

## NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of Aftek Infosys Limited will be held at 10.30 a.m. on Tuesday, the 28th December, 2004 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai-400 025 to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 30th June 2004 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend on equity shares of the Company.
3. To appoint a Director in place of Mr. Sandip Save who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. V J Masurekar who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Mahesh Naik who retires by rotation, and being eligible, offers himself for reappointment.
6. To consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:

“RESOLVED THAT M/s. V.D. Joshi & Co., Chartered Accountants, Mumbai, be and are hereby re-appointed as Auditors of the Company, until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors exclusive of travelling and other out of pocket expenses”.

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the re-appointment of Mr. Mahesh Vaidya as Whole-time Director of the Company for a period of five years with effect from 1st August, 2004 on the terms and conditions including those relating to the remuneration as set out in the Explanatory Statement annexed to this Notice.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the re-appointment of Mr. Sunil Desai as Whole-time Director of the Company for a period of five years with effect from 1st August, 2004 on the terms and conditions including those relating to the remuneration as set out in the Explanatory Statement annexed to this Notice.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the re-appointment of Mr. Ranjit Dhuru as 'Managing-Director' of the Company for a period of five years with effect from 1st December, 2004 on the terms and conditions including those relating to the remuneration as set out in the Explanatory Statement annexed to this Notice.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the re-appointment of Mr. Nitin Shukla as Whole-time Director of the Company for a period of five years with effect from 1st December, 2004 on the terms and conditions including those relating to the remuneration as set out in the Explanatory Statement annexed to this Notice.”

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

“RESOLVED THAT pursuant to section 198,309,314(1) and other applicable provisions, if any, of the Companies Act, 1956 and further subject to such other consents/approvals/opinion as may be required (including any statutory modification or re-enactment thereof, for the time being in force) the Members of the Company hereby accord their consent and approval to Mr. Shrikant Inamdar, a Director of the Company, acting as a Consultant to the Company for his advice and guidance in the field of Software, for a period of three years with effect from 1st January 2005 and payments being made to Mr. Shrikant Inamdar, for the professional services to be rendered by him, during the period aforesaid, of amounts of remuneration to be mutually agreed between the Board of Directors of the Company and Mr. Shrikant Inamdar, but not exceeding a sum of Rs.18.00 lacs per annum plus out of pocket expenses.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorised to fix such remuneration from time to time and any other matters relating to the modalities and other terms as to such payment to Mr. Shrikant Inamdar as Consultant to the Company in accordance with Sections 198,309,314(1) and other applicable provisions, if any, of the Companies Act, 1956 and to do all such things, deeds and matters as may be necessary or expedient in this behalf.”

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

“RESOLVED THAT pursuant to section 198,309,314(1) and other applicable provisions, if any, of the Companies Act, 1956

and further subject to such other consents/approvals/opinion as may be required (including any statutory modification or re-enactment thereof, for the time being in force) the Members of the Company hereby accord their consent and approval to Mr. Mahesh Naik, a Director of the Company, acting as a Consultant to the Company for his advice and guidance in the field of Software, for a period of three years with effect from 1st January 2005 and payments being made to Mr. Mahesh Naik, for the professional services to be rendered by him, during the period aforesaid, of amounts of remuneration to be mutually agreed between the Board of Directors of the Company and Mr. Mahesh Naik, but not exceeding a sum of Rs 3.00 lacs per annum plus out of pocket expenses.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorised to fix such remuneration from time to time and any other matters relating to the modalities and other terms as to such payment to Mr. Mahesh Naik as Consultant to the Company in accordance with Sections 198,309,314(1) and other applicable provisions, if any, of the Companies Act, 1956 and to do all such things, deeds and matters as may be necessary or expedient in this behalf."

13. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the present Authorised Share Capital of the Company of Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 7,50,00,000 (Seven Crores Fifty Lacs) Equity Shares of Rs. 02/- (Rupees Two) each be and is hereby increased to Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 10,00,00,000 (Ten Crore ) Equity Shares of Rs.02/- (Rupees Two Only) each by creation of additional 2,50,00,000 (Two Crore Fifty Lacs) Equity Shares of Rs. 02/- (Rupees Two Only) each and that Clause V of the Memorandum of Association of the Company be altered accordingly."

14. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the words 'The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 7,50,00,000 (Seven Crores Fifty Lacs ) Equity Shares of Rs. 02/- (Rupees Two Only) each" appearing in Article 4 of the Articles of Association of the Company be substituted by the following.

