

ASIA HR TECHNOLOGIES LIMITED

7th Annual Report 2006 - 2007

ASIA HR TECHNOLOGIES LIMITED

REGISTERED OFFICE

CVR COMPLEX, II FLOOR
NO.1, DR.SINGARAVELU STREET, T.NAGAR
CHENNAI – 600 017

ANNUAL GENERAL MEETING

Date	:	29th September, 2007
Day	:	Saturday
Time	:	11.00 a.m.
Place	:	CVR Complex, II Floor, No.1, Dr.Singaravelu Street, T.Nagar, Chennai -600 017

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BOARD OF DIRECTORS

Mr.DEENADAYALAN
Mr.UDAY SURESH KHEDKAR
Mr.S.MALAYANDI
Dr.KALAIMANI
Mr.ROBERT LIM
Mr.R.MURALIDHARAN
Mr.KRISHNAN

AUDITORS

Mr.C.N.SRINIVASAN
Chartered Accountant
7A, Kalinga Colony ,P.T. Rajan Salai
K.K.Nagar, Chennai .

BANKERS

ICICI Bank Ltd
Nandanam Branch – Chennai – 35

SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited,
"Subramanian Building", V Floor,
1, Club House Road,Chennai-600 002.
Phone (044) 28460390 (5 lines)
Fax: (044) 28460129

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the Company will be held on Saturday, the 29th September, 2007 at 11.00 A.M at CVR Complex, II Floor, No.1, Dr.Singaravelu Street, T.Nagar, Chennai -600 017 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31.3.2007 and the Profit and Loss Account for the year ended 31.3.2007 together with the schedules and notes attached thereto and the report of the Auditors and Directors thereon.
2. To appoint a director in place of Mr. S.Malayandi, who retires by rotation and being eligible offers himself for reappointment
3. To appoint a director in place of Mr. Muralidharan, who retires by rotation and being eligible offers himself for reappointment
4. To appoint a director in place of Mr. Robert Lim, who retires by rotation and being eligible offers himself for reappointment
5. To appoint Auditors and fix their remuneration.

BY ORDER OF THE BOARD
For ASIA HR TECHNOLOGIES LIMITED

Date : 30.06.2007
Place : Chennai

R.Muralidharan
Director

Note:

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.**
2. The proxy form duly stamped and executed, should be deposited at the Registered office of the company at least 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and the Share transfer books of the company will remain closed on 29th September 2007.
4. Members desirous of obtaining any information on the Annual Accounts that is to be considered at the meeting are requested to write to the company at an early date to facilitate compilation of information.
5. The Members' are requested to intimate change of their address , if any, to the Registrar and Transfer Agents, Cameo Corporate Services Limited Subramanian Building, #1,Club House Road, Anna Salai, Chennai-2, quoting their registered folio number.

Details of Directors seeking reappointment

Name & Date of Birth	Expertise in Specific Function area	Qualification	List of outside directorship held excluding alternate directorship and Private Companies	Chairman/Member of the Committee Of the Board of Directors of the Company	Chairman/ Member of the Committee of the Board of Directors of other Companies in which he is a Director
Mr. S.Malayandi 8.10.1937	Finance	Undergraduate	Nil	Nil	Nil
Mr. R.Muralidharan 26.09.1979	Human Resource	MBA	Nil	Audit and Share Transfer Committee	Nil
Mr. Robert Lim 15.02.1964	Finance	MBA	Nil	Nil	Nil

ASIA HR TECHNOLOGIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are presenting the Seventh Annual Report of the company with audited accounts for the year ended 31st March 2007.

1. FINANCIAL RESULTS

	Year ended 31.03.2007	Year ended 31.03.2006
	Rupees in lakhs	
Sales and other Income	34.10	—
Profit (Loss) before Depreciation & Tax	2.39	(260.43)
Depreciation	0.81	57.28
Profit (Loss) before Tax	1.58	(317.71)
Provisions for Tax-Current & Deferred	—	—
Fringe Benefit Tax	0.27	0.14
Profit(Loss) after Tax	1.31	(317.85)

2. DIVIDEND

With a view to conserve the profits your directors do not recommend any dividend for the year under review.

3. DIRECTORS

During the year Mr. S.Malayandi, Mr. R.Muralidharan and Mr. Robert Lim retire by rotation and being eligible offer themselves for appointment.

4. DEPOSITS

The Company has not accepted any deposits from the public.

5. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, the Directors hereby confirm that

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed:
2. 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 as at 31st March 2007 and of the profit of the Company for that year;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts on a going concern basis.

6. CORPORATE GOVERNANCE

Pursuant to the provisions contained in the listing agreement, a management discussion and analysis report, a report on corporate governance together with the auditor's certificate on the compliance of conditions of corporate governance are furnished as annexure forming part of this Directors' Report.

7. AUDITORS

Mr. C.N.Srinivasan, Chartered Accountant, Chennai retires at the forthcoming Annual General Meeting and is eligible for reappointment.

With regard to comments of the auditors in para 4(a) and 4(b) of the report the notes (o) & (k) of the notes to accounts are self explanatory.

8. LISTING

The Company's shares are listed in Chennai and Mumbai Stock Exchanges. Further the shares are traded in demat mode also.

9. PARTICULARS OF EMPLOYEES

There is no employee during the year under review whose particulars are required to be given as per the provision of Section 217 (2A) of the Companies Act, 1956.

10. STATUTORY DISCLOSURE

Information required under Section 217(1)(e) of the Companies Act, 1956, read with the companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988

I. Conservation of Energy, Technology Absorption & Research and Development

The Company has no activity relating to Conservation of energy but efforts are being made in technology absorption.The requirements fo disclosure of R&D costs are as under.

A) SPECIFIC AREAS IN WHICH R&D ACTIVITIES ARE CARRIED OUT

Your company is primarily carrying out R&D on "Microsoft Technologies" under "Microsoft.net Platform". The company's core product will be e-HRD Campus. The company will build an array of products around e-HRD Campus to make it a compelling proposition for potential buyers.

The revolutionary Microsoft.net platform allows us to connect everything residing as soft copy through XML Web services. It will provide greater user control over personal information and preferences, new user interface technologies, a new breed of smart Internet devices, and the ability to harness multiple devices and services towards a common goal promoting our products and services.

B) BENEFITS TO BE DERIVED AND FUTURE PLANS

There is a huge potential for e-learning products as corporations are unable to release their people for classroom training and the need is urgent. Information is needed immediately and people cannot wait for a course. We believe the following emerging trends will have significant impact on the e-learning Market.

