

# Getting into our own DNA

**ANNUAL REPORT  
2009-2010**

## FINANCIAL SNAPSHOT

(Rs. in crores)

	FY'10	FY'09	FY'08	FY'07	FY'06*	FY'05	FY'04	FY'03	FY'02	FY'01
Total Income	185.39	315.99	398.84	341.02	202.86	198.00	140.50	99.36	67.44	50.71
Export Sale	179.39	213.72	377.11	329.73	191.30	191.36	134.37	91.54	57.37	40.92
Total Expenses	95.43	140.22	282.53	232.49	121.67	119.18	77.94	51.93	31.75	23.45
Operating Profit	89.96	175.77	116.31	108.53	81.18	78.82	62.56	47.43	35.69	27.26
Profit Before Tax	2.95	119.48	83.63	92.82	67.83	60.80	47.72	42.70	34.65	26.41
Profit After Tax	0.28	116.73	80.94	90.52	67.39	59.80	47.31	40.08	33.67	25.10
Exceptional Items	-	(129.49)	-	-	-	-	-	-	-	-
EPS (Rs.) Rs.10 per share	-	-	-	-	-	-	-	53.06	56.11	41.47
EPS (Rs.) Rs.2 per share – Basic	0.03	(1.37)	8.66	10.44	8.25	7.73	6.31	10.61	-	-
EPS (Rs.) Rs.2 per share – Diluted	0.03	(1.37)	8.23	9.83	8.15	7.68	6.31	-	-	-
Networth	723.67	728.49	730.47	621.59	538.30	459.44	280.18	238.58	132.04	101.52
Fixed Assets	348.14	280.88	139.64	99.06	12.69	24.04	40.44	43.83	8.47	9.46
Net Current Assets	345.72	418.80	474.61	403.85	406.35	374.40	178.35	132.84	114.53	81.91
Dividend Per Share (%)	-	-	25.00	50.00	50.00	50.00	50.00	50.00	35.00	25.00
Share Capital	18.70	18.70	18.70	17.45	17.14	15.00	10.00	10.00	6.00	6.00
Reserve & Surplus	615.46	617.12	632.46	563.32	463.50	314.86	270.18	228.58	126.04	95.52

\* For a period of nine months since the Company's financial year changed to end on 31.03.06.

## MESSAGE FROM THE CHAIRMAN AND CEO



Dear Shareholders,

The economic up-swing has begun. The sunshine, though feeble, is yet felt and as quarters go by, it is getting stronger and warmer. With cautious optimism one can say that the economic up-turn is here to stay. Towards the end of last year, the conversion from the funnel to order ratio improved for our software services business which largely comes from US and Europe. In this current year, it is getting even better. Engagements are improving, new client enquiries have significantly increased and long-term contracts for software work are being negotiated.

The economies of India and China are bouncing back and growth is inching towards double-digits. Government investment, particularly in India, in various sectors like infrastructure, health-care, defence, transportation etc has shown a significant rise. India is committed to improving its economic prime movers and investments are being augmented. With this emerging positive economic landscape, technology companies like ours cannot miss this opportunity. Your Company's core strength has always been in product engineering and providing end-to-end solutions in various verticals. In the past, your Company confined this activity to fulfilling the requirements of its overseas clients where the business model and the marketing was the client's prerogative. After detailed study in the last two years your Company has identified a few verticals, namely, transport, health-care, retail, logistics etc in which product engineering and end-to-end solutions could be implemented and with marketing tie-ups taking place this market has started showing great promise. To cite a few examples, in the intelligent transportation systems, tie-ups with companies like IBM, Abhibus, etc., are already in place and large tenders are being sought by these companies to implement the ITS system under the JNNURM Scheme, similar partnerships have been created in logistics and health-care. Initial pilots have had a successful run and major engagements are underway.

Dear Shareholders, this is a strategic move to balance the core factors driving your Company's growth. Over-dependance on the overseas business has taught us a bitter lesson and the Company's management has devised a new thinking in its strategy to insulate the Company from such situations in the future. Using technology created by your Company in end-to-end solutions for the domestic markets would ensure a sustained revenue from our own country whose economic growth is going to be on an upward swing for the next few decades. Thus, the strategic shift towards using our own DNA to our advantage!

