AFTEK®
DRIVEN BY CHANGE

# Make in INDIA
## The indigenization Mantra

INS KOLKATA
The first indigenous
guided Missile Destroyer

# ANNUAL REPORT
# 2013-2014

AFTEK

## CONTENTS

**BOARD OF DIRECTORS**

| | |
|---|---|
| MR. RANJIT DHURU | CHAIRMAN & MANAGING DIRECTOR |
| MR.NITIN K. SHUKLA | WHOLE-TIME DIRECTOR |
| MR.MUKUL DALAL | WHOLE-TIME DIRECTOR |
| MR. V. J. MASUREKAR | NON-EXECUTIVE DIRECTOR |
| MR. MAHESH NAIK | NON-EXECUTIVE DIRECTOR |
| MR. SANDIP C. SAVE | NON-EXECUTIVE DIRECTOR |

**MANAGEMENT TEAM**

| | |
|---|---|
| MR. RANJIT DHURU | CEO |
| MR.NITIN K. SHUKLA | CFO |
| MR.MUKUL DALAL | ED-INTERNATIONAL SALES & MARKETING (SMART PRODUCTS) |
| MR. SANJAY CHOUDHARY | COO |
| MR. RAVINDRANATH MALEKAR | SR. VICE-PRESIDENT-SUPPORT |

**COMPANY SECRETARY**

- Practicing Mr. Hemanshu Kapadia

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

16/A, Second Floor, Prabhadevi Industrial Estate,
The Enterprises Co-operative Society Ltd,
408, Veer Saverkar Marg, Prabhadevi,
Mumbai - 400 025, India

**SOFTWARE DEVELOPMENT CENTRE**

Siddhivinayak Angan Society,3rd Floor,
Above Café Coffee Day (CCD),
Katraj –Mumbai Highway Bypass,
Mumbai-Bangalore Highway
Narhegaon, Pune 411041

**WORKS**

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

**BANKERS**

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

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

**AUDITORS**

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

**REGISTRAR & TRANSFER AGENT**

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

## CHAIRMAN'S ADDRESS

Dear Stakeholders,

During the commissioning of the indigenously built guided missile destroyer INS Kolkota (cover photo) our Prime Minister Shri Narendra Modi gave our country a new mantra "Make in India". This is an indigenization mantra whose time has come. This is a strong signal by the Chief Executive of our country to the Indian industry and to the world that rather than just importing technology and products it is time for technology and products to be created in India. To take this forward the new government has made policy changes in Foreign Direct Investment (FDI) for the defence sector the investment limit is raised to 49% with emphasis of "Make in India".

This mantra of indigenization is not new to Aftek where 'Make in India' has always been the guiding principle through out its entire history. Your company's long history of 27 years has since inception shown a strong commitment for creating import substitution in the field of information technology. The technology products and solution were always in the "cutting edge" winning accolades in India and abroad. Thus "Make in India" is in your company's DNA.

In this annual report technologists and experts from Aftek have discussed and shared with you the challenges and issues one needs to overcome while making the "Make in India" mantra a reality. The Technology and Products thus created in India "World Class" with great potential for import substitution and Exports. In the following pages various verticals like Defence, Digital Home and Intelligent Transport System will be articulated.

In the last Annual Report your company had said re-structuring activity was being put in place whereby all the liabilities where been mitigated by the sale of certain fixed assets. Secondly two of it's associate companies in the area of defence and digital home security were being proposed to be integrated in the group. I am happy to announce that your company is in the final phase of execution of these plans this should happen in this financial year. Surely it has taken a long time than expected but the challenges and the impediments where such that execution time line were not fully in the companies control.

With the euphoria and new confidence that has come with the new government's drive for getting business done your company looks at the future with a great optimism.

## NOTICE

**NOTICE** is hereby given that the 27th Annual General Meeting of the Members of **Aftek Limited** will be held on Tuesday, the 30th December, 2014 at 10.30 a.m. at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 to transact the following business:

**Ordinary Business:**

1. To receive, consider, approve and adopt the Audited Profit and Loss Account (Statement of Profit & Loss) for the year ended March 31, 2014, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. Ranjit Dhuru (DIN 00044279), who retires by rotation, and being eligible, offers himself for re-appointment.

3. To consider, and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

   "RESOLVED THAT M/s GMJ & Co., Chartered Accountants [Registration No. 103429W], be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the sixth consecutive Annual General Meeting of the Company (with the meeting wherein such appointment has been made being counted as the first meeting), subject to ratification of the appointment by the members at every AGM after this AGM, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the said Auditors, plus reimbursement of service tax, out-of-pocket and travelling expenses actually incurred by them in connection with the Audit."

**Special Business:**

4. Appointment of Mr. Mahesh Naik (DIN 00144690) as an Independent Director of the Company:

   To consider and if thought fit, to pass, with or without modification, the following as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Mahesh Naik (DIN 00144690), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Mahesh Naik (DIN 00144690) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years."

5. Appointment of Mr. Sandip Chintamani Save (DIN 00452033) as an Independent Director of the Company:

   To consider and if thought fit, to pass, with or without modification, the following as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Sandip Chintamani Save (DIN 00452033), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Sandip Chintamani Save (DIN 00452033) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years."

6. Re-appointment of Mr. Ranjit Mohan Dhuru (DIN: 00044279) as the Managing Director of the Company:

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as 'the Act'), approval of the Company be and is hereby accorded to the re-appointment of Mr. Ranjit Mohan Dhuru (DIN: 00044279) as the Managing Director of the Company w.e.f. 1st January 2015 for a further period of 5 years subject to retirement by rotation on such terms and conditions as mentioned in the draft agreement to be entered into between the Company and Mr.Ranjit Mohan Dhuru (DIN: 00044279), a draft of which is submitted to this meeting and initialed by the Chairman for the purpose of identification, which draft

Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to “the Board” which term shall be deemed to include the any Committee constituted by the Board) and to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr. Ranjit Mohan Dhuru (DIN: 00044279).

7. Re-appointment of Mr. Nitin Kashinath Shukla (DIN 00044347) as the Whole-time Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as ‘the Act’), approval of the Company be and is hereby accorded to the re-appointment of Mr. Nitin Kashinath Shukla (DIN 00044347)as the Whole-time Director of the Company w.e.f. 1st January 2015 for a further period of 5 years subject to retirement by rotation on such terms and conditions as mentioned in the draft agreement to be entered into between the Company and Mr. Nitin Kashinath Shukla (DIN 00044347), a draft of which is submitted to this meeting and initialed by the Chairman for the purpose of identification, which draft Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to “the Board” which term shall be deemed to include the any Committee constituted by the Board) and to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr. Nitin Kashinath Shukla (DIN 00044347).

8. Re-appointment of Mr. Mukul Suryakant Dalal (DIN 00181066) as the Whole-time Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as ‘the Act’), approval of the Company be and is hereby accorded to the re-appointment of Mr. Mukul Suryakant Dalal (DIN 00181066) as the Whole-time Director of the Company w.e.f. 1st January 2015 for a further period of 5 years subject to retirement by rotation on such terms and conditions as mentioned in the draft agreement to be entered into between the Company and Mr. Mukul Suryakant Dalal (DIN 00181066), a draft of which is submitted to this meeting and initialed by the Chairman for the purpose of identification, which draft Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to “the Board” which term shall be deemed to include the any Committee constituted by the Board) and to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr. Mukul Suryakant Dalal (DIN 00181066).

9. To raise funds through Equity or Equity linked Instruments in Domestic or International markets:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 42, Section 62 and all other applicable provisions, if any, of the Companies Act, 2013, as applicable, and/or Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India), Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares(through Deposit Receipt Mechanism) Scheme, 1993, as amended and the applicable Rules, Regulations, Notifications and Circulars, if any, issued by Securities and Exchange Board of India(SEBI) from time to time, including the SEBI(Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the ICDR Regulations), Reserve Bank of India (RBI), Government of India or any other competent Authority and clarifications, if any, issued thereon from time to time by appropriate authorities, the Equity Listing Agreements (the “Listing Agreement”)entered into by the Company with the Stock Exchanges where the Company’s Equity Shares of face value of Rs.2/-each (the “Equity

Shares") are listed and other concerned and appropriate authorities, and other applicable laws, if any, and relevant provisions of the Memorandum and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and/or sanction(s) ,if any, of the Government of India, RBI, SEBI and any other appropriate Authority(ies), Bank(s), Institution(s) or Body(ies), as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, as are accepted, the Board of Directors of the Company, (hereinafter referred to as the "Board", which term shall be deemed to include any duly constituted Committee thereof), be and is hereby authorized to create, offer, issue and allot Equity Shares/Securities in one or more tranches, in the course of domestic or international offerings, by way of Follow-on Public Offer (FPO) and/or by way of a Qualified Institutions Placement(QIP) in a terms of the Chapter VIII of SEBI(Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time and/or Equity Shares in the form of Global Depository Receipts (GDRs),and/or American Depository Receipts (ADRs), and/or External Commercial Borrowings (ECBs) with rights of conversion into shares, and/ or Foreign Currency Convertible Bonds(FCCBs)and/or Optionally or Compulsorily Convertible Redeemable Preference Shares(OCPS/CCPS), convertible into Equity Shares of the Company with voting rights or with differential rights as to voting, dividend or otherwise in accordance with such rules and subject to such conditions as may be prescribed or any other instrument convertible into Equity Shares with voting rights or with differential voting rights as to voting, dividend or otherwise (hereinafter referred to as the "Securities"),to be subscribed to, by International and/or Indian Banks, Institutions, Institutional Investors, Mutual Funds, companies, other Corporate Bodies, Resident/ Non-Resident Indians, Foreign Nationals and other eligible Investors, as may be decided by the Board,(hereinafter referred to as "Investors"), whether or not such Investors are members of the Company or not(including the provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company, group/associate company(ies) as may be permitted by the ICDR Regulations from time to time),at such time or times, at such price or prices, at discount/premium to the market or prices in such manner and on such terms and conditions including security, rate of interest etc. including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors, as may be determined by the Board at the time of such issue and allotment, considering the then prevailing market conditions and other relevant factors wherever necessary, upto an aggregate of USD 8 MILLION (i.e. ₹ 42-45 Crore approx.) in any foreign currency or in Rupees(inclusive of such premium as may be determined) and such issue and allotment be made at such time or times, in such tranche or tranches, in such currency or currencies, in such manner and on such terms and conditions (including, if necessary, in relation to security on convertible debt instruments) as may be decided and deemed appropriate by the Board in it sole discretion at the time of issue/ allotment."

"RESOLVED FURTHER THAT in case of QIP, pursuant to Chapter VIII of the ICDR Regulations, the allotment of Equity Shares/Securities shall only be made to Qualified Institutional Buyers at a price including a discount of not more than 5% (or such discount as may be prescribed by SEBI from time to time) within the meaning of Chapter VIII of ICDR Regulations and such securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 months from the date of this Resolution."

"RESOLVED FURTHER THAT the Company and/or any agency or body authorized by the Company, may issue receipts/ certificates representing the underlying securities and/ or Equity Shares issued by the Company with such features and attributes as are prevalent in International Capital Markets for instruments of this nature and provide for the tradability or free transferability thereof as per the domestic/international practices, norms and regulations, and under the norms and practices prevalent in the International Markets."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot, from time to time, such number of Equity Shares at such premium as may be decided by the Board in its absolute discretion, upon conversion of such Securities or as may be necessary in accordance with the terms of the offering, including additional Equity Shares, and all such shares shall rank pari-passu with the then existing Equity Shares of the Company in all respects including to dividend."

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue and/or allotment of Equity Shares in the Company or Securities or instruments or Securities representing or convertible into Equity Shares in the Company, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion, deem necessary, appropriate or desirable for such purpose, including, without limitation, determining the form and manner of the issue, the class of investors to whom the Equity Shares/ Securities are to be issued and allotted, number of Equity Shares/Securities to be allotted in each tranche, issue price, face value, premium amount on issue/ conversion of Securities/exercise of warrants/redemption of Securities, rate of interest, redemption period, to appoint Lead Managers, Merchant Bankers, Global Business Coordinators, Book Runners, Underwriters, Guarantors, Financial and/or Legal Advisors, Depositories, Custodians, Registrars, Trustees, Bankers and all other agencies, to enter into or execute all such agreements/arrangements/MOUs/documents with any such agencies, as may be necessary; to list the Securities and the Equity Shares to be issued on conversion of the said Securities on any Indian and/or Foreign Stock Exchange(s),as it may in its absolute discretion deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Equity Shares or Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of the aforesaid Resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Whole-time Director(s)or any Director(s)or any other Officer(s) of the Company to implement the aforesaid Resolution."

Place: Mumbai
Date: November 28, 2014

By order of the Board,

**Ranjit Mohan Dhuru**
*Chairman & Managing Director*
DIN- 00044279

**Registered Office:**
"AFTEK HOUSE",
265, Veer Savarkar Marg,
Shivaji Park, Dadar,
Mumbai – 400 028

CIN: L57220MH1986PLC039342

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING IS ENTITLED TO APPOINT A PROXY, WHO NEED NOT BE A MEMBER, TO ATTEND AND VOTE ON BEHALF OF HIMSELF/ HERSELF. The instrument appointing the Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 (forty eight) hours before the commencement of the Meeting. A proxy form for the Annual General Meeting (AGM) is enclosed.

2. A person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or member.

3. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business as set out above is annexed hereto. Pursuant to Clause 49 of the Listing Agreement, relevant details of the Directors seeking appointment, reappointment are annexed hereto and forming part of the Notice. The directors have furnished the relevant consents, declarations, etc. for their appointment/ reappointment.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 23rd December, 2014 to Tuesday, the 30th December, 2014 (both days inclusive) for annual closing in compliance with Clause 16 of the Listing Agreement executed with the Stock Exchanges and in terms of the provisions of Section 91 of the Companies Act, 2013.

5. Vide letter dated 23rd September 2014 received from Government of India, Ministry of Corporate Affairs, Office of the Registrar of Companies, Maharashtra, the Company has obtained extension of three months for holding this Annual General Meeting.

6. Members holding shares in physical form are requested to notify immediately any change in their addresses with PIN Code to the Company's Share Transfer Agent, M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400072, and in case they hold shares in demat form, this information should be passed on directly to their respective Depository Participants and not to the Company.

7. Pursuant to the provisions of Section 205A and Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members should note that no claims can be made by the shareholders for the unclaimed dividends which are transferred to the credit of The Investor Education & Protection Fund. Therefore, members who have not yet encashed the dividend warrants for the year ended March 31, 2008 and/or subsequent dividend payments are requested to make their claims to the Company.

8. Facility for making nomination is available for Members in respect of shares held by them in physical form. Nomination Forms can be obtained from the Company's Share Registrar and Transfer Agent.

9. Members desirous of obtaining any information concerning the accounts of the Company are requested to address their questions in writing to the Company at least seven days before the date of the meeting at the Company's Registered Office.

10. Members who hold shares in electronic form are requested to bring their depository account number for easy identification and attendance at the meeting.

11. The Company believes in green initiative and is concerned about the environment. The Company has e-mailed the Documents in electronic mode at your e-mail address obtained from the depositories/ available with R & TA. Members who have not registered their e-mail addresses have been furnished hard copy of the Documents. Members are requested to furnish/ update the details of their address, e-mail address, bank account details, relevant information for availing various approved/ permissible modes of electronic funds transfer facilities viz. Electronic Clearing Services (ECS), National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), sending of various documents through electronic mode, etc.:

    (i) To their depository participants in respect of their shareholdings in electronic (dematerialized) form;

    (ii) To R & TA, in respect of their shareholdings in physical form, quoting their folio numbers. Members are entitled to have, free of cost, a copy of the Documents upon placing a specific requisition addressed to R & TA.

12. Members who are still holding the shares in physical form may consider surrendering the shares with the concerned Depository Participant since it is advantageous to hold the shares in demat form.

13. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

14. The Company's equity shares are listed on BSE Limited & National Stock Exchange Limited. All the listing fees, till last year have been paid.

15. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10:30 a.m. to 12:30 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.

16. Voting through electronic means:

    (i) The voting period begins on Wednesday, December 24, 2014 at IST 09:00 a.m. and ends on Friday, December 26, 2014 at IST 05.30 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of November 28, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

    (ii) The shareholders should log on to the e-voting website www.evotingindia.com.

    (iii) Click on Shareholders.

    (iv) Now Enter your User ID

        a. For CDSL: 16 digits beneficiary ID,

        b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

        c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

    (v) Next enter the Image Verification as displayed and Click on Login.

    (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio/ client id number in the PAN field.<br>* In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field. |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.<br>* Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field. |

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of AFTEK LIMITED to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

* The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of November 28, 2014.
* Mr. Hemanshu Kapadia, Practising Company Secretary and on failing him, Ms. Pooja Udeshi, Practising Company Secretary have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
* The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
* The results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's websitehttp://www.aftek.com and on the website of CDSL.

17. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/ re-appointment at the ensuing Annual General Meeting, are contained in the Annexure hereto.

## ANNEXURE TO NOTICE[a1]

## DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 27TH ANNUAL GENERAL MEETING AS REQUIREDUNDER CLAUSE 49 OF THE LISTING AGREEMENT

| Particulars | Mr. Ranjit Dhuru | Mr Nitin Shukla | Mr. Mukul Dalal | Mr. Mahesh Naik | Mr. Sandip Save |
|---|---|---|---|---|---|
| Date of Birth | 04/06/1952 | 18/10/1957 | 05/05/1959 | 01/02/1953 | 04/11/1958 |
| Date of Appointment | 25/03/1986 | 25/03/1986 | 01/08/2009 | 27/03/2002 | 27/11/2007 |
| Qualification(s) | B.Com.LL.M. | B. Com. | B.A. & Diploma in International Marketing | B.Sc. (Hons.) (Physics/ Maths) degree plus PG Diploma in Software Computing Technique (PGDST) conducted by NCSDCT (presently known as CDAC) and VJTI | B.Sc./DCM, Mumbai |
| Expertise in specific functional area | For the last 33 years, he has been working exclusively in the computer industry. He is conversant with the computer industry and market and has been instrumental in formulating the business strategy for the Company. | Has been associated with the computer industry for the past 30 years. He has experience in the field of accounts, banking, finance and customs. | Has over 29 years of marketing experience in the information technology industry. He started his career by providing software services and then graduated to providing turnkey solutions to many local and international clients, developed and serviced key government accounts in the Indian market. He has developed and created markets for Aftek Limited's embedded products and services in Indian Ocean Islands, Africa and Middle East | Has experience in the Information Technology industry for about three decades and has skills in several programming languages and applications. Currently he specializes in the field of Operating Systems, Data Compression, Information Retrieval and Encryption. Mr. Naik also has extensive experience in large scale Demographic Survey, Data Collection and Result Presentation. | Has been associated with the computer industry for the last 28 years. He was responsible for production for about two decades with the Company. |
| List of outside public companies in which Directorship held as on 31st March, 2014 | Nil | Nil | Nil | Nil | Nil |
| Chairman/Member of the Committees of the Board of Other Companies on which he is a Director as on 31st March, 2014 | Nil | Nil | Nil | Nil | Nil |
| Shareholding of Non-executive directors in the Company (No. of Shares) | N A | N A | NA | 22,000 equity shares | 936,244 equity shares |
| Relationship between the directors inter se | Nil | Nil | Nil | Nil | Nil |

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

**Item No. 4 & 5:**

In accordance with the erstwhile provisions of the Companies Act, 1956, Mr. Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033) were appointed as the Directors of the Company. Mr. Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033) retire by rotation at this Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. They have been on the Board of the Company as the Independent Directors pursuant to Clause 49 of the Listing Agreement. With the enactment of the Companies Act, 2013, it is now incumbent upon the Company to appoint 'Independent Directors' as defined under Section 149(6) of the Companies Act, 2013.

In terms of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as 'the Act'), Mr. Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033), being eligible and offering themselves for appointment, are proposed to be appointed as the Independent Directors (Independent Non-executive Directors) for a term of five consecutive years commencing from January 1, 2015 not liable to retire by rotation. The Company has received two notices in writing from a member along with the requisite deposits under Section 160 of the Act proposing the candidature of Mr. Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033) for the office of Independent Directors of the Company to be appointed as such.

The Company has received from Mr. Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033):

a) Consent in writing to act as a Director in Form DIR-2 pursuant to sub-section 5 of Section 152 of the Companies Act, 2013.

b) Declaration pursuant to sub-section 4 of Section 152 of the Companies Act, 2013 to the effect that he is not disqualified to become a Director under Section 164 (2) of the Companies Act, 2013.

c) A declaration to the effect that he meets the criteria of the independence as provided under sub-section 6 of Section 149 of the Companies Act, 2013.

The Board has recommended the appointment of these Directors as the Independent Directors for a term of five consecutive years commencing from January 1, 2015. In the opinion of the Board of Directors, Mr. Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033) fulfill the conditions specified in the Act, rules made thereunder, read with the Clause 49 of the Listing Agreement as amended for their appointment as the Independent Directors of the Company and that they are independent of the Management and they are not disqualified to become Directors under the Act. Documents relevant to the appointment of these Directors as the Independent Directors are available for inspection at the Registered Office of the Company during business hours on any working day of the Company without payment of fee. The Board of Directors is authorized to take all such steps as may be necessary, proper, expedient or desirable to give effect to this appointment, with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the aforesaid appointment.

The Ordinary Resolutions at Item no. 4 & 5 of this Notice seek the approval of the Members for the appointment of Mr. Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033) as the Independent Directors of the Company for a term of five consecutive years commencing from January 1, 2015 pursuant to Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act and applicable rules made under the Act and Clause 49 of the Listing Agreement, as amended from time to time. They are not liable to retire by rotation. The Board of Directors considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of these directors as the Independent Directors. Accordingly, the Board of Directors recommends the Ordinary Resolutions as set out at Item no. 4 & 5 of this Notice in relation to the appointment of Mr. Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033) as the Independent Directors, for the approval by the Members of the Company.

**Item No. 6:**

The Board of Directors in their meeting held on November 28, 2014 re-appointed Mr. Ranjit Mohan Dhuru (DIN: 00044279) as the Managing Director of the Company for a period of 5 years with effect from January 1, 2015 to 31st December 31, 2019 subject to the approval of the shareholders.

The re-appointment shall be pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company and subject to the approval of Members at the general meeting by a special resolution.

Mr. Ranjit Dhuru shall not be entitiled to any remuneration now and on constitution of Remuneration Committee under Section 178 of the Companies Act, 2013 and on their recommendation the total remuneration payable to Mr. Ranjit Mohan Dhuru (DIN: 00044279) shall not exceed 5% of the net profits during any Financial Period or such other limits as may be prescribed by Central Government. The remuneration payable shall not exceed the limits specified in Section I of Part II of Schedule V or Section II of Part II of Section V, whichever is higher.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary, commission and perquisites shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Companies Act, 2013, whichever is higher, unless otherwise determined by the Board of Directors.

In addition to the above, the Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration stated herein above;

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961,

(b) Gratuity payable at the rate not exceeding half a month’s salary for each completed year of service, and

(c) Encashment of unavailed leave at the end of the tenure

The Board of Directors commends this resolution to the Members for their approval.

None of the Directors except Mr. Ranjit Mohan Dhuru (DIN: 00044279) himself is interested or concerned in this resolution, financially or otherwise.

**Item No. 7:**

The Board of Directors in their meeting held on November 28, 2014 re-appointed Mr. Nitin Kashinath Shukla (DIN 00044347) as the Whole-time Director of the Company for a period of 5 years with effect from January 1, 2015 to 31st December 31, 2019 subject to the approval of the shareholders.

The re-appointment shall be pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company and subject to the approval of Members at the general meeting by a special resolution.

Mr. Nitin Shukla shall not be entitiled to any remuneration now and on constitution of Remuneration Committee under Section 178 of the Companies Act, 2013 and on their recommendation the total remuneration payable to Mr. Nitin Kashinath Shukla (DIN 00044347) shall not exceed 5% of the net profits during any Financial Period or such other limits as may be prescribed by Central Government. The remuneration payable shall not exceed the limits specified in Section I of Part II of Schedule V or Section II of Part II of Section V, whichever is higher.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary, commission and perquisites shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Companies Act, 2013, whichever is higher, unless otherwise determined by the Board of Directors.

In addition to the above, the Whole-time Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration stated herein above;

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961,

(b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and

(c) Encashment of unavailed leave at the end of the tenure

The Board of Directors commends this resolution to the Members for their approval.

