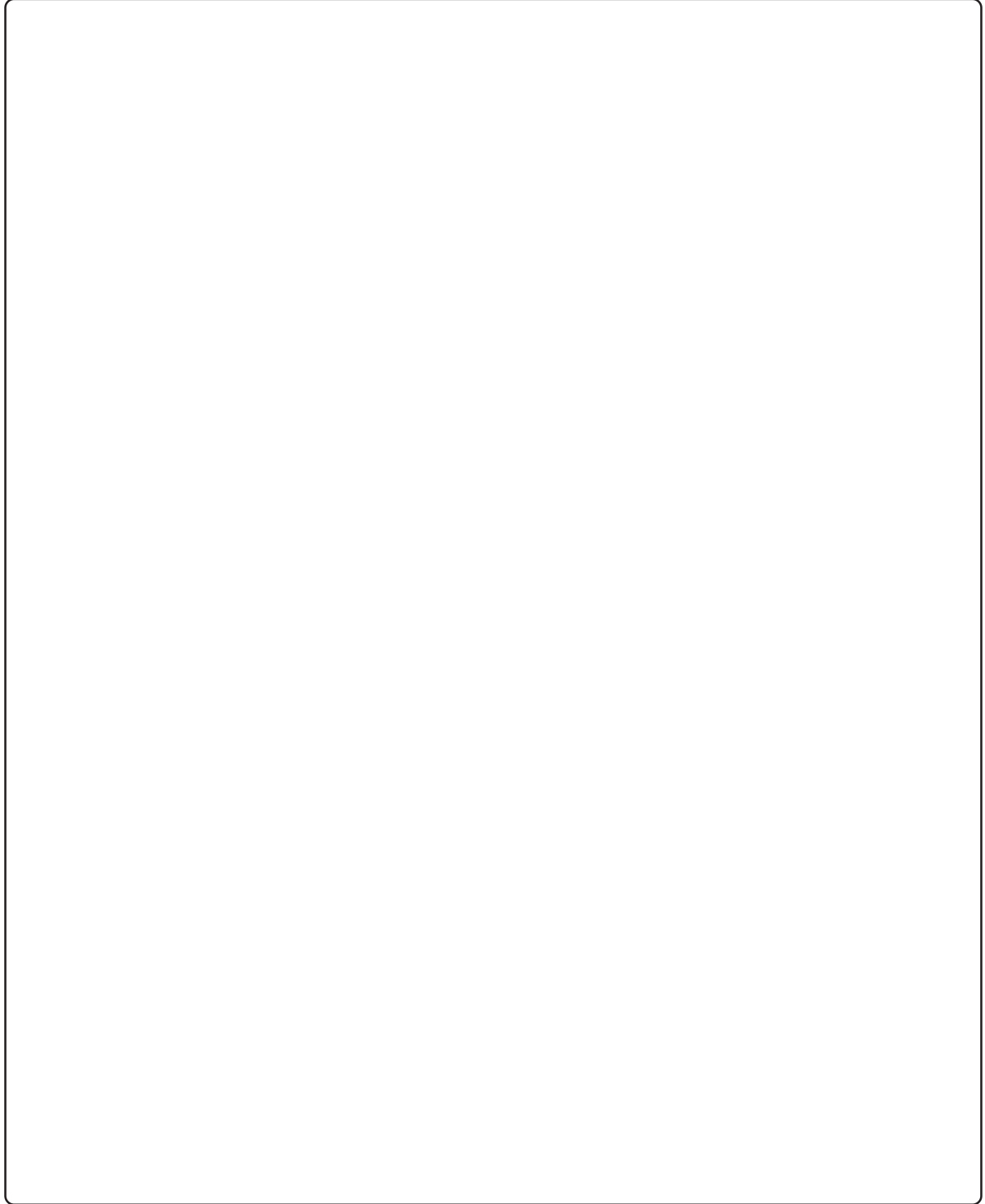
CITI BANK N.A.

