



# **AFTEK LIMITED**

**29TH ANNUAL REPORT 2015-2016**



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**BOARD OF DIRECTORS**

MR. RANJIT DHURU	CHAIRMAN & MANAGING DIRECTOR
MR.NITIN K. SHUKLA	WHOLE-TIME DIRECTOR
MR.MUKUL DALAL	WHOLE-TIME DIRECTOR
MR. MAHESH NAIK	NON-EXECUTIVE DIRECTOR
MR. SANDIP C. SAVE	NON-EXECUTIVE DIRECTOR
MS. ADITI BHATT	NON-EXECUTIVE DIRECTOR

**MANAGEMENT TEAM**

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

**COMPANY SECRETARY**

- Practicing M/s. Ramesh Chandra Mishra & Associates

**REGISTERED OFFICE**

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

**WORKS/SOFTWARE DEVELOPMENT CENTRE**

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

**BANKERS**

State Bank of Bikaner and Jaipur Commercial Network Branch 239, P.D'Mello Road, Near G.P.O. Mumbai 400 001	The Hongkong and Shanghai Banking Corpn Ltd Asha Mahal, 46-B, Dr B G Deshmukh Road, Mumbai 400 026
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**AUDITORS**

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

**REGISTRAR & TRANSFER AGENT**

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

**NOTICE**

NOTICE is hereby given that the 29th Annual General Meeting of the members of Aftek Limited will be held as under:

Day : Wednesday	Venue: The Queenie Captain Auditorium, The NAB
Date : 30th November, 2016	Workshop for the Blind, Dr. Annie Besant
Time : 10.30 a.m	Road, Prabhadevi, Mumbai – 400 025.

To transact the following businesses:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Standalone & Consolidated Financial Statement of the Company for the financial year ended 31st March 2016, the Reports of the Board of Directors and Auditors thereon;
2. To appoint Auditors and fix their remuneration:

*To ratify the appointment of auditors of the Company and to fix their remuneration and to pass the following resolution as an **Ordinary Resolution**:*

**“RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee to the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on December 31, 2015, the appointment of M/s. GMJ & Co. Chartered Accountants ( Firm Registration No : 103429W) as the Auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2020, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017 as may be determined by the Audit Committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis as may be agreed upon between the Auditors and the Board of Directors.

By Order of the Board

Sd/-

**Ranjit Mohan Dhuru**

Chairman & Managing Director

Dated: 03rd November, 2016.

**Registered Office:**

Place: 16/A, second flr.  
The Enterprises Co-op.Scy.Ltd.  
408, Veer Savakar Marg, Dadar,  
Prabhadevi, Mumbai-400025

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF / HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of not exceeding 50 members and holding in aggregate not more than 10% of the total share capital of the Company.
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
3. The instrument appointing the proxy, duly completed, must be deposited at the Company's corporate office at 16/A 2nd flr Prabhadevi Industrial Estate, the Enterprises Co-op.Soc.Ltd, 408 Veer Savarkar Marg, Prabhadevi, Dadar, Mumbai city MH not less than forty eight hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, November 23, 2016 to Wednesday, November, 30, 2016 (both days inclusive) for the financial year ended March 31, 2016 and the AGM.

5. In compliance with SEBI Circular No. D&CC/FITT/CIR-15/2002 dated December 27, 2002 read with circular No. D&CC/FITTC/CIR-18/2003 dated February 12, 2003, mandating a Common Agency for Share Registry Work (Physical & Electronic), the company has already appointed M/s. Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai, Maharashtra, 400072
6. Members are requested to notify immediately any change in their address:
  - a. To their Depository Participants (Dps) in respect of their electronic share accounts, and
  - b. To the share transfer agent M/s. Bigshare Services Private Limited as the Registrar & Share Transfer Agent, having their office at E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai, Maharashtra, 400072
7. Members may please bring the Admission Slip duly filled in and may hand over the same at the entrance to the Meeting Hall.
8. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Board of Directors of the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
9. Members who are holding shares in physical form are requested to get their shares dematerialized with any depository participants in their own interest.
10. Members are requested to carry the copy of the Annual Report sent to them. Electronic copy of the Annual Report for 2015-2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purpose unless any member has requested for a print copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-16 is being sent in the permitted mode. Members are requested to register/update their email address for receiving all communication including Annual Report, Notices etc. from the Company electronically.
11. Members may also note that the notice of the 29th Annual General Meeting and the Annual report for 2015-2016 will also be available on the Company's website [www.aftek.com](http://www.aftek.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days from 11.00 a.m. to 1.00 p.m. from Monday to Friday. Members are requested to bring their copies of the Annual report at the time of attending the Annual General Meeting.

By Order of the Board

Sd/-

**Ranjit Mohan Dhuru**  
Chairman & Managing Director

Dated: 03rd November, 2016

**Registered Office:**

Place: 16/A, Second flr., The enterprises Co-op. Scy. Ltd.  
408, Veer Savakar Marg, Dadar,  
Prabhadevi, Mumbai-400025

**Voting through Electronic Means:**

The Company is pleased to offer e-voting facility to all its members to enable them to cast their vote electronically in terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and as per listing agreement (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote by electronic means and the Company may pass any resolution by electronic voting system in accordance with the below provisions, through the e- voting services provided by CDSL.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 27th November, 2016 at 9.00 a.m. and ends on 29th November, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 24th November, 2016 may cast their vote electronically. The e(remote)-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Now to cast your vote: Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Companyselection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant "AFTEK LIMITED" on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **Note for Non – Individual Shareholders and Custodians**
- \* Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - \* A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - \* After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - \* The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - \* A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xxii) The Company has appointed M/s. Ramesh Chandra Mishra & Associates, Practicing Company Secretaries (C.P. No. 3987 and FCS No. 5477) as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
- (xxiii) A copy of this notice has been placed on the website of the Company and the website of CDSL.
- (xxiv) In case of Members who are entitled to vote but have not electronic means, the Chairman of the Company will order a poll on his own motion or on demand at the Meeting in terms of Section 109 of the Companies Act, 2013 for all businesses specified in the accompanying Notice.

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the 29th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2016.

**SUMMARY OF FINANCIAL RESULTS OF THE COMPANY:**

(₹ in Lacs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2015-2016	2014-2015	2015-2016	2014-2015
Total Income	3948	6006	3948	6006
Total Expenditure	215	1575		262
Profit Before Interest and depreciation	3733	4431		5744
Less: Depreciation	4888	5599		5603
Interest	770	778		778
Tax	NIL	NIL	NIL	NIL
Net Profit/(Loss) After Tax	(1925)	(1946)		(637)

**OPERATIONAL PERFORMANCE:**

Income of the company from operations is ₹ 2478.63 Lacs Profit before tax is (- ₹1925.36) Lacs as compared to (- ₹1946.12) in previous year.

**TRANSFER TO RESERVES:**

Due to unabsorbed losses no amount has been proposed to be transferred to Reserves

**DEPOSITS:**

As on 31st March, 2016, the Company held no deposit in any form from anyone. There were no deposits held by the company as on 31st March, 2016, which were overdue or unclaimed by the depositors. For the present, the Board of Directors has resolved not to accept any deposit from public.

**SUBSIDIARY COMPANIES:**

Our Company has 1 direct subsidiary. During the year, the Board of Directors reviewed the affairs of the subsidiaries. In pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is given in Annexure –I in this Board's Report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:**

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 (3) read with Schedule Part V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 with Stock Exchange in India, is presented in a separate Annexure -II forming part of the Annual Report.

**CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

There was no change in the nature of business of the Company or any of its subsidiaries during the year.

**MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

During the year under review, there were no material changes and commitments affecting the financial position of the Company.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Mr. Mukul S Dalal, retires by rotation at the ensuing Annual General Meeting and being eligible

Offer themselves for re-appointment. Your Directors recommend there re-appointment.

**NUMBER OF MEETINGS OF THE BOARD:**

The Board met 5 times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.



**INDEPENDENT DIRECTORS DECLARATION:**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The Independent Directors under section 149(6) of the Companies Act, 2013 declared that:

1. They are not promoters of the Company or its holding, subsidiary or associate company;
2. They are not related to promoters or directors in the company, its holding, subsidiary or associate company.
3. The independent Directors have /had no pecuniary relationship with company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
4. None of the relatives of the Independent Director has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Independent Director, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
  - (iii) Holds together with his relatives two percent. or more of the total voting power of the company; or
  - (iv) is a Chief Executive or Director, by whatever name called, of any nonprofit organization that receives twenty-five percent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company;
6. Independent Director possesses such qualifications as may be directed by the Board.
7. The Company & the Independent Directors shall abide by the provisions specified in Schedule IV of the Companies Act, 2013.

**BOARD EVALUATION:**

SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. The Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors should be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results alongwith evaluation done by the Nomination and Remuneration Committee.

**PERFORMANCE OF THE BOARD AND COMMITTEES:**

During the year under review, the performance of the Board & Committees and Individual Director(s) based on the below parameters was satisfactory:

- (i) All Directors had attended the Board meetings;
- (ii) The remunerations paid to Executive Directors are strictly as per the Company and industry policy.
- (iii) The Independent Directors only received sitting fees.

- (iv) The Independent Directors contributed significantly in the Board and committee deliberation and business and operations of the Company and subsidiaries based on their experience and knowledge and Independent views.
- (v) The Credit Policy, Loan Policy and compliances were reviewed periodically;
- (vi) Risk Management Policy was implemented at all critical levels and monitored by the Internal Audit team who places report with the Audit committee and Board.

**MEETING OF INDEPENDENT DIRECTORS:**

Pursuant of the provision of Section 149 (8) of the Companies Act, 2013 read with Schedule IV and Regulation 25 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Independent Directors of the Company held their meeting on 13th February, 2016 reviewed the performance of non-independent directors and the Board as a whole including the Chairperson of the Company, views expressed by the executive directors and non-executive directors at various level, and quantified the quality, quantity and timeliness of flow of information between the Company, management and the Board and expressed satisfaction.

**POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on 31st March, 2016, the Board consists of 6 members. Out of which one is the Managing Director, two are Whole Time Directors.

The policy of the Company on directors appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub section (3) of Section 178 of the Companies Act, 2013, adopted by the Board and are stated in this Board report. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

**COMMITTEES OF THE BOARD:**

Currently, the Board has Three Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee

A detailed note on the Board and its Committees is provided under the Corporate Governance Report that forms part of this Annual Report.

**NOMINATION AND REMUNERATION COMMITTEE AND STAKEHOLDERS RELATIONSHIP COMMITTEE:**

Pursuant to the Section 178 of the Companies Act, 2013, the Company has set up a Nomination and Remuneration and Stakeholders Relationship Committee. A detailed note on the composition of the Committees is provided in the corporate governance report section of this Annual Report.

The Key Features of the Policy of the said committee are as follows:

For Appointment of Independent Director (ID):

- a. Any person who is between the age of 25 years and below 75 years eligible to become Independent Director(ID);
- b. He has to fulfill the requirements as per section 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement;
- c. Adhere to the code of conduct as per Schedule IV to the Companies Act, 2013;
- d. Strictly adhere to the Insider Trading Regulation of the SEBI and Insider Trading policy of the Company;
- e. Independent Director should have adequate knowledge and reasonably able to contribute to the growth of the Company and stakeholders;
- f. Independent Director should be able to devote time for the Board and other meetings of the company;
- g. Entitled for sitting fees and reasonable conveyance to attend the meetings; and
- h. Able to review the policy, participate in the meeting with all the stakeholders of the company at the Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the Section 134(3) (c) and Section 134 (5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirms:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2016 on a 'going concern' basis.
- (v) The internal financial controls are laid and have been followed by the company and that such controls are adequate and are operating effectively. Such controls means controls and policies and procedures adopted and adhered by the company for orderly and efficient conduct of the business for safeguarding assets, prevention and detection of frauds and errors and maintenance of accounting records and timely preparation of financial statements and review its efficiency.
- (vi) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

In terms of the provisions of Section 177(9) of the Companies Act, 2013, the Company has implemented a vigil mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement, if any, in staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to Board.

M/s. Udit S Master– Chartered Accountants are the Internal Auditor of the Company.

**STATUTORY AUDITORS:**

At the Annual General Meeting held on 30th December, 2014 M/s. GMJ & Co., Chartered Accountants, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017.

In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. GMJ & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders.

In this regard, the Company has received a certificate from the auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

**AUDITORS REPORT:**

The Auditors have made qualification to the financial statement. Their reports on relevant notes on accounts are self-explanatory and do not call for any comments under section 134 of the companies Act, 2013.

**AUDITORS' REPORT**

Auditor qualification and management reply

Point No.	Auditors' qualifications	Management reply
(i)	<p><b>Basis for qualified opinion</b></p> <p>Note no.39 regarding, Management has not considered any provision in respect of outstanding Debtors for a period more than 12 months amounting to ₹ 29,264.34 Lacs which in our opinion, as evidenced by the poor recovery made during the year, are doubtful of recovery. Consequently, profit before tax is overstated by ₹ 29,264.34 Lacs. Further in our view there is significant uncertainty as to ultimate collection of Debtors due to non-receipt from overseas debtors. Therefore we are further unable to comment on recoverability of balance debtors amounting to ₹ 2,295.13 Lacs</p>	<p>(i) In view of the on-going slowdown in the European and US Markets, there have been delays in receivables. Considering the size and standing of its debtors, the company has not made any provision at this stage. The Management is putting more efforts for the recovery.</p>
(ii)	<p>Note no.40 regarding, company has given certain capital advances and made some investments totaling to ₹ 6975.20 Lacs towards the building under construction at Hinjewadi, Pune, upto the year ended, 31-3-2010, thereafter there are no further developments/construction made. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. The bank has called for bids at a base price of ₹1800.00 Lacs. There is no provision made towards the eventual loss on such auction, which is presently not ascertainable till such disposal. The bank has now agreed for an one time settlement (OTS) of outstanding for ₹ 2600 lacs;</p>	<p>(ii) Bank has issued one time settlement (OTS), final stage of negotiations are going on. Completion of the same necessary entries will be made to close these transactions.</p>
1.	<p><b>Emphasis of matter</b></p> <p>Note no.34 b (ii) regarding Liability if any of the pending assessment under Income Tax, Sales tax (including interest, if any) which are presently not ascertainable</p>	<p>1.Regarding Income-tax on completion of Assessment for the F.Y. 2010-2011 around Rs.1.50 crores is due. Regarding Sales tax about Rs.15.00 lacs . as the position has now improving these are being cleared-off very soon.</p>
2	<p>Without qualifying our opinion, we draw attention to Note No.41 regarding intangible Assets under development for various ongoing projects. Due to the delay in the projects, Intangible Assets under development for ₹10325.97 Lacs are yet to be put to use as on the date of balance sheet. The company is of the opinion that with the improved market conditions all the Assets under development will be profitably used by the company in the future projects</p>	<p>2.These intangible assets acquired by the company for the ongoing projects. Some part of the same already put to use balance will be early next year i.e. April, 2016.</p>

<b>ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT</b>		
(iv)	In our opinion and according to the information and explanations given to us, having regard to the explanation that the IPRs purchased are of special nature and suitable alternative source do not exist for obtaining comparable quotation, there exist an adequate internal control system commensurate with its size and nature of its business with regards to purchase of inventory and fixed assets and with regards to the sale of goods and service. During the course of our audit, we have not observed any major weakness in such internal control system.	(iv) Company is having internal audit control system to monitor usage of IRRS etc. The said Reports will be submitted to the Audit Committee every quarterly for taking necessary action.
(vii)	In respect of statutory dues: According to the information and explanations given to us the company is not regular in depositing undisputed statutory dues, Employees State Insurance, Sales-tax, Wealth Tax, Service Tax Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. Undisputed provident fund dues are not regularly deposited with the appropriate authorities. In respect of income tax, the Company is not regular in depositing those dues with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect of above mentioned taxes which were outstanding, at the year-end for a period of more than six months from the date they became payable are as follows:	(a) As the position has now improving these are being cleared-off very soon.
(ix)	According to the information and explanations given to us the company has defaulted in repayment of dues to a bank the details of the same as on 31st March, 2015 are as mentioned below.	(xi) Bank has agreed for one time settlement (OTS), the same is in final stage, expected to close these issues on or before end of this current financial year i.e. March, 2016

**SECRETARIAL AUDITORS AND THEIR REPORT:**

M/s. Ramesh Chandra Mishra & Associates, Company Secretary in Practice was appointed to conduct the secretarial audit of the Company for the financial year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The Secretarial Audit Report for F.Y. 2015-16 is Annexure-III to this Board's Report.

