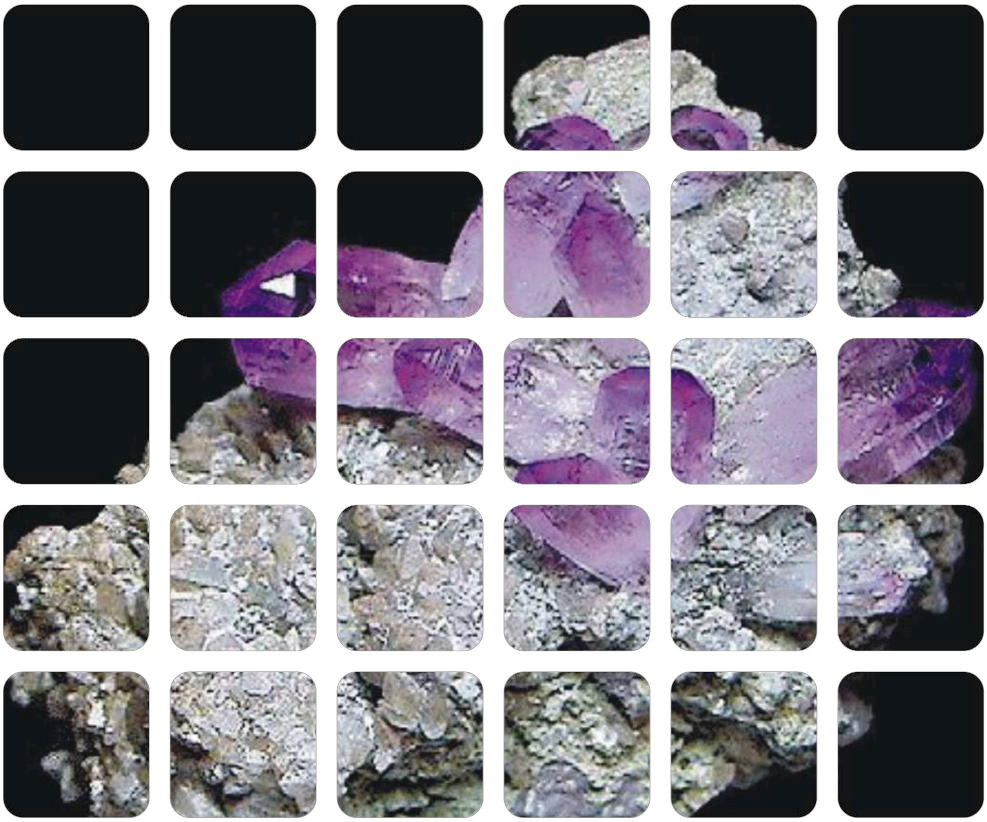
DRIVEN BY CHANGE

Aftek Limited



Annual Report 2006 - 2007

Financial snapshot

(Rs. in crores)

	FY'07	FY'06*	FY'05	FY'04	FY'03	FY'02	FY'01	FY'00
Total Income	339.19	202.86	198.00	140.50	99.36	67.44	50.71	20.81
Export Sale	329.73	191.30	191.36	134.37	91.54	57.37	40.92	15.86
Total Expenses	232.49	121.67	119.18	77.94	51.93	31.75	23.45	11.16
Operating Profit	106.70	81.18	78.82	62.56	47.43	35.69	27.26	9.65
Profit Before Tax	91.84	67.83	60.80	47.72	42.70	34.65	26.41	8.94
Profit After Tax	90.50	67.39	59.80	47.31	40.08	33.67	25.10	8.46
EPS (Rs.) Rs.10 per share	-	-	-	-	53.06	56.11	41.47	14.09
EPS (Rs.) Rs.2 per share – Basic	10.44	8.25	7.73	6.31	10.61	-	-	-
EPS (Rs.) Rs.2 per share – Diluted	9.81	8.15	7.68	6.31	-	-	-	-
Networth	621.59	538.30	459.44	280.18	238.58	132.04	101.52	78.29
Fixed Assets	99.06	12.69	24.04	40.44	43.83	8.47	9.46	5.81
Net Current Assets	403.85	406.35	374.40	178.35	132.84	114.53	81.91	64.58
Dividend Per Share (%)	50.00	50.00	50.00	50.00	50.00	35.00	25.00	20.00
Share Capital	17.45	17.14	15.00	10.00	10.00	6.00	6.00	6.00
Reserve & Surplus	564.55	463.50	314.86	270.18	228.58	126.04	95.52	72.29

*Comprising of a period of 9 months due to change of Financial Year to end on 31st March, 2006

Aftek Limited
2006-2007

BOARD OF DIRECTORS

MR. RANJIT DHURU	CHAIRMAN & MANAGING DIRECTOR
MR. NITIN K SHUKLA	WHOLE-TIME DIRECTOR
MR. MAHESH B.VAIDYA	WHOLE-TIME DIRECTOR
MR. SUNIL M DESAI	WHOLE-TIME DIRECTOR
DR. SSSP RAO	NON-EXECUTIVE DIRECTOR
MR. SHRIKANT INAMDAR	NON-EXECUTIVE 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. MAHESH B.VAIDYA	CTO
MR. SUNIL M DESAI	ED-Technology Solutions
MR. C V KHOPKAR	Sr Vice-President-Quality & HRD
MR. RAVINDRANATH MALEKAR	Sr Vice-President-Support
MR. MUKUL DALAL	Sr Vice-President-Smart Products
MR. DHANANJAY KULKARNI	Sr Vice-President-Engineering

COMPANY SECRETARY

C G DESHMUKH

REGISTERED OFFICE

"AFTEK HOUSE",
265, Veer Savarkar Marg,
Shivaji Park, Dadar,
Mumbai 400 028
Web-site:*www.aftek.com*

BANKERS

Bank of India
Gohil House, L J Road,
Mumbai 400 026

The Hongkong and Shanghai Banking Corpn Ltd.
Asha Mahal, 46/B Dr B G Deshmukh Marg,
Mumbai 400 026

AUDITORS

M/s V D Joshi & Co.,
Chartered Accountants,
2, Jai Ashirwad, Y R Tawde Road,
Dahisar (West), Mumbai 400 068

CONSOLIDATION ADVISORS

M/s Grant Thornton India Pvt Ltd
313 Ahura Centre,
82, Mahakali Caves Road,
Andheri (East), Mumbai 400 093

REGISTRARS & TRANSFER AGENTS

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

Message from the Chairman and CEO

Dear Shareholder,

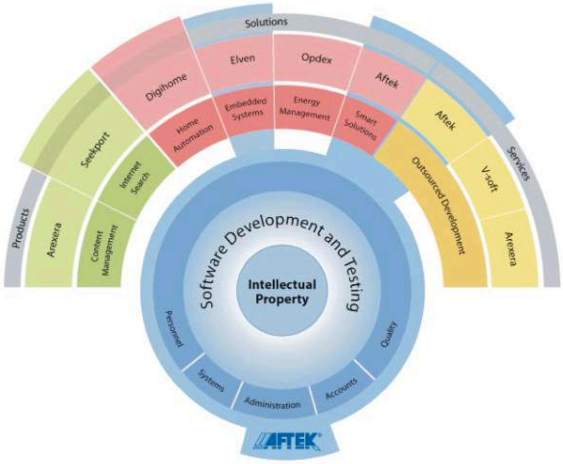
I have immense pleasure in presenting to you very impressive performance of your company during the financial year 2006-2007. Let me take this opportunity to not only discuss our financial performance, but also our business strategy of "Growth through consolidation", which has started delivering remarkable results for your company!

But first, financial performance for the financial year 2006-2007 in comparison to the previous year 2005-2006 which was a period of nine months. Net sales for 2006-2007 amounted to Rs 332.52 crores compared to Rs 193.29 crores in last year. Net profits amounted to Rs 91.84 crores compared to Rs 67.83 crores in the last year. You can find more details and analysis in the Management Discussions. Considering this performance and future challenges, the Board of Directors has recommended a dividend of 50%.

We had to delay our Annual General Meeting this year due to delayed completion of the legal merger process of Elven Microcircuits Private Limited and C2Silicon Software Solutions Private Limited. But the good news is that they have significantly increased revenues, profits, employees and clients of your company. These companies have been acquired from Elven Technologies Private Limited for 61,50,000 shares of your company. The merger is effective from 1st April, 2006.

Your company has significant exposure to global embedded market, which is expected to grow to US$ 88.1 billion by 2009 and 89.33% of this market is expected to be for Embedded ICs (Integrated Circuits) or VLSI (Very Large Scale Integration) [Source: BCC Research Group]. Your company has acquired these skills through the mergers. Your company is now geared up to aggressively target global embedded market. Besides the skills, the mergers have brought in renowned clientele from Japan and Asia-Pacific regions and physical presence in Bangalore, which is VLSI center in India, to your company.

The vision that we laid down 3 years ago and the strategy that we have followed has culminated into this "Growth through consolidation" for your company. Let me take you back to our business model that I had explained in the last Annual Report to illustrate our business strategy. The business model comprises blue organic core and green, pink and yellow inorganic shells. On reaching maturity, the shells either "Consolidate" with the core realizing "Growth" for your company, as in case of "Elven" or "Mature" out of the core realizing "Value" for your company, as in case of "Seekport" or "Digihome". I shall shortly touch upon Seekport and Digihome.



In many ways, the process of maturing, consolidation and growth is similar to very commonly known, natural phenomenon of "Crystallization" as illustrated on the front page of this Annual Report. During the process of crystallization, molecules "Consolidate" into stable clusters on reaching "Maturity" and subsequently clusters "Grow" in size forming "Structured" Crystals. Elven is such a "Mature", "Consolidated", "Grown" and "Structured" Crystal, whereas "Seekport" and "Digihome" are in the process of "Crystallization"! Your company shall produce more such "Crystals" in coming years.

Now, let me briefly touch upon developments in Seekport and Digihome. Your company has 24.75% stake in Seekport AG through its 100%-owned subsidiary, Arexera Information Technologies GmbH. Seekport AG has been listed on Frankfurt Stock Exchange. In coming 6 to 9 months, Seekport AG has plans for strategic investments followed by IPO (Initial Public Offering). Your company currently has 25% stake in Digihome Solutions Private Limited, but has planned to increase it to 51%. In coming 6 to 24 months, Digihome Solutions Private Limited is expected to seek strategic and technology investments, possibly followed by IPO. Both Seekport and Digihome are executing vibrant business.

Coming to Arexera, I had told you in our last Annual Report that your company was going to transfer its business and IPs from Germany to Switzerland for reduced taxation, increased profitability and securing IPs. This transfer is now complete. Arexera Information Technologies AG now focuses on business development, whereas Arexera Information Technologies GmbH focuses on technology development.

Arexera's Search Technology is amongst the best as regards efficiency, stability and scalability. Arexera has licensed its technology to a leading European provider of storage, backup, archival and compliance solution. The solution is being actively sold through a variety of OEMs and retailers across Europe and is likely to be introduced in North America and India. This shall result in significant license revenues for Arexera from 2008. This vindicates your company's vision and strategy of selling IP-based products, solutions and services. Arexera has also licensed its technology to Seekport and expects to get significant license and maintenance revenues from 2008.

Talking more about IP-based products, solutions and services, your company made significant investments for the development of a sponsored-links platform, “AdSpread”. Your company has licensed it to Seekport and looks forward to get significant license and maintenance revenues from 2008.

Your company has seen impressive “Growth through consolidation” in many client accounts. A global leader in semiconductors for wired and wireless communications from the USA has practically doubled its business engagement with your company. An upcoming company from the USA focused on developing imaging solutions for consumer electronics devices has established a sizable business engagement with your company. A leading automotive manufacturer from Europe continues to strengthen its business engagement with your company. A well-established company from Japan selling reconfigurable processors has proposed to significantly enhance its business engagement with your company. A global leader in semiconductors for storage, networking and display from Japan has established new vibrant business engagement with your company. All such business engagements are “Consolidating and growing” in the Embedded space. Your company has a remarkable clientele spread across North America, Europe and Asia-Pacific, including Japan.

Your company's strategic partnership with the leading provider of Automotive, Aerospace, Defense, Logistics and Telecommunications solutions form Europe has already resulted in tangible business. This long-term partnership has opened up doors for significant business from 2008. Your company is actively pursuing leads with a Tier-1 Automotive OEM and a leading provider of Defense solutions from Europe. Your company is also in discussions with 3 out of the top 10 Automotive manufacturers of the world. This strategic partnership has tremendous potential for business growth in coming years.

Your company has taken up the ambitious project of building state-of-the-art development center at Hinjewadi, near Pune, to provide working space for over 3,000 professionals. The development center is scheduled to be operational during 2008.

Now let me make you aware of the challenges that lie ahead of us and how your company is gearing up to face them. Weakening US$ poses a serious challenge. However, your company is making conscious efforts to increase European business and has renegotiated all major contracts for better rates and also provisions for exchange-rate-dependent rate escalations. Industry is posing growth challenges to all Small-and-Medium-sized-Businesses (SMBs) and key to success for them is to focus and specialize into niche offerings. With core competency in Communications, your company is focused on Embedded market in Wireless, Automotive, Multimedia and Transport verticals. To meet growth targets, your company is also increasing its direct sales presence in North America, Europe and Asia-Pacific regions. Retaining profit margins under constant global competition and rising employee costs is another challenge. Your company is investing into IPs (Intellectual Properties) and encouraging IP reuse across its products, solutions and services offerings. Your company is using Quality as a tool to control efforts, schedules and hence costs.

Having made you aware of the challenges let me give you the business outlook. As illustrated earlier, your company's business strategy of “Growth through consolidation” on Organic and Inorganic fronts has started delivering results. And with effective measures being taken to address various challenges, I am confident of healthy growth of your company's business in the areas of your company's competency, focus and verticals. You can find detailed business outlook in Management Discussions.

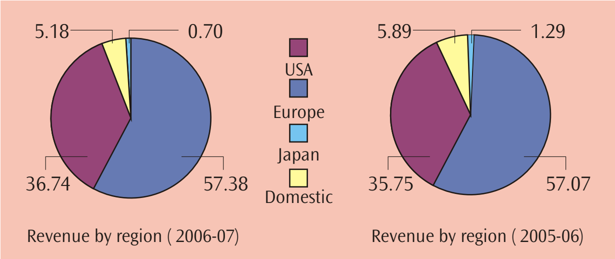
I would now like to thank my fellow directors for their strategic guidance, management for their tactical implementation, employees for their sterling performance and you, the shareholder, especially, for your continued support. Everyone has contributed significantly to and is an integral part of this exciting journey! I look forward to our continued association. Let me take this opportunity to wish you a very happy and prosperous 2008!

Yours truly,
Ranjit Dhuru.
Chairman and Chief Executive Officer.

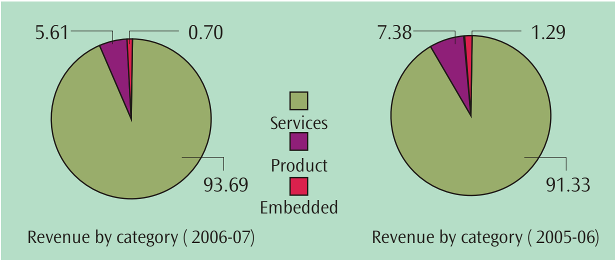
Management Discussion & Analysis

Dear Shareholder,
Your company's management is very pleased to present to you discussions on your company's performance for the financial year 2006-2007 and your company's plans for the financial year 2007-2008

Revenue analysis:



USA, Europe and Japan are the three major geographies that contribute to your company's business. Compared to last financial year 2005-2006, contribution from USA and Europe has increased against that from Japan and Domestic regions, which has decreased. Increase in contribution from Europe is more than that from USA and this is expected to rise further during financial year 2007-2008 due to strategic partnership of your company in Europe as mentioned in Chairman's message. Contribution from Japan is also expected to increase due to large business potential from the customer base acquired through mergers.

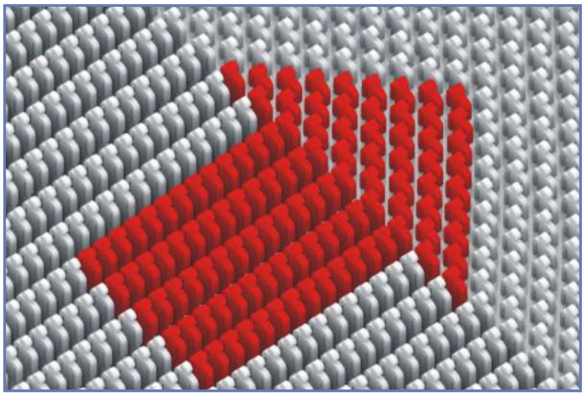


Services, Products and Embedded (Solutions) are the three major categories that contribute to your company's business. Compared to last financial year 2005-2006, contribution from Services had increased, whereas that from Products as well as Embedded (Solutions) has decreased. This is due to saturating market for some of your company's products. Although your company makes significant reuse of Intellectual Properties for providing Services and Embedded (Solutions), these revenues are not categorized as Product revenues. Revenues only from shrink-wrapped or out-of-the-box products are categorized as Product revenues. During financial year 2007-2008, license revenues from Arexera's Search technology are expected to rise.

Services offered by your company can be further categorized into product engineering services, product support services, product testing services and custom development services. Product engineering services make largest contribution, followed by product support services, custom development services and product testing services. Such Engineering Services have huge business potential and you should read Business outlook section for more details.

Your company makes significant reuse of Intellectual Properties for providing Services, Products and Embedded (Solutions) and as can be expected, the contribution is maximum in Products followed by Embedded (Solutions) and Services. In Services, product engineering services benefit the most, followed by custom development, product support and product testing services. This contribution ranges from a minimum of 5% to a maximum of 40% of efforts, which gives your company very high Average Revenue Per Person compared to its competitors.

People initiatives:



Projects, processes and people form the golden triangle of execution. Optimum performance is achieved by managing the equilibrium of this equilateral triangle. The vertex of projects is well supported by the base of processes and people.

Your company mostly employs engineers due to the engineering services it provides. Nearly 33% of them have masters, 58% have bachelors and only 9% have other professional qualifications. Highly qualified resources are one of the key strengths of your company. Your company also sponsors technology upgrade and certifications programs for employees. With the objective of attracting and retaining talent, your company offers stock options to employees based on performance and loyalty.

Passion, creativity and teamwork are the values your company cherishes and every Aftekian so proudly embraces! You can get a glimpse of creativity through internal, monthly newsletter, AForce. AForce carries contributions from employees and management, alike, on varied topics that include management, technology, literature, art, etc. The AForce forces the best out of all Aftekians! Your company regularly participates in annual inter-company sports. Passion and Teamwork are amply visible in the active representation. Winter sports are organized internally across all offices to promote interaction and bonding.

In today's stressful world, good health assumes critical significance. Your company organizes Annual Health Checkups for all employees and management. Such checkups have proved useful in detecting and resolving problems early. Your company also has group insurance policies for all employees.

Technology initiatives:

Your company already has and is planning several internal technology initiatives. These initiatives include technology presentations, conferences and seminars, paper presentations, etc. Participation in these events is actively encouraged, well recognized and handsomely rewarded.

Your company has vibrant partnerships with premier Academic Institutions for research and development projects, faculty training, student workshops, etc. This year, your company had hosted a 5-day workshop on Embedded Systems for 20 faculty members from 10 colleges under University of Pune. This was facilitated by Computer Society of India and supported by Wipro Limited and KPIT Cummins Infosystems Limited. Your company also arranges summer and winter trainings for college faculty.

Your company encourages and rewards filing of new patents. Your company continuously monitors and takes appropriate steps to avoid possible patent infringements. Your company also monitors new patent applications and contests infringing patents.

Your company has filed 3 patent applications and is in the process of filing more. The already filed patent applications are in the areas of automation, communication and telephony.

Business outlook:

Starting with NASSCOM's projections, let us draw your attention to some major emerging trends and opportunities for your company in the form of Engineering Services Outsourcing (ESO), especially Embedded Engineering Services.

NASSCOM's fact sheet shows extremely robust and upbeat IT services market. During financial year 2006-2007, exports in IT services have been US$ 31.4 billion, whereas exports in Engineering Services, Research and Development and Software Products have been US$ 4.9 billion. During financial year 2007-2008, NASSCOM projects exports in IT services market to reach US$39-40 billion, whereas those in Engineering Services, Research and Development and Software Products to reach US$ 6 billion. For years, your company is providing Product Engineering, Testing and Support services globally and this growth shows brilliant prospects for your company.

NASSCOM expects Americas and Europe to dominate export revenues with 67.18% and 25.13% contribution respectively. NASSCOM lists BFSI (Banking, Financial Services and Insurance), Technology, Telecommunications, Manufacturing and Retail to be top 5 verticals for export revenues. However, NASSCOM states expertise, security, infrastructure, operations and innovation as areas of major concern.

NASSCOM has identified ESO as the next largest opportunity. Global market for Engineering Services is expected to be US$ 1 trillion by 2020 and 25% of that market is expected to be outsourced. India has tremendous potential to increase its share 10 times from US$ 4.9 billion today to US$ 50 billion by 2020. Automotive, Aerospace, Technology, Telecommunications and Utilities are expected to be top 5 ESO verticals. However, Indian companies need to position themselves now as these verticals are maturing very fast. There is competition from Canada, China, Mexico and Eastern Europe, but language, culture, talent, security and democracy work strongly in India's favor. Deep domain knowledge and expertise are expected to be main challenges. Product engineering, testing and support services is your company's forte and this is a huge opportunity for your company.

Within ESO, Embedded Engineering Services is your company's niche. Embedded Engineering Services market is expected to be US$ 88 billion by 2009. Embedded ICs, systems and software are expected to contribute US$ 78, US$ 6 and US$ 4 billion respectively. Geographically, USA, Asia-Pacific, Europe and Japan are expected to have US$ 38, US$ 24, US$ 14 and US$ 12 share respectively. Computers, Consumer and Industrial Electronics, Telecommunications, Automotive and Medical are expected to be major verticals. Automotive, Consumer Electronics and Telecommunications verticals have the highest growth rates. With over 10 years of exposure to Embedded Engineering Services and recent merger with Elven Micro Circuits Private Limited and C2Silicon Software Solutions Private Limited, your company is in the best position to make most of this opportunity.

Summing it up, your company has an edge in Engineering Services and that too Embedded in nature, which happens to be the largest growth area. Your management shall try to “Consolidate” this position towards vibrant “Growth”.

Competitive analysis:

Competition is a good sign since it validates the opportunity. While the opportunity is much more than all competitors can together address, let us quickly look at what is the competition and where does it come from. Your company has developed a tool, “IntelliCompete”, which regularly tracks all information available about competitors on the Internet. Your company uses this tool to continuously monitor and analyze competition and takes appropriate steps to ensure that it always has enough Unique Selling Propositions (USPs) vis-à-vis rest of the competition.

Your company's competitors are listed companies with similar size, competencies and verticals. However, your company enjoys several USPs vis-à-vis each of them. Some of them are too widely or too narrowly focused, whereas others only offer services. Some lack VLSI capabilities, whereas others lack cutting-edge technology expertise. Very rarely is there any match for the combination of experience, size and attitude.

However, your company cannot and is not complacent. Continuous efforts are on to strengthen existing USPs and create new ones through technologies, verticals, business models, geographies, etc.

Critical success factors:

First critical success factor for Engineering Services is ability to build end-to-end solutions. This involves extensive domain knowledge of the vertical(s) and depth as well as breadth of cutting-edge, technological skills. Your company has both in the verticals discussed already. This involves continuous investments in technology, research, innovation and training and your company always take it up on priority.

Second critical success factor is ability to deliver end-to-end solution of highest quality, in specified budgets and schedules. This involves sophisticated yet flexible delivery processes. Your company has time and again proven this ability with many clients repeatedly. This involves continuous investments in systems and processes and your company continuously strives to better its systems and processes.

Third critical success factor is ability to cover entire value chain to deliver end-to-end solution and not just a piecemeal product. For Embedded Engineering Services, this extends from Semiconductor Manufacturers to Original Device Manufacturers (ODMs) to Original Equipment Manufacturers (OEMs) to finally System Integrators (SIs). Your company has already established significant relationships, including partnerships, with many companies in this value chain.

Risk factors:

Your company gets its business mainly from USA, Europe and Japan. Business from these geographies depends on local market conditions, economical environments, political inclinations, etc. Your company continuously monitors these parameters and makes necessary corrections to its marketing and sales strategies.

Your company has successfully handled organic and inorganic means of growth. However, inorganic growth through mergers and acquisitions has its inherent risks. However, your company has very well-defined pre-merger/acquisition, merger/acquisition and post-merger/acquisition processes. Various risks like legal, financial, business, etc. are continuously tracked and managed throughout the merger/acquisition process.