"The Authorised Share Capital of the Company is Rs.20,00,00,000- (Rupees Twenty Crores Only) divided into 10,00,00,000(Ten Crores) Equity Shares of Rupees 02/- (Rupees Two Only) each."

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

**"RESOLVED THAT**

- a. in accordance with the relevant provisions of the Articles of Association of the Company and recommendation of the Board of Directors, and subject to the guidelines issued by Securities & Exchange Board of India and such approvals as may be required in this regard, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the Board, which expression shall be deemed to include a committee of Directors duly authorised in this behalf), for capitalisation of such of the general reserves of the Company as may be considered necessary by the Board for the purpose of issue of Bonus Shares of Rs 2/- each, credited as fully paid up shares to the holders of the existing equity shares of the Company whose names appear in the Register of Members on such date as may be fixed in this regard, in the proportion of one equity share for every two equity shares held by them.
- b. no fractional certificates shall be issued in respect of any fractional entitlement, but that the New Equity Shares in respect of such fractions shall be consolidated and allotted to any person or persons, appointed by the Board on the express understanding that such person or persons shall sell the New Equity Shares so allotted at such price or prices to such person or persons as they may think fit, as soon as practicable and pay to the Company the net sales proceeds (after deducting all expenses, if any, incidental to the sale) which proceeds shall be distributed by the Company pro rata amongst the members entitled thereto;
- c. the New Equity Shares of Rs 02/- each to be allotted as Bonus Shares shall be subject to Memorandum and Articles of Association of the Company and shall rank pari passu in all respect with and carry the same rights as the existing Equity Shares and shall be entitled to participate in full in any dividends to be declared for the financial year in which the Bonus Shares are allotted;
- d. no Letter of Allotment shall be issued to the allottees of the Bonus Shares and that the Share Certificates in respect of the New Equity Shares shall be issued and despatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except as provided in (e) below;
- e. the Bonus Shares will be credited to the demat accounts of the allottees who are holding the existing Equity Shares in the dematerialized form and the

Bonus Shares will be credited to the demat accounts of the allottees who are holding the existing Equity Shares in physical form but opt for issue of Bonus Shares in dematerialized form;

- f. the allotment and sale of the fully paid New Equity Shares as Bonus Shares and the payment for fractional entitlements to the extent that they relate to non-resident members of the Company, shall be subject to the approval of the Reserve Bank of India, under the Foreign Exchange Management Act, 1999;
- g. for the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to determine all other terms and conditions of the issue of bonus shares as the Board may in its absolute discretion deem fit, and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the New Ordinary Shares."

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

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 as also provisions of any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, consents, permissions and sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI) and all other appropriate and /or concerned authorities, and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board" which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to issue, offer and allot Equity Shares/Warrants and/or any instruments convertible into Equity Shares whether optionally or otherwise/Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs) or Bonds or Debentures (hereinafter referred to as 'Securities') for an aggregate sum of US \$ 30 million with a green shoe option of 15% or equivalent in Indian and/or any other currency(ies) (inclusive of such premium, as may be permitted by the Ministry of Finance/such other authorities directly to Indian/Foreign/ Resident/Non-resident investors (whether institutions,

incorporated bodies, mutual funds Trusts/Foreign Institutional Investors/Banks and/or individuals, or otherwise and whether or not such investors are members, promoters, directors or their relatives/associates, of the Company) through Public Issue(s), Rights Issue(s), Private Placement(s), Preferential issue(s) or a combination thereof at such time or times in such tranche or tranches, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors, wherever necessary in consultation with the Lead Managers, Underwriters, Advisors or through the subsidiaries, in any markets as may be deemed fit by the Board including, but not limited to Initial Public Offer, Public Issue, Preferential Issuance in US or any other countries, so as to enable the Company to get securities listed at any stock exchanges in India and/or Luxembourg/Singapore/Hongkong/London/Nasdaq/New York Stock Exchanges and/or any of the Overseas Stock Exchanges.

RESOLVED FURTHER THAT in case of equity linked issue, the Board be and is hereby authorized to offer, issue and allot such number of Ordinary Shares as may be required to be issued and allotted upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari passu, inter se, with the then existing Ordinary shares of the Company in all respects, excepting the right to dividend which may be provided under the terms of issue and in the offer document(s).