Yours truly,

**RANJIT DHURU**  
**Chairman & CEO**

## **BOARD OF DIRECTORS**

MR. RANJIT DHURU  
MR. NITIN K SHUKLA  
MR. MUKUL DALAL  
DR. S S S P RAO  
MR. V J MASUREKAR  
MR. MAHESH NAIK  
MR. SANDIP C SAVE

CHAIRMAN & MANAGING DIRECTOR  
WHOLE-TIME DIRECTOR  
WHOLE-TIME DIRECTOR  
NON-EXECUTIVE DIRECTOR  
NON-EXECUTIVE DIRECTOR  
NON-EXECUTIVE DIRECTOR  
NON-EXECUTIVE DIRECTOR

## **MANAGEMENT TEAM**

MR. RANJIT DHURU  
MR. NITIN K SHUKLA  
MR. MUKUL DALAL  
MR. MAHESH B VAIDYA  
MR. C V KHOPKAR  
MR. RAVINDRANATH MALEKAR  
MR. AMIT RAJE

CEO  
CFO  
ED-INTERNATIONAL SALES & MARKETING (SMART PRODUCTS)  
CTO  
SR VICE-PRESIDENT-QUALITY & HRD  
SR VICE-PRESIDENT-SUPPORT  
SR VICE-PRESIDENT (ENGINEERING)

## **COMPANY SECRETARY**

C G DESHMUKH

## **REGISTERED OFFICE**

“AFTEK HOUSE”,  
265, Veer Savarkar Marg,  
Shivaji Park, Dadar,  
Mumbai 400 028  
Website:www.aftek.com

## **SOFTWARE DEVELOPMENT CENTRES**

### **Software Centre - I**

50/24 Pralhad Arcade,  
Bhakti Marg,  
Off Law College Road  
Erandwane, Pune 411 004

### **Software Centre – II**

Pawan Complex, S. No. 45/8+9/B,  
Shilvihar Colony,  
Off Karve Road,  
Kothrud, Pune 411 038

## **WORKS**

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

## **BANKERS**

State Bank of Bikaner and Jaipur  
Commercial Network Branch  
239, P.D'Mello Road, Near G.P.O.  
Mumbai – 400 001

Bank of India  
Gohil House,  
L.J. Road,  
Mumbai 400 026

## **AUDITORS**

GMJ & Co  
157, Bldg No.6 Mittal Estate,  
Andheri Kurla Road, Marol Naka,  
Andheri (East),  
Mumbai – 400 059

## **REGISTRAR & TRANSFER AGENT**

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

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**NOTICE**

**NOTICE** is hereby given that the 23rd Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Wednesday, the 29<sup>th</sup> September 2010 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 to transact the following business:

**Ordinary Business:**

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended March 31, 2010, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Nitin Shukla, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. S S S P Rao, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mahesh Naik who retires by rotation, and being eligible, offers himself for reappointment.
5. To consider, and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

“RESOLVED THAT M/s GMJ & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the said Auditors, plus reimbursement of service tax, out-of-pocket and travelling expenses actually incurred by them in connection with the Audit.”

By Order of the Board of Directors

C G Deshmukh  
Company Secretary

**Registered Office:**

“AFTEK HOUSE”,  
265, Veer Savarkar Marg,  
Shivaji Park, Dadar, Mumbai – 400 028

