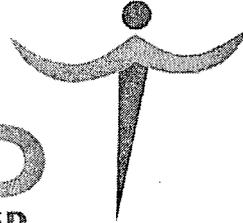


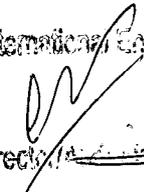
TRANSWORLD
INFOTECH LIMITED



T R A N S W O R L D
I N F O T E C H L I M I T E D

23rd ANNUAL REPORT
2006-2007

For Sterling International Enterprises Ltd.


Director / ~~Chairman~~ Signatory

BOARD OF DIRECTORS

Rajbhusan Dixit

Director

Ramani Iyer

Director

Hitesh Patel

Director

Ronald D'Souza

Director

Sunil Joshi

Company Secretary

BANKERS :

Andhra Bank

AUDITORS :

H. S. Hathi & Co.

Chartered Accountants

REGD. OFFICE :

43, Atlanta,

Nariman Point,

Mumbai – 400 021.

Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

DIRECTORS' REPORT

To the Members,
 Transworld Infotech Limited

Your Directors have pleasure in presenting the 23rd Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2007.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	Year Ended 30-06-2007	Year Ended 30-06-2006
Operating Income	2052.64	1441.69
Gross Profit	987.84	786.86
Less : Depreciation	477.65	341.47
Profit Before Tax	510.19	445.40
Extra Ordinary Item	-	-
Provision for Taxation	55.00	46.50
Provision for Deferred Tax	5.00	-
Net Profit / (Loss) for the year	450.19	398.90
APPROPRIATIONS		
Proposed Dividend	-	-
Dividend Tax	-	-
Transfer to General Reserve	-	-
Surplus Balance carried forward to Balance Sheet	450.19	398.90

DIVIDEND

The Directors do not recommend any dividend for the current year with a view to conserve the resources.

OPERATIONS & FUTURE OUTLOOK

During the year under review, operating income of the Company has increased to Rs. 2052.64 lacs from Rs. 1441.69 lacs in the previous year, an increase of 42.38%. Profit After Tax for the year is Rs. 450.19 lacs as compared to Rs. 398.90 lacs in the previous year, a increase of 12.86%.

MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on Management Discussion and Analysis relating to business and economic environment surrounding your company is enclosed as a part of the Annual Report.

CORPORATE GOVERNANCE

In pursuance of the system of Corporate Governance instituted by SEBI, forming part of the Listing Agreement with the Stock Exchange, a report thereon is separately attached to this report.



DIRECTORS

Shri R. B. Dixit, and Shri Hitesh Patel, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors confirm :

- i) That in the preparation of the Annual Accounts for the year ended 30th June, 2007, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements 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 and of the profit of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the Directors have prepared the Annual Accounts for the year ended 30th June, 2007 on a 'going concern' basis.

FIXED DEPOSITS

The Company did not accept any deposits from the Public during the year under review.

AUDITORS AND THEIR REPORT

M/s. H. S. Hathi & Co., Chartered Accountants, Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting and having furnished the required certificate pursuant to Section 224(1B) of the Companies Act, 1956 are eligible for re-appointment. The Board recommends their re-appointment.

In respect of observations made by the Auditors in their Report, your Directors wish to state that the respective notes to the accounts are self-explanatory, and do not call for any further comments.

PARTICULARS OF EMPLOYEES

The company has no employees of the category indicated under Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules 1988 as amended.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The company is engaged in Software activities and had no manufacturing activities during the year under review. No particulars are therefore required to be furnished in this report relating to the conservation of energy and technology absorption as required under Section 217(1)(e) of the Companies Act, 1956.

During the year under review, the company has exported system software and earned income of Rs. 4544691.98 and expenditure of Rs. 18613125.00.