AUDITORS

D.S.N.V. PRASAD
Chartered Accountant
Flat No. 203, Adarsh Grand Residency
S. N. Puram, Chaitanyapuri
Hyderabad – 500 060

REGISTERED OFFICE

8-3-988/34/7/2/1&2,
Kamalapuri Colony
Srinagar Colony Road
HYDERABAD – 500 073





NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of **M/s INMATE CONSULTANTS PRIVATE LIMITED** will be held Monday, the 29th September, 2008 at 10.00 A.M. at 8-3-988/34/7/2, Kamalapuri Colony, Srinagar Colony Road, Hyderabad - 500 073 to consider the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date together with the Report of Auditors and the Report of Board of Directors.
2. To appoint Auditors and to fix their remuneration.

For and on behalf of the Board
INMATE CONSULTANTS PRIVATE LIMITED

Sd/-
K Ravi Shankar
Managing Director

Sd/-
K Hima Bindu
Director

Place: Hyderabad
Date: 28-08-2008

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Instrument of proxies in order to be effective must be deposited at the company's Registered Office 8-3-988/34/7/2, Kamalapuri Colony,, Srinagar Colony Road, Hyderabad – 500 034 not less than 48 hours before the time of holding the aforesaid meeting.

**DIRECTORS' REPORT****TO****THE MEMBERS**

Your Directors presents the TWENTY FIRST ANNUAL REPORT together with the Audited Financial Statements of the Company for the year ended 31-03-2008.

FINANCIAL RESULTS

Amount in Rupees

PARTICULARS	2007-08	2006-07
Total Income	2581038	1363893
Net Operating Expenses	23,98,679	1292229
Profit before Depreciation	182359	71664
Depreciation	34239	4917
Profit before Taxation	148120	66747
Provision for Taxation	33351	12361
Provision for FBT	3115	2794
Provision for Deferred Tax	11218	10106
Profit after Taxation	100436	41486
Profit /Loss Brought forward from previous years	76504	35018
Profit carried to the Balance Sheet	176940	76504

PERFORMANCE

Your company earned Gross Profit of Rs. 182359/- against the previous years' Gross Profit of Rs. 71664/-

PLAN

Your company making future plans to improve the existing business and improve client base so as to achieve a good turnover with competency.

ADDITIONAL INFORMATION AS REQUIRED U/S 217(1)(e) OF THE COMPANIES ACT, 1956

- (a) Conservation of Energy: The Company is monitoring the consumption of energy and is identifying measures for conservation of energy.
- (b) (i) Research and Development (R&D) : No research and Development has been carried out
- (ii) Technology Absorption, adaptation and innovation : No technology either indigenous or Foreign is involved.
- (c) Foreign Exchange inflow and outgo :
- (i) Foreign Exchange inflow : NIL
- (ii) Foreign Exchange outflow : NIL



PARTICULARS OF EMPLOYEES

In pursuance of the provision of section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules 1975, the Directors are to report that no employee was in the receipt of remuneration of Rs 2400000/- or more per annum or Rs 200000 or more per month where employed for a part of the year.

DEPOSITS

The company has not accepted any deposit during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board submits as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss account of the company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

AUDITORS

Sri D.S.N.V. PRASAD, Chartered Accountant the present Auditor of the company hold office unit the conclusion of this Annual General Meeting of the Company, he has indicated their availability for reappointment pursuant to Section 224(1B) of the Companies Act 1956.

ACKNOWLEDGEMENT

Your Directors place on record the appreciation for the sincere efforts and active involvement of employees at various levels of the Company in its operations. The Directors also place on record the appreciation for the support received from Banks and other Government Agencies.

The Directors express gratitude to the shareholders of the company for the confidence reposed in the management.

For and on behalf of the Board
INMATE CONSULTANTS PRIVATE LIMITED

Sd/-
K Ravi Shankar
Managing Director

Sd/-
K Hima Bindu
Director

Place: Hyderabad
Date: 28-08-2008



AUDITOR'S REPORT

To
The Members,
INMATE CONSULTANTS PRIVATE LIMITED
Hyderabad

I have audited the attached Balance Sheet of **INMATE CONSULTANTS PRIVATE LIMITED** as at 31st March, 2008 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on My audit.