The Board has re-appointed M/s. Ramesh Chandra Mishra & Associates, Company Secretary in Practice, as secretarial auditor of the Company for the financial year 2016-17.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE COURTS/REGULATORS:**

There are no orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

The relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as prescribed under section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out herein below:

**A) CONSERVATION OF ENERGY:**

The Company continues its policy of encouraging energy conservation measures. The regular review of energy consumption and the systems installed to control utilization of energy is undertaken.

**B) RESEARCH & DEVELOPMENT ACTIVITIES:**

The Company has its own R&D center. The R&D centre follows stringent guidelines based on Good Laboratory Practices and is well equipped with the latest equipment in particle size analysis, gas chromatography, high-performance liquid chromatography, dissolution testing, stability chambers and lab-scale manufacturing machines.

**C) FOREIGN EXCHANGE EARNINGS & OUTGO:**

(₹ In Lacs)

	<b>2015-2016</b>	<b>2014-2015</b>
a. Foreign Exchange Earned	2368.33	5161.24
b. Foreign Exchange Used	54.69	110.85

**RELATED PARTY TRANSACTIONS/CONTRACTS:**

The Company has implemented a Related Party Transactions policy for the purposes of identification and monitoring of such transactions. The policy on related party transactions is uploaded on the Company's website.

All related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis which is reviewed and updated on quarterly basis.

Pursuant to the Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1), but during the financial year no such transactions happened, hence no annexure attached separately.

The details of such related party transactions are available in the Notes to the Standalone financial statements section of the Annual Report.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Loans, Guarantees and Investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

**HUMAN RESOURCES MANAGEMENT:**

We take this opportunity to thank employees at all levels for their dedicated service and contribution made towards the growth of the company. The relationship with the workers of the Company's manufacturing units and other staff has continued to be cordial.

To ensure good human resources management at the company, we focus on all aspects of the employee lifecycle. During their tenure at the Company, employees are motivated through various skill-development, engagement and volunteering programs.

As per provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the financial year no such payment made to either any executive directors or senior level employees as per aforesaid section, hence no annexure attached.

In terms of Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee(s) drawing remuneration in excess of limits set out in said rules forms part of the annual report.

**EXTRACT OF ANNUAL RETURNS:**

Pursuant to the Section 134(3) (a) of the Companies Act, 2013, the details forming part of the extract of the Annual Return is Form MGT-9.

**CORPORATE GOVERNANCE:**

A Report on Corporate Governance along with a Certificate from M/s. Ramesh Mishra, regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchange read with the relevant provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 forms part of this Report and Annexure-VI to this Board's Report.

**INSURANCE OF ASSETS:**

All the fixed assets, finished goods, semi-finished goods, raw material, packing material and goods of the company lying at different locations have been insured against fire and allied risks.

**BANK AND FINANCIAL INSTITUTIONS:**

Directors are thankful to their bankers for their continued support to the company.

**ACKNOWLEDGMENTS:**

Your Directors convey their sincere thanks to the Government, Banks, Shareholders and customers for their continued support extended to the company at all times.

The Directors further express their deep appreciation to all employees for commendable teamwork, high degree of professionalism and enthusiastic effort displayed by them during the year.

On behalf of the Board of Directors

Sd/-

Sd/-

Place: Mumbai

Dated: 03rd November, 2016

Director

Managing Director

**ANNEXURE-I TO DIRECTOR'S REPORT****Form AOC-1**

Statement containing salient features of the Financial Statement of subsidiary companies.

Pursuant to first proviso to section 129(3) of Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

(₹ In Lakhs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in subsidiary	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend	% of Shareholding
1	Mihir Properties Pvt. Ltd.	INR	145.00	100.76	252.20	6.45	NIL	NIL	(4.18)	NIL	(1.05)	NIL	100.00

**Management discussion and Analysis****Business review:**

During the financial year 2015-2016, Aftek recorded net sales of ₹ 24.79 crores, comprising of ₹ 23.14 crores from Services and ₹ 1.65 crores from Software Driven Products (SDP).

<b>Sales by Category 2015-2016 - %</b>		<b>Sales by Category 2014-2015- %</b>	
Services	97.01	Services	96.70
Products	NIL	Products	NIL
Software Driven Products	2.99	Software Driven Products	3.30
<b>Sales by Category 2015-2016 - %</b>		<b>Sales by Region 2014-2015- %</b>	
USA	70.53	USA	65.76
EUROPE	19.51	EUROPE	27.57
JAPAN	3.43	JAPAN	3.38
DOMESTIC	6.35	DOMESTIC	1.88
OTHERS	0.18	OTHERS	1.41



## ANNEXURE - III

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Aftek Limited  
Mumbai

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aftek Limited (hereinafter called the Company).

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder and certain provisions of Companies Act, 1956 and rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

5. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
6. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
7. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
8. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
9. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit Period); Other laws applicable specifically to the Company namely:
10. Information Technology Act, 2000 and the rules made thereunder ;
11. The Payment of Gratuity Act, 1972 ;
12. Secretarial Standards issued by The Institute of Company Secretaries of India.

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited.

I report that, during the year under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above, save and except the following:

1. The company has not filed returns under listing agreement as on due date with Stock Exchange
2. The company has not filed returns under Companies Act 2013 as on due date with ROC.

I further report that, there were no actions / events in pursuance of:

1. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
2. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
3. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, requiring compliance thereof by the Company during the financial year and the Secretarial Standards issued by The Institute of Company Secretaries of India were not applicable during the year.

Further based on my verification of the Company's books, papers, minute books, forms and returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the course and conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder except as stated above and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner as required under the various provisions of Companies Act, 2013, SEBI Act, 1992 and all other laws and applicable provisions there under.

I further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / CEO taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws like labour laws.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to all Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Mumbai

Date: 03rd November, 2016

**For Ramesh Chandra Mishra & Associates**

Sd/-

**Ramesh Chandra Mishra**

FCS: 5477

PCS: 3987

**CORPORATE GOVERNANCE REPORT****COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE:**

Aftek management constantly strives towards improving, systems and process that promote the values of transparency, professionalism, accountability and compliance. The Company remains firmly committed to this central theme and endeavors to improve these values on an ongoing basis. We have an obligation towards our stakeholders including shareholders, employees, customers, suppliers and communities to be honest, fair and forthright in our business activities.

Good corporate governance is the basis for decision-making and control processes and comprises responsible, value-based management and monitoring focused on long-term success, goal-orientation and respect for the interests of our stakeholders.

**BOARD OF DIRECTORS:**

At present the Board of the Company is adequately equipped and well represented by Women Directors and Independent Directors of high repute. The Chairman of the Board and Audit Committee is headed by Independent Director(s). As per the Listing Regulations, it is mandatory for the company with a non-executive director as a chairperson to have at least one-third of the independent directors. The following composition of board of directors of the company as follows:

**COMPOSITION OF BOARD AS ON 31st MARCH, 2016:**

SR.NO	NAME OF DIRECTOR	CATEGORY	DESIGNATION
1	Mr. Mahesh Naik	Independent Director	Chairman
2	Mr. sandip C.Save	Independent Director	Director
3	Mr. Ranjit Dhuru	Promoter and Executive Director	Managing Director
4	Mr. Nitin K.Shukla	Executive Director	Whole Time Director
5	Mr. Mukul Dalal	Executive Director	Whole Time Director
6	Aditi Himanshu Bhatt	Independent Director	Director

**MEETINGS AND ATTENDANCE DURING THE YEAR 2015-2016:**

**Annual General Meeting was held on 31th December, 2015**

**Board Meetings were conducted 4 (Four) times during the year as follows:**

Sr. No	Date	Board Strength	No. Of. Directors Present
1	13th February 2016	6	6
2	14th November 2015	6	6
3	12th October 2015	6	6
4	14th August 2015	6	6
5	30th May, 2016	6	6

**NOTES:**

- The Board evaluated each of Independent Directors participation in the Board and their vast experience, expertise and contribution to the Board and Company. Each and every related party transaction is very well scrutinized and checks were made so that the Company is a beneficiary.
- The Independent Directors held a meeting on 13th February, 2016, without the attendance of Non-Independent Directors and members of Management. All Independent Directors were present at the meeting and they have reviewed the performance of non-independent directors and the Board, performance of the Chairman and information flow structure of the Company.
- During the period the Company received notices/declarations from the Independent Directors as per Schedule IV and section 149 (6) of the Companies Act, 2013.
- Ms. Aditi Himanshu Bhatt is women director to the Board.

**AUDIT COMMITTEE:****Brief description and terms of reference:**

To oversee the Company's Financial Report process, internal control systems, reviewing the accounting policies and practices, and financial statements audited by the statutory auditors. The audit committee is duly constituted in accordance with Clause 49 of the Listing Agreement read with Regulation 18 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and of Section 177 of the Companies Act, 2013.

**Composition of Audit Committee as on 31st March, 2016:**

Sr.No.	Name of Members	Category	Designation
1.	Mr. Sandip C.Save	Independent Director	Chairman
2.	Mr. Mahesh Naik	Independent Director	Member
3.	Mr.Ranjit Dhuru	Managing Director	Member

Company has conducted 4(Four) Audit Committee Meeting during the year.

April – June	July – September	October – December	January – March
14.08.2015	14.11.2015	13.02.2016	30.05.2016

**Meetings and Attendance of the Audit Committee during the year:**

Sr.No	Name of Member	No. of Meeting Held During the Year	No. of Meeting Attended
1	Mr. Mahesh Naik	5	5
2	Mr.sandip C.Save	5	5
3	Mr.Ranjit Dhuru	5	5

The Audit Committee meetings are also attended by Internal Auditors and Statutory Auditors as invitees.

**Powers of the Audit Committee:**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Role of the Audit Committee:**

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. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
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 and auditor's report thereon 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 (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - 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; and
  - g. Modified opinion(s) 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, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. 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;
17. 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;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **NOMINATION AND REMUNERATION COMMITTEE:**

##### **Brief description and terms of reference:**

The objective of Nomination and Remuneration Committee is to assess the remuneration payable to our Managing Director/ Whole Time Directors; sitting fee payable to our Non-Executive Directors; remuneration policy covering policies on remuneration payable to our senior executives. The Nomination and Remuneration Committee is duly constituted and the matters specified in accordance with under Clause 49 of the Listing Agreement read with Regulation 19 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and of Section 178 of the Companies Act, 2013.

##### **Composition of Nomination and Remuneration Committees on 31st March, 2016:**

<b>Sr.No.</b>	<b>Name of Members</b>	<b>Category</b>	<b>Designation</b>
1	Mr. Mahesh Naik	Independent Director	Chairman
2	Mr. Sandip C. Save	Independent Director	Member
3	Mr. Ranjit Dhuru	Managing Director	Member

##### **ROLE OF THE COMMITTEE:**

The role of Nomination and Remuneration Committee is as follows:

- determining/recommending the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- determining/recommending the criteria for qualifications, positive attributes and independence of Directors;
- identifying candidates who are qualified to become Directors and who may be appointed in Senior Management and recommending to the Board their appointment and removal;
- reviewing and determining all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonus, stock options, pension, etc.;

- reviewing and determining fixed component and performance linked incentives for Directors along with the performance criteria;
- determining policy on service contracts, notice period, severance fees for Directors and Senior Management;
- evaluating performance of each Director and performance of the Board as a whole;

#### **REMUNERATION OF DIRECTORS:**

The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013. The Board of Directors has adopted a Remuneration Policy for Directors, Key Managerial Personnel and other employees. The Company's remuneration policy is driven by the success and performance of the individual employee and the performance of the Company.

##### (a) Remuneration of Executive Directors:

During the year No salary paid to any Executive Directors.

##### **Notes:**

- The Company does not have a Scheme for grant of Stock Options to the Directors or Employees.
- The appointment of Managing Director and Whole time Director is by way of Board/Special Resolution and covering terms and conditions of the services. There is no separate provision for severance fees.

##### (b) Remuneration of Non-Executive Directors:

During the year No Remuneration paid to any Non-Executive Directors.

#### **SHARES TRANSFER COMMITTEE:**

##### **Brief description and Terms of Reference:**

The Board has delegated the powers to a committee to approve transfer/transmission of shares and attend to all other matters related thereto. The Share Transfer Committee is duly constituted as follows:

##### **Composition of Shares Transfer Committees as on 31st March, 2016:**

Sr.No.	Name of Members	Category	Designation
1	Mr. Sandip Save	Independent Director	Chairman
2	Mr. Mahesh Naik	Non-Executive Director	Member
3	Ms. Ranjit Dhuru	Wholetime Director	Member

#### **STAKEHOLDER RELATIONSHIP COMMITTEE:**

##### **Brief description and Terms of Reference:**

To specifically look into redressal of complaints like transfer of shares, non- receipt of dividend, non-receipt of annual report etc. received from shareholders/ investors and improve efficiency. The Committee performs such other functions as may be necessary or appropriate for the performance of its duties. The Stakeholder Relationship Committee is duly constituted and the matters specified in accordance with Clause 49 of the Listing Agreement read with SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and of Section 178 of the Companies Act, 2013.

##### **Composition of Stakeholder Relationship Committees as on 31st March, 2016:**

Sr.No.	Name of Members	Category	Designation
1	Mr. Sandip Save	Non-Executive Director	Chairman
2	Mr. Mahesh Naik	Independent Director	Member
3	Dr. Ranjit Dhuru	Wholetime Director	Member

#### **MANAGEMENT REVIEW AND RESPONSIBILITY:**

##### **FORMAL EVALUATION OF OFFICERS:**

The Remuneration Committee of the Board approves the compensation and benefits for all executive Board members. Another committee, headed by the MD, reviews, evaluates and decides the annual compensation of our officers from the level of executive upwards.

**DISCLOSURES:****1. RELATED PARTY DISCLOSURES:**

The Company has not entered into any materially significant related party transactions with its Promoters, Directors, or Management. The Company had formulated and adopted a policy with related party transaction and same is displayed on the Company's website 'www.aftek.com'.

The details of such related party transactions are available in the Notes to the Standalone and consolidated financial statements section of the Annual Report.

**2. COMPLIANCE BY THE COMPANY:**

The Company has complied with the requirement of regulatory authorities on matters related to capital market and no penalties/ stricture have been imposed against the Company during the last three years.

**3. ACCOUNTING TREATMENT:**

The account treatments are in accordance with the applicable accounting standard. The company has not altered or adapted any new standard denied access to the Chairman of the audit committee.

**4. CODE OF CONDUCT:**

In accordance with Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct for Board of Director and Senior Management. The Code is available on the Company's website 'www.aftek.com'.

All members of the Board of Directors and Senior Management personnel have affirmed compliance to the Code as on 31st March, 2016. A declaration to this effect signed by the Managing Director is annexed to this Report.

**5. MD AND CFO CERTIFICATION:**

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the CEO and CFO certification is provided in this Annual Report.

**ANNUAL GENERAL MEETINGS:****Details of Annual General Meetings:**

Particulars	F.Y.2014-2015	F.Y.2013-2014	F.Y.2012-2013
Date	31.12.2015	30.12.2014	31.12.2013
Time	10.30 a.m.	10.30 a.m.	10.30 a.m.
Venue	The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025.		