None of the Directors except Mr. Nitin Kashinath Shukla (DIN 00044347) himself is interested or concerned in this resolution, financially or otherwise.

**Item No. 8:**

The Board of Directors in their meeting held on November 28, 2014 re-appointed Mr. Mukul Suryakant Dalal (DIN 00181066) as the Whole-time Director of the Company for a period of 5 years with effect from January 1, 2015 to 31st December 31, 2019 subject to the approval of the shareholders.

The re-appointment shall be pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company and subject to the approval of Members at the general meeting by a special resolution.

Mr. Mukul Dalal shall not be entitiled to any remuneration now and on constitution of Remuneration Committee under Section 178 of the Companies Act, 2013 and on their recommendation the total remuneration payable to Mr. Mukul Suryakant Dalal (DIN 00181066) shall not exceed 5% of the net profits during any Financial Period or such other limits as may be prescribed by Central Government. The remuneration payable shall not exceed the limits specified in Section I of Part II of Schedule V or Section II of Part II of Section V, whichever is higher.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary, commission and perquisites shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Companies Act, 2013, whichever is higher, unless otherwise determined by the Board of Directors.

In addition to the above, the Whole-time Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration stated herein above;

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961,

(b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and

(c) Encashment of unavailed leave at the end of the tenure

The Board of Directors commends this resolution to the Members for their approval.

None of the Directors except Mr. Mukul Suryakant Dalal (DIN 00181066) himself is interested or concerned in this resolution, financially or otherwise.

**Item no.9:**

The Company requires adequate long term capital to meet the financial needs and to stabilise its business. The Board proposes to raise the funds by issuing appropriate securities in domestic and/or International Market.

The fund raising may be through a mix of equity/equity-linked instruments, as may be appropriate. Members' approval is sought for the issue of securities linked to or convertible into Equity Shares or depository receipts of the Company. The Listing Agreement executed by the Company with the Stock Exchanges also provides that the Company shall, in the first instance, offer all Securities for subscription pro-rata to the Shareholders unless the Shareholders in a general meeting decide otherwise. Members' approval is sought for issuing any such instrument as the Company may deem appropriate to parties other than the existing shareholders. Whilst no specific instrument has been identified at this stage, in the event the Company issues any equity linked instrument, the issue will be structured in a manner such that the additional share capital that may be issued would not be more than 5% of the paid-up capital of the Company (as at the date when the Board recommended passing of the Special Resolution). The equity shares, if any, allotted on issue, conversion of Securities shall rank in all respects pari passu with the existing Equity Shares of the Company.

The Company may also opt for allotment of Equity Shares/Securities in one or more tranches, in the course of domestic or international offerings, by way of Follow-on Public Offer (FPO) and/or by way of a Qualified Institutions Placement(QIP) in a terms of the Chapter VIII of SEBI(Issue of Capital and Disclosure Requirements)Regulations,2009, as amended from time to time and/or Equity Shares in the form of Global Depository Receipts (GDRs),and/or American Depository Receipts (ADRs), and/or External Commercial Borrowings (ECBs) with rights of conversion into shares, and/ or Foreign Currency Convertible Bonds(FCCBs)and/or Optionally or Compulsorily Convertible Redeemable Preference Shares(OCPS/CCPS), convertible into Equity Shares of the Company with voting rights or with differential rights as to voting, dividend or otherwise in accordance with such rules and subject to such conditions as may be prescribed or any other instrument convertible into Equity Shares with voting rights or with differential voting rights as to voting, dividend or otherwise.

Accordingly, the Company may issue securities in terms of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI Regulations'). QIPs will be allotted only to Qualified Institutional Buyers (QIBs) as per the SEBI Regulations and there will be no issue to retail individual investors and existing retail shareholders. The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue of the securities will be decided by the Board based on an analysis of the specific requirements after consulting all concerned. Therefore the proposal seeks to confer upon the Board the absolute discretion to determine the terms of issue in consultation with the Lead Managers to the Issue.

An issue of securities on QIP basis shall be made at a price not less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the "relevant date."The Board may, at its absolute discretion, issue equity shares at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the 'floor price' as determined in terms of the SEBI (ICDR) Regulations, 2009, subject to Section 53 of the Companies Act, 2013.

As the pricing of the offer cannot be decided except at a later stage, it is not possible to state the price of shares to be issued. However, the same would be in accordance with the provisions of the SEBI (ICDR) Regulations, 2009, the Companies Act, 2013, or any other guidelines/regulations/consents as may be applicable or required.

In case of issue of convertible bonds and/or equity shares through depository receipts the price will be determined on the basis of the current market price and other relevant guidelines.

The "relevant date" for the above purpose, shall be -

i) in case of allotment of equity shares, the date of meeting in which the Board decides to open the proposed issue

ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, as may be determined by the Board.The Stock Exchange for the same purpose is the Bombay Stock Exchange Limited/National Stock Exchange of India Limited.

The Directors recommend this Resolution at Item No.9 of the accompanying Notice for the approval of the Members of the Company by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is directly or indirectly concerned or interested in this Resolution, financially or otherwise.

Place: Mumbai
Date: November 28, 2014

By order of the Board,

**Ranjit Mohan Dhuru**
*Chairman & Managing Director*
DIN- 00044279

***Registered Office:***
"AFTEK HOUSE",
265, Veer Savarkar Marg,
Shivaji Park, Dadar,
Mumbai – 400 028

CIN: L57220MH1986PLC039342

# DIRECTORS' REPORT

To,
The Members of Aftek Limited,

Your Directors are pleased to present their 27th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2014. Members may kindly note that vide letter dated 23/09/2014 received from Government of India, Ministry of Corporate Affairs, Office of the Registrar of Companies, Maharashtra, the Company has obtained extension of three months for holding the Annual General Meeting.

## FINANCIAL PERFORMANCE

Amount (₹ In Lacs)

| PARTICULARS | 31/03/2014 | 31/03/2013 |
|---|---|---|
| Turnover | 7575 | 11092 |
| Profit Before Depreciation | 5868 | 5296 |
| Less: Depreciation | 7756 | 8226 |
| Profit /(Loss) Before Tax | (1887) | (2930) |
| Less: Provision for Taxation / Reversal of Deferred Tax | (54) | 411 |
| Profit After Tax | (1833) | (2519) |
| Transfer to General Reserve | NIL | NIL |

## DIVIDEND

In view of the loss incurred during the year, it has not been possible for your Directors to recommend any dividend for the year.

## BUSINESS REVIEW & FUTURE PROSPECTS

Your company's performance during the year has been lackluster. It could have been much better but due to the dollar fluctuations and writing off certain bad debts the company's balance sheet carries a loss of ₹18.33 crores. Your company is engaged in serious discussion with investors who have liked the indigenous product and manufacturing strategy now popularly known as "make in India", In Defense, smart city, smart home and Integrated Intelligent Transport. Keeping this in mind, the directors have proposed an enabling resolution to accommodate the new set of investors.

On completion of this financial phase your company will take on far footing initiatives to implement the forward looking business plan which have as strong thrust on the above mentioned verticals which will make your company truly a "make in india" participant.

## FINANCE

While the recovery of receivables continued to remain at a slow rate, your Company had to write off sizable amounts as bad debts during the year. While proposal for one time settlement of the dues of lending bankers has been on a positive track, the closure of loan accounts has been delayed in spite of Company's rigorous efforts for early settlement. Further, your Company is in the advanced stage of finalizing with prospective investors to fund its projects for that resolution has been kept for your approval.

The 354 numbers of FCCBs, if converted into GDRs/equity shares at the conversion price of ₹ 13.76 would result into issuance of additional 1,12,10,428 numbers of equity shares of ₹ 02/-each.

## DIRECTORATE

Mr. Ranjit Dhuru retire by rotation at the ensuing Annual General Meeting. Mr Ranjit Dhuru being eligible, offers himself for re-appointment.

Pursuant to Sections 149, 152 and any other applicable provisions of the Companies Act, 2013, Mr.Mahesh Naik (DIN 00144690) and Mr. Sandip Chintamani Save (DIN 00452033) are proposed to be appointed as Independent Directors to hold office for five consecutive years.

Mr. Ranjit Mohan Dhuru (DIN: 00044279), Mr. Nitin Kashinath Shukla (DIN 00044347) & Mr. Mukul Suryakant Dalal (DIN 00181066), Managerial Personnel are proposed to be re-appointed as the Managing Director and Whole-time Directors respectively.

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of the Companies in which they hold directorships and membership/Chairmanship of Committees of the Board, their shareholding in the Company and inter-se relationship with Directors, as stipulated under section 149(6) of the Companies Act, 2013 and Clause 49 of Listing Agreement entered into with the Stock Exchanges, are set out in the Notice forming part of the Annual Report.

The Board commends the resolution to the members for the respective appointments/re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

i. that in the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2014 and of the profit of the Company for that period;

iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the directors had prepared the annual accounts for the year ended 31st March, 2014, on a 'going concern' basis.

**FIXED DEPOSITS**

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

**SUBSIDIARY COMPANIES**

**Mihir Properties Pvt Ltd is non-functional.**

In accordance with the General Circulars No: 2 /2011 No: 51/12/2007-CL-III and No. 3/2011 No: 5/12/2007-CL-III dated 08th February 2011 and 21st February 2011, respectively, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Annual Accounts of the subsidiary companies will be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. The statement pursuant to Section 212 of the Companies Act, 1956 containing details of subsidiaries of the Company, forms part of the Annual Report.

**AUDITORS**

The present Statutory Auditors of the Company, M/s. GMJ & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter as required under Section 141 of the Companies Act, 2013 (erstwhile section 224(1B) of the Companies Act, 1956) from M/s. GMJ & Co., Chartered Accountants, confirming their eligibility and willingness to act as Statutory Auditors, if re-appointed. M/s. GMJ & Co., Chartered Accountants shall be appointed as Statutory Auditors of the Company to hold office for the period of 5 (five) years from the conclusion of this Annual General Meeting until the conclusion of the sixth Annual General Meeting to examine and audit the accounts of the Company for the financial year 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 subject to ratification by the members of the Company at all the subsequent AGMs.

## AUDITORS' REPORT

Auditor qualification and management reply

| Point no. | Auditors' qualifications | Management reply |
|---|---|---|
| | **Auditors' Report** | |
| | **Basis for qualified opinion** | |
| (i) | Note no.39 regarding Management has not considered any provision in respect of outstanding Debtors for a period more than 12 months amounting to ₹ 15727.44 Lacs which in our opinion, as evidenced by the poor recovery made during the year, are doubtful of recovery. Consequently, profit before tax is overstated by ₹ 15727.44 Lacs. Further in our view there is significant uncertainty as to ultimate collection of Debtors due to non-receipt from overseas debtors. Therefore we are further unable to comment on recoverability of balance debtors amounting to ₹ 6733.21 Lacs; | (i) In view of the on-going slowdown in the European and US Markets, there have been delays in receivables, Considering the size and standing of its debtors, the Company has not made any provision at this stage. The Management is putting more efforts for the recovery. |
| (ii) | Note no.40 regarding, the company has given certain capital advances and made some investments totaling to ₹ 6975.20 Lacs towards the building under construction at Hinjewadi, Pune, upto the year ended, 31-3-2010, thereafter there are no further developments/construction made. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. The bank has called for bids at a base price of ₹ 1800.00 Lacs. There is no provision made towards the eventual loss on such auction, which is presently not ascertainable till such disposal. The bank has now agreed for an one time settlement (OTS) of outstandings for ₹ 2600 lacs. | (ii) Bank has issued one time settlement (OTS), final stage of negotiations are going on. Completion of the same necessary entries will be made to close these transactions. |
| | **Emphasis of matter** | |
| 1. | Note no.34 b (ii) regarding Liability if any of the pending assessment under Income Tax, Sales tax (including interest, if any) which are presently not ascertainable; | 1. Regarding Income-tax On completion of Assessment for the year F.Y. 2010-2011, ₹ 1,30 Crores is due. Regarding Sales Tax about ₹ 10.00 Lacs. As the position has now imporving, these are being cleared-off very soon. |
| 2. | Without qualifying our opinion, we draw attention to note no.41 regarding Intangible Assets under development for various ongoing projects. Due to the delay in the projects, Assets under development for ₹ 19910.32 are yet to be put to use as on the date of balance sheet. The company is of the opinion that with the improved market conditions all the Assets under development will be profitably used by the company in the future projects. | 2. These intangible assets acquired by the company for the ongoing projects of "Diesel Management Systems", "Battery Management Systems" etc. It will be put to use by Mid June, 2015. |
| | **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT** | |
| (iv) | In our opinion and according to the information and explanations given to us, having regard to the explanation that the IPRs purchased are of special nature and suitable alternative source do not exist for obtaining comparable quotation, there exist an adequate internal control system commensurate with its size and nature of its business with regards to purchase of inventory and fixed assets and with regards to the sale of goods and service. During the course of our audit, we have not observed any major weakness in such internal control system. | (iv) Company is having internal audit control system to monitor usage of IPRS etc. The said Reports will be submitted to the Audit Committee every quarterly for taking necessary action. |
| (ix) | In respect of statutory dues: | |
| (a) | According to the information and explanations given to us the company is not regular in depositing undisputed statutory dues excluding Investor Education and Protection Fund,which has been paid in time,Employees State Insurance, Sales-tax, Wealth Tax, Service Tax Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. Undisputed provident fund dues are not regularly deposited with the appropriate authorities. In respect of income tax, the Company is not regular in depositing those dues with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect of above mentioned taxes which were outstanding, at the year-end for a period of more than six months from the date they became payable are as follows: | (a) As the position has now improving these are being clared-off very soon. |
| xi) | According to the information and explanations given to us the company has defaulted in repayment of dues to a bank the details of the same as on 31st March, 2014 are as mentioned below. | (xi) Bank has agreed for one time settlement (OTS), the same is in final stage, expected to Close these issues on or before March, 2015. |

**PARTICULARS OF EMPLOYEES**

Details of remuneration paid to employees, as required under Section 217(2A) of the Companies Act, 1956, are set out in a separate statement attached hereto as Annexure “A” and the same forms part of this Report.

**CONSERVATION OF ENERGY, ETC.**

Your Company endeavors to ensure conversation of energy. However, as a software company, energy costs constitute a small portion of the total cost and there is not much scope for energy conservation. Form A as prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable for software industry. The particulars of Technology Absorption are also not applicable. The Foreign Exchange Earnings and Outgo are as under:

CIF Value of Imports: ₹ 3997.27 lacs

Expenditure in Foreign currency: ₹ 4750.77 lacs

Earnings in Foreign currency: ₹ 7439.82 lacs

**OTHER DISCLOSURES**

The disclosures required to be made under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, together with a certificate obtained from the Statutory Auditors confirming compliance, is given in Annexure “B”.

Pursuant to Clause 49 of the listing agreement entered into with the Stock Exchanges, the Management Discussion and Analysis, Corporate Governance Report and a Certificate obtained from Practicing Chartered Accountant confirming compliance form part of the Annual Report.

**ACKNOWLEDGEMENT**

Your Directors would like to place on record their sincere appreciation of the continued co-operation, support and assistance given by shareholders, customers, vendors, bankers, service providers, suppliers and employees at all levels.

FOR AND ON BEHALF OF THE BOARD

PLACE : MUMBAI
DATED : 28th November, 2014

**RANJIT DHURU**
*CHAIRMAN & MANAGING DIRECTOR*
DIN- 00044279

## ANNEXURE “A” TO THE DIRECTORS’ REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of the Directors’ Report for the year ended 31st March, 2014.

| S N | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (₹) | Previous Employment |
|---|---|---|---|---|---|---|---|---|
| 1 | Mr Ranjit Dhuru | Chairman & Managing Director | B.Com. LL.M. | 62 | 25/03/1986 | 33 | 75,02,496 | Self-employed |

**Notes:**

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

FOR AND ON BEHALF OF THE BOARD

**RANJIT DHURU**
*CHAIRMAN & MANAGING DIRECTOR*
DIN- 00044279

PLACE : MUMBAI
DATED :28th November, 2014

## Management Discussion and Analysis

**Business review:**

During the financial year 2013-2014, Aftek recorded net sales of ₹ 75.75 crores, comprising of ₹ 61.74 crores from Services, ₹ 12.13 crores from Products and ₹ 1.88 crores from Software Driven Products (SDP).

| Sales by Category 2013-2014 | | Sales by Category 2012-2013 | |
|---|---|---|---|
| | (%) | | (%) |
| Services | 81.51 | Services | 85.98 |
| Products | 16.01 | Products | 12.11 |
| Embedded Products | 2.48 | Embedded Products | 1.91 |
| **Sales by Region 2013-2014** | | **Sales by Region 2012-2013** | |
| USA | 73.15 | USA | 62.31 |
| EUROPE | 17.64 | EUROPE | 31.17 |
| JAPAN | 6.74 | JAPAN | 4.40 |
| DOMESTIC | 1.28 | DOMESTIC | 1.91 |
| OTHERS | 1.20 | OTHERS | 0.21 |

**FOR DEFENSE**

India has the third largest armed forces in the world. The allocation for defense in the last budget was approximate USD 37.3 Billion of which nearly 40% is spent on capital acquisitions. India is one of the world’s largest importer of defense equipment. Still, during past few years, defense equipment purchase and upgradation has languished for various reasons. Recognizing the urgent need of the defense sector, the need to conserve foreign exchange, and to generate jobs in India, the Government has now announced various reforms in defense procurement. It should be noted that the defense manufacturing sector in India was predominantly controlled by the public sector and it is only in past few years that the sector has been opened to the private sector. The Government has already announced “Make in India” as an important initiative to boost growth. Towards this end, the Government has recently increased the FDI limit to 49% under Government route and above 49% on a case to case basis. Investments by foreign portfolio investors / FIIs (through portfolio investment) are permitted up to 24% under automatic route. The Government also plans to invest INR 250 Billion in 7-8 years to promote make in India in the defense sector.

Aftek has been active in this sector since past few years and has been working through it’s associate companies. Aftek has been consolidating its position and integration with associate companies is in progress. A result of the same, which has been communicated earlier, is that the Diesel Management System (DMS) implemented on the SSK class submarine has proven itself and is now in service for number of years. Aftek is now working on extending the DMS to Integrated Platform Management System, (IPMS) which includes every possible sub-system on a naval platform excluding weapons and communication systems. IPMS is a default requirement on any new platform for the Navy, be it ships or submarines, of any size, shape and function.

There are established foreign players for IPMS, but the cost is prohibitive. There are some Indian players who are working on the IPMS development, but their focus is on the new platforms being built. Aftek focuses on refit market, where the challenges are quite different, leading to practically no competition. The Indian Naval refit market is very big, as most of the platforms are very old and need IPMS.

IPMS helps monitor and control all the machinery and equipments, e.g. those that are part of Machinery Control Room

(MCR), Engineering Control Systems (ECS) and Auxiliary Control Room (ACR). These include the engines, propellers, generators, power distribution and managements system, fire control system, alarms and annunciation system, HVAC and chilled water systems etc.

Aftek's IPMS architecture comprises of various RTUs which talk to Local Control Panels that control the individual machinery such as generators etc providing real time monitoring and control. The IPMS provides various HMI options and consoles at multiple locations. It also supports a CCTV network on the same Ethernet bus. The architecture supports huge number of sensors and actuators.

The Aftek IPMS approach is specially designed and suited for refit market. The on-board operators who are used to existing interfaces, have the option of retaining the same interfaces, thereby reducing the training time.

Aftek's defense product portfolio includes a host of other products, including battery management system (BMS) for submarines, which has been already communicated.

**AUTOMATION**

**From Smart Homes to Smart Cities and Internet of Things…**

Aftek, with its strategy since inception of making AFfordable TEKnology in India, developed home automation solution for the Indian market in 2004-2005. The solution was so advanced that many MNCs showed interest in associating, with one taking it to a very advanced stage of discussions for acquisition. The challenges of making and implementing such an advanced technology solution in India, as compared to abroad, still remain the same, namely, lack of 24x7 clean and uninterrupted power and availability of low cost 24x7 assured internet connectivity, both required at the customer end.

The architecture of the gateway sitting at the heart of Aftek's home automation solution is flexible, scalable and modular. The gateway is capable of talking to dissimilar devices, gathering info and presenting the same to various output points. It not only supports adding different protocols and buses to cater to in-the-house devices, but has been designed for out-of-the-house connectivity, whether to the complex security gates, complex or smart city server and to the internet. Practically, this was a step towards supporting Internet of Things (IoT).

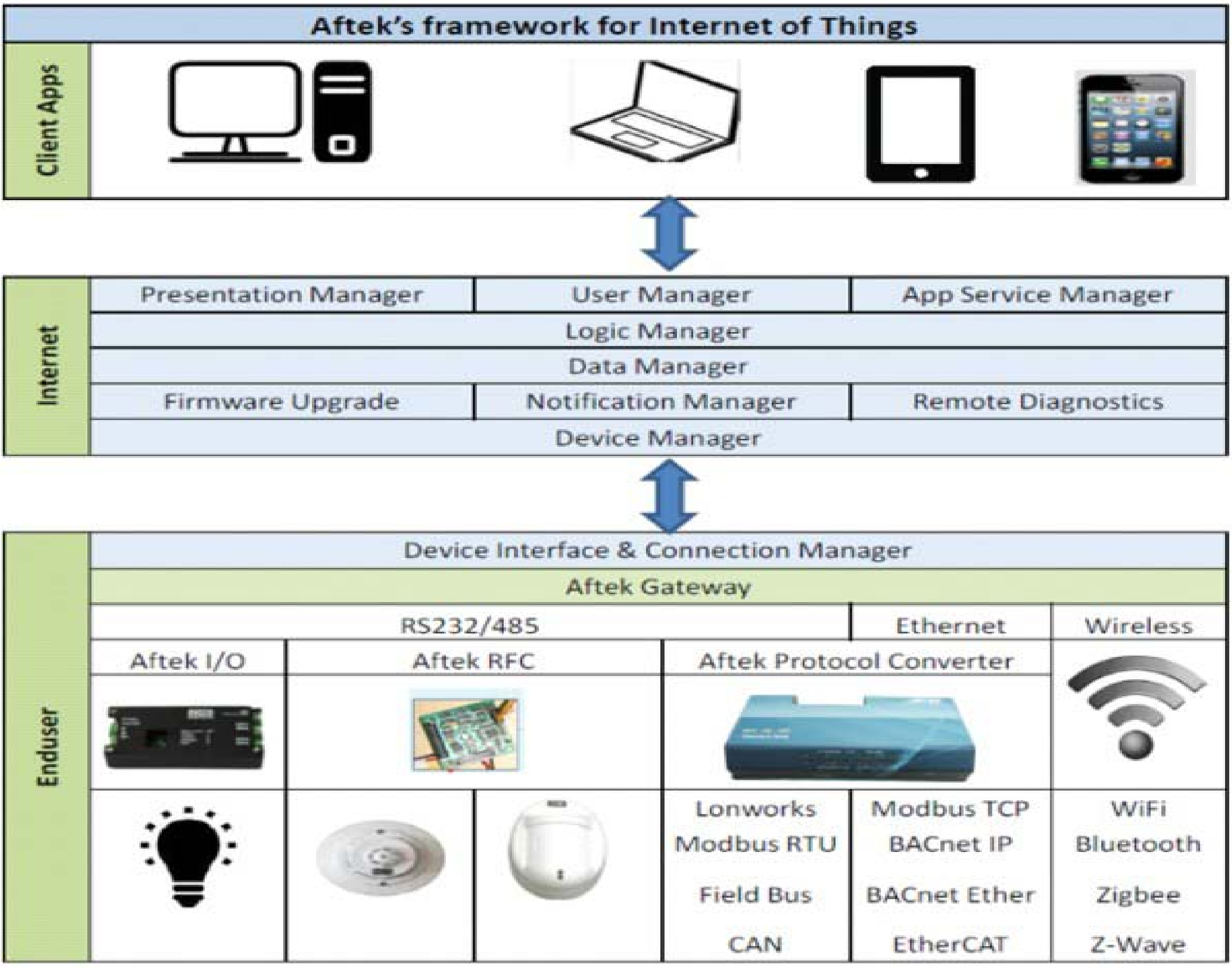
The architecture supports smart city concept with ability to add two-way use of applications, such as metering, energy management etc. as also applications such as booking a hotel table in the smart city to paying property taxes.

