

Silent Sentinel

ANNUAL REPORT
2012-2013



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CHAIRMAN'S ADDRESS



Dear Stakeholders,

The "Silent Sentinel" is the third component of India's Nuclear Triad capability. India maintains 'no first use' nuclear policy and the nuclear triad capability, particularly the nuclear submarines (silent sentinels) give it a second strike capability thus acting as a credible minimum deterrent against any nuclear threat.

As it is well publicized, India proposes to have six nuclear submarines and well over 20 conventional submarines by 2020. Aftek hopes to serve this rising fleet of submarines by its Battery Management System which is needed by all submarines whether conventional or nuclear. As communicated earlier, Aftek's Battery Management System has been in operation on the silent sentinel for the last few years. Added to this are host of other defense products which are spear-headed by Diesel Engine Management Product which has a road-map to grow into Integrated Platform Management System (IPMS). This was a strategic vision your Company as a part of its new growth objectives.

The above defense strategy is complemented by the historical verticals, namely, Intelligent Transport System and Digital Home Security as well as the outsourced design and service unit. Together, the Company is more confident of achieving good numbers in the forthcoming years.

A sound business strategy alone is not enough and your Company had huge financial liabilities in the form of FCCBs and Bank Loans which are one by one getting totally mitigated by liquidation of Assets thus making your Company debt-free once again. To fuel an appropriate growth trajectory, the Company is in advanced stages of closing an investment which will be in line with the projected business plans to take care of future cash flow requirements of the Company.

With all the above strategies in place, your Company is due to turn a new leaf and get back to its rightful place of a technology leader with high growth revenues.

Yours truly,

RANJIT DHURU
CHAIRMAN & CEO

**BOARD OF DIRECTORS**

MR. RANJIT DHURU
MR. NITIN K. SHUKLA
MR. MUKUL DALAL
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

MANAGEMENT TEAM

MR. RANJIT DHURU
MR. NITIN K. SHUKLA
MR. MUKUL DALAL
MR. SANJAY CHOUDHARY
MR. RAVINDRANATH MALEKAR

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

COMPANY SECRETARY

MR. C. G. DESHMUKH

REGISTERED OFFICE

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

CORPORATE OFFICE

703-706, Makhija Chambers, 7th Floor,
196, Turner Road,
Opp H. P. Petrol Pump,
Bandra (West),
Mumbai – 400 050

SOFTWARE DEVELOPMENT CENTRE

Sr.No.12, Hissa No. 3A+4/1, 1st Floor,
Lagad Mala, Sinhagad Road,
Wadgaon Khurd, Pune 411041

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

REGISTRAR & TRANSFER AGENT

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

NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Aftek Limited will be held at 10.30 a.m. on Tuesday, the 31st December, 2013 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, 2013, 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 re-appointment.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** Mr V J Masurekar, a Director liable to retire by rotation, who does not seek re-election, is not re-appointed a Director of the Company.

RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company, be not filled in at this meeting or at any adjournment thereof.

4. 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 [Registration No. 103429W], 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 : 02nd December, 2013

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 NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 23rd December, 2013 to Tuesday, the 31st December, 2013 (both days inclusive) for annual closing in compliance with clause 16 of the Listing Agreement executed with the Stock Exchanges and in terms of the provisions of section 91 of the Companies Act, 2013.
3. Vide letter dated 10/09/2013 received from Government of India, Ministry of Corporate Affairs, Office of the Registrar of Companies, Maharashtra, the Company has obtained extension of three months for holding this Annual General Meeting.
4. 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.

5. 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 March 31, 2007 and/or subsequent dividend payments are requested to make their claims to the Company.
6. 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.
7. 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 at the Company's head office at 703-706, 07th Floor, Makhija Chambers, 196, Turner Road, Opp. H. P. Petrol Pump, Bandra (West), Mumbai: 400 050
8. Members who hold shares in electronic form are requested to bring their depository account number for easy identification and attendance at the meeting.
9. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register/update their e-mail addresses, in respect of shares held in dematerialized 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 .
10. 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.
11. 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 TO NOTICE

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

Particulars	Mr Nitin Shukla
Date of Birth	18/10/1957
Date of Appointment	25/03/1986
Qualification(s)	B. Com.
Expertise in specific functional area	Has been associated with the computer industry for the past 31 years. He has experience in the field of accounts, banking, finance and customs.
List of outside public companies in which Directorship held as on 31st March, 2013	Nil
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31st March, 2013	Nil
Shareholding of Non-executive directors in the Company (No. of Shares)	NA
Relationship between the directors inter se	Nil

DIRECTORS' REPORT

To,
The Members of Aftek Limited,

Your Directors present their 26th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2013. Members may kindly note that vide letter dated 10/09/2013 received from Government of India, Ministry of Corporate Affairs, Office of the Registrar of Companies, Maharashtra, the Company has obtained extension of three months for holding the 26th Annual General Meeting.

