AFTEK®
DRIVEN BY CHANGE

Silent **Sentinel**

ANNUAL REPORT
2012-2013

AFTEK®

CONTENTS

CHAIRMAN'S ADDRESS

Dear Stakeholders,

The “Silent Sentinel” is the third component of India’s Nuclear Triad capability. India maintains ‘no first use’ nuclear policy and the nuclear triad capability, particularly the nuclear submarines (silent sentinels) give it a second strike capability thus acting as a credible minimum deterrent against any nuclear threat.

As it is well publicized, India proposes to have six nuclear submarines and well over 20 conventional submarines by 2020. Aftek hopes to serve this rising fleet of submarines by its Battery Management System which is needed by all submarines whether conventional or nuclear. As communicated earlier, Aftek’s Battery Management System has been in operation on the silent sentinel for the last few years. Added to this are host of other defense products which are spear-headed by Diesel Engine Management Product which has a road-map to grow into Integrated Platform Management System (IPMS). This was a strategic vision your Company as a part of its new growth objectives.

The above defense strategy is complemented by the historical verticals, namely, Intelligent Transport System and Digital Home Security as well as the outsourced design and service unit. Together, the Company is more confident of achieving good numbers in the forthcoming years.

A sound business strategy alone is not enough and your Company had huge financial liabilities in the form of FCCBs and Bank Loans which are one by one getting totally mitigated by liquidation of Assets thus making your Company debt-fee once again. To fuel an appropriate growth trajectory, the Company is in advanced stages of closing an investment which will be in line with the projected business plans to take care of future cash flow requirements of the Company.

With all the above strategies in place, your Company is due to turn a new leaf and get back to its rightful place of a technology leader with high growth revenues.

Yours truly,

RANJIT DHURU
CHAIRMAN & CEO

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
MR. C. G. DESHMUKH

REGISTERED OFFICE
“AFTEK HOUSE”,
265, Veer Savarkar Marg,
Shivaji Park, Dadar,
Mumbai 400 028
Website : www.aftek.com

CORPORATE OFFICE
703-706, Makhija Chambers, 7th Floor,
196, Turner Road,
Opp H. P. Petrol Pump,
Bandra (West),
Mumbai – 400 050

SOFTWARE DEVELOPMENT CENTRE
Sr.No.12, Hissa No. 3A+4/1,1st Floor,
Lagad Mala, Sinhagad Road,
Wadgaon Khurd, Pune 411041

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

BANKERS

State Bank of Bikaner and Jaipur	The Hongkong and Shanghai Banking Corpn Ltd
Commercial Network Branch	Asha Mahal,
239, P.D’Mello Road, Near G.P.O.	46-B, Dr B G Deshmukh Road,
Mumbai 400 001	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

NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Tuesday, the 31st December, 2013 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 to transact the following business:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended March 31, 2013, 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. Nitin Shukla, 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, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr V J Masurekar, a Director liable to retire by rotation, who does not seek re-election, is not re-appointed a Director of the Company.

   RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company, be not filled in at this meeting or at any adjournment thereof.

4. 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 next Annual General Meeting of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the said Auditors, plus reimbursement of service tax, out-of-pocket and travelling expenses actually incurred by them in connection with the Audit."

By Order of the Board of Directors

C G Deshmukh
Company Secretary

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

Dated : 02nd December, 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 23rd December, 2013 to Tuesday, the 31st December, 2013 (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.

3. Vide letter dated 10/09/2013 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.

4. 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.

5. 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, 2007 and/or subsequent dividend payments are requested to make their claims to the Company.
6. 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.
7. Members desirous of obtaining any information concerning the accounts of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the meeting at the Company's head office at 703-706, 07th Floor, Makhija Chambers, 196, Turner Road, Opp. H. P. Petrol Pump, Bandra (West), Mumbai: 400 050
8. Members who hold shares in electronic form are requested to bring their depository account number for easy identification and attendance at the meeting.
9. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register/update their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form, with M/s Bigshare Services Pvt Ltd, the Company's Share Transfer Agent .
10. 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.
11. 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

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

Particulars	**Mr Nitin Shukla**
Date of Birth	18/10/1957
Date of Appointment	25/03/1986
Qualification(s)	B. Com.
Expertise in specific functional area	Has been associated with the computer industry for the past 31 years. He has experience in the field of accounts, banking, finance and customs.
List of outside public companies in which Directorship held as on 31st March, 2013	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2013	Nil
Shareholding of Non-executive directors in the Company (No. of Shares)	NA
Relationship between the directors inter se	Nil

DIRECTORS' REPORT

To,
The Members of Aftek Limited,

Your Directors present their 26th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2013. Members may kindly note that vide letter dated 10/09/2013 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 26th Annual General Meeting.

FINANCIAL PERFORMANCE

Amount (Rs. in lacs)

PARTICULARS	31/03/2013	31/03/2012
Turnover	11092	12,124
Profit Before Depreciation	5296	10,074
Less: Depreciation	8226	8,856
Profit /(Loss) Before Tax	(2930)	1,218
Less: Provision for Taxation / Reversal of Deferred Tax	411	76
Profit After Tax	(2519)	1,142
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 recommendation any dividend for the year.

BUSINESS REVIEW & FUTURE PROSPECTS

The Company's performance during the year has not been as positive as it was expected. The stakeholders should bear in mind that the negative figures on the balance sheet are also a result of having sizable bad receivables written-off. While signs of revival of industry are visible and large players have been the immediate beneficiaries, the players like your Company are progressing at a relatively moderate pace. Your Directors are glad to report that the Company has made effective marketing arrangements for its Defense Products such as Battery Management System (BMS), Diesel Engine Management etc for use in the Indian Navy. Your Company is also aggressively pursuing business opportunities in the other verticals particularly in Intelligent Transport System (ITS) where marketing arrangements are in place. Your Directors expect encouraging business performance in the near future upon its projects going on stream.

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 which is expected to be concluded once all the banks dues are settled.

During the year under review, out of 880 numbers of 1% Foreign Currency Convertible Bonds Due 2012 of $10,000/- each (FCCBs) 526 FCCBs were converted into 1,66,57,302 numbers of equity shares at the conversion price of Rs 13.76. The remaining 354 numbers of FCCBs, if converted into GDRs/equity shares at the conversion price of Rs 13.76 would result into issuance of additional 1,12,10,428 numbers of equity shares of Rs 02/-each.

DIRECTORATE

Prof. Dr SSSP Rao who held position of Head of Department of Computer Science & Engineering at IIT, Mumbai retired from IIT as Professor in the year 2005. Thereafter, on his completion of assignments at Xilinx India Development Center as CTO and CMC - Hyderabad as Chief Advisor and Mentor, Dr Rao intended to spend most of his time with his family abroad and hence resigned as Director of the Company with effect from 12th August, 2013.

Mr Nitin Shukla and Mr V J Masurekar retire by rotation at the ensuing Annual General Meeting. Mr Shukla being eligible, offers himself for re-appointment. Mr V J Masurekar has not offered himself for re-appointment due to his re-location in Delhi. Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting.

Dr Rao and Mr Masurekar have been on the Board of Directors of your Company for over 11 years. Your Directors place on record their sincere appreciation and gratitude for the contributions made by Prof Dr SSSP Rao and Mr V J Masurekar during their tenures as Directors of the Company.

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, 2013, 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, 2013 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, 2013, on a 'going concern' basis.

FIXED DEPOSITS

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

SUBSIDIARY COMPANIES

The Company's wholly-owned subsidiary company, Mihir Properties Pvt Ltd has not carried out any activity during the year. Digihome Solutions Pvt Ltd (DSPL) in which your Company holds majority stake, has consolidated its product range by introducing more robust line of products suitable for category I, II and III types of cities (non-metropolis). This gives them an opportunity to expand their operations in these areas where the sale of affordable housing is taking place. Financially the company needs an investment to address the large growing market size. Your Company has considered DSPL's requirements in its growth plan presented to the prospective investor.

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

AUDITORS

At the ensuing Annual General Meeting, Members will be required to appoint Auditors for the current year and fix their remuneration. M/s. GMJ & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

As regards Para (i) and (ii) of the Auditors' Report, item nos. 39 and 40 of Notes on Accounts are self-explanatory. As regards the observations in paragraphs (ix) and (xi) of the Annexure to the Report of the Auditors, these are due to adverse liquidity conditions.

PARTICULARS OF EMPLOYEES

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

CONSERVATION OF ENERGY ETC.

Your Company endeavors to ensure 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 per Para Nos. 30 (d) and 30 (c) of the Notes to Accounts.

OTHER DISCLOSURES

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 Company Secretary confirming compliance form part of the Annual Report.

ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD

RANJIT DHURU
CHAIRMAN & MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 02nd December, 2013

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, 2013.

S N	Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment
1	Mr Ranjit Dhuru	Chairman & Managing Director	B.Com. LL.M.	61	25/03/1986	32	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

PLACE : MUMBAI
DATED :02nd December, 2013

Management Discussion and Analysis

Business review:

During the financial year 2012-2013, Aftek recorded net sales of ₹ 110.92 crores, comprising of ₹ 95.12 crores from Services, ₹ 13.68 crores from Products and ₹ 2.12 crores from Software Driven Products (SDP).

Sales by Category 2012-2013		Sales by Category 2011-2012	
	(%)		(%)
Services	85.98	Services	86.11
Products	12.11	Products	11.72
Embedded Products	1.91	Embedded Products	2.17
Sales by Region 2012-2013		**Sales by Region 2011-2012**	
USA	62.31	USA	61.06
EUROPE	31.17	EUROPE	32.84
JAPAN	4.40	JAPAN	3.93
DOMESTIC	1.91	DOMESTIC	2.17
OTHERS	0.21	OTHERS	0

Integrated Power Management System for Indian Navy Submarines

By – Dr. Rajendra Datar

Aftek is uniquely positioned in terms of supplying a fully indigenously developed Submarine Power Management system that comprises of Battery Power Management System (BMS) and Diesel Power Generation management System (DMS) and several other electrical appliances. Both BMS and DMS have been developed with costs that are substantially lower than those provided by foreign vendors.

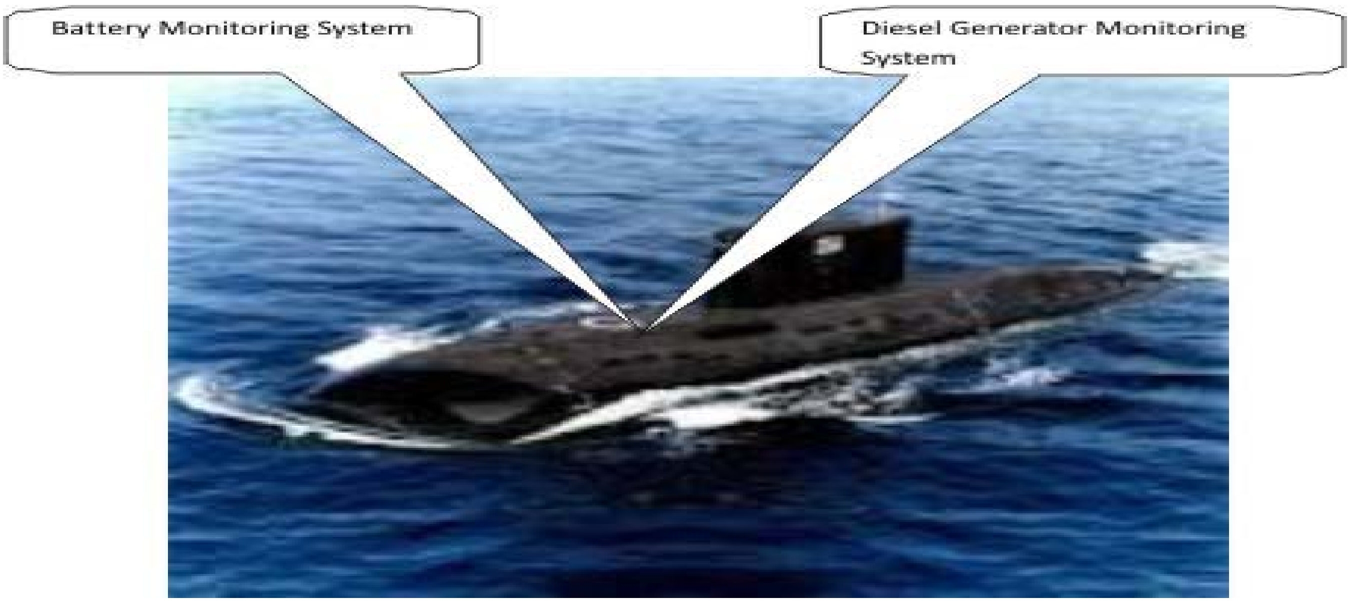
During the Stealth operation, when the submarine operates submerged, the only power sources that can be used by a submarine are Nuclear or Battery. Aftek has developed and supplied the Battery based Power Management system with some of the best in class performance parameters monitoring. Monitoring Hydrogen and Oxygen generation levels during battery charging process is crucial because of the presence of gases highly inflammable nature. Aftek's BMS continuously, and with fault tolerance, monitors these levels to ensure safe operations under any adverse operational conditions. For description of Aftek's BMS, shown in the diagram below, referrence may be made to Company's Annual Report for FY 2010-2011.

Whenever the submarine depletes the battery power source that warrants charging, it will surface and deploy the diesel generators on board to generate power and charge the batteries. Having won the global tender to manufacture, Aftek with its Partner Company has developed under 20 months the complete DMS shown in the diagram below that went for Field Application Trials over 56 days and now operational for over 2 years.

Every operation in this system has been mission critical and both the hardware and software has sufficient reduancy to ensure falult taulrence. The Software consists of Linux and QT operating systems that control four diesel engines and monitors over 600 sensors on board so that all parameters stay within limits and in case of any deviations appropriate alarms are generated for the fleet on board to control the opeartions and ensure saftey at all times.

The System hardware is built around VME Bus based CPU boards which have been qualified for defence performance and the software ensures continuous communication between these boards to ensure data redundacy. The software also monitors and controls other sub-systems via 600 sensors for Air conditioning, Refrigeration, Electric generators, Safety system, and Propulsion motor and gives a global view for the crew on board to check, monitor and control the submarines health at all times.

Aftek has plans to develop the next genration power management system for batteries and diesel geneset via faster data capture, visual displays and dash boards and remote viewing and monitoring the control data. Aftek's software has been developed with these future prospects in mind and will be able to easily manage these requirements.



Indian Navy Submarines

AUTOMATIC FARE COLLECTION (AFC) – BY MR. MUKUL DALAL

Urban population is growing exponentially and the growth is only expected to rise in coming years. Commuting millions of residents to their offices, work places and back homes daily is becoming a challenge for the transport providers and planners. Modern cities must not only meet the current but must also provide solution for the future transportation needs. The ultimate solution for this growing challenge is Automatic Fare Collection and Aftek ITS.