With the experience of working with Lavasa city, Aftek is well poised to address the Government initiative of 100 smart cities.

Internet has been a revolution that dramatically changed every aspect of human life. Internet of Things (IoT) is expected to have a similar effect in the coming years. In simple terms, a plethora of embedded devices are expected to connect to internet, thereby offering new functionalities and services that were hitherto unheard of.

According to Gartner, there will be nearly 26 billion devices on the Internet of Things by 2020. ABI Research estimates that more than 30 billion devices will be wirelessly connected to the Internet of Things by 2020. The importance of IoT in things to come is highlighted by the fact that Google has acquired Nest for US$ 3.2 Billion.

Based on Aftek's home automation solution and using some components of Aftek Remote Infrastructure Monitoring Solution, the company has completed design of a framework for IoT. This framework will be used to provide design and development services, as well as developing products for the domestic and international markets.




**INTEGRATED TRANSPORTATION SOLUTIONS**

The Planning Commission has allocated investments worth USD 1.6 Billion for ITS projects in the 12th Five Year Plan (2012-2017).

Government of India has planned 100 smart cities. The Smart Cities concept note envisages integrated, multi-modal, high capacity and green public transport system at the core of the 'smartness'. The Government has estimated investment requirement of Rs. 7 lakh crores over 20 years for water supply, sewerage, sanitation and transportation related infrastructure.

Aftek has been working in the transportation sector for more than two decades. It is an established solution provider in India and near-shore countries.

Aftek's Integrated Transportation Solutions (ITS) include a variety of hardware and software subsystems. Various devices are available for fare collection including hand-held devices, bus validators, Driver console Units, tracking devices, re-charging terminals, information displays, passenger counting machines etc. The software sub-systems are part of the Aftek Transportation Framework (ATF), which fully utilizes Aftek's decades of domain knowledge to offer comprehensive system for reporting and processing of revenues and other forms of data.

Solutions include: Depot Manager, Bus Tracking System, Automatic Fare Collection, Passenger Information System along with the administration and management information modules.

**Depot Manager (DM)**

Aftek's DM supports both conductor-operated ticketing system and Automatic Fare Collection (AFC). The design is highly flexible and supports route planning, various fare structures, employee shifts and roster, vehicle maintenance scheduling etc. DM also provides analytical tools for improving earning per kilometer.

**Automatic Fare Collection (AFC)**

The AFC module supports conductor-less operation using Aftek's indigenously developed AFC devices. It employs centrally managed Fare Management Engine comprising of complex rules, based on various types of routes and schedules, ticket types and bus types; supporting on-board Tag-in / Tag-out validators.

**BUS Tracking system (BTS)**

The BTS emphasizes on tracking, monitoring the buses and their status on standard GIS maps. The DCU / VTS mounted inside the bus communicates with the control room over a GPRS network and sends the real-time location and status of the bus.

**Passenger Information System (PassInfo)**

The PassInfo module can be implemented both inside the bus and on the bus stop, bus terminal and platforms. The module supports two different languages at any given point (English / Hindi and other local languages) which can be delivered to the hardware devices for playback and display. Infotainment options are supported, to facilitate location based advertising with huge revenue potential for the transport operators.

The initiatives of the new Government are making the transportation sector in India very exciting. Aftek is well poised for taking advantage of the current scenario.

**SOFTWARE PRODUCTS**

The Indian offshore software development story is well established by now, graduating from body shopping. NASSCOM expects IT sector exports to grow to $99 Billion in FY15. But this largely comprises of work based on core technologies and products developed abroad, outsourced to India for its lower manpower costs. For India to move up the value chain, core technology work needs to happen in India. Focus must shift from working for client's outsourced work to developing products.

Key to developing high quality and innovative products is the need to visualize ahead and understand what the market needs in the next few years and participate with expert groups to work out specifications of these futuristic and innovative products and technologies, today.

Experts from various companies and leading educational institutes participate over years in developing specification and standards and automatically benefit from becoming early vendors to provide products that meet these specifications. Besides worldwide acceptance, these standards also force vendors to ensure interoperability of their devices. Examples include Bluetooth, WiFi, USB, MPEG etc.

Too many advances are happening in technologies, therefore the need for developing newer standards: Cloud, Wearable devices, Internet of Things.. the list goes on. There are enough challenges and therefore opportunities to contribute in the development of standards. It is here that the IIT's, NIT's and IISc and experts from domestic industry research and development centers can work together to evolve specifications.

Actively contributing in standards and technology roadmaps is only one of the steps. Additionally, innovative approach to product development, clever and smart engineering leading to development, use and reuse of intellectual properties is necessary. There is no dearth of innovativeness in India, albeit of the jugaad-type. India has the ability to go beyond jugaad, ISRO, its one-of-its-kind feat of Mars mission are proof enough.

At Aftek too, there are exciting possibilities. For example, Aftek developed a Fuel Cell Controller for Naval Materials Research Laboratory (NMRL ), which interfaces with the fuel cell and the motor drives; and monitors all the related parameters such as hydrogen, water intake etc. The Fuel Cell Controller can now be integrated with Aftek's Vehicle Tracking System, with the result that buses operating in and around smart cities can work on diesel in peripheral areas and can switch to fuel cells as they enter the smart cities to control pollution.

What is required now is to institutionalize such examples throughout the Indian industry.

## REPORT ON CORPORATE GOVERNANCE

**Company's philosophy on corporate code of governance**

The Company recognizes that good governance practices originate from the philosophy and mindset of the organization. The Company reiterates its commitment to adhere to the highest standards of Corporate Governance which is founded upon a rich legacy of integrity, fairness, transparency, timely disclosures, equity and accountability for the long term enhancement of the shareholders'/stakeholders' value and interest. The management of the Company believes that the importance of the corporate code of governance lies in its contribution both to business prosperity and accountability.

### A. BOARD OF DIRECTORS

*(i) Composition of the Board:*

The Company has an Executive Chairman and thus, the Board should comprise of 50% Independent Directors. The Company currently comprises of 5 Directors out of which 3 are Executive Directors and 2 Non-Executive Independent Directors. Mr. V. J. Masurekar resigned as an Independent Director on 31st December 2013. The Company is currently in process of filing the vacancy of Independent Director created due to Mr. V. J. Masurekar's resignation.

*(ii) Number of Board Meetings:*

The Board of Directors met 5 times during the year under review. The meetings of the Board of Directors were held on various dates as follows: 30.05.2013, 14.08.2013, 14.11.2013, 02.12.2013 and 14.02.2014.

*(iii) Directors' attendance and directorships held as on 31/03/2014:*

| Name of Director | Category | No. of Board Meetings Attended | Attendance at AGM held on 31.12.2013 | #Directorship of other Public Company(ies) | #No. of Committees position held in other Public Company(ies) | |
|---|---|---|---|---|---|---|
| | | | | | Membership | Chairmanship |
| Mr. Ranjit Dhuru | CMD | 5 | Yes | 1 | NIL | NIL |
| Mr. V. J. Masurekar* | NE | 3 | Yes | 0 | NIL | NIL |
| Dr. S S S P Rao** | NE | 1 | No | 0 | NIL | NIL |
| Mr. Mahesh Naik | NE | 5 | Yes | 0 | NIL | NIL |
| Mr. Sandip Save | NE | 4 | Yes | 0 | NIL | NIL |
| Mr. Nitin Shukla | ED | 5 | Yes | 2 | NIL | NIL |
| Mr. Mukul Dalal | ED | 4 | Yes | 1 | NIL | NIL |

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

* Resigned on 31st December 2013; ** Resigned on 12th August 2013

# For the purpose of considering the number of directorships and committee positions, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 (erstwhile section 25 of the Companies Act, 1956), have been excluded and the committees other than Audit Committee and Shareholders'/ Investors' Grievance Committee have been excluded.

**NOTE:**

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

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

## B. COMMITTEES OF THE BOARD

### i) AUDIT COMMITTEE:

The Audit Committee currently comprises of 3 directors, namely, Mr. Mahesh Naik, Mr.Sandip Save, Independent Non-executive Directors and Mr Ranjit Dhuru, CMD. Mr Sandip Save acts as the Chairman of the Committee. Mr V J Masurekar, member resigned on 31st December 2013. Mr. C.G. Deshmukh, Company Secretary of the Company, functions as the Secretary of the Audit Committee. During the year under review, 5 meetings of the Audit Committee were held on 30.05.2013, 14.08.2013, 14.11.2013, 02.12.2013 and 14.02.2014. The attendance of members there at was as follows:

| Name of Director | No. of Meetings Attended |
|---|---|
| Mr. V J Masurekar* | 3 |
| Mr. Mahesh Naik | 5 |
| Mr. Sandip Save | 3 |
| Mr. Ranjit Dhuru | 5 |

* Resigned on 31st December 2013

The terms of reference of the Audit Committee are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**ii) SHAREHOLDERS' GRIEVANCE COMMITTEE**

The Share Transfer-cum-Investors' Grievance Committee consists of 3 Directors, majority of them being Non-executive Directors. Mr. Sandip Save is the Non-executive Director and Chairman of the Committee. Mr. C G Deshmukh, Company Secretary, has been designated as the Compliance Officer. The Company had received ten (10) complaints during the year 2013-14 and the same been resolved thus, no complaints were pending as on 31/03/2014. No share transfers were pending as on 31st March, 2014.

**C. REMUNERATION OF DIRECTORS:**

**Remuneration Policy:**

Subject to the approval of the Board and of the Company in the general meeting and such other approvals as may be necessary, the Managing/Whole-time Directors are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Managing/Whole-time Directors comprises salary, allowances and gratuity.

Non-executive Directors are paid sitting fees / commission. The amount of commission is determined on the basis of the Company's performance and regulatory provisions.

Details of Remuneration of Directors as on 31.03.2014:

(Amount in ₹)

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

Note: Monthly salary comprising: Basic/HRA/Ex-gratia/LTA/Medical/Entertainment etc.

* Notice period for termination of appointment of Chairman & Managing Director and other Whole-time Directors is three months on either side.

* No severance pay is payable on termination of appointment.

The details of shares/convertible instruments held by Non-Executive Directors as on 31-03-2014 are as under:

| Name | No of Shares Held | Stock Options Granted@ | Warrants |
|---|---|---|---|
| Dr. S S S P Rao | 16,900 | 25,000 | -NIL- |
| Mr. V J Masurekar | 25,000 | 25,000 | -NIL- |
| Mr. Mahesh Naik | 22,000 | 25,000 | -NIL- |
| Mr. Sandip Save | 9,36,244 | -NIL- | -NIL- |

@ Stock Options granted on 25.08.2004, at an exercise price of ₹ 56/-, later revised to ₹ 26/- on account of Bonus Issue, with a vesting period of one year from the date of grant and exercise period of two years from vesting.

**D. SUBSIDIARY COMPANIES**

The Company does not have a material non-listed Indian subsidiary whose turnover or net worth (i e paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding Accounting Year.

Copies of the minutes of the Board Meetings of the subsidiary companies are periodically placed at the Board Meeting of the listed Holding Company.

**E. NON-MANDATORY REQUIREMENTS**

The Status of Compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement is provided below:

1. **Non-Executive Chairman's Office**

   The Chairman of the Company is an Executive Chairman and hence, this provision is not applicable.

2. **Remuneration Committee**

   Subject to the approval of the Board and of the Company, in the General Meeting and such other approvals as may be necessary, the Managing/Whole-time Directors are paid remuneration as per the Agreements entered into between them and the Company. Pursuant to Section 178 of the Companies Act, 2013, the Company is in process of constituting Remuneration Committee with required composition.

3. **Shareholder Rights**

   Presently, the quarterly/half yearly & yearly financials with its notes/events is being made available through press releases/website of the Company and announcements to the Stock Exchanges.

4. **Audit qualifications**

   The Auditors have given a qualified report on the annual accounts for the year ended 31st March, 2014. However, the Company endeavours to move towards a regime of unqualified financial statements.

5. **Training of Board Members**

   The Board Members possess rich experience in their respective fields of specialization and have been on the Board for a considerable period of time. The Directors keep themselves abreast of the developments in the Organisation and in the industry.

6. **Mechanism for evaluating Non-executive Board Members**

   The Non-executive Directors have been inducted on the Board after mutual consultations by other members of the Board and have been found to be contributing significantly to the affairs of the Company.

7. **Whistle Blower Policy**

   The Company encourages an Open-door policy, where employees have free access from the level of the immediate reporting authority upto that of the CEO, to report any unethical behaviour, or non-adherence to the Company's Code of Conduct. However, pursuant to provisions of Companies Act 2013, the company is in process of setting up formal vigil mechanism system

**F. GENERAL BODY MEETINGS:**

Details of Annual General Meetings held during the last three years:

| Meeting | Location | Date | Time |
|---|---|---|---|
| Annual General Meetings | The Queenie Captain Auditorium,<br>The NAB-Workshop for the Blind,<br>Dr. Annie Besant Road, Prabhadevi,<br>Mumbai – 400 025 | December 31,2013<br>September 28, 2012<br>September 29, 2011 | 10.30 a.m.<br>09.30 a.m.<br>10.30 a.m. |

During the year ended 31st March 2014, no resolution was passed by the Company's members through postal ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through postal ballot.

**G. DISCLOSURES:**

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

b) The Company has generally complied with the requirements of the Stock Exchanges/SEBI and Statutory Authority on matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by any of the aforesaid authorities relating to the above.

c) The Company does not have any specific whistle blower policy in place. However, the Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee. Pursuant to provisions of Companies Act 2013, the company is in process of setting up formal vigil mechanism system.

d) The Company has duly complied with the mandatory requirements of Clause 49 and as required by Clause 49 of the Listing Agreement, the Auditors Certificate on Corporate Governance is given.

e) In the preparation of financial statements, the Company has followed the Accounting Standards issued by ICAI.

The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.

**H. MEANS OF COMMUNICATION**

1. The quarterly financial results of the Company are published in Free Press Journal newspaper in English and Navshakti in Marathi.

2. The Company has its own website (www.aftek.com) and all the vital information relating to the Company (such as quarterly/half-yearly results, press releases, presentations to analysts, shareholding pattern etc) and its products are displayed on the website.

3. The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which, in its opinion, are material and of relevance to the shareholders and through Press Releases.

**I. OTHER INFORMATION**

**i) Code of Conduct:**

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company, www.aftek.com. The declaration of the Chairman and Managing Director is given below:

**To the Shareholders of Aftek Limited**

Sub : Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

**Ranjit Dhuru**
*Chairman & Managing Director*

Mumbai, November 28, 2014

**ii) Insider Trading:**

The Company has a Code of Conduct for prevention of Insider Trading in the securities of the Company, which inter alia prohibits dealing in securities of the Company by Insiders while in possession of unpublished price sensitive information.

## J. GENERAL SHAREHOLDER INFORMATION

### 1. AGM : Date, Time and Venue/Book Closure/Dividend Payment Date

| | |
|---|---|
| Day & Date | Tuesday, the 30th December, 2014 |
| Venue | The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 |
| Time | 10.30 a.m. |
| Book Closure Dates | Tuesday, 23rd December, 2014 to Tuesday, the 30th December, 2014 (both days inclusive) |
| Dividend Payment Date | The Board has not recommended any dividend on the equity shares of the Company for the year ended March 31, 2014. |

### 2. FINANCIAL CALENDAR

| **Financial Year 2014-2015** | |
|---|---|
| Quarter ending 30th June, 2014 | July / August 2014 |
| Quarter ending 30th September, 2014 | October / November 2014 |
| Quarter ending 31st December, 2014 | January / February 2015 |
| Quarter ending 31st March, 2015 | April / May 2015 |

### 3. LISTING OF SECURITIES ON STOCK EXCHANGES (WITH STOCK CODE)

| SECURITY | NAME & ADDRESS OF STOCK EXCHANGE | SECURITY CODE | ISIN |
|---|---|---|---|
| Equity Shares | Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 | 530707 | INE796A01023 |
| | National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 | AFTEK | INE796A01023 |

### 4. Market Price Data :

Monthly High and Low quotations of Shares traded on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd during the Financial Year ended 31st March, 2014

(Source: BSE and NSE websites)

(in ₹)

| Months | BSE | | NSE | |
|---|---|---|---|---|
| | High Price | Low Price | High Price | Low Price |
| Apr-13 | 5.8 | 4.7 | 6 | 4.75 |
| May-13 | 5.63 | 4.4 | 5.7 | 4.45 |
| Jun-13 | 6.04 | 4.05 | 6.05 | 4.05 |
| Jul-13 | 5.15 | 3.75 | 5.15 | 3.75 |
| Aug-13 | 4.02 | 3.1 | 4 | 3 |
| Sep-13 | 3.56 | 3.06 | 3.65 | 3.05 |
| Oct-13 | 4.24 | 3.07 | 4.2 | 3.05 |
| Nov-13 | 3.88 | 3.06 | 3.85 | 3.05 |
| Dec-13 | 3.9 | 3.06 | 3.9 | 3.05 |
| Jan-14 | 4.98 | 3.57 | 4.95 | 3.5 |
| Feb-14 | 3.75 | 3.06 | 3.75 | 3.05 |
| Mar-14 | 3.86 | 2.9 | 3.85 | 2.8 |

5. **Registrar & Transfer Agent :**

M/s Bigshare Services Pvt Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072; Tel : 91-22-40430200 / 28470652 Fax : 91-22-2847 5207

6. **Share Transfer System :** The Company's shares are required to be compulsorily traded on the stock exchanges in dematerialized mode. In case of shares held in physical form, Share Transfer Deeds are processed by the Share Transfer Agents and Share Transfer Register is sent to the Company for approval. The Committee for Share Transfers comprising of Directors considers and approves the same. Thereafter, necessary endorsements on the Share Certificates are done and Share Certificates are dispatched to the transferees.

7. **Distribution of Shareholding**

Distribution of Shareholding as on 31st March, 2014

| Range (In Rs) | | No of Shareholders | % of Total Holders | Total Holding | % of Total Capital |
|---|---|---|---|---|---|
| 1 | 500 | 40023 | 69.32% | 7,847,061 | 7.12% |
| 501 | 1,000 | 7971 | 13.80% | 6,728,617 | 6.11% |
| 1,001 | 2,000 | 4404 | 7.63% | 7,007,655 | 6.36% |
| 2,001 | 3,000 | 1855 | 3.21% | 4,777,711 | 4.34% |
| 3,001 | 4,000 | 743 | 1.29% | 2,696,007 | 2.45% |
| 4,001 | 5,000 | 727 | 1.26% | 3,476,937 | 3.16% |
| 5,001 | 10,000 | 1031 | 1.79% | 7,725,252 | 7.01% |
| 10,001 | 999,999,999 | 982 | 1.70% | 69,928,851 | 63.46% |
| **Total** | | **57736** | **100.00%** | **110,188,091** | **100.00%** |

8. **Distribution of Shareholding as on 31st March, 2014**

| Category | Total Share Holders | % of Share Holders | Total Shares | % of Total Shares |
|---|---|---|---|---|
| Clearing member | 72 | 0.12% | 525,348 | 0.48% |
| Corporate bodies | 873 | 1.51% | 17,268,989 | 15.67% |
| Corporate bodies (promoter co) | 1 | 0.00% | 58,924 | 0.05% |
| Employee | 42 | 0.07% | 98,346 | 0.09% |
| Financial institutions | 3 | 0.01% | 1,487,626 | 1.35% |
| Foreign company | 2 | 0.00% | 15,543,559 | 14.11% |
| Foreign inst. investor | 1 | 0.00% | 335 | 0.00% |
| Nationalised banks | 2 | 0.00% | 2,550 | 0.00% |
| Non nationalised banks | 1 | 0.00% | 5,000 | 0.00% |
| Non resident indians | 386 | 0.67% | 1,598,758 | 1.45% |
| Overseas corporate bodies | 1 | 0.00% | 750 | 0.00% |
| Promoters | 9 | 0.02% | 2,174,042 | 1.97% |
| Promoters / directors | 10 | 0.02% | 2,031,696 | 1.84% |
| Public | 56,320 | 97.55% | 69,160,984 | 62.77% |
| Relatives of director | 11 | 0.02% | 166,434 | 0.15% |
| Trusts | 2 | 0.00% | 64,750 | 0.06% |
| **Total** | **57736** | **100.00%** | **110,188,091** | **100.00%** |

**9. Dematerialisation of Shares and Liquidity**

As on March 31, 2014, out of 11,01,88,091 total number of shares, 10,94,00,804 shares i.e. 99.29%, were held in Dematerialsed form and the balance 7,87,287 number of shares i.e. 0.71% were held in Physical form.

**10. Outstanding GDRs/Warrants/Convertible Instruments, Conversion Date and Likely Impact on Equity**

**a) Outstanding Global Depository Receipts (GDRs) :**

The Company had issued 1,333,100 Global Depository Receipts (GDRs) on February 07, 2003 at a price of USD 11.25, per GDR with each GDR representing 3 equity shares of ₹ 10/- each. Pursuant to Special Resolution passed at the Annual General Meeting held on December 29, 2003, equity shares of ₹ 10/- each were sub-divided into smaller denomination of ₹ 2/- each for which the Company had fixed January 29, 2004 as the Record Date. Corresponding increase was made to the number of GDRs from one to five in order to maintain the GDR to Equity proportion of 1:3.

Further, pursuant to the Special Resolution passed at the Annual General Meeting held on December 28, 2004, bonus shares in the proportion of one equity share for every two equity shares held on the record date of January 28, 2005 were allotted on January 31, 2005 resulting in increase in the number of GDRs.

No GDRs (PY No GDRs) were outstanding as at March 31, 2014.

As explained below, 354 numbers of 1% FCCBs were outstanding as at March, 31, 2014. If these FCCBs are converted into GDRs, it would resulted into issuance of 37,36,809 numbers of GDRs representing 1,12,10,428 numbers of equity shares of ₹ 2/- each at the reset conversion price of ₹ 13.76.

**b) Outstanding FCCBs :**

The Company had raised USD 34.5 millions through an issue of 3000 numbers of 1% Foreign Currency Convertible Bonds Due 2010 of USD 10,000 each (“FCCBs”) in June 2005 followed by 450 numbers of additional FCCBs in July 2005 on account of exercise of green shoe option of 15%. At the option of the Bondholders, FCCBs were convertible into Equity Shares/Global Depository Receipts (“GDRs”) within a period of 5 years from the date of the original issue i.e. June 24, 2005 at the revised conversion price of ₹ 75.20 per share effective from June 25, 2006 (initial conversion price being ₹ 94/- per share) pursuant to the provisions of the Trust Deed executed in respect of the FCCBs.

At the behest of the majority bondholders, the Company had initiated the process of re-setting the conversion price of the FCCBs in line with the applicable pricing guidelines. Approval of Reserve Bank of India for the same was received vide their letter No. FED/CO/ECBD/10308/03.02.775/11-12 dated October 31, 2011. The holders of the FCCBs vide their Written Resolution of 25th July, 2012 had consented, inter alia, to the revision of Conversion Price of FCCBs from ₹ 75.20 to ₹13.76 and elongation of maturity period from 25th June, 2010 to 21st December, 2012 as well as waiver of events of defaults and interest payments. Accordingly, the Company executed a Supplemental Trust Deed on 25th July, 2012 with Bank of New York Mellon, the Trustees for giving effect to the aforesaid amendments.

At the year end, 354 FCCBs were outstanding which, if converted into GDRs/Equity Shares at the reset conversion price of ₹ 13.76 would result into issuance of additional 1,12,10,428 numbers of equity shares of ₹ 2/-each.

**11. Plant Locations**

**Software Centre**
Siddhivinayak Angan Society,3rd Floor,
Above Café Coffee Day (CCD),
Katraj –Mumbai Highway Bypass,
Mumbai-Bangalore Highway
Narhegaon, Pune 411041

**Works**
Plot No. A/19/2
M.I.D.C. Chincholi,
Solapur 413255

**12. Address for Correspondence**

**AFTEK LIMITED**

16/A, Second Floor, Prabhadevi Industrial Estate,
The Enterprises Co-operative Society Ltd,
408, Veer Saverkar Marg, Prabhadevi,
Mumbai - 400 025, India

Shareholders' correspondence should be directed to the Company's Registrar and Transfer Agent, whose address is given below:

**Registrar & Transfer Agent :**

**M/s Bigshare Services Pvt Ltd,**
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East),
Mumbai 400 072.
Tel : 91-22-4043 0200
Fax : 91-22-2847 5207

**Investor Grievances**

The Company has designated an exclusive e-mail id viz. investor-relations@aftek.com for redressal of investor grievances.

