

Annual Report 2000 - 2001



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Aftek Infosys Limited



Annual Report
2000 - 2001



Aftek Infosys Limited

Management Team



BOARD OF DIRECTORS

Ranjit Dhuru	Chairman and CEO
Nitin K. Shukla	Director - Finance
Mahesh B. Vaidya	Technical Director - Software
Sunil M. Desai	Technical Director - Engineering
Ashutosh V. Humnabadkar	Director - Software Driven Products
Promod V. Broota	Director - Marketing
Charuhas V. Khopkar	Director - Quality Assurance
Ravindranath U. Malekar	Director - Software Driven Products - Support
Sandip C. Save	Director - Production
Mukul S. Dalal	Director - Institutional Sales

COMPANY SECRETARY

C. G. Deshmukh

REGISTERED OFFICE

"Aftak House", 265, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai 400 028

SOFTWARE DEVELOPMENT CENTRES

S-14, Laxmi Nagar Industrial Complex, Phase II,
Second Floor, Shahu College Road, Parvati,
Pune 411 009

Pune Small-Scale Industries Co-op Estate Ltd
1st Floor, Veer Savarkar Nagar,
Lahane Road, Gultekdi, Pune 411 037

WORKS

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

BANKERS

The Ratnakar Bank Ltd.
Dr Bhalerao Marg, Anna Balwant Bldg.,
(Kelewadi), Girgaum, Mumbai 400 004

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

AUDITORS

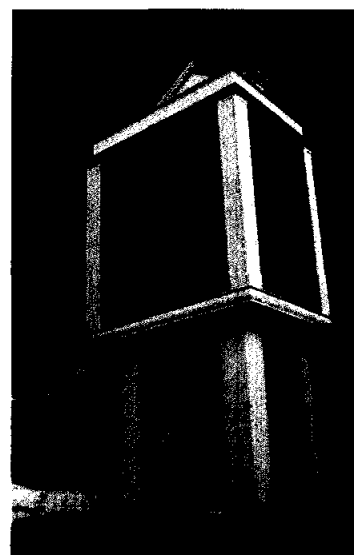
M/s V D Joshi & Co., Chartered Accountants, 2 Jai Ashirwad, Y R Tawde Road, Dahisar (West) Mumbai 400 068

REGISTRARS & TRANSFER AGENTS

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

HRD CONSULTANTS

Zuab Consultants Pvt.Ltd. 10/1, Rustom Baug, Sant Savata Marg, Byculla, Mumbai 400 027





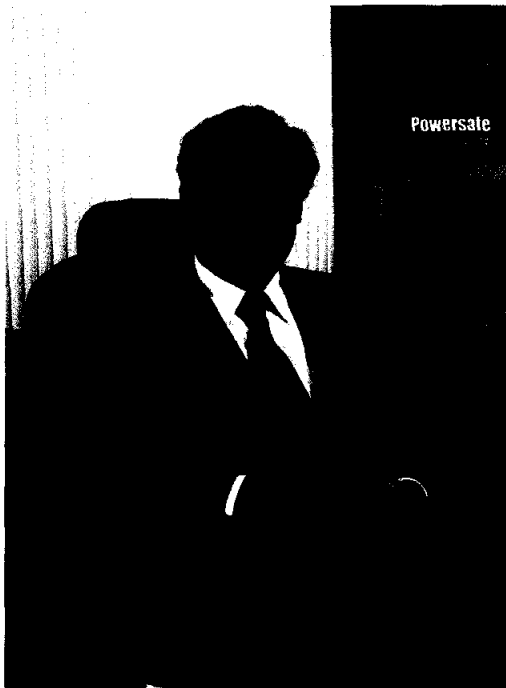
**Growth by
Technological
Innovations
&
Strategic
Alliances**

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AFfordable **TEK**nology.....