Figure 1: Web based Depot Manager

AFC is an integral part of Intelligent Transport Solution, which offers seamless integration of various IT services and devices such as Driver Console Unit, Vehicle Tracking Unit, Integrated Device Controller, Electronic Ticket Issuing Machine, AFC Validators, CCTV camera, LED displays inside the bus and bus stops, announcement system and so on involved in entire transport infrastructure, so as to enable efficient and improved operations.

Figure 2: AFC Validator

Introduction of AFC Validators inside the bus has reduced the load on conductor whereby revenue loss due to non-issuance of tickets to commuter in rush hours is minimized. AFC Validator authorize journey to the commuters who have authentic prepaid smart cards. The commuter has to tap the card while boarding as well as alighting the bus. AFC Validator will deduct the exact fare between boarding and alighting stop from the commuter smart card.

Figure 1: Smart Card based ETM

Smart card enabled Ticket Issuing Machine (ETM) helps conductors issuing tickets using prepaid smart card issued to commuters. It has minimized on-board cash handling to great extent relieving conductor from the threat of theft and avoids commuter and conductor both from exchanging cash.

Inclusion of both AFC Validator and ETM benefits the transport organization in a way that fare is collected in advance right before transportation facilities are utilized by the commuter. It assures collection of large float and assurs business for the transport organization.

The solution is designed to manage vehicle fleet, human resources, routes, schedules, duties and fare to improve the safety aspect along with efficient operations, reducing transportation time, fuel consumption and vehicle wear and tear. Thus, ITS facilitates management in boosting the revenue generation and in turn profitability as well as comprehensive MIS at single mouse click. A passenger, very important stakeholder of the system, is highly benefited with improved and in-time services and information at his finger tip causes higher turnout boosting the profitability. With more than 20 years of proven expertise in the field of Hardware, BSP, Embedded solutions, and more, Aftek now offers various IT transportation services under a complete transportation framework, known as Aftek Transportation Framework (ATF). Aftek has experience in building end-to-end, public bus transportation management and bus tracking solutions to enable seamless exchange of information between all the concerned business entities.

Aftek has recently launched a Driver Console Unit, also known as Vehicle Mounted Terminal (VMT) or Integrated Device Controller (IDC), to be used in public transport vehicles. Useful information such as bus timings and announcement can be automatically initiated based on vehicle location. It also functions as an entertainment and revenue generating model, with its ability to broadcast multimedia advertisements, movies, songs and so on a separate cabin mounted TV/LCD screen.

ATF offers various IT services and devices for the complete deployment of ITS. The services are well integrated with the Electronic Ticketing Machine (ETM) and Vehicle Tracking System (VTS) developed in-house. It enables seamless integration with third party devices such as PIS LED boards, LCDs, on-board annunciation system and so on. Additionally, ATF offers centralized or back-end system for reporting and processing of revenues and other forms of data along with vehicle diagnostics.

Aftek's Embedded System Development follows CMM Level 3 Compliance

By Mr. Sanjay Choudhary

Aftek Ltd. is engaged in development of solutions for various embedded systems in different domain areas. Although Aftek's Development Processes are home-grown processes that embody the basic principles outlined in CMMI standards but, at the same time, are tailored to suit the needs of embedded product development which involves both hardware and software development.

This article shows the co-relation between processes followed at Aftek Ltd. and and its mapping with the Key Process Areas of CMM at Level 3 and the customisation done to suit the development needs. The article discusses only the Engineering Key Process Areas. The process areas related to Organization and Management categories are not discussed here as it is assumed that these generally follow the guidelines given in CMMI Standard.

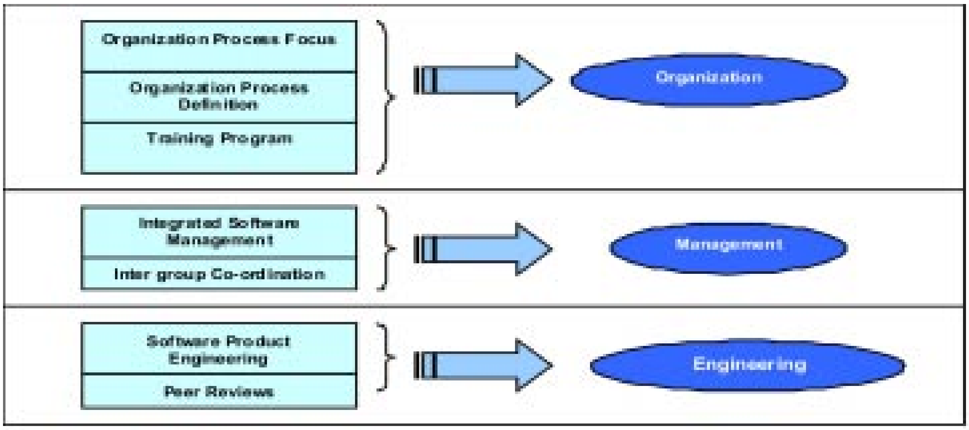
CMMI Model

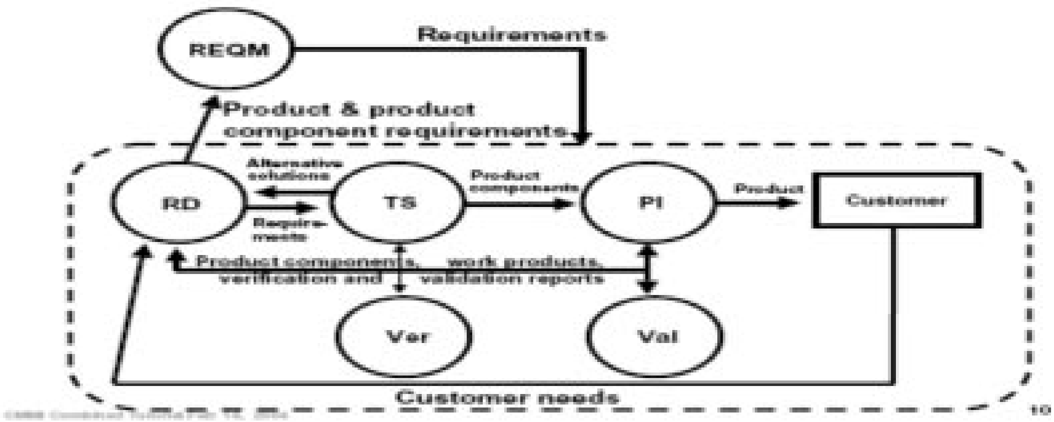
The staged model used by CMMI to assess process maturity describes “Level 3 Maturity” as “Defined”.

Engineering Key Process Areas at Level 3

Goals: The engineering tasks are defined, integrated, and consistently performed to produce the product and both the Hardware and Software work products are kept consistent with one another.

The six key **Engineering Process Areas** are Product Requirements Management(REQM), Hardware and Software Requirements Development (RD) ,Technical Solution (TS) for Product , Product Integration (PI) ,Verification (Ver) and Validation (Val)





V Model

This deployment is best achieved through the “V” Process model.

The “V” Model has two principal objectives:

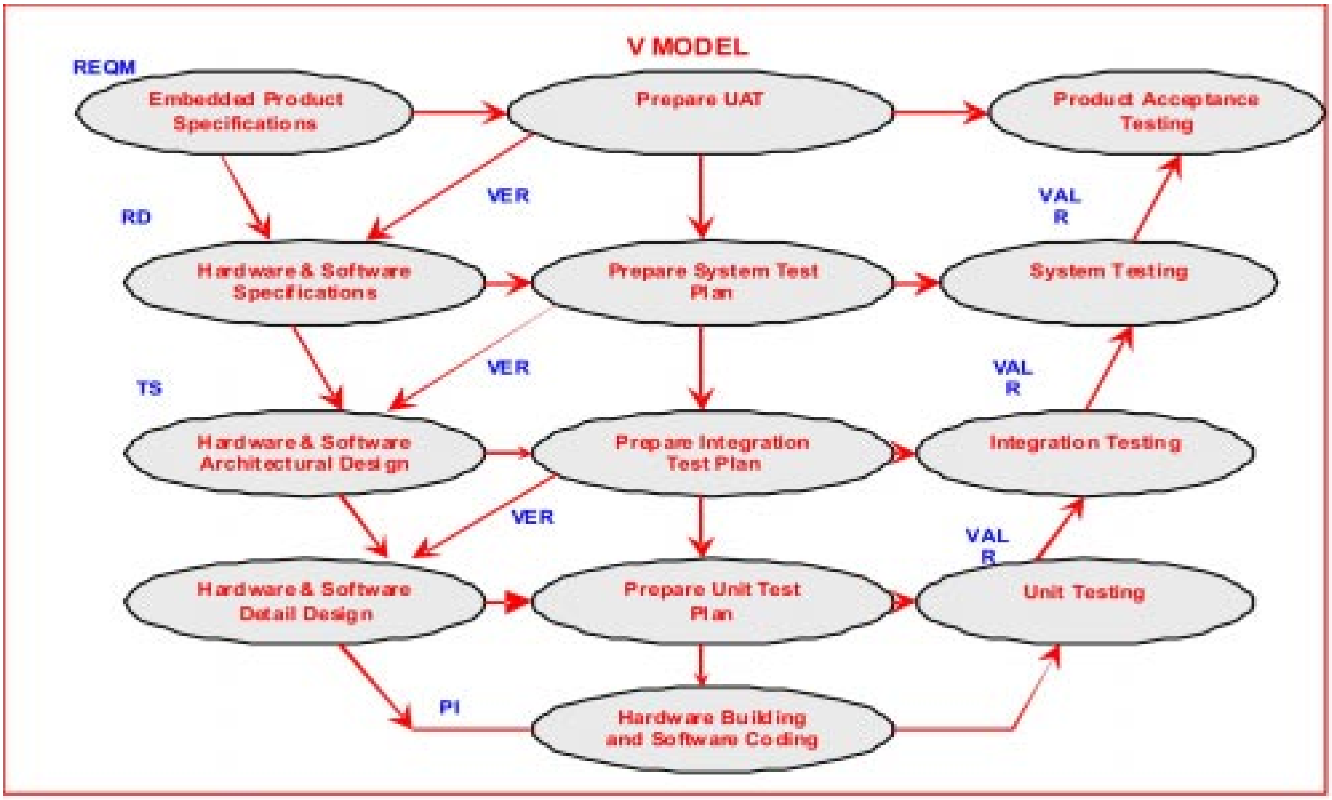
1. The discovery of defects in a system as early as possible(Verification)

   The Verification activities ensure that the product is being built “the right way” .The resulting artefacts from product requirements such as hardware and software requirements, hardware and software design, integration plans, hardware layouts, code, test plans are always verified for consistency with the base-lined product requirements. The Verification activities (“Check”) begin with the Product Design phase and conclude with the Product Acceptance Test.

2. The assessment of whether or not the system is usable in an operational situation(Validation)

   Validation ensures that a “right product is being built”. *The interdependency of hardware and software is continuously validated at every stage of development*. Thus the development is always in “sync” and constraints found in these interdependencies are established and used to refine requirements.

Both the development and the test planning activities start simultaneously. The output from all test planning, verification and validation activities are fed back as input to the development activities.



Conclusion

Aftek Ltd. has thus ensured through its own process methodology that the key aspects of embedded product development are well-covered up in the “V” model keeping an eye on CMMI.

Internal control systems and their adequacy :

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of its operations in all material respects and of providing protection against significant misuse or loss of Company’s assets.

Risks, concerns & threats

Risk is a part and parcel of any organisation and your Company is proactive in identifying, assessing, eliminating or mitigating risk. Your Company has shifted its focus from western world to domestic market by relying on its strength to create products and solutions for different verticals. Obsolescence of technology is a constant risk for any technology company which is being mitigated by constantly investing into product road-map and newer technologies in the specialization areas of the Company. IT industry being very competitive, your Company constantly endeavors to remain abreast of the developments taking place in the market. Further, any future changes in tax benefits and government policies may affect the Company's business which may necessitate the Company to re-align its business strategy. In order to ensure optimum utilisation of its work-force and avoiding benching of staff, the Company has realigned its policy towards human resources in line with changing business scenario and the business strategy of the Company.

Forward looking statement

Some of the statements in this Annual Report are forward-looking statements. These statements carry information about our future plans, growth, revenues, profits, strategies, performance etc. Information contained in these statements is subject to perceived circumstances, risks and uncertainties which can result from various factors within or outside our control like currency fluctuations, domestic and international law changes, market conditions, economic swings, our ability to retain and attract clients, business and employees, competitive scenario, political conditions etc. We do not undertake to update these statements and information contained therein as and when the perceived circumstances, risks and uncertainties change.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on corporate code of governance

The Company has always aimed to protect the interest of its shareholders, creditors, and employees. The management of the Company believes that the importance of the corporate code of governance lies in its contribution both to business prosperity and accountability.

A. BOARD OF DIRECTORS

(i) Composition of the Board and changes since the date of last Annual General Meeting

The Board of Directors of the Company comprises of 6 Directors with an optimum combination of Executive and Non-executive and independent directors. Since the Company has an executive chairman, 50% of the Board of Directors are independent directors.

Dr SSSP Rao resigned as Independent Director w.e.f 12th August 2013. The details of Directors seeking re-appointment have been attached along with the Notice of the Annual General Meeting.

(ii) Number of Board Meetings:

The Board of Directors met 5 times during the year under review. The meetings of the Board of Directors were held on various dates as follows : 14.05.2012, 14.08.2012, 31.08.2012, 12.11.2012 and 13.02.2013. The maximum interval between two Board Meetings was 92 days.

(iii) Directors' attendance and directorships held as on 31/03/2013

Name of Director	Category	No. of Board Meetings Attended	Attendance at AGM held on 28.09.2012	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	5	Yes	0	NIL	NIL
Dr S S S P Rao	NE	3	No	0	NIL	NIL
Mr Mahesh Naik	NE	5	No	0	NIL	NIL
Mr Sandip Save	NE	3	Yes	0	NIL	NIL
Mr Nitin Shukla	ED	5	Yes	2	NIL	NIL
Mr Mukul Dalal	ED	5	No	1	NIL	NIL

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

NOTE :

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

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

B. COMMITTEES OF THE BOARD

i) AUDIT COMMITTEE:

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

Director	No. of Meetings Attended
V J Masurekar	5
Mahesh Naik	5
Sandip Save	3
Ranjit Dhuru	5

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

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

ii) SHAREHOLDERS' GRIEVANCE COMMITTEE

The Share Transfer-cum-Investors' Grievance Committee consists of 3 directors, majority of them being Non-executive Directors. Mr. V J Masurekar is the Non-executive Director and Chairman of the Committee. Mr C G Deshmukh, Company Secretary, has been designated as the Compliance Officer. One complaint was pending at the beginning of the year and the Company received 13 complaints during the year under review from the shareholders and all the 14 complaints were disposed off to their satisfaction. No share transfers were pending as on 31st March, 2013.