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the abovementioned Securities to be issued, by the creation of a mortgage and/or charge on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT such of these Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner as the Board may deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of securities in international offering may have all or any term or combination of terms in accordance with the international practice including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payment whatsoever and all such terms as are provided in international offering of this nature including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the duration of the securities.

RESOLVED FURTHER THAT the Board is also entitled to enter into and execute all such arrangements/agreements with any Lead Managers / Underwriters / Guarantors / Depositors / Custodians and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any or the like.

RESOLVED FURTHER THAT subject to necessary approval, consent, permission, the Board be and is hereby authorized to convert the GDR into ADR/ADS and list at Nasdaq/NYSE or in any other overseas Stock Exchanges."

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

"RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force)

and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as the "FIIs") and Non-Resident Indians (NRIs), in the shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs / NRIs put together shall not exceed 40% of the paid up equity share capital of the Company, as may be applicable or such other maximum limit as may be prescribed from time to time, whichever is less.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected there with or incidental there to"

**By Order of the Board of Directors**  
**C G Deshmukh**  
**Company Secretary**

**Registered Office :**

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

**November 27, 2004**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business under item nos. 7 to 17 is annexed hereto and forms part of the Notice of the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21st December, 2004 to 28th December, 2004 (both days inclusive).
4. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid to those shareholders whose names appear (i) as Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before 20th December, 2004 and (ii) as Beneficial Owners as at the end of the business hours on 20th December, 2004

as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form.

5. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 a.m. and 01.00 p.m. upto the date of the ensuing Annual General Meeting.
6. Members holding shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Company's Share Transfer Agents M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400 072, and in case they hold shares in demat form, this information should be passed on directly to their respective Depository Participants and not to the Company.
7. Members are informed that in order to avoid fraudulent encashment of dividend warrants they should send to the Company under the signature of the Sole/First Joint holder the information relating to Name and Address of the Banker along with the Pin Code Number and Bank Account Number



to print on the Dividend Warrants. Members holding shares in dematerialized form and desirous to change or correct the bank account details should send the same immediately to the concerned Depository Participant.

8. Members desirous of availing the facility of Electronic Credit of Dividend are requested to send ECS Form attached to this Annual Report to the Company or to its Share Transfer Agents on or before December 25, 2004.
9. Pursuant to the provision of Section 205A and Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. Members should note that no claims can be made by the shareholders for the

unclaimed Dividends which are transferred to the credit of The Investor Education & Protection Fund. Therefore, members who have not yet encashed the dividend warrants for the year ended 30th June, 1998 (no dividend was declared in 1996-1997) and / or subsequent dividend payments are requested to make their claims to the Company.

10. Members who hold shares in the electronic form are requested to bring their depository account number for easy identification of attendance at the meeting.
11. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking reappointment at the ensuing Annual General Meeting, are contained in the Annexure I hereto.

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

### ITEM NO. 7, 8, 9, 10,

- (A) At the Annual General Meeting of the Company held on 15th December 1999 the appointments of Mr. Mahesh Vaidya and Mr Sunil Desai as Whole-time Directors were approved by the shareholders for a period of five years effective from 1st August 1999. At the meeting of the Board held on 22nd July 2004, the Board of Directors, subject to the approval of Shareholders, re-appointed Mr. Mahesh Vaidya and Mr Sunil Desai as Whole-time Directors, for a period of five years each with effect from 1st August 2004 with the terms of remuneration and other principal terms and conditions mentioned below at para (B).

- (B) Further, at the Annual General Meeting of the Company held on 15th December 1999, inter alia, the appointments of Mr. Ranjit Dhuru as Managing Director and Mr. Nitin Shukla as Whole-time Director were approved by the shareholders for a period of five years effective from 1st December 1999. At the meeting of the Board held on November 27, 2004 the Board of Directors, subject to the approval of shareholders, re-appointed Mr. Ranjit Dhuru as Managing Director and Mr. Nitin Shukla as Whole-time Director for a period of five years with effect from 1st December 2004 on the following terms of remuneration and other principal terms and conditions.

a) **Salary:**

To be fixed by the Board in the following pay scales from time to time.

**Monthly Pay Scales  
(Rs.)**

Mr. Ranjit Dhuru.	1,00,000/- to 4,00,000/-
Mr. Nitin Shukla,	60,000/- to 3,00,000/-
Mr Mahesh Vaidya,	60,000/- to 3,00,000/-
Mr Sunil Desai	60,000/- to 3,00,000/-

b) **Perquisites:**

In addition to the salary, Perquisites as follows with an authority to the Board of Directors to grant/alter or vary from time to time, the amount and type of perquisites payable to him, but within the overall limit, if any, prescribed under Schedule XIII of the Companies Act, 1956, as amended from time to time.