Your company buys, develops and reuses significant number of Intellectual Properties (IPs). While it is important to secure your own IPs, it is equally important to ensure non-infringement of others IPs. Your company has in place adequate measures to protect its IPs and is also considering necessary compliance certifications. Your company encourages filing of patents as described earlier. Your company conducts necessary search to ensure that other IPs are not infringed.

Product engineering, testing and support services involve working on cutting-edge technologies. Cutting-edge technologies pose their own risks in terms of very limited resource and talent base, possible instability, frequent changes, etc. Your company handles this risk with proactive research, in-house trainings and sheer experience of handling such technologies for last several years.

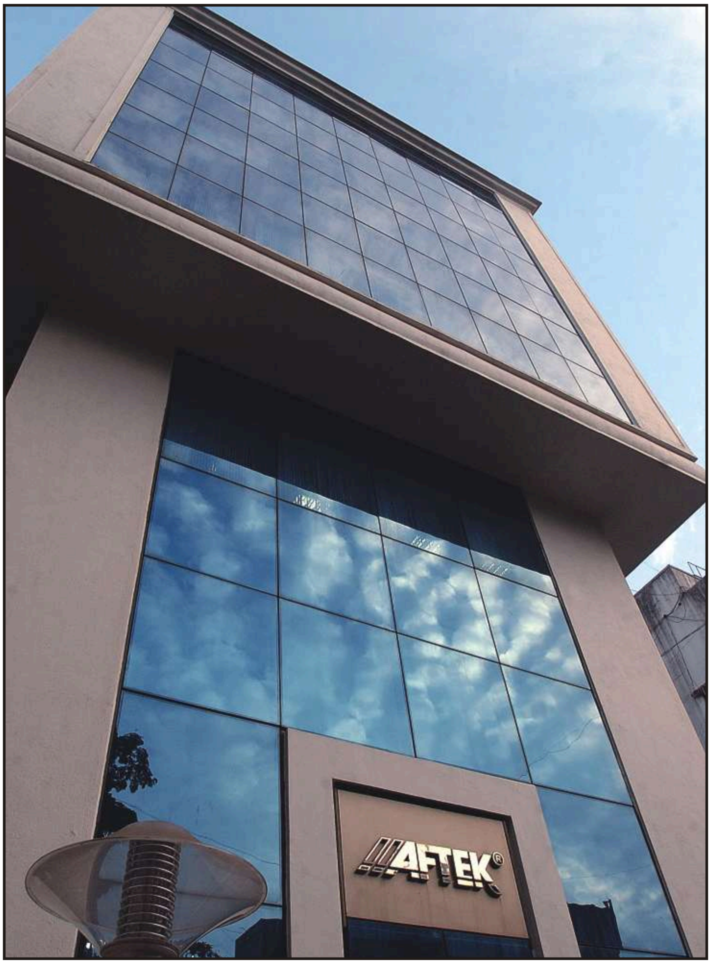
NASSCOM has already addressed the risk of discontinuing STPI (Software Technology Parks of India) scheme in the context of SMBs (Small and Medium Businesses). Although, SEZs (Special Export Zone) open new options, SMBs may not really get benefited due to cost and operational constraints. NASSCOM has taken this up with the Government of India and is hopeful of a fruitful outcome. Your company is also assessing other options in this regard.

Internal Control System:

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. The Company's internal control systems are supplemented by an internal audit program. The system of internal control of the Company is adequate considering the size and complexity of its business

Forward looking statements:

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 scenarios, 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.


AFTEK

CONTENTS

NOTICE is hereby given that the 20th Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Friday, the 28th December, 2007 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2007, the Balance Sheet as at that date and the reports of the Directors and the Auditors thereon.

2. To declare a dividend on the equity shares.

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

   "RESOLVED THAT Mr Shrikant Inamdar, 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 appoint a Director in place of Mr Mahesh Naik who retires by rotation, and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Mr V J Masurekar who retires by rotation, and being eligible, offers himself for re-appointment.

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

   "RESOLVED THAT M/s Walker, Chandiok & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of M/s V D Joshi & Co., the retiring Auditors of the Company, to hold the 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."

Special Business:

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

   "RESOLVED that Mr Mahesh Vaidya who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 30, 2007 and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing the candidature of Mr Vaidya for the office of Director of the Company, be and is hereby appointed a Director of the Company."

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

   "RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act, the Company hereby approves of the appointment and terms of remuneration of Mr Mahesh Vaidya as the Executive Director of the Company for a period of 5 years w.e.f. April 30, 2007, upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profits in any financial year, as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Vaidya.

RESOLVED FURTHER that the Board of Directors of the Company or a Committee thereof, be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

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

   "RESOLVED that Mr Sandip Save, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th November, 2007 and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing candidature of Mr Save for the office of Director of the Company, be and is hereby appointed a Director of the Company."

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

   "RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing from 1st April 2007."

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 : November 27, 2007

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 AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice of the Annual General Meeting.

3. Vide letter dated 27/08/2007 received from Government of India, Ministry of Corporate Affairs, Office of the Registrar of Companies, Maharashtra the Company has obtained extension of 90 days for holding the 20th Annual General Meeting.

4. All documents referred to in the accompanying Notice are open for inspection at the registered office of the Company on all working days, between 11.00 a.m. and 1.00 p.m. upto the date of the AGM.

5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 22nd December, 2007 to Friday, the 28th December, 2007 (both days inclusive).

6. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid to those shareholders whose names appear (i) as Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before 21st December, 2007 and (ii) as Beneficial Owners as at the end of the business hours on 21st December, 2007 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form.

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

8. Members are informed that, in order to avoid fraudulent encashment of dividend warrants, they should send to the Company under the signature of the Sole/First Joint holder the information relating to Name and Address of the Banker along with the PIN code and Bank Account Number to print on the Dividend Warrants. Members holding shares in dematerialized form and desirous of changing or correcting the bank account details should send the same immediately to the concerned Depository Participant.

9. Members desirous of availing the facility of Electronic Credit of Dividend are requested to send ECS Form attached to this Annual Report alongwith a photocopy of a cheque for verification of details to the Share Transfer Agents of the Company.

10. 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 30th June, 2000 and/or subsequent dividend payments are requested to make their claims to the Company.

11. Members holding shares in physical form and desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the shares held by them in the Company, can make the nomination in Form 2B.

12. 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.

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

14. 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 Annexure hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO 3

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 110 of the Articles of Association of the Company, M/s Shrikant Inamdar, Mahesh Naik and V J Masurekar retire by rotation at the ensuing Annual General Meeting. However, Mr Inamdar has informed the Company that he does not seek re-appointment. The Company does not propose to fill up the vacancy at this meeting or any adjournment thereof. Hence as required under Section 256 of the Companies Act, 1956 a resolution is proposed not to fill up the vacancy caused by the retirement of Mr Inamdar at this meeting or any adjournment thereof.

Mr Inamdar has been a Director of the Company since 27th March, 2002. The Board places on record its appreciation of the contributions made by Mr. Inamdar. Members' attention is invited to the Directors' Report.

ITEM NO. 6

Presently, the Company's accounts are being audited by M/s. V D Joshi & Co., Chartered Accountants. M/s. V D Joshi & Co. retire as Auditors at the conclusion of the 20th Annual General Meeting of the Company and in view of their preoccupation, have expressed their inability to offer themselves for re-appointment.

The Company has received Special Notice pursuant to section 225 read with section 190 of the Companies Act, 1956 from members of the Company, signifying their intention to propose the appointment of M/s. Walker, Chandiok & Co., Chartered Accountants, (Member Firm of Grant Thornton International) as the Auditors of the Company, in place of M/s V D Joshi & Co., the retiring Auditors.

M/s. Walker, Chandiok & Co. have expressed their willingness to be appointed as Auditors of the Company, and have also confirmed that the appointment, if made, would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Your Directors recommend the resolution for your approval. None of the Directors is concerned or interested in the said resolution.

ITEM NOS. 7, 8 & 9

The Board of Directors of the Company appointed Mr Mahesh Vaidya and Mr Sandip Save as Additional Directors of the Company with effect from April 30, 2007 and November 27, 2007, respectively. Under Section 260 of the Companies Act, 1956 ("the Act"), Mr Vaidya and Mr Save cease to hold office at this Annual General Meeting but are eligible for appointment as Directors. Notices under Section 257 of the Act have been received from Members signifying their intention to propose the appointments of M/s Vaidya and Save as Directors of the Company.

Details of Mr Vaidya and Mr Save are given in the Annexure attached to this Notice.

Further, the Board had also appointed Mr Vaidya as the Executive Director of the Company for a period of 5 years w.e.f. April 30, 2007, subject to the approval of the Members.

The Board of Directors at its meeting held on April 30, 2007, approved the terms of appointment and remuneration of Mr Vaidya as Executive Director of the Company, *inter alia*, on the following terms:

(i) Period of Re-appointment: Five years with effect from 30th April 2007

(ii) Remuneration :

A) Salary : In the pay scale of Rs 60,000/- to Rs 3,00,000/- per month with authority to the Board of Directors to fix the salary within the above scales from time to time.

B) Perquisites: In addition to the salary and commission payable the whole time director will be entitled to the following perquisites and allowances with authority to the Board of Directors to grant/alter or vary from time to time, the amount and type of perquisites & allowances, but within the overall limit, if any, prescribed under Schedule XIII of the Act, as amended from time to time.

Accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; club fees and leave travel concession for himself and his family; Personal Accident Insurance, medical insurance; and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the whole time director.

The perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules, at actual cost. Provision for use of Company Car for official purpose and telephone at residence (including for local calls and long distance official calls) shall not be treated as perquisites.

Contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in computation of limits for the remuneration of perquisites aforesaid.

The annual increment will be merit based and take into account the Company's performance.

C) Commission : Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable to Whole-time Director, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Act.

D) In the event of loss or inadequacy of profit in any financial year, the remuneration payable shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956.

E) The Agreement may be terminated by either party giving the other party three months' notice or the Company paying three months' salary in lieu thereof.

F) If the Whole-time Director of the Company for any cause whatsoever, ceases to be Director, he shall also cease to be the Wholetime Director and vice versa.

G) The Whole-time Director shall not have the following powers:

   a) the power to make calls on shareholders in respect of monies unpaid on their shares;
   b) the power to issue debentures;
   c) the power to borrow moneys otherwise than on debentures;
   d) the power to invest the funds of the Company in shares, stocks and securities; and
   e) the power to make loans.

H) The Whole-time Director shall maintain the secrets of the Company.

I) Any disputes between the parties will be referred to arbitration.

In compliance with the provisions of Sections 269, 309 and other applicable provisions of the Act read with Schedule XIII of the Act, the terms of appointment and remuneration specified above are now being placed before the Members for their approval. This may be treated as an abstract of the draft Agreement between the Company and Mr Vaidya pursuant to Section 302 of the Act.

The Directors commend the resolutions at Item Nos. 7, 8 and 9 of the accompanying notice for approval of the Members of the Company. Mr Vaidya is concerned or interested in the resolutions proposed at item nos. 7 and 8 of the Notice and Mr Save is concerned or interested in the resolution proposed at item no. 9 of the Notice of AGM.

ITEM NO. 10.

In view of the continuous and rapid expansion of the operations of the Company, the non-executive Directors, that is to say, the Directors other than the Managing and Whole-time Directors, of the Company are required to devote considerable time to its business affairs and the Company benefits substantially from their vast experience and mature guidance and advice. It would, therefore, be in fitness of things that, in addition to the sitting fees, if any, paid to them for attending the meetings of the Board of Directors of the Company and of the Committees thereof, such Directors are suitably rewarded by way of payment of commission, as proposed in the resolution at item no. 10 of the Notice.

Approval of the members for the proposed payment of commission is sought as required by the provisions of section 309(4) of the Companies Act, 1956. Since the said proposal may tantamount to or result in an increase in the remuneration payable to the said Directors, approval of the Central Government pursuant to section 310 of the Act, if and to the extent necessary, would be sought by the Company in due course.

All the Non-executive Directors may be deemed to be concerned or interested in the said resolution to the extent of the amount of remuneration by way of commission that may be received by them from time to time.

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: November 27, 2007

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 20TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Particulars	V J Masurekar	Mahesh Vaidya	Sandip Save	Mahesh Naik
Date of Birth	24/03/1954	01/06/1962	04/11/1958	01/02/1953
Date of Appointment	27/03/2002	30/04/2007	27/11/2007	27/03/2002
Expertise in specific functional area	Has been a Lawyer and Tax Consultant for over 28 years and has a financial and accounting background.	For the last 20 years, he has been working exclusively in the computer industry. His strengths are in cutting edge techologies including networking and graphics technology, in-depth knowledge about e-Business management and software product designing.	He has been associated with the computer industry for the last 23 years. He was responsible for production for about two decades with the Company	Has experience in the Information technology industry for about three decades and has skills in several programming languages and applications. Currently he specializes in the field of Operating Systems, Data Compression, Information Retrieval and Encryption. Mr.Naik also has extensive experience in large scale Demographic Survey, Data Collection and Result Presentation.
Qualification(s)	B.Sc., LL.B., Diploma in Tax Management	B.E. (Electronics and Telecommunication) and M.Tech (Computer Science and Engineering) from IIT, Bombay	B.Sc. D.C.M.(Bom)	BSC (Hons.) (Physics/Maths) degree plus PG Diploma in Software Computing Technique (PGDST) conducted by NCSDCT (presently known as CDAC) and VJTI
List of outside public companies in which Directorship held as on 31st March, 2007	Nil	Nil	Nil	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2007	Nil	Nil	Nil	Nil
Shareholding of Non-executive directors in the Company (No. of Shares)	25,000 equity shares	N.A.	1461960 equity shares	25,500 equity shares

To,

The Members,

Your Directors are pleased to present their 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2007. Members may kindly note that vide letter dated 27/08/2007 received from Government of India, Ministry of Corporate Affairs, Office of the Registrar of Companies, Maharashtra, the Company has obtained extension of 90 days for holding the 20th Annual General Meeting.

FINANCIAL PERFORMANCE

PARTICULARS	Amount (Rs. in lacs)	
	31/03/2007	31/03/2006 (nine months)
Turnover	33,252	19,329
Profit Before Depreciation	10,670	8,119
Less: Depreciation	1,486	1,336
Profit Before Tax	9,184	6,783
Less: Provision for Taxation	132	42
Profit After Tax	9,052	6,741
Transfer to General Reserve	1,200	1,000

DIVIDEND

Your Directors have recommended a dividend of Re 01/- per equity share of Rs.02/- each, for the year ended 31st March 2007. Dividend at the same rate is also recommended to be paid on those shares that may be allotted by the Company on conversion of 1% Foreign Currency Convertible Bonds Due 2010 and by exercise of stock options upto 22nd December, 2007 being the commencement date of the closure of the Company's Register of Members and Share Transfer Books.

BUSINESS REVIEW & FUTURE PROSPECTS

During the year under review, your Company has performed above expectations. In fact if your Company's performance is to be compared with its peers, both, in top-line as well as net-margin, it is evident that the growth in both areas is better than your Company's peers and your Company continues to grow as per the original forecast. And this is due to a very strategic maneuvering and effective execution of long-term planning. Your Company has increased its revenue from Europe to almost 37% and it is well known that Euro has gained rather than lost vis-à-vis INR. Due to the integration of Elven, business from Japan too has increased where Yen is holding on vis-à-vis INR

Your Company has successfully completed the merger of Elven Micro Circuits Pvt Ltd (Elven) and C2Silicon Software Solutions Pvt Ltd (C2) with your Company and accounts for the year under review reflect this integration. Elven and C2 have enhanced your Company's embedded skills by bringing embedded ICs or VLSI skills to your Company. Apart from marquee clients from Japan and US this merger has positioned your Company very strongly in the Embedded Engineering Services Market. Looking at Nasscom's report, it appears that this is the next biggest thing that is happening with maximum growth attributed to this sector. It is expected that Engineering Services would grow from the current US$ 4.9 billion to 50 billions by 2020. Automotive, Aerospace, Technology, Telecomm, Utilities are expected to be top 5 verticals in the Engineering Services Outsourcing.

It is no accident that your Company operates precisely in the areas of wireless telecommunication, automotive, technology and utilities. This has been the strategic vision and planned execution thereof which has positioned your Company favorably in these verticals. Your Company has major clients in each of these verticals with a strategic partnership with ESG of Germany for Automotive and Defense. The year 2008 is going to be a water-shed year for the Company as many of the verticals start maturing and scaling up of activities also starts occurring. To gear up to this requirement, your Company has invested into the infrastructure where a large facility to accommodate 3000 engineers is expected to be commissioned next year.

CHANGE OF NAME

Your Directors are pleased to inform that your Company has changed its name to "Aftek Limited" with effect from 24th October, 2006 pursuant to the resolution passed at the Annual General Meeting held on 29th September 2006 and after obtaining the requisite approvals.

MERGER

Elven Micro Circuits Private Limited (EMPL) and C2Silicon Software Solutions Private Limited (C2Silicon) were merged with the Company. The Appointed Date of the Merger is April 01, 2006. The petition for amalgamation of erstwhile EMPL and C2Silicon with your Company was sanctioned by Hon'ble High Court of Judicature at Mumbai on 10th August 2007 as well as by Hon'ble High Court of Judicature at Karnataka on 07th September, 2007. Accordingly, the effect of the said merger has been considered in the Annual Accounts of your Company for the year ended 31st March, 2007.

FINANCE

During the year under review, 300 numbers of 1% Foreign Currency Convertible Bonds Due 2010 of US$ 10,000 each (FCCBs) were converted into 1506581 numbers of equity shares. Thus, out of 3,450 numbers of FCCBs issued in 2005, a total number of 2570 FCCBs stand converted into GDRs/ equity shares resulting in the issuance of 12029471 equity shares and 880 numbers of FCCBs remained outstanding as on 31st March, 2007. No conversion of FCCBs has taken place during the period from 1st April, 2007 to 27th November, 2007.

Further, 41937 numbers of equity shares of Rs 02/- each were allotted during the year against exercise of an equivalent number of stock options.

In view of the above, the paid-up equity share capital has increased from Rs 17.14 crores to Rs 17.45 crores as on 31st March, 2007.

Pursuant to the aforesaid Scheme of amalgamation, on 22nd October 2007, the Company issued 61,50,000 equity shares in the ratio of 123 equity shares of Rs. 02/- each of the Company for every 100 equity shares of Elven Micro Circuits Private Limited. 100% of these shares have a lock-in period of one year from the date of listing and 25% of these shares have a lock-in period of three years from the date of listing.

39,69,200 numbers of Warrants, each instrument convertible into one equity share, allotted on 23rd November, 2005 to Promoters' Group on Preferential basis at a price of Rs.120.60 per Warrant, expired due to non-exercise of the entitlements within 18 months from the date of allotment. Accordingly, an amount of Rs.4,78,68,552/- received towards the subscription money @ 10% of the issue price of the Warrants has been forfeited.

DIRECTORATE

Mr. Promod Broota, Executive Director – Planning, stepped down from the Board with effect from 20th April, 2007. The Board records its appreciation of the contributions made by Mr. Broota during his tenure as an Executive Director.

Mr Mahesh Vaidya, Chief Technical Officer, was appointed as an Additional Director and as an Executive Director for a period of 5 years, effective from 30th April, 2007. Mr Sandip Save was appointed as Director with effect from 27th November 2007. In accordance with the provisions of the

Companies Act, 1956, Mr Vaidya and Mr Save, in their capacity as Additional Directors, cease to hold office at the forthcoming Annual General Meeting and are eligible for appointment as Directors.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. V.J.Masurekar, Mr. Mahesh Naik and Mr Shrikant Inamdar are liable to retire by rotation and are eligible for re-appointment. However, Mr Inamdar has conveyed his desire not to offer himself for re-appointment. Mr Inamdar has been a Director of the Company since 27th March 2002. The Directors place on record their appreciation of the contributions made by Mr Inamdar during his tenure as Director of the Company.

Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting and the Explanatory Statement thereto.

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, 2007, 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, 2007 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, 2007, on a 'going concern' basis.

FIXED DEPOSITS

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

SUBSIDIARY COMPANIES

Mihir Properties Pvt Ltd. and Aftek Sales & Services Pvt Ltd have not carried out any business during the year under review. Arexera InformationTechnologies GmbH ("Arexera") was fully integrated and became wholly-owned subsidiary of your Company in the previous year. Your Directors have pleasure in reporting that Seekport AG in which Arexera holds 24.75% stake by transfer of technology, has been listed on Frankfurt Stock Exchange. Further, Arexera InformationTechnologies AG also became a wholly-owned subsidiary of your Company during the year under review. Digihome Solutions Pvt Ltd in which your Company holds 25%, became subsidiary company in April 2006 by virtue of control of composition of its Board of Directors and ceased to be subsidiary in February 2007 in view of change in its financial year to end on 30th June, 2007. Your Company has plans to increase its stake in Digihome to 51% in due course. Opdex Inc. continues to explore business prospects in Energy sector in the USA.

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. V D Joshi & Co. the existing Auditors have expressed their inability to offer themselves for reappointment due to their preoccupation.

In view of the above, the Board of Directors felt it necessary to propose appointment of M/s Walker, Chandiok & Co., Chartered Accountants, (Member Firm of Grant Thornton International) as the Auditors of the Company, in place of M/s V D Joshi & Co.

M/s. Walker, Chandiok & Co. have conveyed to the Company their willingness and eligibility for appointment as Auditors of the Company. The Directors recommend the appointment of Auditors for the current year.

AUDITORS' REPORT

As regards Para3 of the Auditors' Report, item no. 13(iii) of Notes on Account is self-explanatory. With regard to Para 9 (c) of the Auditors'Report, the amount of Rs 3,31,043/-shown as contingent liability is on account of shortage of credit granted by Authorities towards TDS.

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 endeavours 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 9. & 8 of the Notes on Accounts.

OTHER DISCLOSURES

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

Pursuant to Clause 49 of the listing agreement entered into with the Stock Exchanges, the Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate 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 & MG. DIRECTOR

PLACE : MUMBAI
DATED : 27TH NOVEMBER, 2007

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, 2007.

SN	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.	55	25/03/1986	26	7,502,496	Self-employed
2	Mr. Nitin Shukla	Executive Director – Finance	B. Com.	50	25/03/1986	25	2,993,472	Accountant, Computer Shack
3	Mr. Sunil Desai	Executive Director – Technology Solutions	B.E. & M.M.S.	45	10/05/1986	24	2,993,472	Director, Aftek Digital Systems Private Limited
4	Mr. Promod Broota*	Executive Director – Planning	B.A. (Economics) & PGDSA	46	06/02/1992	21	2,993,472	Sales Executive, Computer Shack
5	Mr. Mahesh Vaidya	Chief Technology Officer	B.E. (Elec Comm), M.Tech, IIT, Bombay (Comp.Sc & Engg)	44	10/05/1995	20	2,993,472	Director, Aftek Digital Systems Private Limited
6	Mr. Dhananjay Kulkarni	Sr Vice President - Engineering	B.Sc. (Stats) & MCA	43	01/09/2005	21	3,337,753	Director, Starent Networks

* Ceased to be Director and Executive Director from 20th April, 2007

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 appointments are contractual.
3. The above employees are not relatives 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 : 27TH NOVEMBER, 2007

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999 as amended (as on 31st March, 2007)			
SR NO	PARTICULARS	AFTEK ESOP SCHEME 2004	
		Grants made in the year 2004-2005	Grants made in the year 2006-2007
A	Options granted	6,40,990	50,000
B	The pricing formula	Price determined on discounting by 20% the average of weekly high and low of the closing prices for the Company's equity shares on the BSE during the 26 weeks period prior to Grant Date or the closing price for the Company's shares on the BSE on Grant Date, whichever is lower.	
	Exercise Price	Grant Date : August 25, 2004-Rs56/- per share* Grant Date : October 28, 2004-Rs70/- per share**	Grant Date July 31, 2006-Rs 51.90 per share
C	Options Vested	338,010	Nil
D	Options Exercised	235,778	Nil
E	Total number of shares arising as a result of Exercise of Options	235,778	Nil
F	Options Lapsed	89,658	Nil
G	Variation of terms of Option	Nil	Nil
H	Money realised by exercise of Options	Rs 63.44 lacs	Nil
I	Total number of Options in force	315,554	50,000
J	Employee-wise details of Options granted to :-		
	i) Senior Managerial Personnel :		
	Mr Mahesh Vaidya	59,490	-
	Mr Sunil Desai	57,205	-
	Dr S S S P Rao	25,000	-
	Mr Shrikant Inamdar	25,000	-
	Mr V J Masurekar	25,000	-
	Mr Mahesh Naik	25,000	-
	Mr D R Kulkarni	-	50,000
	ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	NIL	NIL

	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil
K	Diluted Earnings Per Share (EPS) (as on 31st March 2007) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	Rs.9.81	
L	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS	The Company has calculated the employee compensation cost using the fair value of the stock options	
M	(i) Weighted average exercise price of Options (ii) Weighted average fair value of Options	Rs 57.83 Rs 50.20	
N	Method and significant assumptions used to estimate the fair value of Options	Method The fair value of Options has been computed under Black and Scholes Method. Significant Assumptions a) Exercise price : Rs.57.83 b) Expected life of Option : 3.28 yrs c) Stock Price : Rs. 80.86 d) Expected Volatility : 80.85% e) Expected Dividend yield : 1.25% f) Risk free rate of return : 6.21%	

* Exercise price revised to Rs 26/- for grant date 25/08/2004 on account of bonus issue of equity shares.