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 31.03.2013:

(Amount in Rs)

Name	Salary	Allowances	Commission/Incentive	Sitting Fees
Mr Ranjit Dhuru	30,00,000	45,02,496	-	-
Mr Nitin Shukla	12,36,000	17,57,472	-	-
Mr Mukul Dalal	7,86,000	21,93,002	-	-
DR S S S P Rao	-	-	-	60,000
Mr V J Masurekar	-	-	-	1,60,000
Mr Mahesh Naik	-	-	-	1,60,000
Mr Sandip Save	-	-	40,000	-

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

* Notice period for termination of appointment of Chairman & Managing Director and other Whole-time Directors is three months on either side.
* No severance pay is payable on termination of appointment.

The details of shares/convertible instruments held by Non-Executive Directors as on 31-03-2013 are as under:

Name	No of Shares Held	Stock Options Granted@	Warrants
Dr S S S P Rao	16,900	25,000	-NIL-
Mr V J Masurekar	25,000	25,000	-NIL-
Mr Mahesh Naik	27,000	25,000	-NIL-
Mr Sandip Save	9,36,244	-NIL-	-NIL-

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

D. SUBSIDIARY COMPANIES

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

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

E. NON-MANDATORY REQUIREMENTS

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

1. Non-Executive Chairman's Office

A Non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

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

2. Remuneration Committee

The board may set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

Subject to the approval of the Board and of the Company, in the General Meeting and such other approvals as may be necessary, the Managing/Whole-time Directors are paid remuneration as per the Agreements entered into between them and the Company.

3. Shareholder Rights

A half-yearly declaration of financial performance including summary of the significant events in last six months, may be sent to each household of shareholders.

Presently, this information is being made available through press releases/website of the Company and announcements to the Stock Exchanges.

4. Audit qualifications

Company may move towards a regime of unqualified financial statements.

The Auditors have given a qualified report on the annual accounts for the year ended 31st March, 2013. However, the Company endeavours to move towards a regime of unqualified financial statements.

5. Training of Board Members

A company may train its Board members in the business model of the company as well as the risk profile of the business parameters of the Company, their responsibilities as directors, and the best ways to discharge them.

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

6. Mechanism for evaluating Non-executive Board Members

The performance evaluation of Non-executive directors could be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend / continue the terms of appointment of Non-executive directors.

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

7. **Whistle Blower Policy**

The company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

The Company encourages an Open-door policy, where employees have free access from the level of the immediate reporting authority upto that of the CEO, to report any unethical behaviour, or non-adherence to the Company's Code of Conduct.

F. GENERAL BODY MEETINGS:

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

Meeting	Location	Date	Time
Annual General Meetings	The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025	September 28, 2012 September 29, 2011 September 29, 2010	09.30 a.m. 10.30 a.m. 10.30 a.m.

Details of Special Resolution(s) passed at Annual General Meetings during the last three years :

Special Resolution passed through postal ballot :

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

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

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

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

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

G DISCLOSURES:

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) 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. A Report on Management Discussion and Analysis forms part of the Annual Report.
3. The Company has its own website (www.aftek.com) and all the vital information relating to the Company (such as quarterly/half-yearly results, press releases, presentations to analysts, shareholding pattern etc) and its products are displayed on the website.
4. The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which, in its opinion, are material and of relevance to the shareholders and through Press Releases.

I. OTHER INFORMATION

i) **Code of Conduct :**

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

To the Shareholders of Aftek Limited

<u>Sub : Compliance with Code of Conduct</u>

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, December 02, 2013

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 31st December, 2013
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	Monday, the 23rd December, 2013 to Tuesday, the 31st December, 2013 (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, 2013.

2. FINANCIAL CALENDAR

Financial Year 2013-2014	
Quarter ending 30th June, 2013	July / August 2013
Quarter ending 30th September, 2013	October / November 2013
Quarter ending 31st December, 2013	January / February 2014
Quarter ending 31st March, 2014	April / May 2014

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

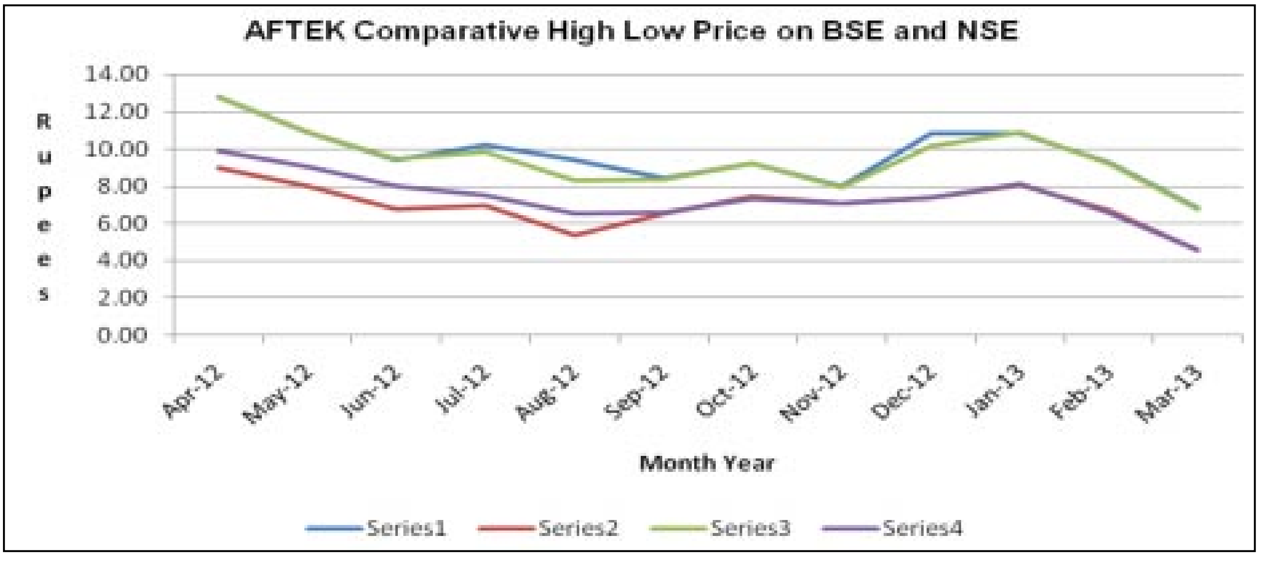
Listing Fees for 2013-2014 are unpaid

4. Market Price Data :

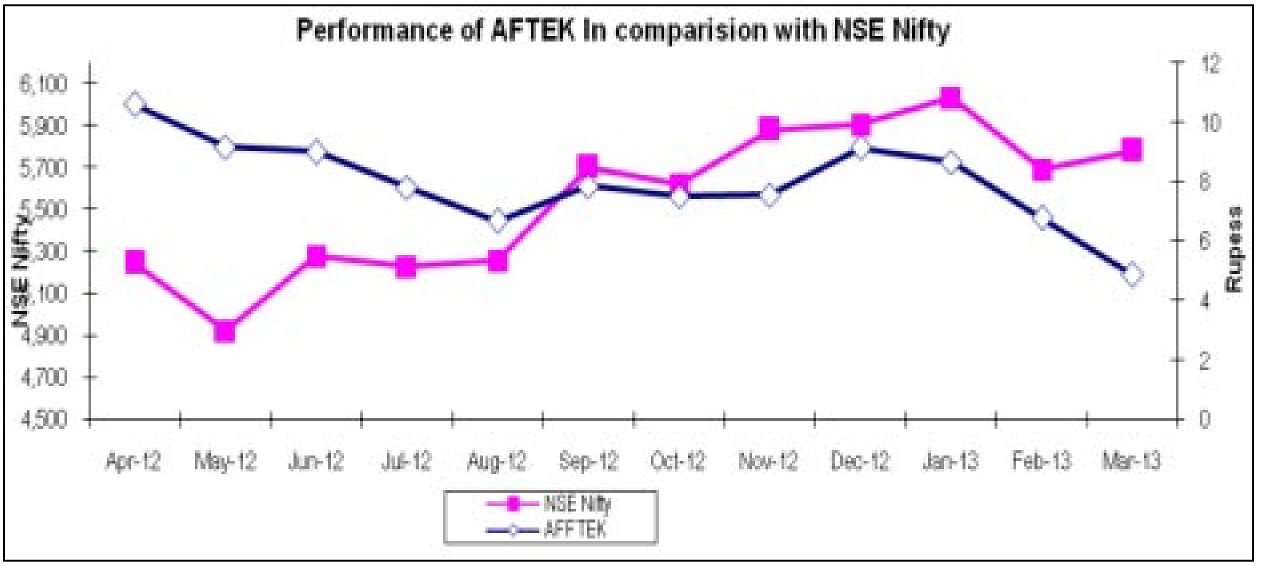
Monthly High and Low quotations of Shares traded on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd during the Financial Year ended 31st March, 2013

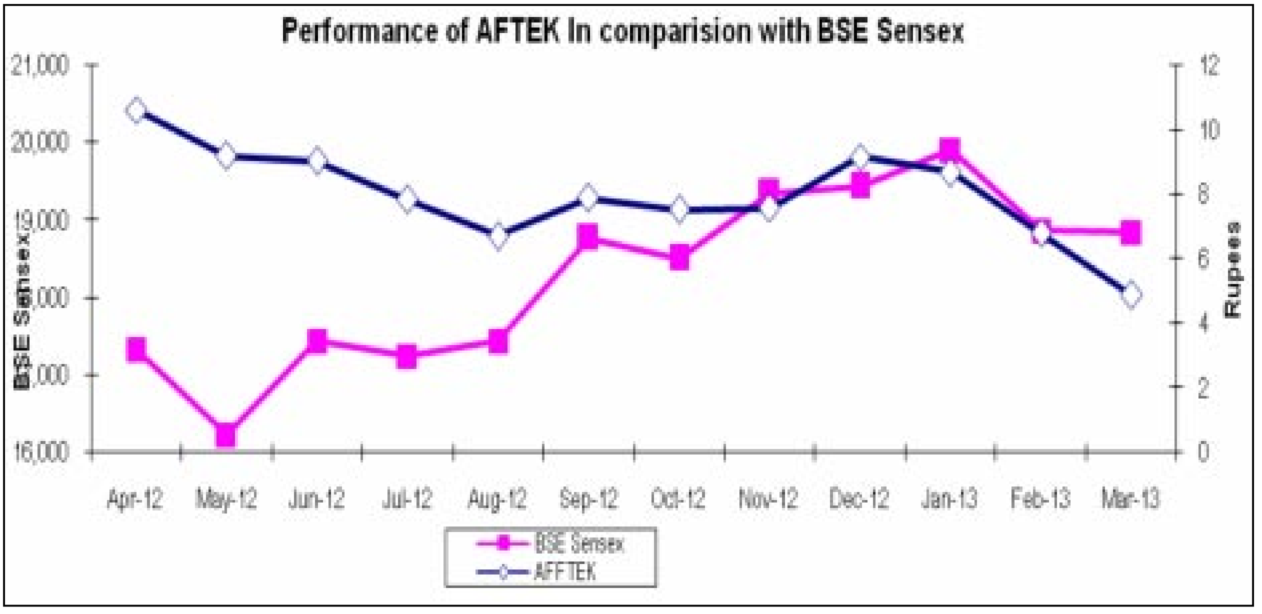
(Source : BSE and NSE websites)

				(in Rs.)
Months	**BSE High**	**BSE Low**	**NSE High**	**NSE Low**
Apr-12	12.80	9.00	12.80	9.90
May-12	10.88	8.00	10.90	9.05
Jun-12	9.43	6.80	9.50	8.00
Jul-12	10.25	7.00	9.85	7.50
Aug-12	9.40	5.40	8.35	6.50
Sep-12	8.45	6.55	8.40	6.55
Oct-12	9.24	7.45	9.25	7.30
Nov-12	8.04	7.11	7.95	7.10
Dec-12	10.82	7.41	10.15	7.40
Jan-13	10.86	8.11	10.90	8.10
Feb-13	9.30	6.75	9.25	6.60
Mar-13	6.85	4.59	6.80	4.55



5. PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX, CRISIL INDEX, ETC.





6. Registrar & Transfer Agent :

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

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

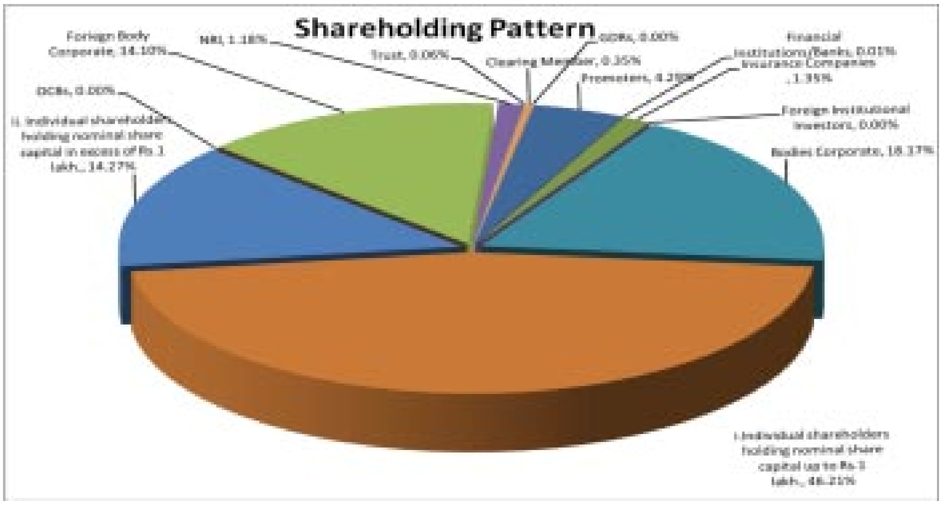
8. Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2013

Range (In Rs)		No of Shareholders	% of Total Holders	Total Holding	% of Total Capital
1	5000	56843	93.25	25300607	22.96
5001	10000	2195	3.60	8255385	7.49
10001	20000	976	1.60	7306024	6.63
20001	30000	282	0.46	3562262	3.23
30001	40000	163	0.27	2936735	2.67
40001	50000	116	0.19	2680629	2.43
50001	100000	188	0.31	6873791	6.24
100001	99999999	193	0.32	53272658	48.35
Total		**60956**	**100.00**	**110188091**	**100.00**