ACKNOWLEDGEMENT

Your Directors appreciate the valuable co-operation extended by the Central and State Government authorities and are extremely grateful to the Financial Institutions and the Company's Bankers for their continued assistance, guidance and support. Your Directors are also grateful to the Employees, Shareholders, Customers and the General Public for their support and confidence reposed in the Management.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 5th December, 2007

R. B. Dixit
Chairman of the Meeting

REPORT ON CORPORATE GOVERNANCE

i) **Corporate Governance Philosophy**

The Company views sound corporate governance as an integral part of its efforts to enhance shareholders' value. The Company endeavours to safeguard the interests of investors, customers, suppliers and lenders and build the confidence of the society in general. The company believes in adopting the philosophy of professionalism, transparency and accountability in all areas.

ii) **Board of Directors (Board) :**

Presently, the Board, comprises of 4 Directors, all being Non-executive Directors. All the Directors are eminent industrialists and / or professionals with experience in overall management, finance and law, who bring a wide range of skills and experience to the Board.

a. Composition of the Board

Name	Category	No. of other Directorships and Committees Memberships / Chairmanships		
		Other Directorships	Committee Memberships	Committee Chairmanships
R. B. Dixit	Independent / Non-executive	7	2	3
Ramani Iyer	Independent / Non-executive	6	-	-
Hitesh Patel	Independent / Non-executive	6	-	-
Ronald D'souza	Independent / Non-executive	-	-	-

b. Number of Board Meetings

During the year under report the Board of Directors met 5 times on the following dates : 28/07/2006, 30/10/2006, 27/11/2006, 30/01/2007 & 30/04/2007.

c. Attendance of Directors

Name	Meetings Attended	Attended last AGM on 30.12.2006
R. B. Dixit	5	Yes
Ramani Iyer	5	Yes
Hitesh Patel	4	Yes
Ronald Desouza	3	Yes

iii) Committee of Directors

As mentioned in the last report, the board constituted following committees :

Audit Committee Constituted on 27th March, 2002 to reviews the company's financial reporting process, disclosure norms, internal control systems, accounting policies and practices, reports of the Company's internal Auditors, quarterly/half yearly financial statements as well as its financial risk policies. It also recommends appointment of statutory auditors, fixes audit fees and reviews internal control systems, scope for observations of the auditors and adequacy of the internal audit function.

During the year under review, the committee met five times on 28-07-2006, 30-10-2006, 27-11-2006 (Adoption of Annual Accounts), 30-01-2007 and 30-04-2007. The meeting was attended by all the directors of the Audit Committee namely Shri R. B. Dixit, Shri Ramani Iyer and Shri Hitesh Patel..

Investors/Shareholders Grievance Committee constituted on 27th March, 2002 and at present Shri R. B. Dixit and Shri Hitesh Patel are the members of the Committee. The Committee redresses shareholder and investors complaints like a delay in transfer of shares, non-receipt of dividend, non-receipt of balance sheet etc. During the year the committee met two times.

Remuneration Committee of the Board

The company does not have Remuneration Committee.

v) General Body Meetings

Year	Venue	Date	Time	Any Special Resolution
2006	Sheetal-I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai - 400 064.	30th December, 2006.	11.30a.m.	No
2005	Sheetal-I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai - 400 064.	26th December, 2005.	11.30a.m.	No
2004	Sheetal - I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai - 400 064.	31st December, 2004.	11.30 a.m.	No
Special Resolution if any passed by Postal Ballot.				Nil

vi) Disclosures :

1. As required under the Companies Act, the Directors disclose the name of the Companies / Parties in which they are interested. During the year under review, there was no transaction with related party, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. which may have potential conflict with the interests of Company at large.
2. There was no non-compliance during the last three years by the Company on any matter related to Capital Market.

vii) Means of Communications :

- a. Quarterly / Half Yearly Financial Results of the Company are forwarded to the Stock Exchanges where the shares of the company are listed and published in National & Regional Newspapers.
- b. The company has not made any presentations to any Institutional Investors / Analyst during the year.
- c. Management Discussion & Analysis Report is covered in Directors' Report to the Shareholders.

viii) General Shareholder Information :

a. Annual General Meeting

Date : 31st day of December, 2007
 Time : 10.30 A.M.
 Venue : Sheetal – I Hall, Land Mark, Link Road,
 Mith Chowkey, Malad (W), Mumbai – 400 064.