I conducted My audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. I believe that My audit provides a reasonable basis of My opinion. As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report)(Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section(4A) of section 227 of the Companies Act,1956, I enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to My comments in the Annexure referred to above, I report that

- i. I have obtained all the information and explanations, which to the best of My knowledge and belief were necessary for the purposes of my Audit ;
- ii. In my opinion, proper books of account as required by law have been kept by the company so far as appears from My examination of those books ;
- iii. The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- iv. In my opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956
- v. On the basis of written representations received from the Directors, as on 31st March , 2008 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March , 2008 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act,1956 ;
- vi. In My opinion and to the best of My information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date;

And

- (c) In the case of the Cash Flow, of the cash flows for the period ended on that date ;

Sd/-
D.S.N.V.Prasad
Chartered Accountant

PLACE : HYDERABAD
DATE : 28-08-2008



ANNEXURE TO THE AUDITORS' REPORT

- I (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. The Company has no Inventory. Hence this clause is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
- (d) No loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956 , hence overdue amount of more than rupees one lac does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties, is not applicable to the company.
- IV. In My opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In My opinion and according to the information and explanation given to us , since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.



- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A,58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In My opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX. a) The Company is regular in depositing statutory dues including PF, Investor Education & Protection Fund, Income Tax, and any other statutory dues with the appropriate authorities and at the last of the financial year there are no amounts outstanding which are due for more than 6 months from the date they became payable.
- b) According to the information and explanations given to us, no disputed amounts are payable in respect of PF, Investor Education & Protection Fund, Income Tax, and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.



- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the company has not obtained any Term Loans, hence this clause is not applicable.
- XVII. According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long-term investment does not arise.
- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

Sd/-
D.S.N.V.Prasad
Chartered Accountant

PLACE : HYDERABAD
DATE : 28-08-2008

**INMATE CONSULTANTS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2008**

PARTICULARS	Schedule No.	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
I SOURCES OF FUNDS:			
1. Shareholders' Funds			
a. Share Capital	1	300,000	300,000
b. Reserves and Surplus	2	176,940	76,504
c. Provision for Differed Tax		7,572	(3,646)
2. Unsecured Loan		559,736	559,736
TOTAL		1,044,248	932,594
II APPLICATION OF FUNDS:			
1. FIXED ASSETS			
a. Gross Block	3	526,913	384,783
b. Less Depreciation		302,119	267,880
c. Net Block		224,794	116,903
2. CURRENT ASSETS, LOANS & ADVANCES			
a) Sundry Debtors	4	140,500	473,347
b) Cash & Bank Balances	5	525,152	301,653
c) Loans & advances	6	634,897	226,054
Less: Current Liabilities and Provisions	7	481,095	185,363
NET CURRENT ASSETS		819,454	815,691
TOTAL		1,044,248	932,594
NOTES TO ACCOUNTS	9		

AS PER MY REPORT EVEN DATE

FOR AND ON BEHALF OF THE BOARD
INMATE CONSULTANTS PRIVATE LIMITEDSd/-
D.S.N.V. PRASAD
Chartered AccountantSd/-
K. RAVI SHANKAR
Managing DirectorSd/-
K. HIMABINDU
DirectorPLACE : HYDERABAD
DATE : 28-08-2008

**INMATE CONSULTANTS PRIVATE LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

PARTICULARS	Schedule No.	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
I INCOME			
Income from Software Division		2,457,353	1,312,783
Decrease/Increase in Stock		120,500	50,420
Other Income		3,185	690
TOTAL		2,581,038	1,363,893
II EXPENDITURE			
Salaries		594,000	294,355
Administrative Expenses	8	1,804,005	997,088
Interest & Financial Charges		674	786
Depreciation	3	34,239	4,917
TOTAL		2,432,918	1,297,146
Profit for the year		148,120	66,747
Provision for taxation		33,351	12,361
Provision for FBT		3,115	2,794
Provision for Deferred taxation		11,218	10,106
Balance Brought Forward		76,504	35,018
Balance Carried Forward		176,940	76,504