# CORPORATE GOVERNANCE CERTIFICATE

To,
The Members,
**AFTEK LIMITED**

We have examined the compliance of conditions of Corporate Governance by the **Aftek Limited** (the Company) for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

We state that the Registrar & Share Transfer Agents of the Company have certified that as on 31st March 2014, there were no investor complaints pending.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For UDIT S MASTER & CO.,**
*CHARTERED ACCOUNTANTS*(REGN. NO.112995W)

Sd/-.

**(UDIT S MASTER)**
*Proprietor*
Membership No. 046247

PLACE: MUMBAI
DATE : 28th November, 2014

**Independent Auditor's Report**

To the Members of Aftek Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Aftek Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss for the year the ended on that date, annexed thereto and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for qualified opinion**

*(i) Note no.39 regarding Management has not considered any provision in respect of outstanding Debtors for a period more than 12 months amounting to ₹ 15727.44 Lacs which in our opinion, as evidenced by the poor recovery made during the year, are doubtful of recovery. Consequently, profit before tax is overstated by ₹ 15727.44 Lacs. Further in our view there is significant uncertainty as to ultimate collection of Debtors due to non-receipt from overseas debtors. Therefore we are further unable to comment on recoverability of balance debtors amounting to ₹ 6733.21 Lacs;*

*(ii) Note no.40 regarding, the company has given certain capital advances and made some investments totaling to ₹ 6975.20 Lacs towards the building under construction at Hinjewadi, Pune, upto the year ended, 31-3-2010, thereafter there are no further developments/construction made. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. The bank has called for bids at a base price of ₹1800.00 Lacs. There is no provision made towards the eventual loss on such auction, which is presently not ascertainable till such disposal. The bank has now agreed for an one time settlement (OTS) of outstandings for ₹ 2600 lacs.*

**Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for qualified opinion paragraph, the financial statements give the information required by the Act 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, 2014;

(b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date.

(c) in the case of the Cash Flow Statement, of the cash outflows of the Company for the year ended on that date.

**Emphasis of matter**

1. *Note no.34 b (ii) regarding Liability if any of the pending assessment under Income Tax, Sales tax (including interest, if any) which are presently not ascertainable;*

2. *Without qualifying our opinion, we draw attention to note no.41 regarding Intangible Assets under development for various ongoing projects. Due to the delay in the projects, Assets under development for ₹19910.32 are yet to be put to use as on the date of balance sheet. The company is of the opinion that with the improved market conditions all the Assets under development will be profitably used by the company in the future projects.*

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that

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

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

   (c) The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

   (d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, In our opinion, the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of section 211 of theCompanies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and.*

   (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For GMJ & CO.**
*Chartered Accountants* (FR No. 103429W)

**Haridas Bhat**
*Partner* (M. No. 39070)

Mumbai, May 30, 2014

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date)

We report that:

(i) In respect of fixed assets:

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

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

(c) No fixed assets have been disposedoff during the year.

(ii) In respect of Inventories:

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

(b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory and as explained to us there were no material discrepancies were noticed on physical verification, and the same have been properly dealt with in the books of account.

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

(a) The company has granted unsecured loan to one specified parties covered under section 301 of the Companies Act during the year. Maximum amount outstanding during the year was ₹ 119.52 Lacs and the year-end balance was ₹ 119.52 Lacs.

(b) In our opinion, the rate of interest and other terms and conditions of such a loan are prima facienot prejudicial to the interest of the company.

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

(d) There is no amount overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of Act.

(e) The company has taken unsecured loan from six parties covered in the register maintained under section 301 of the Companies Act during the year. Maximum amount outstanding during the year was ₹ 805.07 Lacs and the year-end balance was ₹ 664.80 Lacs.

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

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

(iv) In our opinion and according to the information and explanations given to us, *having regard to the explanation that the IPRs purchased are of special nature and suitable alternative source do not exist for obtaining comparable quotation,* there exist an adequate internal control system commensurate with its size and nature of its business with regards to purchase of inventory and fixed assets and with regards to the sale of goods and service. During the course of our audit, we have not observed any major weakness in such internal control system.

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

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

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

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

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

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

(ix) In respect of statutory dues:

(a) According to the information and explanations given to us the company is not regular in depositing undisputed statutory dues excluding Investor Education and Protection Fund,which has been paid in time,Employees State Insurance, Sales-tax, Wealth Tax, Service Tax Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. Undisputed provident fund dues are not regularly deposited with the appropriate authorities. In respect of income tax, the Company is not regular in depositing those dues with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect of above mentioned taxes which were outstanding, at the year-end for a period of more than six months from the date they became payable are as follows:

| Name Of The Statute | Nature of Dues | Amount (₹ in Lacs) | Period to which Amount relates | Date of Payment |
|---|---|---|---|---|
| *Income tax Act,1961* | *Deduction of Tax At Source* | *180.36* | *April, 2010 to September,2013* | *Not Paid* |
| *Employees Provident Fund and Miscellaneous Provisions Act, 1952* | *Provident Fund Contribution* | *88.70* | *April, 2010 to September,2013* | *Not Paid* |
| *Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1952* | *Profession Tax* | *5.27* | *September, 2010 to September,2013* | *Not Paid* |
| *Maharashtra Value Added Tax Act, 2002* | *Sales Tax* | *0.98* | *March,2011 to September,2013* | *Not Paid* |
| *Central Sales Tax Act, 1956* | *Central Sales Tax* | *16.64* | *September, 2010 to September,2013* | *Not Paid* |

| Name Of The Statute | Nature of Dues | Amount (₹ in Lacs) | Period to which Amount relates | Date of Payment |
|---|---|---|---|---|
| *Income Tax Act 1961* | *Tax on Regular Assessments U/s143(3)* | *30.52* | *2008-09* | *Not Paid* |
| *Income Tax Act 1961* | *Tax on Regular Assessments U/s143(3)* | *8.78* | *2009-10* | *Not Paid* |

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

(xi) According to the information and explanations given to us the company has defaulted in repayment of dues to a bank the details of the same as on 31st March, 2014 are as mentioned below.

| Sr.No | Name of the Bank | Type of Loan | Period to which Amount relates | Defaulted Principal (₹ in Lacs ) | Defaulted Interest (₹ in Lacs ) |
|---|---|---|---|---|---|
| *I* | *Bank of India - Jersey Channel Islands* | *Term Loan* | *April, 2011 to March, 2014* | *3715.94* | *310.58* |
| *II* | *State Bank of Bikaner & Jaipur* | *Term Loan* | *April, 2011 to March, 2014* | *4000.00* | *1599.50* |
| *III* | *State Bank of Bikaner & Jaipur* | *Cash Credit A/c* | *April, 2011 to March, 2014* | *1479.28* | *504.41* |

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

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

(xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.

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

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

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

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

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

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

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

**For GMJ & CO.**
*Chartered Accountants* (FR No. 103429W)

**Haridas Bhat**
Mumbai, May 30, 2014 *Partner* (M. No. 39070)

## Balance Sheet as at March 31, 2014

( ₹ in Lacs)

| | Note | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| **Equity and Liabilities** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 2 | **2,203.76** | 2,203.76 |
| Reserves and Surplus | 3 | **40,900.77** | 42,734.15 |
| | | **43,104.53** | 44,937.92 |
| **Non-Current Liabilities** | | | |
| Long-Term Borrowings | 4 | - | - |
| Deferred Tax Liabilities (Net) | 5 | - | 54.14 |
| Other Long-Term Liabilities | 6 | **114.35** | 114.35 |
| Long-Term Provisions | 7 | **65.61** | 49.94 |
| | | **179.96** | 218.43 |
| **Current Liabilities** | | | |
| Short-Term Borrowings | 8 | **2,292.01** | 2,432.29 |
| Trade Payables | 9 | **14.69** | 9.85 |
| Other Current Liabilities | 10 | **13,670.30** | 12,126.61 |
| Short-Term Provisions | 11 | **985.05** | 880.70 |
| | | **16,962.05** | 15,449.45 |
| **Total** | | **60,246.54** | 60,605.79 |
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | 12 | | |
| Tangible Assets | | **95.68** | 102.03 |
| Intangible Assets | | **8,204.03** | 11,038.41 |
| Capital Work-in-Progress | | **2,831.19** | 2,831.19 |
| Intangible Assets Under Development | | **19,910.32** | 20,858.63 |
| | | **31,041.22** | 34,830.27 |
| Non-Current Investments | 13 | **2,274.06** | 2,424.06 |
| Long-Term Loans and Advances | 14 | **4,305.16** | 4,317.07 |
| Other Non-Current Assets | 15 | **37.20** | 46.81 |
| | | **37,657.64** | 41,618.21 |
| **Current Assets** | | | |
| Inventories | 16 | **82.30** | 88.87 |
| Trade Receivables | 17 | **22,467.75** | 18,859.25 |
| Cash and Bank Balances | 18 | **30.35** | 34.34 |
| Short-Term Loans and Advances | 19 | **8.38** | 5.00 |
| Other Current Assets | 20 | **0.12** | 0.12 |
| | | **22,588.90** | 18,987.58 |
| **Total** | | **60,246.54** | 60,605.79 |

The accompanying Notes ("1" to "44" ) are an integral part of these Financial Statements.

As per our report of even date.
**For GMJ & Co.**
Firm Registration Number: 103429W
*Chartered Accountants*

Sd/-
**Haridas Bhat**
*Partner*
Membership No. 039070

Place: Mumbai
Date: 30th May, 2014

For and on behalf of the Board of Directors

Sd/-
**Ranjit M Dhuru**
*Chairman & Managing Director*

Sd/-
**Nitin K Shukla**
*Director - Finance*

Place: Mumbai
Date: 30th May, 2014

## Statement of Profit and Loss for the year ended March 31, 2014

( ₹ in Lacs except per share data)

| | Note | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|
| Revenue from Operations | 21 | **7,574.87** | 11,092.38 |
| Other Income | 22 | **1,489.81** | 914.55 |
| **Total Revenue** | | **9,064.69** | 12,006.93 |
| **Expenses** | | | |
| Cost of Materials Consumed & Software Development Expenses | 23 | **742.28** | 859.92 |
| Changes in Inventories of Finished Goods,Work-in-Progress | 24 | **0.60** | (0.21) |
| Employee Benefits Expense | 25 | **306.79** | 379.34 |
| Finance Costs | 26 | **782.85** | 955.81 |
| Depreciation and Amortisation Expense | 27 | **7,755.65** | 8,226.11 |
| Other Expenses | 28 | **1,364.04** | 4,516.52 |
| **Total Expenses** | | **10,952.21** | 14,937.49 |
| **Profit Before Tax** | | **(1,887.53)** | (2,930.56) |
| Tax Expense | | | |
| **Income Tax:** | | | |
| Current Year | | - | - |
| Earlier Years | | - | 17.20 |
| Deferred Tax Credit | | **(54.14)** | (428.64) |
| **Profit for the Year** | | **(1,833.39)** | (2,519.11) |
| Earnings Per Equity Share [Nominal Value Per Share: Rs. 2 (Previous Year: Rs. 2)] | | | |
| Basic and Diluted | 29 | (1.66) | (2.49) |

The accompanying Notes (“1” to “44” ) are an integral part of these Financial Statements.

As per our report of even date.
**For GMJ & Co.**
Firm Registration Number: 103429W
*Chartered Accountants*

Sd/-
**Haridas Bhat**
*Partner*
Membership No. 039070

Place: Mumbai
Date: 30th May, 2014

For and on behalf of the Board of Directors

Sd/-
**Ranjit M Dhuru**
*Chairman & Managing Director*

Sd/-
**Nitin K Shukla**
*Director - Finance*

Place: Mumbai
Date: 30th May, 2014

## Cash Flow Statement for the year ended March 31, 2014

( ₹ in Lacs)

| | | | Year ended March 31, 2014 | | Year ended March 31, 2013 |
|---|---|---|---|---|---|
| **A.** | **Cash flow from operating activities** | | | | |
| | **Net profit before tax** | | **(1,887.52)** | | (2,930.56) |
| | **Adjustments for:** | | | | |
| | Depreciation | **7,755.65** | | 8,226.11 | |
| | Interest income | **(0.09)** | | (0.73) | |
| | Finance costs | **782.85** | | 955.81 | |
| | Liabilities no Longer Required Written Back | **(4.74)** | | (150.66) | |
| | Provision for Gratuity and Leave Encashment | **4.60** | | 2.76 | |
| | Unrealised foreign exchange (gain)/ loss | **(1,482.75)** | **7,055.52** | (366.54) | 8,666.76 |
| | **Operating profit before working capital changes** | | **5,168.00** | | 5,736.20 |
| | **Changes in working capital:** | | | | |
| | Increase / (Decrease) in trade payables | **6.19** | | (7.92) | |
| | Increase / (Decrease) in short-term provisions | **92.71** | | 103.93 | |
| | Increase / (Decrease) in long-term provisions | **11.07** | | 0.56 | |
| | Increase / (Decrease) in Other Long-Term Liablities | - | | 3.05 | |
| | Increase / (Decrease) in other current liabilities | **177.27** | | (213.62) | |
| | (Increase) / Decrease in trade receivables | **(5,490.07)** | | (5,750.09) | |
| | (Increase) / Decrease in inventories | **6.57** | | 30.84 | |
| | (Increase) / Decrease in short-term loans and advances | **(3.38)** | | 44.64 | |
| | (Increase) / Decrease in long-term loans and advances | **11.91** | | (37.16) | |
| | (Increase) / Decrease in other current assets | - | | 1.27 | |
| | (Increase) / Decrease in other non-current assets | **9.61** | | 16.91 | |
| | | | **(3,778.12)** | | (5,807.59) |
| | **Operating profit after working capital changes** | | **(10.12)** | | (71.39) |
| | Direct taxes paid (net of refund) | | **(0.68)** | | (0.57) |
| | **Net cash from operating activities (A)** | | **(10.80)** | | (71.96) |
| **B.** | **Cash flow from investing activities** | | | | |
| | Purchase of tangible/ intangible assets (including capital work-in-progress & Capital Advance) | | **-** | | (8.64) |
| | Sale of Investment in Subsidiary Company | | **150.00** | | - |
| | Loan given to Subsidiary Company | | - | | (0.65) |
| | Interest received | | **0.09** | | 0.73 |
| | **Net cash used in investing activities (B)** | | **150.09** | | (8.56) |

( ₹ in Lacs)

| | | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---|---|---|
| **C.** | **Cash flow from financing activities** | | |
| | Repayment of long-term borrowings | - | - |
| | Proceeds from Long term borrowings (Net) | - | - |
| | Interest and financial charges paid | **(3.00)** | (5.13) |
| | Proceeds / (Repayment)short-term borrowings (Net) | **(140.28)** | 55.59 |
| | **Net cash from financing activities (C)** | **(143.27)** | 50.47 |
| | **Net increase/ (decrease) in cash and cash equivalents (A+B+C)** | **(3.99)** | (30.06) |
| | Cash and cash equivalents at the beginning of the year | **14.10** | 44.16 |
| | Cash and cash equivalents at the end of the year | **10.12** | 14.10 |
| | **Net increase/ (decrease) in cash and cash equivalents** | **(3.98)** | (30.06) |
| | **Cash and cash equivalents comprise of:** | | |
| | Cash on Hand | **8.01** | 2.20 |
| | Bank Balances: | | |
| | In Current Accounts | **2.11** | 6.71 |
| | In Fixed Deposits with original maturity less than 3 months | - | 5.18 |
| | Cash and cash equivalents at the end of the year | **10.12** | 14.10 |

**Notes:**

1 The above Cash Flow Statement has been prepared under “Indirect Method” set out in Accounting Standard - 3 on “Cash Flow Statements” notified under Section 211(3C) of The Companies Act, 1956, of India.

2 Figures in brackets indicate cash outgo.

3 Previous year’s figures have been regrouped/ rearranged wherever necessary.

As per our report of even date.
**For GMJ & Co.**
Firm Registration Number: 103429W
*Chartered Accountants*

Sd/-
**Haridas Bhat**
*Partner*
Membership No. 039070

Place: Mumbai
Date: 30th May, 2014

For and on behalf of the Board of Directors

Sd/-
**Ranjit M Dhuru**
*Chairman & Managing Director*

Sd/-
**Nitin K Shukla**
*Director - Finance*

Place: Mumbai
Date: 30th May, 2014

**Notes to Financial Statements for the year ended March 31, 2014**

## 1 Summary of Corporate information & Significant Accounting Policies

### 1.1 Corporate information

AFTEK Limited (the "Company") provide a wide range of information technology services including systems, hardware and software, communications and networking, hardware sizing and capacity planning, software management solutions, technology education services and business process outsourcing. The Company's services portfolio consists of Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance, Engineering and Industrial Services, IT Infrastructure Services, Business Process Outsourcing, Consulting and Asset Leveraged Solutions.

### 1.2 Significant Accounting Policies

**(a) Basis of Accounting and Preparation of Financial Statements**

The financial statements which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 1956 (the 'Act') and comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with the Companies (Accounting Standards) Rules, 2006, to the extent applicable. The accounting policies have been consistently applied by the Company.

**(b) Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Key estimates include estimate of useful lives of fixed assets, income taxes, vesting of employee stock options and future obligations under employee retirement benefit plans. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

**(c) Fixed Assets, Depreciation and Amortisation**

(i) Fixed assets are stated at cost less accumulated depreciation, amortisation and impairment losses. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

(ii) Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, construction cost, borrowing costs (In accordance with the Accounting Standard 16 on 'Borrowing Costs') capitalized and other direct expenditure.

(iii) Depreciation is provided, pro rata for the period of use, by the Straight Line Method (SLM), based on management's estimate of useful lives of the fixed assets, which are higher than the SLM rates prescribed in Schedule XIV to the Companies Act, 1956. The management's estimate of useful lives of fixed assets are given below:

| | |
|---|---|
| Plant and Machinery | 5 years |
| Factory Building | 15 years |
| Electrical Fittings | 5 years |
| Computers | 3 years |
| Air conditioner | 5 years |
| Furniture and Fixtures | 5 years |
| Motor Vehicles | 5 years |
| Office Equipment | 5 years |

Leasehold land is amortised over the period of lease.

**(d) Intangible Assets**

Intangible assets are stated at cost of acquisition, less accumulated amortisation and impairment losses if any. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Based on management estimates, the depreciable amount of intangible assets is allocated over the useful life on a straight line basis. Management estimates the useful life of Technical Know-how as 5 years and Intellectual Property Rights as 3 years.

**(e) Impairment of Assets**

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

**(f) Borrowing Cost**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on 'Borrowing Costs', are capitalized as part of the cost of qualifying assets. Other borrowing costs are expensed as incurred.

**(g) Investments**

The Company has presently classified all its investments as "Long Term" in accordance with Accounting Standard 13 on "Accounting for Investments." Long-term investments are stated at cost. However, provision is made to recognize a decline, other than temporary, in the value of investments.

**(h) Inventories**

Inventories are valued at lower of cost and net realizable value. Cost of inventories comprise cost of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

**(i) Research and Development**

Research and Development expenditure is recognized in the Profit and Loss Account as and when incurred. Capital expenditure, if any is shown under respective head of fixed assets.

**(j) Foreign Currency Transactions**

Initial recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

Conversion - Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet.

Exchange differences - Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**(k) Employee Benefits**

(i) All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

(ii) The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the year in which services are rendered by the employees.

(iii) The Company's employees are covered under the group gratuity cum life assurance scheme with the Life Insurance Corporation of India ('LIC'). Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit/ obligation at the Balance Sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation are calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year in which such gains or losses are determined.

(iv) Liability for compensated absences is provided for on the basis of actuarial valuation at year-end, made by an independent actuary.

**(l) Stock Based Compensation**

The compensation cost of stock options granted to employees is calculated using the fair value method. The compensation expense is amortized uniformly over the vesting period of the option.

**(m) Revenue Recognition**

Revenue from sale of products is recognized when significant risks and rewards in respect of ownership of products are transferred to the customer and there are either no unfulfilled company obligations or any outstanding obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the arrangement.

Revenues from services are recognized as services are provided when arrangements are on a time and material basis. Revenue from fixed price contracts is generally recognised in accordance with the "Percentage of Completion" method.

Further, the Company reimburses certain software installation and testing charges to channel partners and these installation and testing activities are considered to be distinct components preceding the actual delivery and acceptance of the software. The Company also bears the entire credit risk on the sale of products. Accordingly, the installation and testing activity is considered to be the transaction independent of the sale of the products and the costs relating to these activities are accounted as cost of revenues.

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date and exchange gain and loss are recognised in the statement of profit and loss. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve

Interest income is accounted on a time proportion basis.

**(n) Operating Lease**

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

**(o) Taxes on Income**

The provision for current taxation is computed in accordance with the relevant tax regulations. Deferred tax is recognised on timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses under tax laws are recognised and carried forward to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised in future. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax in respect of timing differences which originate and reverse during the tax holiday period is not recognized to the extent to which the Company's gross total income is subject to deduction during the tax holiday period.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**(p) Earnings Per Share**

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of all dilutive potential equity shares.

**(q) Provisions and Contingent Liabilities**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates. Provisions are recognised in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

**(r) Share Issue Expenses and Premium Payable on Redemption of Foreign Currency Convertible Bonds (FCCBs)**

Share Issue Expenses and Premium Payable on Redemption of FCCBs are adjusted against the Securities Premium Account.