Date of Book Closure : 24th December 2007 to 31st December 2007 (both days inclusive)

b. Financial Calendar 2007 – 2008 : Annual General Meeting December 2008 (next year)

		Board Meeting
Unaudited Results – Qtrly.	September 2007	October 2007
Unaudited Results – Qtrly.	December 2007	January 2008
Unaudited Results – Qtrly.	March 2008	April 2008
Unaudited Results – Qtrly.	June 2008	July 2008
Audited Accounts	June 2008	October/November 2008

c. Stock Exchanges where securities are listed

Listed on Mumbai Stock Exchange (BSE)

Name of Stock Exchange	Code
The Stock Exchange, Mumbai (BSE)	508998

d. Stock Price Data (BSE)

Month	High Rs.	Low Rs.
July 2006	41.30	33.70
August 2006	55.55	40.45
September 2006	69.50	54.50
October 2006	75.00	67.70
November 2006	83.70	73.65
December 2006	81.70	73.60
January 2007	84.00	78.55
February 2007	83.35	66.55
March 2007	67.75	38.90
April 2007	47.85	34.35
May 2007	45.60	36.00
June 2007	64.20	36.05

e. Share Transfer System

Share transfers in physical form are registered and returned within the stipulated time, if documents are clear in all respects. Officers / Directors of the Company have been authorized to approve transfers.

The total number of shares transferred in the non-dematerialised segment during year 2006-2007 was Nil Shares.

Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 03.03.2001. All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time. Upto 30-06-2007, 72.77 % equity shares of the company have been dematerialized.

f. Shareholding Pattern – as on 30th June 2007

Sl. No	Category	No. of Shareholder	% age	No. of Equity Shares	% age
1.	Resident Individuals	852	84.19	27130000	14.53
2.	Indian Companies	129	12.75	52060350	27.88
3.	FIs/ MFs/Banks	-	-	-	-
4.	Indian Promoters	28	2.76	107557750	57.59
5.	NRIs/OCBs/FIIs/FCs	3	0.30	1900	0.00
TOTAL		1012	100.00	186750000	100.00

Distribution of Shareholding – as on 30th June 2007

Sl. No.	No. of shares Held	No. of Shareholders	% of Holders	Holding	% of Holding
1	1 – 5000	570	56.32	549113	0.29
2	5001 – 10000	99	9.78	734305	0.39
3	10001 – 20000	103	10.18	1628273	0.87
4	20001 – 30000	116	11.46	2868000	1.54
5	30001 – 40000	8	0.79	278524	0.15
6	40001 – 50000	7	0.69	317742	0.17
7	50001 – 100000	23	2.27	1815089	0.97
8	100001 & Above	86	8.50	178558954	95.62
TOTAL		1012	100.00	186750000	100.00

g. Dematerialisation of Shares :

ISIN Number for Equity Shares of the Company in NSDL & CDSL : INE696C01021

Total No. of Shares dematerialized upto 30-06-2007 : 135899730
 - With NSDL 115901090
 - With CDSL 19988640

h. Location

1. Software Unit at PMT Complex, Pimpri Chinchwad Road, Pune, 411 018.

i. Address for Correspondence :

Shareholders can correspond at the Registered Office of the Company at Mumbai.

j. Complaints by Shareholders & their redressal during 1-7-2006 to 30-06-2007

Nature of Complaints	Received	Solved
Non-receipt of Annual Report	3	3
Delay in Transfer of Shares	2	2
Non-receipt of Dividend Warrants	2	2
Change of Address	0	0
Pending Demat cases (Since Processed)	0	0
Other-Remat of Share (Since Processed)	0	0

AUDITORS' CERTIFICATE

To the Members of
Transworld Infotech Limited
Mumbai

We have examined the compliance of conditions of corporate governance by Transworld Infotech Limited, for the year ended 30th June, 2007, as stipulated in clause 49 of the Listing Agreement with Stock Exchanges.

The compliances of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For and on behalf of
H. S. Hathi & Co.
Chartered Accountants

Place : Mumbai
Date : 5th December, 2007

Hemant S. Hathi
Partner

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry structure and developments :

The impact of worldwide development in recent past has been felt by the Indian software industry to the core. Though the long-term perspective definitely remains positive, given the current situation, Indian corporate cover a broad spectrum have involved a min-n-match methodology of prudent cost management and creating superior efficiency in operations. The 'Survival of the Fittest' norm is into effect and most of the Indian corporate including Transworld Infotech continue to bell the weather despite of continuous pressure due to drop in new orders, longer sales cycles and pressures in billing rates. But all said and done Nevertheless, Indian software industry remains a strong force to reckon within the global IT market, which is expected to increase manifold as per the latest studies conducted world over.

