



# Contents

BOARD OF DIRECTORS .....	2
NOTICE .....	3
ADDENDUM TO NOTICE .....	6
DIRECTORS' REPORT .....	10
ADDENDUM TO DIRECTORS' REPORT .....	16
CORPORATE GOVERNANCE .....	19
AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE ..	29
MANAGEMENT DISCUSSION & ANALYSIS .....	30
AUDITORS' REPORT .....	33
ACCOUNTS :	
– INDIAN OPERATIONS .....	36
– CONSOLIDATED FINANCIALS .....	57
– SUBSIDIARIES	
– APTECH SOFTWARE LIMITED .....	80
– APTECH TRAINING LIMITED FZE .....	86
– APTECH (WOS) BANGLADESH LIMITED .....	93
NOMINATION FORM .....	99
PROXY FORM / ATTENDANCE SLIP .....	101
ECS FORM .....	103

# Board of Directors

**Kalpathi S. Suresh**  
*Chairman*

**K.S. Aghoram**  
*Vice-Chairman*

**Pramod Khera**  
*Managing Director*

**K.S. Ganesh**  
*Director*

**D.V. Narasingarao**  
*Director*

**R. Nagarajan**  
*Director*

**N. Seshadri Kumar**  
*Director*

**C.Y. Pal**  
*Director*  
(Appointed with effect from 5th January, 2004)

**T.K. Bhaskar**  
*Director*  
(Resigned with effect from 1st October, 2003)

**V. Balasubramanian**  
*Executive Director*  
(Resigned with effect from 2nd January, 2004)

## **Auditors**

M/s. Deloitte Haskins & Sells  
Chartered Accountants

**Company Secretary :**  
Sree Vidhya Raju

**Bankers :**  
Union Bank of India

**Registered Office :**  
Elite Auto House, 54-A,  
Sir M. VasANJI Road,  
Andheri (East), Mumbai – 400 093  
Tel.: 91 22 56919624/26  
Fax : 91 22 5692 24 34  
Website : [www.aptech-worldwide.com](http://www.aptech-worldwide.com)

**Corporate Office :**  
Aptech House, A-65, M.I.D.C., Marol,  
Andheri (East), Mumbai – 400 093.  
Tel.: 91 22 2827 2300/01  
Fax : 91 22 2827 2399

**Registrar & Transfer Agents :**  
Sharepro Services  
Unit : Aptech Limited  
3rd Floor, Satam Estate,  
Cardinal Gracious Road,  
Above Bank of Baroda,  
Chakala, Andheri (East),  
Mumbai – 400 099  
Tel.: 91 22 2821 51 68/69  
Fax : 91 22 2837 56 46

**NOTICE** is hereby given that the Fourth Annual General Meeting of the Members of Aptech Limited will be held on Friday, 25th day of June, 2004 at 2.30 p.m. at The All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai – 400 093 to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended December 31, 2003 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend for the year ended December 31, 2003.
3. To appoint a Director in place of Mr. Kalpathi S. Suresh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kalpathi S. Aghoram, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

6. Appointment of Mr. C. Y. Pal as a Director.

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

“RESOLVED THAT Mr. C. Y. Pal, who was appointed as an Additional Director by the Board of Directors of the Company with effect from January 5, 2004, under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and who is eligible for appointment, and, in respect of whom the Company has received a Notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

**NOTES :**

- a) An Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 6 and the relevant details in respect of Item Nos. 3, 4 and 6 pursuant to Clause 49 of the Listing Agreement are annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) Members/Proxies are requested to bring their copies of the Annual Report together with the duly filled in attendance slip at the meeting.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, June 1, 2004 to Friday, June 11, 2004 (both days inclusive).
- e) The dividend on Equity shares, as recommended by the Board of Directors for the year ended December 31, 2003, if declared at the Annual General Meeting, will be payable to those Members whose names stand registered in the Company's Register of Members as on Monday, May 31, 2004. The dividend in respect of Equity shares held in electronic form will be payable to the beneficial owners of the shares whose names appear in the statement of beneficial ownership as furnished by the Depositories for this purpose, as at the end of business hours on Monday, May 31, 2004.

- f) As per the provisions of the Companies Act, 1956, facility for making nomination is available to the individual shareholders in respect of the shares held by them. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name and address of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual shareholders such as bodies corporate, kartas of Hindu undivided families, partnership firms, societies, trusts and holders of Power of Attorney. The necessary form No. 2B is enclosed in this annual report for the use of the members.
- g) Members are requested to note that trading in the shares of the Company is permitted only in dematerialised form.
- h) Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, change of address etc. to their Depository Participant (DP). The Bank details as furnished by the respective Depositories to the Company will be printed on such member's dividend warrants.
- i) Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agents, M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400 099 :
- (i) change in their address, if any, along with the pin code.
  - (ii) request for consolidation of shareholdings into one account if share certificate(s) are held in multiple accounts or joint accounts in identical order of names.
  - (iii) their bank account number, name and address of the Bank and its branch and changes, if any, in these particulars. These details will be printed on the dividend warrants.
- j) Members are requested to quote their folio numbers (for shares held in physical form)/member IDs (for shares held in electronic form) in all their correspondence.
- k) Members are advised to avail of the facility of Electronic Clearing Service (ECS) for receipt of future dividends whereby they will be able to receive dividend by direct electronic credit to their bank account. The ECS facility is available at certain specified locations. Members, holding shares in physical form are requested to fill the ECS form provided in this annual report and send it to Company's Registrar and share transfer agent, M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400 099 and members holding shares in dematerialised form are requested to send the said ECS form to their respective Depository Participant (DPs).
- l) Appointment/Re-appointment of Directors :  
As required under Clause 49 of the Listing Agreement with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment are annexed to the Explanatory Statement furnished below.

By Order of the Board of Directors,

**Sree Vidhya Raju**  
*Company Secretary*

Place : Chennai,  
Date : 31st March, 2004

**Registered Office :**  
Elite Auto House, 54A,  
Sir M. Vasanji Road,  
Andheri (East), Mumbai - 400 093.

**ITEM NO. 6**

Mr. C. Y. Pal was appointed as an Additional Director of the Company with effect from January 5, 2004 in accordance with the provisions of Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Articles of Association. The term of office of Mr. Pal expires at this Annual General Meeting.

A notice has been received by the Company from a Member under Section 257(1) of the Companies Act, 1956, along with the requisite amount of deposit, notifying his intention to propose the candidature of Mr. C. Y. Pal as a Director of the Company, at this meeting.

Mr. Pal, had over four decades of valuable experience in reputed Multinational Companies. Mr. Pal had worked with Hindustan Lever Ltd. in a number of senior positions for 17 years and had been associated with Cadbury India Ltd. as its Managing Director for over 10 years and is currently the non-Executive Chairman of the Company.

Mr. Pal had been actively involved with Industry Associations. He was President of the prestigious Bombay Chamber of Commerce and Industry in 1991/92 and was member of the Management Committee of Associated Chambers of Commerce and Industry for many years.

Mr. Pal is also the President of the Franchising Association of India, a body affiliated to the World Franchising Council for promotion of franchising in the country. He is also the Promoter and Chairman of an Indo American export oriented joint venture Company, Renfro India Pvt. Ltd.

Mr. Pal thus brings with him valuable and varied professional and industry experience.

Considering his rich and varied experience, your Directors feel that it will be in the interest of the Company to appoint him as a Director of the Company and accordingly recommend his appointment.

None of the Directors of the Company are interested in the resolution at Item No. 6 of the Notice except Mr. Pal.

By Order of the Board of Directors,

**Sree Vidhya Raju**  
*Company Secretary*

Place : Chennai,  
Date : 31st March, 2004

**Registered Office :**  
Elite Auto House, 54A,  
Sir M. VasANJI Road,  
Andheri (East), Mumbai - 400 093.

## ADDENDUM TO THE NOTICE

Addendum to the Notice of the Fourth Annual General Meeting of Aptech Limited to be held on Friday, 25th day of June, 2004 at 2.30 p.m. at The All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai-400 093.

### 7. Preferential Issue of Shares to SSI Limited.

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of the Memorandum and Articles of Association of the Company and Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (“SEBI DIP Guidelines”) and other applicable provisions, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being, to which all or any of the powers hereby conferred on the Board by this resolution have been delegated) and subject to such other Governmental consents and approvals, if any, as may be required and/or on such terms and conditions as may be prescribed while granting such consents and approvals and which may be agreed to by the Board, consent of the Company be and is hereby accorded to the Board (with the power to delegate all or any of the powers hereby conferred to any Committee thereof), to offer, issue and allot, on preferential basis to SSI Limited, the promoters of the Company, 16,75,000 equity shares of Rs. 10/- each at a price of Rs. 61/- per share, being the price determined in accordance with the SEBI DIP Guidelines as in force on the date of this notice, in partial discharge of the consideration for acquisition of the IT Training and Education Business of SSI Limited, on such terms as may be deemed appropriate by the Board.