**(s) Cash and cash equivalents**

The Company considers all highly liquid fi nancial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

## Notes to Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| 2 | **Share Capital** | | |
| | **Authorised** | | |
| | 125,000,000 (Previous Year: 125,000,000) Equity Shares of ₹ 2 each | **2,500.00** | 2,500.00 |
| | **Issued** | | |
| | 11,01,88,091 (Previous Year: 11,01,88,091) Equity Shares of ₹ 2 each | **2,203.76** | 2,203.76 |
| | **Subscribed and Paid up** | | |
| | 11,01,88,091 (Previous Year: 11,01,88,091 ) Equity Shares of ₹ 2 each fully paid-up | **2,203.76** | 2,203.76 |
| | | **2,203.76** | 2,203.76 |

(a)

| Reconciliation of number of shares | As at March 31, 2014 | | As at March 31, 2013 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Lacs | No. of Shares | ₹in Lacs |
| **Equity Shares:** | | | | |
| Balance as at the beginning of the year and at the end of the year | **110,188,091** | **2,203.76** | 93,530,789 | 1,870.62 |
| Add: Shares issued during the year | - | - | 16,657,302 | 333.15 |
| Add: Bonus Shares issued during the year | - | - | - | - |
| Balance as at the end of the year | **110,188,091** | **2,203.76** | 110,188,091 | 2,203.76 |

**(b) Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per shareheld. The equity shareholders are entitled for dividend as may be proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-**

| | As at March 31, 2014 | | As at March 31, 2013 | |
|---|---|---|---|---|
| **Equity Shares** | **No. of Shares** | **% holding** | **No. of Shares** | **% holding** |
| Elara Capital PLC | **15,540,759** | **14.10%** | 15,540,759 | 14.10% |

| (d) | **Shares allotted (during 5 years preceding March 31, 2014)** | |
|---|---|---|
| | Opening No.of Share | 85,716,731 |
| i | The Company had issued 15,06,581 (P.Y 10522890) shares of ₹ 2 each fully Paid up to issued against conversion of 300 (P.Y 2270) FCCB's Bonds.1,506,581 | 1,506,581 |
| ii | The Company had issued 6,150,000 shares of ₹ 2 each fully Paid up issued to the erstwhile shareholders of Elven Microcircuit Pvt. Ltd. In pursuance of Scheme of Arrangement as approved by Hon'ble High Court, Mumbai & Karnataka. | 6,150,000 |
| iii | The Company had issued 157,477 equity shares of ₹ 2 each (during FY 2006-07 to 2010-11: 351,318 equity shares) during the period of 5 years immediately preceding March 31, 2012 on exercise of options granted Under Aftek Employees Stock Option Scheme (ESOP). | 157,477 |
| iv | The Company had issued 1,66,57,302 shares of ₹ 2 each fully Paid up to issued against conversion of 526 FCCB's Bonds. | 16,657,302 |
| | Closing No.of Share | 110,188,091 |

## Notes to Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| 3 | **Reserves and Surplus** | | |
| | **Capital Reserve** | | |
| | As per last Balance Sheet | **482.05** | 482.05 |
| | **Securities Premium** | | |
| | Balance as at the beginning of the year | **2,741.12** | 31.12 |
| | Add: | | |
| | i) Premium on Conversion of FCCBs | - | 2,710.00 |
| | Balance as at the end of the year | **2,741.12** | 2,741.12 |
| | **General Reserve** | | |
| | Balance as at the end of the year | **6,132.36** | 6,132.36 |
| | **Surplus in Statement of Profit and Loss** | | |
| | Balance as at the beginning of the year | **33,378.63** | 35,897.74 |
| | Profit for the year | **(1,833.39)** | (2,519.11) |
| | Balance as at the end of the year | **31,545.24** | 33,378.63 |
| | **Total** | **40,900.77** | 42,734.15 |

**4 Long-Term Borrowings** ( ₹ in Lacs)

| | Non-Current Portion | | Current Maturities | |
|---|---|---|---|---|
| | As at March 31, 2014 ₹ in Lacs | As at March 31, 2013 ₹ in Lacs | As at March 31, 2014 ₹ in Lacs | As at March 31, 2013 ₹ in Lacs |
| Bonds (Unsecured) | | | | |
| Foreign Currency Convertible Bonds (FCCB) (Refer Note No.37) | - | - | **1,925.38** | 1,925.38 |
| **Term Loan (Secured)** | | | | |
| **from Banks:** | | | | |
| i) Bank of India - Jersey Channel Islands | - | - | **3,715.94** | 3,129.47 |
| ii) State Bank of Bikaner & Jaipur | - | - | **4,000.00** | 4,000.00 |
| **Total** | **-** | **-** | **9,641.32** | **9,054.85** |

**(a) Nature of Security and terms of repayment for secured borrowings**

**(i) Bank of India - Jersey Channel Islands**

Foreign Currency Term Loan Aggregating to ₹ 3075.31 Lacs (Euro 45 Lacs) Secured by mortgage of Land at Hinjewadi, Pune. ₹ 3075.31 Lacs is repayble in 4 half yearly installment of ₹ 683.4 Lacs for first 3 installment & Last Installment of ₹ 1025.11 Lacs from July 11 to January 2013. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan. (also refer Note)

## Notes to Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

**The Company has defaulted in repayment of loans and interest in respect of the following:**

| **Bank of India - Jersey Channel Islands** | **As at<br>As at 31 March, 2014** | |
|---|---|---|
| | **Principal** | **Interest** |
| **Period of default**<br>April' 2011 to March' 2014 | 3,715.94 | 310.58 |

**(ii) State Bank of Bikaner & Jaipur**

Rupee Term Loan Aggregating to ₹ 4,000 Lacs Secured by mortgage of building owned by subsidiary Mihir Properties Pvt. Ltd. ₹ 4,000 Lacs is repayble in 12 Quarterly installment of ₹ 333.33 Lacs from April, 2012 to January 2015. Company has made default in repayment of Principal and Interest thereon, therefore, Bank has demanded repayment loan.

**The Company has defaulted in repayment of loans and interest in respect of the following:**

| **State Bank of Bikaner & Jaipur** | **As at<br>As at 31 March, 2014** | |
|---|---|---|
| **Period of default** | **Principal** | **Interest** |
| April' 2011 to March' 2014 | 4,000.00 | 1,599.50 |

| | | **As at March 31, 2014** | **As at March 31, 2013** |
|---|---|---|---|
| **5** | **Deferred Tax Liabilities (Net)** | | |
| | **Deferred Tax Liabilities:** | | |
| | Depreciation | **1,081.92** | 1,211.73 |
| | Deferred Tax Assets: | | |
| | Provision for Doubtful Debts | - | - |
| | Unabsorbed Depreciation adjusted for timing difference (Restricted as per Note 1.2 (o) ) | **209.39** | 204.28 |
| | Income tax Disallowances u/s 40(a)(i) & 43B | **1,184.32** | 953.30 |
| | | **1393.71** | 1157.60 |
| | **Deferred Tax Liabilities (Assets)(Net) *** | **(311.79)** | 54.14 |

* However, in the absence of virtual certainty the recognition of deferred tax asset is restricted to the extent of timing diference of depreciation. Hence, no deferred tax asset is created.

| | | | |
|---|---|---|---|
| **6** | **Other Long- term liablities** | | |
| | Creditors for Capital Assets | **114.35** | 114.35 |
| | | **114.35** | 114.35 |
| **7** | **Long-Term Provisions** | | |
| | **Provision for Employee Benefits:** | | |
| | Provision for Gratuity | **63.06** | 48.19 |
| | Provision for Compensated Absences | **2.55** | 1.75 |
| | | **65.61** | 49.94 |

## Notes to Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| 8 | **Short-Term Borrowings** | | |
| | **Secured** | | |
| | Cash Credit from State Bank of Bikaner & Jaipur (Secured by hypothecation of Raw Materials and Book Debts) | **1,479.28** | 1,479.28 |
| | **Unsecured** | | |
| | Loans: | | |
| | From IDBI Bank (Term Loan) | **146.68** | 146.68 |
| | From Related Parties: | | |
| | Directors | **148.07** | 143.98 |
| | Subsidiary | **1.25** | 1.25 |
| | Shareholders | **516.73** | 661.10 |
| | | **2,292.01** | 2,432.29 |

**The Company has defaulted in repayment of interest in respect of the following:**

(a)

| **Cash Credit from State Bank of Bikaner & Jaipur** | **As at 31 March, 2014** | |
|---|---|---|
| **Period of default** | **Principal** | **Interest** |
| April' 2011 to March' 2014 | 1,479.28 | 504.41 |

(b) **IDBI Bank Ltd.(Term Loan) :-**

The loan is recalled by the Bank by invoking the pledge of shares. However the bank did not recover the total outstanding amount for the reasons not attributable to the company, accordingly the outstanding balance is not accepted by the Company. Pending clearance of dispute the outstandings is continuted in books as demanded by the Bank.

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| 9 | **Trade Payables** | | |
| | Sundry Creditors (Refer Note 42) | **14.69** | 9.85 |
| | | **14.69** | 9.85 |
| 10 | **Other Current Liabilities** | | |
| | Current Maturities of Long-Term Borrowings (Refer Note 4) | **9,641.32** | 9,054.85 |
| | Interest Accrued and due on Borrowings | **2,459.58** | 1,724.91 |
| | Unpaid Dividends [Refer Note (a) below] | **20.24** | 20.24 |
| | Advances from Customers | **35.68** | 26.68 |
| | Security Deposits | **1.50** | - |
| | Book Overdraft | **3.26** | - |
| | Statutory Dues (including Provident Fund and Tax Deducted at Source) | **331.55** | 294.35 |
| | Others (including Employee Benefits ) | **1,177.18** | 1,005.58 |
| | | **13,670.30** | 12,126.61 |

(a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| 11 | **Short-Term Provisions** | | |
| | (a) Provision for employee benefits: | | |
| | Provision for Bonus | **28.23** | 28.06 |
| | Provision for Gratuity | | 11.87 |
| | Provision for Compensated Absences | | 0.20 |
| | (b) Provision - Others: | | |
| | Provision for Income Tax [Net of TDS ₹ 10.34Nil lacs (Previous Year: ₹ 9.66 lacs)] | **118.45** | 119.13 |
| | Provision for Premium Payable on Redemption of FCCBs | **505.49** | 505.49 |
| | Provision for Expenses | **332.87** | 215.94 |
| | | **985.05** | 880.70 |

## 12. Notes to Financial Statements for the year ended March 31, 2014

### A. Tangible Assets

(₹ in Lacs)

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2013 | Additions | Disposal/ Transfer | As at March 31, 2014 | As at April 1, 2013 | For the Year | Disposal/ Transfer | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| **Land:** | | | | | | | | | | |
| Leasehold | 101.13 | - | - | 101.13 | 8.00 | 1.06 | - | 9.07 | 92.06 | 93.13 |
| Building | 82.91 | - | - | 82.91 | 81.46 | 1.27 | - | 82.73 | 0.18 | 1.45 |
| Plant and Machinery | 13.05 | - | - | 13.05 | 9.64 | 2.45 | - | 12.09 | 0.95 | 3.40 |
| Computers | 1.69 | - | - | 1.69 | 1.06 | 0.39 | - | 1.45 | 0.24 | 0.64 |
| Office Equipment | 1.76 | - | - | 1.76 | 1.23 | 0.21 | - | 1.43 | 0.33 | 0.53 |
| Furniture and Fixtures | 5.25 | - | - | 5.25 | 2.36 | 0.96 | - | 3.33 | 1.92 | 2.89 |
| Vehicles | 10.02 | - | 10.02 | - | 10.02 | - | 10.02 | - | - | - |
| **Total** | **215.80** | **-** | **10.02** | **205.78** | **113.77** | **6.35** | **10.02** | **110.10** | **95.68** | **102.03** |
| Previous Year | 2,709.82 | 0.64 | 2,494.66 | 215.80 | 2,257.79 | 350.64 | 2,494.66 | 113.77 | 102.03 | 452.03 |

### B Inangible Assets

(₹ in Lacs)

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2013 | Additions | Disposal/ Transfer | As at March 31, 2014 | As at April 1, 2013 | For the Year | Disposal/ Transfer | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| Computer Software | 5,404.91 | - | - | 5,404.91 | 878.61 | 1,801.64 | - | 2,680.24 | 2,724.67 | 4,526.30 |
| IPR | 19,213.61 | 4,914.92 | 12,167.17 | 11,961.35 | 12,701.50 | 5,947.66 | 12,167.17 | 6,481.98 | 5,479.37 | 6,512.11 |
| **Total** | **24,618.52** | **4,914.92** | **12,167.17** | **17,366.26** | **13,580.10** | **7,749.30** | **12,167.17** | **9,162.23** | **8,204.03** | **11,038.41** |
| Previous Year | 31,265.88 | 5,404.91 | 12,052.27 | 24,618.52 | 17,756.90 | 7,875.47 | 12,052.27 | 13,580.10 | 11,038.41 | 13,508.98 |

## Notes to Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|
| **13 Non-Current Investments** | | |
| Trade Investments in Equity Instruments - Unquoted, at Cost | | |
| (a) Investment in Subsidiary: | | |
| Mihir Properties Private Limited* | | |
| 145,000 Equity Shares of ₹ 100/- Each Fully Paid Up | **552.65** | 552.65 |
| * wholly owned subsidiary companies | | |
| (b) Investment in Associates: | | |
| Digihome Solutions Private Limited | | |
| 23,00,000 Equity Shares | | |
| (Previous Year 25,50,000)Equity Shares of ₹ 10/- Each Fully Paid Up | **1,313.33** | 1,463.33 |
| (c) Investment in Other Companies: | | |
| Elven Technologies Private Limited | **8.25** | 8.25 |
| 82,500 Equity Shares of ₹ 10 Each Fully Paid Up | | |
| V Soft Inc. (USA) | **399.82** | 399.82 |
| 164,250 Equity Shares of US$ 5.48 each fully paid up | | |
| | **2,274.06** | 2,424.06 |
| **14 Long-Term Loans and Advances** | | |
| [Unsecured, Considered Good (unless otherwise stated)] | | |
| Capital Advances (Refer Note. No. 40) | **4,144.01** | 4,144.01 |
| Other Loans and Advances: | | |
| Balances with Government Authorities | **31.17** | 43.10 |
| **Others Loans and Advances- Considered Good** | | |
| to Related Parties :- | | |
| Aftek Employees' Welfare Trust | **10.45** | 10.45 |
| Digihome Solutions Pvt Ltd. | **119.53** | 119.51 |
| | **4,305.16** | 4,317.07 |
| **15 Other Non-Current Assets** | | |
| [Unsecured, Considered Good (unless otherwise stated)] | | |
| Fixed Deposits with original maturity Morethan One Year | **5.23** | - |
| Other Deposit | **31.96** | 46.81 |
| | **37.20** | 46.81 |

**Notes to Financial Statements for the year ended March 31, 2014** (₹ in Lacs)

| | | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|
| **16** | **Inventories** | | | |
| | Raw Materials | | | |
| | Spyguard Components & Others | **55.87** | | 61.84 |
| | | | **55.87** | 61.84 |
| | Work-in-Progress | | | |
| | Spyguard Components & Others | **26.43** | | 27.03 |
| | | | **26.43** | 27.03 |
| | | | **82.30** | 88.87 |
| **17** | **Trade Receivables** | | | |
| | **Unsecured, considered good:** | | | |
| | Outstanding for a period exceeding six months from the date they are due for payment (Refer Note. 39) | | **19,207.86** | 13,993.24 |
| | Others - Outstanding for a period of less six months | | **3,259.90** | 4,866.01 |
| | | | **22,467.75** | 18,859.25 |
| **18** | **Cash and Bank Balances** | | | |
| | **Cash and Cash Equivalents** | | | |
| | Cash on Hand | | **8.01** | 2.20 |
| | **Bank Balances in :** | | | |
| | Current Accounts | | **1.10** | 5.81 |
| | EEFC Accounts | | **1.02** | 0.90 |
| | Fixed Deposits with original maturity Lessthan 3 Month | | - | 5.18 |
| | | | **10.12** | 14.10 |
| | **Other Bank Balances** | | | |
| | Unpaid Dividend Accounts | | **20.24** | 20.24 |
| | | | **20.24** | 20.24 |
| | | | **30.35** | 34.34 |
| **19** | **Short-Term Loans and Advances** | | | |
| | [Unsecured, Considered Good (unless otherwise stated)] | | | |
| | Advance to Suppliers | | **8.23** | 1.80 |
| | Other Loans and Advances: | | | |
| | Loan to Employees | | **0.15** | 1.50 |
| | Prepaid Expenses | | - | 1.70 |
| | | | **8.38** | 5.00 |
| **20** | **Other Current Assets** | | | |
| | [Unsecured, Considered Good (unless otherwise stated)] | | | |
| | Interest accrued on Deposits | | **0.12** | 0.12 |
| | | | **0.12** | 0.12 |

## Notes to Financial Statements for the year ended March 31, 2014

(₹ in Lacs)

| | | | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|---|
| **21** | **Revenue from Operations** | | | |
| | **Sale software Products & Services:** | | | |
| | Information technology Services | | **6,174.49** | 9,512.77 |
| | Products Development | | | |
| | a) Software Products - Powersafe | **1,212.89** | | 1,367.62 |
| | b) Software Products - PDA | **52.43** | | 23.44 |
| | c) Others Sales | **135.05** | **1,400.38** | 188.55 |
| | | | **7,574.87** | 11,092.38 |
| **22** | **Other Income** | | | |
| | **Interest Income From** | | | |
| | Banks FD | | **0.09** | 0.64 |
| | Others | | - | 0.08 |
| | Gain on Foreign Exchange (Net) | | **1,484.96** | 763.12 |
| | Liabilities no Longer Required Written Back | | **4.74** | 150.66 |
| | Miscellaneous Income | | **0.03** | 0.05 |
| | | | **1,489.81** | 914.55 |
| **23** | **Cost of Materials Consumed & Software Development Expenses** | | | |
| | **Raw Material Consumed** | | | |
| | Opening Inventory | | **61.84** | 92.89 |
| | Add: Purchases | | **69.21** | 90.02 |
| | Less: Closing Inventory | | **55.87** | 61.84 |
| | Cost of Raw Materials Consumed during the year | | **75.18** | 121.07 |
| | Software Development Expenses | | **667.10** | 738.86 |
| | | | **742.28** | 859.92 |
| **24** | **Changes in Inventories of Finished Goods and Work-in-Progress** | | | |
| | (Increase)/ Decrease in Stocks | | | |
| | Stock at the end of the year: | | | |
| | Finished Goods | | - | - |
| | Work-in-progress | | **26.43** | 27.03 |
| | Traded Goods | | - | - |
| | | | **26.43** | 27.03 |
| | Stock at the beginning of the year: | | | |
| | Finished Goods | | - | - |
| | Work-in-progress | | **27.03** | 26.82 |
| | Traded Goods | | - | - |
| | | | **27.03** | 26.82 |
| | **(Increase)/ Decrease in Stocks** | | **0.60** | (0.21) |

## Notes to Financial Statements for the year ended March 31, 2014

(₹ in Lacs)

| | | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|
| **25** | **Employee Benefits Expense** | | |
| | Salaries, Wages and Bonus | **157.49** | 230.21 |
| | Directors Remuneration | **133.63** | 133.63 |
| | Contribution to Provident and Other Funds | **7.63** | 9.33 |
| | Gratuity | **3.00** | 3.31 |
| | Compensated Absences | **2.72** | (0.55) |
| | Staff Welfare Expenses | **2.33** | 3.41 |
| | | **306.79** | 379.34 |
| **26** | **Finance Costs** | | |
| | To Banks | | |
| | Interest on Term Loan | **657.85** | 691.94 |
| | Interest on Cash Credit | **110.00** | 199.04 |
| | To Others | | |
| | Interest on FCCB | - | 13.66 |
| | Interest on Statutory Dues | **12.00** | 46.50 |
| | Others | **3.00** | 4.65 |
| | | **782.85** | 955.81 |
| **27** | **Depreciation and Amortisation Expense** | | |
| | Depreciation on Tangible Assets | **6.35** | 350.64 |
| | Amortisation on Intangible Assets | **7,749.30** | 7,875.47 |
| | | **7,755.65** | 8,226.11 |
| **28** | **Other Expenses** | | |
| | Electricity Expenses | **4.59** | 6.01 |
| | Repairs and Maintenance: | | |
| | Computers | **0.35** | 1.43 |
| | Building | **0.06** | 10.81 |
| | Others | **1.64** | 1.41 |
| | Rent (Refer Note 36) | **37.07** | 47.98 |
| | Rates and Taxes | **5.96** | 19.13 |
| | Insurance | **0.49** | 0.68 |
| | Communication Charges | **6.09** | 9.18 |
| | Printing and Stationery | **13.07** | 9.18 |
| | Travelling, Conveyance and Car Expenses | **20.77** | 45.92 |
| | Postage & Telegram | **5.80** | 6.61 |
| | Legal, Professional and Secretarial Expenses | **4.67** | 13.50 |
| | Auditors' Remuneration | **40.00** | 39.00 |
| | Commission on Sales | **0.11** | 2.40 |
| | Doubtful Debts written off | **1,205.91** | 4,281.67 |
| | Doubtful Advances and Deposits written off | - | - |
| | Miscellaneous Expenses | **17.45** | 21.60 |
| | | **1,364.04** | 4,516.52 |

**Notes to Financial Statements for the year ended March 31, 2014** ( ₹ in Lacs)

**29 Computation of Earnings per Share (Basic and Diluted):**

The number of shares used in computing Basic and Diluted Earnings Per Share is the weighted average number of shares outstanding during the year.

| Particulars | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| I. Profit Computation for both Basic and Diluted Earnings Per Share of ₹ 10 each: Net Profit as per the Statement of Profit and Loss available for Equity Shareholders (in Lacs) | (1,833.39) | (2,519.11) |
| II. Weighted average number of Equity Shares for Earnings Per Share computation: Number of shares for Basic and Diluted Earnings Per Share | 110,188,091 | 101,015,166 |
| III. Earnings Per Share: | | |
| Basic (in ₹ ) | (1.66) | (2.49) |
| Diluted (in ₹) | (1.66) | (2.49) |

**30 Additional Information**

**a Value of imported and indigenous materials consumed**

| | Year Ended March 31, 2014 | | Year Ended March 31, 2013 | |
|---|---|---|---|---|
| | ( ₹ in Lacs) | % | ( ₹ in Lacs) | % |
| Raw Materials and Packing Materials | | | | |
| Imported | 34.36 | 50.00 | 39.66 | 44.06 |
| Indigenous | 34.84 | 50.00 | 50.36 | 55.94 |
| **Total** | **69.21** | **100.00** | **90.02** | **100.00** |

**b CIF Value of Imports**

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Raw Materials | 30.67 | 38.80 |
| Capital Goods (including Capital Work-in-Progress) | 3,966.60 | 17,139.03 |
| **Total** | **3,997.27** | **17,177.83** |

**c Expenditure in Foreign Currency**

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Travelling | 6.72 | 18.74 |
| Interest Expenses (including interest capitalized if any) | 10.35 | 93.75 |
| software development expenses | 667.10 | 738.86 |
| Others | - | - |
| Capital Advance For Project | 3,966.60 | 17,136.03 |
| **Total** | **4,750.77** | **17,987.38** |

**d Earnings in Foreign Currency** ( ₹ in Lacs)

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Revenue from Exports | 7,439.82 | 11,909.62 |
| **Total** | **7,439.82** | **11,909.62** |

**e Auditors' Remuneration**

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Audit Fees (Including Limited Review Fees) | 40.00 | 39.00 |
| Other Services | 3.31 | 3.31 |
| Out of Pocket Expenses | - | - |
| **Total** | **43.31** | **42.31** |

**31 Disclosure as per Accounting Standard 15 (Revised) - Employee Benefits:**

The Company has classified various benefits provided to employees as under:

**I Defined Contribution Plans**

a Provident Fund

b State Defined Contribution Plans

i. Employers' Contribution to Labour Welfare Fund

ii. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account:

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Employers' Contribution to Provident Fund * [Includes Employers' Contribution to Employee's Pension Scheme 1995] | 6.90 | 8.39 |
| Employers' Contribution to Labour Welfare Fund* | - | - |
| Employers' Contribution to Employee's State Insurance Commission* | 0.72 | - |
| * Included in Contribution to Provident and Other Funds (Refer Note 25) | | |

**II Defined Benefit Plan**

**A Gratuity**

i In accordance with Accounting Standard 15, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:-

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Discount Rate | - | 8.25% |
| Rate of increase in Compensation Levels | - | 5.00% |
| Rate of Return on Plan Assets | - | 8.00% |

ii Changes in the Fair value of Plan Assets

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Present Value of Plan Assets at the beginning of the year | 1.29 | 1.22 |
| Expected Return on Plan Assets | - | 0.11 |
| Actuarial Gain/ (Loss) on Plan Assets | (1.29) | (0.04) |
| Contributions | - | - |
| Benefits Paid | - | - |
| **Fair Value of Plan Assets at the end of the year** | **-** | **1.29** |

( ₹ in Lacs)

iii

| Changes in the Present Value of Obligation | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Present Value of Obligation at the beginning of the year | 60.06 | 56.75 |
| Interest Cost | - | 4.82 |
| Current Service Cost | 3.00 | 3.43 |
| Benefits Paid | - | - |
| Actuarial (Gain)/ Loss | - | (4.93) |
| **Present Value of Obligation at the end of the year** | **63.06** | **60.06** |
| Non-Current Liabilities | 63.06 | 48.19 |
| Current Liabilities | - | 11.87 |

iv

| Amount recognised in the Balance Sheet | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Present Value of Obligation at the end of the year | 63.06 | 60.06 |
| Fair Value of Plan Assets | - | (1.29) |
| Net Liability recognised at the end of the year | 63.06 | 58.77 |

v **Percentage of each category of plan assets to total fair value of plan assets as at March 31, 2014:**

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Administered by Life Insurance Corporation of India | 100% | 100% |

vi

| Expenses recognised in the Profit and Loss Account | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Current Service Cost | 3.00 | 3.43 |
| Interest Cost | - | 4.82 |
| Expected Return on Plan Assets | - | (0.11) |
| Actuarial (Gain)/ Loss | - | (4.93) |
| **Total Expenses recognised in the Profit and Loss Account** | **3.00** | **3.20** |

vii Expected Contribution to Gratuity Fund for the next year ₹ Nil (Previous Year: ₹ 4.03 lacs).

viii Details of Present Value of Obligation, Plan Assets and Experience Adjustment:

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|---|
| Present value of obligation | - | 60.06 | - | 70.12 |
| Fair value of plan assets | - | 1.29 | - | 13.22 |
| (Surplus)/ Deficit | - | 58.76 | - | 56.90 |
| Experience Adjustments: | | | | |
| (Gain)/ Loss on plan liabilities | - | (18.32) | - | (2.74) |
| Gain/ (Loss) on plan assets | - | 0.38 | - | (0.30) |

**III Other Employee Benefit Plan**

Liability for compensated absences as at year end is ₹ 2.55 Lacs (Previous Year: ₹ 1.95 Lacs).