** Exercise price revised to Rs 40/- for grant date 28/10/2004 on account of bonus issue of equity shares.

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEME

We have examined the books of accounts and other relevant records of Aftek Limited (the Company) and based on the information and explanations given to us, certify that, in our opinion, the Company has implemented the Employee Stock Option scheme in accordance with SEBI (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the Company in General Meeting held on 29th December 2000.

V D Joshi & Co,
Chartered Accountants
V D Joshi
Proprietor
Mumbai, 27th November 2007

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 9 Directors with an optimum combination of Executive and Non-executive and independent directors. Since the Company has an executive chairman, over 50% of the Board of Directors are independent directors. Mr Promod Broota resigned from the Board with effect from 20th April, 2007. Mr Mahesh Vaidya, Chief Technology Officer of the Company was appointed as Whole-time Director effective from 30th April, 2007. Mr Sandip Save was appointed as Additional Director with effect from 27th November, 2007. 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 6 times during the year under review. The meetings of the Board of Directors were held on various dates as follows : 27.04.06, 31.07.06, 31.08.06, 30.10.06, 08.12.06 and 19.01.07. The maximum interval between two Board Meetings was 94 days.

(iii) Directors' attendance and directorships held as on 31/03/2007.

Name of Director	Category	No. of Board Meetings Attended	Attendance at AGM held on 29.09.2006	Directorship of other Company(ies)	No. of other Committees	
					Membership	Chairmanship
Mr. Ranjit Dhuru	CMD	6	Yes	4	NIL	NIL
Dr. S.S.S.P. Rao	NE	5	Yes	NIL	NIL	NIL
Mr. Shrikant Inamdar	NE	3	No	3	NIL	NIL
Mr. V. J. Masurekar	NE	6	Yes	3	NIL	3
Mr. Mahesh Naik	NE	6	Yes	NIL	NIL	NIL
Mr. Sunil Desai	ED	6	Yes	2	NIL	NIL
Mr. Nitin Shukla	ED	6	Yes	2	NIL	NIL
Mr. Promod Broota*	ED	5	Yes	2	NIL	NIL

*Ceased to be Director and Executive Director w.e.f. 20.04.2007

NOTE :

CMD	Chairman & Managing Director
ED	Executive Director
NE	Non-executive Director

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 3 directors, namely, Mr V J Masurekar, Mr Mahesh Naik, 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
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 there on.
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. The Company received 78 complaints during the year under review from the shareholders out of which, 77 complaints were disposed off to their satisfaction and the remaining 1 complaint was also resolved subsequently. No share transfers were pending as on 31st March, 2007.

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 31.03.2007:

(Amount in Rs)

Name	Salary	Allowances	Commission/Incentive	Sitting Fees
Mr. Ranjit Dhuru	2,250,000	3,376,872	-	-
Mr. Nitin Shukla	927,000	1,318,104	-	-
Mr. Promod Broota	927,000	1,318,104	-	-
Mr. Sunil Desai	927,000	1,318,104	-	-
Dr. S S S P Rao	-	-	-	100,000
Mr. Shrikant Inamdar	-	-	1,800,000	-
Mr. V J Masurekar	-	-	-	220,000
Mr. Mahesh Naik	-	-	-	220,000

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.
- Mr Mahesh Vaidya and Mr Sunil Desai were granted 59490 and 57205 numbers of stock options respectively on 25.08.2004 at an exercise price of Rs 56/- (later revised to Rs 26/- on account of Bonus Issue) with 25% of the options vesting every year, exercisable over a period of 2 years from vesting.

The details of shares/convertible instruments held by Non-executive Directors are as under:

(as on 31.03.2007)

Name	No of Shares Held	Stock Options Granted@	Warrants#
Dr. S S S P Rao	25,000	25,000	—NIL—
Mr. Shrikant Inamdar	25,000	25,000	—NIL—
Mr. V J Masurekar	25,000	25,000	—NIL—
Mr. Mahesh Naik	25,500	25,000	—NIL—

NOTE : The Non-executive Directors hold shares by exercise of their respective stock option entitlements. Mr Mahesh Naik in addition holds 500 shares as a result of open market purchase.

@ 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.

The Company does not have a Remuneration Committee. Subject to the approval of the Board and of the Company, in the General Meeting and such other approvals as may be necessary, the Managing/Whole-time Directors are paid remuneration as per the Agreements entered into between them and the Company.

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 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 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 29,2006 December 30, 2005 December 28, 2004	10.30 a.m. 10.30 a.m. 10.30 a.m.
Extra Ordinary General Meeting	The Queenie Captain Auditorium, The NAB -Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai 400 025.	November 09, 2005	10.30 a.m .
Court Convened Meeting	The Queenie Captain Auditorium, The NAB -Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai 400 025.	June 05, 2007	10.30 a.m.

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

At a Court convened meeting of shareholders held on 05th June 2007, the Scheme of Amalgamation of C2Silicon Software Solutions Pvt Ltd and Elven Micro Circuits Pvt Ltd with the Company was approved with requisite majority.

Annual General Meeting held on 29th September 2006 :

a) To approve the change of the name of the Company to 'Aftek Limited' and to alter the Memorandum of Association and Articles of Association of the Company accordingly.

Annual General Meeting held on 30th December 2005 :

a) To approve increase of investment limits for Foreign Institutional Investors upto 40 per cent of the ordinary Share Capital of the Company;

b) To approve payment of Commission to Mr Shrikant Inamdar, Non-executive Director, for the year ended 30th June 2005; and,

c) To authorise the Board of Directors for payment of Commission to Mr Shrikant Inamdar, Non-executive Director, for a period of four years, commencing from 1st July 2005.

Extraordinary General Meeting held on 9th November 2005 :

a) To amend the Articles of Association, consequent upon increase of Authorised Capital from Rs 20 crores to Rs 25 crores; and,

b) To authorise the Board of Directors to issue equity shares/warrants convertible into equity shares to Promoters, Directors etc, on preferential issue basis, aggregating to an amount not exceeding Rs 48.50 crores.

Annual General Meeting held on 28th December 2004 :

a) To approve appointment of Mr Shrikant Inamdar as Consultant, for a period of three years, effective from 1st January 2005;

b) To approve appointment of Mr Mahesh Naik as Consultant, for a period of three years, effective from 1st January 2005;

c) To amend the Articles of Association, consequent upon increase of Authorised Capital from Rs 15 crores to Rs 20 crores;

d) To authorise the Board of Directors to issue bonus shares in the proportion of one equity share for every two equity shares held; and,

e) To authorise the Board to issue securities, through international offerings, for the aggregate sum of USD 30 millions, with a Green Shoe Option of 15%.

All the matters as set out in the respective notices of the abovementioned General Meetings were passed by the Shareholders. No resolution was either required to be passed or 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 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 Economic Times newspaper in English and Maharashtra Times in Marathi.
2. A Report on Management Discussion and Analysis forms part of the Annual Report.
3. The Company has its own web site (*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 web site.
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 subsequently issues a Press Release on the said matters.

I. OTHER INFORMATION

i) Code of Conduct :

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

To the Shareholders of Aftek Limited

Sub : Compliance with Code of Conduct

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

Ranjit Dhuru
Chairman & Managing Director

Mumbai, November 15, 2007

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

Date	Friday, December 28, 2007
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	Saturday, 22nd December, 2007 to Friday, 28th December, 2007 (both days inclusive)
Dividend Payment Date	Within statutory period

2. FINANCIAL CALENDAR

Financial Year 2007-2008	
Quarter ending 30th June, 2007	July 2007
Quarter end ing 30th September, 2007	October 2007
Quarter ending 31st December, 2007	January 2008
Quarter ending 31st March, 2008	April 2008

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

SECURITY	NAME & ADDRESS OF STOCK EXCHANGE	SECURITY CODE	ISIN
Equity	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
Global Depository Receipts	Luxembourg Stock Exchange Société de la Bourse de Luxembourg, 11, av de la Porte-Neuve, L-2227 Luxembourg	Common Code : 016077470 CUSIP : 00831M106	US00831M1062 US00831M1062
1% Foreign Currency Convertible Bonds Due 2010	Luxembourg Stock Exchange Société de la Bourse de Luxembourg, 11, av de la Porte-Neuve, L-2227 Luxembourg	Common Code : 022232347	XS0222323478

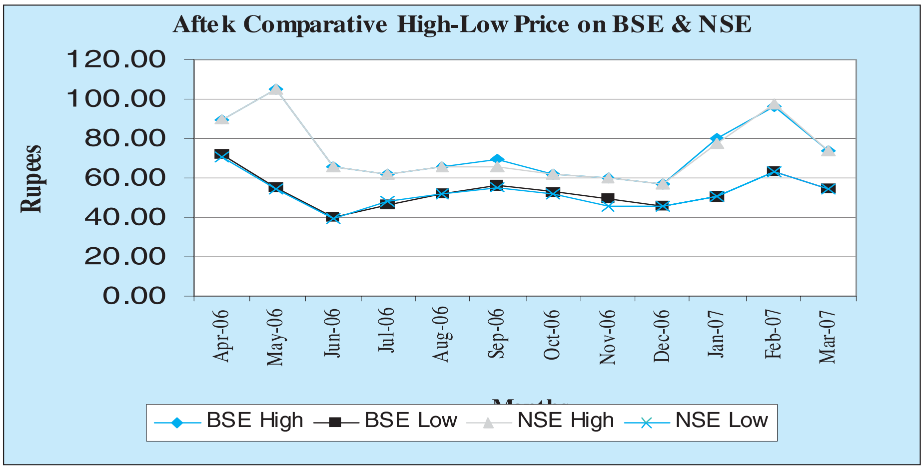
The listing fees for the Financial Year 2007-2008 have been paid to the Stock Exchanges.

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, 2007

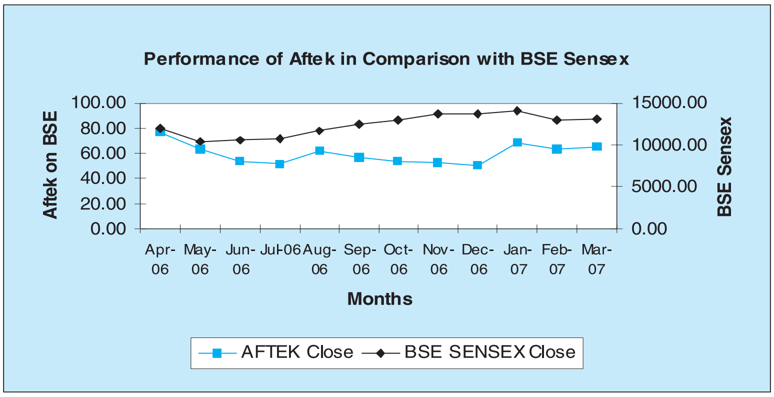
(in Rs.)

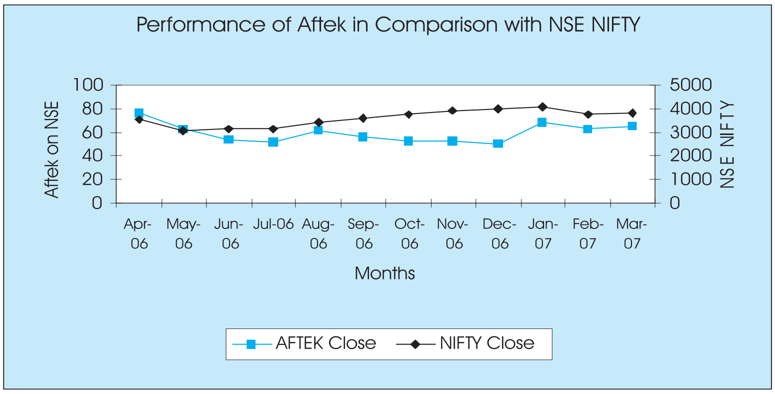
Months	BSE High	BSE Low	NSE High	NSE Low
Apr-06	90.00	72.00	89.95	70.50
May-06	104.95	55.30	104.90	54.70
Jun-06	65.50	39.70	65.80	39.30
Jul-06	61.30	46.80	61.30	48.00
Aug-06	65.95	52.00	66.00	52.10
Sep-06	70.00	56.05	65.50	55.35
Oct-06	61.40	53.10	61.40	52.30
Nov-06	60.00	49.40	59.90	45.55
Dec-06	56.90	45.65	56.90	46.00
Jan-07	80.00	50.80	77.70	50.70
Feb-07	96.30	63.30	97.25	63.25
Mar-07	73.25	54.50	73.40	54.55



(Source : BSE and NSE websites)

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





(Source : BSE and NSE websites)

6. **Registrars & Transfer Agents :**

M/s Bigshare Services Pvt Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072; Tel : 2847 3474 / 2847 0652 / 2847 0653 Fax : 2847 5207

7. **Share Transfer System :** The Company's shares are required to be compulsorily traded on the stock exchanges in dematerialzed 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

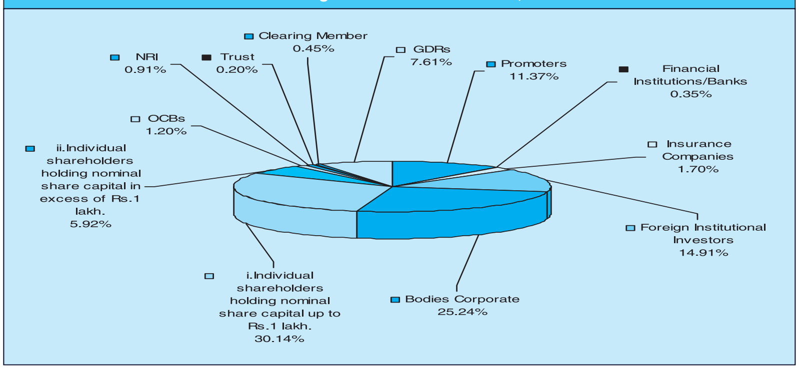
Distribution of Shareholding as on 31st March, 2007

Range		No of Shareholders	% of Total Holders	Total Holding	% of Total Capital
1	5000	54,303	96.28	3,40,33,154	19.50
5001	10000	1,080	1.91	79,67,780	4.57
10001	20000	501	0.89	74,59,154	4.27
20001	30000	157	0.28	39,06,730	2.24
30001	40000	68	0.12	24,66,594	1.41
40001	50000	48	0.09	22,05,054	1.26
50001	100000	109	0.19	77,49,564	4.44
100001	99999999	136	0.24	10,87,42,468	62.31
Total		**56,402**	**100.00**	**17,45,30,498**	100.00

Shareholding as on 31st March, 2007

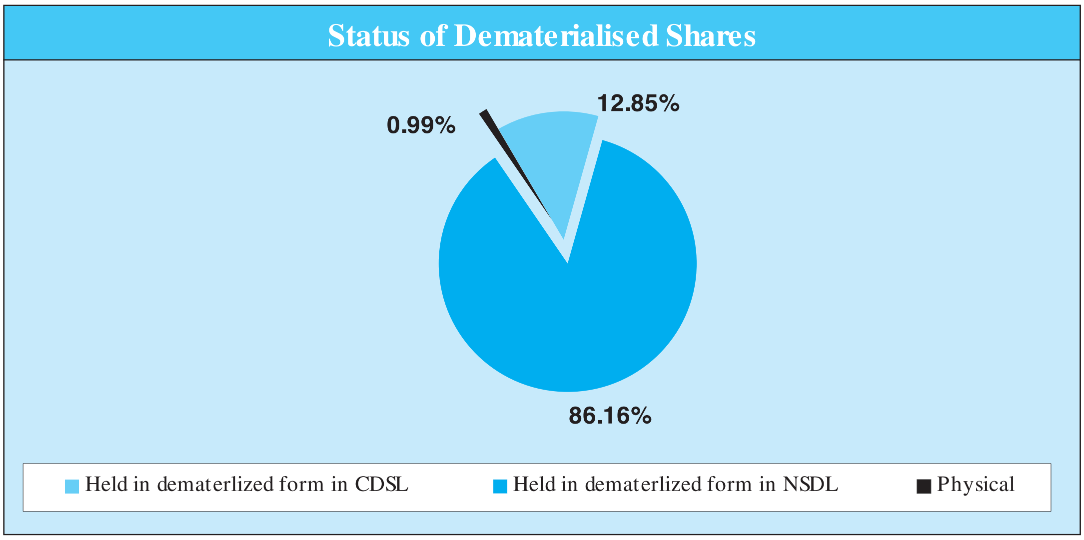
Category	No of Shares held	% of Paid-up Capital
Promoters	9921683	11.37
Financial Institutions/Banks	309546	0.35
Insurance Companies	1485376	1.70
Foreign Institutional Investors	13011480	14.91
Bodies Corporate	22029818	25.24
i.Individual shareholders holding nominal share capital up to Rs.1 lakh.	26300171	30.14
ii.Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	5162111	5.92
OCBs	1048331	1.20
NRI	790824	0.91
Trust	170900	0.20
Clearing Member	391224	0.45
GDRs	6643785	7.61
TOTAL	**87265249**	**100.00**

Shareholding Pattern as on March 31, 2007



9. Dematerialisation of Shares and Liquidity

As on March 31, 2007, 99.01 % of Company's total paid-up capital, representing 86405593 numbers of equity shares were held in dematerialised form and the balance 0.99 %, representing 859656 shares was held in paper form.



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

Outstanding Global Depository Receipts (GDRs) :

The Company had issued 13,33,100 GDRs on 07th February, 2003 at a price of US$ 11.25, per GDR with each GDR representing 3 equity shares of Rs.10/-. These GDRs are listed on Luxembourg Stock Exchange.

Pursuant to Special Resolution passed at the Annual General Meeting held on 29th December, 2003, equity shares of Rs.10/- each were sub-divided into smaller denomination of Rs.02/- for which Company had fixed 29th January, 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 28th December, 2004, Bonus Shares in the proportion of one equity share for every two equity shares held on the Record Date of 28th January, 2005 were allotted on 31st January, 2005 resulting in increase in the number of GDRs.

2214595 numbers of GDRs representing 6643785 equity shares were outstanding as at 31st March, 2007.

As stated below, 880 numbers of 1% Foreign Currency Convertible Bonds Due 2010 (FCCBs), were outstanding as on November, 27, 2007. In the event these FCCBs are converted into GDRs, it would result into issuance of 1699734 numbers of GDRs representing 5099202 numbers of equity shares.

Outstanding FCCBs :

The Company had raised US$ 34.5 millions through an issue of 3000 numbers of 1% Foreign Currency Convertible Bonds Due 2010 of US$ 10,000 each ("FCCBs") in June 2005 followed by 450 numbers of additional FCCBs in July 2005 on account of exercise of greenshoe option of 15%. These FCCBs are listed at Luxembourg Stock Exchange. The FCCBs bear interest @ 1% per annum with redemption at 128.25% of their principal amount. At the option of the Bondholders FCCBs are convertible into Shares/Global Depository Receipts ("GDRs") at the revised conversion price of Rs 75.20 per share effectve from 25th June 2006 (initial conversion price being Rs 94/- per share) pursuant to the provisions of the Trust Deed executed in respect of the FCCBs During the year ended 31st March, 2007, 300 numbers of FCCBs were converted into 1506581 numbers of equity shares. Further, during the period from 1st April, 2007 to 27th November, 2007, no FCCBs have been converted into GDRs/ equity shares. All the outstanding 880 numbers of FCCBs, if converted into GDRs/equity shares at the reset Conversion Price of Rs 75.20 per share, would result into issuance of additional 5099202 numbers of equity shares of Rs 02/-each.

Outstanding Warrants :

39,69,200 numbers of Warrants convertible into one equity share each, allotted on 23rd November, 2005 to Promoters' Group on Preferential basis at a price of Rs.120.60 per Warrant, expired due to non-exercise of entitlements within 18 months from the date of allotment. Accordingly, an amount of Rs.4,78,68,552/- received towards the subscription money @ 10% of the issue price of the Warrants, stands forfeited.

Outstanding Stock Options :

The Company has granted 690990 numbers of stock options to employees and directors, as per details given in Annexure "B" of the Directors' Report. 94707 numbers of vested stock options were outstanding as on 31st March 2007.

11. Plant Locations

Software Centre – I
Muttha Symphony,
City Survey No. 129 D/A,
Plot No. 69/4, Erandwane,
Law College Road,
Pune – 411 004.

Software Centre – II
Pawan Complex, Survey No. 45/8, 9/B,
3rd Floor, Shila Vihar Colony,
Off Karve Road, Kothrud,
Pune – 411 038.

Software Centre – III
Pralhad Arcade,
50/24, Bhakti Marg,
Off Law College Road,
Pune – 411 004.

Software Centre – IV
3rd Floor, Chambers@Mantri,
10, Richmond Road,
Bangalore – 560025.

Works
A/19/2, MIDC, Chincholi,
Solapur - 413 255.

12. Address for Correspondence

AFTEK LIMITED

"Aftek House", 265, Veer Savarkar Marg,
Shivaji Park, Dadar, Mumbai - 400 028.
Tel No : 91-22-24454016
Fax : 91-22-24446330

Shareholders' correspondence should be directed to the Company's Registrar and Transfer Agents, 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 : 2847 3474 / 2847 0652 / 2847 0653
Fax : 2847 5207

Investor Grievances

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

AUDITORS' CERTIFICATE

To
The Members,
AFTEK LIMITED

We have examined the compliance of conditions of Corporate Governance by Aftek Limited (the Company) for the year ended 31st March 2007, 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 Registrars & Share Transfer Agents of the Company have certified that as on 31st March 2007, there was one investor complaint pending, which was subsequently resolved.

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

FOR **V.D. JOSHI & CO.**
CHARTERED ACCOUNTANTS

Sd/-
V.D. JOSHI
PROPRIETOR

PLACE : MUMBAI
DATE : 27th November 2007

1 We have audited the attached Balance Sheet of **AFTEK LIMITED** as at **31st March, 2007** and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto.These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraph 4 & 5 of the said order.

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

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

   b. In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books;

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

   d. In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement comply with the accounting standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956.

   e. According to information and explanations given to us and on the basis of written representation received from the directors, taken on record by the Board of Directors of the company, no director is disqualified as on **31st March, 2007** from being appointed as director in terms of clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.

   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes contained in **Schedule-M** thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:-

      i. in the case of Balance sheet, of the state of affairs of the Company as at 31st March,2007

      ii. in the case of Profit & Loss Account, of the profit for the year ended on that date and,

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

FOR V.D.JOSHI & CO.

Chartered Accountants

(V.D.JOSHI)

Proprietor

Membership No.043340

Mumbai, 27th November, 2007,

(Referred to in paragraph 2 of the Auditors' Report of even date to the members of Aftek Ltd. for the year ended 31st March, 2007.)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

   (b) There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the Company and nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.

   (c) The Company has not disposed off substantial part of fixed assets during the year.

2. (a) Inventories have been physically verified during the year by the management . In our opinion the frequency of the verification is reasonable.

   (b) The procedures of physical verification of stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.

   (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and books records were not material and have been properly dealt with in the books of accounts.

3. In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanation given to us :

   (a) The Company has not taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

   (b) The Company has granted interest free loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.3,07,89,240/- and the year end balance of such loan granted to a company was Rs.40,62,724/-

   (c) As there are no terms & conditions fixed on loan granted to a company covered in the register maintained under Section 301 of the Companies Act, 1956, we have not made any comments whether other terms and conditions of loan given are prima-facie prejudicial to the interest of the company. However no interest is charged on such loan, we are in opinion that it is prima-facie prejudicial to the interest of the company.

   (d) As there are no stipulation for repayment of loan and interest, we have not made any comments whether repayment of principal amount and interest are regular.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of stores, raw materials including components, packing materials, plant and machinery, equipment and other assets and with regard to sale of goods. There is no major weakness in the internal control procedures.