Transworld Infotech believes that its business fundamentals and the value proposition to its customers remain intact despite current performance and initiatives are being taken to consolidate the existing business and prospect new business given the inherent strength and legacy of the Company. The efforts as such have borne fruit to a considerable extent with sizeable order book available for execution.

b. Opportunity and Threats :

Opportunity

The company commands good brand image in the IT segment it deals in with. The company's ability to effectively deliver competitively priced and quality niche software solutions and products in the market would hold it in good stead in the years to come. The company has an ability to seamlessly provide offshore and onsite services for customers world over. It is this capability to offer blended services that provides a significant opportunity in this competitive market. The company's revenue are generated primarily from the software and application development and consultancy services. Revenue recognition is done on the basis of the nature of work as may be specified in the Agreement or the Statement of work. This could be on time and material basis on fixed basis or on attainment of certain milestones.

There is an ongoing effort on the part of the company to streamline and rationalize its operations in order to achieve significant cost savings streamline delivery capabilities and selective manpower recruitment.

Threats

Outsourcing has become selective, competition is very high and price cutting is rampant. Some MNCs are setting up their own back end development centers in India. Transworld Infotech is trying to meet the above situation interalia by aggressive marketing, relentless focus on improvement of work timelines and technology, in-house R & D upgradation, cost control measures, cutting off dead flab and strict quality control.

c. Outlook :

The Indian software industry has experience explosive growth in recent years. It remains one of the fastest growing sectors of the Indian economy, employing nearly a million professional. The World Bank rates India as the world's leading offshore development centre for software. Many of the world's leading IT and telecommunications companies have established their own development centers in India, taking advantage of a highly-skilled, English speaking workforce at a comparatively low cost. The emergence of India as a location for IT-enabled service, including business process outsourcing, has helped keep industry revenues up at a time when IT markets globally have been stagnating.

The Company expects to tide over its poor performance and hopes that the year 2007-08 would post better performance packed results. Transworld has currently several orders in the pipeline and is looking forward to converting many of them into revenue during the fiscal 2008. The company is revamping its sales force and expects to add new clients and grow the revenues at rates higher than what has been achieved in the recent past.

d. Risks and Concerns :

The revenue growth and profitability of the business of Transworld Infotech depends is subject to the following factors :

- Changes in the domestic and international economic and business conditions
- Competition on the product and price front.
- Foreign exchange fluctuation
- Length of the sales cycle
- Success in expanding the global operations through direct sales force and indirect distribution channels.
- Products or Service Mix
- Activities of the competitors
- Allocation of resources
- Technical manpower ability

e. Internal control systems and their adequacy :

The internal control systems are being fine tuned in line with the changing requirements in the industry. The management regularly reviews the internal control systems in the areas of finance, Order procurement, sales and marketing. Thus emphasis on internal control system is spread over across all major functions and processes.

Now with regular review of the system by the Audit Committee of the Board, the internal control within the organization would be further strengthened.

f. Financial performance :

Financial performance of the Company has been indicated in the Directors' Report.

h. Human Resources / Industrial relations :

Your Directors believe that employees are the most valued assets of the organization. Thus, all the human resources practices are directed towards enhancing the value of these assets. The focus of the management is on the organizational development and to imbibe new organization values – entrepreneurship, teamwork achievement and commitment. Several work shops and / or communication meetings, were organized and would be continued to be so organized, by the Company with a view to achieve these organizational values.

The relations between the management and workmen have remained cordial.

i. Cautionary Statement

Management Discussion and Analysis detailing the Company's objectives and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand – supply conditions, changes in Government regulations, tax regimes, economic developments within India and Overseas.

AUDITORS' REPORT

To the Members of
TRANSWORLD INFOTECH LIMITED

1. We have audited the attached Balance Sheet of TRANSWORLD INFOTECH LIMITED as at 30th June, 2007 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on this financial statement based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub Section (4A) of section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
 - b) In our opinion, Proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors as on 30th June, 2007 and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified as on 30th June, 2007 from being appointed as a Director in terms of Clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other notes thereon give, the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2007;
 - ii) In the case of the Profit & Loss Account, of the Profit of the company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **H.S. HATHI & CO.**
Chartered Accountants

HEMANT S. HATHI
(Partner)