**32 Related Party Disclosures**

**(a) Names of related parties and nature of relationship**

| | | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|
| **(i)** | **Subsidiary of the Company** | **% of Holding** | **% of Holding** |
| | Mihir Properties Private Limited | 100% | 100% |
| | Digihome Solutions Private Limited | 46% | 51% |

( ₹ in Lacs)

(ii) **Other Significantly influenced Related Parties with whom transactions have taken place during the year**

| | |
|---|---|
| Aftek Employees Welfare Trust #<br>Aftek employees Gratuity Assurance Scheme<br>Elven Technologies Pvt Ltd | Significantly influenced by<br>Key Management Personnel<br>(Controlled entities) |

(iii) **Key Management Personnel**

Mr. Ranjit M Dhuru

Mr. Nitin K Shukla

Mr. Mukul Dalal

Note:-

# Aftek Employees' Welfare Trust (Unregistered) was created for the benefit of employees including Executive Directors. The purpose of the trust inter alia is to purchase/invest in the shares or other securities of Aftek Limited for the benefit of employees. As per the conditions of the trust deed, an interest free loan has been provided by the Company which is to be used for the purchase of equity shares of Aftek Limited. These shares may be allocated to the employees or the amount of profit earned on the sale of these shares may be distributed amongst the employees. During the year the trust has not sold any shares and made payment against loan.

**(b) Related Party Disclosures**

The following transactions were carried out during the year with the related parties in the ordinary course of business:

( ₹ in Lacs)

| Nature of Transaction | Parties referred to in (i) above | | Parties referred to in (ii) above | | Parties referred to in (iii) above | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 |
| **Loan & Advance Given** | | | | | | | | |
| Mihir Properties Private Limited | - | - | - | - | - | - | - | - |
| Digihome Solutins Private Limited | - | 0.65 | - | - | - | - | - | 0.65 |
| Others | - | - | - | - | - | - | - | - |
| **Total** | **-** | **0.65** | **-** | **-** | **-** | **-** | **-** | **0.65** |
| **Loan Taken** | | | | | | | | |
| Mihir Properties Private Limited | - | - | - | - | - | - | - | - |
| Key management persons | 4.09 | - | - | - | - | 11.30 | 4.09 | 11.30 |
| others | - | 78.59 | - | - | - | - | - | 78.59 |
| **Total** | **4.09** | **78.59** | **-** | **-** | **-** | **11.30** | **4.09** | **89.89** |
| **Repayment of Loan Given** | | | | | | | | |
| Digihome Solutins Private Limited | - | - | - | - | - | - | - | - |
| Mihir Properties Private Limited | - | - | - | - | - | | | |
| Key management persons | - | - | - | - | - | 9.29 | - | 9.29 |
| Others | 150.00 | - | - | - | - | - | 150.00 | - |
| **Total** | **150.00** | **-** | **-** | **-** | **-** | **9.29** | **150.00** | **9.29** |
| **Sale of Investment** | | | | | | | | |
| Others | 150.00 | - | - | - | - | - | 150.00 | - |
| **Total** | **150.00** | **-** | **-** | **-** | **-** | **-** | **150.00** | **-** |
| **Remuneration to Directors** | - | - | - | - | - | 133.63 | - | 133.63 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **133.63** | **-** | **133.63** |
| **Directors Sitting Fees** | - | - | - | - | - | 3.80 | - | 3.80 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **3.80** | **-** | **3.80** |

(ii) **Year End Balance:** ( ₹ in Lacs)

| Name of the Party | Outstanding Amount | | Maximum Balance Outstanding at any time during the year | |
|---|---|---|---|---|
| | As At March 31, 2014 | As At March 31, 2013 | As At March 31, 2014 | As At March 31, 2013 |
| **Year end Balance** | | | | |
| Mihir Properties Private Limited | 1.25 | 1.25 | 1.25 | 1.25 |
| Digihome Solutions Private Limited | 119.53 | 119.53 | 119.53 | 119.53 |
| Aftek Employees' Welfare Trust | 10.45 | 10.45 | 10.45 | 10.45 |
| Key management persons | 148.07 | 143.98 | 148.07 | 149.78 |
| **Total** | **279.30** | **275.21** | **279.30** | **281.01** |

The investment and Loans and advances written off in subsidiaries is not considered in these disclosures.

**33 Disclosure of Derivatives:**

i The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at March 31, 2014 are as follows:

| Particulars | Foreign Currency Denomination | Foreign Currency Amount | Amount | Foreign Currency Amount | Amount |
|---|---|---|---|---|---|
| | | March 31, 2014 | March 31, 2014 | March 31, 2013 | March 31, 2013 |
| Sundry Debtors | USD | 300.38 | 18,052.94 | 285.71 | 13,859.02 |
| | EURO | 53.26 | 4,398.71 | 71.39 | 4,964.45 |
| Secured Loan - Ecb | Euro | 45.00 | 3,715.94 | 45.00 | 3,129.47 |
| UnSecured Loan - Fccb | USD | 35.40 | 1,925.38 | 35.40 | 1,925.38 |

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 - "The Effects of Changes in Foreign Exchange Rates (Revised 2003)" notified under Section 211(3C) of the Act.

**34 Capital Commitments & Contingent liabilities not provided for :**

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| **(a) Capital Commitments:** | | |
| Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.(Refer Note no. 40) | Nil | Nil |
| **(b) Contingent liabilities not provided for :** | | |
| i Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (₹ in Lacs) 149.99 previous year (₹ in Lacs) 79.00} | 779.00 | 779.00 |
| ii Pending assessement of Income tax and Sales tax(Including Interest, if any) | | |
| Income Tax matters | Amount unascertainable | |
| Sales Tax matters | Amount unascertainable | |

**35 Segment Reporting:**

Primary Segment Information

The Company is in the business of sale of software services which is viewed by the management as a single primary segment,

i.e. business segment.

**Secondary Segment Information - Geographical**

The secondary segment information in relation to the geographies is as follows:

| Regions | Year ended March 31, 2014 | | Year ended March 31, 2013 | |
|---|---|---|---|---|
| | (₹ in Lacs) | % | (₹ in Lacs) | % |
| America | 5,541.04 | 73.15% | 6,911.69 | 62.31% |
| Europe | 1,335.85 | 17.64% | 3,457.50 | 31.17% |
| Japan | 510.49 | 6.74% | 487.60 | 4.40% |
| India | 96.97 | 1.28% | 211.35 | 1.91% |
| Others | 90.52 | 1.20% | 24.24 | 0.22% |
| **Total Revenue** | **7,574.87** | **100.00%** | **11,092.38** | **100.00%** |

**36 Operating Lease**

The Company has significant operating leases for premises. These lease arrangements range for a period between 11 months and 10 years, which include both cancellable and noncancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

| | | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|
| a) | Lease payments recognised in the Statement of Profit and Loss during the year | 37.07 | 47.98 |
| b) | With respect to non-cancellable operating leases, the future minimum lease payments are as follows: | | |
| | - Not later than one year | 29.60 | 39.60 |
| | - Later than one year and not later than five years | 128.40 | 158.40 |

**37 Foreign Currency Convertible Bonds**

The Company had raised in aggregate USD 34.5 million through an issue of 3000 numbers of 1% Foreign Currency Convertible Bonds Due 2010 of USD 10,000 each (“FCCB”) in June 2005 followed by 450 numbers of additional FCCB in July 2005 on account of exercise of green shoe option of 15%. The FCCBs bear interest @ 1% per annum with redemption at 128.25% of their principal amount. At the option of the Bondholders, FCCBs were convertible into Equity Shares/Global Depository Receipts (“GDRs”) within a period of 5 years from the date of the original issue i.e. June 24, 2005 at the revised conversion price of ₹ 75.20 per share effective from June 25, 2006 (initial conversion price being ₹ 94/- per share) pursuant to the provisions of the Trust Deed executed in respect of the FCCBs.

At the behest of the majority bondholders, the Company had initiated the process of re-setting the conversion price of the FCCBs in line with the applicable pricing guidelines. Approval of Reserve Bank of India for the same was received vide their letter No. FED/CO/ECBD/10308/03.02.775/11-12 dated October 31, 2011. The holders of the FCCBs vide their Written Resolution of 25th July, 2012 have consented, inter alia, to the revision of Conversion Price of FCCBs from ₹ 75.20 to ₹ 13.76 and elongation of maturity period from 25th June, 2010 to 21st December, 2012 as well as waiver of events of defaults and interest payments. Accordingly, the Company has executed a Supplemental Trust Deed on 25th July, 2012 with Bank of New York Mellon, the Trustees for giving effect to the aforesaid amendments.

No FCCBs were converted during the year. 354 FCCBS were outstanding which, if converted into GDRs/Equity Shares at the reset conversion price of ₹ 13.76 would result into issuance of additional 1,12,10,428 numbers of equity shares of ₹ 2/- each.

**38 Global Depository Receipts (GDRs)**

The Company had issued 1,333,100 Global Depository Receipts (GDRs) on February 07, 2003 at a price of USD 11.25, per GDR with each GDR representing 3 equity shares of ₹ 10 each. Pursuant to Special Resolution passed at the Annual General Meeting held on December 29, 2003, equity shares of ₹ 10 each were sub-divided into smaller denomination of ₹ 2 each for which the Company had fixed January 29, 2004 as the Record Date. Corresponding increase was made to the number of GDRs from one to five in order to maintain the GDR to Equity proportion of 1:3.

Further, pursuant to the Special Resolution passed at the Annual General Meeting held on December 28, 2004, bonus shares in the proportion of one equity share for every two equity shares held on the record date of January 28, 2005 were allotted on January 31, 2005 resulting in increase in the number of GDRs.

No GDRs (PY No GDRs) were outstanding as at March, 2014.

As stated at Note No. 37, above, 354 numbers of 1% Foreign Currency Convertible Bonds Due 2010 were outstanding as at March, 31, 2014. If these FCCBs are converted into GDRs, it would resulted into issuance of 37,36,809 numbers of GDRs representing 1,12,10,428 numbers of equity shares of ₹ 2/- each at the reset conversion price of ₹ 13.76

**39** In view of the on-going slowdown in the European and US markets, there have been delayis in receivables. Considering the size and standing of its debtors, the Company has not made any provision at this stage towards amount of ₹ 15,727.44 Lacs outstanding for a period of more than 12 months.

**40** The company has given certain capital advances and made some investments totalling to ₹ 6975.20 Lacs against the building under constructions at Hinjewadi, Pune. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. Pending the settlement of the vendors to whom advances are paid, the same is continued to be considered as capital advances. No Contingent liability is considered for the unexecuted Capital Contract.

**41** The company has invested on purchases of IPRs for various ongoing projects. Due to the delay in the projects, IPRs are yet to be put to use as on date of balance sheet amounting to ₹ 19910.32 Lacs. The company is of the opinion that with the improved market conditions all the IPRs will be profitably used by the company in the future projects.

**42.** During an earlier years, the Company has Sold Inangible Assets as IPR to the then subsidiary M/s Digihome Solutions Ltd. The said IPR has not generated expected revenue since last two years due to slow progress of business arrangement with an existing anchor customer. Management of that company is in process of carrying out an evaluation for impairment. The said management believes that there would not be any significant impairment loss, considering the market potential of the product. Said Management believes that the technology used in the future project is highly advanced and will not become obsolete in the near future. Based on this representation the investment of Digihome Solutions Ltd carried at cost. However, while consoliditating in all the years the said asset was knocked off. Continuing the same method the said investment is shown at nill value in the Consolidated accounts.

**43 Dues to Micro, Small and Medium Enterprises (MSME)**

The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the ‘Act’) and hence disclosure regarding following has not been provided.

a) Amount due and outstanding to MSME suppliers as at the end of the accounting year.

b) Interest paid during the year to MSME

c) Interest payable at the end of the accounting year.

d) Interest accrued and unpaid at the end of the accounting year to MSME

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act. Management believes that the figures for disclosure will not be significant.

**44** Previous year’s figures have been regrouped or reclassified to conform with the current years’ presentation wherever considered necessary.

Signatures to Notes “1” to “44” forming part of these Financial Statements.

As per our report of even date.
**For GMJ & Co.**
Firm Registration Number: 103429W
*Chartered Accountants*

Sd/-
**Haridas Bhat**
*Partner*
Membership No. 039070

Place: Mumbai
Date: 30th May, 2014

For and on behalf of the Board of Directors

Sd/-
**Ranjit M Dhuru**
*Chairman & Managing Director*

Sd/-
**Nitin K Shukla**
*Director - Finance*

Place: Mumbai
Date: 30th May, 2014

## Independent Auditors' Report on Consolidated Financial Statements

To the Members of Aftek Limited

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Aftek Limited (the "Company") and its subsidiaries & Associates (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary ofsignificant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for qualified opinion**

i. Note no.39 regarding Management has not considered any provision in respect of outstanding Debtors for a period more than 12 months amounting to Rs. 15727.44 Lacs which in our opinion, as evidenced by the poor recovery made during the year, are doubtful of recovery. Consequently, profit before tax is overstated by Rs. 15727.44 Lacs. Further in our view there is significant uncertainty as to ultimate collection of Debtors due to non-receipt from overseas debtors. Therefore we are further unable to comment on recoverability of balance debtors amounting to Rs.6733.21 Lacs;

ii. Note no.40 regarding the company has given certain capital advances and made some investments totalling to 6975.20 Lacs towards the building under construction at Hinjewadi, Pune, upto the year ended, 31-3-2010, thereafter there are no further developments/construction made. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. The bank has called for bids at a base price of Rs.1800.00 Lacs. There is no provision made towards the eventual loss on such auction, which is presently not ascertainable till such disposal;

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for qualified opinion paragraph,the 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 state of affairs of the Group as at March 31, 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and

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

**Emphasis of matter**

1. Note no.34 b (ii) regarding Liability if any of the pending assessment under Income Tax, Sales tax (including interest, if any) which are presently not ascertainable;
2. Without qualifying our opinion, we draw attention to note no.41 regarding Intangible Assets under development for various ongoing projects. Due to the delay in the projects, Assets under development for Rs.19910.32 are yet to be put to use as on the date of balance sheet. The company is of the opinion that with the improved market conditions all the Assets under development will be profitably used by the company in the future projects.

**For GMJ & CO.**
*Chartered Accountants* (FR No. 103429W)

**Haridas Bhat**
*Partner* (M. No. 39070)

Mumbai, May 30, 2014

## Consolidated Balance Sheet as at March 31, 2014

( ₹ in Lacs)

| | Note | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| **Equity and Liabilities** | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | **2,203.76** | 2,203.76 |
| Reserves and Surplus | 3 | **39,525.94** | 41,022.94 |
| | | **41,729.70** | 43,226.70 |
| **Minority Interest** | | - | 276.44 |
| **Non-Current Liabilities** | | | |
| Long-Term Borrowings | 4 | - | 8.80 |
| Deferred Tax Liabilities (Net) | 5 | **9.37** | 143.36 |
| Other Long-Term Liabilities | 6 | **114.35** | 114.35 |
| Long-Term Provisions | 7 | **65.61** | 49.94 |
| | | **189.33** | 316.45 |
| **Current Liabilities** | | | |
| Short-Term Borrowings | 8 | **2,290.76** | 2,660.95 |
| Trade Payables | 9 | **14.69** | 227.91 |
| Other Current Liabilities | 10 | **13,670.96** | 12,267.09 |
| Short-Term Provisions | 11 | **984.13** | 888.86 |
| | | **16,960.54** | 16,044.82 |
| **Total** | | **58,879.57** | 59,864.41 |
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | 12 | | |
| Tangible Assets | | **353.02** | 363.25 |
| Intangible Assets | | **8,204.03** | 11,042.95 |
| Capital Work-in-Progress | | **2,831.19** | 2,831.19 |
| Intangible Assets Under Development | | **19,910.32** | 20,858.63 |
| Goodwill on consolidation | | **241.45** | 497.85 |
| | | **31,540.02** | 35,593.87 |
| Non-Current Investments | 13 | **408.07** | 408.07 |
| Long-Term Loans and Advances | 14 | **4,305.16** | 4,197.56 |
| Other Non-Current Assets | 15 | **37.35** | 49.38 |
| | | **36,290.60** | 40,248.89 |
| **Current Assets** | | | |
| Inventories | 16 | **82.30** | 399.11 |
| Trade Receivables | 17 | **22,467.75** | 19,140.06 |
| Cash and Bank Balances | 18 | **30.42** | 44.51 |
| Short-Term Loans and Advances | 19 | **8.38** | 31.73 |
| Other Current Assets | 20 | **0.12** | 0.12 |
| | | **22,588.97** | 19,615.52 |
| **Total** | | **58,879.57** | 59,864.41 |

The accompanying Notes (“1” to “44” ) are an integral part of these Financial Statements.

As per our report of even date.
**For GMJ & Co.**
Firm Registration Number: 103429W
*Chartered Accountants*

**Haridas Bhat**
*Partner*
Membership No. 039070

Place: Mumbai
Date: 30th May, 2014

For and on behalf of the Board of Directors

**Ranjit M Dhuru**
*Chairman & Managing Director*

**Nitin K Shukla**
*Director - Finance*

Place: Mumbai
Date: 30th May, 2014

## Consolidated Statement of Profit and Loss for the year ended March 31, 2014 ( ₹ in Lacs except per share data)

| | Note | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|
| Revenue from Operations | 21 | **7,574.87** | 11,130.07 |
| Other Income | 22 | **1,489.81** | 928.37 |
| **Total Revenue** | | **9,064.69** | 12,058.44 |
| **Expenses** | | | |
| Cost of Materials Consumed & Software Development Expenses | 23 | **742.28** | 905.70 |
| Changes in Inventories of Finished Goods,Work-in-Progress | 24 | **0.60** | (0.21) |
| Employee Benefits Expense | 25 | **306.79** | 441.63 |
| Finance Costs | 26 | **782.85** | 986.88 |
| Depreciation and Amortisation Expense | 27 | **7,759.52** | 8,252.95 |
| Other Expenses | 28 | **1,364.21** | 4,543.78 |
| **Total Expenses** | | **10,956.25** | 15,130.73 |
| Loss Before Tax | | **(1,891.56)** | (3,072.29) |
| Tax Expense | | | |
| Income Tax: | | | |
| Current Year | | - | - |
| Earlier Years | | - | 17.20 |
| Deferred Tax Credit | | **(53.30)** | (349.20) |
| | | **(53.30)** | (332.01) |
| Loss For the year before Minority Interest | | **(1,838.27)** | (2,740.29) |
| Minority Interest | | - | (67.47) |
| Profit for the Year | | **(1,838.27)** | (2,672.81) |
| Earnings Per Equity Share [Nominal Value Per Share: ₹ 2 (Previous Year: ₹ 2)] | | | |
| Basic and Diluted | 29 | **(1.67)** | (2.65) |

The accompanying Notes ("1" to "44" ) are an integral part of these Financial Statements.

As per our report of even date.
**For GMJ & Co.**
Firm Registration Number: 103429W
*Chartered Accountants*

**Haridas Bhat**
*Partner*
Membership No. 039070

Place: Mumbai
Date: 30th May, 2014

For and on behalf of the Board of Directors

**Ranjit M Dhuru**
*Chairman & Managing Director*

**Nitin K Shukla**
*Director - Finance*

Place: Mumbai
Date: 30th May, 2014

## Consolidated Cash Flow Statement for the year ended March 31, 2014

( ₹ in Lacs)

| | | | Year ended March 31, 2014 | | Year ended March 31, 2013 |
|---|---|---|---|---|---|
| **A.** | **Cash flow from operating activities** | | | | |
| | Net profit before tax | | **(1,891.56)** | | (3,072.29) |
| | **Adjustments for:** | | | | |
| | Depreciation | **7,759.52** | | 8,252.95 | |
| | Interest income | **(0.09)** | | (2.22) | |
| | Finance costs | **782.85** | | 986.88 | |
| | Liabilities no Longer Required Written Back | **(4.74)** | | (150.66) | |
| | Provision for Gratuity and Leave Encashment | **4.60** | | 4.25 | |
| | Unrealised foreign exchange (gain)/ loss | **(1,482.75)** | **7,059.40** | (366.54) | 8,724.67 |
| | **Operating profit before working capital changes** | | **5,167.83** | | 5,652.38 |
| | **Changes in working capital:** | | | | |
| | Increase / (Decrease) in trade payables | **6.35** | | (5.60) | |
| | Increase / (Decrease) in short-term provisions | **92.71** | | 107.10 | |
| | Increase / (Decrease) in long-term provisions | **11.07** | | 0.56 | |
| | Increase / (Decrease) in Other Long-Term Liablities | - | | 3.05 | |
| | Increase / (Decrease) in other current liabilities | **177.27** | | (223.69) | |
| | (Increase) / Decrease in trade receivables | **(5,490.07)** | | (5,726.94) | |
| | (Increase) / Decrease in inventories | **6.57** | | 59.80 | |
| | (Increase) / Decrease in short-term loans and advances | **(3.38)** | | 36.77 | |
| | (Increase) / Decrease in long-term loans and advances | **11.92** | | (37.16) | |
| | (Increase) / Decrease in other current assets | - | | 3.50 | |
| | (Increase) / Decrease in other non-current assets | **9.61** | | 19.91 | |
| | | | **(5,177.95)** | | (5,762.71) |
| | Operating profit after working capital changes | | **(10.11)** | | (110.33) |
| | Direct taxes paid (net of refund) | | **(0.68)** | | (1.77) |
| | **Net cash from operating activities (A)** | | **(10.80)** | | (112.10) |
| **B.** | **Cash flow from investing activities** | | | | |
| | Purchase of tangible/ intangible assets (including capital work-in-progress & Capital Advance) | | - | | (8.64) |
| | Sale of Investment | | **150.00** | | - |
| | Interest received | | **0.09** | | 2.22 |
| | **Net cash used in investing activities (B)** | | **150.09** | | (6.42) |

( ₹ in Lacs)

| | | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---|---|---|
| **C.** | **Cash flow from financing activities** | | |
| | Repayment of long-term borrowings | - | (3.37) |
| | Proceeds from Long term borrowings (Net) | - | - |
| | Interest and financial charges paid | **(3.00)** | (36.20) |
| | Proceeds / (Repayment)short-term borrowings (Net) | **(140.28)** | 76.56 |
| | **Net cash from financing activities (C)** | **(143.27)** | 36.99 |
| | **Net increase/ (decrease) in cash and cash equivalents (A+B+C)** | **(3.98)** | (81.53) |
| | Cash and cash equivalents at the beginning of the year | **24.28** | 105.80 |
| | Less:-Balance of Subsidiary * | **10.11** | |
| | Cash and cash equivalents at the end of the year | **10.19** | 24.28 |
| | **Net increase/ (decrease) in cash and cash equivalents** | **(3.98)** | (81.53) |

*Due to Cessation of Holding-Subsidiary relation

**Cash Flow Statement for the year ended March 31, 2014**

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| Cash and cash equivalents comprise of: | | |
| Cash on Hand | **8.01** | 11.30 |
| Bank Balances: | | |
| In Current Accounts | **2.18** | 7.80 |
| In Fixed Deposits with original maturity less than 3 months | - | 5.18 |
| Cash and cash equivalents at the end of the year | **10.19** | 24.28 |

**Notes:**

1. The above Cash Flow Statement has been prepared under “Indirect Method” set out in Accounting Standard - 3 on “Cash Flow Statements” notified under Section 211(3C) of The Companies Act, 1956, of India.
2. Figures in brackets indicate cash outgo.
3. Previous year’s figures have been regrouped/ rearranged wherever necessary.

As per our report of even date.
**For GMJ & Co.**
Firm Registration Number: 103429W
*Chartered Accountants*

**Haridas Bhat**
*Partner*
Membership No. 039070

Place: Mumbai
Date: 30th May, 2014

For and on behalf of the Board of Directors

**Ranjit M Dhuru**
*Chairman & Managing Director*

**Nitin K Shukla**
*Director - Finance*

Place: Mumbai
Date: 30th May, 2014

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

**1 Summary of Corporate information & Significant Accounting Policies**

**1.1 Corporate information**

AFTEK Limited & Its Subsidaries (the "Group") provide a wide range of information technology services including systems, hardware and software, communications and networking, hardware sizing and capacity planning, software management solutions, technology education services and business process outsourcing. The Group's services portfolio consists of Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance, Engineering and Industrial Services, IT Infrastructure Services, Business Process Outsourcing, Consulting and Asset Leveraged Solutions.