5. (a) According to the information and explanations given to us, all the transactions with parties covered under section 301 of the Companies Act, 1956 have been properly entered in the register maintained under section 301 of the Companies Act, 1956.

   (b) In our opinion, and according to the information and explanations given to us, there are no transactions of purchase of goods, materials or services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during year to Rs.500,000 or more, in respect of each party.

6. The company has not accepted any deposit from the public, attracting the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

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

8. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the product manufactured by the company.

9. (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax/VAT, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues as applicable to it.

   (b) According to the information and explanations given to us no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax/VAT, Custom Duty, Excise Duty, Service Tax and Cess and other material statutory dues applicable to it were in arrears as at 31st March, 2007, for a period of more than 6 months from the date they become payable

   (c) As per information and explanations given to us no disputed amounts were payable outstanding as on 31st March, 2007, except the following that have not been deposited on account of any dispute:

Name of the Statute	Nature of Dues	Amount Rs.	Period to which the amount relates	Forum Where Pending
Income-Tax Act, 1961	Income-tax	331043	Asst. Year 2005-06	Dy. Comm. Of Income tax.

10. The Company has not incurred cash loss in the current year and in the immediately preceding financial year and there are no accumulated losses in the Balance Sheet as at 31st March, 2007.

11. According to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to any financial institutions, banks or debenture holders.

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. As the Company is not a chit fund, nidhi, mutual benefit fund or society, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

15. As per the information & explanation given to us, the company has given a guarantee for loan taken by other from bank and in our opinion the terms & conditions whereof are not prejudicial to the interest of the company.

16. According to information and explanations given to us, the Company has not taken any term loan during the year.

17. According to information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment

18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. As the company has no debentures outstanding at any time during the year, paragraph (xix) of the Order is not applicable to the company.

20. The company has disclosed the details of utilization of money raised by issue of Foreign Currency Convertible Bonds in the previous year by way of note no.19 of Schedule M.

21. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR V.D. JOSHI & CO.
Chartered Accountants

(V.D. JOSHI)
Proprietor

Mumbai, 27th November, 2007,

BALANCE SHEET as at 31st March ,2007

	SCH		As At 31st March '07 Rs.	As At 31st March '06 Rs.
SOURCES OF FUNDS				
SHAREHOLDERS' FUND				
Share Capital	A		174,530,498	171,433,462
Partly Paid Warrants (See Note 16 of Schedule M)			-	47,868,552
Share Capital Suspense	A-1		12,300,000	-
Reserves and Surplus	B		5,633,244,176	4,635,044,600
LOAN FUND	C			
Secured Loans		10,690,585		227,047
Unsecured Loans		385,180,000		528,404,000
			395,870,585	
	TOTAL Rs.		**6,215,945,259**	**5,382,977,661**
APPLICATION OF FUNDS				
FIXED ASSETS	D			
Gross Block		1,455,680,973		608,755,773
Less: Depreciation		632,971,110		496,170,558
Net Block		822,709,862		112,585,215
Capital Work-in-Progress		167,934,946		14,348,929
			990,644,808	126,934,144
INVESTMENTS	E		1,185,105,931	1,184,030,931
DEFERRED TAX ASSETS			-	-
CURRENT ASSETS, LOANS & ADVANCES	F			
Inventories		2,123,594		1,868,868
Sundry Debtors		857,108,512		819,226,206
Cash & Bank Balances		3,010,141,421		3,308,059,857
Loans, Advances & Deposits		496,475,967		315,807,160
		4,365,849,494		4,444,962,092
LESS: CURRENT LIABILITIES & PROVISIONS	G	327,363,228		381,490,777
Net Current Assets			4,038,486,266	4,063,471,315
Miscellaneous Expenditure (To the extent not written off or adjusted)	H		1,708,254	8,541,272
	TOTAL Rs.		**6,215,945,259**	**5,382,977,661**
Notes on Accounts	M			

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

V.D. JOSHI
Proprietor
Mumbai, 27th November, 2007

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, 27th November, 2007

PROFIT & LOSS ACCOUNT for the Year Ended 31st March, 2007

	SCH		2006 - 07 Rs. (Twelve Months)	2005 - 06 Rs. (Nine Months)
INCOME:				
Sales	I		3,325,190,063	1,932,906,972
Other Income	J		66,738,115	95,671,787
	TOTAL INCOME Rs.		**3,391,928,178**	**2,028,578,759**
EXPENDITURE:				
Cost of Revenues & Employees Cost	K		2,134,486,030	1,150,770,437
Selling, Administrative & Other Expenses	L		190,395,255	65,961,874
Depreciation	D		148,630,967	133,568,285
	TOTAL EXPENDITURE Rs.		**2,473,512,252**	**1,350,300,596**
Profit before Extra Ordinary Items, Prior Period Adjustments & Tax			**918,415,926**	**678,278,163**
Extraordinary Item			-	-
Profit before Prior Period Adjustments & Tax			**918,415,926**	**678,278,163**
Provision for Current Tax		12,400,000		3,500,000
Provision for Deferred Tax		-		-
Fringe Benefit Tax		831,562		699,328
			13,231,562	4,199,328
Profit before Prior Period Adjustment			**905,184,364**	**674,078,835**
Less : Prior period adjustment			163,946	131,638
Profit After Tax			**905,020,418**	**673,947,197**
Add: Balance Brought forward from Previous Year			2,116,944,041	1,641,838,373
(Short)/Excess Provision for Taxation of earlier years			86,739	-
Amount Available for Appropriation			**3,022,051,198**	**2,315,785,570**
Less: Proposed Dividend			93,472,050	86,647,050
Tax on Dividend			13,237,979	12,152,248
Trfd. to General Reserve			120,000,000	100,000,000
Dividend and Dividend Tax For 04-05			19,074	42,231
Profit transferred to Balance Sheet			**2,795,322,095**	**2,116,944,041**
Basic Earnings Per Share of Rs. 2/- each			**10.44**	**8.25**
Diluted Earning Per Share of Rs. 2/- each			**9.81**	**8.15**
(Refer Note 11 of Schedule M)				
Notes on Accounts		M		

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

V.D. JOSHI
Proprietor
Mumbai, 27th November, 2007

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary
Mumbai, 27th November, 2007

CASH FLOW STATEMENT for the Year Ended 31st March, 2007

	2006 - 2007 (12 Months) Rs.	2005 - 2006 (9 Months) Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax, prior period adjustment and after extraordinary item	918,415,926	678,278,163
Adjustments :		
Depreciation	148,630,967	133,568,285
Miscellaneous Expenditure Written Off	6,833,017	5,124,763
Provision for employee benefits (Net)	406,890	376,935
Employee Compensation (ESOP)	3,250,791	7,053,161
Unrealised foreign exchange (gain)/loss	90,049,302	(49,353,963)
Loss on sale/discard of Fixed Assets	61,161	526,246
Provision for Doubtful Debts / Advances	87,192	(21,802)
Provision for Doubtful Debts converted to Bad Debts	-	(131,148)
Interest Income	(61,785,944)	(28,680,088)
Operating Profit Before Working Capital Changes	**1,105,949,302**	**746,740,551**
Adjustments for (Increase)/Decrease in :		
Trade & other receivables	(2,463,020)	(349,095,405)
Inventories	(254,726)	211,266
Trade Payables	(150,840,566)	140,128,555
	952,390,990	537,984,967
Prior Period Item	(163,946)	(131,638)
Direct taxes paid (Including Advance Tax and Net of Refund)	(13,231,562)	(8,434,600)
	938,995,482	529,418,729
Extra ordinary Items	-	-
Net Cash Generated From Operating Activities	**938,995,482**	**529,418,729**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets *	(1,001,457,786)	(21,306,717)
Sale of Fixed Assets	10,648	652,245
Investment in wholly owned subsidiary	(1,075,000)	(548,155,885)
Investment in others	-	(40,982,433)
(Increase)/Decrease in Loans & Advances to Subsidiaries & Affiliates	(194,012,838)	(59,170,210)
Advances for Acquisition of Shares	(1,399,450)	(20,005,272)
Interest income	70,290,746	34,464,272
Net Cash From Investing Activities	**(1,127,643,680)**	**(654,503,999)**

	2006 - 2007 (12 Months) Rs.	2005 - 2006 (9 Months) Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Foreign Currency Convertible Bonds	-	194,085,000
FCCB Expenses	-	(67,206,790)
Shares issued under ESOP	83,874	5,159,958
Proceeds from Secured Loan	10,613,157	-
Repayment of Secured Loan	(149,619)	(107,936)
Proceeds from unsecured Loan	1,500,000	-
Application Money for Warrants	-	47,868,552
Interest Paid	(8,504,802)	(5,784,185)
Dividend Paid (Incl Tax on Dividend)	-	(95,966,615)
Net Cash From Financing Activities	**3,542,610**	**78,047,985**
D. Net increase/(Decrease) in Cash & Cash equivalents (A+B+C)	**(185,105,588)**	**(47,037,285)**
Cash & cash equivalents at the beginning of the year	**3,308,059,857**	**3,280,850,044**
Cash & cash equivalents at the end of the year	**3,122,954,269**	**3,233,812,760**
Add: Unrealised Foreign Exchange Loss on cash & Cash Equivalent	112,812,848	74,247,099
Cash & cash equivalents at the end of the year as per Accounts	**3,010,141,421**	**3,308,059,857**

1 Figures in bracket represents outflow.

2 Previous year's figures have been regrouped whereever necessary.

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

V.D. JOSHI
Proprietor
Mumbai, 27th November, 2007

C. G. DESHMUKH
Company Secretary
Mumbai, 27th November, 2007

		As At 31st March '07 Rs.	As At 31st March '06 Rs.
SCHEDULE A: SHARE CAPITAL			
Authorised			
125,000,000 Equity shares of Rs. 2/- each		250,000,000	250,000,000
Issued, Subscribed & Paid Up			
87,265,249 (PY85,716,731) Eq.Shares of Rs.2/- each fully paid up		174,530,498	171,433,462
TOTAL Rs.		**174,530,498**	**171,433,462**

Notes :

1. Of the above equity shares, following were alloted :
   A) as fully paid Bonus Shares :
      1,750,000* in 1994 - 95 by capitalisation of General Reserve
      25,000,000 in 2004 - 05 by capitalisation of General Reserve.
   B) 12029471(PY10522890) equity shares on conversion of 2570 (PY 2270) FCCBs 235,778 (PY 193,841) against exercise of Stock Options under Employees Stock Option Scheme, 2004
2. 66,43,785 (PY 14,539,035) equity shares of Rs.2/- each fully paid up represent 22,14,595 (PY 4,846,345) Global Depository Receipts ("GDRs"). Originaly 3,999,300 shares of Rs.10/- each, were issued underlying 1,333,100 GDRs by way of GDR Offering in the year 2003 by the Company.)
3. Under Aftek Employees Stock Option Scheme the company has granted (net of options lapsed) : 407,491 (PY 594907) Options in 2004 - 05, of which 41,937 (PY 193841) vested Options# have been exercised.

* Consequant upon sub-division of shares from Rs.10/- to Rs.2/-

Each Option entitles the holder thereof to apply for and be alloted 1 ordinary share of the face value of Rs.2/- each

		As At 31st March '07 Rs.	As At 31st March '06 Rs.
SCHEDULE A-1: SHARE CAPITAL SUSPENSE			
6,150,000 shares of Rs.2 each fully Paid up to be 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 (See Note 20 of Schedule M)		12,300,000	-
TOTAL Rs.		12,300,000	-
SCHEDULE B : RESERVES & SURPLUS			
General Reserve :			
Opening Balance	365,859,952		265,859,952
Add : Addition	136,798,858		100,000,000
		502,658,810	365,859,952
Share Premium :			
Opening Balance	2,138,725,966		1,226,032,575
Add:Addition	131,024,198		981,312,801
Less : FCCB Express Written off	-		68,619,410
		2,269,750,164	2,138,725,966
Capital Reserve			
Opening Balance	336,210		336,210
Add : Forfieture of Application money of Warrants	47,868,552		-
		48,204,762	336,210
Employee Stock Options			
Employee Stock Options Outstanding	13,178,431		22,063,551
Less : Deferred Employee Compensation Expenses	(1,038,817)		8,885,120
		14,217,248	13,178,431
Foreign Currency Translation Reserves		3,091,097	-
Profit & Loss Account		2,795,322,095	2,116,944,041
TOTAL Rs.		**5,633,244,176**	**4,635,044,600**
SCHEDULE C : LOAN FUND			
SECURED LOANS			
ICICI Bank Car Loan		77,428	227,047
(Secured by hypothecation of Motor Car)			
Bank of India Bill Discounting		9,708,500	-
(Secured by hypothecation of Book Debts and PersonalGuarantee of Director)		-	
Bank CC Accounts		904,657	-
(Secured by mortgage of building owned by subsidiary Mihir Properties P.Ltd.)			
TOTAL Rs.		10,690,585	**227047**
UNSECURED LOANS			
1% Foreign Currency Convertible Bonds Due 2010 (880(PY1180) FCCBs Of US $ 10000/- each)		383,680,000	528,404,000
Loans from Director		1,500,000	-
TOTAL Rs.		**385,180,000**	**528,404,000**

SCHEDULE D: FIXED ASSETS

Amount in Rupees

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/06	Additions	Sale/ Removed	Total 31/03/07	Upto 31/03/06	Sale/ Removed	During the Year	Total 31/03/07	As at 31/03/07	As at 31/03/06
TANGIBLE ASSETS										
1. Leasehold Land	10,112,650	-	-	10,112,650	54,313	-	106,452	160,765	9,951,885	10,058,337
2. Plot of Land	16,201,320	561,800	-	16,763,120	-	-	-	-	16,763,120	16,201,320
3. Factory Building	8,290,632	-	-	8,290,632	3,551,472	-	652,569	4,204,041	4,086,591	4,739,160
4. Plant & Machinery	5,994,000	301,415	458,692	5,836,724	3,813,500	391,086	663,441	4,085,855	1,750,869	2,180,501
5. Electrical Fittings	415,688	-	36,663	379,026	415,170	36,663	518	379,026	-	518
6. Computers	45,204,025	17,560,595	11,156,625	51,607,996	37,708,510	11,156,625	8,131,129	34,683,014	16,924,982	7,495,515
7. Air Conditioner	1,100,525	29,050	-	1,129,575	1,099,151	-	7,184	1,106,335	23,240	1,374
8. Furniture & Fixtures	9,767,557	440,200	144,352	10,063,405	9,311,315	144,352	322,025	9,488,988	574,417	456,242
9. Motor Vehicles	10,811,233	-	-	10,811,233	10,409,468	-	112,977	10,522,445	288,788	401,765
10. Office Equipment	2,012,192	1,026,387	105,893	2,932,686	1,653,957	101,690	279,167	1,831,434	1,101,252	358,235
Intangible Assets										
11. IPR	498,845,950	824,768,072	-	1,323,614,022	428,153,703	-	137,449,002	565,602,704	758,011,318	70,692,248
12.SecuredHomeGateway (Technical Know-How)	-	14,139,904	-	14,139,904	-	-	906,503	906,503	13,233,401	-
Total.. Rs.	608,755,773	858,827,424	11,902,224	1,455,680,973	496,170,558	11,830,415	148,630,967	632,971,110	822,709,863	112,585,215
Capital Work-in-progress	14,348,929	153,586,017	-	167,934,946	-	-	-	-	167,934,946	14,348,929
Total.. Rs.	623,104,702	1,012,413,441	11,902,224	1,623,615,919	496,170,558	11,830,415	148,630,967	632,971,110	990,644,809	126,934,144
Previous Year	624,419,807	21,306,717	22,621,822	623,104,702	384,045,605	21,443,331	133,568,285	496,170,558	126,934,144	-

'Capital Work-in-Progress includes Internally generated Intangible Assets yet to be capitalised Rs.161,608,050/- (PY 9,283,097)

	As At 31st March '07 Rs.	As At 31st March '06 Rs.
SCHEDULE E : INVESTMENT		
Unquoted - Trade Investments (At Cost)		
In subsidiary Companies		
Aftek Sales & Services Pvt. Ltd.	100,000	100,000
(1000 (PY 1000) Equity shares of Rs.100/- each fully paid up.)		
Opdex Inc.(formerly Aftek Infosys (USA) Inc.,)		
(31,700,000(PY31,700,000) Eq.Shares of US$0.05 each	69,596,911	69,596,911
fully paid up.agg.to US $ 1.585 million(PY US$1.585 million))		
Mihir Properties Private Ltd.	55,265,000	55,265,000
(145,000 (PY 145000)Equity shares each fully paid up. FV Rs.100/-)		
Arexera Information Technologies GmbH	1,002,091,930	1,018,086,587
(100%(PY100%) of the share capital of the company, nominal value of which is Euro 52,000)		
Arexera Information Technologies AG	15,994,657	-
100% of the share capital of the company, nominal vaule of which is CHF 100,000		
In Associates		
Digihome Solutions Pvt. Ltd.	1,250,000	625,000
(125,000 (PY 62,500) Equity Shares of Rs.10/- each fully paid up)		
In Others		
Elven Technologies Pvt. Ltd.(Shares)	825,000	375,000
(82,500 (PY 37,500) Equity Shares of Rs.10/- each fully paid up)		
V. Soft Inc. (USA)	39,982,433	39,982,433
(164,250 (PY 164,250) Equity Shares of US $5.48 each fully paid up)		
TOTAL Rs.	**1,185,105,931**	**1,184,030,931**

		As At 31st March '07 Rs.	As At 31st March '06 Rs.
SCHEDULE F : CURRENT ASSETS, LOANS & ADVANCES			
I Inventories			
(As taken, valued & certified by the Management)			
Raw Materials, Consumables		1,683,116	1,601,375
Work-in-progress		440,478	267,493
Finished Product		-	-
TOTAL Rs.		**2,123,594**	**1,868,868**
II Sundry Debtors			
(Unsecured considered good except stated otherwise)			
(a) Outstanding for more than six months			
Considered good	163,960,558		89,059,686
Considered Doubtful	2,026,167		1,938,975
	165,986,725		90,998,661
Less: Provision for Doubtful Debts	2,026,167		1,938,975
	163,960,558		89,059,686
(b) Others (Considered Good)	693,147,954		730,166,520
		857,108,512	819,226,206
TOTAL Rs.		**857,108,512**	**819,226,206**
III Cash & Bank Balances			
Cash in Hand		2,908,312	2,304,836
With Scheduled Bank			
In Cash Credit Account		-	7,099,044
In Current Account		1,999,867	298,991
In Fixed Deposit #		25,134,457	554,413,966
In Dividend Account		3,183,780	2,735,113
In Foreign Currency Current Account		36,840,568	23,596,690
With Non Scheduled Bank			
In Current accounts			
Banco Efisa , Portugal		1,686,436,608	1,437,360,950
(Maximum Balance Outstanding at any time during the year Rs.2,459,257,350 (PY 1,550,388,503))			
Investec Bank (Switzerland) AG, Switzerland		-	199,016
(Maximum Balance Outstanding at any time during the year Rs.35,622,874 (PY 45,470,000))			
In Deposit Account			
Banco Efisa, Portugal		1,059,397,445	1,054,821,812
(Maximum Balance Outstanding at any time during the year Rs.1,111,170,525 (PY 1,054,821,812))			
Investec Bank (Switzerland) AG, Switzerland		194,240,384	225,229,439
(Maximum Balance Outstanding at any time during the year Rs.237,775,372 (PY 229,816,240))			
TOTAL Rs.		**3,010,141,421**	**3,308,059,857**

Balance in Deposit Accounts with Scheduled Bank include Rs.430,900/- (PY 143,733/-) worth FD's under lien.

Balance in Foreign Currency Current accounts includes Rs.35,993,178/- (PY 169,789) being unutilised money of FCCB issue.
Balance in Fixed Deposit accounts includes Rs.NIL (PY 531,219,025/-) being unutilised money of FCCB issue.
Balance in Investec Bank (Switzerland)AG Current account includes Rs.NIL (PY 199,016) being unutilised money of FCCB issue.
Balance in Investec Bank (Switzerland)AG Deposit account includes Rs194,240,384 (PY 225,229,439) being unutilised money of FCCB issue.
Balance in Banco Efisa Current Account includes Rs.0(PY1,344,079) being unutilised money of the GDR issue.

		As At 31st March '07 Rs.	As At 31st March '06 Rs.
SCHEDULE F : Current Assets, Loans & Advances (Cont'd)			
IV Loans, Advances & Deposits			
(Unsecured considered good except stated otherwise)			
Advances recoverable in cash or in kind			
Considered Good	33,796,254		60,932,816
Considered Doubtful	-		-
	33,796,254		60,932,816
Less : Provision for Doubtful Advances	-		-
		33,796,254	60,932,816
Advances for acquisition of shares	7,181,525		23,600,847
Less : Provision for Doubtful Advances	3,595,575		3,595,575
		3,585,950	20,005,272
Loans & Advances - Affiliates		295,992,370	82,172,006
Deposit with Body Corporates		145,598,630	145,598,630
Deposits - others		16,499,093	4,052,802
Interest Accrued		1,003,670	3,045,635
	TOTAL Rs.	**496,475,967**	**315,807,160**
SCHEDULE G: CURRENT LIABILITIES & PROVISIONS			
i) Current Liabilities :			
Sundry Creditors		181,470,629	260,840,898
Advance from Customers		290,533	9,235,805
Unclaimed Dividend		3,183,828	2,730,758
(Investor Protection & Education Fund shall be credited by the amount when due)			
Others		18,818,377	3,316,327
ii) Provisions :			
Provision for Tax		12,541,148	3,677,973
Proposed Dividend (Incl. Dividend Tax)		106,710,029	98,799,298
Provision for Employee Benefits		2,142,598	1,735,708
Other Provisions		2,206,086	1,154,009
	TOTAL Rs.	**327,363,228**	**381,490,777**
SCHEDULE H : MISCELLANEOUS EXPENDITURE			
GDR Issue Expenses			
Opening Balance	8,541,272		13,666,035
Less : Written Off	6,833,017		5,124,763
		1,708,254	8,541,272
FCCB Expenses			
Opening Balance	-	-	1,412,620
Add : Addition	-	-	67,206,790
Less : Written off against share premium	-	-	68,619,410
		-	-
	TOTAL Rs.	**1,708,254**	**8,541,272**

SCHEDULES FORMING PART OF THE ACCOUNTS

		2006-07 Rs. (12 Months)	2005-06 Rs. (9 Months)
SCHEDULE I : SALES			
Software, Software Driven Products & others		27,818,284	19,870,124
Software - Exports - Products		181,327,042	142,638,265
Software - Exports - Services		3,107,511,902	1,765,261,365
Software Driven Products & Other Exports		8,482,688	5,128,336
		3,325,139,916	1,932,898,090
Add: Duty Drawback		50,147	8,882
	TOTAL Rs.	**3,325,190,063**	**1,932,906,972**
SCHEDULE J : OTHER INCOME			
Interest Income (Net of Foerign Tax)	70,290,746		34,464,272
[Incl. TDS Rs. 266,523/- (PY Rs. 219,257/-)]			
Less :Interest Paid	8,504,802		5,784,185
		61,785,944	28,680,087
Miscellaneous Income		4,952,171	404,889
Foreign Exchange Diff.		-	66,586,811
	TOTAL Rs.	**66,738,115**	**95,671,787**
SCHEDULE K : COST OF REVENUES & EMPLOYEES COST			
Consumption of Raw Materials & Consumables			
Opening Stock	1,601,375		1,192,838
Add: Purchases & Expenses	40,226,050		6,489,550
	41,827,425		7,682,388
Less: Closing Stock	1,683,116		1,601,375
		40,144,309	6,081,013
Cost of Software Sold (Trading)			
Opening Stock	-		-
Add: Purchases [Qty.NIL (PY430 Nos.)]	-		10,640,600
	-		10,640,600
Less: Closing Stock	-		-
		-	10,640,600
Add / (Less) :			
Decrease / (Increase) in finished & semi finished stocks			
Opening Stock	267,493		887,297
Closing Stock	440,478		267,493
		(172,985)	619,804
Payments to and Provisions for Employees (including Managerial Remuneration)			
Salaries, Wages, Bonus & others	186,153,085		71,154,126
Contribution to Provident Fund & Gratuity Fund	9,554,249		3,158,980
Staff Welfare Expenses	4,317,309		4,049,014
Employees Compensation	3,250,791		7,053,161
		203,275,434	85,415,281
Software Development Expenses		1,891,239,272	1,048,013,739
	TOTAL Rs.	**2,134,486,030**	**1,150,770,437**

	2006-07 Rs. (12 Months)	2005-06 Rs. (9 Months)
SCHEDULE L:		
SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Advertisement & Sales Promotion	781,242	796,597
Payment to Auditors	2,369,131	1,515,040
Bad and Doubtful Debts	296,754	61,033
Travelling & Conveyance	14,737,956	8,547,050
Professional Fees	12,754,238	4,951,170
Miscellaneous Expenses W/Off	6,833,017	5,124,763
Rent	32,986,306	12,043,573
Commission Paid	279,458	235,194
Electricity Expenses	6,751,692	2,148,914
Rates & Taxes	2,086,456	2,122,867
Foreign Exchange Diff.	64,385,871	-
Telephone & Communication	6,170,033	2,540,438
Insurance Charges	133,722	70,422
Loss on sale of Fixed Assets	61,161	526,246
R. & D. Expenses	25,975,340	18,110,309
Repairs & Maintenance		
Buildings	309,747	159,952
Computers	598,125	513,080
Others	1,419,500	432,930
Miscellaneous Expenses	11,465,506	6,062,296
TOTAL Rs.	**190,395,255**	**65,961,874**

SCHEDULE M : NOTES ON ACCOUNT

I. SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation of financial statements

The financial statements are prepared in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards specified by the Institute of Chartered Accountants of India under section 211(3C) of the Companies Act, 1956.

