

Growing through Products and Solutions

Remote Infrastructure Management (RIM)



Intelligent Transport Service (ITS)



Aftek BMS



**ANNUAL REPORT
2010-2011**



FINANCIAL SNAPSHOT

(Rs. in crores)

	FY'11	FY'10	FY'09	FY'08	FY'07	FY'06*	FY'05	FY'04	FY'03	FY'02
Total Income	170.15	185.39	315.99	398.84	341.02	202.86	198.00	140.50	99.36	67.44
Export Sale	151.05	179.39	213.72	377.11	329.73	191.30	191.36	134.37	91.54	57.37
Total Expenses	62.89	95.43	140.22	282.53	232.49	121.67	119.18	77.94	51.93	31.75
Operating Profit	107.26	89.96	175.77	116.31	108.53	81.18	78.82	62.56	47.43	35.69
Profit Before Tax	14.72	2.95	119.48	83.63	92.82	67.83	60.80	47.72	42.70	34.65
Profit After Tax	13.97	0.28	116.73	80.94	90.52	67.39	59.80	47.31	40.08	33.67
Exceptional Items	-	-	(129.49)	-	-	-	-	-	-	-
EPS Rs.10 per share	-	-	-	-	-	-	-	-	53.06	56.11
EPS Rs.2 per share – Basic	1.49	0.03	(1.37)	8.66	10.44	8.25	7.73	6.31	10.61	-
EPS Rs.2 per share – Diluted	1.49	0.03	(1.37)	8.23	9.83	8.15	7.68	6.31	-	-
Networth	592.22	752.96	728.49	730.47	621.59	538.30	459.44	280.18	238.58	132.04
Fixed Assets	363.39	348.14	280.88	139.64	99.06	12.69	24.04	40.44	43.83	8.47
Net Current Assets	200.02	375.00	418.80	474.61	403.85	406.35	374.40	178.35	132.84	114.53
Dividend Per Share (%)	-	-	-	25.00	50.00	50.00	50.00	50.00	50.00	35.00
Share Capital	18.70	18.70	18.70	18.70	17.45	17.14	15.00	10.00	10.00	6.00
Reserve & Surplus	432.42	615.46	617.12	632.46	563.32	463.50	314.86	270.18	228.58	126.04

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

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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. SANJAY CHOUDHARY
MR. RAVINDRANATH MALEKAR
MR. AMIT RAJE

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

COMPANY SECRETARY

MR. C. G. DESHMUKH

REGISTERED OFFICE

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

SOFTWARE DEVELOPMENT CENTRE

Lohiya Jain IT Park,
First Floor, 'A' Wing,
Survey No. 150,
Paud 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

The Hongkong and Shanghai Banking Corpn Ltd
Asha Mahal,
46-B, Dr B G Deshmukh Road,
Mumbai 400 026

AUDITORS

M/s GMJ & Co
3rd & 4th Floor, Vaastu Darshan,
'B' Wing, Above Central Bank of India,
Azad Road, Andheri (E),
Mumbai 400 069

LEGAL ADVISORS

M/s Kanga & Co
Readymoney Mansion,
43, Veer Nariman Road,
Mumbai 400 001

REGISTRAR & TRANSFER AGENT

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



MESSAGE FROM THE CHAIRMAN & CEO



Dear Shareholders,

The western economies that had been literally destroyed by the economic tsunami had started showing feeble but positive signs of recovery in the last year. Though services sector did show some growth, the expected upswing is still not visible.

Your Company, as an aftermath to this tsunami, strategised itself to invest into several products and solutions which could assure sustained revenue not only from domestic markets but across different geographies. These product and solutions investments began two years ago when your Company was rated 'CARE A' [Single A] by Credit Analysis & Research Limited (CARE) for raising a 50 crores' debt for meeting additional funds requirements.