In this context, the company has decided to amortize R&D related expenditure after commercialisation of the re-developed products. Until such time R&D related expenditure would not be charged to profit and loss account

C) EXPENDITURE ON R&D:

The expenditure of Rs 19,50,000 attributable to the product is directly charged to the Profit and Loss Account to the extent of the benefit derived and expenses that were incurred for the development of new products that are unfinished are treated as deferred R&D expenditure amounting to Rs .28,83,399.

Percentage of R&D Expenses to turnover 57

II. Foreign Exchange Earnings and Outgo.

a. Foreign exchange earnings : Rs. 34,10,000.00

b. Foreign exchange outgo : Nil

11. ACKNOWLEDGEMENTS

Your directors acknowledge the continued support and cooperation of the customers and employees of the company. Further your directors thank the shareholders for their continued confidence in the company.

For and on behalf of the Board

R.Muralidharan

Chairman

Place : Chennai

Date : 30.06.2007

ANNEXURE FORMING PART OF DIRECTORS' REPORT

Management Discussion & Analysis Report

SWOT ANALYSIS ON ASIA HR TECHNOLOGIES LTD.

Strengths

Your company's projects are in the area of Human resources - more specifically in the area of e-Learning. Our e-Learning Platform: e-HRDCampus has equipped your company with learning consulting abilities and creation and customization of online courses and multimedia products, development of online campuses and lease of online courses to the education and business communities. Emphasis on research and development has enabled your company to address the clients' needs for delivering high quality instruction via the Internet.

Weaknesses

Due to the unfortunate developments in the past where the company has been caught in the wrong foot by market changes and inability to respond to the market, the company has had to incur losses. Now, the company has limited resources at its disposal. The turnover of staff puts the company in the risk of not being able to respond to the market needs on time. Limited resources also handicap the company from implementing the strategies in an ideal manner. Our core products are in the risk of being washed over by sweeping technological changes. Our products was previously developed on Active Server Pages (ASP) technology which is out dated and not supported by latest hardware and software platforms.

Opportunities

Although most training budgets were down, the percentage of training programs delivered through e-learning grew significantly in the past year. 75% of the respondents of the survey conducted by Guild research concluded "e-Learning is here to stay for foreseeable future." (Future Directions in eLearning, 2006). Clearly companies are turning toward e-learning as a strategic way to reduce training costs, increase reach, and leverage internet investments. Research continues to show a fragmented and complex marketplace for Learning Management Systems. The market is only about half penetrated, and many companies with LMS systems are already thinking about replacing them.

Threats, Risks and Concerns

The competition is also setting the pace. New standards are emerging all the time. The inability to respond to these changes in a timely manner will make the company obsolete.

The implementation costs for a LMS system is considerably high. Typically implementation costs are 1.5-2X the initial cost of software. Implementation times run from 9 to 18 months and sometimes longer.

The ageing core product platform is also a significant risk which must be mitigated appropriately.

Review of Operation & Future prospects

a. **Industry Structure and development**

As per the "2006: Future Directions in e-Learning" the e-Learning marketplace "grew up." Recent research tells us that now, more than 4 years into the application of internet technologies to training, as much as 20% or more of corporate training is being conducted online. These numbers are staggering: as much as $12-14 Billion of total training content, services, and technology is now dedicated to e-learning world wide. In 2006 estimates showed that approximately 36% of training was conducted via e-learning—indicating that the growth rate was nearly 30%.

What happens in all markets as they grow is that buyers start to become more pragmatic. Rather than buying products because they are "exciting" or "technologically interesting," they buy to solve a very specific problem. This is the transition which has taken place in internet-based corporate training. There are no longer any "one size fits all" solutions. Buyers now buy to solve specific problems – not just to "catch the wave" of new approaches.

There are e-learning solutions, for example, which are very well designed and suited for field sales and customer service training. There are "out-of-the-box" proven solutions for IT certification and mid-level soft skills training. The most mature e-learning application is IT training – in this segment buyers can find many players with successful products and services. In other application areas such as sales training, management training, and application training, solutions are more hand-crafted and not as "productized."

Your company is seeking to carve a niche for itself in this online management training market. We seek to deliver a customized and personalized e-learning experience for the executives of very large organizations. The e-HRD Campus, which is primarily an e-learning platform which provides all the planning, delivery, tracking, testing, and

reporting functionality that most e-Learning projects will ever need. It also provides the infrastructure and dynamic content integration for additional optional components and external tools and consulting opportunities.

b. Future prospects and Segment Reporting

Your company has gone through a tough time in the past due to market changes as well as internal management issues. The company was incurring consisting losses in all the early years. The software developed and exported was not up to international standards resulting in substantial non-recovery of receivables and the company has to write them off as bad debts result in loss accumulation.

However the future looks promising with the introduction of new systems and processes resulting in strengthening of our Research & Development (R&D) activities. We have setup a new research & development center at our registered office and hired software engineers to re-develop these products with latest technology. To prevent technological obsolesce in the future the company plans to engage development resources constantly to keep updating our products and ship them as major and minor releases.

Your Company's sole product e-HRD Campus is promising to be a great solution. However it needs to be upgraded to a new technology platform.

Emerging Trends in Technology

We live in an era where we move from Personal Computers to Personal Computing. Smart Devices such as PDA's, Smart Phones had really empowered mobile computing. Interestingly web is transforming from its role of reference point to work place. Microsoft has announced its revolutionary initiative, which targets to transform the Internet to be the operating system (Work Place) instead of being used as reference point.

For the first time the technology gives the users a more productive and purposeful experience through greater user control over personal information and preferences, new user interface technologies, a new breed of smart Internet devices, and the ability to harness multiple devices and services toward a common goal. As the technology becomes more personal, consumers will want software that enables them to define and control privacy.

The revolutionary Microsoft.net platform allows us to connect everything residing as soft copy through XML Web services. We will be using this platform to build our next generation software.

In this regard the company plans to re-develop the underlying technology platform in the latest Microsoft.net 2.0 Framework. This will help improve the adoption and commercialization of the company's products. The company will build the following 3 software platforms by reusing our existing products.

1. **e- HRDCampus – A total e-learning platform**
2. **Asia Payroll – An end to end HRIS and payroll management system**
3. **Document Management System – A Complete document management systems that will help build and manage knowledge assets across any corporation.**

We will register the intellectual property through trademarks and copyright of these products once they are fully commercialised.