Chairman's Message



Dear Stakeholders,

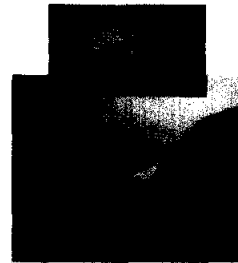
It gives me great pleasure to present before you the 14th annual report of your Company. During the year your Company continued on its path of success, quality deliverance, partnerships and stakeholder value maximization. Your Company found itself energized by a new ethos, adapting change management even as it retained its core philosophy. At Aftek we realized long back that companies of the future would be "driven by change", flexible and adaptive. This constantly improving process is encapsulated by your Company's new corporate signature "ai". It's an effort by your Company in its endeavour to create world-class standards and value creation through IPR's. We realize that brand creation is not just naming or symbolically tagging a product but fulfillment of all promises and guaranteeing top class services and products. Such a brand enjoys top of mind recall from its customers and a high level of brand loyalty.



The most important aspect of a brand's name and symbol is that it silently speaks everything about the company or product. Every name and symbol is associated with certain values, features and it tries to build a relationship with the company or product.

Your Company's new corporate signature "ai" symbolizes what the Company stands for. Your Company has made great strides of progress over the years. With "Affordable Intelligence" to complement "AFFordable TecKnolgy" Aftek Infosys continues to learn, adapt and grow towards achievement of its goals and its new corporate signature attempts to go one step forward and share its vision.

The new corporate signature finds body in the colour blue. Blue symbolizes peace, eternity, sincerity and unity. It represents our desire to be a conscientious corporate citizen, sincere in its mode and commitment and driven by unified objectives of the Company, partner, customer and the employee. The closely set italicized letter "i" signifies human intelligence, a tribute to your company's human resources and its innovative intelligent products which together dream to redefine the scope of human intellect.



The character of information technology has taken a turn in favor of the customer in the last couple of years and the major driver here has been the Internet economy. Our new corporate signature personifies the new Aftek innovative and centered around the customer. It represents Aftek's evolution as the Company goes beyond the traditional to e-business management in the knowledge-based economy. Your Company's focus on e-business management is in line with the global transformation of the information technology business and with a view to enable your Company to forge ties with industry leaders such as Microsoft, IBM and Computer Associates. Microsoft Corporation recognizes e-business management as amongst the seven business practices of the new economy and others such as IBM and CA already get a major share of revenues from this practice.

Mainly from a management perspective, this practice area focuses on the convergence of traditional business and technology. E-business management comprises infrastructure, processes and information.



E-business management

In the era of e-business the demands of many business processes on the availability of relevant IT systems are becoming greater and greater. Breakdowns in business processes can significantly affect competitiveness. Your Company has already gained presence in the infrastructure part of this practice. By means of professional e-business management your Company constructs the stable platform on which enterprises become e-business ready. Future efforts will concentrate on engulfing processes and information sub-practices so as to maximize value creation. The focus on e-business management also de-risks your Company's business model because the audience would mostly be Fortune 1000 companies for whom this would be a core application and size of business and revenues would be the highest.





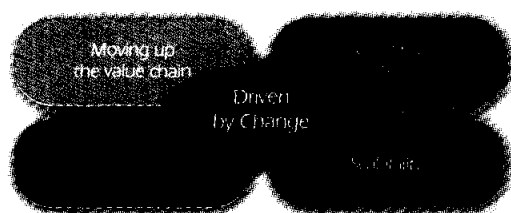
Global Business Strategy

Affordable Intelligence.....



During the year total income increased to Rs. 507.14 million from Rs.208.12 million achieved during the previous year. This represents an increase of 143% over the revenues of the previous year. The profit after taxes increased by 194% to Rs.248.83 million from Rs.84.55 million of the previous year. Your company has set a scorching pace for growth and expects to see substantial future growth from areas of its core expertise: embedded software, systems, mobile and the web. Aftek is now in the process of evolving into a high growth global products company. Aftek sees "embedded Internet", a marriage of embedded systems and Internet technology, as the two highly successful miracle technologies that will propel its global vision attracting the best of people, partners and systems

We have built a reputation for our management philosophy and business model and the future business strategy would concentrate on moving up the value chain, creating Intellectual Property Rights (IPR's), de-risking and scalability.