RESOLVED FURTHER THAT the equity shares so issued shall rank pari passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to such issue or allotment of equity shares of the Company, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient or desirable and to settle any question, difficulties or doubts that may arise in this regard including but not limited to the offering, issue and allotment of equity shares of the Company as it may in its absolute discretion deem fit and proper.”

### 8. Revision in the terms of Remuneration of the Managing Director:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:

“RESOLVED THAT, in partial modification of Resolution No. 8, passed at the Annual General Meeting of the Company held on September 30, 2002 and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, (hereinafter referred to as “the said Act”) the consent of the Company be and is hereby accorded to the revision in the terms of remuneration payable to Mr. Pramod Khera, Managing Director (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with effect from April 1, 2004, for the remainder of the tenure of his contract, on the terms and conditions as set out in the explanatory statement and the supplementary agreement to be entered into between the Company and Mr. Pramod Khera, a draft whereof is placed before this meeting, with authority to the Board of Directors (hereinafter referred to “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions in the said supplementary agreement.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. Pramod Khera by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to Mr. Pramod Khera shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.



RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient, to give effect to this resolution.”

By Order of the Board of Directors,

**Sree Vidhya Raju**  
Company Secretary

Place: Mumbai  
Date : 25th May , 2004.

**Registered Office :**

Elite Auto House, 54A,  
Sir M. VasANJI Road,  
Andheri (East), Mumbai - 400093.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO. 7**

The Company had acquired the IT Training and Education business of SSI Limited effective from April 1, 2003 for a consideration of Rs. 28.65 Crores pursuant to the Business Purchase Agreement dated June 18, 2003 entered into between the Company and SSI Limited. SSI Limited is the promoter of the Company and currently holds 25.75% of the current equity share capital of the Company.

The Company at its Board meeting held on October 30, 2003, passed a resolution according consent to the Company to discharge the consideration of Rs. 28.65 Crores for the said acquisition of IT Training and Education business of SSI Limited, partly by cash and partly by issue of shares on a preferential basis in accordance with the SEBI DIP Guidelines. The Company has since paid to SSI Limited, Rs. 15.50 Crores in cash as part payment for the said acquisition and in respect of the balance consideration, it is proposed to issue 16,75,000 equity shares of Rs. 10/- each of the Company at a price of Rs. 61/- per share, being the price determined in accordance with the SEBI DIP Guidelines, on a preferential basis to SSI Limited in partial discharge of the balance consideration.

The Company has sought the ‘Interpretative Letter’ of the Securities and Exchange Board of India (“SEBI”) under the SEBI (Informal Guidance) Scheme, 2003, for the issue of equity shares to SSI Limited on a preferential basis in accordance with the SEBI DIP Guidelines, as part consideration for the acquisition of their IT Training and Education business. SEBI has vide its letter reference number CFD/DCR/TO/9474/04 dated May 10, 2004 confirmed the understanding of the Company for a preferential issue of shares to SSI Limited as aforesaid.

Accordingly, the Board of Directors propose to issue and allot to SSI Limited, on preferential basis 16,75,000 equity shares of Rs. 10/- each at a price of Rs. 61/- per share, being the price determined in accordance with the SEBI DIP Guidelines as in force on the date of this notice, in partial discharge of the consideration for acquisition of their IT Training and Education Business.

Section 81 of the Companies Act, 1956 requires that any further issue of shares by the Company should be offered to existing shareholders in proportion to their holding, unless the members agree otherwise by way of a special resolution in general meeting. The issue and allotment of equity shares of the Company to SSI Limited would therefore require the approval of shareholders in general meeting by way of a special resolution.

The disclosures which are required to be given in the Explanatory Statement to the notice of the Annual General Meeting in terms of clause 13.1A of the SEBI DIP Guidelines as in force on the date of this notice, is given hereunder:

**(a) The objects of the issue:**

The objects of the proposed issue of equity shares to the promoters, is to pay the part consideration for the acquisition of the IT Training and Education business of SSI Limited.

**(b) Intention of the promoters to subscribe to the offer:**

The promoters, namely, SSI Limited have indicated their intention to subscribe to the equity shares to be issued by the Company.

**(c) Shareholding pattern before and after the offer:**

The information on shareholding pattern before and after the offer is given below:

SR. NO.	CLASS OF SHAREHOLDERS	PRE ALLOTMENT		POST ALLOTMENT	
		NO. OF SHARES	%	NO. OF SHARES	%
1	PROMOTERS	8627798	25.75	10302798	29.28
2	FINANCIAL INSTITUTIONS, MUTUAL FUNDS, INSURANCE COs.	805511	2.40	805511	2.29
3	BANKS	8050	0.02	8050	0.02
4	FIIs, NRIs, OCBs	7421091	22.15	7421091	21.09
5	BODIES CORPORATE	2003522	5.98	2003522	5.69
6	GDRs	7278888	21.72	7278888	20.69
7	OTHERS	7364577	21.98	7364577	20.93
	<b>TOTAL</b>	<b>33509437</b>	<b>100.00</b>	<b>35184437</b>	<b>100.00</b>

**(d) Proposed time within which the allotment shall be completed:**

The Board proposes to issue and allot the equity shares within a period of fifteen (15) days from the date of passing of this resolution, provided that where the allotment of such equity shares is pending on account of pendency of any approval for such allotment by any regulatory authority, the allotment shall be completed within a period of fifteen (15) days from the date of such approval.

**(e) The identity of the proposed allottees and the percentage of post preferential issued capital that may be held by them:**

As stated earlier, it is proposed to allot up to 16,75,000 equity shares to the promoters of the Company, namely SSI Limited. The shareholding of the promoters after the said allotment of the equity shares, would be 1,03,02,798 equity shares representing 29.28 % of the enhanced paid up share capital of the Company.

**The equity shares allotted to SSI Limited as aforesaid will be subject to a lock-in of 3 years from the date of allotment, as per the SEBI DIP Guidelines.** The aforesaid allotment of the equity shares would not result in any change in control over your Company nor there will be any consequential changes in the Board of Directors of the Company.

The special resolution set out at Item no. 7 of the accompanying notice is recommended by the Board for the approval of members.

Mr. Kalpathi S. Suresh, Mr. K. S. Aghoram, Mr. K. S. Ganesh and Mr. D. V. Narasingarao being Directors of SSI Limited may be deemed to be concerned or interested in the resolution at Item No. 7 of the Notice. Save as aforesaid, none of the other Directors may be deemed to be concerned or interested in the said resolution.

The copies of the documents referred to herein are available for inspection by members at the registered office of the Company between 10.00 a.m. and 3.00 p.m. on all working days of the Company up to the date of this meeting.

**Item No. 8**

At the Annual General Meeting of the Company held on September 30, 2002, the shareholders had approved the appointment of Mr. Pramod Khera as the Managing Director of the Company with effect from December 28, 2001 for a period of five years on the terms and conditions as was set forth in the explanatory statement to the notice convening the said Meeting.

The Board of Directors of the Company at their meeting held on April 23, 2004 decided to revise the terms of remuneration payable to Mr. Pramod Khera with effect from April 1, 2004 in the following manner:

**Salary:**

An annual increment of not more than 20% over the previous Basic Salary as may be decided by the Board or any Committee thereof. Notwithstanding the same, the annual increment for the year ended December 31, 2003 shall not be more than 5% over the previous total annual Remuneration, payable with effect from April 1, 2004.

**Performance Bonus :**

An amount limited to the total Annual Remuneration , as may be determined by the Board or any Committee thereof based on such performance parameters as may be decided and laid down by the Board or Committee thereof.

All other terms and conditions of the appointment of Mr. Pramod Khera remain unchanged.

This Explanatory Statement is and should be treated as an abstract under Section 302 of the Act.

By Order of the Board of Directors,

**Sree Vidhya Raju**  
Company Secretary

Place : Mumbai  
Date : 25th May, 2004.

**Registered Office :**

Elite Auto House, 54A,  
Sir M. VasANJI Road,  
Andheri (East), Mumbai - 400093.