**MEANS OF COMMUNICATION:**

Half Yearly Financial Report	The Financial results of the Company are published in leading newspapers and also displayed on the Company's website 'www.aftek.com'. Therefore, a separate half yearly report is not sent to each shareholder.
Quarterly Financial Results	The quarterly financial results of the Company are published in accordance with the requirement of the Listing Agreement of the Stock Exchanges where the shares of the company are listed.
Newspapers in which results are normally published	1. Free Press Journal 2. Nav Shakti
Website	www.aftek.com
Administrative/Registered Office	16/A, Prabhadevi Industrial Estate,, 2nd Floor, The Enterprises Co-operative Society Ltd, 408. Veer Savarkar Marg, Prabhadevi, Dadar ,Mumbai ,Maharashtra ,400025
Whether Management Discussions and Analysis report is a part of Annual Report or not	Yes

**GENERAL SHAREHOLDERS INFORMATION:**

**1. 29th Annual General Meeting:**

**Date** : 30th November 2016

**Time** : 10.30 a.m.

**Venue** : The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 25.

**2. Date of Book Closure:** 23rd November, 2016 to 30th November, 2016 (both days inclusive)

**3. Registered Office:**

16/A, Prabhadevi Industrial Estate, 2nd Floor, the Enterprises Co-operative Society Ltd, 408. Veer Savarkar Marg, Prabhadevi, Dadar , Mumbai , Maharashtra , 400025

**4. Listing of Shares on Stock Exchanges:**

The Company shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The requisite listing fees have been paid in full to all the Stock Exchanges.

**5. A) Stock Codes**

BSE : 530707

ISIN : INE796A01023

**B) Corporate Identity Number:** L57220MH1986PLC039342

**6. Market Price Data: BSE. NSE data are not available.**

**A) The Monthly high/low quotation of equity shares traded on the BSE Limited, Mumbai are as follows:**

Month	Open Price	High Price	Low Price	Close Price	No.of Shares
Jan-15	6.77	7.29	5.99	6.59	1511551
Feb-15	6.35	6.79	5.4	5.86	1278915
Mar-15	5.95	5.95	3.18	3.47	5202654
Apr-15	3.57	5.1	3.5	3.63	793967
May-15	3.8	3.81	3.31	3.45	248364
Jun-15	3.45	3.45	2.69	2.69	122507
Jul-15	2.56	2.56	2.3	2.51	512867
Aug-15	2.39	2.91	2.39	2.52	459932
Sep-15	2.4	2.4	2.07	2.07	55939
Oct-15	1.97	1.97	1.71	1.71	290180
Nov-15	1.63	1.79	1.55	1.63	551075

(Source –www.bseindia.com)

**7. Distribution of shareholding as on 31st March, 2016:**

Range (In Rs)		No of Shareholders	% of Total Holders	Total Holding	% of Total Capital
1	5000	48730	92.1538	21965452	19.9345
5001	10000	2166	4.0961	8118026	7.3674
10001	20000	985	1.8627	7439852	6.752
20001	30000	332	0.6278	4212222	3.8228
30001	40000	174	0.3291	3116198	2.8281
40001	50000	118	0.2232	2763487	2.508
50001	100000	180	0.3404	6475464	5.8767
100001	99999999	194	0.3669	56097390	50.9106
<b>Total</b>		<b>52879</b>	<b>100</b>	<b>110188091</b>	<b>100</b>



**8. Distribution of Shareholding as on 31st March, 2016**

Category	Total Share Holders	% of Share Holders	Total Shares	% of Total Shares
Clearing member	45	0.0851	909449	0.8254
Corporate bodies	780	1.4751	14538755	13.1945
Corporate bodies (promoter co)	1	0.0019	7213	0.0065
Employee	40	0.0756	94126	0.0854
Financial institutions	3	0.0057	1487626	1.3501
Foreign company	2	0.0038	15543559	14.1064
Foreign inst. Investor	1	0.0019	335	0.0003
Nationalised banks	2	0.0038	2550	0.0023
Non nationalised banks	1	0.0019	5000	0.00456
Non resident indians	334	0.6316	1440375	1.3072
Overseas corporate bodies	1	0.0019	750	0.0007
Promoters	8	0.0151	1716795	1.5581
Promoters / directors	10	0.0189	1647088	1.4948
Public	51636	97.6494	72457536	65.7580
Relatives of director	12	0.0227	167184	0.1517
Trusts	3	0.0057	169750	0.1541
<b>Total</b>	<b>52879</b>	<b>100.000</b>	<b>110188091</b>	<b>100.000</b>

**9. Registrar and Transfer Agent:****SHARE TRANSFER SYSTEM**

M/s. Big Shares Services Private Limited continues to be the Registrar and Transfer Agent of the Company. All the work related to share Registry in terms of both Physical and Electronic segment has been allotted to M/s. Big Shares Services Private Limited, in view of the directive issued by SEBI in this regard i.e. for handling both Physical as well as Electronic transfer at a single point.

Shareholders are therefore requested to send shares for Physical transfer to M/s. Big Shares Services Private Limited instead of sending to the Company. As the Company's shares are compulsorily to be traded in the dematerialized form. Members holding shares in Physical Form are requested to send the share certificate to their Depository Participants to enable Registrar and Transfer Agent to take steps for dematerialization at the following:

**The address of Registrar and Transfer agents is:**

Bigshare Services Pvt Ltd  
E-2/3, Ansa Industrial Estate  
Sakivihar Road, Sakinaka  
Andheri-(East)  
Mumbai-400072  
Phone No: 022 40430200  
Email: -shubhangi@bigshareonline.com

**10. Demat and Physical Shares held as on 31st March, 2016:**

As on 31st March, 2016: 110188091 shares, representing of the total issued capital, were held in dematerialized form 109754961 shares, and representing 433130 of the total issued capital is held in physical form.

**11. Outstanding ADRs / GDRs:**

The company has not issued any ADRs / GDRs

**12. Factory/ Plant Location (Including Software Development Centre)**

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

**13. Address for Correspondence:**

AFTEK LIMITED  
16/A, Second Flr., Prabhadevi Industrial Estate,  
The Enterprises Co –Operative Society Ltd  
408, Veer Savakar Marg, Prabhadevi,  
Mumbai-400025, India

**CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE**

To,  
The Members of  
AFTEK LIMITED

We have examined the compliance of conditions of corporate governance by Aftek Limited ('the Company') for the year ended March 31, 2016 as stipulated in Clause 49 of the Listing Agreement and in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C,D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing regulations.

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

Place: Mumbai

**For Ramesh Chandra Mishra & Association**

Date: 03rd November, 2016

Sd/-

**Ramesh Mishra**

FCS: 5477

PCS: 3987

**DECLARATION UNDER REGULATION 26 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,  
The Members of  
Aftek Ltd

As provided under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct for the year ended March 31, 2016.

Place: Mumbai

**For Aftek Limited**

Date: 03rd November, 2016

Sd/-

**MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION**

To  
The Board of Directors  
Aftek Limited

We, Mr. Ranjit Mohan Dhuru, Managing Director and Mr. Nitin Kashinath Shukla, Chief Financial Officer, do hereby certify as follows:

We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

To the best of our knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee:

1. Significant changes in internal control over financial reporting during the year;
2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Aftek Limited

For Aftek Limited

Sd/-

Sd/-

\_\_\_\_\_  
(Managing Director)

\_\_\_\_\_  
(Chief Financial Officer)

Place: Mumbai

Date: 03rd November, 2016.

## Independent Auditor's Report

To the Members of  
AFTEK Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **AFTEK Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Basis for qualified opinion

1. *Note no.39 regarding, Management has not considered any provision in respect of outstanding Debtors for a period more than 12 months amounting to Rs. 29,264.34 Lacs which in our opinion, as evidenced by the poor recovery made during the year, are doubtful of recovery. Consequently, profit before tax is overstated by Rs. 29,264.34 Lacs. Further in our view there is significant uncertainty as to ultimate collection of Debtors due to non-receipt from overseas debtors. Therefore we are further unable to comment on recoverability of balance debtors amounting to Rs.2,295.13 Lacs;*
2. *Note no.40 regarding, company has given certain capital advances and made some investments totaling to Rs.6975.20 Lacs towards the building under construction at Hinjewadi, Pune, upto the year ended, 31-3-2010, thereafter there are no further developments/construction made. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. The bank has called for bids at a base price of Rs.1800.00 Lacs. There is no provision made towards the eventual loss on such auction, which is presently not ascertainable till such disposal. The bank has now agreed for an one time settlement (OTS) of outstanding for Rs.2600 lacs;*

### Qualified Opinion

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for qualified opinion paragraph the aforesaid standalone financial statements give the*

information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of matter

1. Note no.34 b (ii) regarding Liability if any of the pending assessment under Sales tax (including interest, if any) which are presently not ascertainable.
2. Without qualifying our opinion, we draw attention to Note No.41 regarding intangible Assets under development for various on-going projects. Due to the delay in the projects, Intangible Assets under development for Rs.10325.97 Lacs are yet to be put to use as on the date of balance sheet. The company is of the opinion that with the improved market conditions all the Assets under development will be profitably used by the company in the future projects.

#### Report on Other Legal and Regulatory Requirements.

1. As required by the Companies ( Auditor's Report ) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, and with regard to the non-availability of the Actuarial valuation of the Gratuity Liability, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
    - i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements-refer Note 34 (b)(ii) of financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2016.
    - iii. There has been significant delay in transferring amounts of ₹ 20.24 Lacs, which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For GMJ & Co.**

Chartered Accountants

Firm Registration Number: 103429W

**Haridas Bhat**

Partner

Membership Number: 039070

Mumbai  
May 30, 2016

**Annexure A to the Independent Auditor’s Report**

**(Referred to in Paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date)**

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. According to the information and explanations given to us, the Fixed Assets have been physically verified by the management during the year, no material discrepancies were noticed on such verification with book records. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
- c. According to the information and explanations given to us and the records examined by us, the company does not own immovable properties. In respect of immovable properties taken on lease and disclosed as fixed asset as leasehold land and building in the financial statements, the lease agreements are in the name of company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification between physical stock and book records.
- iii. In respect of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered under register maintained under section 189 of the Companies Act, 2013;
  - a. In our opinion, the terms and conditions on which the loans have been granted are not, prima facie, prejudicial to the interest of the company;
  - b. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, this paragraph is not applicable to the Company in respect of repayment of the principal amount.
  - c. There are no overdue amounts in respect of loans granted to the parties covered under register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security given, if any.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and other relevant provisions with regard to the deposits accepted from the public are not applicable.
- vi. Pursuant to Section 148 of the Companies Act, 2013, the Central Government made The Companies (Cost Records and Audit) Rules, 2014, not applicable to the company because the threshold applicable limit mentioned in rule 3 is not fulfilled during the previous year.
- vii. a. According to the information and explanations given to us the company is not regular in depositing undisputed statutory dues, Employees State Insurance, Sales-tax, Wealth Tax, Service Tax Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. Undisputed provident fund dues are not regularly deposited with the appropriate authorities. In respect of income tax, the Company is not regular in depositing those dues with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect of above mentioned taxes which were outstanding, at the year-end for a period of more than six months from the date they became payable are as follows

<b>Name Of The Statute</b>	<b>Nature of Dues</b>	<b>Amount (₹ in Lacs)</b>	<b>Period to which Amount relates</b>	<b>Date of Payment</b>
<i>Income tax Act, 1961</i>	<i>Deduction of Tax At Source</i>	<i>178.76</i>	<i>April, 2010 to September, 2015</i>	<i>Not Paid</i>
<i>Employees Provident Fund and Miscellaneous Provisions Act, 1952</i>	<i>Provident Fund Contribution</i>	<i>84.07</i>	<i>April, 2010 to September, 2015</i>	<i>Not Paid</i>
<i>Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1952</i>	<i>Profession Tax</i>	<i>6.30</i>	<i>September, 2010 to September, 2015</i>	<i>Not Paid</i>
<i>Maharashtra Value Added Tax Act, 2002</i>	<i>Sales Tax</i>	<i>0.80</i>	<i>March, 2011 to September, 2015</i>	<i>Not Paid</i>
<i>Central Sales Tax Act, 1956</i>	<i>Central Sales Tax</i>	<i>22.66</i>	<i>September, 2010 to September, 2015</i>	<i>Not Paid</i>

- b. According to the information and explanations given to us, following dues have not been deposited with the concerned authorities on account of dispute as at 31st March, 2016:

<i>Name of the Statute</i>	<i>Nature of the Dues</i>	<i>Amount (₹ in Lacs)</i>	<i>Period to which Amount relates</i>	<i>Date of Payment</i>
Income Tax Act, 1961	Tax on Regular Assessments U/s143(3)	30.52	2008-09	Not Paid
		8.78	2009-10	Not Paid
		128.00	2010-11	Not Paid

- viii. In According to the information and explanations given to us, the company has defaulted in repayment of dues to banks

<i>Sr.No</i>	<i>Name of the Bank</i>	<i>Type of Loan</i>	<i>Period to which Amount relates</i>	<i>Defaulted Principal (₹ in Lacs )</i>	<i>Defaulted Interest (₹ in Lacs )</i>
I	Bank of India - Jersey Channel Islands	Term Loan	April, 2011 to March, 2016	3379.35	491.22
II	State Bank of Bikaner & Jaipur	Term Loan	April, 2011 to March, 2016	4000.00	2672.50
III	State Bank of Bikaner & Jaipur	Cash Credit A/c	April, 2011 to March, 2016	1479.28	744.41

The Company does not have any loans or borrowings from financial institutions or government and has not issued any debentures.

- ix. In our opinion and according to the information and explanations given to us, the monies raised by way of term loans were applied for the purposes for which they were raised. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. According to the information and explanations given to us, no material fraud by the company or on the Company by its officer or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanation give to us and based on our examination of the records, the Company has not paid/provided for managerial remuneration. Therefore, paragraph 3 (xi) of the Order is not applicable.
- xii. In our opinion and according to the information given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanation give to us and based on our examination of the records of the Company, the transactions with related parties are in compliance of section 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the company.
- xv. The company has not entered into any non-cash transactions with the directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**ForGMJ& Co.**

Chartered Accountants  
Firm Registration Number: 103429W

**Haridas Bhat**

Partner  
Membership Number: 039070

Mumbai  
May 30, 2016

**Annexure – B to the Auditor’s Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of AFTEK Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For GMJ & Co.**  
Chartered Accountants  
Firm Registration Number: 103429W  
**Haridas Bhat**  
Partner  
Membership Number: 039070

Mumbai  
May 30, 2016



## Balance Sheet as at March 31, 2016

(₹ in Lacs)

	Note	As at March 31, 2016	As at March 31, 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	2,203.76	2,203.76
Reserves and Surplus	3	37,029.74	38,954.65
		<b>39,233.50</b>	<b>41,158.41</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	-	-
Deferred Tax Liabilities (Net)	5	-	-
Other Long-Term Liabilities	6	114.35	114.35
Long-Term Provisions	7	70.41	68.81
		<b>184.76</b>	<b>183.16</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	8	2,315.29	2,318.27
Trade Payables	9	18.52	17.30
Other Current Liabilities	10	14,713.65	13,590.98
Short-Term Provisions	11	1,085.75	1,032.03
		<b>18,133.21</b>	<b>16,958.58</b>
<b>Total</b>		<b>57,551.47</b>	<b>58,300.15</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Fixed Assets	12		
Tangible Assets		89.93	91.00
Intangible Assets		7,307.17	2,609.88
Capital Work-in-Progress		2,831.19	2,831.19
Intangible Assets Under Development		10,325.97	19,910.32
		<b>20,554.26</b>	<b>25,442.39</b>
Non-Current Investments	13	960.72	960.72
Long-Term Loans and Advances	14	4,304.18	4,304.61
Other Non-Current Assets	15	15.46	45.68
		<b>25,834.62</b>	<b>30,753.40</b>
<b>Current Assets</b>			
Inventories	16	88.68	84.95
Trade Receivables	17	31,574.10	27,413.86
Cash and Bank Balances	18	38.92	34.69
Short-Term Loans and Advances	19	15.15	13.06
Other Current Assets	20	-	0.20
		<b>31,716.85</b>	<b>27,546.75</b>
<b>Total</b>		<b>57,551.47</b>	<b>58,300.15</b>

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

As per our report of even date.