The concentration on products, both integrated and stand alone, would benefit your company with substantial future value by creation of IPR's. Scalability on a global level is possible only through an enlarged product portfolio. The process will be accelerated by forging alliances and partnerships with global pioneers and industry leaders. The fruition of your company's growth is hedged by a well laid de-risking policy. De-risking enables your company to deliver core technologies and e-business management services, overseas and domestic revenue contributions and alliance with multiple global leaders for its product strategy.

Your company has already set in motion the implementation of its vision.

Phase-I (completed)

- Incorporated Aftek Infosys (USA) Inc., as a products company
- Enrolling Aftek USA as a TEN (The Enterprise Network) member company, a leading incubator set up with assistance from NASA.

Phase-II (under process)

- Expand US/Global operations -Create brand and product recognition in the US and rest of the world
- Create strong marketing network
- Take Aftek Infosys (USA) Inc. to maturity and chart its own financial and business goals

It is expected that the completion of these processes will add significant value to the parent company and maximize stakeholder wealth.

Stakeholder

Your company has achieved substantial growth and profitability in the face of an ongoing economic slowdown, particularly in the key US markets. Prudent risk management is a key requirement for any global business and is an integral part of our business strategy. Consequently, Aftek realizes the need to broad base its service offerings to more than one geographic concentration. Already, your Company has made significant inroads for its services business in Germany and France. Efforts are on to further de-risk by making quality services available to the rest of the European nations. On its home turf, Aftek has found substantial interest for its smart card based embedded products. The company is working closely with leading state and city transport corporations to implement smart card ticket readers for public transport buses. Apart from this your company has bagged significant contracts from some of India's leading corporates and is in advanced stages of discussions with few others. Aftek aims to provide its domestic constituency with the same high quality service and products that has made it a partner of choice for many of the world's leading companies and institutions.

Smart Products	
Smart card based embedded products for	PDA
• Banking	• Utility companies
• Transportation	• Pigmy Banking
• Toll Systems/Parking	• Transportation
• Access Control	• Remote data collection
• Vending Machines	
• Health Care	
• E-commerce	

Finally, on behalf of the board of directors and the management I place on record our appreciation and gratitude to the men and women who have made it possible for your Company to traverse a highly successful year. I thank you all for your continued support and confidence and renew our promise to all stakeholders to make Aftek a world-class organization.

Yours truly,

Ranjit Dhuru

Chairman and CEO

Aftek®

Management's discussion and analysis



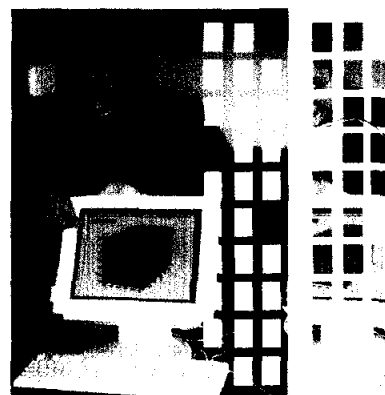
The Indian software industry has demonstrated impressive growth over the last decade, with software revenues registering a Compounded Annual Growth Rate of 56.5% in the last 5 years. (Source: NASSCOM). The opportunities for Indian software companies are considerable as it offers high quality development at competitive costs. Despite the recent slowdown in the sector, software continues to remain one of the fastest growing areas of the Indian economy.

Today IT touches every aspect of the enterprise connecting with customers, suppliers and partners around the globe. E-business management has become a crucial area for all enterprises around the world. Aftek recognizes the criticality of E-business management and its business focus is shaped by this enterprise wide need. The Company's solutions both products and services are focused on the embedded, mobile, systems and web spheres that are among the fastest growing in the IT sector.