**Details of the Directors seeking appointment/re-appointment  
at this Annual General Meeting  
(in pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mr. Kalpathi S. Suresh	Mr. Kalpathi S. Aghoram	Mr. C. Y. Pal
Date of Birth	25.09.1964	02.04.1959	06.03.1937
Date of Appointment	March 10, 2003	March 10, 2003	January 5, 2004
Areas of Expertise	Professional Management	Finance	General Management
Qualification	Bachelors Degree in Electronics & Computer Science from IIT, Chennai, Masters Degree from Clemson University, South Carolina.	Bachelors Degree in Commerce from University of Chennai	Bachelors Degree in Mechanical Engineering from Delhi University
List of other public companies incorporated in India in which directorships held as on December 31, 2003	SSI Ltd. Binny Real Estate & Asset Developers (Madras) Ltd.	SSI Ltd. Binny Real Estate & Asset Developers (Madras) Ltd.	Cadbury India Ltd. Shriram Pistons & Rings Ltd.
List of Chairmanships/ memberships of committees of the board of other public Companies incorporated in India in which directorships held as on December 31, 2003	—	—	Cadbury India Ltd. Audit Committee - Chairman Shareholders Grievance Committee - Chairman

## DIRECTORS' REPORT

To,

### The Members of Aptech Limited

Your Directors are pleased to present their Fourth Annual Report on the business and operations of your Company and the Audited Financial Results for the period ended December 31, 2003.

### FINANCIAL RESULTS

The Company's financial results for the Accounting year ended December 31, 2003 are presented below. The last year's accounts of the Company were prepared for a period of nine months from April 1, 2002 to December 31, 2002. Thus the current year's figures are not comparable with those of the previous year.

<b>INCOME</b>	<b>01.01.2003 to 31.12.2003 Rs. Lacs</b>	<b>01.04.2002 to 31.12.2002 Rs. Lacs</b>
Income from operations	<b>16537.21</b>	11387.19
Other Income	<b>260.19</b>	63.37
<b>TOTAL INCOME</b>	<b>16797.40</b>	<b>11450.56</b>
<b>EXPENDITURE</b>		
Training & Education Expenses	<b>9902.10</b>	7380.96
Employment Expenses	<b>1329.71</b>	917.56
Administration & Other expenses	<b>2678.64</b>	1438.07
<b>TOTAL EXPENDITURE</b>	<b>13910.45</b>	<b>9736.59</b>
<b>GROSS OPERATING PROFIT / (LOSS)</b>	<b>2886.95</b>	<b>1713.97</b>
INTEREST & FINANCE CHARGES	<b>194.66</b>	137.31
PROFIT BEFORE DEPRECIATION & TAXATION	<b>2692.29</b>	1576.66
DEPRECIATION	<b>1329.79</b>	1060.52
<b>PROFIT BEFORE TAX</b>	<b>1362.50</b>	<b>516.14</b>
PROVISION FOR TAX (Wealth Tax) / Income Tax	<b>235.26</b>	40.26
<b>PROFIT AFTER TAX</b>	<b>1127.24</b>	<b>475.88</b>
ADD : SURPLUS/(DEFICIT) BROUGHT FORWARD FROM PREVIOUS YEAR	<b>1074.42</b>	598.54
ADD: TRANSFERRED FROM CONTINGENCY RESERVES	<b>2000.00</b>	—
BALANCE AVAILABLE FOR APPROPRIATIONS	<b>4201.66</b>	1074.42
LESS : APPROPRIATIONS		
TRANSFER TO GENERAL RESERVES	<b>500.00</b>	—
PROPOSED DIVIDEND ON EQUITY SHARES	<b>335.10</b>	—
TAX ON DIVIDEND	<b>42.93</b>	—
SURPLUS / (DEFICIT) CARRIED TO BALANCE SHEET	<b>3323.63</b>	<b>1074.42</b>

### DIVIDEND

Based on the performance of your Company, your Directors recommend a dividend of 10%. The total dividend inclusive of the dividend tax would aggregate to Rs. 378.03 Lacs.

### INCREASE IN SHARE CAPITAL

Consequent to the Global Depository Receipts issued by your Company in November 2003, which represented 1,53,60,000 underlying Equity Shares of the face value of Rs. 10/- each, the paid-up Share Capital of your Company stands increased from Rs. 1814.94 Lacs to Rs. 3350.94 Lacs.

## **CONSOLIDATED ACCOUNTS**

As per the Listing Agreement with the Stock Exchanges, consolidated financial statements have been annexed with the financial results of the Company.

## **ACQUISITION OF SSI's EDUCATION BUSINESS**

The Company had acquired the Training and Education Business of SSI Limited, Chennai for a consideration of Rs. 28.65 Crores pursuant to a Business Purchase Agreement dated June 18, 2003. The said acquisition comprises the assets and liabilities along with the Brands and Licenses pertaining to the Training and Education Division of SSI Ltd. This acquisition has resulted in your Company becoming the foremost leader in the Training and Education business in the country. Further, synergy in operations and the synthesizing of the back office support has paved the way for a rationalized cost structure and improved profitability.

Pursuant to the terms contained in the Business Purchase Agreement, your Company has paid Rs. 15.50 Crores in cash to SSI Limited, in part satisfaction of the total consideration of Rs. 28.65 Crores. The balance consideration, is proposed to be paid in cash and/or by way of issue of equity shares in such manner as may be mutually agreed, subject to necessary compliance with the applicable laws. As advised by the Directors, your Company has filed an application with Securities Exchange Board of India (SEBI) on March 9, 2004 to seek the "Interpretative Letter" of SEBI under the SEBI (Informal Guidance) Scheme, 2003, for the proposed issue of equity shares to SSI Limited on a preferential basis.

## **OPERATIONS**

During the year under review, your Company operated with three distinct and powerful brands in the retail segment. While the courses offered under the Aptech Computer Education brand essentially catered to the career course segment, the courses offered under the SSI brand were more focused on the short-term high end segment. Arena Multimedia continued to hold its leadership position in the multimedia segment. During the year, your Company gave a thrust to its marketing campaign to push up the visibility of the courses offered in the retail segment. This coupled with the alliances forged with reputed Universities and software vendors, generated renewed demand for the courses.

During the year 2003, Government came out as the single largest organization for IT spends. With the consolidation happening in the IT Training and Education market, leaving only a few serious players by the end 2002, most of the Government and Institutional orders for IT training were shared between 3-4 large companies in the domestic market. This resulted in a good contribution to the revenues in this segment although the margins were rather limited. The longevity of these contracts brought stability into the cash flow streams of your Company, and the high volume ensured that a major portion of the overheads got covered leaving a reasonable profit margin.

Your Company had also in the year 2003, taken initiatives in the e-learning space and testing and certification business, which has started giving reasonable returns at the end of the year. In view of the large potential clearly visible in these segments, your Directors had thought it appropriate to give focused attention to these segments and as a result, incorporated two new companies in the name and style of "Aptech Software Limited" and "Attest Testing Services Limited", which would spearhead the operations of learning services and testing and certification services, respectively. Both the companies are set up as Wholly Owned Subsidiaries of your Company. The application for commencement of certificate of business has been made to the Registrar of Companies, Maharashtra, in terms of Section 149 (2A) of the Companies Act, 1956 and no sooner the same is received, the operations under these segments would be reflected in these two companies.

## **OVERSEAS CENTERS**

With the acquisition of SSI Education business, your Company had a clear multi brand strategy in the overseas market, which enabled substantial improvement in its area of operation as also the profitability. Further, opportunities in the area of content development and content conversion enabled your Company to obtain large sized orders with high margins. Your Company is keen to make further inroads in this space, which would go a long way in improving the profitability of the Company.

While your Company had initially started its overseas centers in the developing countries, in the year 2003, impressive positions were taken even in the developed markets apart from deeper penetration into the developing markets. Your Company is confident that the multi brand strategy coupled with the harnessing of the developed and developing markets simultaneously would open up new vistas for growth in the future.

### **EDUCATIONAL INITIATIVES – APTECH UNIVERSITY AND APTECH COLLEGE**

The entire education space has in the recent past moved significantly into the formal and organized segment with degrees and post graduation degrees being the vogue in the student community. In consonance with this change, the formal sector has also started responding with adjustments and flexibility built in to the curriculum as also increasing the number of seats manifold. Your Company, which has set itself the task of getting converted into a global education corporation made a decision of launching itself in the formal space by setting up a private University as also a private College in the country. While the private University has been notified in the State of Chattisgarh, the private College has been set up at Chennai in the State of Tamil Nadu. Both these institutions are planned to roll out courses from the academic session 2004-05 in disciplines like IT, Multimedia, Management and other social sciences. Considering the fact that both the University and the College would function with Aptech brand and coupled with the fact that the learning sectors would be attached to the distance education wing of the University, your Company expects this initiative to have a salutary effect on the entire retail education segment operating in the country.