Place : Mumbai
Dated : 5th December, 2007



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF TRANSWORLD INFOTECH LIMITED ON THE ACCOUNTS AS AT AND FOR THE PERIOD ENDED 30th June 2007.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management based on a phased program of verification of all the assets during the year, which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- (c) As per the information and explanations given to us, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) (a) As per the information and explanations given to us, there is no trading or manufacturing activities in the company during the year, as a result there are no inventories in the company during the year. Therefore the clause is not applicable.
- (b) The clause is not applicable to the company as explained above.
- (c) The clause is not applicable to the company as explained above.
- (iii) The Company has not granted any unsecured loan to a company covered in the register maintained under section 301 of the companies Act, 1956. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and sales of Goods and service. We have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of Goods and materials and sales of Goods, material & services made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs.5,00,000/- or more in respect of each party.
- (vi) The Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and provisions of section 58A and 58AA or any other relevant provisions of the companies Act, 1956 and rules framed there under are not applicable for the year under audit.

- (vii) In our opinion, the Company has an internal audit System commensurate with the size and nature of its business.
- (viii) The maintenance of cost records has not been prescribed by the Central Government of India under section 209 (1) (d) of the companies Act, 1956 for the products manufactured by the company.
- (ix) (a) According to the records of the company, the company has been regular in depositing with appropriate authorities, Undisputed statutory dues including Provident Fund, Income tax, Sales Tax / VAT, Wealth Tax, Service Tax, Custom Duty, Cess and other statutory dues.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at the 30th June 2007 for a period of more than six months from the date they became payable .
(c) According to the information and explanations given to us, there are no such statutory dues which have not been deposited on account of any dispute.
- (x) The Company neither has Accumulated losses nor it has incurred any cash losses during the year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of the dues to financial institutions or banks.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us by the management, the company has not given any Guarantee for loan taken by other from banks or financial institutions.
- (xvi) According to the information and explanations given to us by the management, the Company has not taken any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term assets except permanent working capital.



- (xviii) According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under section 301 of the companies Act, 1956.
- (xix) The Company has not issued any debentures and hence clause 4(XIX) of the companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) During the year covered by our report the company has not raised any money by way of public issue.
- (xxi) According to the information and explanations given to us no frauds on or by the company has been noticed or reported during the year.

For H. S. HATHI & CO.
Chartered Accountants

Place : Mumbai
Dated : 5th December, 2007

HEMANT S. HATHI
(Partner)

BALANCE SHEET AS AT 30TH JUNE 2007

	Schedule	As at 30th June 2007 Rs.	As at 30th June 2006 Rs.
SOURCES OF FUNDS			
1 Shareholder's Funds :			
a) Share Capital	1	186,750,000	186,750,000
b) Reserves & Surplus	2	144,940,651	99,922,042
		<u>331,690,651</u>	<u>286,672,042</u>
2. Loan Funds :			
a) Secured Loans		-	-
b) Unsecured Loans		-	-
3. Deferred Tax Liabilities		12,200,000	11,700,000
		<u>12,200,000</u>	<u>11,700,000</u>
TOTAL FUNDS EMPLOYED		<u>343,890,651</u>	<u>298,372,042</u>
APPLICATION OF FUNDS			
1. Fixed Assets :	3		
a) Gross Block		472,002,552	365,149,103
b) Less : Depreciation		276,323,272	228,558,307
		<u>195,679,280</u>	<u>136,590,796</u>
c) Net Block		195,679,280	136,590,796
d) Capital Work-in-progress		-	53,558,253
2. Investments	4	3,395,256	895,256
3. Current Assets, Loans and Advances			
a. Current Assets	5	31,092,246	78,540,438
b. Loans & Advances	6	394,262,751	31,699,776
		<u>425,354,997</u>	<u>110,240,214</u>
Less : Current Liabilities & Provisions			
a. Current Liabilities	7	273,560,452	1,836,513
b. Provisions	8	6,978,430	1,075,964
		<u>280,538,882</u>	<u>2,912,477</u>
Net Current Assets		144,816,115	107,327,737
4. Miscellaneous Expenditure	9	-	-
TOTAL ASSETS		<u>343,890,651</u>	<u>298,372,042</u>
NOTES TO THE ACCOUNTS	12		

As per our report of even date
For H. S. Hathi & Co

Chartered Accountants
Hemant S. Hathi

Partner

Place : Mumbai
Dated : 5th December 2007

For and on behalf of the Board

Ramani Iyer
R. B. Dixit
H. N. Patel
(Directors)
Sunil Joshi
(Company Secretary)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2007