In addition, the company plans to use this tool as third party tool to plug - in with other vendors' products besides also running e-learning courses using the e-HRDCampus. The company hopes to generate revenue by selling solutions range from the development of electronic learning centres, to blended electronic and facilitated training, to customized interactive on-line development programmes. Each solution is designed to suit the learning topic, objectives and budget of the client company. Our revenue streams would depend on

- The sale of e-HRD Campus based products
- Customized e-Content
- Learning Audit
- Enterprise Learning Consultancy
- Learning Outsourcing
- Design and Customised software development

The key features of our core product: e-HRDCampus :-

The e-HRDCampus solution includes features like a web-based configuration wizard, quick course-building and authoring, learner self-enrollment, batch registration, reporting and analysis, test results graphing, streaming video support, automated testing, virtual student lockers, searchable document libraries, and much more.

The best-of-breed e-HRDCampus software powers online education with reliability and predictable costs. It's easily the simplest e-Learning solution to set up and manage, yet it delivers an incredibly robust tool set, even allowing major system components to be turned on and off with the click of a mouse.

e-HRDCampus is web-native from the ground up, and based on widely-accepted standards such as HTML, SQL, HTTP, and MMS.

e-HRDCampus can deliver custom content in whatever layout the customer wants. It's a total learning solution, providing:

- Interactivity
- Learner Exercises, Quizzes, Exams
- Rapid course-building
- Course and screen templates
- Online collaboration
- Instructor-led and self-paced training
- Software simulation and interaction
- Engaging content, including multimedia, animations, text, images, a student notebook, online course guides, and built-in searchable document libraries
- The ability to re-use your existing learning content or quickly create dynamic new learning material State-of-the-art education planning, tracking, reporting and analysis
- Choices about instructional design, content formats, testing policies, enrollment procedures, and management options

c. Growth Prospects

There is a huge potential for e-learning products as corporations are unable to release their people for classroom training and the need is urgent. Information is needed immediately and people cannot wait for a course. We believe the following emerging trends will have significant impact on the e-learning Market.

- Training Governance has now become an enterprise issue.
- Learning Outsourcing and Application Service Provider (ASP) models will thrive.
- On demand live e-learning will continue to replace class room training
- ERP vendors are seeking to make a dent in the e-learning market.
- Blended learning will go main stream – Management training over the web is a big area for growth.
- Work flow integrated e-learning tools will start to emerge.
- ROI calculation and Training Analytics will gain more importance than ever.
- The mid-sized organizations market will grow by leaps and bounds

Our e-HRDCampus solution will address most of these concerns. We will continue to Research & Develop the e-HRDCampus solution to match emerging industry trends and standards.

d. Risks & Concerns

e-learning being a huge growth market there are hundreds of providers of learning technology; thousands of providers of content; thousands of content development consultants, hundreds of providers of e-learning development tools. Vendors often struggle to differentiate themselves and find their niche. Your company is clearly carving a niche by concentrating on online management training.

The products and services such as e-learning are catered mainly for large corporations who are subject to the economic cycles. In the event of an economic recession, the company would be adversely affected.

e. Internal systems & adequacy

There is a huge requirement in this area to minimize past mistakes. Your company is hiring talented and qualified people to tighten internal controls. It also aspires to achieve quality certifications for software development at its R&D facility to inspire confidence among stakeholders and customers.

f. Human Relations & Industrial Relations

Your company has put in place good systems to ensure good working environment and best practices in line with the corporate governance practices.

Cautionary statement

Certain statements in the management discussion and analysis describing the company's views about the industry, expectations, and objectives may be forward looking within the applicable laws and regulations. However the actual results could differ materially from those expressed in the statement. Factors like supply and demand situation, international competition, changes in the government policies and other factors may influence the company's operations and performance.

STATEMENTS AND REPORTS ON CORPORATE GOVERNANCE:

A . MANDATORY REPORTS ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance:

The company believes in the philosophy of continuous improvement in all facets of its operations which depends on mutual faith, customer satisfaction, investors confidence and employee loyalty. It believes in maintaining high standards of integrity through excellence in service.

1. Board of Directors:

Name	Designation	No of Board Meetings attended during 2006-07	Whether attended the Last AGM	No of Directorships in public companies	No of other Board committees in which he/she is Member or Chairman	Remuneration Paid
Mr.Deenadayalan	Director	5	No	Nil	Nil	Nil
Mr.Udhay Suresh Khedkar	''	5	No	Nil	Nil	Nil
Mr. Malayandi	''	Nil	Yes	Nil	Nil	Nil
Mr.KalaiMani	''	Nil	No	Nil	Nil	Nil
Mr. Krishanan	''	Nil	No	Nil	Nil	Nil
Mr.Muralidharan	''	5	Yes	Nil	Nil	Nil
Mr.Robert Lim	''	Nil	No	Nil	Nil	Nil

*** All the above directors are Independent and Non Executive**

2. Board Meetings

Five Board Meetings were held on the following dates 30.06.2006, 31.07.2006, 31.10.2006, 31.01.2007 and 31.03.2007.

None of the Directors is member in more than 10 committees or acting as Chairman of more than Five Committees.

3. Audit Committee

The audit committee reviews, the financial accounts/policies, adequacy of internal control system and interacts with the statutory auditors. The committee also reviews the audit plans, interim financial results, and observations of the auditors and follow-up reports of the management.

During the year 4 meetings were held on 30.06.2006, 31.07.2006, 31.10.2006 and 31.01.2007.

Composition of the committee and attendance of the members are as follows:

	Name of director		No. of meetings attended
1.	Mr. S.Deenadayalan	Member	4
2.	Mr. Uday Suresh Khedkar	Member	4
3.	Mr. R.Muralidharan	Member	4

The Committee is chaired by Mr. R.Muralidharan

TERMS OF REFERENCE

The charter of the committee is prescribed under clause 49 of the Listing Agreement viz.,

1. Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval of any other services.
3. Reviewing with the management the annual financial statements before submission to the Board focusing primarily on:
   i) Any changes in accounting policies and practices.
   ii) Major accounting entries based on exercise of judgment by Management.
   iii) Qualification in draft audit report.

iv) Significant adjustments arising out of audit.
v) The 'Going Concern" assumption.
vi) Compliance with Accounting Standards.
vii) Any related party transaction ie., transaction of the company of material nature with promoters the management and their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large.

4. Reviewing with management, External and Internal audit function including the structure of internal control system.
5. Reviewing the adequacy of internal audit function including the structure of Internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussing with internal auditors any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud and irregularity or a failure of internal control systems of a material nature and reporting the matter of the Board.
8. Discussing with the external auditors before the audit commences, nature and scope of audit , as well as post-audit discussion to ascertain any area of concern.
9. Reviewing the company's financial and risk management policies.
10. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.