### **GDR ISSUE AND LISTING**

Your Company, a global Training and Education Company, seeks to benefit from the emerging opportunities by making strategic acquisitions of businesses for which consideration may have to be paid by way of issue of equity shares or other instruments and by making strategic investments in India and abroad including forming of Joint Ventures and Subsidiaries.

In line with the foregoing expansions plans of your Company, the authorized share capital was increased from Rs. 20 Crores to Rs. 60 Crores during the year 2003.

In October 2003, the Company tapped the international capital market at Luxemburg with a Global Depository Receipt (GDR) issue for raising the required resources. The issue was kept open from October 29, 2003 to November 6, 2003. The Offer Price per GDR was US\$ 3.75. The Company received an encouraging response and the total proceeds received from the said issue aggregated to US\$ 14,400,000.

Pursuant to the said issue, the Committee of Directors (Capital Issues) had approved the allotment of 3,840,000 GDRs representing 15,360,000 underlying equity shares (1GDR equals 4 equity shares) of face value Rs. 10/- each aggregating to a paid up capital of Rs. 15,36,00,000/- and the said GDRs were allotted on November 6, 2003.

Subsequently, the Company successfully completed listing of the Global Depository Receipts (GDRs) on the Luxembourg Stock Exchange effective November 11, 2003, and the underlying equity shares were listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited effective December 23, 2003 and December 31, 2003, respectively. Your Company had also made applications for admitting the underlying shares for dematerialized trading on the Depositories viz. Central Depository Services (India) Ltd. (CDSL) and the National Securities Depository Ltd. (NSDL) and the same were admitted for dematerialized trading on the said depositories effective December 14, 2003 and December 16, 2003 respectively.

### **FUTURE PROSPECTS**

Your Company's vision of becoming a world class global education corporation has begun taking concrete shape with forays into the developed market and also moving into the e-learning space and testing and certification business. Your Company would, in the near future, be mature enough to move into the education consultancy space and start a number of colleges both in India as also abroad. The setting up of the University and the Colleges as mentioned would give great impetus to the whole educational business of your Company. The setting up of the subsidiary companies and the setting up of the University and the Colleges would be given the required focus by having eminent people in the Boards of these organizations for complete focus and bringing in world class values and systems.

The immediate future in terms of the year 2004 and 2005 has started off with a very optimistic note with the buoyancy in the market, which is evident and coupled with the improved purchasing power of people.

### **IT INFRASTRUCTURE INITIATIVES**

Your Company's initiatives in the IT architecture in terms of Enterprise Resource Planning as also the e-CAS initiative which practically encompasses every single operation in the learning centers has reasonably stabilized, which has significantly improved data collection, data synthesis and data analysis enabling effective decision making by your Company's management. Your Company has also made investments in the business intelligence warehouse system, which will further improve data storage, data access, and analytical decision making of your Company. These automation systems would go a long way in ensuring accuracy, transparency and speed in data collection and analysis, while at the same time, also enabling a rationalized manpower requirement, which would make the whole exercise cost effective.

### **QUALITY**

Your Company had started the centralization process in the year 2002 and by the end of 2003 had centralized all its support function operations at Mumbai. The centralized operational structure enabled your Company to rapidly automate the processes and systems, which brought about checks and balances resulting in extremely good internal control mechanism. The centralized systems audit, the centralized faculty training and centralized logistics and accounting functions significantly improved the controls on the franchisee network apart from reducing in a major way redundant costs. Your Company has plans to operate on the latest version of the ISO 9001 standard as also compete for prestigious awards instituted by eminent bodies thereby imposing itself to further improve and chisel its processes and systems for better productivity and effectiveness.

### **RESEARCH & DEVELOPMENT INITIATIVES**

Your Company's application to the Department of Scientific and Industrial Research (DISR) for research projects received positive response with the Government of India granting a sum of Rs. 60 Lacs for the LCMS Project. This project was with collaboration with the IIT Allahabad and significant progress has already been made in the research project. Your Company has a dedicated and highly qualified research team, which has undertaken many similar projects and are in various stages of completion. Such research initiatives have a profound effect on major initiatives embarked by your Company and the efforts would be further pronounced in the years to come.

### **COMMUNITY SERVICES**

As a global player with complete solutions providing capability, Aptech has a long history of participating in community activities. Aptech has, in association with leading NGOs such as Rotary International, CRY and other such organizations, provided computers at schools, provided education to the underprivileged and conducted training and awareness camps, Aptech students have donated part of the proceeds from the sale of their art work to NGOs, amongst a host of other activities.

In the past year, Arena Multimedia, under the aegis of Project Srishti has trained over 1,000 underprivileged students on multimedia technologies throughout the country. Aptech Computer Education, under the aegis of its Project Saraswati has teamed up with Rotary Clubs of Delhi to extend Project Saraswati in the city. The centre would offer a six-week program on Computer Literacy, which would expose the students to Computer Fundamentals, Windows, MS Office & Internet basics.

Aptech Limited inaugurated its Project Akshar on a large scale throughout the country in association with Computer Society of India, as part of its 'IT for masses program'. As part of the drive, Aptech Computer Education and SSI Education offer IT literacy programs priced minimally at Rs. 499/- only throughout the country. As a special gesture, Aptech Computer Education and SSI Education will offer courses absolutely free of cost to 10,000 underprivileged students across the country.

### **DIRECTORS**

Mr. T. K. Bhaskar resigned from the Board with effect from October 1, 2003. The Directors placed on record their

appreciation of the valuable services rendered by Mr. T. K. Bhaskar during his tenure as a Director of your Company.

Mr. V. Balasubramanian resigned from the Board with effect from January 2, 2004. The Directors placed on record their appreciation of the valuable services rendered by Mr. V. Balasubramanian during his tenure as a Director of your Company.

Mr. C. Y. Pal was appointed as an Additional Director on January 5, 2004. Notice under Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- has been received from a Member of the Company signifying his intention to propose the candidature of Mr. C. Y. Pal as a Director of the Company, liable for retirement by rotation.

In accordance with the Articles of Association of the Company, Mr. Kalpathi S. Suresh and Mr. Kalpathi S. Aghoram, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

#### **AUDIT COMMITTEE**

Consequent to the resignation of Mr. T. K. Bhaskar, Mr. C. Y. Pal has been appointed as a Member of the Audit Committee.

#### **SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

Consequent to the resignation of Mr. T. K. Bhaskar as the Chairman of the Committee, Mr. R. Nagarajan, an existing member of the Committee has been appointed as the Chairman.

#### **SUBSIDIARIES AND JOINT VENTURES**

During the year under review your Company formed a Wholly Owned Subsidiary in Mumbai, India, under the name and style of Aptech Software Limited on November 24, 2003 which shall be primarily engaged in content development and providing learning services solutions.

Beijing Aptech Beida Jade Bird Information Technology Company Limited, a 50:50 joint venture between Government of China (through a venture of Beijing University) and Aptech Limited performed well during the year ended 31st December, 2003. The Joint Venture recorded a turnover of US\$ 5,643,936 and Profit Before Tax of US\$ 1,321,401.

Aptech Training Limited F.Z.E., a Wholly Owned Subsidiary of the Company in Dubai recorded a turnover of US\$ 83,925 and a Profit Before Tax of US\$ (53,948). During the year under review, a further infusion of capital to the extent of US\$ 1 Million was made for expansion of business by the subsidiary company.

Aptech (W.O.S.) Bangladesh Limited, a Wholly Owned Subsidiary of the Company in Bangladesh recorded a turnover of US\$ 233,340.64 and a Profit Before Tax of US\$ 38,069.19.

As required under Section 212 of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account, Directors' Report on the Accounts (as applicable under the relevant Laws of the Countries of Incorporation) of the subsidiaries are annexed together with the statement of subsidiary companies to this Report.

After the close of the period under review, your Company had formed a Wholly Owned Subsidiary in Mumbai, India under the name and style of Attest Testing Services Limited on January 14, 2004 which is engaged in providing testing services.

Your Company had also signed a 50:50 Joint Venture Agreement on January 20, 2004 with Launchlife International Inc. o/a. Academy of Learning, a company incorporated under the laws of the Province of Ontario, for the purpose of marketing, franchising and licensing the content of both the parties.