**For GMJ & Co.**

Firm Registration Number: 103429W

Chartered Accountants

**Haridas Bhat**

Partner

Membership No. 039070

Place: Mumbai

Date: 30th May, 2016

**For and on behalf of the Board of Directors**

**Ranjit M Dhuru**

Chairman & Managing Director

**Nitin K Shukla**

Director - Finance

Place: Mumbai

Date: 30th May, 2016

## Statement of Profit and Loss for the year ended March 31, 2016

(₹ in Lacs except per share data)

	Note	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Revenue from Operations</b>	21	2,478.63	5,259.97
Other Income	22	1,469.16	746.46
<b>Total Revenue</b>		<b>3,947.79</b>	<b>6,006.44</b>
<b>Expenses</b>			
Cost of Materials Consumed & Software Development Expenses	23	73.12	76.46
Changes in Inventories of Finished Goods, Work-in-Progress	24	0.79	(0.83)
Employee Benefits Expense	25	42.51	82.09
Finance Costs	26	770.17	778.22
Depreciation and Amortisation Expense	27	4,888.13	5,598.83
Other Expenses	28	98.42	1,417.78
<b>Total Expenses</b>		<b>5,873.15</b>	<b>7,952.56</b>
<b>Profit Before Tax</b>		<b>(1,925.36)</b>	<b>(1,946.12)</b>
<b>Tax Expense</b>			
Income Tax:			
Current Year		-	-
Earlier Years		-	-
Deferred Tax Credit		-	-
<b>Profit for the Year</b>		<b>(1,925.36)</b>	<b>(1,946.12)</b>
Earnings Per Equity Share [Nominal Value Per Share: Rs. 2 (Previous Year: Rs. 2)]			
Basic and Diluted	29	(1.75)	(1.77)

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

As per our report of even date.

**For GMJ & Co.**

Firm Registration Number: 103429W

Chartered Accountants

**Haridas Bhat**

Partner

Membership No. 039070

Place: Mumbai

Date: 30th May, 2016

**For and on behalf of the Board of Directors**

**Ranjit M Dhuru**

Chairman & Managing Director

Place: Mumbai

Date: 30th May, 2016

**Nitin K Shukla**

Director - Finance

## Cash Flow Statement for the year ended March 31, 2016

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>A. Cash flow from operating activities</b>		
Net profit before tax	(1,924.91)	(1,946.12)
Adjustments for:		
Depreciation	4,888.13	5,598.83
Interest income	-	(0.57)
Finance costs	770.17	778.22
Liabilities no Longer Required Written Back	-	(157.03)
Provision for Diminution in Value	-	1,313.33
Provision for Gratuity and Leave Encashment	2.20	3.20
Unrealised foreign exchange (gain)/ loss	(1,469.31)	(585.17)
	<b>4,191.20</b>	<b>6,950.83</b>
<b>Operating profit before working capital changes</b>	<b>2,266.28</b>	<b>5,004.71</b>
Changes in working capital:		
Increase / (Decrease) in trade payables	1.25	2.65
Increase / (Decrease) in short-term provisions	45.73	35.15
Increase / (Decrease) in long-term provisions	(0.60)	-
Increase / (Decrease) in other current liabilities	1,892.85	40.72
(Increase) / Decrease in trade receivables	(4,160.24)	(5,090.21)
(Increase) / Decrease in inventories	(3.73)	(2.65)
(Increase) / Decrease in short-term loans and advances	(2.09)	(4.68)
(Increase) / Decrease in long-term loans and advances	0.43	0.55
(Increase) / Decrease in other current assets	0.20	(0.08)
(Increase) / Decrease in other non-current assets	30.22	(8.49)
	<b>(2,195.99)</b>	<b>(5,027.03)</b>
<b>Operating profit after working capital changes</b>	<b>70.29</b>	<b>(22.32)</b>
Direct taxes paid (net of refund)	(0.01)	(0.17)
<b>Net cash from operating activities (A)</b>	<b>70.28</b>	<b>(22.49)</b>
<b>B. Cash flow from investing activities</b>		
Sale of Investment in Subsidiary Company	-	-
Interest received	-	0.57
<b>Net cash used in investing activities (B)</b>	<b>-</b>	<b>0.57</b>
<b>C. Cash flow from financing activities</b>		
Interest and financial charges paid	-	-
Proceeds / (Repayment)short-term borrowings (Net)	(2.98)	26.26
<b>Net cash from financing activities (C)</b>	<b>(2.98)</b>	<b>26.26</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>67.30</b>	<b>4.33</b>
Cash and cash equivalents at the beginning of the year	14.45	10.12
Cash and cash equivalents at the end of the year	18.68	14.45
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>4.23</b>	<b>4.33</b>

**Cash Flow Statement for the year ended March 31, 2016**

( ₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>Cash and cash equivalents comprise of:</b>		
Cash on Hand	14.12	12.30
Bank Balances:		
In Current Accounts	4.56	2.15
In Fixed Deposits with original maturity less than 3 months		
	18.68	14.45
<b>Cash and cash equivalents at the end of the year</b>	<b>18.68</b>	<b>14.45</b>

**Notes:**

- 1 The above Cash Flow Statement has been prepared under “Indirect Method” set out in Accounting Standard - 3 on “Cash Flow Statements” notified under Section 113 of The Companies Act, 2013, of India.
- 2 Figures in brackets indicate cash outgo.
- 3 Previous year’s figures have been regrouped/ rearranged wherever necessary.

As per our report of even date.

**For GMJ & Co.**

Firm Registration Number: 103429W  
Chartered Accountants

**Haridas Bhat**

Partner  
Membership No. 039070

Place: Mumbai  
Date: 30th May, 2016

**For and on behalf of the Board of Directors**

**Ranjit M Dhuru**

Chairman & Managing Director

Place: Mumbai  
Date: 30th May, 2016

**Nitin K Shukla**

Director - Finance

**Notes to Financial Statements for the year ended March 31, 2016****1 Summary of Corporate information & Significant Accounting Policies****1.1 Corporate information**

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

**1.2 Significant Accounting Policies****(a) Basis of Accounting and Preparation of Financial Statements**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year .

**(b) Use of Estimates**

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

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

- (i) Fixed assets are stated at cost less accumulated depreciation, amortisation and impairment losses. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.
- (ii) Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, construction cost, borrowing costs (In accordance with the Accounting Standard 16 on 'Borrowing Costs') capitalized and other direct expenditure.
- (iii) Depreciation is provided on straight-line basis at the rates specified in Schedule II of the Companies Act, 2013 except for the following assets which are depreciated as follows:

Leasehold land is amortised over the period of lease.

**(d) Intangible Assets**

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

**(e) Impairment of Assets**

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

**(f) Borrowing Cost**

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

**(g) Investments**

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

**(h) Inventories**

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

**(i) Research and Development**

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

**(j) Foreign Currency Transactions**

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

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

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

**(k) Employee Benefits**

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

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

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

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

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

**(l) Stock Based Compensation**

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

**(m) Revenue Recognition**

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

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

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

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

**(n) Operating Lease**

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

**(o) Taxes on Income**

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

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

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

**(p) Earnings Per Share**

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

**(q) Provisions and Contingent Liabilities**

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

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

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

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

**(s) Cash and cash equivalents**

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

## Notes to Financial Statements for the year ended March 31, 2016

( ₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
<b>2 Share Capital</b>		
<b>Authorised</b>		
125,000,000 (Previous Year: 125,000,000) Equity Shares of ₹ 2 each	2,500.00	2,500.00
<b>Issued</b>		
11,01,88,091 (Previous Year: 11,01,88,091) Equity Shares of ₹ 2 each	2,203.76	2,203.76
<b>Subscribed and Paid up</b>		
11,01,88,091 (Previous Year: 11,01,88,091 ) Equity Shares of ₹ 2 each fully paid-up	2,203.76	2,203.76
	<b>2,203.76</b>	<b>2,203.76</b>

(a) Reconciliation of number of shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
<b>Equity Shares:</b>				
Balance as at the beginning of the year and at the end of the year	110,188,091	2,203.76	110,188,091	2,203.76
Add: Shares issued during the year	-	-	-	-
Add: Bonus Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>110,188,091</b>	<b>2,203.76</b>	<b>110,188,091</b>	<b>2,203.76</b>

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

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

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

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Elara Capital PLC	15,540,759	14.10%	15,540,759	14.10%

(d) Shares allotted (during 5 years preceding March 31, 2016)		
	Opening No.of Share	85,716,731
<b>i</b>	The Company had issued 15,06,581 (P.Y 10522890) shares of ₹ 2 each fully Paid up to issued against conversion of 300 (P.Y 2270) FCCB's Bonds.	1,506,581
<b>ii</b>	The Company had issued 6,150,000 shares of ₹ 2 each fully Paid up issued to the erstwhile shareholders of Elven Microcircuit Pvt. Ltd. In pursuance of Scheme of Arrangement as approved by Hon'ble High Court, Mumbai & Karnataka.	6,150,000
<b>iii</b>	The Company had issued 157,477 equity shares of ₹ 2 each (during FY 2006-07 to 2010-11: 351,318 equity shares) during the period of 5 years immediately preceding March 31, 2012 on exercise of options granted Under Aftek Employees Stock Option Scheme (ESOP).	157,477
<b>iv</b>	The Company had issued 1,66,57,302 shares of ₹ 2 each fully Paid up to issued against conversion of 526 FCCB's Bonds.	1,66,57,302
	<b>Closing No.of Share</b>	<b>110,188,091</b>



## Notes to Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
<b>3 Reserves and Surplus</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	482.05	482.05
<b>Securities Premium</b>		
Balance as at the end of the year	2,741.12	2,741.12
<b>General Reserve</b>		
Balance as at the end of the year	6,132.36	6,132.36
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	29,599.57	31,545.24
Loss for the year	(1,925.36)	(1,946.12)
Balance as at the end of the year	27,674.21	29,599.12
<b>Total</b>	<b>37,029.74</b>	<b>38,954.65</b>

## 4 Long-Term Borrowings

(₹ in Lacs)

	Non-Current Portion		Current Maturities	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Bonds (Unsecured)				
Foreign Currency Convertible Bonds (FCCB) (Refer Note No.37)	-	-	1,925.38	1,925.38
<b>Term Loan (Secured)</b>				
<b>from Banks:</b>				
i) Bank of India - Jersey Channel Islands	-	-	3,379.35	3,037.97
ii) State Bank of Bikaner & Jaipur	-	-	4,000.00	4,000.00
<b>Total</b>	-	-	<b>9,304.73</b>	<b>8,963.35</b>

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

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

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

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

Bank of India - Jersey Channel Islands	As at As at 31 March, 2016	
	Principal	Interest
<b>Period of default</b> April' 2011 to March' 2016	<b>3,379.35</b>	<b>491.22</b>

## Notes to Financial Statements for the year ended March 31, 2016

( ₹ in Lacs)

## (ii) State Bank of Bikaner &amp; Jaipur

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

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

State Bank of Bikaner & Jaipur Period of default	As at As at 31 March, 2016	
	Principal	Interest
April' 2011 to March' 2015	4,000.00	2,672.50

	As at March 31, 2016	As at March 31, 2015
<b>5 Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liabilities:</b>		
Depreciation	347.73	152.90
Deferred Tax Assets:		
Provision for Doubtful Debts	-	-
Unabsorbed Depreciation adjusted for timing difference	1,848.05	(31.14)
Disallowances u/s Income tax Act,1961	1,709.05	1,432.16
	<u>3,557.10</u>	<u>1,401.02</u>
<b>Deferred Tax Liabilities (Assets)(Net) *</b>	<b><u>(3,209.37)</u></b>	<b><u>(1,248.12)</u></b>
* However, in the absence of virtual certainty the recognition of deferred tax asset is restricted to the extent of timing difference of depreciation. Hence, no deferred tax asset is created during the year.		
<b>6 Other Long- term liabilities</b>		
Creditors for Capital Assets	114.35	114.35
	<u>114.35</u>	<u>114.35</u>
<b>7 Long-Term Provisions</b>		
<b>Provision for Employee Benefits:</b>		
Provision for Gratuity	66.06	65.06
Provision for Compensated Absences	4.35	3.75
	<u>70.41</u>	<u>68.81</u>
<b>8 Short-Term Borrowings</b>		
<b>Secured</b>		
Cash Credit from State Bank of Bikaner & Jaipur (Secured by hypothecation of Raw Materials and Book Debts)	1,479.28	1,479.28
<b>Unsecured Loans:</b>		
From IDBI Bank (Term Loan)	146.68	146.68
From Related Parties:		
Directors	153.92	156.72
Subsidiary	1.25	1.25
Shareholders	534.15	534.33
	<u>2,315.29</u>	<u>2,318.27</u>

## Notes to Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

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

(a) Cash Credit from State Bank of Bikaner & Jaipur	As at 31 March, 2016	
	Principal	Interest
Period of default		
April' 2011 to March' 2016	1,479.28	744.41

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

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

	As at March 31, 2016	As at March 31, 2015
<b>9 Trade Payables</b>		
Sundry Creditors (Refer Note 42)	18.52	17.30
	<b>18.52</b>	<b>17.30</b>
<b>10 Other Current Liabilities</b>		
Current Maturities of Long-Term Borrowings (Refer Note 4)	9,304.73	8,963.35
Interest Accrued and due on Borrowings	3,969.42	3,174.54
Unpaid Dividends [Refer Note (a) below]	20.24	20.24
Advances from Customers	27.10	48.65
Security Deposits	1.50	1.50
Book Overdraft	-	2.37
Statutory Dues (including Provident Fund and Tax Deducted at Source)	295.93	288.39
Others (including Employee Benefits )	1,094.73	1,091.94
	<b>14,713.65</b>	<b>13,590.98</b>
(a) ₹ 20.24 Lacs due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.		
<b>11 Short-Term Provisions</b>		
(a) Provision for employee benefits:		
Provision for Bonus	30.01	29.67
(b) Provision - Others:		
Provision for Income Tax	118.27	118.28
Provision for Premium Payable on Redemption of FCCBs	505.49	505.49
Provision for Expenses	431.97	378.58
	<b>1,085.75</b>	<b>1,032.03</b>

## 12. Notes to Financial Statements for the year ended March 31, 2016

### A. Tangible Assets

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	Asat April 1, 2015	Additions	Disposal/ Transfer	Asat March 31, 2016	Asat April 1, 2015	For the Year	Disposal/ Transfer	Asat March 31, 2016	Asat March 31, 2016	Asat March 31, 2015
Land:										
Leasehold	101.13	-	-	101.13	10.13	1.07	-	11.20	89.93	91.00
Building	82.91	-	-	82.91	82.91	-	-	82.91	-	-
Plant and Machinery	-	-	-	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>184.03</b>	<b>-</b>	<b>-</b>	<b>184.03</b>	<b>93.04</b>	<b>1.07</b>	<b>-</b>	<b>94.10</b>	<b>89.93</b>	<b>91.00</b>
<b>Previous Year</b>	<b>215.80</b>	<b>-</b>	<b>10.02</b>	<b>205.78</b>	<b>113.77</b>	<b>6.35</b>	<b>10.02</b>	<b>110.10</b>	<b>95.68</b>	<b>102.03</b>

### B Intangible Assets

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	Asat April 1, 2015	Additions	Disposal/ Transfer	Asat March 31, 2016	Asat April 1, 2015	For the Year	Disposal/ Transfer	Asat March 31, 2016	Asat March 31, 2016	Asat March 31, 2015
Computer Software	5,404.91	1,525.98	-	6,930.89	4,481.88	1,172.48	-	5,654.36	1,276.53	923.03
IPR	4,914.92	8,058.37	-	12,973.29	3,228.06	3,714.58	-	6,942.65	6,030.64	1,686.85
<b>Total</b>	<b>10,319.82</b>	<b>9,584.36</b>	<b>-</b>	<b>19,904.18</b>	<b>7,709.95</b>	<b>4,887.06</b>	<b>-</b>	<b>12,597.01</b>	<b>7,307.17</b>	<b>2,609.88</b>
<b>Previous Year</b>	<b>24,618.52</b>	<b>4,914.92</b>	<b>12,167.17</b>	<b>17,366.26</b>	<b>13,580.10</b>	<b>7,749.30</b>	<b>12,167.17</b>	<b>9,162.23</b>	<b>8,204.03</b>	<b>11,038.41</b>

Note:- Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/remaining useful lives. The written down value of fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the Profit and Loss Account.