Housing/House Rent Allowance, Gas, Electricity, Water, Furnishing, Medical reimbursement, Leave Travel benefits for self and family, Personal Accident Insurance, Club fees / subscription, as per the rules of the Company. The perquisites shall be evaluated etc. as per Income Tax Rules, wherever applicable and in the absence of any such rules, at actual cost.

The Managing / Whole-time Director shall be entitled to Company's Contribution to Provident Fund and Superannuation Funds, Gratuity payable and Encashment of unavailed leave as per the Rules of the Company, and these will not be considered as perquisites.

Use of Company Car for official purpose and telephone at residence (including for local calls and long distance official calls) will not be considered as perquisites.

c) **Commission :**

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

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

- (D) The Agreement may be terminated by either party giving to the other party three month's notice or the Company paying three month's salary in lieu thereof.

- (E) If the Managing Whole-time Director of the Company for any cause whatsoever, ceases to be Director, he shall also cease to be the Managing Whole-time Director and vice versa.
- (F) The Managing Director/Whole-time Director shall not have the following powers:
- the power to make calls on shareholders in respect of money unpaid on their shares;
  - the power to authorize the buy-back referred to in the first provision to Clause (b) of sub-section (2) of section 77A;
  - the power to issue debentures;
  - the power to borrow moneys otherwise than on debentures;
  - the power to invest the funds of the Company in shares, stocks and securities; and
  - the power to make loans.
- (G) The Managing Director/Whole-time Director shall maintain the secrets of the Company.
- (H) Any disputes between the parties will be referred to arbitration.

The draft Agreements to be entered into between the Company and the Managing Director and the Whole-time Directors are available for inspection by Members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company. This may also be treated as an abstract of the terms of appointments of the aforesaid Managing Director and Whole-time Directors pursuant to Section 302 of the Companies Act, 1956. None of the Directors, except M/s Mahesh Vaidya, Sunil Desai, Ranjit Dhuru and Nitin Shukla, is interested in these resolutions.

#### ITEM NO. 11

At the meeting of the Board of Directors of the Company held on November 27, 2004 it was decided that the Company should avail of the professional expertise of Mr. Shrikant Inamdar, a Director of the Company, as Consultant to the Company for his advice and guidance in the fields of Software subject to an opinion of the Central Government, regarding requisite qualification of Mr. Shrikant Inamdar, for rendering professional services under the proviso to Section 309 (1) of the Companies Act, 1956.

Mr. Shrikant Inamdar, Non-Executive Director, currently a Director of Spryance Ltd., has over 16 years of experience in building Telecommunication and Information Technology businesses for leading multinational companies. He has held several responsible positions in leading multinational companies and has progressed from General Manager, Motorola India Center to Managing Director, Motorola, Australia Software Center. He was responsible for the growth of Motorola's software services operational in India and Australia into a "Best in Class" global center of excellence, achieving SEI Level 5. Mr. Inamdar has been guest lecturer at various International Management Schools and also has been on the advisory panel of the Government of India and for some of the International Universities. Mr. Inamdar holds an MS Degree in Physics and Electronics and a Diploma in Software Engineering from the University of Mumbai.

The proposed resolution is placed before the members for their consent to Mr. Shrikant Inamdar acting as Consultant to the Company and also to the payment of remuneration to him for such

professional services to be rendered in connection with the business of the Company. The Board recommends the acceptance of the resolution at item no.11 of the Notice. Except Mr. Shrikant Inamdar no other Director is concerned or interested in this resolution.

#### ITEM NO.12

At the meeting of the Board of Directors of the Company held on November 27, 2004 it was decided that the Company should avail of the professional expertise of Mr. Mahesh Naik, a Director of the Company, as Consultant to the Company for his advice and guidance in the fields of Software subject to an opinion of the Central Government, regarding requisite qualification of Mr. Mahesh Naik, for rendering professional services under the proviso to Section 309 (1) of the Companies Act, 1956.