The advanced Battery Management Solution (BMS) which is currently being field-tested and has received approval from Indian Navy, would go a long way in strengthening your Company's relations in the defence sector where it is now a Registered Vendor in the 'below 100 crore' category. The BMS is also used in advanced countries to manage eco-friendly transportation switching from conventional power to battery-driven electrical power when in urban areas. This solution has very significant intellectual property which will be suitable for the eco-friendly age substituting alternate energies for traditional forms.

The other product is Remote Infrastructure Management (RIM), which is a series of building blocks useful for several industrial verticals to remote-manage the infrastructure which has been a long in-house expertise with Aftek perfected by working with very large US and European companies. Considering the energy efficiency that needs to be brought by all High Net-Worth global companies, this cutting-edge technology in the RIM arena is the correct one for various verticals namely, Infrastructure, Telecom or Supply Chain Management.

The other product in Intelligent Road Transport is now maturing and is available as a total solution for road transport, particularly, urban transport. This too was a product evolved from Aftek's historical Electronic Ticketing and Bus Management Solutions. This product now has all the features required by the Intelligent Transport Systems as laid down by international organisations.

Therefore, it would be correct to say that all the three solutions which are currently being implemented by Aftek contain rich intellectual property and solutions that can cut across national boundaries into different geographical spaces globally.

At this juncture, I would recommend caution to all stakeholders and say that though the storm is slowly subsiding we still need to navigate ourselves into safer and calmer waters. This is a work-in-progress and I can only say that the efforts, though herculean and laden with heavy investment, are now showing positive signs. Although very early, growth in these areas is certainly a way forward.

I may also want to mention here that IPs are extremely valuable and can help reap great dividends as is the case of our IP that has given us 51% ownership in Digihome Solutions Pvt Ltd in which several well-known international companies have shown interest.

Yours truly,

RANJIT DHURU
Chairman & CEO

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Thursday, the 29th September, 2011 at The Queenie Captain Auditorium, The NAB-Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 025 to transact the following business:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended March 31, 2011, 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. Mukul Dalal, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. V J Masurekar, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sandip Save, 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, 2011

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 24th September, 2011 to Thursday, the 29th September, 2011 (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, 2004 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. The Ministry of Corporate Affairs (vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in the Corporate Governance' and allowed companies to share documents with its shareholders through electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form, with M/s Bigshare Services Pvt Ltd, the Company's Share Transfer Agent .
9. 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.
10. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting, are contained in the Annexure hereto.

ANNEXURE

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 24TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Particulars	Mr. Mukul Dalal	Mr. V J Masurekar	Mr. Sandip Save
Date of Birth	05/05/1959	24/03/1954	04/11/1958
Date of Appointment	01/08/2009	27/03/2002	27/11/2007
Expertise in specific functional area	Has over 29 years of marketing experience in the information technology industry. He started his career by providing software services and then graduated to providing turnkey solutions to many local and international clients, developed and serviced key government accounts in the Indian market. He has developed and created markets for Aftek Limited's embedded products and services in Indian Ocean Islands, Africa and Middle East.	Has been a Lawyer and Tax Consultant for over 32 years and has a financial and accounting background.	Has been associated with the computer industry for the last 28 years. He was responsible for production for about two decades with the Company.
Qualification(s)	BA / Diploma in International Marketing	BSC/LLB/P.G.Diploma-Tax Management	BSC/DCM, Mumbai
List of outside public companies in which Directorship held as on 31st March, 2011	Nil	Nil	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2011	Nil	Nil	Nil
Shareholding of Non-executive directors in the Company (No. of Shares)	NA	25000 equity shares	1239744 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 24th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

PARTICULARS	Amount (Rs. in lacs)	
	31/03/2011	31/03/2010
Turnover	15,486	18,203
Profit Before Depreciation	10,726	8,620
Less: Depreciation	9,254	8,325
Profit Before Tax	1,472	295
Less : Provision for Taxation	75	267
Profit After Tax	1,397	28
Transfer to General Reserve	-	-

DIVIDEND

Considering the heavy investments and restructuring that your Company is undergoing, the efforts being made to augment cash flow as also looking at the financial performance your Directors have not considered it appropriate to recommend any dividend for the year.