Method of Accounting

The Company follows accrual basis of accounting.

Sales

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 obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the arrangement. Sale of products is primarily carried out through channel partners. Further, the Company reimburses certain software installation and testing charges to these 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 a transaction independent of the sale of the product and the the costs relating to these activities are accounted under 'Cost of revenues'.

Revenues from services are recognized as services are provided when arrangements are on a time and material basis. Revenues for fixed price contracts are recognized based on payment milestones as agreed and accepted by the customers. However for large contracts, which are in progress as of the end of a reporting year, the company makes an assessment of the need to recognize revenues based on a proportional performance method. Performance is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. If the proportional performance is higher than a related contractual milestone requiring customer acceptance, revenue is recognized only to the extent customer acceptance has been received. If the proportional performance is lower than the related milestone, then revenue is deferred.

Foreign Currency Transactions

Transactions in foreign currencies pertaining to revenue accounts are accounted at approximate exchange rate prevalent on the transaction date. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment/realization in Profit & Loss Account. The amount outstanding at the year end are translated at exchange rate prevailing at year end and the profit/loss so determined are recognized in the Profit & Loss Account.

Inventories

(i) Inventories are valued at lower of cost or net realisable value.

(ii) In case of raw materials and consumables the cost includes non refundable duties, taxes and freight inward on FIFO basis.

(iii) Cost of finished product and work-in-progress includes the cost of raw materials, consumables and direct labour as applicable.

Fixed Assets & Depreciation

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

Depreciation on Fixed Assets is provided on straight line method over the Useful life of assets as estimated by the management, on a pro-rata basis, except Leasehold land. The useful lives estimated by the management for amortisation/depreciation of the assets which are higher than rates specified as per Schedule XIV of the Companies Act, 1956, are as under :

Plant & Machinery*	5 years
Computers & Softwares	3 years
Furniture & Fixtures	5 Years
Factory Building	15 Years
Intellectual property Right	3 Years

*(Plant & Machinery includes Office Equipments, Electrical Fittings)

Investments

Long term investments are carried at Cost and Short term investment are carried at the lower of cost or fair value. Provision for diminution in the value of long term investments is made only if such a decline is not temporary in the opinion of the management.

Employee Stock Option Scheme

Accounting of Employee Stock Option Scheme is done as per "Fair Value Method". SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 requires the amortization of fair value of the option over the vesting year.

Employees' Retirement Benefits

Company's contribution to Provident Fund and Gratuity Fund is charged to Profit and Loss account on accrual basis. Liability for Leave Encashment benefits is charged to Profit & Loss account on the basis of actuarial valuation.

Research and Development

Capital expenditure if any, is shown under respective head of fixed assets. Revenue expenses incurred are included under the respective heads of expenses except for purchase of components etc., which are included under Research & Development Expenses.

Taxation

Tax expense for the year, comprising current tax and defferred tax is included in determining the net profit / (loss) for the year.

Deffered tax assets are recognized for all deductible timing differences and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets to the extent it pertains to unabsorbed loss / depreciation under tax laws, is recognized only to the extent that there is virtual certainty of realization based on convincing evidence, as evaluated on a case to case basis.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

Fringe Benefit Taxation

Consequent to the introduction of Fringe Benefit Tax (FBT) effective from April 1, 2005, the Company has made provision for FBT in accordance wih the guidance note on accounting for fringe benefit tax issued by the Institute of Chartered Accountant of India.

	2006-2007 (12 Months) Rs.	2005-2006 (9 Months) Rs.
2. Capital Commitment		NIL
Estimated amounts of contracts remaining to be executed on capital account and not provided for	950,000,000	19,533,333
Commitment for acquisition of shares in V. Soft Inc, USA US $ 300,000.	13,312,500	13,312,500
3. Contingent Liabilities in respect of:		
Bank Guarantee	403,900	123,900
Corporate Guarantee	30,000,000	-
Income-tax	331,043	331,043
Income tax cases for Assessment Year 2005-06 pending before Dy. Commissioner of Incom Tax.		
4. Payments to Directors:		
Salaries	19,476,384	13,858,920
Commission to Non Executive directors	1,800,000	2,175,150
5. Auditors' Remuneration:		
Tax Audit Fees	561,800	280,600
Statutory Audit Fees	1,348,320	617,320
Certification & others	459,011	617,120
6. Quantitative and other information:		
Productions	**1174Pcs**	762 Pcs

ii) Particulars in respect of opening stock, closing stock & turnover :

	Op.Stock		Cl.Stock		Turnover	
	Qty	Value (Rs.)	Qty	Value (Rs.)	Qty	Value (Rs.)
Software	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	3,303,899,419 (1,908,590,423)
Software Driven Products	NIL (65)	NIL (316,465)	NIL (NIL)	NIL (NIL)	1,174 (827)	15,012,011 (8,813,202)
Software (Trading)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (11,711,781)
Others (Refer Note-b)	(NIL) (NIL)	(NIL) (NIL)	NIL (NIL)	NIL (NIL)	(NIL) (NIL)	6,278,633 (3,791,566)

a. Figures in (Bracket) indicate previous year's figures.

b. Others include receipt from Annual Maintenance Contracts and sale of miscellaneous consumables and accessories, stock of which has been included in stock of Raw Materials and Consumables.

c. Software Driven Product sales includes Rs.166300/- (PY Rs.424849) being products transferred to Fixed Assets.

iii) Value of imported & Indigenous Raw Materials consumed/traded and percentage of each to total Consumption.

	2006 – 2007		2005 – 2006	
	Rs.	%	Rs	%
Raw Materials & Consumables :				
Imported	2,279,280	5.68%	1,909,208	31.40%
Indigenous	37,865,029	94.32%	4,171,805	68.60%
	40,144,309	100.00%	6,081,013	100.00%

Note : Quantities in respect of raw materials and consumables are not ascertainable due to multiplicity and diverse nature of items and value of each such item is less than 10% of the total value.

7 C.I.F. VALUE OF IMPORTS

		2006-2007 (12 Months) Rs.	2005-2006 (9 Months) Rs.
i)	Raw Materials	2,113,566	1,623,597
ii)	Software	743,062,722	338,986,620
iii)	Capital Purchases	36,885	776,909
iv)	Others	25,292,555	17,121,936
v)	I.P's	824,768,072	NIL

8. EXPENDITURES IN FOREIGN CURRENCY

Foreign Tour & Travelling	6,176,534	3,474,000
Software Development expenses	1,148,068,534	709,024,119
Interest On FCCB	4,291,214	4,044,892
FCCB Expenses	-	55,732,090
Other expenses	3,552,940	1,007,199

9 . EARNINGS IN FOREIGN CURRENCY

Export Sales	3,297,321,632	1,913,027,966
Interest (Net of tax)	68,614,909	33,407,668
Others	2,253,895	-

10.NET DIVIDEND REMITTED IN FOREIGN CURRENCY :

Period to which it relates	2006–2007			2005 – 2006		
	Number of Non-resident Shareholders	Number of Equity Shares Held	Dividend Remitted (Net of Tax) Rs.	Number of Non-resident Shareholders	Number of Equity Shares Held	Dividend Remitted (Net of Tax) Rs.
Final 2004-05	--	--	--	6	23,500	23,500
Final 2005-06	8	46,500	46,500	--	--	--

11. EARNINGS PER SHARE (EPS) :	2006 - 2007 Rs.	2005 - 2006 Rs.
Basic		
Profit After tax and Prior Period Adjustment	905,020,418	673,947,197
Less/(Add):Short /Excess provision for taxation of earlier years	(86,739)	-
Add: Excess provision for doubtful debts of earlier years	-	-
Net Profit available for Equity Share Holders	905,107,157	673,947,197
Weighted Average Number of equity shares subscribed	86,702,630	81,658,231
Face value of Shares	2	2
Basic Earnings per Equity Share	**10.44**	**8.25**
Diluted		
Net Profit available for Equity Share Holders	905,107,157	673,947,197
Add: Interest on FCCB (Net of Tax)	2,860,952	3,022,507
Adjusted profit for Diluted Earning per Share	907,968,109	676,969,704
Weighted Average Number of equity shares subscribed	86,702,630	81,658,231
Weighted Average Number of potential shares on account of outstanding Employee Stock Options	188,888	375,334
Weighted Average Number of potential shares on account of Foreign Currency Convertible Bonds	5,633,570	1,065,858
Total Weighted Average Number shares outstanding	92,525,088	83,099,423
Diluted Earning Per Share	**9.81**	**8.15**

12. Details of Loans & Advances in the nature of loans recoverable from subsidiaries : (Rs.)

Name of the Subsidiary	Outstanding Amount As at 31/03/2007		Maximum balance outstanding at any time during the year	
	2006 - 07	2005 – 06	2006 - 07	2005 - 06
Mihir Properties Pvt. Ltd.	126,055	125,655	126,055	125,655
Aftek Sales & Services Pvt.Ltd.	60,145	44,945	60,145	123,745
Arexera Information Technologies GmbH	229,159,520	40,605,788	229,813,102	40,605,788
Arexera Information Technologies AG	18,472,808	NIL	19,110,451	NIL

13. Related Party Information

(i) List of Related Party with whom transactions have taken place and relationships :

Name of the Related Parties	Nature of Relation
Opdex Inc. (Formerly known as Aftek Infosys (USA) Inc.) Aftek Sales & Services Private Limited Mihir Properties Private Limited Arexera Information Technologies GmbH Arexera Information Technologies AG	Subsidiary Companies
Aftek Employees' Welfare Trust Aftek Ltd. Employees Group Gratuity Scheme	Control
Ranjit M. Dhuru Nitin K Shukla Mahesh B Vaidya Sunil M. Desai Promod V Broota	Key Management Personnel
Cabernet Vineyards Pvt Ltd. Elven Technologies Pvt. Ltd.	Others
Digihome Solutions Pvt. Ltd.	Associate

(ii) Transactions :

	2006 - 07 (12 Months) (Rs.)	2005 - 06 (9 Months) (Rs.)
Sales :		
Subsidiaries	4,644,478	28,55,950
Associates	732,016	-
Loans & Advances Given : (net)		
Subsidiaries	189,223,369	40,613,288
Control	2,715,500	18,893,500
Others	5,165,066	-
Loans & Advances Received Back : (net)		
Control	-	-
Subsidiaries	-	78,800
Remunerations :		
Key Managerial Personnel	19,476,384	13,858,920
Equity Contribution / advances for equity		
Subsidiaries	461,450	2,186,500
Associates	625,000	625,000
Others	450,000	375,000
Contribution :		
Control	682,317	597,798
Building as collateral & guarantee to bank by:		
Subsidiaries (Bank O/D facility)	40,000,000	40,000,000
Rent free use of Building from :		
Subsidiaries	-	-
purchase for staff wealfare		
Others	-	40,120

(iii) Balances :

	As at 31st March,'07 (Rs.)	As at 31st March,'06 (Rs.)
Accounts Receivable:		
Subsidiaries	3,206,189	*(1,380,537)
Loans & Advances Given :		
Subsidiaries	247,818,528	40,776,388
Control	44,111,118	41,395,618
Others	**4,062,724	NIL

* Represents Advances received from Debtors.

**"During the year ended 31st March 2007, the Company has advanced an interest –free loan/financial assistance of Rs 3,07,89,240/- to M/s Elven Technologies Pvt Ltd, in which Aftek holds 15% equity shares. The loan has been granted in furtherance of Company's objectives of achieving inorganic growth in line with Company's business model of de-risking. Approximately 87% of the amount of loan has been already repaid during the same financial year and the balance 13% i.e. Rs 40, 62,724/- is expected to be repaid during the next financial year."

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 including that of Aftek Ltd. for the benefit of employees. As per the conditions of the trust deed the company has provided an interest free loan aggregating to Rs.44111118 (PY Rs. 41395618) (maximum balance outstanding at any time during the year Rs.45895618 (PY Rs. 42225618)) and the same has been used for the purchase of Equity shares of Aftek Ltd.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.

14. Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and calculation of commission payable to non-whole time directors

		2006 - 2007 Rs.	2005 - 2006 Rs.
Net profit after tax		905,184,364	674,078,835
Add:			
1.	Whole-time directors remuneration	19,476,384	13,858,920
2.	Commission to non-whole time Directors	1,800,000	2,175,150
3.	Provision for bad and doubtful debts/advances	87,192	(21,802)
4.	Loss on sale of fixed assets	61,161	526,246
5.	Depreciation as per the books of account	148,630,967	133,568,285
6.	Provision for taxation	13,231,562	4,199,328
		1,088,471,630	828,384,961
Less:			
	Depreciation as envisaged U/s. 350 of the Companies Act*	148,630,967	133,568,285
	Profit on sale of fixed assets	-	-
	Net profit as per section 349 of the Companies Act, 1956	939,840,663	694,816,676
Maximum Commission Permissible to non-Executive Directors		9,398,407	6,948,167
Commission paid to non-Executive Directors		1,800,000	2,175,150

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

15. Employee Stock Option Scheme:

Stock Options [ESOP]

1	Exercise Price per Share	Rs. 56		Rs. 70		Rs. 56		Rs. 51.90	
	Adjusted Exercise Price on account of issue of Bonus shares	Rs. 26		Rs. 40		Rs. 26		-	
2	Grant Date	25.08.2004		28.10.2004		25.08.2004		31.07.2006	
3	Vesting commences on	25.08.2005		28.10.2005		25.08.2005		31.07.2007	
4	Vesting schedule	25% of grant each year commencing one year from the date of grant				100% on 25.08.2005		25% of grant each year commencing one year from the date of grant	
	Particulars of Numbers of Options	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
5	Option outstanding at The Beginning of the year	319,649	413,230	77,417	94,230	4,000	100,000	-	-
6	Option granted during the year	-	-	-	-	-	-	50,000	-
7.	Option exercised in respect of which shares were allotted	31,230	89,263	6,707	8,578	4,000	96,000	-	-
8.	Option lapsed during the year on separation	13,845	4,318	29,730	8,235	-	-	-	-
9.	Option outstanding at the end of the year Of which –	274,574	319,649	40,980	77,417	-	4,000	50,000	-
	Option vested	80,717	13,271	13,990	13,071	-	4,000	-	-
	Option Yet to vest	193,857	306,378	26,990	64,346	-	-	50,000	-

16. During the year the Company has forfeited Rs.47,868,552 against issue of 3,969,200 numbers of partly paid warrants issued to Promoters' Group on preferential basis at a price of Rs.120.60 per warrant and the said amount has been transferred to Capital Reserve.

17. As at 31st March, 2007, there is no outstanding amount payable to the Parties covered under Small Scale Industries.

18. The Company's significant leasing arrangements are in respect of operating leases for premises and utilities. The significant leasing arrangement which is non-cancellable is for a period of 33 & 36 months. The aggregate lease rentals payable in this respect are charged as Rent as per Schedule 'L' for cancelable as well as non cancelable Lease arrangements. Maximum obligations on non-cancelable operating leases payable as per the rentals stated in respective agreements are as follows:

	2006 - 07 (12 Months) Rs.	2005 - 06 (9 Months) Rs.
Lease Rental on Non cancellable Leases	32,211,680	9,576,450

Obligations on Non-Cancelable Leases	As At 31st March,'07 Rs.	As At 31st March,'06 Rs.
Not later than one year	5,500,000	12,768,600
Later than one year and not later than five years	45,091,050	-
Later than Five years	-	-
Total	**50,591,050**	**12,768,600**

19. Details of use of 1% Foreign Currency Convertible Bonds (FCCBs) of USD 10000/- each of 3450 bonds issued during June/ July, 2005, with an option to convert these Bonds into equity shares of Rs.2/- each or GDR within a period of 5 years from the date of the original issue i.e. 24th June, 2005.

PARTICULARS	AMOUNT Rs.
Source	
Bank Of India-London FD Account	531,219,025
Bank Of India-London Current Account	169,789
Investec Bank-FD Account	225,229,439
Investec Bank-Current Account	199,016
Interest Earned	32,632,417
Foreign Exchange	4,875,847
TOTAL A	**794,325,533**

Application		
Investment		191,993,702
Bank Charges		151,702
FCCB Interest		3,781,140
Capital Purchase		254,907,076
Software		44,575,570
Listing Fees		275,128
Working Capital		79,994,180
	TOTAL B	**575,678,498**
	BALANCE A-B	**218,647,035**
Balance with : (Amount in Rs.)		
Bank Of India-London Current Account	35,993,179 DR	
Investec Bank- FD Account	194,240,384 DR	
Investec Bank-Current Account	11,586,528 CR	
TOTAL	**218,647,035 DR**	

20. Scheme of Arrangement between Elven Microcircuits Pvt. Ltd. (EMPL), C2silicon Software Solutions Pvt. Ltd. (C2silicon) and the Company :

The Hon'ble Bombay High Court and The Hon'ble Karnataka High Court have sanctioned a Scheme of Amalgamation of EMPL and C2silicon with the Company under Section 391 to 394 of the Companies Act, 1956 (the Scheme). Upon necessary filing with the respective Registrars of Companies in Mumbai and Bangalore,the Scheme has become effective on 26th September 2007. Consequently, in terms of the Scheme:

a) Entire business of EMPL & C2silicon including assets and liabilities, as a going concern, shall stand transferred to and vested in the Company with effect from 1st April 2006 being the Appointed date.

b) EMPL & C2silicon were primarily engaged in the business of Software developments.

c) As at 31st March, 2007, 6,150,000 ordinary sharesof Rs.02/- each of the Company were required to be issued to the Shareholders of EMPL in the proportion of 123 equity shares in the Company for every 100 equity shares of Rs.02/- each held in EMPL. Pending allotment, an amount of Rs.12,300,000/- representing the face value of the shares to be issued, has been included in the Share Capital Suspense Account as at 31st March, 2007 (Schedule A-1).

d) The Amalgamation in the nature of merger has been accounted for under the 'purchase method' as prescribed by Accounting Standard 14- "Accounting for Amalgamations", issued by the Institute of Chartered Accountants of India. As provided in the Scheme and in terms of the Court Orders:

   i) Rs.29,098,858 being the excess of amount of the fair value (as determined by the management) of the net assets of EMPL & C2silicon over the consideration, has been credited to the General Reserve Account of the Company as Adjustment on Amalgamation.

These Accounting treatments to the General Reserves Account of the Company have been prescribed in the Scheme. Had the Scheme not prescribed these treatments, the amount of Rs.29,098,858 would have been credited to Capital Reserve Account

21. The company operates in a single segment.

22. Previous years' figures have been regrouped / recast wherever necessary to make them comparable with the current period's figure.

23. Figures are rounded off to nearest rupee.

24 Current year's figures are for twelve month whereas previous year's figures are for nine month, so it is not comparable.

25. Schedules- A to M form an integral part of the accounts and have been duly authenticated.

26. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details:

Registration No.:	L57220MH1986PLCO39342	State Code:	**11**
Balance Sheet Date:	**31.03.2007**		

2. Capital raised during the year (Amount in Rs. Thousand):

Public Issue	**NIL**	Right Issue:	**NIL**
Bonus Issue	**NIL**	Private Placement:	**NIL**
Esop Allotment	83,874	FCCB conversion	3,013,162

3. Position of Mobilisation and Deployment of funds: (Amount in Rs. Thousand)

Total Liabilities	6,215,945	Total Assets	6,215,945

SOURCES OF FUNDS

Paid up Capital	174,530	Reserves & Surplus	5,633,244
Warrants	12,300		
Secured Loans	10,691	Unsecured Loans	385,180

APPLICATION OF FUNDS

Net Fixed Assets	990,645	Investments	1,185,106
Net Current Assets	4,038,486	Miscellaneous	
Deferred Tax Assets	NIL	Expenditure	1,708
Accumulated Losses	NIL		

4. Performance of Company: (Amount in Rs. Thousand)

Gross Income	3,391,928	Total Expenditure	2,473,512
Profit before Tax	918,416	Profit after Tax	905,184
Earnings Per Share in Rs.			
- Basic (+)	10.44	Dividend Rate	50%
- Diluted (+)	9.81		

5. Generic Names of Principal Products/Services of Company:

Product Description: **Computer Software** Item Code No.: **85249009.10**

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

V.D. JOSHI
Proprietor
Mumbai, 27th November, 2007

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary
Mumbai, 27th November, 2007

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of Aftek Sales And Services Private Limited will be held at 10.30 a.m on Friday, the 28th September, 2007 at the Registered Office of the Company at 366, Veer Savarkar Marg, Dadar, Mumbai- 400 028 to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.

2. To appoint a Director in place of Mr.Mukul Dalal who retires by rotation, and being eligible, offers himself for re-appointment.

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

   "RESOLVED THAT M/s. J. R. Shah & Associates, Chartered Accountants, Mumbai, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this 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 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
RAVINDRANATH MALEKAR
DIRECTOR

Registered Office :
366, Veer Savarkar Marg,
Dadar, Mumbai – 400 028

DATED : 27th August, 2007

NOTES :

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 AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

DIRECTORS' REPORT

To,

The Members of

Aftek Sales & Services Pvt. Ltd.

Your Directors present their Annual Report together with the Audited Statement of Accounts for the financial year ended on March 31, 2007.

1. PERFORMANCE

Your Company did not carry out any business activity during the year under review.

2. DIVIDEND

In view of the loss incurred by the Company your directors could not consider recommendation of any dividend for the year.

3. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under 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 March 31, 2007, the applicable accounting standards have been followed along with proper explanations in case of material departures;

(ii) that the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the year ended March 31, 2007 and of the profit of the Company for that period;

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

(iv) that the annual accounts for the year ended March 31, 2007 have been prepared on a 'going concern' basis.

4. PERSONNEL

There were no employees drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, as amended.

5. INFORMATION UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Considering the nature of your Company's activities and the fact that no business activity was carried out, the particulars viz. Conservation of energy etc. prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable. There are no Foreign Exchange Earnings and Outgo during the year under review.

6. AUDITORS

M/s J.R. Shah & Associates, Chartered Accountants, Mumbai, the retiring Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD OF DIRECTORS

RAVINDRANATH MALEKAR

CHAIRMAN OF THE MEETING

Place : Mumbai

Date : 27th August, 2007

AUDITORS' REPORT To the Members of AFTEK SALES & SERVICES PVT. LTD.

1. We have audited the attached Balance Sheet of **Aftek Sales & Services Private Limited** as at 31st March, 2007 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditors' Report) Order 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, is not applicable to the Company, as the Company is not covered by the order.
4. Further to our comments in the paragraph 3 above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b. In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of these books.
   c. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
   d. In our opinion the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   e. On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
   f. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the Significant Accounting Policies and other notes thereon give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view:
      i) in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2007
      ii) in the case of the Profit & Loss Account, of the Loss for the year ended on that date.