#### **EMPLOYEES STOCK OPTION SCHEME (ESOS)**

The success of an organization to a large extent depends on its ability to attract, retain and motivate its human resources. Offering stock options goes a long way in achieving the above key objective. With this end in view and in order to enable the employees to participate in the long term growth and financial success of the Company, your Company had considered the formulation of Employees Stock Option Scheme for the benefit of the employees of the Company and its subsidiary company(ies), subject to the approval of the shareholders.

The shareholders had granted the approval to the ESOS at the Annual General Meeting held on June 30, 2003. However, SEBI had amended the ESOS guidelines on the same date i.e. June 30, 2003 and as a result the old ESOS could not be implemented. Therefore, your Company was required to adopt the ESOS afresh. Accordingly, your Company had re-introduced an amended ESOS and obtained shareholder's approval at the Extra Ordinary General Meeting held on February 13, 2004.

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

A separate report on the Corporate Governance and Management Discussion and Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the operating management, confirm that :

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures ;
- (ii) They have, in the selection of the accounting policies, consulted the statutory auditors and have 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 and of the profit of the Company for that period ;
- (iii) They have taken proper and sufficient care, to the best of their knowledge and ability, 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) They have prepared the annual accounts on a going concern basis.

### **AUDITORS**

M/s. Deloitte Haskins and Sells, Auditors of the Company, retire at the ensuing Annual General Meeting and have furnished a certificate regarding their eligibility for re-appointment as the Company's Auditors.

The Auditor's comments in their report under paragraph 5 (vi) read along with Note No. B-20 of schedule 15 is self explanatory and has since been rectified.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to and forms part of this Report.

### **PARTICULARS OF EMPLOYEES**

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 is annexed herewith.

### **FIXED DEPOSITS**

During the period under review, your Company has not accepted or invited any deposits from public.

### **INSURANCE**

All the properties of the Company have been adequately insured.

### **ACKNOWLEDGEMENT**

Your Directors wish to express their gratitude to the shareholders, financial institutions, bankers, Government authorities, our esteemed Corporate clients and customers. They also wish to acknowledge the spirit of dedication, commitment and co-operation extended by employees at all levels.

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**  
*Chairman*

**Pramod Khara**  
*Managing Director*

Place : Chennai  
Date : 31st March, 2004.

### ACQUISITION OF SSI'S TRAINING AND EDUCATION BUSINESS

Pending official confirmation from SEBI to the application filed by the Company regarding the proposed issue of equity shares to SSI Limited on a preferential basis, towards part discharge of the consideration payable to SSI Limited, in respect of their Training and Education business acquired by the Company, the Directors at their meeting held on April 23, 2004, subject to the approval of the shareholders, considered and approved the proposed issue of 16,75,000 equity shares of face value Rs.10/- each to SSI Limited, at such price per share, being the price to be determined in accordance with the SEBI Disclosure and Investor Protection Guidelines (DIP), 2000 as shall be in force as on the relevant date, ('relevant date' means the date thirty days prior to the date on which the meeting of the shareholders is scheduled to be held to consider the proposed issue), on such terms as may be deemed appropriate by the Directors.

Subsequently, SEBI had vide its letter reference number CFD/DCR/TO/9474/04 dated May 10, 2004 confirmed the understanding of the Company for a preferential issue of shares to SSI Limited as aforesaid. Pursuant to the said confirmation, it is proposed to obtain the approval of the shareholders for the said preferential issue of shares to SSI Limited, at the ensuing Annual General Meeting of the Company.

In accordance with the SEBI DIP Guidelines in force as on the relevant date i.e. May 25, 2004, the price per share of the Company is determined at Rs.61/- per share, at which price the proposed 16,75,000 equity shares of face value Rs.10/- each will be issued to SSI Limited, subject to the approval of the shareholders.

### REVISION IN THE TERMS OF REMUNERATION OF THE MANAGING DIRECTOR:

The Board of Directors of the Company at their meeting held on April 23, 2004 decided to revise the terms of remuneration payable to Mr. Pramod Khera with effect from April 1, 2004 in the following manner:

#### **Salary:**

An annual increment of not more than 20% over the previous Basic Salary as may be decided by the Board or any Committee thereof. Notwithstanding the same, the annual increment for the year ended December 31, 2003 shall not be more than 5% over the previous total annual Remuneration payable with effect from April 1, 2004.

#### **Performance Bonus :**

An amount limited to the total annual Remuneration, as may be determined by the Board or any Committee thereof based on such performance parameters as may be decided and laid down by the Board or Committee thereof.

All other terms and conditions of the appointment of Mr. Pramod Khera remain unchanged.

The aforesaid revision in the terms of remuneration are subject to the approval of the shareholders at the ensuing Annual General Meeting.

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**  
*Chairman*

**Pramod Khera**  
*Managing Director*

Place : Mumbai  
Date : 25th May, 2004

**INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, AND RULES MADE THEREUNDER.**

**CONSERVATION OF ENERGY**

The range of activities of your Company require minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

All possible measures have been taken to conserve energy :

1. Through automation, i.e. using timers, automatic level controllers etc.; and
2. By incorporating energy-efficient equipment.

**TECHNOLOGY ABSORPTION**

Your Company has, in its endeavor to obtain and deliver the best, entered into alliances / tie-ups with major Global players in the IT Industry, to harness and tap the latest and the best of technology in its field, upgrade itself in line with the latest technology in the world and deploy / absorb technology wherever feasible, relevant and appropriate.

At the same time, your Company has also attached tremendous significance to indigenous development and upgradation of technology through its Research and Development Operations.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of Foreign Exchange Earnings and Outgo are mentioned in Para 10 of Schedule 17 - Notes to Accounts, forming part of the Balance Sheet.

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**      **Pramod Khera**  
*Chairman*                      *Managing Director*

Place : Chennai

Date : 31st March, 2004.

**ANNEXURE TO DIRECTORS' REPORT**

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the period ended December 31, 2003

Sr. No.	Name	Age (years)	Designation / Nature of Duties	Gross Remuneration Received Rs.	Qualification & Experience (years)	Date of commencement of Employment	Last employment Held Period (years)
1	<i>Employed throughout the year</i> Pramod Khera	43	Managing Director	3,363,391	B. Tech., P.G.D.M. (19)	01 July, 1996	Tele Shopping Network (1)

Notes:

1. Remuneration includes Salary, Company's Contribution to Provident & Superannuation Fund and taxable value of Perquisites and allowances as per the Income Tax Act, 1961 and rules made thereunder.
2. All appointments are contractual in nature.
3. None of the employees are related to any Director of the Company except Mr. Pramod Khera who is a Director of the Company.

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**      **Pramod Khera**  
*Chairman*                      *Managing Director*

Place : Chennai

Date : 31st March, 2004.

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies.**

1. Name of the Subsidiary	Aptech (WOS) Bangladesh Limited	Aptech Training Limited F.Z.E.	Aptech Software Limited
2. The Financial Year of the Company ended on	30th Sept., 2003	31st Dec., 2003	31st Dec., 2003
3. Holding Company India	Aptech Limited	Aptech Limited	Aptech Limited
4. Holding Company's Interest	100%	100%	99.86%
5. Shares held by the holding Company in the Subsidiary no. / par value	1,60,000 Shares of 10 Taka each	37 Shares of 1,00,000 UAE Dirhams each	49,930 Equity Shares of Rs. 10 each
6. The aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding Company a) dealt with or provided for in accounts of the holding Company b) not dealt with or provided for in the accounts of the Company	NIL  Rs. 9,75,573	NIL  Rs. (24,59,497)	NIL  NIL
7. The aggregate of profits or losses for the previous financial year of the subsidiary so far it concerns the members of the holding Company a) dealt with or provided for in accounts of the holding Company b) not dealt with or provided for in the accounts of the Company	NIL  Rs. 11,62,198	NIL  Rs. (9,89,232)	NIL  NIL
8. Material change between the end of the Financial year of the Subsidiary Company and the Company's Financial year ended 31st December, 2003 a) Fixed Assets b) Investments c) Money Lent d) Money Borrowed other than those for meeting current Liabilities	Rs. NIL NIL NIL NIL	Rs. NIL NIL NIL NIL	Rs. NIL NIL NIL NIL

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**  
Chairman

**Pramod Khara**  
Managing Director

Place : Chennai  
Date : 31st March, 2004

## PHILOSOPHY

Your Company believes that Corporate Governance is a powerful medium to subserve the long-term interests of all the stakeholders, including the enhancement of overall business valuation for the owners. Corporate Governance strengthens investors' trust and ensures a long-term partnership that helps in fulfilling our quest for achieving significant growth and profits.

Your Company is committed to benchmarking itself with the best in all areas including Corporate Governance and has benchmarked its practices with the prevailing guidelines with transparency, full disclosure and independent monitoring.