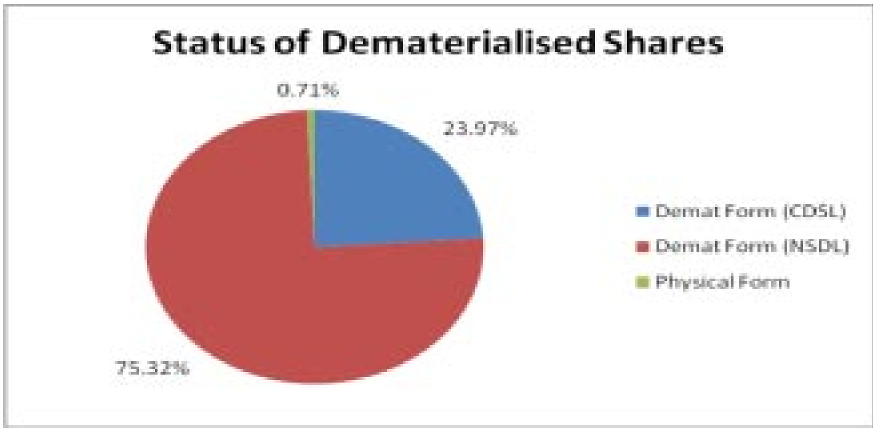
Distribution of Shareholding as on 31st March, 2013

Category	Number of shares held	% of Paid-up Capital
Promoters	4,732,096	4.29%
Financial Institutions/Banks	9,800	0.01%
Insurance Companies	1,485,376	1.35%
Foreign Institutional Investors	335	0.00%
Bodies Corporate	20,023,973	18.17%
i.Individual shareholders holding nominal share capital up to Rs.1 lakh.	50,915,077	46.21%
ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	15,727,040	14.27%
OCBs	750	0.00%
Foriegn Body Corporate	15,540,759	14.10%
NRI	1,301,434	1.18%
Trust	64,750	0.06%
Clearing Member	386,701	0.35%
GDRs	-	0.00%
TOTAL	110,188,091	100.00%



9. Dematerialisation of Shares and Liquidity

As on March 31, 2013, 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 Rs 10/- each. Pursuant to Special Resolution passed at the Annual General Meeting held on December 29, 2003, equity shares of Rs 10/- each were sub-divided into smaller denomination of Rs 2/- each for which the Company had fixed January 29, 2004 as the Record Date. Corresponding increase was made to the number of GDRs from one to five in order to maintain the GDR to Equity proportion of 1:3.

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

No GDRs (PY No GDRs) were outstanding as at March 31, 2013.

As explained below, 354 numbers of 1% FCCBs were outstanding as at March, 31, 2013. 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 Rs 2/- each at the reset conversion price of Rs 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 Rs 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 Rs 75.20 to Rs 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.

526 number of FCCBs were converted into 1,66,57,302 number of equity shares of Rs 02/- each during the year ended 31st March, 2013. At the year end, 354 FCCBs were outstanding which, if converted into GDRs/Equity Shares at the reset conversion price of Rs 13.76 would result into issuance of additional 1,12,10,428 numbers of equity shares of Rs 2/-each.

11. Plant Locations

Software Centre	**Works**
Sr.No.12, Hissa No. 3A+4/1,1st Floor, Lagad Mala, Sinhagad Road, Wadgaon Khurd, Pune 411041	Plot No. A/19/2 M.I.D.C. Chincholi, Solapur 413255

12. Address for Correspondence

AFTEK LIMITED
703-706, Makhija Chambers, 7th Floor,
196, Turner Road,
Opp H. P. Petrol Pump,
Bandra (West),
Mumbai – 400 050

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, 2013, 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 2013, 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.

PLACE: MUMBAI

DATE : 02nd December, 2013

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, 2013, 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 Company's 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"). 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 ₹ 9065.08 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 ₹ 9065.08 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;*

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, 2013;

(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

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;

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 Act, 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, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.*

   (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 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 (FRN No. 103429W)

(HARIDAS BHAT)
PARTNER (M. No. 39070)

Mumbai, May 30, 2013

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) A substantial part of fixed assets have not been disposed off during the year.

(ii) In respect of Inventories:

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

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

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

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

(a) The company has granted unsecured loan to specified parties covered under section 301 of the Companies Act during the year. Maximum amount outstanding during the year was ₹ 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 facie not prejudicial to the interest of the company.

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

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

(e) The company has taken unsecured loan from a party covered in the register maintained under section 301 of the Companies Act during the year. Maximum amount outstanding during the year was ₹ 812.13 Lacs and the year-end balance was ₹ 806.33 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-Salary	76.58	April, 2011 to November,2012	Not Paid
	Deduction of Tax at Source-Rent	27.86	April, 2010 to November,2012	Not Paid
	Deduction of Tax at Source-Payment to Contractor	0.79	April, 2010 to November,2012	Not Paid
	Deduction of Tax at Source-Commission or Brokerage	1.64	April, 2010 to June,2012	Not Paid
	Deduction of Tax at Source-Advertising	0.11	April, 2010 to November,2012	Not Paid
	Deduction of Tax at Source-Professional or Technical Services	22.87	April, 2010 to November,2012	Not Paid
	Deduction of Tax at Source-Interest	0.78	March,2011 to September,2012	Not Paid
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund Contribution	88.54	April, 2010 to November,2012	Not Paid
Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1952	Profession Tax	4.29	September, 2010 to November,2012	Not Paid
Maharashtra Value Added Tax Act, 2002	Sales Tax	4.19	March,2011 to November,2012	Not Paid
Central Sales Tax Act, 1956	Central Sales Tax	14.11	September, 2010 to November,2012	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, 2013 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, 2013*	*3075.31*	*183.19*
II	*State Bank of Bikaner & Jaipur*	*Term Loan*	*April, 2011 to March, 2013*	*4000.00*	*1063.00*
III	*State Bank of Bikaner & Jaipur*	*Cash Credit A/c*	*April, 2011 to March, 2013*	-	*444.41*

(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 Subsidiary from a bank, According to the information and explanations given to us the terms and conditions whereof are prima facie not prejudicial to the interest of the company.

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

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

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

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

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

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

For GMJ& CO.
CHARTERED ACCOUNTANTS (FRN No. 103429W)

(HARIDAS BHAT)
PARTNER (M. No. 39070)

Mumbai, May 30, 2013

Balance Sheet as at March 31, 2013

(₹ in Lacs)

	Note	As at March 31, 2013	As at March 31, 2012
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	**2,203.76**	1,870.62
Reserves and Surplus	3	**42,734.16**	42,543.26
		44,937.92	44,413.88
Non-Current Liabilities			
Long-Term Borrowings	4	-	-
Deferred Tax Liabilities (Net)	5	**54.14**	482.78
Other Long-Term Liabilities	6	**114.35**	111.30
Long-Term Provisions	7	**49.94**	46.62
		218.43	640.70
Current Liabilities			
Short-Term Borrowings	8	**2,432.29**	2,376.70
Trade Payables	9	**9.85**	17.77
Other Current Liabilities	10	**12,126.61**	13,734.92
Short-Term Provisions	11	**880.70**	1,511.21
		15,449.45	17,640.60
Total		**60,605.79**	62,695.18
Assets			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		**102.03**	452.03
Intangible Assets		**11,038.41**	13,508.98
Capital Work-in-Progress		**2,831.19**	2,831.19
Intangible Assets Under Development		**20,858.63**	9,124.49
		34,830.27	25,916.69
Non-Current Investments	13	**2,424.05**	2,424.05
Long-Term Loans and Advances	14	**4,317.08**	21,410.31
Other Non-Current Assets	15	**46.81**	63.72
		41,618.21	49,814.77
Current Assets			
Inventories	16	**88.87**	119.71
Trade Receivables	17	**18,859.25**	12,640.40
Cash and Bank Balances	18	**34.34**	74.03
Short-Term Loans and Advances	19	**5.00**	44.88
Other Current Assets	20	**0.12**	1.39
		18,987.58	12,880.41
Total		**60,605.79**	62,695.18

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, 2013

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Place: Mumbai
Date: 30th May, 2013

Statement of Profit and Loss for the year ended March 31, 2013

(₹ in Lacs except per share data)

	Note	Year Ended March 31, 2013	Year Ended March 31, 2012
Revenue from Operations	21	**11,092.38**	12,124.07
Other Income	22	**914.55**	4,396.28
Total Revenue		**12,006.93**	16,520.35
Expenses			
Cost of Materials Consumed & Software Development Expenses	23	**859.92**	871.14
Changes in Inventories of Finished Goods,Work-in-Progress	24	**(0.21)**	1.89
Employee Benefits Expense	25	**379.34**	434.85
Finance Costs	26	**955.81**	1,065.16
Depreciation and Amortisation Expense	27	**8,226.11**	8,856.75
Other Expenses	28	**4,516.52**	4,072.48
Product Development Expenditure, diminution in value of investments and loss arising on account of foreign exchange fluctuations.(Refer Note:-43)		-	1,820.13
Less: Transfer from Securities Premium Account		-	(1,820.13)
Total Expenses		**14,937.49**	15,302.27
Profit Before Tax		**(2,930.56)**	1,218.08
Tax Expense			
Income Tax:			
Current Year		-	246.25
Earlier Years		**17.20**	-
Minimum Alternate Tax Credit		**-**	(169.78)
Deferred Tax Credit		**(428.65)**	-
Profit for the Year		**(2,519.11)**	1,141.61
Earnings Per Equity Share [Nominal Value Per Share: ₹ 2 (Previous Year: ₹ 2)]			
Basic and Diluted	29	**(2.49)**	1.22

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, 2013

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Place: Mumbai
Date: 30th May, 2013

Cash Flow Statement for the year ended March 31, 2013

(₹ in Lacs)

			Year ended March 31, 2013		Year ended March 31, 2012
A.	**Cash flow from operating activities**				
	Net profit before tax		**(2,930.56)**		1,218.08
	Adjustments for:				
	Depreciation	**8,226.11**		8,856.75	
	Profit on sale of tangible assets (net)	-		(633.62)	
	Interest income	**(0.73)**		(13.02)	
	Finance costs	**955.81**		1,065.16	
	Liabilities no Longer Required Written Back	**(150.66)**		(28.81)	
	Provision for Gratuity and Leave Encashment	**2.76**		12.67	
	Unrealised foreign exchange (gain)/ loss	**(366.54)**	**8,666.76**	(844.97)	8,414.17
	Operating profit before working capital changes		**5,736.20**		9,632.24
	Changes in working capital:				
	Increase / (Decrease) in trade payables	**(7.92)**		(37.10)	
	Increase / (Decrease) in short-term provisions	**103.93**		16.59	
	Increase / (Decrease) in long-term provisions	**0.56**		10.68	
	Increase / (Decrease) in Other Long-Term Liablities	**3.05**		-	
	Increase / (Decrease) in other current liabilities	**(213.62)**		325.33	
	(Increase) / Decrease in trade receivables	**(5,750.09)**		2,334.35	
	(Increase) / Decrease in inventories	**30.84**		(11.09)	
	(Increase) / Decrease in short-term loans and advances	**44.64**		8.72	
	(Increase) / Decrease in long-term loans and advances	**(37.16)**		813.59	
	(Increase) / Decrease in other current assets	**1.27**		(13.76)	
	(Increase) / Decrease in other non-current assets	**16.91**		(33.26)	
			(5,807.59)		3,414.05
	Operating profit after working capital changes		**(71.39)**		13,046.30
	Direct taxes paid (net of refund)		**(0.57)**		(4.11)
	Net cash from operating activities (A)		**(71.96)**		13,042.19
B.	**Cash flow from investing activities**				
	Purchase of tangible/ intangible assets (including capital work-in-progress & Capital Advance)		**(8.64)**		(19,841.89)
	Sale of tangible assets		-		760.64
	Financial Restructuring Expenses		-		(445.74)
	Loan given to Subsidiary Company		**(0.65)**		-
	Interest received		**0.73**		-
	Net cash used in investing activities (B)		**(8.56)**		(19,526.99)

(₹ in Lacs)

		Year ended March 31, 2013	Year ended March 31, 2012
C.	**Cash flow from financing activities**		
	Repayment of long-term borrowings	-	(492.73)
	Proceeds from Long term borrowings (Net)	-	-
	Interest and financial charges paid	**(5.13)**	(139.51)
	Proceeds from short-term borrowings (Net)	**55.59**	111.20
	Net cash from financing activities (C)	**50.47**	(521.04)
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(30.06)**	(7,005.84)
	Cash and cash equivalents at the beginning of the year	**44.16**	7,050.00
	Cash and cash equivalents at the end of the year	**14.10**	44.16
	Net increase/ (decrease) in cash and cash equivalents	**(30.06)**	(7,005.84)
	Cash and cash equivalents comprise of:		
	Cash on Hand	**2.20**	1.49
	Bank Balances:		
	In Current Accounts	**6.71**	10.67
	In Fixed Deposits with original maturity less than 3 months	**5.18**	32.00
	Cash and cash equivalents at the end of the year	**14.10**	44.16

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, 2013

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Place: Mumbai
Date: 30th May, 2013

Notes to Financial Statements for the year ended March 31, 2013

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, 2013

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
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: 93,530,789) Equity Shares of ₹ 2 each	**2,203.76**	1,870.62
Subscribed and Paid up		
11,01,88,091 (Previous Year: 93,530,789) Equity Shares of ₹ 2 each fully paid-up	**2,203.76**	1,870.62
	2,203.76	1,870.62

(a)

Reconciliation of number of shares	As at March 31, 2013		As at March 31, 2012	
	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	**93,530,789**	**1,870.62**	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**	93,530,789	1,870.62

(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, 2013		As at March 31, 2012	
Equity Shares	**No. of Shares**	**% holding**	**No. of Shares**	**% holding**
Elara Capital PLC	15,540,759	14.10%	-	0.00%

(d)	**Shares allotted (during 5 years preceding March 31, 2013)**	
	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 Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
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	**31.12**	1,851.25
Less : Utilised during the year for:		
i) Product Development Expenditure, diminution in value of investments and loss arising on account of foreign exchange fluctuations.		(1,820.13)
Add:		
i) Premium on Conversion of FCCBs	**2,710.00**	-
Balance as at the end of the year	**2,741.12**	31.12
General Reserve		
Balance as at the beginning of the year	**6,132.36**	6,132.36
Add: Unexcercised Employee Stock Options which have Lapsed	-	-
Balance as at the end of the year	**6,132.36**	6,132.36
Foreign currency translation reserve		
Balance as at the beginning of the year	**-**	99.44
Add : Effect of foreign exchange rate variations during the year	-	129.89
(Less): Transferred to Statement of Profit and Loss on diminution write off of the net investment in foreign Subsidiary	-	(229.33)
Balance as at the end of the year	**0.00**	(0.00)
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	**35,897.74**	34,676.66
Profit for the year	**(2,519.11)**	1,141.61
Add:		
Excess /(Short) Provision of Corporate Dividend Tax	-	79.48
Balance as at the end of the year	**33,378.63**	35,897.74
Total	**42,734.16**	42,543.26