Dated : August 31, 2010

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 25th September, 2010 to Wednesday, the 29th September, 2010 (both days inclusive) for annual closing in compliance with clause 16 of the Listing Agreement executed with the Stock Exchanges.
3. Members holding shares in physical form are requested to notify immediately any change in their addresses with PIN Code to the Company's Share Transfer Agent, M/s.Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400072, and in case they hold shares in demat form, this information should be passed on directly to their respective Depository Participants and not to the Company.
4. Pursuant to the provisions of Section 205A and Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. Members should note that no claims can be made by the shareholders for the unclaimed Dividends which are transferred to the credit of The Investor Education & Protection Fund. Therefore, members who have not yet encashed the dividend warrants for the year ended June 30, 2003 and/or subsequent dividend payments are requested to make their claims to the Company.
5. As per the provisions of the Companies Act, 1956, facility for making nomination is available for Members in respect of shares held by them in physical form. Nomination Forms can be obtained from the Company's Share Registrar and Transfer Agent.
6. Members desirous of obtaining any information concerning the accounts of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the meeting.
7. Members who hold shares in electronic form are requested to bring their depository account number for easy identification and attendance at the meeting.
8. Members who are still holding the shares in physical form may consider surrendering the shares with the concerned Depository Participant since it is advantageous to hold the shares in demat form.
9. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking re-appointment at the ensuing Annual General Meeting, are contained in the Annexure hereto.

**ANNEXURE****DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 23RD ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

<b>Particulars</b>	<b>Mr. Nitin Shukla</b>	<b>Dr. S S S P Rao</b>	<b>Mr Mahesh Naik</b>
Date of Birth	18/10/1957	02/07/1942	01/02/1953
Date of Appointment	25/03/1986	27/03/2002	27/03/2002
Expertise in specific functional area	Has been associated with the computer industry for the past 28 years. He has experience in the field of accounts, banking, finance and customs.	Holds Ph.D. (CSE) from Department of Computer Science & Engineering, IIT-Bombay. Prof. Dr. Rao held the position of Head of Department of Computer Science & Engineering at IIT-Bombay from August 1985 to June 1991. Prof. Dr. Rao was on deputation to TIFR from IIT-Bombay to work on a defence research project from 1972 to 1975. He was also one of the Technical Members of the EC 1030 committee who visited Yerevan, State of Armenia, USSR from 1973 to 1974 to participate in the discussion of EC 1030 architecture. In addition, Prof. Dr. Rao also has to his credit, a number of publications/conference papers in IT industry and is associated with various institutions, universities, government departments and committees in various capacities. After serving IIT-Bombay for forty years, Prof. Dr. Rao retired as professor from IIT-Bombay in 2005 and he worked as Chief Technology Officer, Xilinx India Development Centre, Hyderabad till March 31, 2008. Since April 1st, he is with CMC-Hyderabad as their Chief Advisor and Mentor. He is a permanent member of National Council of the National Information Technology Education, Research & Development Foundation	Has experience in the Information Technology industry for about three decades and has skills in several programming languages and applications. Currently he specializes in the field of Operating Systems, Data Compression, Information Retrieval and Encryption. Mr Naik also has extensive experience in large scale Demographic Survey, Data Collection and Result Presentation.
Qualification(s)	B. Com.	Ph.D.(CSE) from IIT-Bombay	B.Sc. (Hons.) (Physics/Maths) degree plus PG Diploma in Software Computing Technique (PGDST) conducted by NCSDCT (presently known as CDAC) and VJTI
List of outside public companies in which Directorship held as on 31st March, 2010	Nil	Nil	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2010	Nil	Nil	Nil
Shareholding of Nonexecutive directors in the Company (No. of Shares)	N A	16,900 equity shares	27,000 equity shares
Relationship between the directors inter-se	Nil	Nil	Nil

**DIRECTORS' REPORT**

To,  
The Members of Aftek Limited,

Your Directors are pleased to present their 23rd Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

**FINANCIAL PERFORMANCE****Amount (Rs. in lacs)**

<b>PARTICULARS</b>	<b>31/03/2010</b>	<b>31/03/2009</b>
Turnover	<b>18,203</b>	22,035
Profit Before Depreciation	<b>8,620</b>	17,307
Less: Depreciation	<b>8,325</b>	5,359
Profit Before Tax	<b>295</b>	11,948
Less : Provision for Taxation	<b>267</b>	275
Profit After Tax	<b>28</b>	11,672
Less : Exceptional Items	-	12,949
Profit/(Loss) after Exceptional Items	<b>28</b>	(1,277)
Transfer to General Reserve	-	-

**DIVIDEND**

The challenging times, your Company went through last year, have not completely receded. As is apparent from the financials, though stability is visible, growth is still not taking its firm roots. Your Company needs to invest more to see that good growth happens in the future. Under these circumstances, your Directors have not considered it appropriate to recommend any dividend for the year ended 31st March 2010.