## BOARD OF DIRECTORS

### Composition

The Company has a non-executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below :-

Name of the Directors	Category	No. of Board Meetings attended during 2002-03	Whether attended AGM held on June 30, 2003	No. of Directorships in other public companies incorporated in India		No. of Committee positions held in other public companies incorporated in India	
				Chairman	Member	Chairman	Member
Mr. Kalpathi S. Suresh (appointed as Chairman with effect from March 10, 2003)	Promoter Non-Independent Non-Executive	6	Yes	1	1	Nil	Nil
Mr. Kalpathi S. Aghoram (appointed as Vice Chairman with effect from March 10, 2003)	Promoter Non-Independent Non-Executive	4	Yes	Nil	2	Nil	Nil
Mr. Kalpathi S. Ganesh (appointed with effect from March 10, 2003)	Promoter Non-Independent Non-Executive	4	No	Nil	2	Nil	Nil
Mr. Pramod Khera Managing Director	Non-Independent Executive	8	Yes	Nil	1	Nil	Nil
Mr. D. V. Narasingarao (appointed with effect from March 10, 2003)	Promoter Non-Independent Non-Executive	4	Yes	Nil	1	Nil	Nil

Name of the Directors	Category	No. of Board Meetings attended during 2002-03	Whether attended AGM held on June 30, 2003	No. of Directorships in other public companies incorporated in India		No. of Committee positions held in other public companies incorporated in India	
				Chairman	Member	Chairman	Member
Mr. R. Nagarajan (appointed with effect from March 10, 2003)	Independent Non-Executive	5	Yes	Nil	5	3	5
Mr. N. Seshadri Kumar (appointed with effect from March 10, 2003)	Independent Non-Executive	6	Yes	Nil	2	Nil	3
Mr. C. Y. Pal (appointed with effect from January 5, 2004)	Independent Non-Executive	N.A.	N.A.	1	1	2	Nil
Mr. V. Balasubramanian (resigned with effect from January 2, 2004)	Non - Independent Executive	6	Yes	Nil	Nil	Nil	Nil
Mr. T. K. Bhaskar (appointed with effect from March 10, 2003 and resigned with effect from October 1, 2003)	Independent Non-Executive	4	Yes	Nil	1	Nil	Nil
Mr. Atul K. Nishar (resigned as Chairman with effect from 10th March, 2003)	Ex-promoter Non-independent Non-Executive	4	N. A.	Nil	1	Nil	Nil
Mr. H. P. Nagchowdhury (resigned with effect from 10th March, 2003)	Independent Non-executive	4	N. A.	Nil	Nil	Nil	Nil
Dr. A. C. Shah (resigned with effect from 10th March, 2003)	Independent Non-Executive	4	N. A.	Nil	6	2	1
Dr. (Mrs.) Snehalata Deshmukh (resigned with effect from March 10, 2003)	Independent Non-Executive	2	N. A.	Nil	Nil	Nil	Nil

Nine Board Meetings were held during 2003 and the gap between two meetings did not exceed four months.

The dates on which the Board Meetings were held were as follows :-

18th January, 2003, 31st January, 2003, 14th February, 2003, 10th March, 2003, 29th April, 2003, 28th May, 2003, 12th June, 2003, 30th July, 2003, and 30th October, 2003.

The information as required under Annexure I to Clause 49 is being made available to the Board.

The Company did not have any pecuniary relationship or transaction with Non-Executive Directors during 2003.

## **AUDIT COMMITTEE**

### **The broad terms of reference of the Audit Committee were as follows :-**

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services.
- (c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by Management.
  - Qualifications in draft Audit Report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with the accounting standards.
  - Compliance with Stock Exchanges and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- (d) Reviewing with Management, external and internal auditors, the adequacy of internal control systems.
- (e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (f) Discussion with internal auditors of any significant findings and follow-up thereon.
- (g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (h) Discussion with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- (i) Reviewing the Company's financial and risk management policies.
- (j) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

The scope of the activities of the Audit Committee includes the areas prescribed by Clause 49 (II) (D) vide resolution passed by the Board of Directors at its meeting held on January 7, 2002. The Audit Committee has also been granted powers as prescribed under Clause 49 (II) (C). The Company has complied with the requirements of Clause 49 (II) (A) as regards composition of Audit Committee.

The Audit Committee was reconstituted on March 10, 2003. The Composition of the Audit Committee along with the details of the meeting attended by the Directors are given below.

<b>Name of Members</b>	<b>Category</b>	<b>No. of Meetings attended during 2003</b>
Mr. R. Nagarajan Chairman	Independent Non-Executive	3
Mr. N. Seshadri Kumar	Independent Non-Executive	3
Mr. C. Y. Pal (appointed with effect from January 5, 2004)	Independent Non-Executive	N.A.
Mr. T. K. Bhaskar (consequent to resignation as a Director, ceased to be a Committee Member with effect from October 1, 2003)	Independent Non-Executive	2
Dr. A. C. Shah (consequent to resignation as a Director, ceased to be a Committee Member with effect from March 10, 2003)	Independent Non-Executive	2
Mr. H. P. Nagchowdhury (consequent to resignation as a Director, ceased to be a Committee Member with effect from March 10, 2003)	Independent Non-Executive	2
Dr. (Mrs.) Snehalata Deshmukh (consequent to resignation as a Director, ceased to be a Committee Member with effect from March 10, 2003)	Independent Non-Executive	Nil

Five Audit Committee meetings were held during 2003. The dates on which the said meetings were held were as follows :

31st January, 2003, 14th February, 2003, 29th April, 2003, 30th July, 2003 and 30th October, 2003

The Chairman of the Audit Committee, Mr. R. Nagarajan, was present at the Annual General Meeting held on June 30, 2003.

#### **REMUNERATION COMMITTEE :**

The Remuneration Committee was reconstituted on March 10, 2003. The Composition of the Remuneration Committee is as given below :

<b>Name of Members</b>	<b>Category</b>
Mr. R. Nagarajan Chairman	Independent Non-Executive
Mr. N. Seshadri Kumar	Independent Non-Executive
Mr. C. Y. Pal (appointed with effect from January 5, 2004)	Independent Non-Executive
Mr. T. K. Bhaskar (consequent to resignation as a Director, ceased to be a Committee Member with effect from October 1, 2003)	Independent Non-Executive

No meetings of the Remuneration Committee were held during the year.

Mr. Pramod Khera, Managing Director and Mr. V. Balasubramanian, Ex-Executive Director were paid remuneration as per the terms of their contract of appointment approved by the Members.

The details of remuneration paid to them for the year ended December 31, 2003 are as follows :-

Amount in Rs.

Particulars of remuneration	Mr. Pramod Khera	* Mr. V. Balasubramanian
Salary & Allowances	2803430/-	1405240/-
Perquisites	142956/-	10800/-
Contribution to Provident Fund and Superannuation Fund	432605/-	230133/-
<b>TOTAL</b>	<b>3378991/-</b>	<b>1646173/-</b>

\* Resigned from the services of the Company with effect from January 2, 2004.

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees which are paid @ Rs. 5000/- for each Board / Committee Meeting attended by them. The details of the Sitting Fees paid to the Non-Executive Director for the year ended December 31, 2003 are as follows :-

(Amount in Rs.)

Names of the Non-Executive Directors	Sitting Fees
Mr. Kalpathi S. Suresh	30,000
Mr. Kalpathi S. Aghoram	20,000
Mr. Kalpathi S. Ganesh	20,000
Mr. D. V. Narasingarao	20,000
Mr. R. Nagarajan	70,000
Mr. N. Seshadri Kumar	65,000
Mr. T. K. Bhaskar	50,000
Mr. Atul K. Nishar	20,000
Mr. H. P. Nagchowdhury	40,000
Dr. A. C. Shah	45,000
Dr. (Mrs.) Snehalata Deshmukh	20,000
<b>TOTAL</b>	<b>4,00,000</b>

#### SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee was reconstituted on March 10, 2003. The Composition of the Shareholders / Investors Grievance Committee along with the details of the meeting attended by the Directors are given below.