Notes to Financial Statements for the year ended March 31, 2013

4 Long-Term Borrowings (₹ in Lacs)

	Non-Current Portion		Current Maturities	
	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs	As at March 31, 2012 ₹ in Lacs
Bonds (Unsecured)				
Foreign Currency Convertible Bonds (FCCB) (Refer Note No.37)	-	-	1,925.38	4,549.83
Term Loan (Secured)				
from Banks:				
i) Bank of India - Jersey Channel Islands	-	-	3,129.47	3,075.31
ii) State Bank of Bikaner & Jaipur	-	-	4,000.00	4,000.00
Total	**-**	**-**	**9,054.85**	**11,625.14**

(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 As at 31 March, 2013	
	Principal	Interest
Period of default April' 2011 to March' 2013	3,129.47	183.19

(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 As at 31 March, 2013	
Period of default	**Principal**	**Interest**
April' 2011 to March' 2013	4,000.00	1,063.00

Notes to Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
5	**Deferred Tax Liabilities (Net)**		
	Deferred Tax Liabilities:		
	Depreciation	**1,211.73**	1,559.70
	Deferred Tax Assets:		
	Provision for Doubtful Debts	-	380.60
	Unabsorbed Depreciation adjusted for timing difference (Restricted as per Note 1.2 (o))	**204.28**	676.98
	Income tax Disallowances u/s 40(a)(i) & 43B	**953.30**	19.33
	Deferred Tax Liabilities (Net)	**54.14**	482.78
6	**Other Long- term liablities**		
	Creditors for Capital Assets	**114.35**	111.30
		114.35	111.30
7	**Long-Term Provisions**		
	Provision for Employee Benefits:		
	Provision for Gratuity	**48.19**	44.08
	Provision for Compensated Absences	**1.75**	2.54
		49.94	46.62
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 Company	-	25.00
	From Related Parties:		
	Directors	**143.98**	141.98
	Subsidiary	**1.25**	1.25
	Shareholders	**661.10**	582.51
		2,432.29	2,376.70

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, 2013**	
Period of default	**Principal**	**Interest**
April' 2011 to March' 2013	-	444.41

(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.

Notes to Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
9	**Trade Payables**		
	Sundry Creditors (Refer Note 42)	**9.85**	17.77
		9.85	17.77
10	**Other Current Liabilities**		
	Current Maturities of Long-Term Borrowings (Refer Note 4)	**9,054.85**	11,625.14
	Interest Accrued and due on Borrowings	**1,724.91**	987.56
	Unpaid Dividends [Refer Note (a) below]	**20.24**	25.10
	Advances from Customers	**26.68**	35.54
	Statutory Dues (including Provident Fund and Tax Deducted at Source)	**294.35**	210.40
	Others	**1,005.58**	851.18
		12,126.61	13,734.92

(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, 2013	As at March 31, 2012
11	**Short-Term Provisions**		
	(a) Provision for employee benefits:		
	Provision for Bonus	**28.06**	26.59
	Provision for Gratuity	**11.87**	12.67
	Provision for Compensated Absences	**0.20**	0.30
	(b) Provision - Others:		
	Provision for Income Tax [Net of Advance Tax ₹ Nil lacs (Previous Year: ₹ 34.48 lacs)]	**119.13**	102.50
	Provision for Premium Payable on Redemption of FCCBs	**505.49**	1,256.60
	Provision for Expenses	**215.94**	112.55
		880.70	1,511.21

12. Notes to Financial Statements for the year ended March 31, 2013

A. Tangible Assets

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions	Disposal/ Transfer	As at March 31, 2013	As at April 1, 2012	For the Year	Disposal/ Transfer	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Land:										
Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold	101.13	-	-	101.13	6.94	1.06	-	8.00	93.13	94.19
Building	82.91	-	-	82.91	75.93	5.53	-	81.46	1.45	6.98
Plant and Machinery	25.83	-	12.78	13.05	18.52	3.91	12.78	9.64	3.40	7.31
Computers	2,469.38	0.41	2,468.10	1.69	2,131.66	337.49	2,468.10	1.06	0.64	337.71
Office Equipment	13.19	0.23	11.65	1.76	12.21	0.67	11.65	1.23	0.53	0.98
Furniture and Fixtures	7.38	-	2.13	5.25	3.41	1.08	2.13	2.36	2.89	3.96
Vehicles	10.02	-	-	10.02	9.13	0.90	-	10.02	0.00	0.90
Total	**2,709.82**	**0.64**	**2,494.68**	**215.80**	**2,257.79**	**350.64**	**2,494.68**	**113.77**	**102.03**	**452.03**
Previous Year	3,022.62	4.59	317.39	2,709.82	1,609.25	838.92	190.37	2,257.79	452.03	1,413.37

B Inangible Assets

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions	Disposal/ Transfer	As at March 31, 2013	As at April 1, 2012	For the Year	Disposal/ Transfer	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Computer Software	4,713.16	5,404.91	4,713.16	5,404.91	4,063.39	1,528.38	4,713.16	878.61	4,526.30	649.77
IPR	26,411.32	-	7,197.71	19,213.61	13,552.11	6,347.09	7,197.71	12,701.50	6,512.11	12,859.20
Secured Home Gateway	141.40	-	141.40	-	141.40	-	141.40	-	-	-
Total	**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**
Previous Year	30,767.43	7,046.44	6,547.99	31,265.88	16,287.05	8,017.84	6,547.99	17,756.90	13,508.98	14,480.38

Notes to Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
13	**Non-Current Investments**		
	Trade Investments in Equity Instruments - Unquoted, at Cost		
	(a) Investment in Subsidiary:		
	Opdex Inc.*		
	31,700,000 Equity Shares of US$0.05 Each Fully Paid Up	-	695.97
	Less: Diminution in Value written off	-	(695.97)
		-	-
	Arexera Information Technologies AG*		
	Nominal Value of which is CHF 100,000	-	159.95
	Less: Diminution in Value written off	-	(159.95)
		-	-
	Aftek (Mauritius) Limited*		
	1 Equity Share of US$1 Fully Paid Up	-	1.29
	Less: Diminution in Value written off	-	(1.29)
		-	-
	Mihir Properties Private Limited*		
	145,000 Equity Shares of ₹ 100/- Each Fully Paid Up	**552.65**	552.65
	Digihome Solutions Private Limited		
	2,550,000 Equity Shares of ₹ 10/- Each Fully Paid Up	**1,463.33**	1,463.33
	* wholly owned subsidiary companies		
	(b) Investment in Other Companies:		
	Elven Technologies Private Limited	**8.25**	8.25
	82,500 Equity Shares of ₹ 10 Each Fully Paid Up		
	V Soft Inc. (USA)	**399.82**	399.82
	164,250 Equity Shares of US$ 5.48 each fully paid up		
		2,424.05	2,424.05
14	**Long-Term Loans and Advances**		
	[Unsecured, Considered Good (unless otherwise stated)]		
	Capital Advances (Refer Note. No. 40)	**4,144.01**	21,280.04
	Other Loans and Advances:		
	Balances with Government Authorities	**43.10**	0.94
	Others Loans and Advances- Considered Good		
	to Related Parties :-		
	Aftek Employees' Welfare Trust	**10.45**	10.45
	Digihome Solutions Pvt Ltd.	**119.53**	118.88

Notes to Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
14 Long-Term Loans and Advances (Contd.)			
Others Loans and Advances - Considered Doubtful			
to Related Parties :-			
Arexera Information Technologies AG		-	732.21
Less: Diminution in Value written off		-	(732.21)
		-	-
Opdex Inc		-	55.08
Less: Diminution in Value written off		-	(55.08)
		-	-
Others:-			
Advance with Body Corporates		-	806.39
Less: Doubtful Advance written off		-	(806.39)
		-	-
		4,317.08	21,410.31
15 Other Non-Current Assets			
[Unsecured, Considered Good (unless otherwise stated)]			
Other Deposit		**46.81**	63.72
		46.81	63.72
16 Inventories			
Raw Materials:			
Spyguard Components	**47.42**		63.37
Others	**14.42**	**61.84**	29.52
Work-in-Progress:			
Spyguard Components	**26.50**		26.47
Others	**0.53**	**27.03**	0.35
		88.87	119.71
17 Trade Receivables			
Unsecured, considered good:			
Outstanding for a period exceeding six months from the date they are due for payment		-	-
(Refer Note. 39)		**4,866.01**	1,302.69
Others - Outstanding for a period of less six months		**13,993.24**	11,337.71
Unsecured, considered doubtful:			
Outstanding for a period exceeding six months from the date they are due for payment		-	1,173.10
Less: Provision for Doubtful Debts		-	(1,173.10)
		18,859.25	12,640.40

Notes to Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
18	**Cash and Bank Balances**		
	Cash and Cash Equivalents		
	Cash on Hand	**2.20**	1.49
	Bank Balances in :		
	Current Accounts	**5.81**	4.30
	EEFC Accounts	**0.90**	6.37
	Non-Scheduled Bank Accounts	-	-
	Fixed Deposits with original maturity less than 3 months	**5.18**	32.00
		14.10	44.16
	Other Bank Balances		
	Fixed Deposits with original maturity more than 3 months but less than 12 months		
	(Includes ₹ 4.77 lacs, which is not confirmed by the Bank)	-	4.77
	Unpaid Dividend Accounts	**20.24**	25.10
		20.24	29.87
		34.34	74.03
19	**Short-Term Loans and Advances** [Unsecured, Considered Good (unless otherwise stated)]		
	Advance to Creditor	**1.80**	6.26
	Other Loans and Advances:		
	Loan to Employees	**1.50**	
	Balances with Government Authorities		34.02
	Prepaid Expenses	**1.70**	4.60
		5.00	44.88
20	**Other Current Assets** [Unsecured, Considered Good (unless otherwise stated)]		
	Interest accrued on Deposits	**0.12**	1.39
		0.12	1.39

Notes to Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		Year Ended March 31, 2013	Year Ended March 31, 2012
21	**Revenue from Operations**		
	Sale software Products & Services:		
	Information technology Services	**9,512.77**	10,439.72
	Products Development		
	a) Software Products - Powersafe	**1,367.62**	1,420.71
	b) Software Products - PDA	**23.44**	133.08
	c) Others Sales	**188.55**	130.12
	Other Operating Revenue:		
	Scrap Sales	-	-
	Income from Duty Drawback and DEPB Licenses	-	0.44
		11,092.38	12,124.07
22	**Other Income**		
	Interest Income on		
	Fixed Deposits with Banks	**0.64**	1.61
	Others	**0.08**	11.41
	Profit on Sale of Fixed Assets (Net)	**-**	633.62
	Gain on Foreign Exchange (Net)	**763.12**	3,719.70
	Liabilities no Longer Required Written Back	**150.66**	28.81
	Miscellaneous Income	**0.05**	1.13
		914.55	4,396.28
23	**Cost of Materials Consumed & Software Development Expenses**		
	Raw Material Consumed		
	Opening Inventory	**92.89**	79.91
	Add: Purchases	**90.02**	102.73
	Less: Closing Inventory	**61.84**	92.89
	Cost of Raw Materials Consumed during the year	**121.07**	89.75
	Software Development Expenses	**738.86**	781.39
		859.92	871.14
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	**27.03**	26.82
	Traded Goods	-	-
		27.03	26.82
	Stock at the beginning of the year:		
	Finished Goods	-	-
	Work-in-progress	**26.82**	28.71
	Traded Goods	-	-
		26.82	28.71
	(Increase)/ Decrease in Stocks	**(0.21)**	1.89

Notes to Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		Year Ended March 31, 2013	Year Ended March 31, 2012
25	**Employee Benefits Expense**		
	Salaries, Wages and Bonus	**258.48**	298.46
	Directors Remuneration	**105.36**	105.46
	Contribution to Provident and Other Funds	**9.33**	11.12
	Gratuity	**3.31**	15.36
	Compensated Absences	**(0.55)**	(2.69)
	Staff Welfare Expenses	**3.41**	7.14
		379.34	434.85
26	**Finance Costs**		
	To Banks		
	Interest on Term Loan	**691.94**	779.91
	Interest on Cash Credit	**199.04**	193.64
	To Others		
	Interest on FCCB	**13.66**	48.06
	Interest on Statutory Dues	**46.50**	9.00
	Others	**4.65**	34.55
		955.81	1,065.16
27	**Depreciation and Amortisation Expense**		
	Depreciation on Tangible Assets	**13.15**	838.92
	Amortisation on Intangible Assets	**8,212.97**	8,017.84
		8,226.11	8,856.75
28	**Other Expenses**		
	Electricity Expenses	**6.01**	23.28
	Repairs and Maintenance:		
	Computers	**1.43**	1.82
	Building	**10.81**	0.03
	Others	**1.41**	6.90
	Rent (Refer Note 36)	**47.98**	82.39
	Rates and Taxes	**19.13**	15.03
	Insurance	**0.68**	1.10
	Communication Charges	**9.18**	12.99
	Printing and Stationery	**9.18**	10.86
	Travelling, Conveyance and Car Expenses	**45.92**	49.63
	Postage & Telegram	**6.61**	6.88
	Legal, Professional and Secretarial Expenses	**13.50**	46.42
	Auditors' Remuneration	**39.00**	42.32
	Commission on Sales	**2.40**	8.39
	Doubtful Debts written off	**4,281.67**	2,913.56
	Doubtful Advances and Deposits written off	-	806.39
	Miscellaneous Expenses	**21.60**	44.49
		4,516.52	4,072.48

Notes to Financial Statements for the year ended March 31, 2013

(₹ 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, 2013	Year Ended March 31, 2012
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)	(2,519.11)	1,141.61
II.	Weighted average number of Equity Shares for Earnings Per Share computation: Number of shares for Basic and Diluted Earnings Per Share	101,015,166	93,530,789
III.	Earnings Per Share:		
	Basic (in ₹)	(2.49)	1.22
	Diluted (in ₹)	(2.49)	1.22

30 Additional Information

a Value of imported and indigenous materials consumed

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	(₹ in Lacs)	**%**	**(₹ in Lacs)**	**%**
Raw Materials and Packing Materials				
Imported	39.66	44.00	49.75	48.43
Indigenous	50.36	56.00	52.97	51.57
Total	**90.02**	**100.00**	**102.72**	**100.00**

b CIF Value of Imports

	Year Ended March 31, 2013	Year Ended March 31, 2012
Raw Materials	38.80	49.08
Capital Goods (including Capital Work-in-Progress)	17,139.03	10,151.60
Total	**17,177.84**	**10,200.68**

c Expenditure in Foreign Currency

	Year Ended March 31, 2013	Year Ended March 31, 2012
Travelling	18.74	16.01
Interest Expenses (including interest capitalized if any)	93.75	140.84
software development expenses	738.86	781.40
Foreign tax (With held)	-	-
Others	-	25.52
Capital Advance For Project	17,136.03	9,685.72
Total	**17,987.38**	**10,649.49**

d Earnings in Foreign Currency (₹ in Lacs)