Mr. Mahesh Naik, 52 years, Non-Executive Director, has been operating successfully in the last three decades on his own. He provides consultancy in the field of Operating Systems, Data Compression, Information Retrieval, Encryption. He was also instrumental in one of the first projects in Pollution Survey by KEM Hospital, Mumbai. He provides consultancy also in programming languages in general and large scale software re-sectorisation. He knows 30 synthetic languages used by several generation of programmers. He has also developed on his own Scan line Algorithms in polygon region filling. He has also done foundational elementary contribution in the very basis of Arithmetic coding. He qualifies in the relevant areas in programming in Software. Mr. Naik holds BSc (Maths / Physics) degree plus Post Graduate Diploma in Software Computing Technique (PGDST) conducted by NCSDCT (presently known as CDAC). He also conducts training programmes as his regular activity. He has used the full generation of computer systems from Huge main frame to tiny note books. Currently he is guiding a team of professionals in DOTNET Programming.

The proposed resolution is placed before the members for their consent to Mr. Mahesh Naik acting as Consultant to the Company and also to the payment of remuneration to him for such professional services to be rendered in connection with the business of the Company. The Board recommends the acceptance of the resolution at item no.12 of the Notice. Except Mr. Mahesh Naik no other Director is concerned or interested in this resolution.

#### ITEM NO. 13 & 14

At present the Authorized Share Capital of the Company is Rs. 15,00,00,000/- divided into 7,50,00,000 equity shares of Rs. 02/- each. In view of the proposed issue of bonus shares at item no. 15 and issue of securities at item no. 16 of the Notice, it is necessary to increase the Authorised Share Capital of the Company to Rs. 20,00,00,000/- by creating 2,50,00,000 additional equity shares of Rs. 02/- each.

Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company are proposed to be altered accordingly. A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is open for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 01.00 p.m. on any working day of the Company. The Directors recommend passing of the resolutions proposed at item nos. 13 and 14 of this Notice.

None of the Directors of the Company may be deemed to be concerned or interested in these resolutions.

## ITEM NO. 15

Within the guidelines prescribed by Securities and Exchange Board of India (SEBI), for capitalization of reserves and in order to bring the paid up capital of the Company more in line with the capital employed, the Board of Directors at its meeting held on November 27, 2004, recommended issue of Bonus Shares in the proportion of one equity Share for every two equity shares held by the members on a date to be fixed by the Board, by capitalizing a part of the general reserve account.

As per the provisions of the Articles of Association of the Company, it is necessary for the members to approve the issue of Bonus Shares. In view of the proposal contained in item no 15 of the Notice, it is necessary to authorise the Board of Directors of the Company to complete all the regulatory formalities that may be prescribed by SEBI, the Stock Exchanges on which the Company's securities are listed or any other regulatory authority in connection with the issue of Bonus Shares.

Accordingly, the resolution at item no. 15 seeks the approval of the members to the issue of Bonus Shares on the terms and conditions set out in the said resolution. The Board recommends the Resolution set forth in Item No. 15 for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their shareholdings in the Company, or to the extent of the shareholdings of the Companies/Institutions/Trusts of which they are directors or members or Trustees.

## ITEM NO. 16

In order to finance the Company's expansion plans in India and abroad, the Company at appropriate time proposes to raise capital in Indian and/or International Market in one or more tranches by issue of any one or more kinds of shares/securities as detailed in the resolution at Item No. 16 of the Notice.

Consent of the shareholders is sought for issuing Securities as stated in the resolution which would result in issuance of further shares of the Company in accordance with the terms and nature of Securities to be issued by the Company. The Board, in consultation with its Lead Managers, Merchant Bankers and other Advisors, will finalize detailed terms of the issue including in relation to the pricing of the issue which will be fixed keeping in view the capital market conditions/practices and guidelines, if any, issued by the Securities And Exchange Board Of India (SEBI). The proposed resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet the growing needs of the Company by way of issue of GDR / ADR and other Securities and to maintain/increase the shareholding of promoters/directors, their friends, relatives and associates.

Under the proposed Special Resolution consent of the Shareholders is sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with Stock Exchanges in India where the Company's securities are listed.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in general meeting

decide otherwise. The Listing Agreement referred to above provides, inter alia, that the Company in the first instance should offer all shares to be issued by the Company for subscription pro-rata to the equity shareholders unless the shareholders in General Meeting decide otherwise.

The said Securities may, if necessary, be secured by way of mortgage/hypothecation on the Company's assets in favor of the security holders/trustees for the holders of the said Securities. As the documents to be executed between the security holders/trustees for the holders of the said Securities and the Company may contain the power to take over the management of the Company in certain events, it is necessary to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage or charge.