NOTES TO ACCOUNTS**9**

AS PER MY REPORT EVEN DATE

FOR AND ON BEHALF OF THE BOARD
INMATE CONSULTANTS PRIVATE LIMITEDSd/-
D.S.N.V. PRASAD
Chartered AccountantSd/-
K. RAVI SHANKAR
Managing DirectorSd/-
K. HIMABINDU
DirectorPLACE : HYDERABAD
DATE : 28-08-2008

**INMATE CONSULTANTS PRIVATE LIMITED**
Schedules forming part of the Balance Sheet

PARTICULARS	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
30000 Equity Shares of Rs.10/- each	300,000	300,000
ISSUED, SUBSCRIBED & PAID UP:		
30000 Equity shares of Rs.10/- each fully paid	300,000	300,000
	300,000	300,000
SCHEDULE 2		
RESERVES & SURPLUS		
Profit & Loss Account	176,940	76,504
	176,940	76,504
SCHEDULE 4		
SUNDRY DEBTORS		
(Unsecured & Considered Good)		
a. Debt over a period six months	140,500	-
b. Others (Less than six months)	-	473,347
	140,500	473,347
SCHEDULE 5		
CASH & BANK BALANCES		
Cash in hand	8,927	141,991
Cash with other banks	516,225	159,662
	525,152	301,653
SCHEDULE 6		
LOANS, ADVANCES & WIP		
a. Deposits	9,500	9,500
b. Other Advances	394,477	106,134
c. WIP & Finished Stock	230,920	110,420
	634,897	226,054



INMATE CONSULTANTS PRIVATE LIMITED
Schedules forming part of the Balance Sheet

SCHEDULE- 3 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	ASAT 1-04-2007	Additions during the year	ASAT 31-03-2008	UPTO 1-04-2007	During the year	ASAT 31-03- 2008	ASAT 31-03- 2008	ASAT 31-03- 2007
DATA PROCESSING EQUIPMENT	371,878	111,950	483,828	260,673	32,532	293,205	190,623	111,205
FURNITURE & FITTINGS	12,905	30,180	43,085	7,207	1,707	8,914	34,171	5,698
TOTAL	384,783	142,130	526,913	267,880	34,239	302,119	224,794	116,903

**INMATE CONSULTANTS PRIVATE LIMITED**
Schedules forming part of the Balance Sheet

PARTICULARS	As at 31-03-2008 (Rupees)	As at 31-03-2007 (Rupees)
SCHEDULE 7		
CURRENT LIABILITIES & PROVISIONS		
Creditors for Expenses & Others	432,268	160,375
Outstanding Expenses & Provisions	48,827	24,988
	481,095	185,363
SCHEDULE 8		
OPERATING AND ADMINISTRATION EXPENSES		
Rent, Rates & Taxes	5,912	5,096
Postage & Telephones	34,378	24,798
Consultancy Charges	-	101,130
Repairs & Maintenance	36,000	3,254
Auditors Remuneration	12,500	10,000
Traveling & Conveyance Expenses	30,115	68300
Directors Remuneration	180,000	180000
Software Development Charges	1,500,000	600000
Other Miscellaneous Expenses	5,100	4510
	1,804,005	997,088



SCHEDULE – 9

NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

General :

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

Revenue Recognition :

- (i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- (ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are performed.
- (iii) Revenue from software development services includes revenue from time and material and fixed price contracts are recognised as related services are performed.
- (iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
- (v) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

Foreign Exchange Transaction :

- (i) Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account. Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date.

Investments :

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable.

Fixed Assets :

- (i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

Depreciation and Amortisation :

- (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.

Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are



measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

Earning Per Share:

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year.

Gratuity :

No provision for gratuity has been made as no employee has put in qualifying period of service for entitlement of this benefit.

B. NOTES ON ACCOUNTS

- 1 Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act , 1956 read with Companies (Particulars of Employees) Rule 1975.