FOR J. R. SHAH & ASSOCIATES
Chartered Accountants
Sd/-
(J. R. Shah)
Proprietor
27th August, 2007, Mumbai **Mem.No.46598**

BALANCE SHEET as at 31st March 2007

		As At 31st March,2007 Rs.	As At 31st March, 2006 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
AUTHORISED			
1,000 Equity shares of Rs.100/- each		100,000	100,000
ISSUED, SUBSCRIBED & PAID UP			
1,000 Equity Shares of Rs.100/- each		100,000	100,000
UNSECURED LOANS			
From Holding Company		60,145	44,945
TOTAL Rs.		**160,145**	**144,945**
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS & ADVANCE			
Cash & Bank Balance		19,887	6,167
LESS: CURRENT LIABILITIES & PROVISIONS			
Provision for Audit Fees	11,233		11,224
Sundry Creditors	11,224		-
		22,457	11,224
Net Current Assets		**(2,570)**	**(5,057)**
Profit & Loss Account		162,715	150,002
TOTAL Rs.		**160,145**	**144,945**

Notes on Accounts

As per our report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

J R Shah
Proprietor.
27th August, 2007. Mumbai

For & on Behalf of Board of Directors

Mukul S Dalal
Director
27th August, 2007. Mumbai

Ravindranath U. Malekar
Director

PROFIT & LOSS ACCOUNT

For The Year ended 31ST MARCH, 2007

		2006-2007 (12 Months) Rs.	2005-2006 (9 Months) Rs.
INCOME		NIL	NIL
EXPENDITURE			
Selling, Admn. & other Expenses			
Audit Fees		11,233	11,224
Bank Charges		480	350
ROC filing fees		1,000	1,200
	TOTAL	**12,713**	**12,774**
Net Profit/(Loss) Before tax		**(12,713)**	**(12,774)**
Less: Provision for Tax - Current		-	-
- Deferred		-	-
Net Profit/(Loss) for the Period		**(12,713)**	**(12,774)**
Balance brought forward		(150,002)	(137,228)
Add: Net Profit/(Loss) for the period		(12,713)	(12,774)
Balance carried to Balance Sheet		**(162,715)**	**(150,002)**

Notes on Accounts

As per our report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

For & on Behalf of Board of Directors

J R Shah
Proprietor.
27th August, 2007. Mumbai

Mukul S Dalal
Director

Ravindranath U. Malekar
Director

27th August, 2007. Mumbai

NOTES FORMING PART OF ACCOUNTS
as at 31st March, 2007

1. SIGNIFICANT ACCOUNTING POLICIES

General

(i) The accounts are prepared on historical cost basis and on the accounting principles of going concern.

(ii) The company generally adopts the accrual basis of accounting.

(iii) The accounting policies not specifically referred to otherwise is consistent and in consonance with generally accepted accounting principles.

	Current Year	Previous Year
2. Auditors Remuneration:		
Audit Fees	Rs. 11,233/-	Rs. 11,224/-
(Inclusive of Service Tax)		

3. Quantitative and other informations:

The company has not carried on any business activity during the year therefore no quantitative details have been given.

	Current Year	Previous Year
4. C.I.F.Value of Imports:	NIL	NIL
5. Expenditure in Foreign Currency	NIL	NIL
6. Earnings in Foreign Currency	NIL	NIL
7. Out flow in Foreign Currency	NIL	NIL

8. There is no tax provision made as there is loss during the period. Since there is no business activity, no deferred tax liability/asset has been provided for.

9. RELATED PARTY INFORMATION:

LIST OF RELATED PARTIES WHERE CONTROL EXIST.

Holding Company : Aftek Ltd.

Fellow Subsidiaries : Mihir Properties Pvt. Ltd., Opdex Inc., Arexera Information Technologies GmbH & Arexera Information Technologies AG

Name of Related party	Description of relationship	Nature of Transaction	Amount (Rs.)	Amount outstanding as on 31/03/2007	Amounts written off or written back
Aftek Ltd.	100% Holding Co.	Taken Interest Free Loan	15,200 (PY 11,200)	Rs. 60,145 (PY Rs. 44,945)	Rs.NIL (PY Rs.NIL)

10. BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	U51900MH1987PTC044828			State Code 11
Balance – Sheet	31	03	2007	
	Date	Month	Year	

II Capital Raised during the year (Amount in Rs. Thousand).

Public Issue	Right Issue
NI	NIL
Bonus Issue	Private placement
NIL	NIL

III Position of Mobilisation and Deployment of Funds(Amt.in thousands)

Total Liabilities	Total Assets
160	160

SOURCES OF FUNDS

Paid – up capital	Reserve & Surplus
100	NIL
Secured Loans	Unsecured Loans
NIL	60

APPLICATION OF FUNDS

Net Fixed Assets	Investments
NIL	NIL
Net Current Assets	Misc. Expenditure
(-) 2	NIL
Accumulated Losses	
162	

IV Performance of company (Amount in Rs.Thousand).

Turnover	Total Expenditure
NIL	13
+/- Profit/Loss Before Tax	+/- Profit/Loss After Tax
(-) 13	(-) 13
Earning Per Share in	Dividend
Rs. (12.71)	NIL

V **Generic Names Principal Products/Services of Company as per Monetary Terms**.

11. Previous years' figures have been regrouped / recast wherever necessary .

As per our report of even date
For J R SHAH & ASSOCIATES
Chartered Accountants

J R Shah
Proprietor.
27th August, 2007. Mumbai

For & on Behalf of Board of Directors

Mukul S Dalal
Director

Ravindranath U. Malekar
Director

27th August, 2007. Mumbai

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of Mihir Properties Private Limited will be held at 11.00 a.m. on Friday, the 28th September 2007 at the Registered Office of the Company at 265, Veer Savarkar Marg, Cadell Road, Shivaji Park, Dadar, Mumbai-400 028 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.

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

   "RESOLVED THAT M/s J R Shah & Associates., Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of M/s V D Joshi & Co., the retiring Auditors of the Company, to hold the 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."

Special Business :

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

   "RESOLVED that Mr Ravindranath Malekar who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 20, 2007 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

BY ORDER OF THE BOARD OF DIRECTORS
NITIN SHUKLA
DIRECTOR

Registered Office :
265, Veer Savarkar Marg,
Cadell Road, Shivaji Park, Dadar,
Mumbai – 400 028
DATED : 27th August, 2007

NOTES : 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 AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 2

Presently, the Company's accounts are being audited by M/s. V D Joshi & Co., Chartered Accountants. M/s. V D Joshi & Co. retire as Auditors at the conclusion of ensuing Annual General Meeting of the Company and in view of their preoccupation, have expressed their inability to offer themselves for re-appointment.

The Company has received Special Notice pursuant to section 225 read with section 190 of the Companies Act, 1956 from a member of the Company, signifying his intention to propose the appointment of M/s. J R Shah & Associates, Chartered Accountants, as the Auditors of the Company, in place of M/s V D Joshi & Co., the retiring Auditors of the Company,

M/s. J R Shah & Associates have expressed their willingness to be appointed as Auditors of the Company, and have also confirmed that the said appointment, if made, would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

Your Directors recommend the resolution for your approval. None of the Directors is concerned or interested in the said resolution

ITEM NO. 3

The Board of Directors of the Company appointed Mr Ravindranath Malekar as an Additional Director of the Company with effect from April 20, 2007 pursuant to Section 260 of the Act and Article 25 of the Articles of Association of the Company. Under Section 260 of the Act, Mr Malekar ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. A notice under Section 257 of Act has been received from a Member signifying his intention to propose the appointment of Mr Malekar as a Director.

Directors commend the resolution at Item No. 3 of the accompanying notice for approval of the Members.

None of the Directors except Mr Ravindranath Malekar is concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS
NITIN SHUKLA
DIRECTOR

Registered Office :
265, Veer Savarkar Marg,
Cadell Road, Shivaji Park, Dadar,
Mumbai – 400 028
DATED : 27th August, 2007

DIRECTORS' REPORT

To,
The Members of
Mihir Properties Pvt. Ltd.

Your Directors present their Fourteenth Annual Report together with Audited Statement of Accounts for the year ended on 31st March,2007.

1. **PERFORMANCE**
   The Company did not carry out any business activity during the year under review.

2. **DIVIDEND**
   In view of the loss incurred by the Company your directors could not consider recommendation of any dividend for the year.

3. **DIRECTORATE**
   Mr. Promod Broota, resigned from the Board with effect from April 20th, 2007. Mr Ravindranath Malekar was appointed as an Additional Director, effective from April 20, 2007. The Board places on record its appreciation of the contributions made by Mr Broota during the tenure of his Directorship. In accordance with the provisions of the Companies Act, 1956, Mr Malekar ceases to hold office as Director at the forthcoming Annual General Meeting and is eligible for appointment.

4. **FIXED DEPOSITS**
   The Company has not invited any fixed deposit from the Public.

5. **DIRECTORS' RESPONSIBILITY STATEMENT**
   Pursuant to the requirement under 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, 2007, 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, 2007 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, 2007, on a 'going concern' basis.

6. **PERSONNEL**
   There were no employees drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, as amended.

7. **INFORMATION UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**
   Considering the nature of your Company's activities and the fact that no business activity was carried out, the particulars viz. Conservation of energy etc. prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable. There are no Foreign Exchange Earnings and Outgo during the year under review.

8. **SECRETARIAL COMPLIANCE CERTIFICATE**
   Pursuant to the provisions of Section 383A of the Companies Act, 1956 the necessary Secretarial Compliance Certificate is given in Annexure "I" to this report.

9. **AUDITORS**
   At the ensuing Annual General Meeting, members will be required to appoint Auditors for the current year and fix their remuneration. M/s. V D Joshi & Co. the existing Auditors have expressed their inability to offer themselves for reappointment due to their preoccupation.

   In view of the above, the Board of Directors felt it necessary to propose appointment of M/s J R Shah & Associates, Chartered Accountants, as the Auditors of the Company, in place of M/s V D Joshi & Co. M/s J R Shah & Associates. have conveyed to the Company their willingness and eligibility for appointment as Auditors of the Company. The Directors recommend the appointment of Auditors for the current year.

FOR AND ON BEHALF OF THE BOARD
NITIN K SHUKLA
CHAIRMAN

PLACE : MUMBAI
DATED: 27th August, 2007

V. V. CHAKRADEO & CO.
COMPANY SECRETARIES.
B – 301, MATOSHREE RESIDENCY, PRATHANA SAMAJ ROAD,
VILE PARLE (EAST), MUMBAI 400 0 57.
TEL. NO. 26116821 EMAIL vvchakra@vsnl.net
CELL NO. 98200 48732.

COMPLIANCE CERTIFICATE

(Under Proviso to Sub-Section (1) of Section 383 A)

To

The Members,

MIHIR PROPERTIES PRIVATE LIMITED

Mumbai.

I I have examined the registers, records, books and papers of MIHIR PROPERTIES PRIVATE LIMITED having its registered office at 265, Veer Savarkar Marg, Cadell Road, Dadar, Mumbai 400 028 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2007. The financial year under consideration is from 1st April, 2006 to 31st March, 2007. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. the company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. the company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Maharashtra, Mumbai within the time prescribed under the Act and the rules made thereunder except as specified in the said Annexure 'B".
3. the company being private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 2 excluding its present and past employees and the company during the year under scrutiny:
   (i) has not invited public to subscribe for its shares or debentures; and
   (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. the Board of Directors duly met four times in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. the company was not required to close its Register of Members during the financial year under scrutiny.
6. the Annual General Meeting for the financial year ended on 31st March, 2006 was held on 23rd August, 2006 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. no extra ordinary general meeting was held during the financial year under scrutiny.
8. the provisions of Section 295 of the Act were not attracted during the year under scrutiny.
9. no contracts were entered during the year attracting the provisions of Section 297 of the Act.
10. the company has made necessary entries in the register maintained under Section 301 of the Act.
11. as there were no instances falling within the purview of Section 314 of the Act, the company was not require to obtain any approvals from the Board of Directors, members or Central Government.
12. the company has not issued any duplicate share certificates during the financial year under scrutiny.
13. the company has :
    1. not made any allotment/transfer/transmission of securities during the financial year.
    2. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
    3. not posted warrants to any member of the company as no dividend was declared during the financial year.
    4. there were no amounts unpaid in dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence the question of transferring of the same to the Investor Education and Protection Fund does not arise.

5. duly complied with the requirements of Section 217 of the Act.

14. Board of Directors of the company is duly constituted and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancy during the financial year under scrutiny.
15. the provisions of Section 269 of the Act with regard to appointment of Managing Director and Whole-time Director were not attracted during the financial year under scrutiny.
16. the company has not appointed any sole-selling agents during the financial year under scrutiny.
17. the company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.
18. the Directors have disclosed their interest in other companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. the company has not issued any shares/ debentures/ other securities during the financial year under scrutiny.
20. the company has not bought back any shares during the financial year under scrutiny.
21. the company has not issued any preference shares/debentures and hence there is no question of redemption of the same.
22. during the year there was no need for the company to keep in abeyance rights to dividend, rights shares and bonus shares.
23. the company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year under scrutiny.
24. the provisions of Section 293(1)(d) of the Act were not attracted during the financial year under scrutiny.
25. the company has not made any loans or investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. the company has not altered the provisions of the Memorandum of Association with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. the company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny
28. the company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
29. the company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.

30 the company has not altered its Articles of Association during the year under scrutiny.

31 there was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for the offences under the Act.

32 the company has not received any sum as security from its employees during the year under scrutiny.

33 the provisions of Section 418 of the Act are not applicable to the company during the year under scrutiny.

For V V CHAKRADEO & Co.
V V CHAKRADEO
C.O. P. NO. : 1705

PLACE : MUMBAI
DATE : 27th August, 2007

Annexure A

Registers as maintained by the Company

1. Register of Members U/S. 150.
2. Minutes Books of General Meetings and Board Meetings U/S. 193.
3. Register of Contracts U/S. 301.
4. Register of Directors U/S. 303.
5. Register of Directors Shareholding U/S. 307.

Annexure B

Forms and Returns as filed by the company with the Registrar of Companies, Maharashtra, Mumbai during the financial year ended on 31st March, 2007:

1. Balance Sheet (Form 23AC & Form 23ACA) for the year ended 31/03/2006 filed u/s 220 on 01/11/2006.
2. Compliance Certificate (Form 66) for the year ended 31/03/2006 filed u/s 383 on 01/11/2006.
3. Annual Return (Form 20B) for AGM held on 23/08/2006 filed u/s 159 on 03/11/2006

We have audited the attached Balance Sheet of **Mihir Properties Pvt. Ltd.** as at 31st March, 2007 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraph 4 & 5 of the said order.
3. Further to our comments in the Annexure referred to above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books;
   c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
   d. In our opinion, the Profit & Loss Account and the Balance Sheet comply with the accounting standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956.
   e. According to information and explanations given to us and on the basis of written representation received from the directors, taken on record by the Board of Directors of the company, no director is disqualified as on 31st March, 2007 from being appointed as director in terms of clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.
   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes contained in Schedule A thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:-
      i. in the case of Balance sheet, of the state of affairs of the Company as at 31st March, 2007
      ii. in the case of Profit & Loss Account, of the loss for the year ended on that date.

FOR V.D. JOSHI & CO.
Chartered Accountants
Sd/-
(V.D.JOSHI)
Proprietor
Membership No. 043340

27th August, 2007, Mumbai

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 2 of the Auditors' Report of even date to the members of Mihir Properties Pvt. Ltd. for the year ended 31st March, 2007.)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

   (b) There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the Company and nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.

   (c) The Company has not disposed off substantial part of fixed assets during the year.

2. There is no opening or closing stock in trade nor any inventories so no question of physical verification or maintaining proper record arises.

3. The Company has not taken nor granted any loan from / to parties covered in the register maintained under Section 301 of the Companies Act, 1956.

4. There is no business or manufacturing activity during the year and hence there is no question of internal control system arises.

5. There are no transactions with the parties covered under section 301 of the Companies Act, 1956.

6. The company has not accepted any deposit from the public, attracting the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

7. The Company has no internal audit system. As per explanations and information given by the management, in absence of any business activity, internal audit system is not required.

8. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the product manufactured by the company.

9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

   (b) According to the information and explanations given to us no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax/VAT, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2007 for a period of more than 6 months from the date they become payable .

   (c) According to information and explanations given to us, there are no dues of Sales tax/VAT, income tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute.

10. The Company has incurred cash loss in the current year and also in the immediately preceding financial year and accumulated losses in the Balance Sheet as on 31st March, 2007 are less than 50% of the net worth of the company.

11. The Company has not defaulted during the year in repayment of dues to any financial institutions, banks or debenture holders.

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. As the Company is not a chit fund, nidhi, mutual benefit fund or society, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

15. In our opinion and according to information and explanations given to us, the Company has not given guarantee for loans taken by others from Bank or Financial Institutions.

16. The Company has not taken any term loan during the year.

17. According to the information and explanations given to us, the Company has not applied short term borrowings for long term use.

18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. The Company has not issued debentures and therefore the question of creation of security in respect debentures does not arise.

20. The Company has not raised money by public issues during the year period.

21. According to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR V.D. JOSHI & CO.
Chartered Accountants
Sd/-
(V.D. JOSHI)
Proprietor

27th August, 2007, Mumbai

BALANCE SHEET as at 31st March ,2007

	SCH		As At 31st March'07 Rs.	As At 31st March '06 Rs.
SOURCE OF FUND				
Share Capital				
AUTHORISED				
150,000 (PY 150,000) Equity Shares of Rs.100/- each			15,000,000	15,000,000
ISSUED,SUBSCRIBED & PAID UP 145,000 (PY145,000) Equity shares of Rs.100/- each fully paid up			14,500,000	14,500,000
RESERVES & SURPLUS				
Share Premium			16,620,000	16,620,000
UNSECURED LOANS				
From Holding Company			126,055	125,655
			31,246,055	**31,245,655**
APPLICATION OF FUNDS:				
FIXED ASSETS				
Land & Building (Refer Note of Sch.A)		30,964,169		30,964,169
Less: Depreciation		2,518,282		2,130,935
			28,445,887	28,833,234
CURRENT ASSETS,LOANS & ADVANCES				
Cash & Bank Balance		7,139		33,050
Deposits & Advances		15,590		15,590
		22,729		48,640
LESS: CURRENT LIABILITIES & PROVISIONS		15,165		22,244
NET CURRENT ASSETS			7,564	26,396
Miscellaneous Expenditure (To the extent not wriitten off or adjusted)			-	-
Profit & Loss Account			2,792,604	2,386,025
			31,246,055	**31,245,655**
Notes to Accounts	A			

The accompanying notes form an integral part of the Balance sheet.

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

For & on Behalf of Board of Directors

V.D. JOSHI
Proprietor
Mumbai, 27th August, 2007

Nitin Shukla
Director
Mumbai, 27th August, 2007

R U Malekar
Director

PROFIT & LOSS ACCOUNT
for the Year Ended 31st March, 2007

PARTICULARS	SCH	2006 - 07 Rs. (12 Months)	2005 - 06 Rs. (9 Months)
Income		-	-
		-	-
Expenditure			
Bank Charges		67	276
Filing fees		4,000	2,500
Audit Fees		11,236	11,224
Preliminary Expenses written off		-	3,972
Professional Fees		3,929	2,204
		19,232	20,176
Profit before Depreciation & Tax		(19,232)	(20,176)
Less : Provision for Depreciation		387,347	290,775
Net Profit/(Loss) Before Tax		**(406,579)**	**(310,951)**
Less : Provision for Taxation		-	-
Net Profit/(Loss) for the year		**(406,579)**	**(310,951)**
Balance brought forward		(2,386,025)	(2,075,074)
Less/(Add) : Net Profit/(Loss) for the year		(406,579)	(310,951)
Balance carried to Balance Sheet		**(2,792,604)**	**(2,386,025)**
Notes to Accounts	A		

The accompanying notes form an integral part of the Balance sheet & Profit & Loss A/c.

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

For & on Behalf of Board of Directors

V.D. JOSHI
Proprietor
Mumbai, 27th August, 2007

Nitin Shukla
Director
Mumbai, 27th August, 2007

R U Malekar
Director

NOTES FORMING PART OF ACCOUNTS

as at 31st March 2007

SCHEDULE A

1. SIGNIFICANT ACCOUNTING POLICIES:

A METHOD OF ACCOUNTING : The company maintains its accounts on accrual basis.

B) FIXED ASSETS: Fixed assets have been shown at historical cost incurred to bring the assets at the existing condition.

C) DEPRECIATION: Depreciation on building has been calculated on straight line method as per rate prescribed in schedule XIV of the Companies Act, 1956.

2. Contingent liability :- The Company has kept its building as security for availing OD facility with Scheduled Bank for Rs.400 Lacs (P.Y. Rs.400 Lacs), for its holding Company Aftek Ltd.

3. In our opinion, additional information as required vide Schedule VI of the Companies Act, 1956 are not applicable to the company.

4. Payment to Auditors :

	2006-2007	2005-2006
For Audit Fees	(12 months)	(9 months)
(Inclusive of Service Tax)	Rs.11,236.00	Rs.11,244.00

5. There are no tax expenses as there is loss during the year. Since there is no business activity, no deferred tax liability/asset has been provided for.

6. Previous year's figure have been re-grouped and rearranged wherever necessary.

7. RELATED PARTY INFORMATION:

LIST OF RELATED PARTIES WHERE CONTROL EXISTS:

Holding Company : Aftek Ltd.

Fellow Subsidiaries : Aftek Sales & Services Pvt. Ltd., Opdex Inc., Arexera Information Technologies GmbH & Arexera Information Technologies AG

Name of Related party	Description of relationship	Nature of Transaction	Amount (Rs.)	Amount outstanding as on 31/03/2007 and provisions for doubtful	Amount written off or written back
Aftek Ltd.	100% Holding Co.	Taken Interest Free Loan	400/- (PY 7,500/-)	Rs.1,26,055/- (PY Rs.1,25,655/-)	Nil
Aftek Ltd.	100% Holding Co.	Using our Land & Building Rent Free	Nil	Nil	Nil

8. BALANCE SHEET ABSTRACT AND COMPANY'S, GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI PART (iv) OF THE COMPANIES ACT, 1956.

i) REGISTRATION DETAILS:

Registration No.	U45200MH1993PTC071510			State Code 11
Balance – Sheet	31	03	2007	
	Date	Month	Year	

ii) CAPITAL RAISED DURING THE YEAR: (Amt.in Rs. '000)

Public Issue Nil	Right Issue Nil
Bonus Issue Nil	Private Placement Nil

iii) **POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS: (Amt.in Rs. '000)**

Total Liabilities 31246	Total Assets 31246

SOURCES OF FUNDS

Paid up Capital 14500	Reserves & Surplus 16620
Secured Loans Nil	Unsecured Loans 126

APPLICATION OF FUNDS

Net Fixed assets 28446	Investments NIL
Net Current Assets 7	Misc.Expenditure NIL
Accumulated Losses 2793	

iv). **PERFORMANCE OF COMPANY: (Amt.in Rs. '000)**

Turnover Nil	Total Expenditure (407)
Other Income Nil	Profit/(Loss) after Tax (407)
Earning Per share in Rs. (2.81)	Dividend NIL

v) **GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICE Of COMPANY AS PER MONETARY TERMS. - NIL -**

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

For & on Behalf of Board of Directors

V.D. JOSHI
Proprietor
Mumbai, 27th August, 2007

Nitin Shukla
Director

R U Malekar
Director

Mumbai, 27th August, 2007

DIRECTORS' REPORT

To,
The Members of
Opdex Inc.

The Directors present herewith the Annual Report together with the Audited Accounts for the year ended March 31, 2007.

1. **PERFORMANCE**
   Due to operational expenses the net loss as at March 31, 2007 is US $ 94,902.

2. **DIVIDEND**
   In view of the loss incurred during the year, your Directors could not consider any proposal for dividend.

3. **FUTURE PROSPECTS**
   Barring unforeseen circumstances, your directors are confident of achieving better performance in the next year.

BY ORDER OF THE BOARD OF DIRECTORS

RANJIT DHURU
DIRECTOR
June 6, 2007

Auditors' Report to the Members of OPDEX INC.

I have audited the accompanying balance sheet of Opdex Inc. as of March 31, 2007, and the related statements of operations, retained earnings, and cash flows for the twelve months then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opdex Inc. as of March 31, 2007, and the results of operations and its cash flows for the twelve months then ended in conformity with generally accepted accounting principles.

Surender K. Jindal
Certified Public Accountant

Hayward, California
June 6, 2007.

BALANCE SHEET as at 31st March, 2007

	(Amount in US $)	(Amount in US $)
ASSETS		
Current Assets:		
Cash	908	
Prepaid franchise tax	800	
Total Current Assets		1,708
Property and equipment,		
net of depreciation	664	
Total Property and Equipment		664
Other Assets:		
Licenses/permits,		
net of amortization	512,531	
Total Other Assets		512,531
Total Assets		514,903
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities:		
Accounts payable	35,000	
Total Current Liabilities		35,000
Other Liabilities:		
Notes Payable - Shareholders	60,000	
Total Current Liabilities		60,000
Shareholder's Equity:		
Common Stock, $0.05 par value;		
authorized 100,000,000 shares;		
issued and outstanding		
31,700,000 shares	1,585,000	
Retained earnings	(1,165,097)	
Total Shareholder's Equity		419,903
Total Liabilities & Shareholder's Equity		514,903

The accompanying notes are an integral part of these financial statements.