Since the Special Resolution proposed at Item No. 16 may result in issue of shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Board of Directors recommends passing of the Special Resolution at Item No. 16 of the Notice.

All the Directors of the Company may be deemed to be concerned or interested in the said resolution in the event and to the extent of their application for and allotment of the said Securities.

## ITEM NO. 17

Pursuant to the recent liberalization measures mooted by the Indian Government, the Reserve Bank of India, by amending the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, has raised the limit of investment by Foreign Institutional Investors (FIIs), upto the sectoral cap/ statutory limit as applicable to the Indian companies, subject to the approval by the Board of Directors and approval of members of the Company by way of a special resolution.

The Board of Directors of the Company at its meeting held on November 27, 2004 inter alia, approved, subject to the approval of members by way of a special resolution and the Reserve Bank of India and any other statutory bodies, to enhance the said FII/NRI investment limit to 40 % of the paid up equity capital of the Company under the portfolio investment scheme of Reserve Bank of India.

The resolution set out at Item No 17 of this Notice will enable the FIIs/NRIs, who are considered to be prudent investors, to acquire shares of the Company upto 40 % of the paid-up equity capital of the Company under the portfolio investment scheme of Reserve Bank of India.

None of the Directors of the Company is interested or concerned in the proposed Resolution.

**By Order of the Board of Directors**  
**C G Deshmukh**  
**Company Secretary**

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

**November 27, 2004**

## ANNEXURE I

### RELEVANT INFORMATION IN RESPECT OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 VI (A) OF THE LISTING AGREEMENT IS AS UNDER:

**Sandip Save:** Non Executive Director, 46 years, B.Sc., D.C.M. (Bom), has been associated with the computer industry for the last 21 years. He has been responsible for production for the about a decade at the Company. He is also a director of Flourish Farms Pvt. Ltd., Solapur.

**Mr. V. J. Masurekar:** Non-Executive Director, 50 years, has been a Lawyer and Tax Consultant for over 27 years and has a financial and accounting background. Mr Masurekar is a director on Mitoch Pharma Pvt Ltd., VAKS Pharma Pvt Ltd and NKGSB Co-Op Bank Ltd.

**Mr. Mahesh Naik:** Non-Executive Director, 51 years, has had experience in the Information technology industry for over 27 years and has skills in several programming languages and applications on different platforms over a wide spectrum from old generation main frames to current generation PC's. He specializes in lossless data compression, text retrieval and data encryption.

**Mahesh Vaidya:** Technical Director-Software, 42 years old, B.E in Electronics and Telecommunication, M. Tech IIT Bombay with Computer Science & Engineering. For the last 18 years he has been working exclusively in the computer industry. His strengths are in cutting edge technologies including networking & graphics technology, in-depth knowledge about e-Business management & software product designing. He is also a director on Aftek Digital Systems Pvt Ltd., and Company's wholly-owned subsidiary, namely, OPDEX Inc.

**Sunil Desai:** Technical Director-Engineering, 42 years old, B.E Electronics and Telecommunication and MMS from Pune University has been associated with the computer industry for the past 22 years. His strengths are embedded systems design, and has done extensive work in designing, telecommunication systems, networking systems, multiplex and microprocessor based systems. He is also a director on Aftek Digital Systems Pvt Ltd and Company's wholly-owned subsidiary, namely, OPDEX Inc.

**Ranjit Dhuru:** Chairman and Managing Director (CEO), 52 years, B.com, LL.M is also a Systems Analyst. For the last 22 years he has been working exclusively in the computer industry. He is well conversant with the computer industry and market and has been instrumental in formulating the business strategy for the Company. He is a director on Cabernet Vineyards Pvt Ltd., d'Ori Winery Pvt Ltd. And Company's wholly-owned subsidiary, namely, OPDEX Inc.

**Nitin Shukla:** Director- Finance, 47 years old, has been associated with the computer industry for the past 23 years. He has experience in the field of banking, finance and customs. He is also a director on Company's wholly-owned subsidiary companies, namely, Mihir Properties Pvt Ltd and OPDEX Inc.



## DIRECTORS' REPORT

To,  
The Members,  
Your Directors are pleased to present their 17th Annual Report together with Audited Statement of Accounts for the year ended 30th June 2004

### FINANCIAL PERFORMANCE

PARTICULARS	(Amount Rs. in lacs)	
	30/06/2004	30/06/2003
Turnover	13894	9629
Profit Before Depreciation	6219	4742
Less: Depreciation	1483	473
Profit Before Tax	4736	4269
Less: Provision for Taxation	5	261
Profit After Tax	4731	4008
Transfer to General Reserve	500	500

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1/- per equity share of Rs 02/- each for the year ended 30th June 2004 (previous year Rs 5/- per share of Rs 10/-each).