NIL

2 Director's Remuneration :	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
K.Hima Bindu, Director	1,80,000/-	1,80,000/-
3 Auditor's Remuneration :	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
Audit Fee	12,500/-	10,000/-

- 4 The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

- 5 There are no dues to SSI Units outstanding for more than 30 days.

- 6 No confirmations are obtained from debtors/creditors as to the balances receivable from/ payable to them as at year end.

- 7 In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.11,218/- towards deferred income tax Liability. (Previous year Rs.10,106/-)

- 8 Previous years figures have been regrouped wherever necessary.

- 9 The figures have been rounded off to the nearest rupee.

SIGNATURES TO SCHEDULES 1 To 9

AS PER MY REPORT OF EVEN DATE

For and on behalf of the Board
Inmate Consultants Private Limited

Sd/-
D.S.N.V.Prasad
Chartered Accountant

Sd/-
K. Ravi Shankar
Managing Director

Sd/-
K.Hima Bindu
Director

Place : Hyderabad
Date: 28-08-2008

**ADDITIONAL INFORMATION AS REQUIRED UNDER IV OF SCHEDULE VI TO
THE COMPANIES ACT 1956****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I	Registration details			
	Registration No.	7734	State Code: 01	
	Balance Sheet Date	31/03/2008		
II	Capital Raised During the Year (Amount in Rs. Thousand)			
	Public Issue (Call Money)	NIL	Rights Issue	NIL
	Bonus Issue	NIL		
	Preferential Offer	NIL		
III	Position and Mobilisation and deployment of funds(Amount in Rs Thousands)			
	Total Liabilities	1,044	Total Assets	1,044
	Sources of Funds			
	Paid up Capital	300	Reserves & Surplus	184
	Secured Loans	-	Unsecured Loans	560
	Application of Funds			
	Net Fixed Assets	224	Investments	-
	Net Current Assets	819	Misc. Expenditure	-
	Accumulated Losses	-		
IV	Performance of the Company (Amount in Rs. Thousands)			
	Turnover/other income	2,581	Expenditure	2,433
	Profit/loss before tax	148	Profit/loss after tax	104
	Earning per Share	3.45	Dividend Rate %	NIL
V	General names of three principle Products/services of the Company (As per Monitory Terms)			
	Item Code No. (ITC Code)		Software Development	
	Product Description		Software Development	

For and on behalf of the Board
Inmate Consultants Private Limited

Sd/-
K. Ravi Shankar
Managing Director

Sd/-
K.Hima Bindu
Director

Place : Hyderabad
Date: 28-08-2008

**INMATE CONSULTANTS PRIVATE LIMITED
CASH FLOW STATEMENT OF THE YEAR ENDED 31-03-2008**

PARTICULARS	(Amount in Rupees)	
	2007-08	2006-07
A CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit Before Tax & Extraordinary Items	148120	66747
ADJUSTMENTS FOR		
Depreciation	34239	4917
Loss on Sale of Fixed Assets	0	0
Preliminary & Issue Exp Written Off	0	0
Interest Expenses	674	786
Operating Profit before Working Capital Changes	183033	72450
ADJUSTMENTS FOR		
Trade & Other Receivable	-75996	-176332
Trade Payables	259266	428602
Cash Generated From Operations	366303	324720
Interest & Fiancé Charges paid	674	786
Cash flow from Extraordinary Items	0	0
Net Cash flow from Operating Activities	365629	323934
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-142130	-109150
Investments	0	0
Net Cash Used in Investment Activities	-142130	-109150
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds received against Call Money	0	0
Proceeds from Issue of Capital	0	0
Deferred Expenditure	0	0
Net Cash used in Financing Activities	0	0
NET INCREASE IN CASH & CASH EQUIVALENTS	223499	214784
Cash and Cash Equivalents (Opening Balance)	301653	86869
Cash and Cash Equivalents (Closing Balance)	525152	301653

For and on behalf of the Board
INMATE CONSULTANTS PVT. LTD.