STATEMENT of Operations for the Twelve Months Ended 31st March, 2007

	(Amount in US $)
Income	
Total Income	0
Operating Expense	0
Amortization and Depreciation	74,415
Bank Charges	68
Professional Services	8,646
Office Supplies	137
Rent	6,720
Taxes and Fees	175
Telephone	3,941
Total Operating Expenses	94,102
Loss From Operaions	(94,102)
Provision For Income Taxes	(800)
Net Loss	(94,902)

STATEMENT of Retained Earning as at 31st March 2007

	(Amount in US $)
Retained Earnings - Beginning March 31, 2006	(1,070,195)
Net Loss - Twelve months ended March 31, 2007	(94,902)
Retained Earnings - Ending March 31, 2007.	(1,165,097)

Statement of Cash Flows Twelve Months Ended March 31, 2007

Cash Flows From Operating Activities:	
Net loss	(94,902)
Adjustments to reconcile net loss	
provided by operating activities:	
Depreciation and amortization	74,415
Net Cash Used By Operating Activities	(20,487)
Cash Flows From Investing Activities	
Purchase of Equipment	0
Net Cash Used By Investing Activities	0
Cash Flows From Financing Activities	
Proceeds from the issuance of common stock	10,000
Net Cash Provided By Financing Activities	10,000
Net Decrease in Cash	(10,487)
Cash at Beginning of Year	11,395
Cash at End of Year.	908

Summary of Significant Accounting Policies:

(a) Nature of Operations:

Opdex Inc. is set up as a 100% subsidiary of Aftek Ltd., India (AftekIndia) with two primary objectives. First is to act as a marketing arm for marketing software services of AftekIndia and to install confidence and comfort level in the client base. Second is to create and develop Software Products and Intellectual Property rights and to market software products primarily created by Opdex Inc.

(b) Revenue of Loss Recognition:

The company utilizes the accrual method of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

(c) Property and Equipment:

Property and equipment owned are stated at cost. Depreciation for financial reporting purposes is computed using the accelerated depreciation method over the estimated useful life of the related assets, which range from 5-7 years.

(d) Licenses/Permits:

Licenses/Permits are valued at cost. Licenses were acquired from the parent company Aftek Ltd., India, in lieu of 19 million shares of common stock.

Amortization is computed under the straight-line method over the estimated useful life of 15 years.

(e) Income Taxes:

The corporation has a net operating loss carry forward for tax purposes of US$1,162,522 to offset against future tax liabilities.

(f) Lease Commitments:

None.

Arexera Information Technologies AG

The Directors present herewith the 1st Annual Report, together with the Audited Accounts, for the period from 26th of September 2005 to 31st of December 2006.

1.	PERFORMANCE	Amount in CHF
	Consulting Income	160,000
	Interest Income	218
	Total Expenses	(590,47l)
	Net Loss	(430,253)

2. DIVIDEND

   In view of the loss incurred during the period, the Directors were unable to consider any proposal for dividend.

3. FUTURE PROSPECTS

   Barring unforeseen circumstances, the Company expects to do better in the future.

BY ORDER OF THE BOARD OF DIRECTORS
Dated: 23rd of November 2007

DIRECTOR
Christian Brunner

Auditors' Report to the Members of AREXERA Information Technologies AG

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet and profit and loss statement) of AREXERA Information Technologies AG for the period September 26, 2005 to December 31, 2006.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with the Swiss auditing standards promulgated by the profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with the Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

We draw your attention to the fact that the company is overindebted on December 31, 2006. Since the shareholder has subordinated CHF 614,152 of the loan drawn by the company, the Board of Directors has elected not to inform the judge in accordance with Art. 725 al. 2 of the Swiss Code of Obligations.

Further we draw attention to paragraph 2 of article 699 of the Swiss Code of Obligations according to which the financial statement has to submitted to the General Meeting within six months after closing date.

Zurich, November 23, 2007

AHW
Beratung & Revision AG

J. Artho
Swiss Certified Accountant
Auditor in charge

S.Wenger
Swiss Certified Accountant

BALANCE SHEET as at 31st December, 2006

	(Amount in CHF)
ASSETS	
Current Assets:	
Liquid Assets	73,590
Receivables, other	6,304
Accred expenses and prepayments	161,300
	241,194
	241,194
LIABILITIES & EQUITY	
Liabilities:	
Accounts payables	48,569
Accrued expenses	88,678
Loans, subordinated	434,200
	571,447
Equity:	
Share capital	100,000
Net result for the period	(430,253)
	(430,253)
	(330,253)
	241,194

PROFIT & LOSS Statement for the period 26.9.2005 to 31.12.2006

	(Amount in CHF)
INCOME	
Consulting Income	160,000
Interest income	218
	160,218
AUFWAND	
Personnel expenses	383,231
Rent expenses	2,715
Administration expenses	159,057
Car Expenses	15,687
Marketing expenses	29,298
Financial expenses	483
	590,471
Net result for the period	**(430,253)**
	160,218

Notes as of December 31, 2006

1.	Financial lease commitments	48,948
2.	Liabilites to employee benefit institutions	43,693

BALANCE SHEET as at 31st December, 2006

	AMT IN EURO
LIABILITIES & SHAREHOLDERS EQUITY	
LIABILITIES	
Share Capital	
100% of the nominal value i.e.	52,000
EURO 52000	
Accrued expenses- Payables	1,568,450
Loans - Shareholder (subordinated)	3,790,399
Provisions	247,900
Capital Reserve	5,828,117
Retained Earnings	
(Loss) as per P/L account	(3,953,236)
FC Translation Reserve	
Total Liabilities & Shareholder's Equity	7,533,630
ASSETS	
CURRENT ASSETS	
Fixed Assets	49,418
Investments	2,992,282
Current Assets:	
Receivables (Debtors)	3,657,131
Other Assets	657,894
Cash & Bank Balances	156,638
Deferred Assets	20,267
Total Assets	7,533,630

PROFIT & LOSS Statement for the period 26.9.2005 to 31.12.2006

	AMT IN EURO
PROFIT & LOSS ACCOUNT	
Income - Sales	5,212,523
Interest Income	19,782
	5,232,305
Operating Exp:	
Salary (Personnel expenses)	1,396,381
Bank Charges	5,577
Depreciation	40,100
Rents	138,882
Motor Cars	27,223
Marketing Expenses	8,580
Entertaining Expenses	1,665
Travel Expenses	48,308
Telephone Charges	59,593
Consultancy	90,207
Repairs & Maintenance	28,118
Rates & Taxes	868,150
Software Development Expenses	2,143,515
Office Expenditure	92,021
Total Expenditur	4,948,320
Net Loss Before tax	283,985
Provision for Taxation	-
Profit / (Loss) After Tax	283,985
Net (loss) B/f from previous year	(4,237,221)
Loss C/ f to balance sheet	(3,953,236)

Auditors' Report On Consolidated Financial Statement

to the Board of Directors of Aftek Limited

We have audited the attached Consolidated Balance Sheet of **AFTEK LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. The preparations of these financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

2. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 196,571,613 as at 31st March, 2007, total revenue of Rs. 301,185,508 and net cash outflows amounting to Rs. 21,781,822 for the year ended on that date. Those financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of other auditors.

3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) "Consolidated Financial Statements".

4. Based on our audit and on consideration of the reports of other auditors on separate financial statements read with notes 1 & 2 of schedule M Part B, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India

   i) In the case of Consolidated Balance sheet, of the state of affairs of the Group as at 31st March, 2007

   ii) in the case of the Consolidated Profit & Loss Account, of the profit of the Group for the year ended on that date and,

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

FOR V.D.JOSHI & CO.
Chartered Accountants

(V.D.JOSHI)
Proprietor
Membership No.043340

Mumbai, 27th November, 2007

CONSOLIDATED BALANCE SHEET as at 31st March, 2007

	SCH	As At 31st March'07 Rs.	As At 31st March'06 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	A	174,530,498	171,433,462
Partly Paid Warrants		-	47,868,552
Share Capital suspense	A-1	12,300,000	-
Reserves and Surplus	B	5,628,591,945	4,632,185,085
LOAN FUND	C		
Secured Loans		10,690,585	227,047
Unsecured Loans		385,180,000	528,404,000
		6,211,293,028	5,380,118,146
APPLICATION OF FUNDS			
FIXED ASSETS	D		
Gross Block		1,491,695,512	642,338,219
Less: Depreciation		637,886,783	498,404,721
Net Block		853,808,729	143,933,499
Capital Work-in-Progress		167,934,946	14,348,929
		1,021,743,675	158,282,428
GOODWILL		1,012,019,217	1,017,237,558
INVESTMENTS	E	215,740,535	168,713,121
CURRENT ASSETS, LOANS & ADVANCES	F		
Inventories		2,123,594	1,868,868
Sundry Debtors		1,072,650,176	855,506,381
Cash & Bank Balances		3,033,267,500	3,309,430,025
Loans, Advances & Deposits		285,771,985	325,072,653
		4,393,813,255	4,491,877,927
LESS: CURRENT LIABILITIES & PROVISIONS	G	434,140,313	465,292,973
Net Current Assets		3,959,672,942	4,026,584,954
Miscellaneous Expenditure (To the extent not written off or adjusted)	H	2,116,659	9,300,084
		6,211,293,028	5,380,118,146
Notes on Accounts	M		

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

V.D. JOSHI
Proprietor
Mumbai, 27th November, 2007

For & on Behalf of Board of Directors

RANJIT M. DHURU
Chairman & Mg. Director

NITIN K. SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary
Mumbai, 27th November, 2007

CONSOLIDATED PROFIT & LOSS ACCOUNT

for the Year Ended 31st March, 2007

	SCH	2006 - 07 Rs. (Twelve Months)	2005 - 06 Rs. (Nine Months)
INCOME:			
Sales	I	3,621,731,093	2,016,129,197
Other Income	J	67,859,195	96,510,904
		3,689,590,288	**2,112,640,101**
EXPENDITURE:			
Cost of Revenues & Employees Cost	K	2,342,060,350	1,219,877,297
Selling, Administrative & Other Expenses	L	276,687,007	72,437,614
Depreciation and amortisation	D	152,922,146	135,088,022
Interest		9,595	-
		2,771,679,098	**1,427,402,933**
Profit before Extra Ordinary Items, Prior Period Adjustments & Tax		**917,911,190**	**685,237,168**
Extraordinary Item		-	-
Profit before Prior Period Adjustments & Tax		**917,911,190**	**685,237,168**
Provision for Current Tax		12,436,090	3,500,000
Provision for Deferred Tax		-	-
Fringe Benefit Tax		**831,562**	**699,328**
		13,267,652	**4,199,328**
Profit before Prior Period Adjustment		**904,643,538**	**681,037,840**
Less : Prior period adjustment		163,946	131,638
Profit before share of profit in associates		**904,479,592**	**680,906,202**
Add less: share in profit/(loss) in associates		(539,672)	31,973,642
Profit after tax		**903,939,920**	**712,879,844**
Add: Balance Brought forward from Previous Year		2,113,464,945	1,568,310,710
The investor's share of the profits of associate of earlier years		-	39,298,392
Less : Goodwill not amortised in earlier years now adjusted		-	(8,182,472)
(Short)/Excess Provision for Taxation of earlier years		86,739	-
Amount Available for Appropriation		**3,017,491,604**	**2,312,306,474**
Less: Proposed Dividend		93,472,050	86,647,050
Tax on Dividend		13,237,979	12,152,248
Trfd. to General Reserve		120,000,000	100,000,000
Dividend and Dividend Tax For 04-05		19,074	42,231
Profit transferred to Balance Sheet		**2,790,762,501**	**2,113,464,945**
Basic Earnings Per Share of Rs.2/- each		**10.43**	**8.73**
Diluted Earning Per Share of Rs.2/- each		**9.80**	**8.62**
(Refer Note 12 of Schedule M)			
Notes on Accounts	M		

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

V.D. JOSHI
Proprietor
Mumbai, 27th November, 2007

For & on Behalf of Board of Directors

RANJIT M. DHURU
Chairman & Mg. Director

NITIN K. SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary
Mumbai, 27th November, 2007

CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended 31st March, 2007

		2006 - 2007 (Twelve Months) Rs.	2005 - 2006 (Nine Months) Rs.
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax, prior period adjustment and after extraordinary item	917,911,190	685,237,168
	Adjustments :		
	Depreciation and amortisation	152,922,146	135,088,022
	Miscellaneous Expenditure Written Off	6,833,017	5,354,427
	Provision for employee benefits (Net)	406,890	376,935
	Employee Compensation (ESOP)	3,250,791	7,053,161
	Unrealised foreign exchange (gain)/loss	90,049,302	(49,277,311)
	Loss on sale/discard of Fixed Assets	61,161	526,246
	Provision for Doubtful Debts / Advances	87,192	(21,802)
	Provision for Doubtful Debts converted to Bad Debts	-	(131,148)
	Interest Income	(61,785,944)	(28,680,088)
	Operating Profit Before Working Capital Changes	**1,109,735,745**	**755,525,609**
	Adjustments for (Increase)/Decrease in :		
	Trade & other receivables	(222,851,637)	(399,514,328)
	Inventories	(254,726)	211,266
	Trade Payables and other liabilities	(126,913,278)	141,489,987
		759,716,104	497,712,535
	Prior Period Item	(163,946)	(131,638)
	Direct taxes paid (Including Advance Tax and Net of Refund)	(13,231,562)	(8,434,600)
		746,320,596	489,146,297
	Extra ordinary Items	-	-
	Net Cash Generated From Operating Activities	**746,320,596**	**489,146,297**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets *	(1003,889,881)	(21,306,717)
	Sale of Fixed Assets	10,648	652,245
	Acquisition of shares from promotors in wholly owned subsidiary	(1,075,000)	(548,155,885)
	Investment in others	-	(40,982,433)
	(Increase)/Decrease in Loans & Advances to Affiliates	(4,789,469)	(18,564,422)
	Advances for Acquisition of Shares	(948,321)	(20,005,272)
	Interest income & Mutual Fund Income	70,290,746	34,464,272
	Net Cash From Investing Activities	**(940,401,277)**	**(613,898,212)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Issue of Foreign Currency Convertible Bonds	-	194,085,000
	FCCB Expenses	-	(67,206,790)
	Shares issued under ESOP	83,874	5,159,958
	Proceeds from Secured loan	10,613,157	-
	Repayment of Secured loan	(149,619)	(107,936)
	Net proceeds from unsecured loan	19,318,771	47,868,552
	Interest Paid	(8,504,802)	(5,784,185)
	Dividend Paid (Incl Tax on Dividend)	-	(95,966,615)
	Net Cash From Financing Activities	**21,361,381**	**78,047,985**
D.	**Net increase/(Decrease) in Cash & Cash equivalents (A+B+C)**	**(172,719,300)**	**(46,703,930)**
	Effect of exchange rates on cash and cash equivalents	**9,369,623**	
	Cash & cash equivalents at the beginning of the year	**3,309,430,025**	**3,281,061,558**
	Cash acquired on acquistion	-	**825,298**
	Cash & cash equivalents at the end of the year	**3,146,080,348**	**3,235,182,926**
	Add: Unrealised Foreign Exchange Loss on Cash & Cash Equivalent	**(112,812,848)**	**74,247,099**
	Cash & cash equivalents at the end of the year as per Accounts	**3,033,267,500**	**3,309,430,025**

Notes to the Cash flow statement

* Includes stock in trade converted to Fixed Assets Rs.NIL (PY 424,849/-)

1 Figures in bracket represents outflow.

2 Previous year's figures have been regrouped whereever necessary.

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

V.D. JOSHI
Proprietor
Membership No.: 43340
Mumbai, 27th November, 2007

For & on Behalf of Board of Directors

RANJIT M DHURU — **Chairman & Mg. Director**

NITIN K SHUKLA — **Director - Finance**

C. G. DESHMUKH
Company Secretary

Mumbai, 27th November, 2007

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 31st March '07 Rs.	As At 31st March '06 Rs.
SCHEDULE A: SHARE CAPITAL		
Authorised		
125,000,000 Equity shares of Rs. 2/- each	250,000,000	250,000,000
Issued, Subscribed & Paid Up		
87,265,249 (PY85,716,731) Eq.Shares of Rs.2/- each fully paid up	174,530,498	171,433,462
	174,530,498	**171,433,462**

Notes :

1. Of the above equity shares, following were alloted :
   A) as fully paid Bonus Shares :
      1,750,000* in 1994 - 95 by capitalisation of General Reserve
      25,000,000 in 2004 - 05 by capitalisation of General Reserve.
   B) 12,029,471(PY 10,522,890) equity shares on conversion of 2,570 (PY 2,270) FCCBs. 235,778 (PY 193,841) against exercise of Stock Options under Employees Stock Option Scheme, 2004
2. 66,43,785 (PY 14,539,035) equity shares of Rs.2/- each fully paid up represent 22,14,595 (PY 4,846,345)Global Depository Receipts ("GDRs"). Originaly 3,999,300 shares of Rs.10/- each, were issued underlying 1,333,100 GDRs by way of GDR offering in the year 2003 by the Company.
3. Under Aftek Employees Stock Option Scheme the company has granted (net of options lapsed) :
   407,491 (PY 594,907) Options in 2004 - 05, of which 41,397 (PY 193,841) vested Options# have been exercised.

* Consequant upon sub-division of shares from Rs.10/- to Rs.2/-
# Each Option entitles the holder thereof to apply for and be alloted 1 ordinary share of the face value of Rs.2/- each

SCHEDULE A-1: SHARE CAPITAL SUSPENSE

6,150,000 shares of Rs.2 each fully Paid up to be 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 (See Note 12 of Schedule M)	12,300,000	-
TOTAL Rs.	12,300,000	-

SCHEDULE B : RESERVES & SURPLUS

General Reserve :		
Opening Balance	365,859,952	265,859,952
Add : Addition	136,798,858	100,000,000
	502,658,810	365,859,952
Share Premium :		
Opening Balance	2,138,725,966	1,226,032,575
Add:Addition	131,024,198	981,312,801
Less: FCCB Expenses Written Off	-	68,619,410
	2,269,750,164	2,138,725,966
Capital Reserve		
Opening Balance	336,210	336,210
Add : Addition	47,868,552	-
	48,204,762	336,210
Employee Stock Options		
Employee Stock Options Outstanding	13,178,431	22,063,551
Less : Deferred Employee Compensation Expenses	(1,038,817)	8,885,120
	14,217,248	13,178,431
Profit & Loss Account	2,790,762,501	2,113,464,945
Foreign currency translation reserve	2,998,460	619,581
	5,628,591,945	**4,632,185,085**

SCHEDULE C : LOAN FUND

SECURED LOANS		
ICICI Bank Car Loan	77,428	227,047
(Secured by hypothecation of Motor Car)		
Bank of India	9,708,500	-
(Secured by hypothecation of Book Debts and Personal Guarantee of Director)		
Bank CC Accounts	904,657	-
(Secured by mortgage of building owned by subsidiary of Mihir Properties P. Ltd.)		
	10,690,585	**227,047**
UNSECURED LOANS		
1% Foreign Currency Convertible Bonds Due 2010	383,680,000	528,404,000
(880 (PY1,180) FCCBs of US$ 10000/- each)		
Loans from Director	1,500,000	-
	385,180,000	**528,404,000**

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE E : INVESTMENT

	As At 31st March '07 Rs.	As At 31st March '06 Rs.
Unquoted - Trade Investments (At Cost)		
In Associates		
Digihome Solutions Pvt. Ltd.	710,328	625,000
(125000 (PY 62500) Equity Shares of Rs.10/- each fully paid up)		
In others		
Elven Technologies Pvt. Ltd.(Shares)	825,000	375,000
(82,500 (PY 37,500) Equity Shares of Rs.10/- each fully paid up)		
V. Soft Inc. (USA)	39,982,433	39,982,433
(164250 (PY 164250) Equity Shares of US $5.48 each fully paid up)		
Seekport Internet Technologies GmbH	174,222,774	127,730,688
'(33% (PY 33%) of the Share Capital of Arexera Information Technologies GmBH)		
	215,740,535	**168,713,121**

SCHEDULE F : CURRENT ASSETS, LOANS & ADVANCES

I Inventories		
(As taken, valued & certified by the Management)		
Raw Materials, Consumables	1,683,116	1,601,375
Work-in-progress	440,478	267,493
	2,123,594	**1,868,868**
II Sundry Debtors		
(Unsecured considered good except stated otherwise)		
(a) Outstanding for more than six months		
Considered good	162,026,124	89,059,686
Considered Doubtful	2,026,167	89,059,686
	164,052,291	178,119,372
Less: Provision for Doubtful Debts	2,026,167	89,059,686
	162,026,124	89,059,686
(b) Others (Considered Good)	910,624,052	766,446,695
	1,072,650,176	**855,506,381**

	As At 31st March '07 Rs.	As At 31st March '06 Rs.
III Cash & Bank Balances		
Cash in Hand	2,908,312	2,304,836
With Scheduled Bank		
-In Cash Credit Account	-	7,099,044
-In Current Account	25,125,946	1,669,159
-In Fixed Deposit #	25,134,457	554,413,966
-In Dividend Account	3,183,780	2,735,113
-In Foreign Currency Current Account	36,840,568	23,596,690
With Non Scheduled Bank		
In Current accounts		
-Banco Efisa , Portugal (Maximum Balance Outstanding at any time during the year Rs.2,459,257,350 (PY 1,550,388,503))	1,686,436,608	1,437,360,950
-Investec Bank (Switzerland) AG, Switzerland (Maximum Balance Outstanding at any time during the year Rs. 35,622,874 (PY 45,470,000))	-	199,016
In Deposit Account		
-Banco Efisa, Portugal (Maximum Balance Outstanding at any time during the year Rs.1,111,170,525 (PY 1,054,821,812))	1,059,397,445	1,054,821,812
-Investec Bank (Switzerland) AG, Switzerland (Maximum Balance Outstanding at any time during the year Rs.237,775,372 (PY 229,816,240))	194,240,384	225,229,439
	3,033,267,500	**3,309,430,025**

Balance in Deposit Accounts with Scheduled Bank include Rs.430,900/- (PY 143,733/-) worth FD's under lien.

Balance in Foreign Currency Current accounts includes Rs.35,993,178/- (PY 169,789) being unutilised money of FCCB issue.

Balance in Fixed Deposit accounts includes Nil/- (PY 531,219,025/-) being unutilised money of FCCB issue.

Balance in Investec Bank (Switzerland)AG Current account includes Rs. NIL/- (PY 199,016) being unutilised money of FCCB issue.

Balance in Investec Bank (Switzerland)AG Deposit account includes Rs.194,240,384/- (PY 225,229,439) being unutilised money of FCCB issue.