	Schedule	For the year ended 30th June 2007 Rs.	For the year ended 30th June 2006 Rs.
INCOME			
Income from operations		205,264,356	144,169,462
Miscellaneous Income		848,301	723,918
Total		206,112,657	144,893,380
EXPENDITURE			
Software Development	10	91,316,319	56,194,978
Administrative & Other Expenses	11	16,012,763	10,011,954
Depreciation		47,764,966	34,146,922
TOTAL		155,094,048	100,353,854
PROFIT/(LOSS) BEFORE TAXATION		51,018,609	44,539,526
Provision for Tax		5,500,000	4,650,000
Provision for Deferred Tax		500,000	-
PROFIT/(LOSS) FOR THE YEAR		45,018,609	39,889,526
Extra Ordinary Expenditure		-	-
PROFIT AVAILABLE FOR APPROPRIATION		45,018,609	39,889,526
APPROPRIATIONS:			
-Proposed Dividend		-	-
-Dividend Tax		-	-
-Amount transferred to General Reserve		-	-
-Surplus carried to Balance Sheet		45,018,609	39,889,526
NOTES TO THE ACCOUNTS		12	

As per our report of even date
For **H. S. Hathi & Co**

For and on behalf of the Board

Chartered Accountants
Hemant S. Hathi

Partner

Place : Mumbai
Dated : 5th December 2007

Ramani Iyer
R. B. Dixit
H. N. Patel
(Directors)
Sunil Joshi
(Company Secretary)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2007

	As at 30th June 2007 Rs.	As at 30th June 2006 Rs.
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
200,000,000 Equity Shares of Re. 1/- each (Previous Year : 200,000,000 Equity Shares of Re. 1/- each)	200,000,000 =====	200,000,000 =====
ISSUED & SUBSCRIBED :		
186,750,000 Equity Shares of Re. 1/- each Fully Paid up (Previous Year 186,750,000 Equity Shares of Re. 1/- each) (Includes 155,625,000 equity shares of Re. 1/- each allotted as fully paid up bonus shares by capitalisation of General Reserve)	186,750,000 =====	186,750,000 =====
SCHEDULE 2 - RESERVES & SURPLUS		
a) General Reserve		
As per Last Balance Sheet	50,000,000	50,000,000
Add : Transferred from Profit & Loss Account	--	--
	----- 50,000,000	----- 50,000,000
b) Profit & Loss A/c.		
As per last Balance Sheet	49,922,042	10,032,516
Add : Transferred from Profit & Loss Account	45,018,609	39,889,526
	----- 94,940,651	----- 49,922,042
	----- 144,940,651 =====	----- 99,922,042 =====

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2007

SCHEDULE 3 - FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 1/7/2006	Additions	As on 30/6/2007	As on 1/7/2006	For the Year	As on 30/6/2007	As on 30/6/2006	As on 30/6/2007
Land	14,687,963	-	14,687,963	-	-	-	14,687,963	14,687,963
Building	106,862,947	47,368,070	154,231,017	9,881,101	2,289,604	12,170,705	96,981,846	142,060,312
Computer Systems, Peripherals & other Hardware	217,906,304	53,234,726	271,141,030	206,205,431	43,366,842	249,572,273	11,700,873	21,568,757
Office Equipments, Furniture & Fixtures	19,883,740	5,486,527	25,370,267	8,837,176	1,498,076	10,335,252	11,046,564	15,035,015
Vehicles	5,808,149	764,126	6,572,275	3,634,598	610,444	4,245,043	2,173,551	2,327,232
Grand Total	365,149,103	106,853,449	472,002,552	228,558,307	47,764,966	276,323,273	136,590,796	195,679,279
Previous Year	334,714,711	30,434,392	365,149,103	194,411,385	34,146,922	228,558,307	140,303,326	136,590,796
Capital Work in Progress	-	-	-	-	-	-	-	-

(20)