Place : Hyderabad
Date : 28.08.2008

Sd/-
K Ravishankar
Managing Director

Sd/-
K. Hima Bindu
Director

We have examined the above cash flow statement of Inmate Consultants Private Limited for the year ended 31st, March, 2008. This has been prepared by the Company is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

Sd/-
D.S.N.V. PRASAD
Chartered Accountants

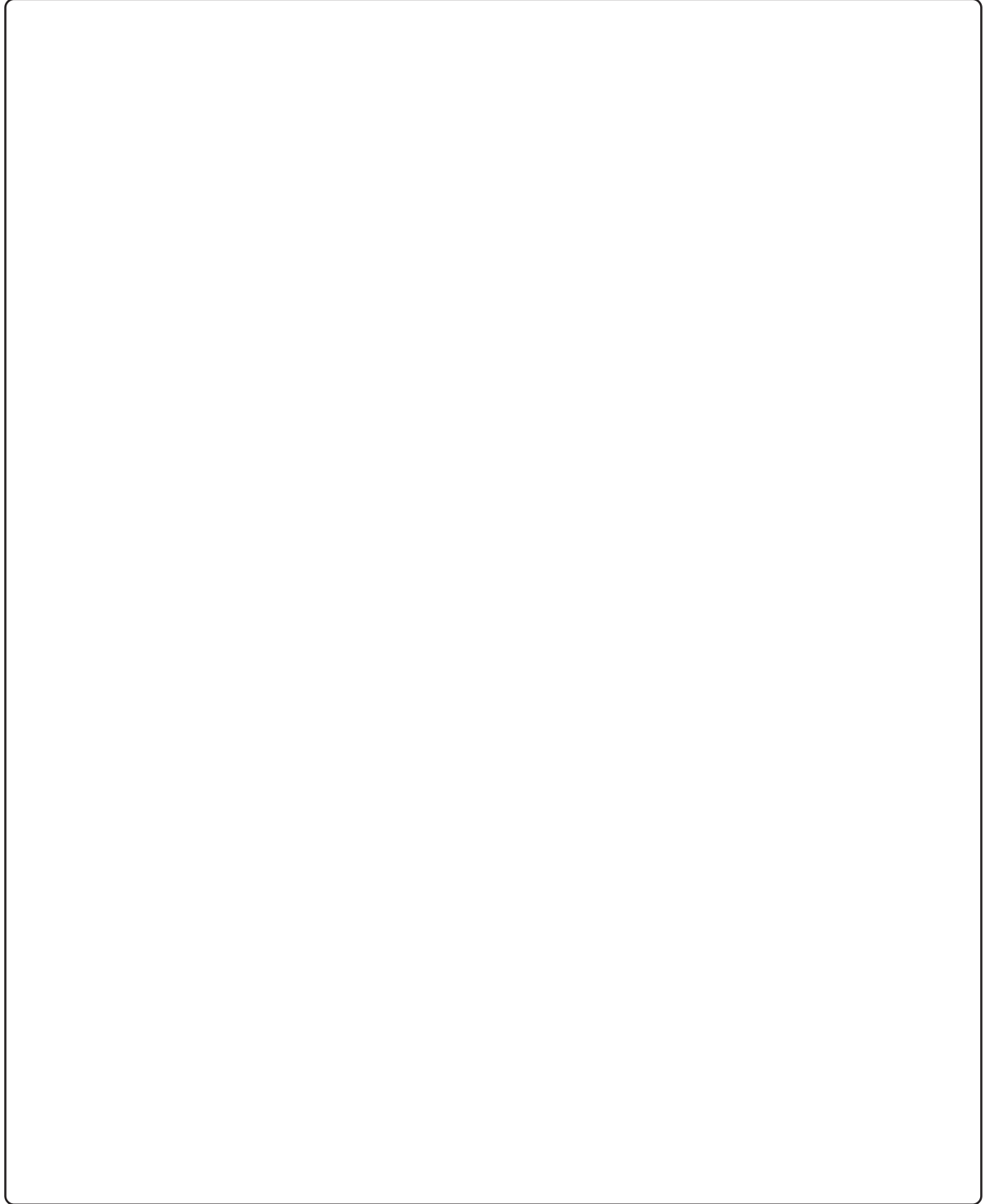
Place : Hyderabad
Date : 28-08-2008



**SUBSIDIARY COMPANY
FINANCIAL STATEMENT**

OBJECTNET TECHNOLOGIES INC.