**BUSINESS REVIEW & FUTURE PROSPECTS**

Your Company's consolidation process continues and is getting good momentum as time goes by. In spite of reduced top line, the Company's bottom-line improvement is visible. Last year saw a good build up of the sales funnel although the conversion from funnel to order had been slower than expected. However, the increase in conversion from funnel has seen an acceleration towards the end of last year. While business from US is showing healthier growth than the year before, Europe too shows a similar trend. Several new clients have been added by your Company and clients that had gone dormant during the slow-down have revived their engagements. It is to be understood that though client engagement has increased, the business growth with each of these clients has been relatively slow. This is largely due to the clients coming out of the economic melt-down. Your Company expects much better business in the current year as the US economy is showing over 3.5% growth. In Europe, Germany is reporting much better growth than its peers and your Company expects more outsourcing from Europe in the current year.

Your Company's strategy of diversifying, both, geographically and into products is now seeing positive effects. Your Company has forged new partnerships and alliances. These are largely to take the products and technologies to its customers. There has been a significant requirement for software development business in India and its neighbouring countries and your Company is quite alert to these opportunities and has already engaged itself with several domestic clients. Among several verticals like financial, utility, transport, logistics, telecommunication and industrial automation, your Company is now a registered defence contractor with the defence establishment and sees this segment as a significant growth vertical.

**FINANCE**

At an Extra-ordinary General Meeting held on 08th June, 2010, Members had approved by means of a special resolution, the proposal to utilize a sum of Rs.215 Crores (Rupees Two Hundred & Fifteen Crores only) standing to the credit of the Securities Premium Account of the Company by allocating and /or earmarking to adjust product development expenditure incurred and / or to be incurred, diminution in value of investments, if any and loss arising on account of foreign exchange fluctuations. The Hon'ble High Court Judicature at Bombay, vide Order dated 13th August, 2010 has sanctioned the aforesaid utilisation of Securities Premium Account.

As regards 1% Foreign Currency Convertible Bonds Due 2010 ("FCCBs") of USD 10,000 each, out of 3,450 FCCBs issued in 2005, a total number of 2570 FCCBs have already been converted into GDRs/equity shares and balance 880 numbers of FCCBs remained outstanding as on 31st March, 2010. No conversion of FCCBs has taken place during the current year. However, at the behest of the majority bondholders, the Company has initiated the process of re-setting the conversion price of the FCCBs as per applicable pricing guidelines and is in the process of seeking approval from bondholders and the shareholders.

Further, no stock options were exercised during the year.

**DIRECTORATE**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr Nitin Shukla, Dr S S S P Rao and Mr Mahesh Naik retire by rotation and are eligible for re-appointment. Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting.



**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. that in the preparation of the annual accounts for the year ended 31st March, 2010, 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2010 and of the profit of the Company for that period;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts for the year ended 31st March, 2010, on a 'going concern' basis.

**FIXED DEPOSITS**

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

**SUBSIDIARY COMPANIES**

Mihir Properties Pvt Ltd. has earned some rental income and Aftek Sales & Services Pvt Ltd has not carried out any business during the year under review. Digihome Solutions Pvt Ltd (DSPL) has recorded a turnover of 5.81 crores (out of order size of over Rs 40 crores) depending upon the stage of completion of various projects, registering an increase of about 80% over the last year's. The deployment of the large order book of over Rs. 40 crores is now underway and the Company is expected to report a quantum growth in the current year. DSPL is seeing continuous growth, the latest being the prestigious Lavasa Hill City development where all the luxury villas will carry the Digihome Solutions provided by DSPL. Opdex Inc. continues to explore business prospects in Energy sector in the USA. Aftek (Mauritius) Ltd has not carried on any business activity. As reported earlier, Arexera Information Technologies GmbH has gone into liquidation. Arexera Information Technologies AG has not been able to do any business during the year under review.