**1.2 Significant Accounting Policies**

**(a) Basis of Accounting and Preparation of Consolidated Financial Statements**

The consolidated financial statements include the financial statements of Aftek Limited and its subsidiaries & Assocites, (refer note 30) and are prepared in accordance with accounting principles generally accepted in India under the historical cost convention on the accrual basis of accounting and comply in all material aspects with the notified Accounting Standards under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The accounting policies applied are consistent with those used in the previous years. The consolidated financial statements are presented in the general format specified in Schedule VI to the Act. However, as these consolidated financial statements are not statutory financial statements required under the Act, these consolidated financial statements do not reflect all disclosure requirements of the Act.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard ('AS') 21 , 'Consolidated Financial Statements'. The financial statements of the Company and its subsidiaries (the 'Group') are consolidated on a line to line basis by adding together like items of assets, liabilities, income and expenses. Any excess of the cost to the parent company of its investment in a subsidiary and the parent company's portion of equity of the subsidiary at the date, at which investment in the subsidiary is made, is described as goodwill and recognized separately as an asset in the consolidated financial statements. All significant inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The consolidated financial statements are presented in Lacs of Indian rupees, unless otherwise stated.The accounting policies have been consistently applied by the Company.

Investment in associates where the Company directly or indirectly through subsidiaries holds more than 20% of equity, are accounted for using equity method as per Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.

The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

The difference between the cost of investment in the associates and the Company's share of net assets at the time of acquisition of share in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

**(b) Use of Estimates**

The preparation of the Conolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Key estimates include estimate of useful lives of fixed assets, income taxes, vesting of employee stock options and future obligations under employee retirement benefit plans. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

**(c) Fixed Assets, Depreciation and Amortisation**

(i) Fixed assets are stated at cost less accumulated depreciation, amortisation and impairment losses. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

(ii) Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, construction cost, borrowing costs (In accordance with the Accounting Standard 16 on 'Borrowing Costs') capitalized and other direct expenditure.

(iii) Depreciation is provided, pro rata for the period of use, by the Straight Line Method (SLM), based on management's estimate of useful lives of the fixed assets, which are higher than the SLM rates prescribed in Schedule XIV to the Companies Act, 1956. The management's estimate of useful lives of fixed assets are given below:

| | |
|---|---|
| Plant and Machinery | 5 years |
| Factory Building | 15 years |
| Electrical Fittings | 5 years |
| Computers | 3 years |
| Air conditioner | 5 years |
| Furniture and Fixtures | 5 years |
| Motor Vehicles | 5 years |
| Office Equipment | 5 years |

Leasehold land is amortised over the period of lease.

**(d) Intangible Assets**

Intangible assets are stated at cost of acquisition, less accumulated amortisation and impairment losses if any. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Based on management estimates, the depreciable amount of intangible assets is allocated over the useful life on a straight line basis. Management estimates the useful life of Technical Know-how as 5 years and Intellectual Property Rights as 3 years.

**(e) Impairment of Assets**

The carrying amounts of the Group's assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

**(f) Borrowing Cost**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on 'Borrowing Costs', are capitalized as part of the cost of qualifying assets. Other borrowing costs are expensed as incurred.

**(g) Investments**

The Group has presently classified all its investments as "Long Term" in accordance with Accounting Standard 13 on "Accounting for Investments." Long-term investments are stated at cost. However, provision is made to recognize a decline, other than temporary, in the value of investments.

**(h) Inventories**

Inventories are valued at lower of cost and net realizable value. Cost of inventories comprise cost of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

**(i) Research and Development**

Research and Development expenditure is recognized in the Profit and Loss Account as and when incurred. Capital expenditure, if any is shown under respective head of fixed assets.

**(j) Foreign Currency Transactions**

Initial recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

Conversion - Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet.

Exchange differences - Exchange differences arising on the settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**(k) Employee Benefits**

(i) All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

(ii) The Group makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the year in which services are rendered by the employees.

(iii) The Group's employees are covered under the group gratuity cum life assurance scheme with the Life Insurance Corporation of India ('LIC'). Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit/ obligation at the Balance Sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation are calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year in which such gains or losses are determined.

(iv) Liability for compensated absences is provided for on the basis of actuarial valuation at year-end, made by an independent actuary.

**(l) Stock Based Compensation**

The compensation cost of stock options granted to employees is calculated using the fair value method. The compensation expense is amortized uniformly over the vesting period of the option.

**(m) Revenue Recognition**

Revenue from sale of products is recognized when significant risks and rewards in respect of ownership of products are transferred to the customer and there are either no unfulfilled Group obligations or any outstanding obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the arrangement.

Revenues from services are recognized as services are provided when arrangements are on a time and material basis. Revenue from fixed price contracts is generally recognised in accordance with the "Percentage of Completion" method.

Further, the Group reimburses certain software installation and testing charges to channel partners and these installation and testing activities are considered to be distinct components preceding the actual delivery and acceptance of the software. The Group also bears the entire credit risk on the sale of products. Accordingly, the installation and testing activity is considered to be the transaction independent of the sale of the products and the costs relating to these activities are accounted as cost of revenues.

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date and exchange gain and loss are recognised in the statement of profit and loss. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve Interest income is accounted on a time proportion basis.

**(n) Operating Lease**

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

**(o) Taxes on Income**

The provision for current taxation is computed in accordance with the relevant tax regulations. Deferred tax is recognised on timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses under tax laws are recognised and carried forward to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised in future. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax in respect of timing differences which originate and reverse during the tax holiday period is not recognized to the extent to which the Group's gross total income is subject to deduction during the tax holiday period.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

**(p) Earnings Per Share**

The earnings considered in ascertaining the Group's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of all dilutive potential equity shares.

**(q) Provisions and Contingent Liabilities**

A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates. Provisions are recognised in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group.

**(r) Share Issue Expenses and Premium Payable on Redemption of Foreign Currency Convertible Bonds (FCCBs)**

Share Issue Expenses and Premium Payable on Redemption of FCCBs are adjusted against the Securities Premium Account.

**(s) Cash and cash equivalents**

The Group considers all highly liquid fi nancial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

(₹ in Lacs)

| | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|
| **2 Share Capital** | | |
| **Authorised** | | |
| 125,000,000 (Previous Year: 125,000,000) Equity Shares of ₹ 2 each | **2,500.00** | 2,500.00 |
| **Issued** | | |
| 11,01,88,091 (Previous Year: 11,01,88,091) Equity Shares of ₹ 2 each | **2,203.76** | 2,203.76 |
| **Subscribed and Paid up** | | |
| 11,01,88,091 (Previous Year: 11,01,88,091 ) Equity Shares of ₹ 2 each fully paid-up | **2,203.76** | 2,203.76 |
| | **2,203.76** | 2,203.76 |

**(a) Reconciliation of number of shares**

| | As at March 31, 2014 | | As at March 31, 2013 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Lacs | No. of Shares | ₹ in Lacs |
| **Equity Shares:** | | | | |
| Balance as at the beginning of the year and at the end of the year | **110,188,091** | **2,203.76** | 93,530,789 | 1,870.62 |
| Add: Shares issued during the year | - | - | 16,657,302 | 333.15 |
| Add: Bonus Shares issued during the year | - | - | - | - |
| **Balance as at the end of the year** | **110,188,091** | **2,203.76** | **110,188,091** | **2,203.76** |

**(b) Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per shareheld. The equity shareholders are entitled for dividend as may be proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-**

| | As at March 31, 2014 | | As at March 31, 2013 | |
|---|---|---|---|---|
| **Equity Shares** | No. of Shares | % holding | No. of Shares | % holding |
| Elara Capital PLC | **15,540,759** | **14.10%** | 15,540,759 | 14.10% |

**(d) Shares allotted (during 5 years preceding March 31, 2014)**

| | | |
|---|---|---|
| | Opening No.of Share | 85,716,731 |
| i | The Company had issued 15,06,581 (P.Y 10522890) shares of ₹ 2 each fully Paid up to issued against conversion of 300 (P.Y 2270) FCCB's Bonds. | 1,506,581 |
| ii | The Company had issued 6,150,000 shares of ₹ 2 each fully Paid up issued to the erstwhile shareholders of Elven Microcircuit Pvt. Ltd. In pursuance of Scheme of Arrangement as approved by Hon'ble High Court, Mumbai & Karnataka. | 6,150,000 |
| iii | The Company had issued 157,477 equity shares of ₹ 2 each (during FY 2006-07 to 2010-11: 351,318 equity shares) during the period of 5 years immediately preceding March 31, 2012 on exercise of options granted Under Aftek Employees Stock Option Scheme (ESOP). | 157,477 |
| iv | The Company had issued 1,66,57,302 shares of ₹ 2 each fully Paid up to issued against conversion of 526 FCCB's Bonds. | 16,657,302 |
| | Closing No.of Share | 110,188,091 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

(₹ in Lacs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| **3 Reserves and Surplus** | | | |
| **Capital Reserve** | | | |
| As per last Balance Sheet | | **482.05** | 482.05 |
| **Securities Premium** | | | |
| Balance as at the beginning of the year | | **2,741.12** | 31.12 |
| Add: | | | |
| i) Premium on Conversion of FCCBs | | - | 2,710.00 |
| Balance as at the end of the year | | **2,741.12** | 2,741.12 |
| **General Reserve** | | | |
| Balance as at the end of the year | | **6,132.36** | 6,132.36 |
| **Surplus in Statement of Profit and Loss** | | | |
| Balance as at the beginning of the year | | **31,667.42** | 34,340.23 |
| Cessation of Subsidiary relation | | | |
| Effect on reserve onCessation of Subsidiary relation | **1,654.59** | | - |
| Investment written off (refer note 43) | **(1,313.33)** | **341.26** | |
| Loss for the year | | **(1,838.27)** | (2,672.81) |
| Balance as at the end of the year | | **30,170.41** | 31,667.42 |
| **Total** | | **39,525.94** | 41,022.94 |

### 4 Long-Term Borrowings

| | Non-Current Portion | | Current Maturities | |
|---|---|---|---|---|
| | As at March 31, 2014 ₹ in Lacs | As at March 31, 2013 ₹ in Lacs | As at March 31, 2014 ₹ in Lacs | As at March 31, 2013 ₹ in Lacs |
| **Bonds (Unsecured)** | | | | |
| Foreign Currency Convertible Bonds (FCCB) | | | | |
| (Refer Note No.37) | - | - | 1,925.38 | 1,925.38 |
| **Term Loan (Secured)** | | | | |
| **from Banks:** | | | | |
| i) Bank of India - Jersey Channel Islands | - | - | 3,715.94 | 3,129.47 |
| ii) State Bank of Bikaner & Jaipu | - | - | 4,000.00 | 4,000.00 |
| **from Others:(Unsecured)** | | | | |
| Others | | 8.80 | | 12.69 |
| **Total** | **-** | **8.80** | **9,641.32** | **9,067.54** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|

**(a) Nature of Security and terms of repayment for secured borrowings**

**(i) Bank of India - Jersey Channel Islands**

Foreign Currency Term Loan Aggregating to ₹ 3075.31 Lacs (Euro 45 Lacs) Secured by mortgage of Land at Hinjewadi, Pune.₹ 3075.31 Lacs is repayble in 4 half yearly installment of ₹ 683.4 Lacs for first 3 installment & Last Installment of ₹ 1025.11 Lacs from July 11 to January 2013. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan.

**The Company has defaulted in repayment of loans and interest in respect of the following:**

| **Bank of India - Jersey Channel Islands** | **As at 31 March, 2014** | |
|---|---|---|
| | **Principal** | **Interest** |
| Period of default<br>April' 2011 to March' 2014 | 3,715.94 | 310.58 |

**(ii) State Bank of Bikaner & Jaipur**

Rupee Term Loan Aggregating to ₹ 4,000 Lacs Secured by mortgage of building owned by subsidiary Mihir Properties Pvt. Ltd. ₹ 4,000 Lacs is repayble in 12 Quarterly installment of ₹ 333.33 Lacs from April, 2012 to January 2015. Company has made default in repayment of Principal and Interest thereon, therefore, Bank has demanded repayment loan.

The Company has defaulted in repayment of loans and interest in respect of the following:

| **State Bank of Bikaner & Jaipur** | **As at 31 March, 2014** | |
|---|---|---|
| Period of default | **Principal** | **Interest** |
| April' 2011 to March' 2014 | 4,000.00 | 1,599.50 |

**5 Deferred Tax Liabilities (Net)**

| | | |
|---|---|---|
| **Deferred Tax Liabilities:** | | |
| Depreciation | **1,178.76** | 1,344.08 |
| Deferred Tax Assets: | | |
| Provision for Doubtful Debts | - | - |
| Unabsorbed Depreciation adjusted for timing difference | **209.44** | 247.42 |
| Disallowances u/s Income tax Act,1961 (to the extent of Deferred Tax Liabilities) | **959.94** | 953.30 |
| | **1,169.39** | 1,200.72 |
| **Deferred Tax Liabilities (Assets)(Net) *** | **9.37** | 143.36 |

* However, in the absence of virtual certainty the recognition of deferred tax asset is restricted to the extent of timing diference of depreciation. Hence, no deferred tax asset is created during the year.

**6 Other Long- term liablities**

| | | |
|---|---|---|
| Creditors for Capital Assets | **114.35** | 114.35 |
| | **114.35** | 114.35 |

**7 Long-Term Provisions**

| | | |
|---|---|---|
| **Provision for Employee Benefits:** | | |
| Provision for Gratuity | **63.06** | 48.19 |
| Provision for Compensated Absences | **2.55** | 1.75 |
| | **65.61** | 49.94 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| **8** | **Short-Term Borrowings** | | |
| | **Secured** | | |
| | Cash Credit from State Bank of Bikaner & Jaipur (Secured by hypothecation of Raw Materials and Book Debts) | **1,479.28** | 1,630.94 |
| | **Unsecured** | | |
| | Loans: | | |
| | From IDBI Bank (Term Loan) | **146.68** | 146.68 |
| | From Company | | 16.82 |
| | From Others | | 61.43 |
| | From Related Parties: | | |
| | Directors | **148.07** | 143.98 |
| | Shareholders | **516.73** | 661.10 |
| | | **2,290.76** | 2,660.95 |

**The Company has defaulted in repayment of interest in respect of the following:**

**(a) Cash Credit from State Bank of Bikaner & Jaipur**

| | As at 31 March, 2014 | |
|---|---|---|
| Period of default | **Principal** | **Interest** |
| April' 2011 to March' 2014 | 1,479.28 | 504.41 |

**(b) IDBI Bank Ltd.(Term Loan) :-**

The loan is recalled by the Bank by invoking the pledge of shares. However the bank did not recover the total outstanding amount for the reasons not attributable to the company, accordingly the outstanding balance is not accepted by the Company. Pending clearance of dispute the outstandings is continuted in books as demanded by the Bank.

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| **9** | **Trade Payables** | | |
| | Sundry Creditors (Refer Note 42) | **14.69** | 227.91 |
| | | **14.69** | 227.91 |
| **10** | **Other Current Liabilities** | | |
| | Current Maturities of Long-Term Borrowings (Refer Note 4) | **9,641.32** | 9,067.54 |
| | Interest Accrued and due on Borrowings | **2,459.58** | 1,724.91 |
| | Unpaid Dividends [Refer Note (a) below] | **20.24** | 20.24 |
| | Advances from Customers | **35.68** | 108.72 |
| | Security Deposits | **1.50** | - |
| | Book Overdraft | **3.26** | - |
| | Statutory Dues (including Provident Fund and Tax Deducted at Source) | **331.55** | 305.84 |
| | Others (including Employee Benefits ) | **1,177.83** | 1,039.85 |
| | | **13,670.96** | 12,267.09 |

(a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| **11** | **Short-Term Provisions** | | |
| | (a) Provision for employee benefits: | | |
| | Provision for Bonus | **28.23** | 28.06 |
| | Provision for Gratuity | - | 18.03 |
| | Provision for Compensated Absences | - | 1.86 |
| | (b) Provision - Others: | | |
| | Provision for Income Tax [Net of TDS ? 10.34 lacs (Previous Year: ? 9.66 lacs)] | **117.04** | 119.13 |
| | Provision for Premium Payable on Redemption of FCCBs | **505.49** | 505.49 |
| | Provision for Expenses | **333.37** | 216.27 |
| | | **984.13** | 888.86 |

## 12. Notes to Consolidated Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

A. Tangible Assets

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2013 | Additions | Disposal/ Transfer | As at March 31, 2014 | As at April 1, 2013 | For the Year | Disposal/ Transfer | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| Land: | | | | | | | | | | |
| Leasehold | 101.13 | - | - | 101.13 | 8.00 | 1.06 | - | 9.07 | 92.06 | 93.13 |
| Factory Building | 82.91 | - | - | 82.91 | 81.46 | 1.27 | - | 82.73 | 0.18 | 1.45 |
| Office Building | 309.64 | - | - | 309.64 | 48.42 | 3.87 | - | 52.30 | 257.34 | 261.22 |
| Plant and Machinery | 80.09 | - | 67.05 * | 13.05 | 76.69 | 2.45 | 67.05 * | 12.09 | 0.95 | 3.40 |
| Computers | 1.69 | - | - | 1.69 | 1.06 | 0.39 | - | 1.45 | 0.24 | 0.64 |
| Office Equipment | 1.76 | - | - | 1.76 | 1.23 | 0.21 | - | 1.43 | 0.33 | 0.53 |
| Furniture and Fixtures | 26.83 | - | 21.58 * | 5.25 | 23.95 | 0.96 | 21.58 * | 3.33 | 1.92 | 2.89 |
| Vehicles | 10.02 | - | 10.02 | - | 10.02 | - | 10.02 | - | - | - |
| **Total** | **614.08** | **-** | **98.65** | **515.42** | **250.83** | **10.23** | **98.65** | **162.40** | **353.02** | **363.25** |
| Previous Year | 3,133.64 | 0.64 | 2,520.20 | 614.08 | 2,393.89 | 377.21 | 2,520.27 | 250.83 | 363.25 | 739.75 |

B Inangible Assets

( ₹ in Lacs )

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2013 | Additions | Disposal/ Transfer | As at March 31, 2014 | As at April 1, 2013 | For the Year | Disposal/ Transfer | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| Computer Software | 5,404.91 | - | - | 5,404.91 | 878.61 | 1,801.64 | - | 2,680.24 | 2,724.67 | 4,526.30 |
| IPR | 19,213.61 | 4,914.92 | 12,167.17 | 11,961.35 | 12,701.50 | 5,947.66 | 12,167.17 | 6,481.98 | 5,479.37 | 6,512.11 |
| SecuredHomeGateway | 6.52 * | - | 6.52 | - | 1.98 | - | 1.98 * | - | - | 4.54 |
| **Total** | **24,625.04** | **4,914.92** | **12,173.69** | **17,366.26** | **13,582.08** | **7,749.30** | **12,169.15** | **9,162.23** | **8,204.03** | **11,042.95** |
| Previous Year | 31,272.40 | 5,404.91 | 12,052.27 | 24,625.04 | 17,758.52 | 7,875.81 | 12,052.27 | 13,582.08 | 11,042.95 | 13,513.88 |

*Due to Cessation of Holding-Subsidiary relation

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| 13 | **Non-Current Investments** | | |
| | Trade Investments in Equity Instruments - Unquoted, at Cost | | |
| | Investment in Other Companies: | | |
| | Elven Technologies Private Limited<br>82,500 Equity Shares of ? 10 Each Fully Paid Up | **8.25** | 8.25 |
| | V Soft Inc. (USA)<br>164,250 Equity Shares of US$ 5.48 each fully paid up | **399.82** | 399.82 |
| | | **408.07** | 408.07 |
| 14 | **Long-Term Loans and Advances**<br>[Unsecured, Considered Good (unless otherwise stated)] | | |
| | Capital Advances (Refer Note. No. 40) | **4,144.01** | 4,144.01 |
| | Other Loans and Advances: | | |
| | Balances with Government Authorities | **31.17** | 43.10 |
| | Others Loans and Advances- Considered Good to Related Parties :- | | |
| | Aftek Employees' Welfare Trust | **10.45** | 10.45 |
| | Digihome Solutions Pvt Ltd. | **119.53** | - |
| | | **4,305.16** | 4,197.56 |
| 15 | **Other Non-Current Assets**<br>[Unsecured, Considered Good (unless otherwise stated)] | | |
| | Fixed Deposits with original maturity Morethan One Year | **5.23** | - |
| | Other Deposit | **32.12** | 49.38 |
| | | **37.35** | 49.38 |
| 16 | **Inventories** | | |
| | Raw Materials | | |
| | Spyguard Components & Others | **55.87** | 47.42 |
| | Others | - | 324.66 |
| | | **55.87** | 372.08 |
| | Work-in-Progress | | |
| | Spyguard Components & Others | **26.43** | 26.50 |
| | Others | | 0.53 |
| | | **26.43** | 27.03 |
| | | **82.30** | 399.11 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|
| **17** | **Trade Receivables** | | |
| | Unsecured, considered good: | | |
| | Outstanding for a period exceeding six months from the date they are due for payment (Refer Note. 39) | **19,207.86** | 13,999.05 |
| | Others - Outstanding for a period of less six months | **3,259.90** | 5,141.01 |
| | | **22,467.75** | 19,140.06 |
| **18** | **Cash and Bank Balances** | | |
| | Cash and Cash Equivalents | | |
| | Cash on Hand | **8.01** | 11.30 |
| | Bank Balances in : | | |
| | Current Accounts | **1.17** | 6.90 |
| | EEFC Accounts | **1.02** | 0.90 |
| | Fixed Deposits with original maturity Lessthan 3 Month | - | 5.18 |
| | | **10.19** | 24.28 |
| | Other Bank Balances | | |
| | Unpaid Dividend Accounts | **20.24** | 20.24 |
| | | **20.24** | 20.24 |
| | | **30.42** | 44.51 |
| **19** | **Short-Term Loans and Advances** [Unsecured, Considered Good (unless otherwise stated)] | | |
| | Advance to Suppliers | **8.23** | 21.90 |
| | Other Loans and Advances: | | |
| | Loan to Employees | **0.15** | 2.66 |
| | Balances with Government Authorities | - | 5.47 |
| | Prepaid Expenses | - | 1.70 |
| | | **8.38** | 31.73 |
| **20** | **Other Current Assets** [Unsecured, Considered Good (unless otherwise stated)] | | |
| | Interest accrued on Deposits | **0.12** | 0.12 |
| | | **0.12** | 0.12 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|
| **21** | **Revenue from Operations** | | |
| | Sale software Products & Services: | | |
| | Information technology Services | **6,174.49** | 9,512.77 |
| | Products Development | | |
| | a) Software Products - Powersafe | **1,212.89** | 1,367.62 |
| | b) Software Products - PDA | **52.43** | 23.44 |
| | c) Others Sales | **135.05** | 226.24 |
| | | **1,400.38** | 1,617.30 |
| | | **7,574.87** | 11,130.07 |
| **22** | **Other Income** | | |
| | Interest Income From | | |
| | Banks FD | **0.09** | 2.14 |
| | Others | - | 0.08 |
| | Gain on Foreign Exchange (Net) | **1,484.96** | 763.12 |
| | Liabilities no Longer Required Written Back | **4.74** | 162.98 |
| | Miscellaneous Income | **0.03** | 0.06 |
| | | **1,489.81** | 928.37 |
| **23** | **Cost of Materials Consumed & Software Development Expenses** | | |
| | Raw Material Consumed | | |
| | Opening Inventory | **166.84** | 432.09 |
| | Less: Stock of Subsidiary* | **105.00** | - |
| | Add: Purchases | **69.21** | 106.83 |
| | Less: Closing Inventory | **55.87** | 372.08 |
| | Cost of Raw Materials Consumed during the year | **75.18** | 166.84 |
| | Software Development Expenses | **667.10** | 738.86 |
| | | **742.28** | 905.70 |
| | *Due to Cessation of Holding-Subsidiary relation. | | |
| **24** | **Changes in Inventories of Finished Goods and Work-in-Progress** | | |
| | (Increase)/ Decrease in Stocks | | |
| | Stock at the end of the year: | | |
| | Finished Goods | - | - |
| | Work-in-progress | **26.43** | 27.03 |
| | Traded Goods | - | - |
| | | **26.43** | 27.03 |
| | Stock at the beginning of the year: | | |
| | Finished Goods | - | - |
| | Work-in-progress | **27.03** | 26.82 |
| | Traded Goods | - | - |
| | | **27.03** | 26.82 |
| | (Increase)/ Decrease in Stocks | **0.60** | (0.21) |