	Year Ended March 31, 2013	Year Ended March 31, 2012
Revenue from Exports	11,909.62	11,909.52
Total	**11,909.62**	**11,909.52**

e Auditors' Remuneration

	Year Ended March 31, 2013	Year Ended March 31, 2012
Audit Fees (Including Limited Review Fees)	39.00	39.00
Other Services	3.31	3.31
Total	**42.31**	**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, 2013	Year Ended March 31, 2012
Employers' Contribution to Provident Fund * [Includes Employers' Contribution to Employee's Pension Scheme 1995]	8.39	10.35
Employers' Contribution to Labour Welfare Fund*	-	0.03
Employers' Contribution to Employee's State Insurance Commission*	-	-
* 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, 2013	Year Ended March 31, 2012
Discount Rate	8.25%	8.25%
Rate of increase in Compensation Levels	5.00%	5.00%
Rate of Return on Plan Assets	8.00%	8.00%

ii Changes in the Fair value of Plan Assets

	Year Ended March 31, 2013	Year Ended March 31, 2012
Present Value of Plan Assets at the beginning of the year	1.22	7.76
Expected Return on Plan Assets	0.11	0.62
Actuarial Gain/ (Loss) on Plan Assets	(0.04)	(0.49)
Contributions	-	-
Benefits Paid	-	(6.66)
Fair Value of Plan Assets at the end of the year	**(1.29)**	**1.22**

(₹ in Lacs)

iii

Changes in the Present Value of Obligation	Year Ended March 31, 2013	Year Ended March 31, 2012
Present Value of Obligation at the beginning of the year	56.75	70.49
Interest Cost	4.82	5.82
Current Service Cost	3.42	5.00
Benefits Paid	-	(6.66)
Actuarial (Gain)/ Loss	(4.93)	(17.89)
Present Value of Obligation at the end of the year	**60.06**	**56.75**
Non-Current Liabilities	48.19	44.08
Current Liabilities	11.87	12.67

iv

Amount recognised in the Balance Sheet	Year Ended March 31, 2013	Year Ended March 31, 2012
Present Value of Obligation at the end of the year	60.06	56.75
Fair Value of Plan Assets	(1.29)	(1.22)
Net Liability recognised at the end of the year	**58.77**	**55.52**

v **Percentage of each category of plan assets to total fair value of plan assets as at March 31, 2013:**

	Year Ended March 31, 2013	Year Ended March 31, 2012
Administered by Life Insurance Corporation of India	100%	100%

vi

Expenses recognised in the Profit and Loss Account	Year Ended March 31, 2013	Year Ended March 31, 2012
Current Service Cost	3.42	5.00
Interest Cost	4.82	5.82
Expected Return on Plan Assets	(0.11)	(0.62)
Actuarial (Gain)/ Loss	(4.93)	(17.89)
Total Expenses recognised in the Profit and Loss Account	**(3.20)**	**(7.70)**

vii Expected Contribution to Gratuity Fund for the next year ₹ 4.03 lacs (Previous Year: ₹ 5.03 lacs).

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

	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
Present value of obligation	60.06	56.75	70.12	89.80
Fair value of plan assets	1.29	1.22	13.22	15.77
(Surplus)/ Deficit	58.76	55.52	56.90	74.03
Experience Adjustments:				
(Gain)/ Loss on plan liabilities	(18.32)	(16.42)	(2.74)	(3.64)
Gain/ (Loss) on plan assets	0.38	0.49	(0.30)	(0.42)

III Other Employee Benefit Plan

Liability for compensated absences as at year end is ₹ 1.95 Lacs (Previous Year: ₹ 2.54 Lacs).

32 Related Party Disclosures

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

(i)

Subsidiary of the Company	% of Holding
Mihir Properties Private Limited	100%
Digihome Solutions Private Limited	51%

(₹ in Lacs)

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

Aftek Employees Welfare Trust # Aftek employees Gratuity Assurance Scheme 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**

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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Loan & Advance Given								
Mihir Properties Private Limited		0.21	-	-	-	-	-	0.21
Digihome Solutins Private Limited	0.65	-	-	-	-	-	0.65	-
Others	-	-	-	-	-	-	-	-
Total	-	**0.21**	-	-	-	-	-	**0.21**
Loan Taken								
Mihir Properties Private Limited	-	1.25	-	-	-	-	-	1.25
Key management persons	-	-	-	-	11.30	141.98	11.30	141.98
others	78.59	-	-	-	-	41.03	78.59	41.03
Total	78.59	**1.25**	-	-	11.30	183.01	89.89	**184.26**
Repayment of Loan Given								
Digihome Solutions Private Limited	-	2.00	-	-	-	-	-	2.00
Mihir Properties Private Limited	-	1.10	-	-	-	-	-	1.10
Key Management Persons	-	-	-	-	9.29	-	9.29	-
Others	-	-	-	14.50	-	-	-	14.50
Total	-	**3.10**	-	**14.50**	9.29	-	9.29	**17.60**
Interest Income								
Digihome Solutions Private Limited	-	11.32	-	-	-	-	-	11.32
Total	-	**11.32**	-	-	-	-	-	**11.32**
Remuneration to Directors								
	-	-	-	-	134.75	135.25	134.75	135.25
Total	-	-	-	-	134.75	**135.25**	134.75	**135.25**
Directors Sitting Fees								
	-	-	-	-	3.80	4.60	3.80	4.60
Total	-	-	-	-	3.80	**4.60**	3.80	**4.60**

(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, 2013	As At March 31, 2012	As At March 31, 2013	As At March 31, 2012
Year end Balance				
Mihir Properties Private Limited	1.25	1.25	1.25	1.25
Arexera Information Technologies AG	-	-	-	851.15
Digihome Solutions Private Limited	119.53	118.88	119.53	118.88
Opdex Inc.	-	-	-	66.04
Aftek Employees' Welfare Trust	10.45	10.45	10.45	24.95
Key Management Persons	143.98	141.98	149.78	142.85
Total	**275.21**	**272.56**	**281.01**	**1,205.12**

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, 2013 are as follows:

Particulars	Foreign Currency Denomination	Foreign Currency Amount March 31, 2013	Amount March 31, 2013	Foreign Currency Amount March 31, 2012	Amount March 31, 2012
Sundry Debtors	USD	285.71	13,859.02	187.92	9,613.40
	EURO	71.39	4,964.45	43.42	2,967.14
Secured Loan - Ecb	Euro	45.00	3,129.47	45.00	3,075.31
UnSecured Loan - Fccb	USD	25.40	1,925.38	88.00	4,501.77
Capital Advances	USD	-	-	317.48	15,967.45
	EURO	-	-	17.78	1,163.58
Sundry Creditors	USD	-	-	0.01	0.42
Creditors for Expenses	USD	-	-	0.08	4.06

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, 2013	Year Ended March 31, 2012
(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, 2013		Year ended March 31, 2012	
	(₹ in Lacs)	%	(₹ in Lacs)	%
America	6,911.69	62.31%	7,354.36	60.66%
Europe	3,457.50	31.17%	4,069.55	33.57%
Japan	487.60	4.40%	476.37	3.93%
India	211.35	1.91%	223.79	1.85%
Others	24.24	0.22%	-	0.00%
Total Revenue	**11,092.38**	**100.00%**	**12,124.07**	**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, 2013	Year Ended March 31, 2012
a) Lease payments recognised in the Statement of Profit and Loss during the year	47.98	82.39
b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows:		
- Not later than one year	39.60	55.12
- Later than one year and not later than five years	158.40	192.96

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.

526 number of FCCBs were converted into 1,66,57,302 number of equity shares of ₹ 02/- each during the year. 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.

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, 2013.

As stated at Note No. 37, above, 354 numbers of 1% Foreign Currency Convertible Bonds Due 2010 were outstanding as at March, 31, 2013. 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 ₹ 9065.08 Lacs outstanding for a period of more than 12 months.

40 The company has given certain capital advances amounting to ₹ 41.49 crores 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, some IPRs are not taken by the company against the money already paid, and some IPRs 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 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 The company has formulated a sheme of Financial restructuring to deal with current recession in the software industry, and the costs incurred on the product development and foreign curreny losses. Accordingly as per the scheme of arrangement Under section 100 to 103 read with section 78 of the Companies Act, 1956, The Hon'ble High Court of Judicature at Bombay, vide its Order dated 13th August, 2010 has sanctioned the scheme approved by members by the Special Resolution passed at the Extra-ordinary General Meeting held on 08th June, 2010 for utilization of ₹ 215.00 crores out of the balance standing to the credit of the Securities Premium Account for allocating and/or earmarking to adjust product development expenditure incurred/to be incurred, diminution in value of investments if any and loss arising on account of foreign exchange fluctuations. Accordingly, the resolution has been given effect to in the accounts of the Company to the tune of aggregating an amount of ₹ 196.80 crores in the financial year 2010-11 and balance ₹ 18.20 crores during financial year 2011-2012.

Particulars		Year ended 31st March, 2012	Year ended 31st March, 2013	Total
a)	Product Development Expenditure	-	-	-
	Diminution in value of investments	1,374.40	-	1,374.40
	Loss arising on account of foreign exchange fluctuations	445.73	-	445.73
	Total	**1,820.13**	**-**	**1,820.13**
b)	Had the scheme not prescribed aforesaid treatment, the impact would have been as under:-			
	In the Profit and Loss Account	**Year ended 31st March, 2012**	**Year ended 31st March, 2013**	**Total**
	Operating and Administrative Expenses	1,374.40	-	1,374.40
	Other Income	(445.73)	-	(445.73)
	Profit Before Taxation and Exceptional Items	(1,820.13)	-	(1,820.13)
	Net(Loss)/Profit	(1,820.13)	-	(1,820.13)
	EPS			
	Basic (Rs.)	(0.73)	-	(0.73)
	Diluted (Rs)	(0.73)	-	(0.73)
	In the Balance Sheet			
	Particular	**Year ended 31st March, 2012**	**Year ended 31st March, 2013**	**Total**
	Reserves and Surplus			
	Securities Premium Account	1,820.13	-	1,820.13
	Profit and (Loss) Account	(1,820.13)	-	(1,820.13)

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, 2013

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Place: Mumbai
Date: 30th May, 2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors 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 (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, 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"). 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.9340.07 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.9340.07Lacs;*

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;*

iii. *Note no.42 regarding the raw material, the Raw material of Rs.310.24 Lacs includes slow moving items which we consider as doubtful of realisation. We are unable to comment on realisable value of said stock.*

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, 2013;

(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

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;

For GMJ & CO.
CHARTERED ACCOUNTANTS (FRN No. 103429W)

(HARIDAS BHAT)
PARTNER (M. No. 39070)

Mumbai, December 02, 2013

Consolidated Balance Sheet as at March 31, 2013

(₹ in Lacs)

	Note	As at March 31, 2013	As at March 31, 2012
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	**2,203.76**	1,870.62
Reserves and Surplus	3	**41,022.94**	40,985.75
		43,226.70	42,856.37
Minority Interest		**276.44**	343.90
Non-Current Liabilities			
Long-Term Borrowings	4	**8.80**	12.17
Deferred Tax Liabilities (Net)	5	**143.36**	492.56
Other Long-Term Liabilities	6	**114.35**	106.30
Long-Term Provisions	7	**49.94**	46.62
		316.45	657.65
Current Liabilities			
Short-Term Borrowings	8	**2,660.95**	2,813.56
Trade Payables	9	**227.91**	233.66
Other Current Liabilities	10	**12,267.09**	13,643.33
Short-Term Provisions	11	**888.86**	1,527.52
		16,044.82	18,218.08
Total		**59,864.41**	62,076.00
Assets			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		**363.25**	739.75
Intangible Assets		**11,042.95**	13,513.88
Capital Work-in-Progress		**2,831.19**	2,831.19
Intangible Assets Under Development		**20,858.63**	9,124.47
		35,096.02	26,209.28
Non-Current Investments	13	**408.06**	408.06
Long-Term Loans and Advances	14	**4,197.56**	21,291.43
Other Non-Current Assets	15	**49.38**	63.09
Goodwill on Consolidation		**497.85**	497.85
		40,248.89	48,469.71
Current Assets			
Inventories	16	**399.11**	458.91
Trade Receivables	17	**19,140.06**	12,944.35
Cash and Bank Balances	18	**44.51**	135.67
Short-Term Loans and Advances	19	**31.73**	63.72
Other Current Assets	20	**0.12**	3.62
		19,615.52	13,606.28
Total		**59,864.41**	62,076.00

The accompanying Notes ("1" to "46") 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: December 02, 2013

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Place: Mumbai
Date: December 02, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013 (₹ in Lacs except per share data)

	Note	Year Ended March 31, 2013	Year Ended March 31, 2012
Revenue from Operations	21	**11,130.07**	12,249.14
Other Income	22	**928.37**	4,392.99
Total Revenue		**12,058.44**	16,642.13
Expenses			
Cost of Materials Consumed & Software Development Expenses	23	**905.70**	984.33
Changes in Inventories of Finished Goods,Work-in-Progress	24	**(0.21)**	1.89
Employee Benefits Expense	25	**441.63**	572.30
Finance Costs	26	**986.88**	1,104.11
Depreciation and Amortisation Expense	27	**8,252.95**	8,875.93
Other Expenses	28	**4,543.78**	3,108.29
Product Development Expenditure, diminution in value of investments and loss arising on account of foreign exchange fluctuations.(Refer Note:-45)		-	1,820.13
Less: Transfer from Securities Premium Account		-	(1,820.13)
Total Expenses		**15,130.73**	14,646.86
Profit Before Tax		**(3,072.29)**	1,995.27
Tax Expense			
Income Tax:			
Current Year		-	246.25
Earlier Years		**17.20**	-
Minimum Alternate Tax Credit		-	(169.78)
Deferred Tax Credit		**(349.20)**	(0.53)
		(332.01)	75.94
Profit For the year before Minority Interest		**(2,740.29)**	1,919.33
Minority Interest(Gain/(Loss))		**(67.47)**	(135.96)
Profit for the Year		**(2,672.81)**	2,055.30
Earnings Per Equity Share [Nominal Value Per Share: ₹ 2 (Previous Year: ₹ 2)]			
Basic and Diluted	29	**(2.65)**	1.22

The accompanying Notes (“1” to “46”) 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: December 02, 2013

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Place: Mumbai
Date: December 02, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹ in Lacs)