In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, vide letter bearing number 47/667/2010 –CL-III dated 30th August, 2010 the copies of the annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors seeking such information at any point of time. The annual accounts of the subsidiary companies are also kept for inspection by any investor in the Company's Registered and Head Office and that of the subsidiary companies concerned. The statement pursuant to Section 212 of the Companies Act, 1956 containing details of subsidiaries of the Company, forms part of the Annual Report.

**AUDITORS**

At the ensuing Annual General Meeting, members will be required to appoint Auditors for the current year and fix their remuneration. M/s. GMJ & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

**AUDITORS' REPORT**

The Auditors' observations in paragraph 5 of their report have been explained under Pars B.14, B.16 & B.17 of Notes to Accounts. As regard observations made by the Auditors in the para (ix) (a) of the Annexure to their report, the non-payment of statutory dues is due to delay in the realisation of receivables.

**PARTICULARS OF EMPLOYEES**

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

**CONSERVATION OF ENERGY ETC.**

Your Company endeavors to ensure conservation of energy. However, as a software company, energy costs constitute a small portion of the total cost and there is not much scope for energy conservation. Form A as prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable for software industry. The particulars of Technology Absorption are also not applicable. The Foreign Exchange Earnings and Outgo are as per Para Nos. B 3 (vi) and (v) of the Notes to Accounts.

**OTHER DISCLOSURES**

The disclosures required to be made under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, together with a certificate obtained from the Statutory Auditors confirming compliance, is given in Annexure "B".

Pursuant to Clause 49 of the listing agreement entered into with the Stock Exchanges, the Management Discussion and Analysis, Corporate Governance Report and Practicing Company Secretary's Certificate confirming compliance form part of the Annual Report.

**ACKNOWLEDGEMENT**

Your Directors would like to place on record their sincere appreciation of the continued co-operation, support and assistance given by shareholders, customers, vendors, bankers, service providers, suppliers and employees at all levels.

FOR AND ON BEHALF OF THE BOARD  
 RANJIT DHURU  
 CHAIRMAN & MANAGING DIRECTOR

PLACE : MUMBAI

DATED : August 31, 2010

**ANNEXURE "A" TO THE DIRECTORS' REPORT**

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of the Directors' Report for the year ended 31st March, 2010.

Sr. No.	Name	Designation	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment
1	Mr Ranjit Dhuru	Chairman & Managing Director	B.Com. LL.M.	58	25/03/1986	29	66,58,467	Self-employed
2	Mr Nitin Shukla	Director – Finance	B.Com.	53	25/03/1986	28	29,93,472	Accountant, Computer Shack
3	Mr Mukul Dalal @	ED-International Sales & Marketing (Smart Products)	B.A. & Diploma in International Marketing	51	06/02/1992	30	34,36,996	Director, Aftak Sales and Services Private Limited
4	Mr Sunil Desai *	Director – Technology Solutions	B.E. & M.M.S.	48	10/05/1986	27	7,48,368	Director, Aftak Digital Systems Private Limited
5	Mr Dhananjay Kulkarni*	Sr Vice President – Engineering	B.Sc.(Stats) & MCA	45	01/09/2005	23	21,29,646	Director, Starent Networks

@ Mr. Mukul Dalal was appointed as Whole-time Director w.e.f. 01/08/2009 and prior to this he was working as Sr-Vice President Smart Products

\* Employed for part of the year

**Notes:**

- Gross Remuneration received includes Basic Salary, Performance Bonus, House Rent Allowance, Medical Expenses, Leave Travel Allowance, Ex-gratia, Entertainment Allowance, and monetary value of Perquisites.
- The above appointments are contractual.
- The above employees are not relatives of any Director or Manager of the Company. There is no employee drawing salary in excess of that drawn by the Managing Director or Whole-time Director and holding, either by himself or along with spouse and dependent children, not less than two percent of the equity shares of the Company.

FOR AND ON BEHALF OF THE BOARD  
 RANJIT DHURU  
 CHAIRMAN & MANAGING DIRECTOR

PLACE : MUMBAI

DATED : August 31, 2010