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

| | | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|
| **25** | **Employee Benefits Expense** | | |
| | Salaries, Wages and Bonus | **157.49** | 316.57 |
| | Directors Remuneration | **133.63** | 105.36 |
| | Contribution to Provident and Other Funds | **7.63** | 10.82 |
| | Gratuity | **3.00** | 4.40 |
| | Compensated Absences | **2.72** | (0.15) |
| | Staff Welfare Expenses | **2.33** | 4.63 |
| | | **306.79** | 441.63 |
| **26** | **Finance Costs** | | |
| | To Banks | | |
| | Interest on Term Loan | **657.85** | 692.50 |
| | Interest on Cash Credit | **110.00** | 223.11 |
| | To Others | | |
| | Interest on FCCB | - | 13.66 |
| | Interest on Statutory Dues | **12.00** | 46.50 |
| | Others | **3.00** | 11.12 |
| | | **782.85** | 986.88 |
| **27** | **Depreciation and Amortisation Expense** | | |
| | Depreciation on Tangible Assets | **10.23** | 377.14 |
| | Amortisation on Intangible Assets | **7,749.30** | 7,875.81 |
| | | **7,759.52** | 8,252.95 |
| **28** | **Other Expenses** | | |
| | Electricity Expenses | **4.59** | 7.75 |
| | Repairs and Maintenance: | | |
| | Computers | **0.35** | 1.43 |
| | Building | **0.06** | 10.81 |
| | Others | **1.64** | 2.73 |
| | Rent (Refer Note 36) | **37.07** | 54.92 |
| | Rates and Taxes | **5.96** | 19.13 |
| | Insurance | **0.49** | 2.16 |
| | Communication Charges | **6.09** | 11.74 |
| | Printing and Stationery | **13.07** | 9.44 |
| | Travelling, Conveyance and Car Expenses | **20.77** | 55.05 |
| | Postage & Telegram | **5.80** | 7.09 |
| | Legal, Professional and Secretarial Expenses | **4.84** | 14.44 |
| | Auditors' Remuneration | **40.00** | 40.17 |
| | Commission on Sales | **0.11** | 2.40 |
| | Doubtful Debts written off | **1,205.91** | 4,281.67 |
| | Miscellaneous Expenses | **17.45** | 22.85 |
| | | **1,364.21** | 4,543.78 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2014

( ₹ in Lacs)

**29 Computation of Earnings per Share (Basic and Diluted):**

The number of shares used in computing Basic and Diluted Earnings Per Share is the weighted average number of shares outstanding during the year.

| Particulars | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| I. Profit Computation for both Basic and Diluted Earnings Per Share of ₹ 10 each: | | |
| Net Profit as per the Statement of Profit and Loss available for | | |
| Equity Shareholders (₹ in Lacs) | (1,838.27) | (2,672.81) |
| II. Weighted average number of Equity Shares for Earnings Per Share computation: | | |
| Number of shares for Basic and Diluted Earnings Per Share | 110,188,091 | 101,015,166 |
| III. Earnings Per Share: | | |
| Basic (in ₹ ) | (1.67) | (2.65) |
| Diluted (in ₹) | (1.67) | (2.65) |

**30 The list of subsidiary companies and associates which are included in the consolidation and the Company's holdings therein are as under:**

| | Name of the Subsidiary | Company of Incorporation | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | March 31, 2014 | March 31, 2013 |
| a | Mihir Properties Private Limited | India | 100% | 100% |
| b | **Name of the Associates** | | | |
| | Digihome Solutions Private Limited | India | 46% | 51% |
| | (Refer Notes No.43) | | | |

**31 Disclosure as per Accounting Standard 15 (Revised) - Employee Benefits:**

The Company has classified various benefits provided to employees as under:

I Defined Contribution Plans

a Provident Fund

b State Defined Contribution Plans

i. Employers' Contribution to Labour Welfare Fund

ii. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account:

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| Employers' Contribution to Provident Fund * | | |
| [Includes Employers' Contribution to Employee's Pension Scheme 1995] | 6.90 | 8.39 |
| Employers' Contribution to Employee's State Insurance Commission* | 0.72 | - |
| * Included in Contribution to Provident and Other Funds (Refer Note 25) | | |

**II Defined Benefit Plan** ( ₹ in Lacs)

| | | | |
|---|---|---|---|
| **A** | **Gratuity** | | |
| **i** | **During the year, company has not made Acturial Valuation, therefore figures are provided in below table are provisional. Previous year figures are in accordance with Accounting Standard 15, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:-** | | |
| | | **Year Ended March 31, 2014** | **Year Ended March 31, 2013** |
| | Discount Rate | - | 8.25% |
| | Rate of increase in Compensation Levels | - | 5.00% |
| | Rate of Return on Plan Assets | - | 8.00% |
| **ii** | **Changes in the Fair value of Plan Assets** | **Year Ended March 31, 2014** | **Year Ended March 31, 2013** |
| | Present Value of Plan Assets at the beginning of the year | 1.29 | 1.22 |
| | Expected Return on Plan Assets | - | 0.11 |
| | Actuarial Gain/ (Loss) on Plan Assets | (1.29) | (0.04) |
| | Contributions | - | - |
| | Benefits Paid | - | - |
| | Fair Value of Plan Assets at the end of the year | - | 1.29 |
| **iii** | **Changes in the Present Value of Obligation** | **Year Ended March 31, 2014** | **Year Ended March 31, 2013** |
| | Present Value of Obligation at the beginning of the year | 60.06 | 56.75 |
| | Interest Cost | - | 4.82 |
| | Current Service Cost | 3.00 | 3.43 |
| | Benefits Paid | - | - |
| | Actuarial (Gain)/ Loss | - | (4.93) |
| | Present Value of Obligation at the end of the year | 63.06 | 60.06 |
| | Non-Current Liabilities | 63.06 | 48.19 |
| | Current Liabilities | - | 11.87 |
| **iv** | **Amount recognised in the Balance Sheet** | **Year Ended March 31, 2014** | **Year Ended March 31, 2013** |
| | Present Value of Obligation at the end of the year | 63.06 | 60.06 |
| | Fair Value of Plan Assets | - | (1.29) |
| | Net Liability recognised at the end of the year | 63.06 | 58.77 |
| **v** | **Percentage of each category of plan assets to total fair value of plan assets as at March 31, 2014:** | **Year Ended March 31, 2014** | **Year Ended March 31, 2013** |
| | Administered by Life Insurance Corporation of India | 100% | |
| **vi** | **Expenses recognised in the Profit and Loss Account** | **Year Ended March 31, 2014** | **Year Ended March 31, 2013** |
| | Current Service Cost | 3.00 | 3.43 |
| | Interest Cost | - | 4.82 |
| | Expected Return on Plan Assets | - | (0.11) |
| | Actuarial (Gain)/ Loss | - | (4.93) |
| | Total Expenses recognised in the Profit and Loss Account | 3.00 | 3.20 |

**vii Expected Contribution to Gratuity Fund for the next year ₹ Nil lacs (Previous Year: ₹ 4.03 lacs).**

**viii Details of Present Value of Obligation, Plan Assets and Experience Adjustment:**

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|---|
| Present value of obligation | - | 60.06 | - | 70.12 |
| Fair value of plan assets | - | 1.29 | - | 13.22 |
| (Surplus)/ Deficit | - | 58.76 | - | 56.90 |
| Experience Adjustments: | | | | |
| (Gain)/ Loss on plan liabilities | - | (18.32) | - | (2.74) |
| Gain/ (Loss) on plan assets | - | 0.38 | - | (0.30) |

**III Other Employee Benefit Plan**

Liability for compensated absences as at year end is ₹ 2.55 Lacs (Previous Year: ₹ 1.95 Lacs).

**32 Related Party Disclosures**

**(a) Names of related parties and nature of relationship**

| **(i) Associates of the Company** | | **Year Ended March 31, 2014 % of Holding** | **Year Ended March 31, 2013 % of Holding** |
|---|---|---|---|
| Digihome Solutions Private Limited (Refer Notes No.43) | Associates /(subsidiary) | 46% | 51% |

**(ii) Other Significantly influenced Related Parties with whom transactions have taken place during the year**

| | |
|---|---|
| Aftek Employees Welfare Trust #<br>Aftek employees Gratuity Assurance Scheme<br>Elven Technologies Pvt Ltd | Significantly influenced by Key Management Personnel (Controlled entities) |

**(iii) Key Management Personnel**

Mr. Ranjit M Dhuru

Mr. Nitin K Shukla

Mr. Mukul Dalal

**Note:-**

# Aftek Employees' Welfare Trust (Unregistered) was created for the benefit of employees including Executive Directors. The purpose of the trust inter alia is to purchase/invest in the shares or other securities of Aftek Limited for the benefit of employees. As per the conditions of the trust deed, an interest free loan has been provided by the Company which is to be used for the purchase of equity shares of Aftek Limited. These shares may be allocated to the employees or the amount of profit earned on the sale of these shares may be distributed amongst the employees. During the year the trust has not sold any shares and made payment against loan.

**(b) Related Party Disclosures** ( ₹ in Lacs)

The following transactions were carried out during the year with the related parties in the ordinary course of business:

| Nature of Transaction | Parties referred to in (i) above | | Parties referred to in (ii) above | | Parties referred to in (iii) above | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 | 2013-2014 | 2012-2013 |
| **Loan & Advance Given** | | | | | | | | |
| Digihome Solutins Private Limited | - | 0.65 | - | - | - | - | - | 0.65 |
| Others | - | - | - | - | - | - | - | - |
| **Total** | **-** | **0.65** | **-** | **-** | **-** | **-** | **-** | **0.65** |
| **Loan Taken** | | | | | | | | |
| Key management persons | 4.09 | - | - | - | - | 11.30 | 4.09 | 11.30 |
| others | - | 78.59 | - | - | - | - | - | 78.59 |
| **Total** | **4.09** | **78.59** | **-** | **-** | **-** | **11.30** | **4.09** | **89.89** |
| **Repayment of Loan Given** | | | | | | | | |
| Digihome Solutins Private Limited | - | - | - | - | - | - | - | - |
| Key management persons | - | - | - | - | - | 9.29 | - | 9.29 |
| Others | 150.00 | - | - | - | - | - | 150.00 | - |
| **Total** | **150.00** | **-** | **-** | **-** | **-** | **9.29** | **150.00** | **9.29** |
| **Sale of Investment** | | | | | | | | |
| DSPL | 150.00 | - | - | - | - | - | 150.00 | - |
| **Total** | **150.00** | **-** | **-** | **-** | **-** | **-** | **150.00** | **-** |
| **Remuneration to Directors** | - | - | - | - | 133.63 | 133.63 | 133.63 | 133.63 |
| **Total** | **-** | **-** | **-** | **-** | **133.63** | **133.63** | **133.63** | **133.63** |
| Directors Sitting Fees | - | - | - | - | - | 3.80 | - | 3.80 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **3.80** | **-** | **3.80** |

**(ii) Year End Balance:**

| Name of the Party | Outstanding Amount | | Maximum Balance Outstanding at any time during the year | |
|---|---|---|---|---|
| | As At March 31, 2014 | As At March 31, 2013 | As At March 31, 2014 | As At March 31, 2013 |
| **Year end Balance** | | | | |
| Digihome Solutions Private Limited | 119.53 | - | 119.53 | - |
| Aftek Employees' Welfare Trust | 10.45 | 10.45 | 10.45 | 10.45 |
| Key management persons | 148.07 | 143.98 | 148.07 | 149.78 |
| **Total** | **278.05** | **154.43** | **278.05** | **160.23** |

The investment and Loans and advances written off in subsidiaries is not considered in these disclosures.

**33 Disclosure of Derivatives:**

i The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at March 31, 2014 are as follows:

| Particulars | Foreign Currency Denomination | Foreign Currency Amount March 31, 2014 | Amount March 31, 2014 | Foreign Currency Amount March 31, 2013 | Amount March 31, 2013 |
|---|---|---|---|---|---|
| Sundry Debtors | USD | 300.38 | 18,052.94 | 285.71 | 13,859.02 |
| | EURO | 53.26 | 4,398.71 | 71.39 | 4,964.45 |
| Secured Loan - Ecb | Euro | 45.00 | 3,715.94 | 45.00 | 3,129.47 |
| UnSecured Loan - Fccb | USD | 35.40 | 1,925.38 | 35.40 | 1,925.38 |

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 - “The Effects of Changes in Foreign Exchange Rates (Revised 2003)” notified under Section 211(3C) of the Act.

| 34 Capital Commitments & Contingent liabilities not provided for : | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| (a) Capital Commitments: Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.(Refer Note no. 40) | Nil | Nil |
| (b) Contingent liabilities not provided for : | | |
| i Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (₹ in Lacs) 149.99 previous year (₹ in Lacs) 79.00} | 779.00 | 779.00 |
| ii Pending assessement of Income tax and Sales tax(Including Interest, if any) | | |
| Income Tax matters | Amount unascertainable | |
| Sales Tax matters | Amount unascertainable | |

**35 Segment Reporting:**

**Primary Segment Information**

The Company is in the business of sale of software services which is viewed by the management as a single primary segment, i.e. business segment.

**Secondary Segment Information - Geographical**

**The secondary segment information in relation to the geographies is as follows:**

| Regions | Year ended March 31, 2014 | | Year ended March 31, 2013 | |
|---|---|---|---|---|
| | (₹ in Lacs) | % | (₹ in Lacs) | % |
| America | 5,541.04 | 73.15% | 6,911.69 | 62.31% |
| Europe | 1,335.85 | 17.64% | 3,457.50 | 31.17% |
| Japan | 510.49 | 6.74% | 487.60 | 4.40% |
| India | 96.97 | 1.28% | 211.35 | 1.91% |
| Others | 90.52 | 1.20% | 24.24 | 0.22% |
| **Total Revenue** | **7,574.87** | **100.00%** | **11,092.38** | **100.00%** |

**36 Operating Lease**

The Company has significant operating leases for premises. These lease arrangements range for a period between 11 months and 10 years, which include both cancellable and noncancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

| | | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|---|
| a) | Lease payments recognised in the Statement of Profit and Loss during the year | **37.07** | 47.98 |
| b) | With respect to non-cancellable operating leases, the future minimum lease payments are as follows: | | |
| | - Not later than one year | **29.60** | 39.60 |
| | - Later than one year and not later than five years | **128.40** | 158.40 |

**37 Foreign Currency Convertible Bonds**

The Company had raised in aggregate USD 34.5 million through an issue of 3000 numbers of 1% Foreign Currency Convertible Bonds Due 2010 of USD 10,000 each ("FCCB") in June 2005 followed by 450 numbers of additional FCCB in July 2005 on account of exercise of green shoe option of 15%. The FCCBs bear interest @ 1% per annum with redemption at 128.25% of their principal amount. At the option of the Bondholders, FCCBs were convertible into Equity Shares/Global Depository Receipts ("GDRs") within a period of 5 years from the date of the original issue i.e. June 24, 2005 at the revised conversion price of ₹ 75.20 per share effective from June 25, 2006 (initial conversion price being ₹ 94/- per share) pursuant to the provisions of the Trust Deed executed in respect of the FCCBs.

At the behest of the majority bondholders, the Company had initiated the process of re-setting the conversion price of the FCCBs in line with the applicable pricing guidelines. Approval of Reserve Bank of India for the same was received vide their letter No. FED/CO/ECBD/10308/03.02.775/11-12 dated October 31, 2011. The holders of the FCCBs vide their Written Resolution of 25th July, 2012 have consented, inter alia, to the revision of Conversion Price of FCCBs from ₹ 75.20 to ₹ 13.76 and elongation of maturity period from 25th June, 2010 to 21st December, 2012 as well as waiver of events of defaults and interest payments. Accordingly, the Company has executed a Supplemental Trust Deed on 25th July, 2012 with Bank of New York Mellon, the Trustees for giving effect to the aforesaid amendments.

No FCCBs were converted during the year. 354 FCCBS were outstanding which, if converted into GDRs/Equity Shares at the reset conversion price of ₹ 13.76 would result into issuance of additional 1,12,10,428 numbers of equity shares of ₹ 2/- each.

**38 Global Depository Receipts (GDRs)**

The Company had issued 1,333,100 Global Depository Receipts (GDRs) on February 07, 2003 at a price of USD 11.25, per GDR with each GDR representing 3 equity shares of ₹ 10 each. Pursuant to Special Resolution passed at the Annual General Meeting held on December 29, 2003, equity shares of ₹ 10 each were sub-divided into smaller denomination of ₹ 2 each for which the Company had fixed January 29, 2004 as the Record Date. Corresponding increase was made to the number of GDRs from one to five in order to maintain the GDR to Equity proportion of 1:3.

Further, pursuant to the Special Resolution passed at the Annual General Meeting held on December 28, 2004, bonus shares in the proportion of one equity share for every two equity shares held on the record date of January 28, 2005 were allotted on January 31, 2005 resulting in increase in the number of GDRs.

No GDRs (PY No GDRs) were outstanding as at March, 2014.

As stated at Note No. 37, above, 354 numbers of 1% Foreign Currency Convertible Bonds Due 2010 were outstanding as at March, 31, 2014. If these FCCBs are converted into GDRs, it would resulted into issuance of 37,36,809 numbers of GDRs representing 1,12,10,428 numbers of equity shares of ₹ 2/- each at the reset conversion price of ₹ 13.76

**39** In view of the on-going slowdown in the European and US markets, there have been delayis in receivables. Considering the size and standing of its debtors, the Company has not made any provision at this stage towards amount of ₹ 15,727.44 Lacs outstanding for a period of more than 12 months.

**40** The company has given certain capital advances and made some investments totaling to ₹ 6975.20 Lacs against the building under constructions at Hinjewadi, Pune. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. Pending the settlement of the vendors to whom advances are paid, the same is continued to be considered as capital advances. No Contingent liability is considered for the unexecuted Capital Contract.

**41** The company has invested on purchases of IPRs for various ongoing projects. Due to the delay in the projects, IPRs are yet to be put to use as on the date of balance sheet amouting to ₹19910.32 Lacs. The company is of the opinion that with the improved market conditions all the IPRs will be profitably used by the company in the future projects.

**42 Dues to Micro, Small and Medium Enterprises (MSME)**

The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the 'Act') and hence disclosure regarding following has not been provided.

a) Amount due and outstanding to MSME suppliers as at the end of the accounting year.

b) Interest paid during the year to MSME

c) Interest payable at the end of the accounting year.

d) Interest accrued and unpaid at the end of the accounting year to MSME

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act. Management believes that the figures for disclosure will not be significant.

**43** During the year, Holding company has sold the some of the Investment of DSPL (51% Subsidiary). Due to this, said subsidiary is now Associates as on 10/1/14. Due to cessation of subsidiary-holding relation, we have not considered the above company in consolidation as subsidiary.

While the consolidation of previous years, there was the transaction of sale of software between Holding & aforesaid subsidiary. Previous years has knocked off the whole transaction by elimination of sale of Software from revenue side & Purchase of fixed assets from Assets side. As on 31/3/14 Netwoth of DSPL was ₹ 8.22cr (it includes the Software value of ₹10.18cr)

Therefore during the year, we have written off the balance investment of said Associates as its net worth is negative after considering above purchase of fixed assets (Software).

**44** Previous year's figures have been regrouped or reclassified to conform with the current years' presentation wherever considered necessary.

Signatures to Notes "1" to "44" forming part of these Financial Statements.

As per our report of even date.
**For GMJ & Co.**
Firm Registration Number: 103429W
*Chartered Accountants*

**Haridas Bhat**
*Partner*
Membership No. 039070

Place: Mumbai
Date: 30th May, 2014

For and on behalf of the Board of Directors

**Ranjit M Dhuru**
*Chairman & Managing Director*

**Nitin K Shukla**
*Director - Finance*

Place: Mumbai
Date: 30th May, 2014

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

(₹ in Lacs)

| Sr No | Details | Mihir Properties Private Limited | ** Digihome Solutions Private Limited |
|---|---|---|---|
| 1 | Reporting Currency | INR | INR |
| 2 | Exchange Rate | - | - |
| 3 | Share Capital | 145.00 | 476.44 |
| 4 | Reserves & Surplus | 104.70 | 421.33 |
| 5 | Total Assets | 260.24 | 1,672.30 |
| 6 | Total Liabilities | 10.54 | 774.53 |
| 7 | Details of investment other than investment in subsidiary | - | - |
| 8 | % of holding | 100 | 46 |
| 9 | Turnover | - | 3.44 |
| 10 | Profit before taxation | (4.04) | (98.35) |
| 11 | Provision for taxation | 0.84 | - |
| 12 | Profit after taxation | (4.88) | (98.35) |
| 13 | Proposed Dividend | - | - |
| 14 | Country | INDIA | INDIA |

** “On 10-01-2014, investment reduced from 51% to 46% by way of sale.”

## Form No. MGT-11

## Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

## Name of the company: Aftek Limited

CIN: L57220MH1986PLC039342

Registered office: "AFTEK HOUSE", 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400028

**27th Annual General Meeting- December 30, 2014**

| |
|---|
| Name of the Member(s): |
| Registered Address: |
| Email:<br>Folio no. / Client ID:<br>DP ID: |

I/We, being the member (s) of ……...................................................……. shares of the above named company, hereby appoint

1. Name:…………………........................................................................... Email Id: …………………………………….............................
   Address: ……………………………………………………………………………………...........................................................................
   ……………………………………………………………………………………………………...........................................................................
   Signature:…………………………………., or failing him/her

2. Name:…………………........................................................................... Email Id: ……………………………………….........................
   Address: ……………………………………………………………………………………...........................................................................
   ……………………………………………………………………………………………………...........................................................................
   Signature:…………………………………., or failing him/her

3. Name:…………………............................ Email Id: ……………………………………….........................
   Address: ……………………………………………………………………………………...........................................................................
   ……………………………………………………………………………………………………...........................................................................
   Signature:………………………………….

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on the 30th day of December 2014 at 10.30 a.m. at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Res. No. | Resolution |
|---|---|
| | **Ordinary Business** |
| 1. | Adoption of Balance Sheet, Statement of Profit and Loss, Report of Directors' and the Auditor for the financial year ended March 31, 2014. |
| 2. | Appoint a Director in place of Mr. Ranjit Dhuru (DIN 00044279), who retires by rotation and being eligible, offers himself for re-appointment. |
| 3. | Appoint M/s GMJ & Co., Chartered Accountants as Statutory Auditors of the Company to hold office upto conclusion of 6th consecutive Annual General Meeting. |
| | **Special Business** |
| 4. | Appoint Mr. Mahesh Naik (DIN 00144690), as an Independent Director up to December 29, 2019. |
| 5. | Appoint Mr. Sandip Chintamani Save (DIN 00452033), as an Independent Director up to December 29, 2019. |
| 6. | Re-appoint of Mr. Ranjit Mohan Dhuru (DIN: 00044279) as the Managing Director of the Company |
| 7. | Re-appointment of Mr. Nitin Kashinath Shukla (DIN 00044347) as the Whole-time Director of the Company |
| 8. | Re-appointment of Mr. Mukul Suryakant Dalal (DIN 00181066) as the Whole-time Director of the Company |
| 9. | To raise funds through Equity or Equity linked Instruments in Domestic or International markets |

Signed this ___________________day of________________2014

Affix Revenue Stamp

Signature of shareholder Signature of Proxy holder(s)

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**Name of the company: Aftek Limited**

CIN: L57220MH1986PLC039342

***Registered office:*** "AFTEK HOUSE", 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400028

## ATTENDANCE SLIP

Please fill Attendance Slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain additional Attendance Slip on request.

Master Folio No.: ______________________________ No. of Shares held: ______________________________

DP ID: ______________________________ Client ID: ______________________________

Mr./Ms./Mrs.:______________________________________________________________

Address: ______________________________________________________________

______________________________________________________________

I hereby record my presence at the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Company held on Tuesday, the 30th day of December 2014 at 10.30 a.m. at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025.

______________________________ ______________________________

(Proxy's Name in Block letters) (Member's /Proxy's Signature#)

# Strike out whichever is not applicable

**If Undelivered Please return to :**

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