	As at March 31, 2016	As at March 31, 2015
<b>13 Non-Current Investments</b>		
<b>Trade Investments in Equity Instruments - Unquoted, at Cost</b>		
(a) Investment in Subsidiary: Mihir Properties Private Limited* 145,000 Equity Shares of ₹ 100/- Each Fully Paid Up * wholly owned subsidiary companies	552.65	552.65
(b) Investment in Associates: Digihome Solutions Private Limited (DSPL) 23,00,000 Equity Shares (Previous Year 23,00,000 ) Equity Shares of ₹ 10/- Each Fully Paid Up Less :- Provision for Diminution in Value	-	1,313.33 (1,313.33)
(c) Investment in Other Companies: Elven Technologies Private Limited 82,500 Equity Shares of ₹ 10 Each Fully Paid Up V Soft Inc. (USA) 164,250 Equity Shares of US\$ 5.48 each fully paid up	8.25 399.82	8.25 399.82
	<b>960.72</b>	<b>960.72</b>
<b>14 Long-Term Loans and Advances</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Capital Advances (Refer Note. No. 40)	4,144.01	4,144.01
Other Loans and Advances: Balances with Government Authorities	29.78	30.21
<b>Others Loans and Advances- Considered Good</b> to Related Parties :- Aftek Employees' Welfare Trust Digihome Solutions Pvt Ltd.	10.45 119.94	10.45 119.94
	<b>4,304.18</b>	<b>4,304.61</b>
<b>15 Other Non-Current Assets</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Fixed Deposits with original maturity Morethan One Year	5.23	5.23
Other Deposit	10.23	40.45
	<b>15.46</b>	<b>45.68</b>
<b>16 Inventories</b>		
Raw Materials Spyguard Components & Others	62.21	57.69
	62.21	57.69
Work-in-Progress Spyguard Components & Others	26.47	27.26
	26.47	27.26
	<b>88.68</b>	<b>84.95</b>

## Notes to Financial Statements for the year ended March 31, 2016

( ₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
<b>17 Trade Receivables</b>		
Unsecured, considered good:		
Outstanding for a period exceeding six months from the date they are due for payment (Refer Note. 39)	30,639.05	25,048.09
Others - Outstanding for a period of less six months	935.05	2,365.77
	<b>31,574.10</b>	<b>27,413.86</b>
<b>18 Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	14.12	12.30
Bank Balances in :		
Current Accounts	3.44	1.10
EEFC Accounts	1.12	1.06
Fixed Deposits with original maturity Lessthan 3 Month	-	-
	<b>18.68</b>	<b>14.45</b>
<b>Other Bank Balances</b>		
Unpaid Dividend Accounts	20.24	20.24
	<b>20.24</b>	<b>20.24</b>
	<b>38.92</b>	<b>34.69</b>
<b>19 Short-Term Loans and Advances</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Advance to Suppliers	15.00	12.78
Other Loans and Advances:		
Loan to Employees	0.15	0.15
Prepaid Expenses	-	0.13
	<b>15.15</b>	<b>13.06</b>
<b>20 Other Current Assets</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Interest accrued on Deposits	-	0.20
	<b>-</b>	<b>0.20</b>

## Notes to Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>21 Revenue from Operations</b>		
Sale software Products & Services:		
Information technology Services	2,316.82	5,086.42
Products Development		
a) Software Products - Powersafe	-	-
b) Software Products - PDA	4.35	44.91
c) Others Sales	161.81	128.64
	<u>2,478.63</u>	<u>5,259.97</u>
<b>22 Other Income</b>		
Interest Income From		
Banks FD	-	0.08
Others	-	0.49
Gain on Foreign Exchange (Net)	1,469.16	584.02
Profit on Sale of Fixed Assets	-	4.82
Liabilities no Longer Required Written Back	-	157.03
Miscellaneous Income	-	0.02
	<u>1,469.16</u>	<u>746.46</u>
<b>23 Cost of Materials Consumed &amp; Software Development Expenses</b>		
Raw Material Consumed		
Opening Inventory	57.69	55.87
Add: Purchases	77.65	78.28
Less: Closing Inventory	62.21	57.69
	<u>73.12</u>	<u>76.46</u>
Cost of Raw Materials Consumed during the year	73.12	76.46
Software Development Expenses	-	-
	<u>73.12</u>	<u>76.46</u>
<b>24 Changes in Inventories of Finished Goods and Work-in-Progress</b>		
<b>(Increase)/ Decrease in Stocks</b>		
Stock at the end of the year:		
Finished Goods	-	-
Work-in-progress	26.47	27.26
Traded Goods	-	-
	<u>26.47</u>	<u>27.26</u>
Stock at the beginning of the year:		
Finished Goods	-	-
Work-in-progress	27.26	26.43
Traded Goods	-	-
	<u>27.26</u>	<u>26.43</u>
<b>(Increase)/ Decrease in Stocks</b>	<u>0.79</u>	<u>(0.83)</u>

## Notes to Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>25 Employee Benefits Expense</b>		
Salaries, Wages and Bonus	36.72	73.24
Directors Remuneration	-	-
Contribution to Provident and Other Funds	1.55	3.44
Gratuity	1.00	2.00
Compensated Absences	0.60	1.31
Staff Welfare Expenses	2.64	2.10
	<b>42.51</b>	<b>82.09</b>
<b>26 Finance Costs</b>		
To Banks		
Interest on Term Loan	642.17	646.22
Interest on Cash Credit To Others	120.00	120.00
Interest on FCCB	-	-
Interest on Statutory Dues	8.00	12.00
Others	-	-
	<b>770.17</b>	<b>778.22</b>
<b>27 Depreciation and Amortisation Expense</b>		
Depreciation on Tangible Assets	1.07	4.68
Amortisation on Intangible Assets	4,887.06	5,594.15
	<b>4,888.13</b>	<b>5,598.83</b>
<b>28 Other Expenses</b>		
Electricity Expenses	1.80	2.42
Repairs and Maintenance:		
Computers	0.04	0.34
Building	-	0.08
Others	0.06	0.67
Rent (Refer Note 36)	16.20	20.22
Rates and Taxes	0.61	7.57
Insurance	0.16	0.20
Communication Charges	1.99	2.76
Printing and Stationery	0.43	0.79
Travelling, Conveyance and Car Expenses	19.71	19.76
Postage & Telegram	0.00	0.01
Provision for Diminution in Value	-	1,313.33
Legal, Professional and Secretarial Expenses	16.64	1.81
Auditors' Remuneration	32.00	32.00
Commission on Sales	-	0.03
Doubtful Debts written off	0.56	4.76
Miscellaneous Expenses	8.21	11.03
	<b>98.42</b>	<b>1,417.78</b>



## Notes to Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

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

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
I. Profit Computation for both Basic and Diluted Earnings Per Share of ₹ 2 each: Net Profit as per the Statement of Profit and Loss available for Equity Shareholders (in Lacs)	(1,925.36)	(1,946.12)
II. Weighted average number of Equity Shares for Earnings Per Share computation: Number of shares for Basic and Diluted Earnings Per Share	110,188,091	110,188,091
III. Earnings Per Share: Basic (in ₹)	(1.75)	(1.77)
Diluted (in ₹)	(1.75)	(1.77)

## 30 Additional Information

## a Value of imported and indigenous materials consumed

	Year Ended March 31, 2016		Year Ended March 31, 2015	
	(₹ in Lacs)	%	(₹ in Lacs)	%
<b>Raw Materials and Packing Materials</b>				
Imported	29.10	37.48	35.00	44.71
Indigenous	48.55	62.52	43.28	55.29
<b>Total</b>	<b>77.65</b>	<b>100.00</b>	<b>78.28</b>	<b>100.00</b>

## b CIF Value of Imports

	Year Ended March 31, 2016	Year Ended March 31, 2015
Raw Materials	29.03	34.87
<b>Total</b>	<b>29.03</b>	<b>34.87</b>

## c Expenditure in Foreign Currency (On accrual Basis)

	Year Ended March 31, 2016	Year Ended March 31, 2015
Travelling	6.29	9.13
Interest Expenses	48.40	101.72
<b>Total</b>	<b>54.69</b>	<b>110.85</b>

## d Earnings in Foreign Currency (On accrual Basis)

	Year Ended March 31, 2016	Year Ended March 31, 2015
Revenue from Exports	2,368.33	5,161.24
<b>Total</b>	<b>2,368.33</b>	<b>5,161.24</b>

## e Auditors' Remuneration

	Year Ended March 31, 2016	Year Ended March 31, 2015
Audit Fees (Including Limited Review Fees)	32.00	32.00
<b>Total</b>	<b>32.00</b>	<b>32.00</b>

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

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

**I Defined Contribution Plans**

- a Provident Fund
- b State Defined Contribution Plans
  - i. Employers' Contribution to Labour Welfare Fund
  - ii. Employers' Contribution to Employee's Pension Scheme 1995

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

	Year Ended March 31, 2016	Year Ended March 31, 2015
Employers' Contribution to Provident Fund * [Includes Employers' Contribution to Employee's Pension Scheme 1995]	1.55	3.44

\* Included in Contribution to Provident and Other Funds (Refer Note 25)

**II Defined Benefit Plan****A Gratuity**

- i During the year, company has not made Actuarial Valuation, therefore figures are provided in below table are provisional.

	Year Ended March 31, 2016	Year Ended March 31, 2015
Discount Rate	-	8.25%
Rate of increase in Compensation Levels	-	5.00%
Rate of Return on Plan Assets	-	8.00%

**ii Changes in the Fair value of Plan Assets**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Present Value of Plan Assets at the beginning of the year	-	1.29
Expected Return on Plan Assets	-	-
Actuarial Gain/ (Loss) on Plan Assets	-	(1.29)
Contributions	-	-
Benefits Paid	-	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>-</b>	<b>-</b>

**iii Changes in the Present Value of Obligation**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Present Value of Obligation at the beginning of the year	63.05	60.06
Interest Cost	-	-
Current Service Cost	-	3.00
Benefits Paid	-	-
Actuarial (Gain)/ Loss	-	-
<b>Present Value of Obligation at the end of the year</b>	<b>63.05</b>	<b>63.05</b>
Non-Current Liabilities	66.06	65.06
Current Liabilities	-	-

**iv Amount recognised in the Balance Sheet**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Present Value of Obligation at the end of the year	63.05	63.05
Fair Value of Plan Assets	-	-
<b>Net Liability recognised at the end of the year</b>	<b>63.05</b>	<b>63.05</b>

(₹ in Lacs)

**v Percentage of each category of plan assets to total fair value of plan assets as at March 31, 2015:**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Administered by Life Insurance Corporation of India	100%	100%

**vi Expenses recognised in the Profit and Loss Account**

	Year Ended March 31, 2016	Year Ended March 31, 2015
Current Service Cost	-	2.00
Interest Cost	-	-
Expected Return on Plan Assets	-	-
Actuarial (Gain)/ Loss	-	-
<b>Total Expenses recognised in the Profit and Loss Account</b>	<b>-</b>	<b>2.00</b>

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

viii Details of Present Value of Obligation, Plan Assets and Experience Adjustment are not applicable for the current year.

**III Other Employee Benefit Plan**

Liability for compensated absences as at year end is ₹ 4.35 Lacs (Previous Year: ₹ 3.75 Lacs).

**32 Related Party Disclosures****(a) Names of related parties and nature of relationship**

		Year Ended March 31, 2016	Year Ended March 31, 2015
<b>(i) Subsidiary &amp; Associates of the Company</b>	<b>% of Holding</b>		
Mihir Properties Private Limited	Wholly owned subsidiary	100%	100%
Digihome Solutions Private Limited	Associates	46%	46%
<b>(ii) Other Significantly influenced Related Parties with whom transactions have taken place during the year</b>			
Aftek Employees Welfare Trust #	Significantly influenced by		
Aftek employees Gratuity Assurance Scheme	Key Management Personnel		
Elven Technologies Pvt Ltd	(Controlled entities)		
<b>(iii) Key Management Personnel</b>			
Mr. Ranjit M Dhuru			
Mr. Nitin K Shukla			
Mr. Mukul Dalal			

**Note:-**

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

( ₹ in Lacs)

**(b) Related Party Disclosures**

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

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
<b>Loan &amp; Advance Given</b>								
Digihome Solutins Private Limited	-	0.41	-	-	-	-	-	0.41
<b>Total</b>	-	<b>0.41</b>	-	-	-	-	-	<b>0.41</b>
<b>Loan Taken</b>								
Key management persons	-	17.35	-	-	-	-	-	17.35
others	-	19.98	-	-	-	-	-	19.98
<b>Total</b>	-	<b>37.33</b>	-	-	-	-	-	<b>37.33</b>
<b>Loan Returned</b>								
Key management persons	-	-	2.80	-	-	-	2.80	-

**(ii) Year End Balance:**

( ₹ in Lacs)

Name of the Party	Outstanding Amount		Maximum Balance Outstanding at any time during the year	
	As At March 31, 2016	As At March 31, 2015	As At March 31, 2016	As At March 31, 2015
<b>Year end Balance</b>				
Mihir Properties Private Limited	1.25	1.25	1.25	1.25
Digihome Solutions Private Limited	119.94	119.94	119.94	119.94
Aftek Employees' Welfare Trust	10.45	10.45	10.45	10.45
Key management persons	153.92	156.72	153.92	156.72
<b>Total</b>	<b>285.56</b>	<b>288.36</b>	<b>285.56</b>	<b>288.36</b>

**33 Disclosure of Derivatives:**

- i The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at March 31, 2016 are as follows:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount	Foreign Currency Amount	Amount
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Sundry Debtors	USD	376.92	23,774.17	348.97	22,011.23
	EURO	74.68	5,045.76	68.01	4,595.10
Secured Loan - Ecb	Euro	45.00	3,379.35	45.00	3,037.97
UnSecured Loan - Fccb	USD	35.40	1,925.38	35.40	1,925.38

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(₹ in Lacs)

34 Capital Commitments & Contingent liabilities not provided for :	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
<b>(a) Capital Commitments:</b> Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for.(Refer Note no. 40)	Nil	Nil
<b>(b) Contingent liabilities not provided for :</b>		
i Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (₹ in Lacs) 149.99 previous year (₹ in Lacs) 79.00}	779.00	779.00
ii Pending assessment of Income tax and Sales tax(Including Interest, if any)		
Income Tax matters	167.30	167.30
Sales Tax matters	Amount unascertainable	

**35 Segment Reporting:****Primary Segment Information**

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

**Secondary Segment Information - Geographical**

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

Regions	Year ended March 31, 2016		Year ended March 31, 2015	
	(₹ in Lacs)	%	(₹ in Lacs)	%
America	1,748.09	70.53%	3,458.87	65.76%
Europe	483.62	19.51%	1,450.02	27.57%
Japan	85.10	3.43%	177.53	3.38%
India	157.46	6.35%	98.73	1.88%
Others	4.36	0.18%	74.82	1.42%
<b>Total Revenue</b>	<b>2,478.63</b>	<b>100.00%</b>	<b>5,259.97</b>	<b>100.00%</b>

**36 Operating Lease**

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

	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
a) Lease payments recognised in the Statement of Profit and Loss during the year	16.20	20.22
b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows:		
- Not later than one year	9.12	9.12
- Later than one year and not later than five years	45.60	36.48

**37 Foreign Currency Convertible Bonds**

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

At the behest of the majority bondholders, the Company had initiated the process of re-setting the conversion price of the FCCBs in line with the applicable pricing guidelines. Approval of Reserve Bank of India for the same was received vide their letter No. FED/CO/ECBD/10308/03.02.775/11-12 dated October 31, 2011. The holders of the FCCBs vide their Written Resolution of 25th July, 2012 have consented, inter alia, to the revision of Conversion Price of FCCBs from

₹ 75.20 to ₹ 13.76 and elongation of maturity period from 25th June, 2010 to 21st December, 2012 as well as waiver of events of defaults and interest payments. Accordingly, the Company has executed a Supplemental Trust Deed on 25th July, 2012 with Bank of New York Mellon, the Trustees for giving effect to the aforesaid amendments.