			Year ended March 31, 2013		Year ended March 31, 2012
A.	**Cash flow from operating activities**				
	Net profit before tax		**(3,072.29)**		1,995.27
	Adjustments for:				
	Depreciation	**8,252.95**		8,948.47	
	Profit on sale of tangible assets (net)	-		(633.62)	
	Interest income	**(2.22)**		(5.63)	
	Finance costs	986.88		1,115.43	
	Liabilities no Longer Required Written Back	**(150.66)**		(28.81)	
	Provision for Gratuity and Leave Encashment	**4.25**		17.33	
	Unrealised foreign exchange (gain)/ loss	**(366.54)**	**8,724.67**	(844.97)	8,568.20
	Operating profit before working capital changes		**5,652.38**		10,563.47
	Changes in working capital:				
	Adj for Trade and other Receivables	**(5,703.92)**		2,383.45	
	Adj for Inventories	**59.80**		(53.00)	
	Adj for Trade and other Payables	**(118.59)**		199.07	
		(5,762.71)		2,529.52	
	Operating profit after working capital changes		**(110.33)**		13,092.99
	Direct taxes paid (net of refund)		**(1.77)**		(6.16)
	Net cash from operating activities (A)		**(112.10)**		13,086.83
B.	**Cash flow from investing activities**				
	Purchase of tangible/ intangible assets (including capital work-in-progress & Capital Advance)		**(8.64)**		(19,843.89)
	Sale of tangible assets		-		760.64
	Financial Restructuring Expenses		-		(445.74)
	Loan given to Subsidiary Company		**(0.65)**		-
	Interest received		**2.22**		3.93
	Net cash used in investing activities (B)		**(7.07)**		(19,525.06)

(₹ in Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
C. Cash flow from financing activities		
Call Money on Partly Paid Shares(Minority Share)		82.96
Repayment of long-term borrowings	**(3.37)**	(571.73)
Proceeds from Long term borrowings (Net)	-	28.96
Interest and financial charges paid	**(36.20)**	(178.45)
Proceeds from short-term borrowings (Net)	**77.21**	59.92
Net cash from financing activities (C)	**37.64**	(578.34)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(81.53)**	(7,016.57)
Cash and cash equivalents at the beginning of the year	**105.80**	7,122.37
Cash and cash equivalents at the end of the year	**24.28**	105.80
Net increase/ (decrease) in cash and cash equivalents	**(81.53)**	(7,016.57)

Cash Flow Statement for the year ended March 31, 2013

Cash and cash equivalents comprise of:

Cash on Hand	**11.30**	4.48
Bank Balances:		
In Current Accounts	**7.80**	69.32
In Fixed Deposits with original maturity less than 3 months	**5.18**	32.00
Cash and cash equivalents at the end of the year	**24.28**	105.80

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: December 02, 2013

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Place: Mumbai
Date: December 02, 2013

Notes to Consolidated Financial Statements for the year ended March 31, 2013

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 Financial Statements

The consolidated financial statements include the financial statements of Aftek Limited and its subsidiaries, (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.

(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 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 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 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 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 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 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) Goodwill

Goodwill reflects the excess of the purchase price over the book value of net assets acquired.

(t) Cash and cash equivalents

The Group considers all highly liquid financial 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, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
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: 93,530,789) Equity Shares of ₹ 2 each	**2,203.76**	1,870.62
	Subscribed and Paid up		
	11,01,88,091 (Previous Year: 93,530,789) Equity Shares of ₹ 2 each fully paid-up	**2,203.76**	1,870.62
		2,203.76	1,870.62

(a) Reconciliation of number of shares

	As at March 31, 2013		As at March 31, 2012	
	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	93,530,789	1,870.62	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	93,530,789	1,870.62

(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, 2013		As at March 31, 2012	
Equity Shares	**No. of Shares**	**% holding**	**No. of Shares**	**% holding**
Elara Capital PLC	15,540,759	14.10%	-	-

(d) Shares allotted (during 5 years preceding March 31, 2013)

	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, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
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	**31.12**	1,851.25
	Less : Utilised during the year for:		
	i) Product Development Expenditure, diminution in value of investments and loss arising on account of foreign exchange fluctuations.	-	(1,820.13)
	Add:		
	i) Premium on Conversion of FCCBs	**2,710.00**	-
	Balance as at the end of the year	**2,741.12**	31.12
	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	**34,340.23**	32,205.46
	Profit for the year	**(2,672.81)**	2,055.30
	Add:		
	Excess /(Short) Provision of Corporate Dividend Tax	-	79.48
	Balance as at the end of the year	**31,667.42**	34,340.23
	Total	**41,022.94**	40,985.75

4 Long-Term Borrowings

	Non-Current Portion		Current Maturities	
	As at March 31, 2013 ₹ in Lacs	**As at March 31, 2012 ₹ in Lacs**	**As at March 31, 2013 ₹ in Lacs**	**As at March 31, 2012 ₹ in Lacs**
Bonds (Unsecured)				
Foreign Currency Convertible Bonds (FCCB) (Refer Note No.37)	-	-	1,925.38	4,549.83
Term Loan (Secured)				
from Banks:				
i) Bank of India - Jersey Channel Islands	-	-	3,129.47	3,075.31
ii) State Bank of Bikaner & Jaipur	-	-	4,000.00	4,515.10
from Others:(Unsecured)				
Others	8.80	12.17	12.69	16.79
Total	**8.80**	**12.17**	**9,067.54**	**12,157.03**

Notes to Consolidated Financial Statements for the year ended March 31, 2013 (₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012

(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, 2013**	
	Principal	**Interest**
Period of default		
April' 2011 to March' 2013	3,129.47	183.19

(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, 2013**	
Period of default	**Principal**	**Interest**
April' 2011 to March' 2013	4,000.00	1,063.00

5 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities:		
Depreciation	**1,344.08**	2,030.73
Deferred Tax Assets:		
Provision for Doubtful Debts	-	380.60
Unabsorbed Depreciation adjusted for timing difference	**247.42**	1,138.24
Income tax Disallowances u/s 40(a)(i) & 43B	**953.30**	19.33
Deferred Tax Liabilities (Net)	**143.36**	492.56
6 Other Long- term liablities		
Creditors for Capital Assets	**114.35**	106.30
	114.35	106.30
7 Long-Term Provisions		
Provision for Employee Benefits:		
Provision for Gratuity	**48.19**	44.08
Provision for Compensated Absences	**1.75**	2.54
	49.94	46.62

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
8	**Short-Term Borrowings**		
	Secured		
	Cash Credit from Bank (Secured by hypothecation of Raw Materials and Book Debts)	**1,630.94**	1,858.44
	Unsecured		
	Loans:		
	From IDBI Bank (Term Loan)	**146.68**	146.68
	From Company	**16.82**	25.00
	From Others	**61.43**	
	From Related Parties:		
	Directors	**143.98**	200.94
	Shareholders	**661.10**	582.51
		2,660.95	2,813.56

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, 2013	
Period of default	**Principal**	**Interest**
April' 2011 to March' 2013	-	444.41

(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, 2013	As at March 31, 2012
9	**Trade Payables**		
	Sundry Creditors (Refer Note 44)	**227.91**	233.66
		227.91	233.66
10	**Other Current Liabilities**		
	Current Maturities of Long-Term Borrowings (Refer Note 4)	**9,067.54**	12,157.03
	Interest Accrued but not due on Borrowings	-	155.84
	Interest Accrued and due on Borrowings	**1,724.91**	87.45
	Unpaid Dividends [Refer Note (a) below]	**20.24**	25.10
	Advances from Customers	**108.72**	116.34
	Statutory Dues (including Provident Fund and Tax Deducted at Source)	**305.84**	223.14
	Others	**1,039.85**	878.43
		12,267.09	13,643.33

(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, 2013	As at March 31, 2012
11	**Short-Term Provisions**		
	(a) Provision for employee benefits:		
	Provision for Bonus	**28.06**	-
	Provision for Gratuity	**18.03**	16.07
	Provision for Compensated Absences	**1.86**	1.56
	(b) Provision - Others:		
	Provision for Income Tax [Net of Advance Tax ₹ Nil lacs (Previous Year: ₹ 34.48 lacs)]	**119.13**	102.50
	Provision for Premium Payable on Redemption of FCCBs	**505.49**	1,256.60
	Provision for Expenses	**216.27**	150.79
		888.86	1,527.52

12. Notes to Consolidated Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

A. Tangible Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions	Disposal/ Transfer	As at March 31, 2013	As at April 1, 2012	For the Year	Disposal/ Transfer	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Land:										
Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold	101.13	-	-	101.13	6.94	1.06	-	8.00	93.13	94.19
Factory Building	82.91	-	-	82.91	75.93	5.53	-	81.46	1.45	6.98
Office Building	309.65	-	-	309.65	44.55	3.87	-	48.42	261.22	265.10
Plant and Machinery	92.87	-	12.78	80.09	73.85	15.62	12.78	76.69	3.40	19.02
Computers	2,494.92	0.41	2,468.10	1.69	2,147.49	347.29	2,468.10	1.06	0.63	347.43
Office Equipment	13.19	0.23	11.65	1.76	12.21	0.67	11.65	1.23	0.53	0.98
Furniture and Fixtures	28.96	-	2.13	26.83	23.80	2.27	2.13	23.95	2.89	5.16
Vehicles	10.02	-	-	10.02	9.13	0.90	-	10.02	0.00	0.90
Total	3,133.64	0.64	2,494.66	614.08	2,393.89	377.21	2,494.66	250.83	363.25	739.75
Previous Year	3,444.43	6.59	317.39	3,133.64	1,726.50	857.75	190.37	2,393.89	739.75	1,717.93

B Inangible Assets

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions	Disposal/ Transfer	As at March 31, 2013	As at April 1, 2012	For the Year	Disposal/ Transfer	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Computer Software	4,713.16	5,404.91	4,713.16	5,404.91	4,063.39	1,528.38	4,713.16	878.61	4,526.30	649.77
IPR (Refer Note.41)	26,411.32	-	7,197.71	19,213.61	13,552.09	6,347.09	7,197.71	12,701.50	6,512.11	12,859.22
SecuredHomeGateway	147.92	-	141.40	6.52	143.04	0.34	141.40	1.98	4.54	4.88
Total	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
Previous Year	30,996.88	7,046.44	6,770.92	31,272.40	16,288.33	8,018.18	6,547.99	17,758.52	13,513.88	14,708.55

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

			As at March 31, 2013	As at March 31, 2012
13	**Non-Current Investments**			
	Trade Investments in Equity Instruments - Unquoted, at Cost			
	Investment in Other Companies:			
	Elven Technologies Private Limited 82,500 Equity Shares of ₹ 10 Each Fully Paid Up		**8.25**	8.25
	V Soft Inc. (USA) 164,250 Equity Shares of US$ 5.48 each fully paid up		**399.82**	399.82
			408.06	408.06
14	**Long-Term Loans and Advances**			
	[Unsecured, Considered Good (unless otherwise stated)] Capital Advances (Refer Note. No. 40)		**4,144.01**	21,280.04
	Other Loans and Advances: Balances with Government Authorities		**43.10**	0.94
	Others Loans and Advances- Considered Good			
	to Related Parties :- Aftek Employees' Welfare Trust		**10.45**	10.45
	Others Loans and Advances - Considered Doubtful			
	Others:- Advance with Body Corporates		-	806.39
	Less: Doubtful Advance written off		-	(806.39)
			-	-
			4,197.56	21,291.43
15	**Other Non-Current Assets** [Unsecured, Considered Good (unless otherwise stated)]			
	Other Deposit		**49.38**	63.09
			49.38	63.09
16	**Inventories** (as taken, valued and certified by the Management)			
	Raw Materials			
	Spyguard Components	**47.42**		63.37
	Others (Refer Note. No. 42)	**324.66**	**372.08**	368.72
				432.09
	Work-in-Progress			
	Spyguard Components	**26.50**		26.47
	Others	**0.53**	**27.03**	0.35
				26.82
			399.11	458.91

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		As at March 31, 2013	As at March 31, 2012
17	**Trade Receivables** (Refer Note. No. 39)		
	Unsecured, considered good:		
	Outstanding for a period exceeding six months from the date they are due for payment (Refer Note. 39)	**5,141.01**	1,539.11
	Others - Outstanding for a period of less six months	**13,999.05**	11,405.24
	Unsecured, considered doubtful:		
	Outstanding for a period exceeding six months from the date they are due for payment	-	1,173.10
	Less: Provision for Doubtful Debts	-	(1,173.10)
		19,140.06	12,944.35
18	**Cash and Bank Balances**		
	Cash and Cash Equivalents		
	Cash on Hand	**11.30**	4.48
	Bank Balances in :		
	Current Accounts	**6.90**	62.95
	EEFC Accounts	**0.90**	6.37
	Fixed Deposits with original maturity less than 3 months	**5.18**	32.00
		24.28	105.80
	Other Bank Balances		
	Fixed Deposits with original maturity more than 3 months but less than 12 months (Includes ₹ 4.77 lacs, which is not confirmed by the Bank)	-	4.77
	Unpaid Dividend Accounts	**20.24**	25.10
		20.24	29.87
		44.51	135.67
19	**Short-Term Loans and Advances** [Unsecured, Considered Good (unless otherwise stated)]		
	Advance to Creditor	**21.90**	19.53
	Other Loans and Advances:		
	Loan to Employees	**2.66**	0.46
	Balances with Government Authorities	**5.47**	38.28
	Prepaid Expenses	**1.70**	5.45
		31.73	63.72
20	**Other Current Assets** [Unsecured, Considered Good (unless otherwise stated)]		
	Interest accrued on Deposits	**0.12**	3.62
		0.12	3.62

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

			Year Ended March 31, 2013	Year Ended March 31, 2012
21	**Revenue from Operations**			
	Sale software Products & Services:			
	Information technology Services		**9,512.77**	10,439.72
	Products Development			
	a) Software Products - Powersafe	**1,367.62**		1,420.71
	b) Software Products - PDA	**23.44**		133.08
	c) Others Sales	**226.24**	**1,617.30**	255.20
	Other Operating Revenue:			
	Income from Duty Drawback and DEPB Licenses		-	0.44
			11,130.07	12,249.14
22	**Other Income**			
	Interest Income on			
	Fixed Deposits with Banks		**2.14**	5.54
	Others		**0.08**	0.09
	Profit on Sale of Fixed Assets (Net)		-	633.62
	Gain on Foreign Exchange (Net)		**763.12**	3,719.70
	Liabilities no Longer Required Written Back		**162.98**	28.81
	Miscellaneous Income		**0.06**	5.23
			928.37	4,392.99
23	**Cost of Materials Consumed & Software Development Expenses**			
	Raw Material Consumed			
	Opening Inventory		**432.09**	377.20
	Add: Purchases		**106.83**	257.83
	Less: Closing Inventory		**372.08**	432.09
	Cost of Raw Materials Consumed during the year		**166.84**	202.94
	Software Development Expenses		**738.86**	781.39
			905.70	984.33
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		**27.03**	26.82
	Traded Goods		-	-
			27.03	26.82
	Stock at the beginning of the year:			
	Finished Goods		-	-
	Work-in-progress		**26.82**	28.71
	Traded Goods		-	-
			26.82	28.71
	(Increase)/ Decrease in Stocks		**(0.21)**	1.89