<b>Name of Members</b>	<b>Category</b>	<b>No. of Meetings attended during 2003</b>
Mr. N. Seshadri Kumar Chairman	Independent Non-Executive	2
Mr. R. Nagarajan	Independent Non-Executive	2
Mr. T. K. Bhaskar (consequent to resignation as a Director, ceased to be a Committee Member with effect from October 1, 2003)	Independent Non-Executive	1
Dr. A. C. Shah (consequent to resignation as a Director, ceased to be a Committee Member with effect from March 10, 2003)	Independent Non-Executive	1
Dr. (Mrs.) Snehalata Deshmukh (consequent to resignation as a Director, ceased to be a Committee Member with effect from March 10, 2003)	Independent Non-Executive	1
Mr. Pramod Khera (consequent to reconstitution of the Committee ceased to be a Committee Member with effect from March 10, 2003)	Non-Independent Executive	1

Three Shareholders / Investors Grievance Committee meetings were held during 2003. The dates on which the said meetings were held were as follows :

10th March, 2003, 30th July, 2003 and 30th October, 2003

**Name and Designation of Compliance Officer :**

Ms. Sree Vidhya Raju,  
Company Secretary

**Status of Complaints received during the year ended 31st December, 2003**

<b>Nature of Complaints</b>	<b>Received</b>	<b>Resolved</b>	<b>Pending</b>
Relating to Transfer, Transmission etc.	37	37	Nil
Other / Miscellaneous	36	36	Nil
<b>TOTAL</b>	<b>73</b>	<b>73</b>	<b>Nil</b>

**Pending Transfers**

There were 10 pending transfers for 420 equity shares as on December 31, 2003.

**General Body Meetings :**

Details of the last two Annual General Meetings are given below :

1. In 2003, the Annual General Meeting was held on June 30, 2003 at Dinanath Mangeshkar Hall, Tejpal Road, Opp. Vile Parle Railway Station, Vile Parle (East), Mumbai – 400 057 at 11.30 a.m.
2. In 2002, the Annual General Meeting was held on September 30, 2002 at Navinbhai Thakkar Hall, Shradhanand Road, Vile Parle (East), Mumbai – 400 057 at 11.30 a.m.

No special resolutions were passed through Postal Ballot at the last Annual General Meeting. No special resolutions are proposed through Postal Ballot at the forthcoming Annual General Meeting.

### Disclosures

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company :

During the period under review a Share Purchase Agreement dated February 10, 2003, between Advent Telenet Private Ltd., Norfolk Infotech Pvt. Ltd., Mrs. Alka Atul Nishar & Ms. Priyanka Atul Nishar (collectively referred to as Sellers) and SSI Ltd. (Buyers) was entered into for the sale of 49,32,408 (27.18%) equity shares of Rs. 10/- each of the Company, for cash at a price of Rs. 49.75 per equity share.

A Business Purchase Agreement dated 18th June, 2003 was entered into by the Company with SSI Ltd. for the acquisition of IT education and training business of SSI Limited, for a consideration of Rs. 28.65 Crores.

There are no other materially significant related party transactions during the period under review that may have potential conflict with the interest of the Company.

- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years :

No penalties and strictures have been imposed by any statutory authorities on matters relating to capital markets since the incorporation.

### Means of Communication

- |   |                               |
|---|-------------------------------|
| • Half yearly report sent to each household of shareholders   | No                            |
| • Quarterly Results -<br>Which newspapers normally published in   | Loksatta<br>Financial Express |
| • Any Website, where displayed  | www.aptech-worldwide.com      |
| • Whether it also displays, official news releases and presentations made to institutional investors / analysts | Yes                           |
| • Whether MD & A is a part of Annual Report   | Yes                           |

### General Shareholder Information

AGM : Date, Time and Venue : June 25, 2004, 2.30 p.m.  
All India Plastics Manufacturers' Association,  
A - 52, Street No.1, MIDC,  
Andheri (East), Mumbai – 400 093

As required under Clause 49 VI (A), particulars of Directors seeking appointment / re-appointment are given in the explanatory statement to the Notice of the Annual General Meeting to be held on June 25, 2004.

### Financial Calendar :

- |  |   |                                    |
|--|---|------------------------------------|
| A. Financial Year                                | : | 1st January to 31st December       |
| B. First Quarter results                         | : | to be published by end April       |
| C. Second Quarter results                        | : | to be published by end July        |
| D. Third Quarter results                         | : | to be published by end October     |
| E. Results for the year ending December 31, 2004 | : | to be published by end March, 2005 |

**Date of Book Closure** : June 1 , 2004 to June 11, 2004 (both days inclusive)

**Dividend Payment Date** : Within 30 days from the date of the Annual General Meeting.

**Listing of Equity Shares /  
Global Depository Receipts (GDRs)  
on Stock Exchanges**

: The Company's equity shares are listed on the following Stock Exchanges in India :

The Stock Exchange, Mumbai,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 023.

The National Stock Exchange of India Limited  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051.

The Company has paid annual listing fees to the above  
Stock Exchanges for the financial year 2003-04.

The Company's GDRs are listed on the following Stock  
Exchange :

SOCIÉTÉ DE LA BOURSE DE LUXEMBOURG  
Société Anonyme  
11, av de la Porte-Neuve  
L-2227 Luxembourg.

**Stock Code :**

The Code for the Company's shares is as follows :

The Stock Exchange Mumbai : 532475  
The National Stock Exchange of India Limited : APTECHT  
The ISIN Nos. for the Shares in Demat Mode : INE266F01018

The Code for the Company's GDRs (New Issue) on the Luxembourg Stock Exchange is as follows :

Common Code : 017796747  
GDR ISIN : US03833M3060

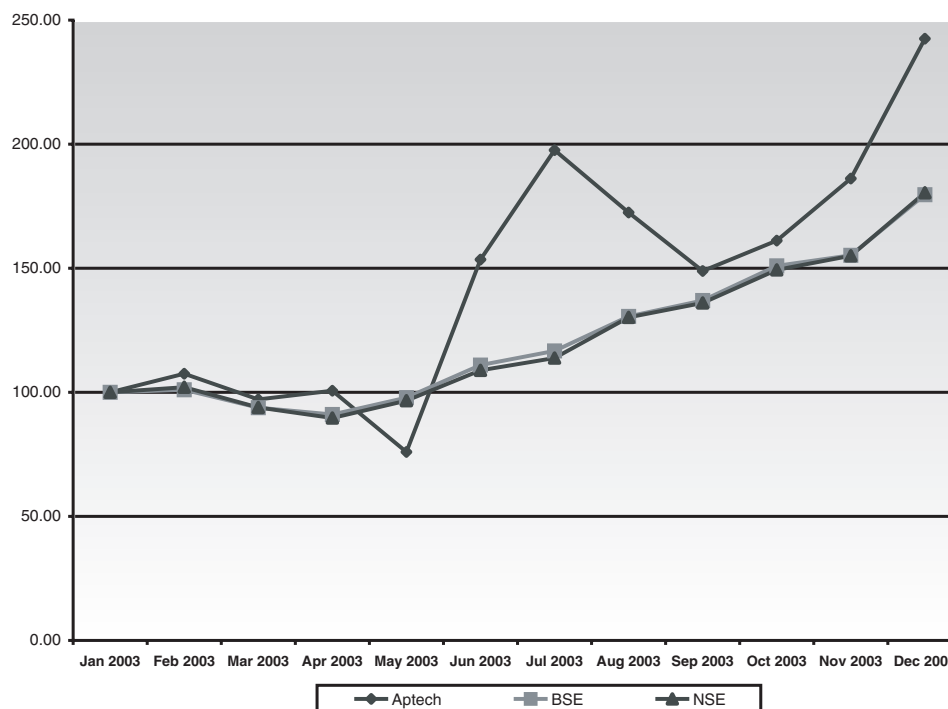
**Market Information –**

Aptech Share Price Data :

Month and Year	The Stock Exchange, Mumbai (Rs.)		The National Stock Exchange of India Limited (Rs.)	
	High	Low	High	Low
Jan 2003	47.20	30.00	47.25	30.05
Feb 2003	38.25	28.90	38.40	28.90
March 2003	36.00	30.40	34.15	30.30
April 2003	34.40	29.50	34.00	30.20
May 2003	37.50	23.60	33.20	23.00
June 2003	48.20	23.85	48.15	23.65
July 2003	65.45	45.80	65.50	45.65
Aug 2003	63.00	50.00	64.00	50.50
Sep 2003	61.80	43.30	61.80	43.10
Oct 2003	55.55	45.00	56.00	44.75
Nov 2003	65.00	49.00	65.30	48.25
Dec 2003	82.80	59.85	82.50	59.80

(Source : www.bseindia.com and www.nseindia.com )

## Stock Performance : (Indexed)



### Registrar and Share Transfer Agents

**M/s. Sharepro Services**  
 Satam Estate, 3rd Floor,  
 Cardinal Gracious Road, Chakala,  
 Andheri (East), Mumbai - 400 099.  
 Contact Person : Mrs. Indira Karkera  
 Tel. : 28215168 / 69  
 Fax : 28375646  
 E-mail : sharepro@vsnl.com  
 Business Hours : Monday to Saturday,  
 9.30 a.m. to 5.00 p.m.