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2007

	As at 30th June 2007 Rs.	As at 30th June 2006 Rs.
SCHEDULE 4 - INVESTMENTS		
Quoted & Fully Paid Up	3,030,817	530,817
Unquoted & Fully Paid up	364,439	364,439
	-----	-----
	3,395,256	895,256
	=====	=====
SCHEDULE 5 - CURRENT ASSETS		
Sundry Debtors (Unsecured & Considered Good)		
Debts Outstanding for a period exceeding 6 months	2,986,354	2,465,175
Other Debts	16,756,409	45,896,205
	-----	-----
	19,742,763	48,361,380
	-----	-----
Cash & Bank Balances		
Cash on hand	695,862	595,625
Bank Balance with Schedule Banks in Current A/c and Fixed Deposits	10,653,621	29,583,433
	-----	-----
	11,349,483	30,179,058
	-----	-----
TOTAL	31,092,246	78,540,438
SCHEDULE 6 - LOANS & ADVANCES		
Advance Recoverable in cash or kind for value to be received	385,065,983	28,134,069
Loans	2,869,862	2,096,710
Others	6,326,906	1,468,997
	-----	-----
	394,262,751	31,699,776
SCHEDULE 7 - CURRENT LIABILITIES		
Sundry Creditors	13,536,895	812,506
Other Liabilities	260,023,557	1,024,007
	-----	-----
	273,560,452	1,836,513
SCHEDULE 8 - PROVISIONS		
Provision for expenses	1,478,430	1,075,964
Provision for taxation	5,500,000	-
Provision for Dividend	-	-
	-----	-----
	6,978,430	1,075,964
	-----	-----
SCHEDULE 9 - MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary & Share Issue Expenses	-	-
	-----	-----
	-	-
	-----	-----

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2007**

	As at 30th June 2007 Rs.	As at 30th June 2006 Rs.
SCHEDULE 10 - SOFTWARE DEVELOPMENT EXPENSES		
Salaries, Bonus, Incentive and other employee benefits	68,294,157	34,510,562
Staff Welfare	4,467,259	3,982,545
Communication Expenses	3,908,754	3,585,754
Cost of Software Packages/Products	11,448,627	11,486,200
Post-sale Customer Support	812,588	684,235
Computer Maintenance	1,060,247	849,657
Professional Charges	1,324,687	1,096,025
	-----	-----
	91,316,319	56,194,978
	=====	=====
SCHEDULE 11 - ADMINISTRATIVE & OTHER EXPENSES		
Travelling & Conveyance	3,280,503	1,705,961
Training & Development	2,761,561	1,495,861
R & D Expenditure	2,056,201	565,930
Legal & Professional Expenses	695,530	421,500
Auditor's Remuneration	45,000	45,000
Office Expenses	3,986,542	3,439,415
Commission & Brokerage	821,856	537,890
Advertisement & Publicity	711,245	454,628
Financial & Other Expenses	503,469	228,761
Rent, Rates & Taxes	1,150,856	1,117,008
	-----	-----
	16,012,763	10,011,954
	=====	=====

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 12 - SCHEDULE AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), and materially comply with the mandatory accounting standards issued by the institute of Chartered Accountants of India and the Provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported accounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete software development, provision for doubtful debts, and the useful life of fixed assets. Actual results could differ from these estimates.

3. Revenue recognition

Revenue from fixed-price contracts is recognized principally on the basis of completed milestones as specified in the contracts, on a percentage of completion basis. Where milestones are not representative of the percentage of completion method, estimates of work completed to the Balance Sheet date are used to recognize revenue on fixed-price contracts. Revenue from software developed on a time-and-materials basis is recognized as per the terms of specific contracts.

4. Fixed assets and capital work in progress

Fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. Direct costs are capitalized until the assets are ready to be put to use.

5. Depreciation at the rates specified in schedule XIV of the Companies Act, 1956

Depreciation on fixed assets is provided using the straight-line method at the rates specified in the schedule XIV of the Companies Act, 1956. It is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing Rs. 5,000/- or less are depreciated in full in the year of purchase.

6. Investments

Long Term investments are stated at cost. Other investments are stated at the lower of cost or market value. Any decline, other than temporary in the value of long term investments (including investments in subsidiaries) is charged to the Profit & Loss Account.

7. Retirement Benefits

Retirement benefits payable to the employees are accounted for on cash basis as and when paid.

A. NOTES TO ACCOUNTS :

1. Earnings in Foreign Currency (FOB value)	Year Ended 30 th June, 2007 Rs.	Year Ended 30 th June, 2006 Rs.
Income from Software Service and products	4544691.98	Nil
2. Expenditure in Foreign Currency	Year Ended 30 th June, 2007 Rs.	Year Ended 30 th June, 2006 Rs.
Travel Expenses	79500.00	Nil
Other Expenditure incurred Overseas for software development	18533625.00	3438216
	-----	-----
	(14068433.02)	3438216
	-----	-----
3. Value of Imports on CIF basis	-	-
4. Quantitative Details:		

The Company is engaged in the development of Computer Software. The production and sale of such software can not be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under paragraph 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.