4. Share transfer and investors relation committee

The committee approves and monitors transfers, splits, and consolidation of shares of the company and reviews the redressal of the complaints from shareholders and also the complaints with various statutory and regulatory requirements, during the year the committee met 4 times. The Composition of the committee and the attendance of the members are as follows:

The Share Transfer Committee met 4 (Four) times during the year i.e. on 12.04.2006, 03.05.2006, 15.12.2006 and 19.12.2006.

Constitution

The Committee consists of 3 (Three) Directors.

1. Mr. S.Deenadayalan
2. Mr. Uday Suresh Khedkar
3. Mr. R.Muralidharan

The Committee is headed by Mr. R.Muralidharan.

Name of the Compliance Officer	:	Mr. K.V.Viswanathan
Designation of the Compliance officer	:	Company Secretary
Pending Share Transfers	:	There are no pending transfers.

5. General Body Meetings in last three financial years
Time and location of the last three Annual General Meetings:

Date	Venue	Time	Special Resolution Passed at Meeting
15.09.2004	#05, Damodran Street , Kellys,Chennai – 600 010.	10.00 A.M.	Nil
30.09.2005	#1, Sangeetha Residency Luz Church Road, Mylapore, Chennai – 600 004.	10.00 A.M.	Nil
29.09.2006	#1, Sangeetha Residency Luz Church Road, Mylapore, Chennai – 600 004.	09.00 A.M.	Nil

6. Disclosures

There were no materially significant transactions made by the company with related parties i.e. subsidiaries, promoters, Directors or the management, and their relatives conflicting with the company's interest..

7. Means of Communication

Quarterly Results

The Company has published its quarterly Financial Results in the Following News papers:-

Quarter ended : 30.06.2006 : Trinity Mirror and Makkal Kural on 01.08.2006.
Quarter ended : 30.09.2006 : Trinity Mirror and Makkal Kural on 01.11.2006.
Quarter ended : 31.12.2006 : Trinity Mirror and Makkal Kural on 01.02.2007.
Quarter ended : 31.03.2007 : Trinity Mirror and Makkal Kural on 30.06.2007.

Company Website address : www.asiahrtech.com

Management Discussion and Analysis Report:

The Management Discussion and Analysis Report is included in the Director's Report and Forms part of the annual Report.(Annexure – A to the Directors Report).

General Shareholder Information

Financial Year : April 2006 to March 2007.

Annual General Meeting

Date	Time	Venue
29.09.2007	11.00. A.M.	C.V.R. Complex,II floor, No.1, Dr. Singaravelu Street, T.Nagar, Chennai – 600 017.

Book Closure on 29.09.2007.

Dividend Payment date: Not Applicable.

Listing on Stock Exchanges

The shares are listed on the following Stock Exchanges:

1. The Bombay Stock Exchange Ltd, Mumbai
2. The Madras Stock Exchange Ltd, Chennai

Listing Fee: Listing Fee paid up to 2007 – 2008.
Mumbai Stock Code: Demat ISIN NO: IN9799C01015.
Scrip Code: 532435
Scrip Name: ASIA HR

Stock Market Data

The high and low prices of shares during the year in BSE
High Price: 07th February 2007 Rs.3. 15.
Low Price: 02nd November 2006 Rs.1. 31.

MONTH	HIGH	LOW
	Rs.	Rs.
April 2006	2.31	1.45
May 2006	2.78	2.10
June 2006	2.97	2.32
July 2006	2.55	1.90
August 2006	1.90	1.67
September 2006	1.65	1.45
October 2006	1.77	1.36
November 2006	2.24	1.31
December 2006	2.00	1.57
January 2007	3.10	1.89
February 2007	3.15	2.73
March 2007	2.66	2.43

Share transfers were processed and share certificates were dispatched within 30 days from the date of lodgment in accordance with the stock exchange listing agreement.

M/s Cameo Corporate Services Limited who have been appointed as Registrars and share transfer agents of the company for both physical and electronic segments have attended to the share transfer formalities regularly. The Registrars and share agents can be contacted by the investors at the following address:

Registrars & Share Transfer Agents: Cameo Corporate Services Limited,
Subramanaiam Building,
1,Club House Road, Anna Salai, Chennai-2.
Ph: 04428460390 Fax: 044 2846 0129
Email.cameo@cameoindia.com
Contact person: Mr. R.D.Ramasamy, Vice President.

Distribution of Shareholding As On 31.03.2007

No of equity shares held	No of shareholders	%	No of shares	%
Up to 500	781	54.24	2,12,487.	2.12
501-1000	285	19.79	2,63,452	2.63
1001-2000	153	10.62	2,59,139	2.59
2001-3000	62	4.31	1,65,178	1.65
3001-4000	27	1.87	97,672	0.98
4001-5000	41	2.85	2,02,698	2.03
5001-10000	50	3.47	3,64,893	3.65
10001-and above	41	2.85	84,34,481	84.35
	1440	**100.00**	**1,00,00,000**	**100.00**

No of shares in Demat mode:	9895263
No of shares in Physical mode:	104737
Outstanding GDRs/ADRs/Warrants:	Nil

Share Transfer System

The share transfers are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, so long as the documents have been clear in all respects. The Company has, as per SEBI Guidelines offers the facility of transfer cum demats.

Distribution of Shareholding as on 31st March 2007

Category	No. of shares held	Percentage of shareholding
1. Promoters	4728775	47.29
2. Private Corporate Bodies	2818176	28.18
3. Indian Public	2452349	24.52
4. Any other (please specify) Clearing Member	700	0.01
GRAND TOTAL	1,00,00,000	100.00

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT:-

Registration No. of the Company : **18 – 044664.** Nominal Capital : **Rs.10,00,00,000.00.**

The Members of the Asia Hr Technologies Ltd, Chennai.

I have examined all the relevant records of M/s.Asia HR Technologies Ltd, Chennai for the purpose of certifying compliance of the conditions of Corporate Governance under clause 49 of the Listing Agreement with BSE for the financial year ended 31.3.2007. I have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither as assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanation and information furnished , I certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement .

C.N.Srinivasan
Chartered Accountant
Membership No. 18216

Place : Chennai.
Date : 30.06.2007.