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

### 38 Global Depository Receipts (GDRs)

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

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

Nil GDRs (PY Nil GDRs) were outstanding as at March, 2015.

As stated at Note No. 37, above, 354 numbers of 1% Foreign Currency Convertible Bonds Due 2010 were outstanding as at March, 31, 2015. If these FCCBs are converted into GDRs, it would result into issuance of 37,36,809 numbers of GDRs representing 1,12,10,428 numbers of equity shares of ₹ 2/- each at the reset conversion price of ₹ 13.76.

- 39 In view of the on-going slowdown in the European and US markets, there have been delays in receivables. Considering the size and standing of its debtors, the Company has not made any provision at this stage towards amount of ₹ 29264.34 Lacs outstanding for a period of more than 12 months.
- 40 The company has given certain capital advances and made some investments totaling to Rs.6975.20 Lacs against the building under constructions at Hinjewadi, Pune. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. Pending the settlement of the vendors to whom advances are paid, the same is continued to be considered as capital advances. No Contingent liability is considered for the unexecuted Capital Contract.
- 41 The company has invested on purchases of IPRs for various ongoing projects. Due to the delay in the projects, IPRs are yet to be put to use as on the date of balance sheet amounting to Rs.10,325.97 Lacs which includes the software services sold which is called back. The company is of the opinion that with the improved market conditions all the IPRs will be profitably used by the company in the future projects.
- 42 Dues to Micro, Small and Medium Enterprises (MSME)
- The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the 'Act') and hence disclosure regarding following has not been provided.
- Amount due and outstanding to MSME suppliers as at the end of the accounting year.
  - Interest paid during the year to MSME.
  - Interest payable at the end of the accounting year.
  - Interest accrued and unpaid at the end of the accounting year to MSME.
- The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act. Management believes that the figures for disclosure will not be significant.
- 43 Confirmation letters have been sent to the debtors, creditors and to parties to whom advances have been given, and their balances are subject to reconciliation and consequent adjustments, if any.
- 44 Previous year's figures have been regrouped or reclassified to conform with the current years' presentation wherever considered necessary.

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

As per our report of even date.

**For GMJ & Co.**

Firm Registration Number: 103429W  
Chartered Accountants

**Haridas Bhat**

Partner

Membership No. 039070

Place: Mumbai

Date: 30th May, 2016

**For and on behalf of the Board of Directors**

**Ranjit M Dhuru**

Chairman & Managing Director

**Nitin K Shukla**

Director - Finance

Place: Mumbai

Date: 30th May, 2016

**INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
AFTEK Limited

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **AFTEK Limited** ('the Holding Company') and its Subsidiary (collectively referred as 'the Company' or 'the Group'), comprising the consolidated balance sheet as at 31 March 2016, the consolidated statement of Profit and loss, the consolidated cash flow statement for the year then ended and the summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Subsidiary company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its Subsidiary company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Basis for qualified opinion**

1. *Note no.39 regarding, Management has not considered any provision in respect of outstanding Debtors for a period more than 12 months amounting to Rs. 29,264.34 Lacs which in our opinion, as evidenced by the poor recovery made during the year, are doubtful of recovery. Consequently, profit before tax is overstated by Rs. 29,264.34 Lacs. Further in our view there is significant uncertainty as to ultimate collection of Debtors due to non-receipt from overseas debtors. Therefore we are further unable to comment on recoverability of balance debtors amounting to Rs.2,295.13 Lacs;*
2. *Note no.40 regarding, company has given certain capital advances and made some investments totaling to Rs.6975.20 Lacs towards the building under construction at Hinjewadi, Pune, upto the year ended, 31-3-2010, thereafter there are no further developments/construction made. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. The bank has called for bids at a base price of Rs.1800.00 Lacs. There is no provision made towards the eventual loss on such auction, which is presently not ascertainable till such disposal. The bank has now agreed for an one time settlement (OTS) of outstanding for Rs.2600 lacs;*

**Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for qualified opinion paragraph the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2016;
- (ii) in the case of the consolidated statement of profit and loss, of the Loss of the Group for the year ended on that date; and
- (iii) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

**Emphasis of matter**

1. *Note no.34 b (ii) regarding Liability if any of the pending assessment under Sales tax (including interest, if any) which are presently not ascertainable.*
2. *Without qualifying our opinion, we draw attention to Note No.41 regarding intangible Assets under development for various on-going projects. Due to the delay in the projects, Intangible Assets under development for Rs.10325.97 Lacs are yet to be put to use as on the date of balance sheet. The company is of the opinion that with the improved market conditions all the Assets under development will be profitably used by the company in the future projects.*

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, and with regard to the non-availability of the Actuarial valuation of the Gratuity Liability, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.*
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and its Subsidiary company incorporated in India, none of the directors of the Group companies, its Subsidiary company incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our report in "Annexure A", which is based on the Auditors' Reports of the Company and its Subsidiary incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company and its subsidiary company incorporated in India.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements-refer Note 34 (b)(ii) of financial statements .
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2016.
  - iii. *There has been significant delay in transferring amounts of ₹ 20.24 Lacs, which were required to be transferred to the Investor Education and Protection Fund by the Company*

**For GMJ & Co.**

Chartered Accountants  
Firm's Regn. No. 103429W

**Haridas Bhat**  
Partner

M. No. 039070

Mumbai,  
May 30th , 2016



**Annexure – A to the Auditor’s Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of AFTEK Limited (“the Holding Company”) and its Subsidiary company which are incorporated in India as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The respective management of the Holding Company and its Subsidiary company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company and its Subsidiary company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Company and its Subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company and its Subsidiary company incorporated in India considering the essential components of internal control stated in the Guidance Note.

**For GMJ & Co.**

Chartered Accountants

Firm Registration Number: 103429W

**Haridas Bhat**

Partner

Membership Number: 039070

Mumbai  
30th May, 2016

## Consolidated Balance Sheet as at March 31, 2016

(₹ in Lacs)

	Note	As at March 31, 2016	As at March 31, 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	2,203.76	2,203.76
Reserves and Surplus	3	36,964.30	38,890.27
		<b>39,168.06</b>	<b>41,094.03</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	-	-
Deferred Tax Liabilities (Net)	5	4.95	8.08
Other Long-Term Liabilities	6	114.35	114.35
Long-Term Provisions	7	70.41	68.81
		<b>189.71</b>	<b>191.24</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	8	2,314.04	2,317.02
Trade Payables	9	-	-
Total Outstanding dues to SME		-	-
Total Outstanding dues other than SME		18.52	17.30
Other Current Liabilities	10	14,714.32	13,591.65
Short-Term Provisions	11	1,085.16	1,031.27
		<b>18,132.04</b>	<b>16,957.24</b>
<b>Total</b>		<b>57,489.81</b>	<b>58,242.51</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Fixed Assets	12		
Tangible Assets		339.24	344.33
Intangible Assets		7,307.17	2,609.88
Capital Work-in-Progress		2,831.19	2,831.19
Intangible Assets Under Development		10,325.97	19,910.32
Goodwill on consolidation		241.45	241.45
		<b>21,045.02</b>	<b>25,937.17</b>
Non-Current Investments	13	408.07	408.07
Long-Term Loans and Advances	14	4,304.18	4,304.61
Other Non-Current Assets	15	15.62	45.84
		<b>25,772.89</b>	<b>30,695.69</b>
<b>Current Assets</b>			
Inventories	16	88.68	84.95
Trade Receivables	17	31,574.10	27,413.86
Cash and Bank Balances	18	38.99	34.76
Short-Term Loans and Advances	19	15.15	13.06
Other Current Assets	20	-	0.20
		<b>31,716.92</b>	<b>27,546.82</b>
<b>Total</b>		<b>57,489.81</b>	<b>58,242.51</b>

The accompanying Notes ("1" to "46") are an integral part of these Financial Statements.

As per our report of even date.

**For GMJ & Co.**

Firm Registration Number: 103429W  
Chartered Accountants

**Haridas Bhat**

Partner  
Membership No. 039070

Place: Mumbai  
Date: 30th May, 2016

**For and on behalf of the Board of Directors**

**Ranjit M Dhuru**

Chairman & Managing Director

Place: Mumbai  
Date: 30th May, 2016

**Nitin K Shukla**

Director - Finance

**Consolidated Statement of Profit and Loss for the year ended March 31, 2016**

( ₹ in Lacs except per share data)

	Note	Year Ended March 31, 2016	Year Ended March 31, 2015
Revenue from Operations	21	2,478.63	5,259.97
Other Income	22	1,469.16	746.46
<b>Total Revenue</b>		<b>3,947.79</b>	<b>6,006.44</b>
<b>Expenses</b>			
Cost of Materials Consumed & Software Development Expenses	23	73.12	76.46
Changes in Inventories of Finished Goods, Work-in-Progress	24	0.79	(0.83)
Employee Benefits Expense	25	42.51	82.09
Finance Costs	26	770.17	778.22
Depreciation and Amortisation Expense	27	4,892.15	5,602.85
Other Expenses	28	98.13	104.61
<b>Total Expenses</b>		<b>5,876.88</b>	<b>6,643.41</b>
<b>Loss Before Tax</b>		<b>(1,929.09)</b>	<b>(636.97)</b>
<b>Tax Expense</b>			
Income Tax:			
Current Year		-	-
Earlier Years		-	-
Deferred Tax Credit		(3.13)	(1.29)
<b>Loss for the Year</b>		<b>(1,925.96)</b>	<b>(635.68)</b>
Earnings Per Equity Share [Nominal Value Per Share: ₹ 2 (Previous Year: ₹ 2)]			
Basic and Diluted	29	(1.75)	(0.58)

The accompanying Notes ("1" to "46" ) are an integral part of these Financial Statements.

As per our report of even date.

**For GMJ & Co.**

Firm Registration Number: 103429W  
Chartered Accountants

**Haridas Bhat**

Partner  
Membership No. 039070

Place: Mumbai  
Date: 30th May, 2016

**For and on behalf of the Board of Directors**

**Ranjit M Dhuru**

Chairman & Managing Director

Place: Mumbai  
Date: 30th May, 2016

**Nitin K Shukla**

Director - Finance

## Consolidated Cash Flow Statement for the year ended March 31, 2016

(₹ in Lacs)

	Year ended March 31, 2016		Year ended March 31, 2015	
<b>A. Cash flow from operating activities</b>				
<b>Net profit before tax</b>		(1,929.09)		(636.97)
<b>Adjustments for:</b>				
Depreciation	4,892.15		5,602.85	
Interest income	-		(0.57)	
Finance costs	770.17		778.22	
Liabilities no Longer Required Written Back	-		(157.03)	
Provision for Gratuity and Leave Encashment	2.20		3.20	
Unrealised foreign exchange (gain)/ loss	(1,469.11)	4,195.40	(585.17)	5,641.51
<b>Operating profit before working capital changes</b>		2,266.31		5,004.54
<b>Changes in working capital:</b>				
Increase / (Decrease) in trade payables	1.22		2.65	
Increase / (Decrease) in short-term provisions	53.88		35.31	
Increase / (Decrease) in long-term provisions	(0.60)		(0.00)	
Increase / (Decrease) in other current liabilities	(21.53)		40.74	
(Increase) / Decrease in trade receivables	(2,317.03)		(5,090.21)	
(Increase) / Decrease in inventories	(3.73)		(2.65)	
(Increase) / Decrease in short-term loans and advances	(2.09)		(4.68)	
(Increase) / Decrease in long-term loans and advances	0.43		0.55	
(Increase) / Decrease in other current assets	0.20		(0.08)	
(Increase) / Decrease in other non-current assets	30.22		(8.49)	
		(2,259.04)		(5,026.87)
<b>Operating profit after working capital changes</b>		<b>7.28</b>		<b>(22.33)</b>
Direct taxes paid (net of refund)		-		(0.17)
<b>Net cash from operating activities (A)</b>		<b>7.28</b>		<b>(22.50)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of tangible/ intangible assets (including capital work-in-progress & Capital Advance)		-		-
Sale of Investment in Subsidiary Company		-		-
Interest received		-		0.57
<b>Net cash used in investing activities (B)</b>		<b>-</b>		<b>0.57</b>

( ₹ in Lacs)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>C. Cash flow from financing activities</b>		
Repayment of long-term borrowings	-	-
Proceeds from Long term borrowings (Net)	-	-
Interest and financial charges paid	-	-
Proceeds / (Repayment)short-term borrowings (Net)	(2.98)	26.26
	<hr/>	<hr/>
<b>Net cash from financing activities (C)</b>	<b>(2.98)</b>	<b>26.26</b>
	<hr/>	<hr/>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>4.30</b>	<b>4.33</b>
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents at the beginning of the year	14.45	10.12
Cash and cash equivalents at the end of the year	18.75	14.45
	<hr/>	<hr/>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>4.30</b>	<b>4.33</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Cash and cash equivalents comprise of:</b>		
Cash on Hand	14.12	12.30
Bank Balances:		
In Current Accounts	4.63	2.22
In Fixed Deposits with original maturity less than 3 months		
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>18.75</b>	<b>14.52</b>
	<hr/> <hr/>	<hr/> <hr/>

As per our report of even date.

**For GMJ & Co.**

Firm Registration Number: 103429W

Chartered Accountants

**Haridas Bhat**

Partner

Membership No. 039070

Place: Mumbai

Date: 30th May, 2016

**For and on behalf of the Board of Directors****Ranjit M Dhuru**

Chairman &amp; Managing Director

**Nitin K Shukla**

Director - Finance

Place: Mumbai

Date: 30th May, 2016

**Notes to Consolidated Financial Statements for the year ended March 31, 2016****1 Summary of Corporate information & Significant Accounting Policies****1.1 Corporate information**

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

**1.2 Principles of consolidation**

The consolidated financial statements relate to the Company and all of its subsidiary companies and companies controlled, that is, companies over which the Company exercises control / joint control over ownership and voting power and the associates and joint venture (herein after collectively referred to as the "Group"). The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and resultant unrealized profits or losses in accordance with the Accounting Standard - 21 "Consolidated Financial Statements" prescribed u/s 133 of Companies Act, 2013 (the Act) read with rule 7 of the Companies (Accounts) Rules, 2014 issued by the Central Government.

Investments in subsidiaries are eliminated and differences between the costs of investment over the net assets on the date of the investment in subsidiaries are recognised as goodwill or capital reserve, as the case may be.

The difference between the proceeds from disposal of investment in a subsidiary or in a company, controlled by the Company, and the proportionate carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss as the profit or loss on disposal of investment in subsidiaries.

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's stand alone financial statements.

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

The consolidated financial statements have been prepared and presented on the historical cost convention on accrual basis and comprises mandatory accounting standards as prescribed u/s 133 of Companies Act, 2013 (the Act) read with rule 7 of the Companies (Accounts) Rules, 2014, the provision of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policies hitherto in use.