### ISSUE OF BONUS SHARES

Your Directors recommend an issue of Bonus Shares in the ratio of one equity share for every two equity share of the Company held by the Members on a day to be fixed by the Board, by capitalizing a part of the general reserve account. The proposed issue of Bonus Shares is subject to the consent of the shareholders at the forthcoming Annual General Meeting. The Bonus Shares shall rank *pari passu* in all respects with the existing fully paid-up equity shares of the Company, including any dividend that may be declared for the financial year in which the Bonus Shares are allotted.

### BUSINESS REVIEW & FUTURE PROSPECTS

Finally, the western economies that were experiencing a slowdown are showing sign of revival, Both, US and Europe are experiencing positive signs which give every business and particularly the IT business a positive feeling. In spite of the sluggish western economies in the last year, your Company has been able to deliver a good performance. We say it is a good performance because we over performed than our commitment of 40% growth. It would have been an excellent year had the global economies revived earlier.

Aftek's professional services have been experiencing a strong growth in the past years and particularly under the year under review we see a consolidation and even stronger growth coming from both US and Europe. It is to be noted that among the professional services is the inclusion of high profit IPR based professional services which are normally classified as projects. Together they account for 70% of Aftek's overseas revenue

A huge excitement is getting built up in Europe and the company in focus is Seekport. Seekport is a Pan European search engine where your Company holds 56% through Arexera and its employees. This makes Arexera and employees a majority holder in Seekport. Seekport is not only growing its wings geographically but is also becoming a talk of the press and television media. The company has strongly grown in Germany, France and UK giving it true Pan European presence. We expect Seekport to be a very strong search engine amongst the top tier search engines in Europe by end 2005. This has made Seekport into an attractive and

valuable company within the Aftek fold. Keeping this in mind your Company would like to exercise an early integration of Arexera to extract the full value of Seekport.

Products are a casualty of the slow down and Powersafe is no exception. To further the agony our principal partner Computer Associates has been having certain controversial issues in the United States as a consequence of which the normally healthy growth figures through CA are not visible in the sales of Powersafe making products sales of fairly flattish revenue. In spite of this the positive aspect being that products continue to hold 19% share in the growing Aftek top line.

Of interest is our indigenously created smart products which are making new waves in the near shore countries particularly Mauritius Seychelles, Madagascar and the South African crest countries. The revenues have already touched a million in US dollars with growth prospects of growing to multiple digits in the coming year. There has been an interesting development on your Company's initiative to take Jadoogar technology to homes popularly called "Digital Home". Your Company has already bagged sizable orders from large housing complexes in Pun and Bangalore. Digital Homes is an avant-garde technology even in advanced countries like USA which puts your Company in the elite group of companies working in this area. This development is also of interest as the Jadoogar technology is being used to manage and control energy devices. This is a precursor to a more ambitious initiative that your company proposes to undertake in energy management sector particularly power management in US. The Company is embarking on an ambitious plan whereby a strong presence would be created in the US particularly in the power management sector on similar lines as was done by your company in Europe. Your Company has already, with the help of Girvan (USA) and Energy & Power Research Institute (EPRI), USA, has prepared a strategic blue print with road map for taking Aftek's Powersafe and Jadoogar IPs towards the proactive energy management program being initiated by consortiums like Consortium For Electrical Infrastructure In Digital Society (CEIDS). As per this blue print your Company will embark on an ambitious program which will put it in the core sector i.e. Power with assured professional services as well as product revenue for the near and long-term future.

Your Company is looking at the coming year with renewed hope and vigor to grow at a much stronger pace than the last year. We hope to see strong growth coming from professional services with more emphasis on IPR based professional services, both, outside as well as internal client base

It is obvious from the financial workings of the Company, that it is not only debt-free but has a sizable cash position. Looking at the investments that the Company has in mind, particularly integration of European business by early integration of Arexera into Aftek, in order to ensure that full value of Seekport valuation comes to your Company, strategic positioning into the search engine "Seekport" through direct investment, expanding the infrastructure in India, presence in near shore countries and the big initiative in US require funds from internal and through fresh injection of funds.