AUDITOR'S REPORT TO THE MEMBERS

1. I have audited the attached Balance Sheet of M/s. Asia HR Technologies Ltd, as at 31st March 2007 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. a) Attention is drawn to the item (o) in Notes on accounts in Schedule N forming part of the financial statements in respect of and not charging of depreciation of Rs.43,71,010/ in the profit and loss account and if it is charged to the Profit and loss account the profit will be converted to a loss of Rs.42,12,714.27 and the total losses in the profit and loss account shown under Miscellaneous Expenditure Account would be Rs.8,65,45,179.86/-.
   b) Like-wise, Attention is drawn to the item (k) in Notes on accounts in Schedule N forming part of the financial statements in respect of non confirmation of balances of sundry creditors, loans and advancesand this would have a bearing if there are any changes in the balances and the value of the total revenue , assets would vary accordingly..
5. Further to my comments in Paragraph 4 (a) and (b) as stated above, I report that:
   i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
   ii) In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books;
   iii) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
   iv) In my opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   v) On the basis of written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required give a **true and fair view** in conformity with the accounting principles generally accepted in India:
      a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2007; and
      b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
      c) I have also examined the attached Cash Flow Statement of the Company for the year ended 31st March 2007.The Statement has been prepared by the company in accordance with the requirements of Clause 32 of the listing agreements entered into with the Stock Exchange.

Place : Chennai.
Date : 30.06.2007.

C.N.SRINIVASAN
Chartered Accountant
Membership No. 18216

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to In Para 3 of the Auditors' Report to the members of M/s. Asia HR Technologies Limited for the year ended 31st March 2007.

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b. All the assets are physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
2. Clauses (a) and (b) are not applicable as the company is not carrying any inventory during the year under review..

3. The Company has not taken or granted any loans to any party listed in the register maintained under Section 301 of the Companies Act, 1956.Hence clause (iii) of the said order is not applicable.
4. In my opinion and according to the information and explanations given to me there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal controls.
5. The company has not entered into any contracts or arrangements attracting the provision of section 301 of the Companies Act, 1956 and hence the Clause (v) of the said order is not applicable.
6. The company has not accepted any deposit from the public and hence provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 are not applicable. Hence the Clause (vi) of the said order is not applicable.
7. In my opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. I am informed the company has not been required by the Central Government to maintain cost records under section 209(1)(d) of the Companies Act, 1956. and hence the Clause (viii) of the said order is not applicable.
9. a) The company is regular in depositing with appropriate authorities undisputed statutory dues of Income tax and other material statutory dues applicable to it.
   b) According to the information and explanations given to me, no undisputed amounts payable in respect of income tax as at 31st March 2007 was outstanding for a period of more than six months from the date they became payable.
10. The company has accumulated losses. The company has made cash profit during the financial year covered by my audit as against the cash loss made in the immediate preceding financial year.
11. The company has neither taken any loan from financial institutions, bank nor issued any debentures. Accordingly clause 4(xi) of the Order is not applicable.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause (xii) is not applicable.
13. The company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
14. The company is not dealing or trading in shares and other investment. The investments in shares were held in the name of the company
15. According to the information and explanations given to me, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly clause (xv) of the Order is not applicable.
16. The company has not taken any term loan during the year covered by this audit. Accordingly clause 4 (xvi) is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, the company has not raised any funds on short-term basis for long terms Investment and the vice-versa. Accordingly clause (xvii) of the order is not applicable. All assets have been funded by the shareholder's funds.
18. The company has not made any preferential allotment of shares to any parties or companies. Accordingly Clause 4 (xviii) of the order is not applicable.
19. The company has not issued any debenture during the period covered by our audit. Accordingly Clause 4 (xix) of the Order is not applicable.
20. The company has not raised any money by public issue during the year. Accordingly clause 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Place : Chennai.
Date : 30.06.2007.

C.N.SRINIVASAN
Chartered Accountant
Membership No. 18216

BALANCE SHEET AS AT 31ST MARCH 2007

Particulars	Sch	As at 31.03.2007 Rs. P.	As at 31.03.2006 Rs. P.
I SOURCES OF FUNDS			
1) SHARE HOLDER'S FUNDS			
a) Share capital	A	9,92,38,000.00	9,92,38,000.00
b) Reserves & Surplus	B	5,50,00,000.00	5,50,00,000.00
2) LOAN FUNDS			
a) Secured loans	C	54,418.00	1,47,706.00
b) Unsecured loans		—	—
3) DEFERRED TAX LIABILITY		64,80,078.00	64,80,078.00
TOTAL		**16,07,72,496.00**	**16,08,65,784.00**
II APPLICATION OF FUNDS			
1) FIXED ASSETS(Net Block)	D	7,21,15,112.10	1,12,36,997.10
2) INVESTMENTS		—	—
3) CURRENT ASSETS, LOANS AND ADVANCES			
a) Sundry debtors		—	—
b) Cash and bank balances	E	10,65,696.02	2,14,946.76
c) Closing stock	F	—	6,28,36,481.00
d) Loans & Advances	G	32,75,028.75	32,75,028.75
		43,40,724.77	6,63,26,456.51
Less: CURRENT LIABILITIES & PROVISIONS	H	21,82,349.70	8,12,069.47
NET CURRENT ASSETS		21,58,375.07	6,55,14,387.04
4) (a) MISCELLANEOUS EXPENDITURE	I	43,23,399.00	18,00,000.00
(To the extent not written off or adjusted)			
Deferred interest		1,439.97	9,511.27
Profit & Loss account		8,21,74,169.86	8,23,04,888.59
TOTAL		**16,07,72,496.00**	**16,08,65,784.00**
Notes on Accounts	N		

Schedule A to I and N form part of the Balance sheet

As per my report of even date

For and on behalf of the board

S. Malayandi

Date : 30.06.2007
Place : Chennai

C.N.Srinivasan
Chartered Accountant

K.V. Viswanathan
Company Secretary

R.Muralidharan
Directors

ASIA HR TECHNOLOGIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Sch	Year ended 31.03.2007 Rs. P.	Year ended 31.03.2006 Rs. P.
INCOME			
Sales		34,10,000.00	—
Increase in stock		-19,50,000.00	1,20,50,000.00
TOTAL		**14,60,000.00**	**1,20,50,000.00**
EXPENDITURE			
Cost of software & operation expenses	J	9,000.00	1,20,69,500.00
Adminstrative expenses	K	5,89,726.83	6,13,233.42
Employees remuneration and benefits	L	1,94,246.70	1,98,254.50
Financial charges	M	67,429.74	22,037.03
Loss on sale of investments		—	2,43,50,000.00
Depreciation	E	81,301.00	57,27,854.60
Preliminary expenses written off	I	3,60,000.00	8,40,181.00
TOTAL		**13,01,704.27**	**4,38,21,060.55**
Profit /Loss for the year		1,58,295.73	-3,17,71,060.55
Less: Provision for taxation-current		—	—
- Fringe benefit tax		27,577.00	13,983.64
- Deferred tax liability		—	—
Profit after tax		1,30,718.73	-3,17,85,044.19
Add:Profit/Loss brought forward		-8,23,04,888.59	-5,05,19,844.40
Total		-8,21,74,169.86	-8,23,04,888.59
Dividend		—	—
Balance carried forward to balance sheet		-8,21,74,169.86	-8,23,04,888.59
Earning per share		0.01	—
Accounting Policy	N		