Aftek's focus on both products and services business model highlights the need to create an optimum reward-risk profile for its business. Thus, Aftek aims at creating Intellectual Property Rights (IPRs) and scalability of operations while it maintains lowered risks of operations by providing software development services to a wide range of overseas and domestic clients. The management believes that this model will ensure a scalable portfolio of products and services leading to increasing revenues and margins creating an optimal business mix for maximizing shareholder return at a

lower risk profile, distinct from other Indian software companies which are almost entirely services focused.

Aftek's global ambitions center around its US subsidiary Aftek Infosys (USA), which has been partnered by TEN - The Enterprise Network which is a leading Silicon Valley non-profit entrepreneurial resources center that provides support for high-tech startups in partnership with NASA. Over the last seven years, TEN has helped over 60 successful hi-tech companies raise over \$600 million in equity capital and represents a portfolio that includes eBay, iPrint, Xros Inc : now acquired by Nortel Networks, valued at over \$40 billion. Similar partnerships and initiatives in US and other regions will reduce the time and cost to market in key segments. This strategy will ensure rapid market penetration at lower risk.



Annual Report 2000-01



Promod Broota
Marketing Director

Aftek realizes that to become a global E-business management major, the company needs to tap and offer services across different geographic spreads and technology platforms. Year 2000-'01 saw the company enter newer markets of Japan, France and Germany. Future plans include offering these services and products across other European Union countries. Similarly, Aftek's products and services offerings are being extended across platforms and systems to ensure that it can reach a larger audience of users.

Scalability of operations is core to Aftek's business strategy. Enhanced marketing efforts and technological innovations are expected to build in scalable operations and competitive advantages. As in the current year, much of the future growth is expected to be driven by the products. These include the established products line of Powersafe and new intelligent products line: Jadoogar- for real time systems, WMI/SMS Bridge for mobile computing and Storage Area Network (SAN) products.

Aftek's UPS management software, Powersafe, was gold certified in March 2000 and also declared CA-Smart in August 2001 by Computer Associates. The CA-Smart seal is a coveted recognition and puts Aftek in the elite company of 19 other such recipients that includes Compaq, IBM, Nokia and Sun Microsystems. The success of Powersafe and its quality endorsement by CA has opened up new vistas for the Company. Scalability on this line of operations is envisaged by making Powersafe adaptable to Sun Solaris, HP UX, IBM AIX and Linux operating systems. This would enlarge the Company's target close to 100,000 customers from the current 20,000 customers. Also, Powersafe upgrade path would be in line with that of future Unicenter releases and include additional utilities incorporating customer feedback and technology advancements. Further scalability and de-risking would be maintained by tying up with HP OpenView, BMC for web based E-business management, IBM Tivoli for real-time systems and with Microsoft for WMI/SMS.

On the services side of the business Aftek has competencies in the embedded, mobile, systems and web spheres. Excellent client referrals and product endorsement such as CA-Smart have enabled the company to service a growing customer base including those in European and Japanese markets. Aftek's E-business management products have enabled the company easy access to Fortune 1000 clients. Such enterprises are leaders in adopting new solutions that subsequently are "followed" by rest of the market enabling rapid growth of Aftek's reach. The acceptance of Aftek's products in this segment also enables the marketing team to leverage these relationships and promote its development services. In addition to existing partnerships, Aftek has recently signed up with consulting companies ITS Inc., USA and NihonSutra, Japan to service their clients through its offshore delivery channel. The Company is in discussion with other potential partners.

Financial Status



Nitin Shukla
Finance Director

Share Capital

The Company has at present only one class of equity shares having a par value of Rs.10 each.

Reserves and Surplus

During the year under review there has been no change in the Share Premium Account. An amount of Rs.30 million has been transferred to General Reserves as against Rs.10 million during the previous year. Profit transferred to balance sheet has been Rs.202.30 million as against Rs.59.90 million during the previous year.

Secured Loans

During the year the Company paid back its entire debt of Rs.0.73 million. The Company is completely debt free and it highlights the strength of its balance sheet.