Apart from the positive reporting, your directors wish to report that the initiatives in Aftek 3GTel in UK, have received a set back due to certain difficulties. As a consequence your Company, without having spent any sizable amount, has withdrawn from the venture and preferred to do business with clients in 3G area directly.

## SHARE CAPITAL

At the 16th Annual General Meeting (AGM) of the Company held on 29th December 2003 Members had approved resolution for increasing the Authorised Share Capital from Rs 10,00,00,000/- (Rupees Ten crores only) to Rs 15,00,00,000/- (Rupees Fifteen Crores only) by creation of additional 50,00,000 (Fifty Lacs) equity shares of Rs 10/- (Rupees Ten only) each. At the said AGM Members also approved special resolution for Sub-division of the face value of equity shares of Rs. 10/- into smaller denomination of Rs 02/- per share pursuant to which the Board of Directors of the Company had fixed 29th January 2004 as the 'Record Date' for the purpose. In view thereof, while the Authorized Share Capital of Rs 15,00,00,000/- (Rupees Fifteen Crores only) is represented by 7,50,00,000 (Seven Crore Fifty Lacs) Equity Shares of Rs 02/- (Rupees Two only) each the Paid-up Share Capital of Rs 10,00,00,000/- (Rupees Ten Crores only) is shown at 5,00,00,000 (Five Crore) Equity Shares of Rs 02/- (Rupees Two only) each in the Balance Sheet for the year ended 30th June 2004. Consequent upon the aforesaid stock split, the corresponding number of Global Depositary Receipts (GDRs) are also increased to five GDRs in lieu of one GDR held by the GDR holders.

Further, in terms of Special Resolution passed by Members at the 16th Annual General Meeting held on 29th December 2003, the Equity Shares of the Company have been voluntarily delisted as under.

Name of Stock Exchange delisted from	Delisted with effect from
Pune Stock Exchange Ltd.	16th July 2004
The Stock Exchange, Ahmedabad	18th August 2004

## DIRECTORATE

Mr Sandip Save, Mr V J Masurekar and Mr Mahesh Naik retire by rotation and being eligible, offer themselves for re-appointment as Directors.

At the meeting of the Board held on 22nd July 2004, the Board of Directors, subject to the approval of Shareholders, re-appointed Mr. Mahesh Vaidya and Mr Sunil Desai as Whole-time Directors for a period of five years each with effect from 1st August 2004. Further, at the meeting of the Board held on 27th November 2004, the Board of Directors, subject to the approval of shareholders, re-appointed Mr. Ranjit Dhuru as Managing Director and Mr. Nitin Shukla as Whole-time Director for a period of five years with effect from 1st December 2004. Necessary resolutions for Shareholders' approval have been proposed in the Notice of the ensuing Annual General Meeting.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts for the year ended 30th June, 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 30th June, 2004 and of the profit of the Company for that period;

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

- that the directors had prepared the annual accounts for the year ended 30th June, 2004, on a 'going concern' basis.

## FIXED DEPOSITS

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

## SUBSIDIARY COMPANY

The expense and investment in OPDEX has gone up due to American sales force responsible for Aftek's products in USA. This is also due to new power initiative which is underway with EPRI where GIRVEN of USA is helping Aftek gaining strategic visions.

## AUDITORS

M/s V. D. Joshi & Co., Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors under Section 224 (1B) of the Companies Act, 1956 to the effect that their re-appointment, if made, will be within the statutory limits.

## PARTICULARS OF EMPLOYEES

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

## CONSERVATION OF ENERGY ETC.

Your Company endeavours to ensure conservation of energy. However, considering the nature of your Company's activities, the prescribed particulars viz. Conservation of Energy etc. prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable. Further, the Foreign Exchange Earnings and Outgo are as per Para Nos.9 & 8 of the Notes on Accounts.

## OTHER DISCLOSURES

The disclosures required to be made under the Guidelines on Employees Stock Option Scheme are given in Annexure "B"

Pursuant to clause 49 of the listing agreement entered into with the Stock Exchanges, a Report on Corporate Governance together with a certificate obtained from the Statutory Auditors, confirming compliance is given in Annexure "C".

## ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere appreciation of the continued co-operation, support and assistance given by Bankers, Customers, Suppliers and Employees at all level.

**For and on Behalf of the Board**

**Ranjit Dhuru**  
Chairman & Mg. Director

**November 27, 2004, Mumbai**