Schedule J to N form part of the Profit and Loss Account

As per my report of even date

For and on behalf of the board

Date : 30.06.2007
Place : Chennai

C.N.Srinivasan
Chartered Accountant

K.V. Viswanathan
Company Secretary

S. Malayandi
R.Muralidharan
Directors

Schedules A to N forming part of the Annual Accounts for the year ended 31-3-2007

Particulars	As at 31.03.2007 Rs. P.	As at 31-03-2006 Rs. P.
SCHEDULE - A		
SHARE CAPITAL		
Authorised Capital		
1,10,00,000(1,10,00,000) Equity shares of Rs.10/- each	11,00,00,000.00	11,00,00,000.00
Issued ,Subscribed & paid Up Capital		
10000000 Equity shares of Rs.10/- each (out of this offered to public 45,00,000 equity shares of Rs.10/- each)	10,00,00,000.00	10,00,00,000.00
Less:Call In arrears (101600 shares at Rs.7.50)	7,62,000.00	7,62,000.00
TOTAL	**9,92,38,000.00**	**9,92,38,000.00**
SCHEDULE - B: RESERVES & SURPLUS		
Share premium	5,50,00,000.00	5,50,00,000.00
	5,50,00,000.00	**5,50,00,000.00**
SCHEDULE - C: SECURED LOANS		
ICICI Bank loan - car	54,418.00	1,47,706.00
(Car hypothecated to ICICI Bank Pursawalkam branch and loan repayable in 48 months and expiring on 1st October of 2007)	**54,418.00**	**1,47,706.00**

SCHEDULE - D : FIXED ASSETS

31.3.2007

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
PARTICULARS	Rate %	As at 01.4.2006	Addition	deletion	As at 31.03.2007	Upto 31.03.2006	For the year	Deletions	Upto 31.03.2007	As on 31.03.2006	As on 31.03.2007
R & D Assets											
Computers & Perhipherals & Software)	40	2,26,64,006.00	–	–	2,26,64,006.00	1,17,36,481.00	–	–	1,17,36,481.00	1,09,27,525.00	1,09,27,525.00
R & D under Process		–	6,08,86,481.00	–	6,08,86,481.00	–	–	–	–	–	6,08,86,481.00
Office Equipments	13.91	17,000.00	19,000.00	–	36,000.00	11,983.60	3,340.68	–	15,324.28	5,017.00	20,675.00
Furnitures & Fixtures	18.10	2,45,652.00	53,935.00	–	2,99,587.00	1,63,983.92	24,544.15	–	1,88,528.08	81,668.00	1,11,059.00
Electrical Fittings	13.91	75,510.00	–	–	75,510.00	39,900.61	4,953.27	–	44,853.88	35,609.70	30,654.70
Wagon R Car	25.89	3,82,159.00	–	–	3,82,159.00	1,94,982.88	48,462.90	–	2,43,445.78	1,87,177.40	1,38,717.40
TOTAL		2,33,84,327.00	6,09,59,416.00	–	8,43,43,743.00	1,21,47,332.01	81,301.00	–	1,22,28,633.02	1,12,36,997.10	7,21,15,112.10

SCHEDULE -E : CASH AND BANK BALANCES

Cash in hand		9,73,524.30	1,92,537.80
ICICI Bank	- Pursawalkam branch	180.24	624.91
Corporation Bank	- Pondichery	4,855.00	4,855.00
ICICI Bank	- Nandanam branch	87,136.48	16,929.80
		10,65,696.02	**2,14,946.76**

SCHEDULES - (Contd.,)	As at 31.03.2007 Rs. P.	As at 31-03-2006 Rs. P.
SCHEDULE -F : CLOSING STOCK		
Opening balance of stock	6,28,36,481.00	5,07,86,481.00
Stock - current year	—	1,20,50,000.00
	6,28,36,481.00	6,28,36,481.00
Less: Transferred to R&D capital work in progress	6,28,36,481.00	—
	—	**6,28,36,481.00**
SCHEDULE - G : LOANS & ADVANCES		
Unsecured considered good advances recoverable in cash or in kind for value to be received	32,00,000.00	32,00,000.00
Deposits	30,000.00	30,000.00
Tax deducted at source	45,028.75	45,028.75
	32,75,028.75	**32,75,028.75**
SCHEDULE H : CURRENT LIABILITIES & PROVISIONS		
Advance software	13,00,000.00	—
Sundry creditors	1,15,106.00	77,018.00
Creditors for expenses & other liabilities	3,00,598.00	1,87,262.00
Provision for taxation (2003-04)	—	78,294.00
Fringe benefit tax provision	27,570.00	13,983.00
Mr.Krishnan	4,39,075.70	4,55,512.47
	21,82,349.70	**8,12,069.47**
SCHEDULE - I: MISCELLANEOUS EXPENDITURE		
Preliminary Expenses		
Opening balance	18,00,000.00	26,40,181.00
Less : Written off during the year	3,60,000.00	8,40,181.00
	14,40,000.00	18,00,000.00
R & D Deferred expenditure (refer item t in schedule N - notes to accounts)	28,83,399.00	—
	43,23,399.00	**18,00,000.00**

SCHEDULES - (Contd.,) Schedules forming part of Profit and Loss Account	Year ended 31.03.2007 Rs. P.	Year ended 31-03-2006 Rs. P.
SCHEDULE - J : COST OF SOFTWARE & OPERATION EXPENSES		
Out sourcing development	—	1,20,50,000.00
Advertisment expenses	9,000.00	19,500.00
	9,000.00	**1,20,69,500.00**
SCHEDULE - K: ADMINISTRATIVE EXPENSES		
Directors travelling expenses	—	73,895.00
Rent & Electricity	49,697.00	1,56,218.00
Postage & Telegram	3,790.73	5,381.50
Printing & Stationery	4,398.23	12,907.00
Consultancy charges	1,79,888.00	57,558.00
Rates & Taxes	—	15,632.00
Telephone charges	17,809.20	36,986.92
Insurances	5,775.00	7,393.00
Repairs & Maintenace for computers	73,373.00	71,377.00
Travelling & Conveyance	29,455.00	22,383.00
Audit Fees	39,375.00	38,500.00
Share Transfer agent fees	22,450.00	22,040.00
Misc. expenses	95,480.67	15,435.00
Loss on sale of Fixed assets	—	25,961.00
Income tax 2001-02	—	51,566.00
AGM expenses	7,035.00	—
Office maintenance	61,200.00	—
	5,89,726.83	**6,13,233.42**
SCHEDULE - L: EMPLOYEES REMUNERATION & BENEFITS		
Salaries	1,88,703.00	1,96,582.00
Staff welfare	5,543.70	1,672.50
	1,94,246.70	**1,98,254.50**
SCHEDULE - M: FINANCIAL CHARGES		
Interest paid	8,071.30	14,676.47
Bank charges	59,358.44	7,360.56
	67,429.74	**22,037.03**