Balance in Banco Efisa Current Account includes Rs.NIL (PY1,344,079) is unutilised money of the GDR issue.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	As At 31st March '07 Rs.	AS AT 31st March '06 Rs.
SCHEDULE F Current Assets, Loans & Advances (Cont'd)		
IV Loans, Advances & Deposits		
(Unsecured considered good except stated otherwise)		
Advances recoverable in cash or in kind		
Considered Good	72,378,728	62,775,480
Considered Doubtful	-	-
	72,378,728	62,775,480
Less : Provision for Doubtful Advances	-	-
	72,378,728	62,775,480
Advances for acquisition of shares	4,533,575	21,382,097
Less : Provision for Doubtful Advances	3,595,575	3,595,575
	938,000	17,786,522
Loans & Advances - Affiliates	48,173,842	41,395,618
Other assets of Arexera GmbH	-	50,417,967
Deferred assets of Arexera GmbH	1,180,022	-
Deposit with Body Corporates	145,598,630	145,598,630
Deposits - others	16,499,093	4,052,802
Interest Accrued	1,003,670	3,045,635
TOTAL Rs.	**285,771,985**	**325,072,653**
SCHEDULE G: CURRENT LIABILITIES & PROVISIONS		
i) Current Liabilities :		
Sundry Creditors	288,247,714	344,643,094
Advance from Customers	290,533	9,235,805
Unclaimed Dividend	3,183,828	2,730,758
(Investor Protection & Education Fund shall be credited by the amount when due)		
Others	18,818,377	3,316,327
ii) Provisions :		
Provision for Tax	12,541,148	3,677,973
Proposed Dividend (Incl. Dividend Tax)	106,710,029	98,799,298
Provision for Employee Benefits	2,142,598	1,735,708
Other Provisions	2,206,086	1,154,009
TOTAL Rs.	**434,140,313**	**465,292,973**
SCHEDULE H : MISCELLANEOUS EXPENDITURE		
Preliminary Expenses		
Opening Balance	751,263	1,686,250
Less : Written Off	342,858	927,438
	408,405	758,812
GDR Issue Expenses		
Opening Balance	8,541,272	13,666,035
Less : Written off	6,833,017	5,124,763
	1,708,255	8,541,272
FCCB Expenses		
Opening Balance	-	1,412,620
Add : Addition	-	-
Less : Written off against Share Premium	-	1,412,620
	-	-
TOTAL Rs.	**2,116,659**	**9,300,084**

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

		2006-07 Rs.	2005-06 Rs.
SCHEDULE I : SALES			
Software, Software Driven Products & Others		329,003,792	105,948,299
Software - Exports - Products		1,813,27,042	139,782,315
Software - Exports - Services		3,102,867,424	1,765,261,365
Other Exports		8,482,688	5,128,336
		3,621,680,946	2,016,120,315
Add: Duty Drawback		50,147	8,882
	TOTAL Rs.	**3,621,731,093**	**2,016,129,197**
SCHEDULE J : OTHER INCOME			
Interest Income (Net of Foerign Tax)		70,290,746	34,464,272
[Incl. TDS Rs.266,523/- (PY Rs.219,257/-)]			
Less :Interest Paid		8,504,802	5,784,185
		61,785,944	28,680,088
Miscellaneous Income		6,073,251	1,359,940
Foreign Exchange Diff.		-	66,470,876
	TOTAL Rs.	**67,859,195**	**96,510,904**
SCHEDULE K : COST OF REVENUES & EMPLOYEES COST			
Consumption of Raw Materials & Consumables			
Opening Stock		1,601,375	1,192,838
Add: Purchases & Expenses		40,226,050	6,489,550
		41,827,425	7,682,388
Less: Closing Stock		1,683,116	1,601,375
		40,144,309	6,081,013
Cost of Software Sold (Trading)			
Opening Stock		-	-
Add: Purchases [Qty.430 Nos. (PY1022Nos.)]		-	59,505,109
		-	59,505,109
Less: Closing Stock		-	-
		-	59,505,109
Add / (Less) :			
Decrease / (Increase) in finished & semi finished stocks			
Opening Stock		267,493	887,297
Closing Stock		440,478	267,493
		(172,985)	619,803
Payments to and Provisions for Employees (including Managerial Remuneration)			
Salaries, Wages, Bonus & Others		279,161,501	91,396,477
Contribution to Provident Fund & Gratuity Fund		9,554,249	3,158,980
Staff Welfare Expenses		4,317,309	4,049,015
Employees Compensation		3,250,791	7,053,161
		296,283,850	105,657,633
Software Development, Expenses		2,005,805,176	1,048,013,739
	TOTAL Rs.	**2,342,060,350**	**1,219,877,297**

CONSOLIDATED SCHEDULE FORMING PART OF THE ACCOUNTS

	2006-07 Rs.	2005-06 Rs.
SCHEDULE L:		
SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Advertisement & Sales Promotion	1,842,050	796,597
Payment to Auditors	4.219,398	1,617,068
Bad and Doubtful Debts	296,754	61,033
Travelling & Conveyance	19,586,261	9,909,473
Professional Fees	16,432,433	6,308,859
Miscellaneous Expenses W/Off	7,175,875	5,124,763
Rent	41,258,173	14,012,434
Commission Paid	279,458	235,194
Electricity Expenses	6,751,690	2,148,914
Rates & Taxes	51,284,313	2,122,867
Foreign Exchange Diff.	64,385,871	-
Telephone & Communication	9,731,114	3,260,111
Insurance Charges	133,722	70,422
Loss on sale of Fixed Assets	61,161	526,246
R. & D. Expenses	25,975,340	18,110,309
Repairs & Maintenance		
Buildings	1,903,180	159,952
Computers	598,125	513,081
Others	1,419,500	776,765
Miscellaneous Expenses	23,352,588	6,683,526
TOTAL Rs.	**276,687,007**	**72,437,614**

SCHEDULE M : NOTES ON ACCOUNT

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of financial statements

The financial statements have been prepared to comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

2. Use of estimates

In preparing Group's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period; actual results could differ from those estimates.

3. Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company, its subsidiaries and joint ventures (collectively referred to as "Group").

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities.

Proportionate share of interest in Associates has been accounted for by the applying equity method in accordance with Accounting Standard - 23 – Accounting for Investments in Associates in consolidated financial statements, issued by the ICAI.

The excess / deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognized in the financial statements as goodwill / capital reserve. The Parent Company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Entities acquired during the year have been consolidated from the respective dates of their acquisition.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

4. Foreign Currency Transactions

Transactions in foreign currencies pertaining to revenue accounts are accounted at approximate exchange rate prevalent on transaction date. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment/realization in Profit & Loss Account. The amount outstanding at the year end are translated at exchange rate prevailing at year end and the profit/loss so determined are recognized in the Profit & Loss Account.

The financial statements of the foreign integral subsidiaries are translated into Indian Rupees as follows:

- All monetary assets and liabilities are translated into Indian Rupees at the appropriate year-end exchange rates.
- Non-monetary assets, being investments and fixed assets, are translated using exchange rate at the date of their acquisition.
- Income and expenses are translated using the monthly average exchange rates in effect during the year being reported.
- The resulting net exchange differences from translation of items in the financials statements are reported as income and expenses for the year.

The foreign subsidiaries other than mentioned above are identified as non-integral subsidiaries and are translated into Indian Rupees as follows

- All assets and liabilities are translated into Indian Rupees at the appropriate period-end exchange rate.
- Income and expenses are translated using the monthly average exchange rates in effect during the year being reported.
- The resulting exchange rate differences are reported as a component of reserve and surplus under the head Translation Reserve.

5. Revenue recognition

Sales

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 obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the arrangement. Sale of products is primarily carried out through channel partners. Further, the Company reimburses certain software installation and testing charges to these 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 a transaction independent of the sale of the product and the the costs relating to these activities are accounted under 'Cost of revenues'.

Revenues from services are recognized as services are provided when arrangements are on a time and material basis. Revenues for fixed price contracts are recognized based on payment milestones as agreed and accepted by the customers. However for large contracts, which are in progress as of the end of a reporting period, the company makes an assessment of the need to recognize revenues based on a proportional performance method. Performance is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. If the proportional performance is higher than a related contractual milestone requiring customer acceptance, revenue is recognized only to the extent customer acceptance has been received. If the proportional performance is lower than the related milestone, then revenue is deferred.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

6. Fixed Assets & Depreciation

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

The Depreciation on Fixed Assets is provided on straight line methods or other methods and rates permissible under applicable local laws or at such rates so as to write off the value of assets over their useful life. Cost of leasehold land is depreciated over the tenure of the lease.

7. Goodwill

Goodwill reflects the excess of the purchase price over the book value of net assets acquired. Goodwill arising on acquisition of subsidiaries / business is being tested for impairment on an annual basis. Goodwill which can be identified directly to an underlying assets acquired are amortised over the useful life of the asset, which is 15 years. The unamortized goodwill is subject to impairment test on an annual basis.

8. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

9. Inventories

(i) Inventories are valued at lower of cost or net realisable value.

(ii) In case of raw materials and consumables the cost includes duties, taxes and freight inward on FIFO basis.

(iii) Cost of finished product and work-in-progress includes the cost of raw materials, consumables and direct labour as applicable.

10. Employees' Retirement Benefits

In respect of the holding company, Company's contribution to Provident Fund and Gratuity Fund is charged to Profit and Loss account on accrual basis. Liability for Leave Encashment benefits is charged to Profit & Loss account on the basis of actuarial valuation.

11. Employee Stock Option Scheme

Accounting of Employee Stock Option Scheme is done as per "Fair Value Method". As required by SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, the amortization of fair value of the options is done on the straight line method over the vesting period.

12. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

13. Taxation

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit / (loss) for the year.
Deferred tax assets are recognized for all deductible timing differences and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
Deferred tax assets to the extent it pertains to unabsorbed loss / depreciation under tax laws, is recognized only to the extent that there is virtual certainty of realization based on convincing evidence, as evaluated on a case to case basis.
Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

14. Fringe Benefit Taxation

Consequent to the introduction of Fringe Benefits Tax (FBT) effective from April 1, 2005, the Company has made provision for FBT in accordance with the guidance note on accounting for fringe benefit tax issued by the Institute of Chartered Accountant of India.

15. Contingent liabilities

Depending on the facts of each case and after due evaluation of relevant legal aspects, the Company creates a provision when there is a present obligation as a result of a past event where the out flow of economic resources is probable and a reliable estimate of the amount of obligation can be made. The disclosure is made for all possible or present obligations that may but probably will not require out flow of resources as contingent liabilities in the financial statements.

16. Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to profit and loss account.

17. Lease accounting

Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

SCHEDULE: M

B. NOTES TO THE ACCOUNTS

1. Details of subsidiaries and associates whose financial statements have been consolidated as at March 31, 2007 are given below:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest	
		March 31, 2007	March 31, 2006
Mihir Properties Pvt. Ltd.	India	100%	100%
Aftek Sales & Services Pvt. Ltd.	India	100%	100%
Opdex Inc. (Formerly known as Aftek Infosys USA Inc.)	USA	100%	100%
Arexera Information Technologies GmbH	Germany	100%	100%
Arexera Information Technologies AG	Switzerland	100%	100%
Digihome Solutions Pvt. Ltd.	India	25%	25%

Financial statements of Arexera Information Technologies GmbH and Arexera Information Technologies AG were drawn up to 31st December, 2006. Accordingly, adjustments were made as per managements' best estimates for the effects of significant transactions and events that occurred between 1st January, 2007 and the date of the parent's financial statements i.e. 31st March 31, 2007.

The Company has not consolidated investments in a Company namely Seekport Internet Technologies GmbH ("the Investee') in which one of the subsidiaries i.e. Arexera Information Technology GmbH has 24.75% equity stake and has accounted the same as a long term investment and is been stated at cost. The Management does not have any significant influence on the investee as evidenced by the following ways:

(a) No representation on the board of directors or corresponding governing body of the investee, no interchange of managerial personnel and no participation in policy making processes;

(b) No provision of essential technical information or no material transactions between the Company and the investee;

		2006 – 07 (12 months) Rs.	2005 – 06 (9 months) Rs.
2	Estimated amounts of contracts remaining to be executed		
	On capital account and not provided for	950,000,000	19,533,333
3	**Contingent Liabilities in respect of:**		
	Bank Guarantee	403,900	123,900
	Income tax matters in dispute under appeal	331,043	331,043
	Income tax cases for Assessment Year 2005-06 is pending before Deputy Commissioner of Income Tax.		

	2006 – 07 (12 Months) Rs.	2005 – 06 (9 Months) Rs.
4 Payments to Directors:		
Salaries	19,476,384	13,858,920
Contribution to Gratuity fund	NIL	NIL
Commission to Non Executive directors	1,800,000	2,175,150
5. Auditors' Remuneration:		
Tax Audit Fees	561,800	280,600
Statutory Audit Fees*	3,198,587	719,348
Certification & others	459,011	617,120

*Statutory audit fees includes fees paid to Auditor of Opdex Inc. USA for accounting services.

6. EARNINGS PER SHARE (EPS) :

	2006 - 2007 Rs.	2005 - 2006 Rs.
Basic		
Net Profit available for Equity Share Holders	903,939,920	712,879,844
Weighted Average Number of equity shares subscribed	86,702,630	81,658,231
Face value of Shares	2	2
Basic Earnings per Equity Share	**10.43**	**8.73**
Diluted		
Net Profit available for Equity Share Holders	903,939,920	712,879,844
Add: Interest on FCCB (Net of Tax)	2,860,952	3,022,507
Adjusted profit for Diluted Earning per Share	906,800,872	715,902,351
Weighted Average Number of equity shares subscribed	86,702,630	81,658,231
Weighted Average Number of potential shares on account of		
Employee Stock Options	188,888	375,334
Foreign Currency Convertible Bonds	5,633,570	1,065,858
Total Weighted Average Number shares outstanding	92,525,088	83,099,423
Diluted Earning Per Share	**9.80**	**8.62**

7. **Related Party Information**

i) List of Related Party with whom transactions have taken place and relationships

Name of the Related Parties	Nature of Relation
Aftek Employees' Welfare Trust	Control
Aftek Ltd. Employees Group Gratuity Scheme	
Ranjit M. Dhuru	Key Management Personnel
Nitin K Shukla	
Mahesh B Vaidya	
Sunil M. Desai	
Promod V Broota	
Cabernet Vineyards Pvt.Ltd.	Others
Elven Technologies Pvt.Ltd.	
Digihome Solutions Pvt. Ltd.	Associate

(ii) Transactions :

	2006 - 07 (12 Months) Rs.	2005 - 06 (9 Months) Rs.
Sales		
Associate	732,016	NIL
Loans & Advances Given : (net)		
Control	2,715,500	18,893,500
Others	5,165,066	NIL
Loans & Advances Received Back : (net)		
Control	NIL	NIL
Remunerations :		
Key Managerial Personnel	19,476,384	13,858,920
Equity Contribution / Advances for Equity:		
Associates	625,000	625,000
Others	450,000	375,000
Contribution :		
Control	682,317	597,798
Purchases for Staff Welfare:		
Others	NIL	40,120

(iii) Balances :

	As At 31st March,2007 Rs.	As At 31st March,2006 Rs.
Loans & Advances Given :		
Control	44,111,118	41,395,618
Others	4,062,724	NIL

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 including that of Aftek Ltd. For the benefit of employees. As per the conditions of the trust deed the company has provided an interest free loan aggregating to Rs.44111118 (PY Rs.41395618) (maximum balance outstanding at any time during the year Rs.45895618 (PY Rs.42225618) and the same has been used for the purchase of Equity shares of Aftek Ltd. 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.

8. Employee Stock Option Scheme:

Stock Options [ESOP]

1	Exercise Price per Share	Rs. 56		Rs. 70		Rs. 56		Rs. 51.90	
	Adjusted Exercise Price on account of issue of Bonus shares	Rs. 26		Rs. 40		Rs. 26		-	
2	Grant Date	25.08.2004		28.10.2004		25.08.2004		31.07.2006	
3	Vesting commences on	25.08.2005		28.10.2005		25.08.2005		31.07.2007	
4	Vesting schedule	25% of grant each year commencing one year from the date of grant				100% on 25.08.2005		25% of grant each year commencing one year from the date of grant	
	Particulars of Numbers of Options	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
5	Option outstanding at The Beginning of the year	319,649	413,230	77,417	94,230	4,000	100,000	-	-
6	Option granted during the year	-	-	-	-	-	-	50,000	-
7.	Option exercised in respect of which shares were allotted	31,230	89,263	6,707	8,578	4,000	96,000	-	-
8.	Option lapsed during the year on separation	13,845	4,318	29,730	8,235	-	-	-	-
9.	Option outstanding at the end of the year Of which – Option vested Option Yet to vest	274,574 80,717 193,857	319,649 13,271 306,378	40,980 13,990 26,990	77,417 13,071 64,346	- - -	4,000 4,000 -	50,000 - 50,000	- - -

9. During the year the Company has forfeited Rs.47,868,552 against issue of 3,969,200 numbers of partly paid warrants issued to Promoters' Group on preferential basis at a price of Rs.120.60 per warrant and the said amount has been transferred to Capital Reserve.

10. Details of use of 1% Foreign Currency Convertible Bonds (FCCBs) of USD 10000/- each of 3450 bonds issued during June/July 2005, with an option to convert these Bonds into equity shares of Rs.2/- each or GDR within a year of 5 years from the date of the original issue i.e. 24th June, 2005.

PARTICULARS			AMOUNT Rs.
Source			
Bank Of India-London FD Account			531,219,025
Bank Of India-London Current Account			169,789
Investec Bank-FD Account			225,229,439
Investec Bank-Current Account			199,016
Interest Earned			32,632,417
Foreign Exchange			4,875,847
		TOTAL A	**794,325,533**
Application			
Investment			191,993,702
Bank Charges			151,702
FCCB Interest			3,781,140
Capital Purchase			254,907,076
Software			44,575,570
Listing Fees			275,128
Working Capital			79,994,180
		TOTAL B	**575,678,498**
		Balance A-B	**218,647,035**
Balance with : (Amount in INR)			
Bank Of India-London Current Account :	35,993,179 DR		
Investec Bank-FD Account :	194,240,384 DR		
Investec Bank-Current Account :	11,586,528 CR		
Total	**218,647,035 DR**		

11. The Company's significant leasing arrangements are in respect of operating leases for premises and utilities. The significant leasing arrangement which is not non-cancelable is for a period of 36 & 33 months. The aggregate lease rentals payable in this respect are charged as Rent as per Schedule L for cancelable as well as non cancelable Lease arrangements. Maximum obligations on non-cancelable operating leases payable as per the rentals stated in respective agreements are as follows:

	2006 - 07 Rs.	2005 - 06 Rs.
Lease Rental on Non cancelable Leases	32211680	9,576,450

	As on 31st March,2007 Rs.	As on 31st March,2006 Rs.
Obligations on Non-Cancelable Leases		
Not later than one year	5,500,000	12,768,600
Later than one year and not later than five years	45,091,050	NIL
Later than Five years	NIL	NIL
Total	50,591,050	12,768,600

12. Scheme of Arrangement between Elven Microcircuits Pvt. Ltd. (EMPL), C2silicon Software Solutions Pvt. Ltd. (C2silicon) and the Company :

The Hon'ble Bombay High Court and The Hon'ble Karnataka High Court has sanctioned a Scheme of arrangement for Amalgamation of between EMPL, C2silicon with the Company under Section 391 to 394 of the Companies Act, 1956 (the Scheme). Upon necessary filing with the respective Registrars of Companies in Mumbai and Bangalore, the Scheme has become effective on 26th September 2007. Consequently, in terms of the Scheme:

a) Entire business of EMPL & C2silicon including assets and liabilities, as a going concern, shall stand transferred to and vested in the Company with effect from 1st April 2006 being the Appointed date.

b) EMPL & C2silicon was primarily engaged in the business of Software developments.

c) 6,150,000 ordinary shares of Rs.2/- each of the Company are to be issued to the Shareholders of EMPL in ratio of 123:100 fully paid up equity shares of the Company for each fully paid up equity share of Rs.2/- each held in EMPL on Effective Date. Pending allotment, an amount of Rs.1,23,00,000/- representing the face value of the shares to be issued, has been included in the Share Capital Suspense Account as at 31 March 2007 (Schedule A-1)

13. The company operates in a single segment.

14. Previous periods' figures have been regrouped / recast wherever necessary to make them comparable with those of the current year.

15. Figures are rounded off to nearest rupee.

16. Schedules- A to M forms an integral part of the accounts and have been duly authenticated.

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

V.D. JOSHI
Proprietor
Mumbai, 27th November, 2007

For & on Behalf of Board of Directors

RANJIT M. DHURU
Chairman & Mg. Director

NITIN K. SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary
Mumbai, 27th November, 2007

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

Name of the Subsidiary Company	Opdex Inc.	Aftek Sales & Services Pvt. Ltd.	Mihir Properties Pvt. Ltd.	Arexera Information Technologies GmbH	Arexera Information Technologies AG
1. Financial year of the Companies ended on	31/03/2007	31/03/2007	31/03/2007	31/12/2006	31/12/2006
2. Total Issued, Subscribed and Paid-up Capital of the Subsidiary Company:	31,700,000 common stock of US $. 0.05 par value	1,000 equity shares of Rs. 100/- each	1,45,000 equity shares of Rs. 100/- each	Euro 52,000	CHF 100,000
3. Extent of Interest of Aftek Ltd. at the end of the financial year:	100%	100%	100%	100%	100%
4. The net aggregate of Profits / (Loss) of the Subsidiary Companies of the financial year, so far as they concern the members of Aftek Ltd. were:					
a) Dealt with in the Accounts of Aftek Ltd. for the year ended 31st March, 2007	Nil	Nil	Nil	Nil	Nil
b) Not dealt with in the Accounts of Aftek Ltd. for the year ended 31st March, 2007	US$94,902) (Rs.4,281,303)	(Rs.12,713)	(Rs.4,06,579)	EURO (283,984) (Rs.16,093,324)	CHF (430,253) (Rs.15,578,400)
5. The net aggregate of Profits / (Loss) of the Subsidiary Companies for the previous financial years since they became subsidiaries so far as they concern the members of Aftek Ltd. were:					
a) Dealt with in the Accounts of Aftek Ltd. for the year ended 31st March, 2006	Nil	Nil	Nil	Nil	Nil
b) Not dealt with in the Accounts of Aftek Ltd. for the year ended 31st March, 2006.	(US$77,402) (Rs.3,405,104)	(Rs.12,774.)	EURO 185,322* (Rs.310,951)	(Rs.9,967,080)	N.A.

for a period of 3 months ending 31st March, 2006 since Arexera Information Technologies GmbH became wholly-owned subsidiary in January, 2006.

As per our audit report of even date
For V.D. JOSHI & CO.,
Chartered Accountants

V.D. JOSHI
Proprietor
Mumbai, 27th November, 2007

For & on Behalf of Board of Directors

RANJIT M DHURU
Chairman & Mg. Director

NITIN K SHUKLA
Director - Finance

C. G. DESHMUKH
Company Secretary

Mumbai, 27th November, 2007

AFTEK LIMITED

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

November 27, 2007

Dear Members,

Securities & Exchange Board of India (SEBI) has made it mandatory for all Listed Companies to use the bank account details furnished by the depositories for distributing dividends and other cash benefits, etc through Electronic Clearing System (ECS) to the investors, wherever ECS and bank details are available. In the absence of ECS facility, the Companies should print the Bank Account details, if available, on the payment instrument for the distribution of dividends and other cash benefits etc, to the investors.

Thus, in light of the above directive of SEBI, the Company has initiated the process of ECS facility for the payment of dividend, if any, that may be declared by the Company to all those Shareholders who are holding shares in dematerialized form, however, subject to the RBI Guidelines as regards ECS facility in different locations.

In case you are still holding the Shares in physical form, we would request you to kindly consider the benefits of dematerialization and open a Demat Account with Depository Participant(s) to get your physical shares dematerialised. Till you hold shares in physical form we also request you to send us the Bank Mandate by completing and returning the perforated lower portion of this letter along with a photocopy of a blank cheque duly cancelled at the Registered office of the Company or to its Registrar and Share Transfer Agents i.e. Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(E), Mumbai-400 072 latest by 20th December, 2007.

However, if you prefer to get your dividend by way of physical warrants and not opt for ECS, please let us know the name, branch and account number of your Bank, if not provided earlier. This will enable us to incorporate such particulars on the dividend warrant to avoid any fraudulent encashment. Your action in the above matter will help us in serving you better.

Yours Truly,
FOR AFTEK LIMITED
C G DESHMUKH
COMPANY SECRETARY

AFTEK LIMITED

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

INFORMATION FOR ELECTRONIC CELARING SYSTEM OF DIVIDEND

Folio No :

Client ID :

DP ID :

I/We…………………………..…………………………………………………do hereby authorize Aftek Ltd to :

* print the following details on my/our dividend warrant
* credit my/our dividend amount directly to my Bank Account by ECS.

(*Strike out whichever is not applicable)

Bank Account No. :

Name of the Bank :

Name and address of Branch :

Type of Account : Saving / Current

9-Digit Code Number of Bank & Branch appearing on the MICR cheque :

I/We hereby declare that the above particulars are complete and correct. If the transaction is delayed or is not effected at all due to incomplete or incorrect information, I/We shall not hold the Company responsible.

Signature of First Named Shareholder

Place :
Date :
Encl.: A photocopy of the blank cheque duly cancelled

AFTEK LIMITED

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

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

DP ID 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 Annual General Meeting of the Company to be held on 28^{th} December, 2007 and at any adjournment(s) thereof.

As witness my/our hand(s) this………………day of………………...2007

Signed by the said ………………….. ……………..…………………… ………….........................………

Affix 15 paise Revenue Stamp

Signed this ……..…..…day of …..…..……2007

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

....

ATTENDANCE SLIP

20^{th} ANNUAL GENERAL MEETING

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

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

DP ID No. :

Client ID No. :

I hereby record my presence at the 20^{th} Annual General Meeting of Aftek Limited to be held on 28^{th} December, 2007.

Member's / Proxy's Signature

1. PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HAND OVER AT THE ENTRANCE DULY FILLED IN.
2. Shareholders are requested to bring their copies of the Annual Report with them.

Aftek Limited

'Aftek House', 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai 400 028

Phone: 91-22-24454016 Fax:91-22-24446330 Website:www.aftek.com