OFFICE ADDRESS :
1117, Perimeter Centre,
West Suite, # E 104,
Georgia
Atlanta 30338





OBJECTNET TECHNOLOGIES INC.
BALANCE SHEET AS AT 31ST MARCH, 2008

Particulars	As at 31-03-2008 Provisional (Rupees)
I SOURCES OF FUNDS:	
1. Shareholders' Funds	
Share Capital	4,000,000
Reserves & Surplus	4,938,678
TOTAL	8,938,678
II APPLICATION OF FUNDS:	
1. FIXED ASSETS	
a. Gross Block	3,638,240
b. Less Depreciation	3,576,365
c. Net Block	61,875
2. CURRENT ASSETS, LOANS & ADVANCES	
a) Cash & Bank Balances	784,511
b) Other Assets	8,092,292
NET CURRENT ASSETS	8,876,803
TOTAL	8,938,678

For **Object Net Technologies Inc.**

PLACE : ATLANTA
DATE : 18-08-2008

Sd/-
VISWANATH DASARI
Chief Executive Officer



OBJECTNET TECHNOLOGIES INC.
PROFI & LOSS ACCOUNT FOR THE QUARTER ENDED 31ST MARCH, 2008

Particulars	Quarter Ended 31-03-2008 Provisional (Rupees)
I INCOME	
Income	64,771,016
TOTAL	64,771,016
II EXPENDITURE	
Salaries & Benefits	44,100,000
Rent, Rates & Taxes	252,000
Postage & Telephones	9,000
Professional & Legal	15,412,955
Repairs & Maintenance	30,320
Traveling & Conveyance Expenses	44,880
Other Miscellaneous Expenses	96,538
Depreciation	4,125
TOTAL	59,949,818
Profit for Period	4,821,198
Balance Brought Forward	117,480
Balance Carried Forward	4,938,678

For **Object Net Technologies Inc.**

PLACE : ATLANTA
DATE : 18-08-2008

Sd/-
VISWANATH DASARI
Chief Executive Officer



ObjectOne Information Systems Limited
Regd. Office : 8-3-988/34/7/2/1&2, Kamalapuri Colony,
Srinagar Colony Road, Hyderabad - 500 073.

PROXY

I/Weof
..... being a member / member of ObjectOne
Information Systems Limited of
as our Proxy to attend and vote for me/us, on my/our behalf of the 12th Annual General Meeting of the
Company to be held on Monday 29th September, 2008 at 11.00 A.M. or at adjourned thereof.

AS WITNESS my/our hand (s) this day of 2008 signed
by the said

Affix 1
Rupee
Revenue
Stamp

Note : The proxy must reach at the Registered Office of Company not less than 48 hours before the
time fixed for holding the meeting.

ObjectOne Information Systems Limited
Regd. Office : 8-3-988/34/7/2/1&2, Kamalapuri Colony,
Srinagar Colony Road, Hyderabad - 500 073.

ATTENDANCE SLIP

Ledger Folio No.

Mr/Mrs.Ms.

(Member's Name in Block Letters)

I certify that I am Registered Member / Proxy for the Registered Member of the Company. I here by
record my presence at 12th Annual General Meeting of the Company held on Monday 29th Sepetmber,
2008 at 11.00 A.M. at Regd. Office : 8-3-988/34/7/2/1&2, Kamalapuri Colony, Srinagar Colony Road,
Hyderabad. 500 073.

If signed by proxy, his/her name should be written here in Block Letters

Member's Proxy Signature

Note : Member's/Proxy holders are requested to bring the Attendance slip with them when they
come to the meeting and hand it over at the gate after affixing their signature on it.