**(b) Use of Estimates**

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

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

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

- (ii) Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, construction cost, borrowing costs (In accordance with the Accounting Standard 16 on 'Borrowing Costs') capitalized and other direct expenditure.
- (iii) Depreciation is provided on straight-line basis at the rates specified in Schedule II of the Companies Act, 2013 except for the following assets which are depreciated as follows:

Leasehold land is amortised over the period of lease.

**(d) Intangible Assets**

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

**(e) Impairment of Assets**

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

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

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

**(f) Borrowing Cost**

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

**(g) Investments**

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

**(h) Inventories**

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

**(i) Research and Development**

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

**(j) Foreign Currency Transactions**

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

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

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



**(k) Employee Benefits**

- (i) All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.
- (ii) The group makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the year in which services are rendered by the employees.
- (iii) The group's employees are covered under the group gratuity cum life assurance scheme with the Life Insurance Corporation of India ('LIC'). Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit/ obligation at the Balance Sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit/ obligation are calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.  
  
Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year in which such gains or losses are determined.
- (iv) Liability for compensated absences is provided for on the basis of actuarial valuation at year-end, made by an independent actuary.

**(l) Stock Based Compensation**

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

**(m) Revenue Recognition**

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

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

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

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

Interest income is accounted on a time proportion basis.

**(n) Operating Lease**

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

**(o) Taxes on Income**

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

the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

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

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

**(p) Earnings Per Share**

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

**(q) Provisions and Contingent Liabilities**

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

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

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

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

**(s) Cash and cash equivalents**

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

	As at March 31, 2016	As at March 31, 2015
<b>2 Share Capital</b>		
<b>Authorised</b>		
125,000,000 (Previous Year: 125,000,000) Equity Shares of ₹ 2 each	2,500.00	2,500.00
<b>Issued</b>		
11,01,88,091 (Previous Year: 11,01,88,091) Equity Shares of ₹ 2 each	2,203.76	2,203.76
<b>Subscribed and Paid up</b>		
11,01,88,091 (Previous Year: 11,01,88,091 ) Equity Shares of ₹ 2 each fully paid-up	2,203.76	2,203.76
	<b>2,203.76</b>	<b>2,203.76</b>

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

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
<b>Equity Shares:</b>				
Balance as at the beginning of the year and at the end of the year	110,188,091	2,203.76	110,188,091	2,203.76
Add: Shares issued during the year	-	-	-	-
Add: Bonus Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>110,188,091</b>	<b>2,203.76</b>	<b>110,188,091</b>	<b>2,203.76</b>

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

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

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

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
<b>Equity Shares</b>				
Elara Capital PLC	15,540,759	14.10%	15,540,759	14.10%

**(d) Shares allotted (during 5 years preceding March 31, 2016)**

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

	As at March 31, 2016	As at March 31, 2015
<b>3 Reserves and Surplus</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	482.05	482.05
<b>Securities Premium</b>		
Balance as at the end of the year	2,741.12	2,741.12
<b>General Reserve</b>		
Balance as at the end of the year	6,132.36	6,132.36
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	29,534.73	30,170.41
Loss for the year	(1,925.96)	(635.68)
Balance as at the end of the year	27,608.78	29,534.73
<b>Total</b>	<b>36,964.30</b>	<b>38,890.27</b>

**4 Long-Term Borrowings**

	Non-Current Portion		Current Maturities	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
<b>Bonds (Unsecured)</b>				
Foreign Currency Convertible Bonds (FCCB) (Refer Note No.37)	-	-	1,925.38	1,925.38
<b>Term Loan (Secured)</b>				
<b>from Banks:</b>				
i) Bank of India - Jersey Channel Islands	-	-	3,379.35	3,037.97
ii) State Bank of Bikaner & Jaipur	-	-	4,000.00	4,000.00
<b>Total</b>	-	-	<b>9,304.73</b>	<b>8,963.35</b>

**(a) Nature of Security and terms of repayment for secured borrowings****(i) Bank of India - Jersey Channel Islands**

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

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

**Bank of India - Jersey Channel Islands**

	As at 31 March, 2016	
	Principal	Interest
<b>Period of default</b>		
April' 2011 to March' 2016	3,379.35	491.22

	As at March 31, 2016	As at March 31, 2015
<b>(ii) State Bank of Bikaner &amp; Jaipur</b>		
Rupee Term Loan Aggregating to ₹ 4,000 Lacs Secured by mortgage of building owned by subsidiary Mihir Properties Pvt. Ltd. ₹ 4,000 Lacs is repayable in 12 Quarterly installment of ₹ 333.33 Lacs from April, 2012 to January 2015. Company has made default in repayment of Principal and Interest thereon, therefore, Bank has demanded repayment loan.		
<b>The Company has defaulted in repayment of loans and interest in respect of the following:</b>		
<b>State Bank of Bikaner &amp; Jaipur</b>		
	<b>As at 31 March, 2016</b>	
	<b>Principal</b>	<b>Interest</b>
<b>Period of default</b>		
April' 2011 to March' 2015	<b>4,000.00</b>	<b>2,672.50</b>
<b>5 Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liabilities:</b>		
Depreciation	389.85	1,178.76
<b>Deferred Tax Assets:</b>		
Provision for Doubtful Debts	-	-
Unabsorbed Depreciation adjusted for timing difference	384.90	209.44
Disallowances u/s Income tax Act,1961	-	959.94
	<u>384.90</u>	<u>1,401.02</u>
<b>Deferred Tax Liabilities (Assets)(Net)</b>	<b>4.95</b>	<b>9.37</b>
<b>6 Other Long- term liabilities</b>		
Creditors for Capital Assets	114.35	114.35
	<u>114.35</u>	<u>114.35</u>
<b>7 Long-Term Provisions</b>		
<b>Provision for Employee Benefits:</b>		
Provision for Gratuity	66.06	65.06
Provision for Compensated Absences	4.35	3.75
	<u>70.41</u>	<u>68.81</u>
<b>8 Short-Term Borrowings</b>		
<b>Secured</b>		
Cash Credit from State Bank of Bikaner & Jaipur (Secured by hypothecation of Raw Materials and Book Debts)	1,479.28	1,479.28
<b>Unsecured</b>		
<b>Loans:</b>		
From IDBI Bank (Term Loan)	146.68	146.68
<b>From Related Parties:</b>		
Directors	153.92	156.72
Shareholders	534.15	534.33
	<u>2,314.04</u>	<u>2,317.02</u>

	As at March 31, 2016	As at March 31, 2015
<b>The Company has defaulted in repayment of interest in respect of the following:</b>		
<b>(a) Cash Credit from State Bank of Bikaner &amp; Jaipur</b>	<b>As at 31 March, 2015</b>	
<b>Period of default</b>	<b>Principal</b>	<b>Interest</b>
April' 2011 to March' 2016	1,479.28	744.41
<b>(b) IDBI Bank Ltd.(Term Loan) :-</b>		
The loan is recalled by the Bank by invoking the pledge of shares. However the bank did not recover the total outstanding amount for the reasons not attributable to the company, accordingly the outstanding balance is not accepted by the Company. Pending clearance of dispute the outstandings is continued in books as demanded by the Bank.		
<b>9 Trade Payables</b>		
Sundry Creditors (Refer Note 42)	18.52	17.30
	<b>18.52</b>	<b>17.30</b>
<b>10 Other Current Liabilities</b>		
Current Maturities of Long-Term Borrowings (Refer Note 4)	9,304.73	8,963.35
Interest Accrued and due on Borrowings	3,969.42	3,174.54
Unpaid Dividends [Refer Note (a) below]	20.24	20.24
Advances from Customers	27.10	48.65
Security Deposits	1.50	1.50
Book Overdraft	-	2.37
Statutory Dues (including Provident Fund and Tax Deducted at Source)	295.94	288.40
Others (including Employee Benefits )	1,095.39	1,092.60
	<b>14,714.32</b>	<b>13,591.65</b>
(a) ₹ 20.24 Lacs due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.		
<b>11 Short-Term Provisions</b>		
(a) Provision for employee benefits:		
Provision for Bonus	30.01	29.67
(b) Provision - Others:		
Provision for Income Tax	116.86	116.87
Provision for Premium Payable on Redemption of FCCBs	505.49	505.49
Provision for Expenses	432.80	379.24
	<b>1,085.16</b>	<b>1,031.27</b>

## 12. Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

## A. Tangible Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2015	Additions	Disposal/ Transfer	As at March 31, 2016	As at April 1, 2015	For the Year	Disposal/ Transfer	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Land:</b>										
Leasehold	101.13	-	-	101.13	10.13	1.07	-	11.20	89.93	91.00
Building	82.91	-	-	82.91	82.91	-	-	82.91	-	-
Office Building	309.64	-	-	309.64	56.31	4.02	-	60.33	249.31	253.33
<b>Total</b>	<b>493.67</b>	<b>-</b>	<b>-</b>	<b>493.67</b>	<b>149.35</b>	<b>5.08</b>	<b>-</b>	<b>154.43</b>	<b>339.24</b>	<b>344.33</b>
Previous Year	515.42	-	21.75	493.67	162.40	8.70	21.75	149.35	344.33	353.02

## B. Intangible Assets

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2015	Additions	Disposal/ Transfer	As at March 31, 2016	As at April 1, 2015	For the Year	Disposal/ Transfer	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Computer Software	5,404.91	1,525.98	-	6,930.89	4,481.88	1,172.48	-	5,654.36	1,276.53	923.03
IPR	4,914.92	8,058.37	-	12,973.29	3,228.06	3,714.58	-	6,942.65	6,030.64	1,686.85
<b>Total</b>	<b>10,319.82</b>	<b>9,584.36</b>	<b>-</b>	<b>19,904.18</b>	<b>7,709.95</b>	<b>4,887.06</b>	<b>-</b>	<b>12,597.01</b>	<b>7,307.17</b>	<b>2,609.88</b>
Previous Year	17,366.26	-	7,046.44	10,319.82	9,162.23	5,594.15	7,046.44	7,709.95	2,609.88	8,204.03

	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>13 Non-Current Investments</b>		
Trade Investments in Equity Instruments - Unquoted, at Cost		
(a) Investment in Associates:		
Digihome Solutions Private Limited (DSPL)		
23,00,000 Equity Shares (Previous Year 23,00,000 )	1,313.33	1,313.33
Equity Shares of ₹ 10/- Each Fully Paid Up		
Less :- Provision for Diminution in Value	(1,313.33)	(1,313.33)
(b) Investment in Other Companies:		
Elven Technologies Private Limited	8.25	8.25
82,500 Equity Shares of ₹ 10 Each Fully Paid Up		
V Soft Inc. (USA)	399.82	399.82
164,250 Equity Shares of US\$ 5.48 each fully paid up		
	<b>408.07</b>	<b>408.07</b>
<b>14 Long-Term Loans and Advances</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Capital Advances (Refer Note. No. 40)	4,144.01	4,144.01
Other Loans and Advances:		
Balances with Government Authorities	29.78	30.21
Others Loans and Advances- Considered Good to Related Parties :-		
Aftek Employees' Welfare Trust	10.45	10.45
Digihome Solutions Pvt Ltd.	119.94	119.94
	<b>4,304.18</b>	<b>4,304.61</b>
<b>15 Other Non-Current Assets</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Fixed Deposits with original maturity Morethan One Year	5.23	5.23
Other Deposit	10.39	40.60
	<b>15.62</b>	<b>45.84</b>
<b>16 Inventories</b>		
Raw Materials		
Spyguard Components & Others	62.21	57.69
	62.21	57.69
Work-in-Progress		
Spyguard Components & Others	26.47	27.26
	26.47	27.26
	<b>88.68</b>	<b>84.95</b>



## Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
<b>17 Trade Receivables</b>		
Unsecured, considered good:		
Outstanding for a period exceeding six months from the date they are due for payment (Refer Note. 39)	30,639.05	25,048.09
Others - Outstanding for a period of less six months	935.05	2,365.77
	<b>31,574.10</b>	<b>27,413.86</b>
<b>18 Cash and Bank Balances</b>		
Cash and Cash Equivalents		
Cash on Hand	14.12	12.30
Bank Balances in :		
Current Accounts	3.51	1.17
EEFC Accounts	1.12	1.06
Fixed Deposits with original maturity Less than 3 Month	-	-
	18.75	14.52
Other Bank Balances		
Unpaid Dividend Accounts	20.24	20.24
	20.24	20.24
	<b>38.99</b>	<b>34.76</b>
<b>19 Short-Term Loans and Advances</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Advance to Suppliers	15.00	12.78
Other Loans and Advances:		
Loan to Employees	0.15	0.15
Prepaid Expenses	-	0.13
	<b>15.15</b>	<b>13.06</b>
<b>20 Other Current Assets</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Interest accrued on Deposits	-	0.20
	-	<b>0.20</b>

## Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>21 Revenue from Operations</b>		
Sale software Products & Services:		
Information technology Services	2,316.82	5,086.42
Products Development		
a) Software Products - Powersafe	-	-
b) Software Products - PDA	4.35	44.91
c) Others Sales	<u>157.46</u>	<u>128.64</u>
	<b><u>2,478.63</u></b>	<b><u>5,259.97</u></b>
<b>22 Other Income</b>		
Interest Income From		
Banks FD	-	0.08
Others	-	0.49
Gain on Foreign Exchange (Net)	1,469.16	584.02
Profit on Sale of Fixed Assets	-	4.82
Liabilities no Longer Required Written Back	-	157.03
Miscellaneous Income	-	0.02
	<b><u>1,469.16</u></b>	<b><u>746.46</u></b>
<b>23 Cost of Materials Consumed &amp; Software Development Expenses</b>		
Raw Material Consumed		
Opening Inventory	57.69	55.87
Add: Purchases	77.65	78.28
Less: Closing Inventory	<u>62.21</u>	<u>57.69</u>
Cost of Raw Materials Consumed during the year	73.12	76.46
Software Development Expenses	-	-
	<b><u>73.12</u></b>	<b><u>76.46</u></b>
<b>24 Changes in Inventories of Finished Goods and Work-in-Progress</b>		
(Increase)/ Decrease in Stocks		
Stock at the end of the year:		
Finished Goods	-	-
Work-in-progress	26.47	27.26
Traded Goods	-	-
	<u>26.47</u>	<u>27.26</u>
Stock at the beginning of the year:		
Finished Goods	-	-
Work-in-progress	27.26	26.43
Traded Goods	-	-
	<u>27.26</u>	<u>26.43</u>
<b>(Increase)/ Decrease in Stocks</b>	<b><u>0.79</u></b>	<b><u>(0.83)</u></b>

## Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>25 Employee Benefits Expense</b>		
Salaries, Wages and Bonus	36.72	73.24
Directors Remuneration	-	-
Contribution to Provident and Other Funds	1.55	3.44
Gratuity	1.00	2.00
Compensated Absences	0.60	1.31
Staff Welfare Expenses	2.64	2.10
	<b>42.51</b>	<b>82.09</b>
<b>26 Finance Costs</b>		
To Banks		
Interest on Term Loan	642.17	646.22
Interest on Cash Credit	120.00	120.00
To Others		
Interest on FCCB	-	-
Interest on Statutory Dues	8.00	12.00
Others	-	-
	<b>770.17</b>	<b>778.22</b>
<b>27 Depreciation and Amortisation Expense</b>		
Depreciation on Tangible Assets	5.08	8.70
Amortisation on Intangible Assets	4,887.06	5,594.15
	<b>4,892.15</b>	<b>5,602.85</b>
<b>28 Other Expenses</b>		
Electricity Expenses	1.80	2.42
Repairs and Maintenance:		
Computers	0.04	0.34
Building	-	0.08
Others	0.06	0.67
Rent (Refer Note 36)	16.20	20.22
Rates and Taxes	0.61	7.57
Insurance	0.16	0.20
Communication Charges	1.99	2.76
Printing and Stationery	0.43	0.79
Travelling, Conveyance and Car Expenses	19.71	19.76
Postage & Telegram	0.00	0.01
Legal, Professional and Secretarial Expenses	16.81	1.97
Auditors' Remuneration	32.00	32.00
Commission on Sales	-	0.03
Doubtful Debts written off	0.56	4.76
Miscellaneous Expenses	7.76	11.03
	<b>98.13</b>	<b>104.61</b>

## Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

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

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
I. Profit Computation for both Basic and Diluted Earnings Per Share of ₹ 2 each: Net Profit as per the Consolidated Statement of Profit and Loss available for Equity Shareholders (in Lacs)	(1925.96)	(635.68)
II. Weighted average number of Equity Shares for Earnings Per Share computation: Number of shares for Basic and Diluted Earnings Per Share	110,188,091	110,188,091
III. Earnings Per Share:		
Basic (in ₹)	(1.75)	(0.58)
Diluted (in ₹)	(1.75)	(0.58)

## 30 Additional Information

## a Value of imported and indigenous materials consumed

	Year Ended March 31, 2016		Year Ended March 31, 2015	
	(₹ in Lacs)	%	(₹ in Lacs)	%
Raw Materials and Packing Materials				
Imported	29.10	37.48	35.00	44.71
Indigenous	48.55	62.52	43.28	55.29
<b>Total</b>	<b>77.65</b>	<b>100.00</b>	<b>78.28</b>	<b>100.00</b>

## b CIF Value of Imports

	Year Ended March 31, 2016	Year Ended March 31, 2015
Raw Materials	29.03	34.87
<b>Total</b>	<b>29.03</b>	<b>34.87</b>

## c Expenditure in Foreign Currency (On accrual Basis)

	Year Ended March 31, 2016	Year Ended March 31, 2015
Travelling	6.29	9.13
Interest Expenses	48.40	101.72
<b>Total</b>	<b>54.69</b>	<b>110.85</b>

## d Earnings in Foreign Currency (On accrual Basis)

	Year Ended March 31, 2016	Year Ended March 31, 2015
Revenue from Exports	2,368.33	5,161.24
<b>Total</b>	<b>2,368.33</b>	<b>5,161.24</b>

## e Auditors' Remuneration

	Year Ended March 31, 2016	Year Ended March 31, 2015
Audit Fees (Including Limited Review Fees)	32.00	32.00
<b>Total</b>	<b>32.00</b>	<b>32.00</b>

## Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

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

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

## I Defined Contribution Plans

- a Provident Fund
- b State Defined Contribution Plans
  - i Employers' Contribution to Labour Welfare Fund
  - ii Employers' Contribution to Employee's Pension Scheme 1995

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

	Year Ended March 31, 2016	Year Ended March 31, 2015
Employers' Contribution to Provident Fund *		
[Includes Employers' Contribution to Employee's Pension Scheme 1995]	1.55	3.44
* Included in Contribution to Provident and Other Funds (Refer Note 25)		

## II Defined Benefit Plan

A		Year Ended March 31, 2016	Year Ended March 31, 2015
i	<b>Gratuity</b>		
	During the year, company has not made Acturial Valuation, therefore figures are provided in below table are provisional.		
		Year Ended March 31, 2016	Year Ended March 31, 2015
	Discount Rate	-	-
	Rate of increase in Compensation Levels	-	-
	Rate of Return on Plan Assets	-	-
ii	<b>Changes in the Fair value of Plan Assets</b>	Year Ended March 31, 2016	Year Ended March 31, 2015
	Present Value of Plan Assets at the beginning of the year	-	-
	Expected Return on Plan Assets	-	-
	Actuarial Gain/ (Loss) on Plan Assets	-	-
	Contributions	-	-
	Benefits Paid	-	-
	Fair Value of Plan Assets at the end of the year	-	-
iii	<b>Changes in the Present Value of Obligation</b>	Year Ended March 31, 2016	Year Ended March 31, 2015
	Present Value of Obligation at the beginning of the year	65.06	63.06
	Interest Cost	-	-
	Current Service Cost	1.00	2.00
	Benefits Paid	-	-
	Actuarial (Gain)/ Loss	-	-
	Present Value of Obligation at the end of the year	66.06	65.06
	Non-Current Liabilities	66.06	65.06
	Current Liabilities	-	-
iv	<b>Amount recognised in the Balance Sheet</b>	Year Ended March 31, 2016	Year Ended March 31, 2015
	Present Value of Obligation at the end of the year	66.06	65.06
	Fair Value of Plan Assets	-	-
	Net Liability recognised at the end of the year	66.06	65.06
v	<b>Percentage of each category of plan assets to total fair value of plan assets as at March 31, 2016:</b>	Year Ended March 31, 2016	Year Ended March 31, 2015
	Administered by Life Insurance Corporation of India	100%	100%
vi	<b>Expenses recognised in the Profit and Loss Account</b>	Year Ended March 31, 2016	Year Ended March 31, 2015
	Current Service Cost	1.00	2.00
	Interest Cost	-	-
	Expected Return on Plan Assets	-	-
	Actuarial (Gain)/ Loss	-	-
	<b>Total Expenses recognised in the Profit and Loss Account</b>	<b>1.00</b>	<b>2.00</b>
vii	<b>Expected Contribution to Gratuity Fund for the next year ₹ Nil lacs (Previous Year: ₹ 5.03 lacs).</b>		
viii	<b>Details of Present Value of Obligation, Plan Assets and Experience Adjustment are not applicable for the current year.</b>		

**32 Related Party Disclosures**

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

	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
<b>(i) Associates of the Company</b>	% of Holding	
Digihome Solutions Private Limited Associates	46%	46%
<b>(ii) Other Significantly influenced Related Parties with whom transactions have taken place during the year</b>		
Aftek Employees Welfare Trust # Aftek employees Gratuity Assurance Scheme Elven Technologies Pvt Ltd	Significantly influenced by Key Management Personnel (Controlled entities)	
<b>(iii) Key Management Personnel</b>		
Mr. Ranjit M Dhuru		
Mr. Nitin K Shukla		
Mr. Mukul Dalal		

**Note:-**

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

( ₹ in Lacs)

**(b) Related Party Disclosures**

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

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Loan & Advance Given								
Digihome Solutins Private Limited	-	0.41	-	-	-	-	-	0.41
<b>Total</b>	-	<b>0.41</b>	-	-	-	-	-	<b>0.41</b>
Loan Taken								
Key management persons	-	17.35	-	-	-	-	-	17.35
others	-	19.98	-	-	-	-	-	19.98
<b>Total</b>	-	<b>37.33</b>	-	-	-	-	-	<b>37.33</b>
Loan Returned								
Key management persons	-	-	2.80	-	-	-	2.80	-

**(ii) Year End Balance:**

Name of the Party	Outstanding Amount		Maximum Balance Outstanding at any time during the year	
	As At March 31, 2016	As At March 31, 2015	As At March 31, 2016	As At March 31, 2015
<b>Year end Balance</b>				
Digihome Solutions Private Limited	119.94	119.94	119.94	119.94
Aftek Employees' Welfare Trust	10.45	10.45	10.45	10.45
Key management persons	153.92	156.72	153.92	156.72
<b>Total</b>	<b>284.31</b>	<b>287.11</b>	<b>284.31</b>	<b>287.11</b>

## Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

## 33 Disclosure of Derivatives:

- i The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at March 31, 2015 are as follows:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount	Foreign Currency Amount	Amount
		March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
Sundry Debtors	USD	376.92	23,774.17	348.97	22,011.23
	EURO	74.68	5,045.76	68.01	4,595.10
Secured Loan - Ecb	Euro	45.00	3,379.35	45.00	3,037.97
UnSecured Loan - Fccb	USD	35.40	1,925.38	35.40	1,925.38

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

34 Capital Commitments & Contingent liabilities not provided for :	Year Ended March 31, 2016	Year Ended March 31, 2015
(a) Capital Commitments: Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for. (Refer Note no. 40)	Nil	Nil
(b) Contingent liabilities not provided for :		
i Corporate guarantee given to Bank for finance provided to Digihome Solutions Private Limited against which loan outstanding is (₹ in Lacs) 149.99 previous year (₹ in Lacs) 79.00}	779.00	779.00
ii Pending assesment of Income tax and Sales tax (Including Interest, if any)		
Income Tax matters	167.30	167.30
Sales Tax matters	Amount unascertainable	

## 35 Segment Reporting:

## Primary Segment Information

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

i.e. business segment.

## Secondary Segment Information - Geographical

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

Regions	Year ended March 31, 2016		Year ended March 31, 2015	
	(₹ in Lacs)	%	(₹ in Lacs)	%
America	1,748.09	70.53%	3,458.87	65.76%
Europe	483.62	19.51%	1,450.02	27.57%
Japan	85.10	3.43%	177.53	3.38%
India	157.46	6.35%	98.73	1.88%
Others	4.36	0.18%	74.82	1.42%
<b>Total Revenue</b>	<b>2,478.63</b>	<b>100.00%</b>	<b>5,259.97</b>	<b>100.00%</b>

## Notes to Consolidated Financial Statements for the year ended March 31, 2016

( ₹ in Lacs)

**36 Operating Lease**

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

	Year Ended March 31, 2016	Year Ended March 31, 2015
a) Lease payments recognised in the Statement of Profit and Loss during the year	16.20	20.22
b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows:		
- Not later than one year	9.12	9.12
- Later than one year and not later than five years	45.60	36.48

**37 Foreign Currency Convertible Bonds**

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

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

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

**38 Global Depository Receipts (GDRs)**

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

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

Nil GDRs (PY Nil GDRs) were outstanding as at March, 2015.

As stated at Note No. 37, above, 354 numbers of 1% Foreign Currency Convertible Bonds Due 2010 were outstanding as at March, 31, 2015. If these FCCBs are converted into GDRs, it would result into issuance of 37,36,809 numbers of GDRs representing 1,12,10,428 numbers of equity shares of ₹ 2/- each at the reset conversion price of ₹ 13.76.

**39** In view of the on-going slowdown in the European and US markets, there have been delays in receivables. Considering the size and standing of its debtors, the Company has not made any provision at this stage towards amount of ₹ 29264.34 Lacs outstanding for a period of more than 12 months.

**40** The company has given certain capital advances and made some investments totaling to Rs.6975.20 Lacs against the building under constructions at Hinjewadi, Pune. The said Plot of land is mortgaged to Bank of India -Jersey Channel Islands against the term loan. However since the Company has made default in repayment of Principal and Interest



## Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lacs)

thereon, Bank has demanded repayment total loan and taken the possession of the land alongwith the construction in progress. Pending the settlement of the vendors to whom advances are paid, the same is continued to be considered as capital advances. No Contingent liability is considered for the unexecuted Capital Contract.

- 41 The company has invested on purchases of IPRs for various ongoing projects. Due to the delay in the projects, IPRs are yet to be put to use as on the date of balance sheet amounting to Rs.10,325.97 Lacs which includes the software services sold which is called back. The company is of the opinion that with the improved market conditions all the IPRs will be profitably used by the company in the future projects.
- 42 Dues to Micro, Small and Medium Enterprises (MSME)

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

- Amount due and outstanding to MSME suppliers as at the end of the accounting year.
- Interest paid during the year to MSME.
- Interest payable at the end of the accounting year.
- Interest accrued and unpaid at the end of the accounting year to MSME.

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

- 43 Investment in Associate considered in consolidated financial statement

Name of Company	Country of Incorporation	% as at 31st March, 2016	% as at 31st March, 2015
Mihir Properties Private Limited	India	100%	100%

- 44 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Name of the Enterprise	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Mihir Properties Private Limited	0.43%	245.76	0.05%	(1.05)

- 45 Confirmation letters have been sent to the debtors, creditors and to parties to whom advances have been given, and their balances are subject to reconciliation and consequent adjustments, if any.
- 46 Previous year's figures have been regrouped or reclassified to conform with the current years' presentation wherever considered necessary.

Signatures to Notes "1" to "46" forming part of these Financial Statements.

As per our report of even date.

**For GMJ & Co.**

Firm Registration Number: 103429W

Chartered Accountants

**Haridas Bhat**

Partner

Membership No. 039070

Place: Mumbai

Date: 30th May, 2016

**For and on behalf of the Board of Directors**

**Ranjit M Dhuru**

Chairman & Managing Director

**Nitin K Shukla**

Director - Finance

Place: Mumbai

Date: 30th May, 2016

**SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES PURSUANT TO  
SECTION 212 OF THE COMPANIES ACT, 1956**

(₹ in Lacs)

<b>Sr No</b>	<b>Details</b>	<b>Mihir Properties Private Limited</b>
1	Reporting Currency	INR
2	Exchange Rate	-
3	Share Capital	145.00
4	Reserves & Surplus	100.76
5	Total Assets	252.20
6	Total Liabilities	6.45
7	Details of investment other than investment in subsidiary	-
8	% of holding	100
9	Turnover	-
10	Profit before taxation	(4.18)
11	Provision for taxation	-
12	Profit after taxation	(1.05)
13	Proposed Dividend	-
14	Country	INDIA



## AFTEK LIMITED

CIN: L57220MH1986PLC039342

**REGISTERED OFFICE:** 16/A 2ND FLR PRABHADEVI INDUSTRIAL ,ESTATE THE ENTERPRISES, C0- OP.SOC.LTD,  
408 VEER SAVARKAR MARG PRABHADEVI, DADAR-400025

### ATTENDANCE SLIP

#### **29th Annual General Meeting on November 30, 2016**

Full name of Member (IN BLOCK LETTERS) \_\_\_\_\_

Reg. Folio No./ Demat ID \_\_\_\_\_

No. of shares held \_\_\_\_\_

Full name of Proxy / Authorized representative (IN BLOCK LETTERS) \_\_\_\_\_

I hereby record my presence at the 29th Annual General Meeting of the Aftek Limited at the Registered Office of the Company on Wednesday, 30th day of November, 2016.

Member's or Proxy's Signature

**Note:**

1. Shareholder / Proxy must bring the Admission Slip, duly signed, to the Meeting and hand it over at the entrance of the meeting hall.
2. Only Members who have not updated their PAN with the Company/Depository Participant shall use default PAN mentioned in the address sticker.



# AFTEK LIMITED

CIN: L57220MH1986PLC039342

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408 VEER SAVARKAR MARG PRABHADEVI, DADAR-400025

## PROXY FORM

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

### 29th Annual General Meeting – 30th November 2016

Name of the Member (s)		
Registered Address		
Registered Folio No. :	DPID	
No. of Shares held:	Client ID:	
Email ID		

I/We, being the Member (s) of .....shares of the above named Company, hereby appoint

1. Name .....
- Address.....
- Email :.....
- Signature .....or failing him/her
2. Name .....
- Address.....
- Email .....
- Signature ..... or failing him/her
3. Name .....
- Address.....
- Email .....
- Signature .....

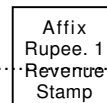
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of Aftek Limited to be held on the 30th day of November, 2016 at 10.30 a.m. on Wednesday at The Queenie Captain Auditorium, The NAB Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	For	Against	Abstain
<b>Ordinary Business</b>				
1)	To consider and adopt the Audited Standalone & Consolidated Financial Statement for the financial year ended 31st March, 2016			
2)	To appoint Auditors and fix their remuneration			

Signed this.....day of.....2016

Signature of shareholder:.....

Signature of Proxy Holder(s): .....



Note:

- The form of proxy in order to be effective should be duly completed and deposited in the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- The Proxy need not be a member of the company.

**Book-Post**

*If undelivered, please return to:*



**AFTEK LIMITED**

CIN: L57220MH1986PLC039342  
16/A 2ND FLR PRABHADEVI INDUSTRIAL ESTATE THE ENTERPRISES,  
C0- OP.SOC.LTD, 408 VEER SAVARKAR MARG PRABHADEVI,  
DADAR, MUMBAI-400025