SCHEDULE –N

SIGNIFICANT ACCOUNTING POLICY.

a. **Basis For preparation of Financial Statements:**
The Financial Statements are presented on going concern basis under the historical cost convention adopting accrual method of accounting and in accordance with the generally accepted Accounting principles and the Companies Act, 1956,.

b. **Fixed Assets**:
Fixed Assets are stated at the historical cost less accumulated depreciation.

c. **License Fees: - Intangible Assets**
License Fees represent amount paid for acquiring rights for publishing books. It has to be written off over 10 years starting from financial year 2001-2002

d. **Depreciation**:
Depreciation on Fixed Assets is provided on written down value basis at the rates prescribed in schedule XIV to the Companies Act 1956. Asset Purchased during the year .after 30th September are depreciated based on the number of days the asset was put to use. The asset purchased before 30th September are depreciated at 100% of the normal eligible depreciation. Asset costing less than Rs.5000/- are fully depreciated.
Depreciation on R&D Assets to the extent not absorbed for the unfinished activities are deferred for future absorption as and when the jobs are completed and sales commences.

e. **Preliminary Expenditure**
Preliminary Expenditure represents Company incorporation Expenses and other expenses relating public issue amounting to Rs.3518353.55/-.to be written off over a period of five years starting from financial year 2001-2002.

f. **Investment:**
Long-term investments are stated at cost and provision if any for decline in value other than temporary are made wherever necessary. Current Investments are stated at lower of cost or market value.

g. **Foreign Currency Transactions:**
Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Current assets and Liabilities denominated in foreign currency are translated at the rate of exchange as at the balance-sheet date. All resulting gains or losses are recognized in the profit and loss account

(i) RESEARCH AND DEVELOPMENT
   a) Fixed assets acquired for R&D is valued at cost.
   b) Expenses attributable to R&D are absorbed to the extent of sale realization.
   c) Expenses on unfinished R&D jobs are deferred and treated as deferred R&D Expenditure and the same will be absorbed proportionately as and when sales realization takes place.

h. **Deferred Tax**
Deferred Tax resulting from timing differences between book and tax profit is accounted for at the current rate of tax to the extent that the timing differences are expected to crystallize.

i **Deferred Revenue Expenditure**
Deferred interest payable on HP Loan, representing unexpired instalments and same will be adjusted to the interest account as and when the instalments are paid in each year.

j. **Impairment:**
At each Balance sheet date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment of loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a Pre- tax discount rate that reflects the current market assessment of time value of money and the risks specific to the asset .
Reversal of impairment loss is recognized immediately as income in the profit and loss account .

NOTES TO ACCOUNTS:

a. During this year the Company had decided to develop 3 different software products in their in house R&D Department and these products are in the development stage for future use. Hence the R&D costs incurred for the development of these Softwares are deferred and treated as Deferred R&D expenditure..

b. The company is engaged in development of software, which as per Accounting Standard-17 is considered the only one reportable segment

c. Related party transactions:
Accounting Standard 18 is not recognized since there are no related party transactions to report

d.	Earning in foreign exchange on export of goods(F.O.B Basis)	2006-07 Rs.34,10,000	2005-06 Nil
e.	Expenditure in Foreign Currency	Nil	Nil
f.	AUDIT FEES: (Including service tax) Statutory Audit Fees	2006-07 Rs.39,375/-	2005-06 Rs.38,500/-

g. There is no Deferred tax liability on account of timing differences during this year. However no deferred tax asset has been recognized on unabsorbed depreciation and business losses in view of the future uncertainty of income as a matter of prudence.

The Components of Deferred Tax Liability/ Asset as on 31.03.2007 is as under

	2006-07	2005-06
Deferred Tax Liability		
Op. Balance of Deferred Tax Liability	64.80	64.80
Deferred Tax Asset	Nil	Nil
Deferred Tax Liability	Nil	Nil
Closing Bal Deferred Tax Liability	64.80	64.80

h. There are no dues of more than 30 days to Small Scale Industries.

i.	Earnings Per Share	2006- 2007	2005-2006
	Profit/ (Loss) (Rs. In Lakhs)	1.31	(317.85)
	No of Shares	10000000	10000000
	Earning Per Share	0.01	Nil
j.	Contingent Liability	Nil	Nil

k. Balances of Sundry Creditors, Loan & Advances are subject to confirmation, adjustments and reconciliation if any.

l. Information pursuant to the provisions of paragraph3&4 of part II OF SCHEDULE VI of the companies act are not applicable.

m) Deferred revenue expenditure

This includes deferred interest of Rs 1439.97(P.Y.F Rs.9511.27) payable on HP Loan ,representing unexpired instalments interest and same will be adjusted to the interest account as and when the instalment are paid each year

Amount O/s as on 31.03.2007 Rs.54418/-

	No of future principal Instalments due	No of future Interest Instalments due
No of instalments Due from 01.4.2007	7	7
Upto 31.10.2007	Rs. 52,978.03	Rs.1, 439.97

n. Loan and Advance includes a sum of Rs.32,00,000 towards advance paid towards the purchase of property and none of the directors are interested in the above said transactions.

o. The company was providing depreciation on its software assets in all the earlier years. The company during this year has not charged further depreciation since the asset is put to use for different softwares which are in the process stage. On account of this, no depreciation on software asset amounting to Rs43,71,010(PYF-5637851) is charged to the profit and loss account as the company had decided to upgrade the software for future economic benefit.. The Company has taken this asset as R&D Asset and using this asset for the development of new products.

p. There are no dues to SSI's in excess of Rs 100000 and outstsanding for more than 30 days.

q. Current liability include Rs 4,39,075.70(PYF Rs. 4,55,512.47) due to Mr. Krishnan a Director of the company.

r. The company is engaged in the development of computer software. The production and sale of such software cannot be expressed by any generic unit. Hence it is not possible to give the quantitative details of sale and information as required under Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act 1956.

s. No Provision for Taxation is made as the company has adequate unabsorbed loss and unabsorbed depreciation.

t. As stated in Paragraph (a) the expenditure attributable to the development of new software and that are expected to result in gains in future are classified under Deferred RESEARCH AND DEVELOPMENT expenditure and the details are as under.