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

		Year Ended March 31, 2012	Year Ended March 31, 2011
25	**Employee Benefits Expense**		
	Salaries, Wages and Bonus	**316.57**	425.27
	Directors Remuneration	**105.36**	105.46
	Contribution to Provident and Other Funds	**10.82**	14.22
	Gratuity	**4.40**	18.76
	Compensated Absences	**(0.15)**	(1.35)
	Staff Welfare Expenses	**4.63**	9.94
		441.63	572.30
26	**Finance Costs**		
	To Banks		
	Interest on Term Loan	**692.50**	784.03
	Interest on Cash Credit	**223.11**	216.14
	To Others		
	Interest on FCCB	**13.66**	48.06
	Interest on Statutory Dues	**46.50**	9.00
	Others	**11.12**	46.87
		986.88	1,104.11
27	**Depreciation and Amortisation Expense**		
	Depreciation on Tangible Assets	**377.14**	857.75
	Amortisation on Intangible Assets	**7,875.81**	8,018.18
		8,252.95	8,875.93
28	**Other Expenses**		
	Electricity Expenses	**7.75**	27.57
	Repairs and Maintenance:		
	Computers	**1.43**	1.82
	Building	**10.81**	3.63
	Others	**2.73**	6.90
	Rent (Refer Note 36)	**54.92**	96.90
	Rates and Taxes	**19.13**	15.03
	Insurance	**2.16**	6.39
	Communication Charges	**11.74**	16.82
	Printing and Stationery	**9.44**	11.56
	Travelling, Conveyance and Car Expenses	**55.05**	62.40
	Postage & Telegram	**7.09**	8.25
	Legal, Professional and Secretarial Expenses	**14.44**	52.40
	Auditors' Remuneration	**40.17**	43.63
	Commission on Sales	**2.40**	8.99
	Doubtful Debts written off	**4,281.67**	1,845.67
	Doubtful Advances and Deposits written off	-	806.39
	Bad Debts Written Off		11.49
	Miscellaneous Expenses	**22.85**	82.45
		4,543.78	3,108.29

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(₹ 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, 2013	Year Ended March 31, 2012
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)	(2,672.81)	2,055.30
II. Weighted average number of Equity Shares for Earnings Per Share computation:		
Number of shares for Basic and Diluted Earnings Per Share	101,015,166	93,530,789
III. Earnings Per Share:		
Basic (in ₹)	(2.65)	2.20
Diluted (in ₹)	(2.65)	2.20

30 Details of subsidiaries whose financial statements have been consolidated as at March 31,2013 are given below:

Name of the Subsidiary	Company of Incorporation	Proportion of ownership interest	
		March 31, 2013	March 31, 2012
Mihir Properties Private Limited	India	100%	100%
Digihome Solutions Private Limited	India	51%	51%

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, 2013	Year Ended March 31, 2012
Employers' Contribution to Provident Fund *		
[Includes Employers' Contribution to Employee's Pension Scheme 1995]	8.39	10.35
Employers' Contribution to Labour Welfare Fund*	-	0.03
Employers' Contribution to Employee's State Insurance Commission*	-	-
* 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, 2013	**Year Ended March 31, 2012**
	Discount Rate	8.25%	8.25%
	Rate of increase in Compensation Levels	5.00%	5.00%
	Rate of Return on Plan Assets	8.00%	8.00%
ii	**Changes in the Fair value of Plan Assets**	**Year Ended March 31, 2013**	**Year Ended March 31, 2012**
	Present Value of Plan Assets at the beginning of the year	1.22	7.76
	Expected Return on Plan Assets	0.11	0.62
	Actuarial Gain/ (Loss) on Plan Assets	(0.04)	(0.49)
	Contributions	-	-
	Benefits Paid	-	(6.66)
	Fair Value of Plan Assets at the end of the year	1.29	1.22
iii	**Changes in the Present Value of Obligation**	**Year Ended March 31, 2013**	**Year Ended March 31, 2012**
	Present Value of Obligation at the beginning of the year	56.75	70.49
	Interest Cost	4.82	5.82
	Current Service Cost	3.42	5.00
	Benefits Paid	-	(6.66)
	Actuarial (Gain)/ Loss	(4.93)	(17.89)
	Present Value of Obligation at the end of the year	60.06	56.75
	Non-Current Liabilities	48.19	44.08
	Current Liabilities	18.03	12.67
iv	**Amount recognised in the Balance Sheet**	**Year Ended March 31, 2013**	**Year Ended March 31, 2012**
	Present Value of Obligation at the end of the year	60.06	56.75
	Fair Value of Plan Assets	(1.29)	(1.22)
	Net Liability recognised at the end of the year	58.77	55.52
v	**Percentage of each category of plan assets to total fair value of plan assets as at March 31, 2013:**	**Year Ended March 31, 2013**	**Year Ended March 31, 2012**
	Administered by Life Insurance Corporation of India	100%	100%
vi	**Expenses recognised in the Profit and Loss Account**	**Year Ended March 31, 2013**	**Year Ended March 31, 2012**
	Current Service Cost	3.42	5.00
	Interest Cost	4.82	5.82
	Expected Return on Plan Assets	(0.11)	(0.62)
	Actuarial (Gain)/ Loss	(4.93)	(17.89)
	Total Expenses recognised in the Profit and Loss Account	3.20	(7.70)

vii Expected Contribution to Gratuity Fund for the next year ₹ 4.03 lacs (Previous Year: ₹ 5.03 lacs).

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

	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2013	Year Ended March 31, 2012
Present value of obligation	60.06	56.75	70.12	89.80
Fair value of plan assets	1.29	1.22	13.22	15.77
(Surplus)/ Deficit	58.76	55.52	56.90	74.03
Experience Adjustments:				
(Gain)/ Loss on plan liabilities	(18.32)	(16.42)	(2.74)	(3.64)
Gain/ (Loss) on plan assets	0.38	0.49	(0.30)	(0.42)

III Other Employee Benefit Plan

Liability for compensated absences as at year end is ₹ 1.95 Lacs (Previous Year: ₹ 2.54 Lacs).

32 Related Party Disclosures

(a) Names of related parties and nature of relationship

(i) Subsidiary of the Company	**% of Holding**
Mihir Properties Private Limited	100%
Digihome Solutions Private Limited	51%

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

Aftek Employees Welfare Trust #	Significantly influenced by
Aftek employees Gratuity Assurance Scheme	Key Management Personnel
Elven Technologies Pvt Ltd	(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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Loan Taken								
Key management persons	-	-	-	-	11.30	141.98	11.30	141.98
others	78.59	-	-	-	-	41.03	78.59	41.03
Total	**78.59**	**-**	**-**	**-**	**11.30**	**183.01**	**89.89**	**183.01**
Repayment of Loan Given								
Key management persons	-	-	-	-	9.29	-	9.29	-
Others	-	-	-	14.50	-	-	-	14.50
Total	**-**	**-**	**-**	**14.50**	**9.29**	**-**	**9.29**	**14.50**
Remuneration to Directors	-	-	-	-	134.75	135.25	134.75	135.25
Total	**-**	**-**	**-**	**-**	**134.75**	**135.25**	**134.75**	**135.25**
Directors Sitting Fees	-	-	-	-	3.80	4.60	3.80	4.60
Total	**-**	**-**	**-**	**-**	**3.80**	**4.60**	**3.80**	**4.60**

(ii) Year End Balance:

Name of the Party	Outstanding Amount		Maximum Balance Outstanding at any time during the year	
	As At March 31, 2013	As At March 31, 2012	As At March 31, 2013	As At March 31, 2012
Year end Balance				
Aftek Employees' Welfare Trust	10.45	10.45	10.45	24.95
Key management persons	143.98	141.98	149.78	142.85
Total	**154.43**	**152.43**	**160.23**	**167.80**

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, 2013 are as follows:

Particulars	Foreign Currency Denomination	Foreign Currency Amount March 31, 2013	Amount March 31, 2013	Foreign Currency Amount March 31, 2012	Amount March 31, 2012
Sundry Debtors	USD	285.71	13,859.02	187.92	9,613.40
	EURO	71.39	4,964.45	43.42	2,967.14
Secured Loan - Ecb	Euro	45.00	3,129.47	45.00	3,075.31
UnSecured Loan - Fccb	USD	35.40	1,925.38	88.00	4,501.77
Capital Advances	USD	-	-	317.48	15,967.45
	EURO	-	-	17.78	1,163.58
Sundry Creditors	USD	-	-	0.01	0.42
Creditors for Expenses	USD	-	-	0.08	4.06

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, 2013	Year Ended March 31, 2012
	(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, 2013		Year ended March 31, 2012	
	(₹ in Lacs)	%	(₹ in Lacs)	%
America	6,911.69	62.31%	7,354.36	60.66%
Europe	3,457.50	31.17%	4,069.55	33.57%
Japan	487.60	4.40%	476.37	3.93%
India	211.35	1.91%	223.79	1.85%
Others	24.24	0.22%	-	0.00%
Total Revenue	**11,092.38**	**100.00%**	**12,124.07**	**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, 2013	Year Ended March 31, 2012
a) Lease payments recognised in the Statement of Profit and Loss during the year	47.98	82.39
b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows:		
- Not later than one year	39.60	55.12
- Later than one year and not later than five years	158.40	192.96

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.

526 number of FCCBs were converted into 1,66,57,302 number of equity shares of ₹ 02/- each during the year. 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.

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, 2013.

As stated at Note No. 37, above, 354 numbers of 1% Foreign Currency Convertible Bonds Due 2010 were outstanding as at March, 31, 2013. 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, Indian 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 ₹ 9340.07 Lacs outstanding for a period of more than 12 months.

40 The company has given certain capital advances amounting to ₹ 41.49 crores 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, some IPRs are not taken by the company against the money already paid, and some IPRs 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 IPRs will be profitably used by the company in the future projects.

42 Regarding the other raw material, the Raw material of Rs.310.24 lacs which is valued at cost, are slow moving items for which no provisions is made.Management believes that the Material used in the future plan is highly advanced and will not become obsolete in the near future & Raw Material value onÿrealisation in the ordinary course of business at least equal to the amounts at which they are stated.

43 In the opinion of the Board of Directors, current assets, loans and advances have a value onÿrealisation in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in the accounts.

44 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.

45 The company has formulated a sheme of Financial restructuring to deal with current recession in the software industry, and the costs incurred on the product development and foreign curreny losses. Accordingly as per the scheme of arrangement Under section 100 to 103 read with section 78 of the Companies Act, 1956, The Hon'ble High Court of Judicature at Bombay, vide its Order dated 13th August, 2010 has sanctioned the scheme approved by members by the Special Resolution passed at the Extra-ordinary General Meeting held on 08th June, 2010 for utilization of ₹ 215.00 crores out of the balance standing to the credit of the Securities Premium Account for allocating and/or earmarking to adjust product development expenditure incurred/to be incurred, diminution in value of investments if any and loss arising on account of foreign exchange fluctuations. Accordingly, the resolution has been given effect to in the accounts of the Company to the tune of aggregating an amount of ₹ 196.80 crores in the financial year 2010-11 and balance ₹ 18.20 crores during financial year 2011-12.

	Particulars	Year ended 31st March, 2012	Year ended 31st March, 2013	Total
a)	Product Development Expenditure	-	-	-
	Diminution in value of investments	1,374.40	-	1,374.40
	Loss arising on account of foreign exchange fluctuations	445.73	-	445.73
	Total	1,820.13	-	1,820.13

b) Had the scheme not prescribed aforesaid treatment, the impact would have been as under:-

In the Profit and Loss Account	Year ended 31st March, 2012	Year ended 31st March, 2013	Total
Operating and Administrative Expenses	1,374.40	-	1,374.40
Other Income	(445.73)	-	(445.73)
Profit Before Taxation and Exceptional Items	(1,820.13)	-	(1,820.13)
Net(Loss)/Profit	(1,820.13)	-	(1,820.13)
EPS			
Basic (Rs.)	(0.73)	-	(0.73)
Diluted (Rs)	(0.73)	-	(0.73)
In the Balance Sheet			

Particular	Year ended 31st March, 2012	Year ended 31st March, 2013	Total
Reserves and Surplus			
Securities Premium Account	1,820.13	-	1,820.13
Profit and (Loss) Account	(1,820.13)	-	(1,820.13)

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

Signatures to Notes "1" to "46" 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: December 02, 2013

For and on behalf of the Board of Directors

Ranjit M Dhuru
Chairman & Managing Director

Nitin K Shukla
Director - Finance

C. G. Deshmukh
Company Secretary

Place: Mumbai
Date: December 02, 2013

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	109.58	519.67
5	Total Assets	264.11	1,720.06
6	Total Liabilities	1.00	723.94
7	Details of investment other than investment in subsidiary	-	-
8	% of holding	100	51
9	Turnover	-	51.51
10	Profit before taxation	(4.04)	(210.24)
11	Provision for taxation	(1.25)	-
12	Profit after taxation	(2.79)	(210.24)
13	Proposed Dividend	-	-
14	Country	INDIA	INDIA

AFTEK LIMITED

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

Reg. Folio No.. No. of Shares................................

DPID No. ....

Client ID No. ....

PROXY FORM

I/We...of.................being member/members of Aftek Limited hereby appoint .... of.............................or failing him ....of.............................. or failing him........................ ....of ....as my/our proxy to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on 31st December, 2013 and at any adjournment(s) thereof.

Affix
Revenue
Stamp

Signed this ....day of 2013

Note : The proxy form must be deposited at the Head Office of the Company at AFTEK LIMITED, 703-706, Makhija Chambers, 7th Floor, 196, Turner Road, Opp H. P. Petrol Pump, Bandra (West), Mumbai – 400 050 not less than 48 hours before the time of holding the meeting.

ATTENDANCE SLIP

26TH ANNUAL GENERAL MEETING

Name of the attending Member / Proxy (in block letters)

Member's Folio No. : No. of Shares held :

DPID No. :

Client ID No. :

I hereby record my presence at the 26th Annual General Meeting of Aftek Limited to be held at 10.30 a.m. on Tuesday, the 31st December, 2013 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025.

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Member's / Proxy's Signature

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

If Undelivered Please return to :

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