FINANCIAL PERFORMANCE

PARTICULARS	Amount (Rs. in lacs)	
	31/03/2013	31/03/2012
Turnover	11092	12,124
Profit Before Depreciation	5296	10,074
Less: Depreciation	8226	8,856
Profit /(Loss) Before Tax	(2930)	1,218
Less: Provision for Taxation / Reversal of Deferred Tax	411	76
Profit After Tax	(2519)	1,142
Transfer to General Reserve	NIL	NIL

DIVIDEND

In view of the loss incurred during the year, it has not been possible for your Directors to recommend any dividend for the year.

BUSINESS REVIEW & FUTURE PROSPECTS

The Company's performance during the year has not been as positive as it was expected. The stakeholders should bear in mind that the negative figures on the balance sheet are also a result of having sizable bad receivables written-off. While signs of revival of industry are visible and large players have been the immediate beneficiaries, the players like your Company are progressing at a relatively moderate pace. Your Directors are glad to report that the Company has made effective marketing arrangements for its Defense Products such as Battery Management System (BMS), Diesel Engine Management etc for use in the Indian Navy. Your Company is also aggressively pursuing business opportunities in the other verticals particularly in Intelligent Transport System (ITS) where marketing arrangements are in place. Your Directors expect encouraging business performance in the near future upon its projects going on stream.

FINANCE

While the recovery of receivables continued to remain at a slow rate, your Company had to write-off sizable amounts as bad debts during the year. While proposal for one time settlement of the dues of lending bankers has been on a positive track, the closure of loan accounts has been delayed in spite of Company's rigorous efforts for early settlement. Further, your Company is in the advanced stage of finalizing with prospective investors to fund its projects which is expected to be concluded once all the banks dues are settled.

During the year under review, out of 880 numbers of 1% Foreign Currency Convertible Bonds Due 2012 of \$10,000/- each (FCCBs) 526 FCCBs were converted into 1,66,57,302 numbers of equity shares at the conversion price of Rs 13.76. The remaining 354 numbers of FCCBs, if converted into GDRs/equity shares at the conversion price of Rs 13.76 would result into issuance of additional 1,12,10,428 numbers of equity shares of Rs 02/-each.

DIRECTORATE

Prof. Dr SSSP Rao who held position of Head of Department of Computer Science & Engineering at IIT, Mumbai retired from IIT as Professor in the year 2005. Thereafter, on his completion of assignments at Xilinx India Development Center as CTO and CMC - Hyderabad as Chief Advisor and Mentor, Dr Rao intended to spend most of his time with his family abroad and hence resigned as Director of the Company with effect from 12th August, 2013.

Mr Nitin Shukla and Mr V J Masurekar retire by rotation at the ensuing Annual General Meeting. Mr Shukla being eligible, offers himself for re-appointment. Mr V J Masurekar has not offered himself for re-appointment due to his re-location in Delhi. Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting.

Dr Rao and Mr Masurekar have been on the Board of Directors of your Company for over 11 years. Your Directors place on record their sincere appreciation and gratitude for the contributions made by Prof Dr SSSP Rao and Mr V J Masurekar during their tenures as Directors of the Company.

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, 2013, 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, 2013 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, 2013, on a 'going concern' basis.

FIXED DEPOSITS

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

SUBSIDIARY COMPANIES

The Company's wholly-owned subsidiary company, Mihir Properties Pvt Ltd has not carried out any activity during the year. Digihome Solutions Pvt Ltd (DSPL) in which your Company holds majority stake, has consolidated its product range by introducing more robust line of products suitable for category I, II and III types of cities (non-metropolis). This gives them an opportunity to expand their operations in these areas where the sale of affordable housing is taking place. Financially the company needs an investment to address the large growing market size. Your Company has considered DSPL's requirements in its growth plan presented to the prospective investor.

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

As regards Para (i) and (ii) of the Auditors' Report, item nos. 39 and 40 of Notes on Accounts are self-explanatory. As regards the observations in paragraphs (ix) and (xi) of the Annexure to the Report of the Auditors, 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. 30 (d) and 30 (c) of the Notes to Accounts.

OTHER DISCLOSURES

Pursuant to Clause 49 of the listing agreement entered into with the Stock Exchanges, the Management Discussion and Analysis, Corporate Governance Report and a Certificate obtained from Practicing Company Secretary 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 : 02nd December, 2013