BUSINESS REVIEW & FUTURE PROSPECTS

Although last year your Company saw an improvement in the sales funnel and conversion from sales funnel to orders, the quantum of business in the services area has not seen the kind of upswing that was anticipated. Your Company has trimmed its work-force to suit the new environment which is based on the new strategy and business initiatives. The product and solution development is slowly taking centrestage with lot of capital expenditure being invested in these products. The Company has products and solutions with its own IPs and also acting as import substitution for advance Battery Management System which has been tested on submarines and accepted by the Indian Navy which forms only a part of the Indian defence industry. Keeping an eye on the tremendous potential in the defence segment, your Company has got itself registered as an approved vendor in the "below 100 crore" category. We see this division gaining positive momentum in this coming year and recording incremental business in near future leading to shifting of your Company's registration to a higher category.

The Remote Infra Management (RIM) building blocks namely, Aftek Protocol Converter, Remote Management Dashboard and Software and Vehicle Tracking System (VTS) along with other components is now getting integrated into various verticals namely, telecommunication, logistics etc. Similarly the Intelligent Transport System is moving ahead with new standards being integrated into our earlier field tested systems. The urban renewal and modernization initiative is being addressed by this division. We see a significant movement here with substantial orders already in the matured pipeline. The Company's IP which was transferred to Digihome Solutions Pvt Ltd has caught the eye of well-known large international companies. We expect a value realization by either a JV or by liquidating our stake in this company. Therefore, whether the times are good or bad economically, IP valuation is the only true valuation which your Company believes can retain its value proposition. Therefore, your Company has decided that investment in intellectual property and creating the same is the way forward and accordingly, it has positioned itself in the verticals mentioned above.

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 of Judicature at Bombay, vide Order dated 13th August, 2010 had sanctioned the aforesaid utilisation of Securities Premium Account and the same has been implemented from the second quarter of the year under review.

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 continue to remain outstanding as on 31st March, 2011. No conversion of FCCBs has taken place during the year under review. As informed earlier, the Company initiated the process of re-setting the conversion price of the FCCBs as per the applicable norms and while the Shareholders and Bondholders have approved the proposal, approval from Reserve Bank of India is awaited .

Further, no Stock Options were exercised during the year.

DIRECTORATE

Mr Mukul Dalal, Mr V J Masarekar and Mr Sandip Save 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, 2011, 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, 2011 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, 2011, 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 to support its statutory payouts.

Digihome in the last three years has been getting good traction with the digital home product in the home segment and large townships namely, Lavasa and other well-known builders have endorsed the product range and Digihome is in receipt of five substantial orders. In the last three years, the company has been doubling its revenue and considering the sales funnel it is expected to double its revenue this year too making it a significant player in the digital home and automation segment. Several well-known international companies in this segment or companies intending to enter into this segment have shown great interest in this company and serious dialogue is underway for either a Joint Venture or dilution of significant stake to larger players.

Aftek Sales & Services Pvt Ltd being non-functional, has been dissolved on its application made pursuant to the Easy Exit Scheme, 2011 notified by the Government of India, Ministry of Corporate Affairs by General Circular No. 6 /2010 F. No. 2/7/ 2010-CL V dated 03rd December, 2010.

In accordance with the General Circulars No: 2 /2011 No: 51/12/2007-CL-III and No. 3/2011 No: 5/12/2007-CL-III dated 08th February 2011 and 21st February 2011, respectively, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Annual Accounts of the subsidiary companies will be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be

interested in obtaining the same. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. 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

Auditors' observations in paragraphs 5 of their report have been explained under paragraphs B.14 and B.16 of Notes to Accounts. As regards observations made by the Auditors in the para (ix) (a) and (xi) of the Annexure to their Report, these are due to adverse liquidity conditions.

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, 2011