5. Auditors' Remuneration

	Year Ended 30 th June, 2007 Rs.	Year Ended 30 th June, 2006 Rs.
Statutory Audit Fees	35,000	35,000
For Other Services	10,000	10,000
Out of Pocket Expenses	7,800	7,800
	-----	-----
	52,800	52,800
	-----	-----

6. Contingent Liabilities

Estimated amount of contracts remaining to be provided on Capital Account	Nil	Nil
Guarantees Given by the Company	-	-
	-----	-----
	Nil	Nil
	-----	-----

7. Figures of previous year have been regrouped to confirm to current year's presentation.

As per our report of even date

For H. S. Hathi & Co
Chartered Accountants

Hemant S. Hathi
Partner

Place : Mumbai
Dated : 5th December 2007

For and on behalf of the Board

Ramani Iyer
R. B. Dixit
H. N. Patel
Directors
Sunil Joshi
Company Secretary

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

	Year Ended 30 th June, 2007	(Rs. in Lacs) Year Ended 30 th June, 2006
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra ordinary items	510.19	398.90
Adjustment for :		
Depreciation and Amortisation	477.65	341.47
Financial Charges	-	-
Dividend Charges	-	-
Profit on Sale of Fixed Assets	-	-
Shares Issue Expense	-	-
Prior Year Adjustments	-	-
Operating Profit before working adjustments for	987.84	740.36
Adjustment for :		
Trade Receivables	286.18	(146.40)
Other Receivables	(3625.63)	475.88
Inventories	-	-
Trade Payables	2721.26	2.47
Interest Paid	-	-
Direct Tax Paid	-	-
Cash flow before extra ordinary items	369.65	1,072.32
Extra Ordinary Items	-	-
Net Cash Flow from operating Activities	369.65	1,072.32
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(532.95)	(839.93)
Sale of Fixed Assets	-	-
Dividend Received	-	-
Sale /(Purchase) Investments	(25.00)	-
Net cash used in investing activities	(557.95)	(839.93)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from long term borrowings	-	-
Repayments of Long term Borrowings	-	-
Share Issue Expenses	-	-
Net Cash used in financing Activities	-	-
Net Increase/(Decrease) in Cash & Equivalents (A+B+C)	(188.30)	232.39
Cash & Cash Equivalents as at July (Opening)	301.79	69.40
Cash & Cash Equivalents as at June (Closing)	113.49	301.79

We have examined the attached Cash Flow Statement of Transworld Infotech Limited for the year ended 30th June 2007 and 30th June, 2006. The statement has been prepared by the company in accordance with the listing agreements of the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of the even date to the members of the Company.

For **H. S. HATHI & CO.**
Chartered Accountants

Place : Mumbai
Dated : 5th December, 2007

HEMANT S. HATHI
(Partner)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. REGISTRATION DETAILS

Registration No.	142575	State Code	11
CIN No.	U72300MH2003PLC142575		
Balance Sheet Date	30/06/2007		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

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

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities	343890	Total Assets	343890
-------------------	--------	--------------	--------

Source of Funds

Paid Up Capital	186750	Reserves & Surplus	144940
Secured Loans	-	Unsecured Loans	-

Deferred Tax Liability	12200
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Application of Funds

Net Fixed Assets	195679	Investments	3395
------------------	--------	-------------	------

Net Current Assets	144816	Miscellaneous Expenditure	-
--------------------	--------	---------------------------	---

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousand)

Total Turnover	205264	Total Expenditure	155094
Profit before Tax	51018	Profit (Loss) after Tax	45018
Earning per Share in Rs. (Annualised)	0.24	Dividend Rate %	-
		Face Value in Rs.	1

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per monetary terms)

ITC Code	Not Applicable
Product Description	Computer Software

As per our report of even date

For H. S. Hathi & Co.
Chartered Accountants

Hemant S. Hathi
Partner

Place : Mumbai
Dated : 5th December 2007

For and on behalf of the Board
Ramani Iyer
R. B. Dixit
H. N. Patel
(Directors)
Sunil Joshi
(Company Secretary)