	Rs.
Rent	91,200
Telephone Expense	71,236
Printing and stationery	17,594
Travelling and conveyance	1,17,818
Electricity charges	1,07,589
Staff welfare	22,173
Office mainrenance	2,44,800
Leased line charges	2,17,465
Salaries	16,17,459
Provident Fund	1,64,546
Computer Repairs	11,300
UPS – Rent	52,740
Insurance	12,168
Travelling R&D	89,076
Fees – R&D	46,235
	28,83,399

u. Previous year figures have been regrouped wherever necessary to make them comparable

As per my report of even date

For and on behalf of the board

S. Malayandi

Date : 30.06.2007
Place : Chennai

C.N.Srinivasan
Chartered Accountant

K.V. Viswanathan
Company Secretary

R.Muralidharan
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

(Amount in Rs.)

		2006-2007	2005-2006
A: CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/Loss before tax and extra ordinary items		1,58,295.73	-3,17,71,060.55
Adjustment for:			
-Depreciation		81,301.00	57,27,854.60
-Miscellaneous expenses written off		3,60,000.00	8,40,181.00
-Loss on sale of investments		—	2,43,50,000.00
-Loss on sale of Fixed assets		—	25,961.00
-Bad debts		—	—
Operating Profit before working capital changes		5,99,596.73	-8,27,063.95
Adjustment for:			
-Trade receivables & other assets		—	76,64,006.00
- Inventory		6,28,36,481.00	-1,20,50,000.00
- Loan & Advances		—	2,25,000.00
-Current liabilities & Provisions		13,70,280.23	5,68,706.47
-Income tax /Fringe benefit tax		-27,577.00	-13,983.64
Net Cash from operating activities	**A**	**6,47,78,780.96**	**-44,33,335.12**
B: CASH FLOW FROM INVESTING ACTIVITIES:			
- Purchase of Fixed assets		-6,09,59,416.00	-76,64,006.00
- Proceeds from sale of Fixed assets		—	1,14,630.92
- Miscellaneous expenditure		-28,75,327.70	—
- Purchase/Sale of investments		—	1,21,50,000.00
Net Cash used in investing activities	**B**	**- 6,38,34,743.70**	**46,00,624.92**
C: CASH FLOW FROM FINANCING ACTIVITIES:			
-Proceed from issue of share capital		—	—
-Proceed from long term borrowings		—	—
-Repayment of long term borrowings		-93,288.00	-78,611.56
Net Cash from financing activities	**C**	**-93,288.00**	**-78,611.56**
D: NET INCREASE IN CASH AND CASH EQUIVALENTS	**A+B+C**	8,50,749.26	88,678.24
E. Cash and Cash equivalents at the beginning of the year		2,14,946.76	**1,26,268.52**
F. Cash and Cash equivalents at the end of the year		**10,65,696.02**	**2,14,946.76**

For and on behalf of the board

S. Malayandi

Date : 30.06.2007 — **K.V. Viswanathan** — **R.Muralidharan**

Place : Chennai — Company Secretary — Directors

AUDITORS CERTIFICATE

I have examined the above cash flow statement of 2007 of Asia HR Technologies Ltd for the year ended 31st March 2007. The statement has been prepared by the company in accordance with the requirements of Listing Agreement and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by my report of even date to the members of the company.

C.N.SRINIVASAN

Place : Chennai — Chartered Accountant

Date : 30-6-2007 — Membership No. 18216

INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No.	44664	State Code	18
Balance Sheet Date	31 03 07		

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of mobilisation and deployment of funds (Amount in Rs.Thousands)

Total Liabilities	160772	Total Assets	160772

Sources of Funds

Paid-up Capital	99238	Reserves & Surplus	55000
Secured Loans	54	Unsecured Loans	NIL
		Deferred Tax Liabilit	6480

IV. Application of Funds

Net Fixed Assets	72115	Investments	NIL
Net Current Assets	2158	Misc. Expenditure	4325
Accumulated Losses	82174		

V. Performance of Company (Amount in Rs.Thousands)

Turn over & Other Income	3410	Total Expenditure	3252
Profit/(Loss) Before Tax (+) / (-)	(+) 158	Profit/Loss After Tax (+) / (-)	(+) 131

Earning per share in Rs.	0.01	Dividend Rate %	NIL

Generic Name of three principal products / services of company (as per Monetary Terms)

Item Code NO. (ITC Code)	8471 99
Product Description	DEVELOPMENT OF SOFTWARE

For and on behalf of the board

S. Malayandi
R.Muralidharan
Directors

K.V. Viswanathan
Company Secretary

Date : 30.06.2007
Place : Chennai

ASIA HR TECHNOLOGIES LIMITED

Regd. office : CVR Complex, II Floor No.1, Dr.Singaravelu Street,
T.Nagar, Chennai – 600 017.

PROXY FORM

I/We.....

of.....

a member/members of Asia HR Technologies Limited hereby appoint.....

..... of .....

or failing him/her ..... of .....

as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, the 29th September, 2007 at 11.00 A.M at CVR Complex, II Floor, No.1, Dr.Singaravelu Street, T.Nagar, Chennai -600 017 and any adjournment thereof.

signed this .....day of .....2007.

15 paise Revenue Stamp

Member's Folio .....

*DP ID : ..... *Client's I.D. No.....

Signature

No. of shares held .....

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

ASIA HR TECHNOLOGIES LIMITED

Regd. office : CVR Complex, II Floor No.1, Dr.Singaravelu Street,
T.Nagar, Chennai – 600 017.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting place)

I hereby record my presence at the Annual General Meeting of the Company to be held at CVR Complex, II Floor, No.1, Dr.Singaravelu Street, T.Nagar, Chennai -600 017 on Saturday, the 29th September, 2007 at 11.00 A.M

Name of the attending member (in block letters) .....

Name of the proxy (in block letters) .....

Member's Folio .....

*DP ID : ..... *Client's I.D .....

No. of shares held .....

* Applicable to investors holding shares in electronic form.

Member's /Proxy's signature
(To be signed at the time of handing over this slip)

Book Post

Smart Foods (42177037 : 24486712

If undelivered, Please return to :

ASIA HR TECHNOLOGIES LIMITED

CVR COMPLEX, II FLOOR
NO 1, DR SINGARAVELU STREET
T NAGAR, CHENNAI – 600 017