**M/s. Sharepro Services**  
 912, Raheja Centre,  
 Free Press Journal Road, Nariman Point,  
 Mumbai - 400 021.  
 Tel : 22881568 / 22884527  
 Fax : 22825484

### Share Transfer System

Share Transfers in physical form can be lodged with Sharepro Services at any of the above mentioned addresses.

Such transfers are normally processed within 30 days from the date of receipt if the documents are in order in all respects. The Shareholders/Investors Grievance Committee usually approves the transfer of shares every 15 days.

## Distribution of Shareholding

No. of Equity Shares held	As on December 31, 2003				As on December 31, 2002			
	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1-500	100004	98.56	4447389	13.27	128211	98.11	6313517	34.79
501-1000	856	0.84	625039	1.87	1476	1.13	1018586	5.61
1001-2000	374	0.38	532542	1.59	609	0.47	850365	4.69
2001-3000	93	0.09	234389	0.69	154	0.12	390386	2.16
3001-4000	31	0.03	112631	0.33	57	0.04	196950	1.08
4001-5000	28	0.02	130393	0.39	40	0.03	179292	0.98
5001-10000	41	0.04	296751	0.89	78	0.06	530891	2.92
10000 and above	44	0.04	27130303	80.97	61	0.04	8669450	47.77
<b>TOTAL</b>	<b>101471</b>	<b>100.00</b>	<b>33509437</b>	<b>100.00</b>	<b>130686</b>	<b>100.00</b>	<b>18149437</b>	<b>100.00</b>

## Categories of Shareholding

Sr. No.	Category	As on December 31, 2003			As on December 31, 2002		
		No. of Shareholders	No. of Shares	Voting Strength	No. of Shareholders	No. of Shares	Voting Strength
1.	Promoter Holding	1	8627798	25.75	8	4985967	27.47
2.	Mutual Funds	7	16115	0.05	7	23462	0.13
3.	UTI	7	80099	0.24	3	993422	5.47
4.	Banks / Financial Institutions / Insurance Companies (Central / State Government Institutions / Non Government Institutions)	42	742721	2.22	53	749420	4.13
5.	FIs	11	1336345	3.98	8	3249	0.02
6.	NRIs	3242	192245	0.57	3561	220531	1.21
7.	OCBs	6	19201	0.05	11	64959	0.36
8.	Domestic Companies	1868	1328885	3.97	2449	1877741	10.35
9.	GDR	3	15532262	46.35	2	555037	3.06
10.	Trust	2	6012	0.02	1	31204	0.17
11.	NSDL in transit	–	–	–	–	63	0.00
12.	Indian Public	96282	5627754	16.79	124582	8644382	47.64
	<b>TOTAL</b>	<b>101471</b>	<b>33509437</b>	<b>100.00</b>	<b>130685</b>	<b>18149437</b>	<b>100.00</b>

**Dematerialization of Shares and liquidity :**

Trading in the equity shares of the Company is permitted only in dematerialized form. Over 49.71% of the Company's Share Capital was dematerialized as on December 31, 2003

The Company's shares are regularly traded on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited.

**Details on use of public funds obtained in the last three years.**

No funds have been raised from the public since incorporation.

**Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity** : N. A.

1. 38,40,000 Global Depository Receipts (GDRs) are outstanding as on December 31, 2003.
2. 3,30,000 Warrants of Re.1/- each issued under the ESOP Scheme, 1999 entitles the holder to apply for and seek allotment of 1 Equity Share of Rs. 10/- each in the Company at a price of Rs. 490/- per equity share together with proportionate bonus entitlement. These warrants have to be exercised on specified dates in every Calendar Year on or before December 29, 2009. During the year, 2,27,150 warrants of Re.1/- were cancelled as the employees who had left the Company had not exercised their options within the stipulated period of two years from the date of resignation. This leaves a balance of 1,02,850 warrants yet to be exercised by the holders.

**Company's Office Addresses :****Registered Office :**

Elite Auto House, 54-A, Sir M. VasANJI Road,  
Andheri (East), Mumbai - 400 093.  
Tel. : +91-22- 56919624-26  
Fax : +91-22- 5692 24 34

**Corporate Office :**

Aptech House,  
A-65, M.I.D.C., Marol,  
Andheri (East), Mumbai – 400 093  
Tel. : +91-22-28272300 / 01  
Fax : +91-22-28272399  
Website : www.aptech-worldwide.com

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
Aptech Limited.

We have examined the compliance of conditions of corporate governance by Aptech Limited for the year ended 31st December, 2003, as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance 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, except minimum number of members during the period between two meetings of the audit committee, 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 grievance is pending for a period exceeding one month, as certified by the share transfer agents of the Company, based on the records maintained by them.

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

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*

**P.R. BARPANDE**  
*Partner*

Membership No. 15291

Place: Chennai  
Date : 31st March, 2004

### 1. INDUSTRY STRUCTURE AND DEVELOPMENT

The year 2003 started off with cautious optimism and by the middle of the year showed definite signs of an uptrend resulting in good growth by the end of the year. The feel good factor was evident across the board and the country's foreign exchange reserve touched an all time high. IT spends again reasserted themselves with substantial investment in the ITES segment. The Government and Institutional business in the IT Training Sector has been growing and large sized contracts from this segment, are being awarded.

### 2. OPPORTUNITIES AND THREATS

#### a) Opportunities

Your Company has set itself firmly in the path of being a world class learning corporation. With the advent of and forays made into learning services, testing and certification services as also the formal sector of education, the opportunities for the Company have increased manifold

#### b) Threats

Being a part of the Information Technology Industry, your Company would certainly be exposed to the risk of technological obsolescence. However, your Company has taken sufficient steps in setting up advisory groups, whose recommendations are periodically reviewed and implemented to reduce the risk of obsolescence. Further, your Company being in the Training and Education business, its fortunes are inextricably linked to the prospects of the overall IT industry with a lag effect. This is being sought to be reduced by certain new initiatives in the non-IT Training and Education space.

#### Competition

Post consolidation of the IT industry, there are only a few serious players remaining and the existing business is by and large equally shared between these existing players. Considering your Company's established brand name and the network that is built over a period of time, your Company is fully geared to face this competition effectively.

### 3. SEGMENTWISE PERFORMANCE

#### a) Retail Education

Your Company has now two established brands in Aptech Computer Education and SSI at the IT Retail Segment. The performance of both these brands have been reasonably good and with the Company's renewed focus on quality and systems, the segment revenues are likely to be reasonably higher in the times to come.

#### b) Arena Multimedia

Your Company has been the pioneer in this segment and enjoys the leadership status as of date. The growth in this segment has been consistent over a period of time and fresh initiatives launched by your Company in related areas of multimedia business hold promise for good growth in the future.

#### c) Institutional Business

In the year 2003, Government was the highest IT spender, which has resulted in large sized contracts to the Training and Education companies in the country. This apart, your Company's forays into learning services space has also brought in large sized contracts with high margins. The year 2004 is extremely promising and the Company is expecting to make rapid strides for higher growth in this segment.

### 4. OUTLOOK

Your Company has embarked in a major way into the stream of formal education. Aptech Limited in pursuit of its vision of becoming a truly world class "Global Education Corporation" has decided to take path breaking initiatives in the areas of Higher Education and the K-12 segment. As a part of this initiative, Aptech has launched a University in Chhattisgarh.

The University would be a seat of higher learning and the focus would be on research. It will offer postgraduate courses, doctoral programmes, develop curriculum for offering undergraduate programmes in Information Science,

Management Science, Media Studies, Mathematical Sciences and Social Sciences. The University would offer these courses at its campus that is currently under construction and through affiliated Colleges throughout India and the world. The prime focus of the curriculum would be on providing job oriented courses.

The Colleges would endeavor at providing the “right-fit” candidates for the industry, through a judicious mix of academic content and industry interactions. To enhance learning, assimilation and application, technology driven mentoring will be done. The colleges will be offering all the above-mentioned graduate and undergraduate courses, select postgraduate courses and Management and Skills development programmes for the working professionals.

In addition to the colleges, a number of Distance Education Accredited Centres (DEAC) would also be appointed by the University to offer select courses through distance education or part time mode.

Through these initiatives, Aptech’s endeavor is to provide “end-to-end” education solutions with an equal opportunity to a global audience.

## 5. RISKS AND CONCERNS

Your Company has been in the IT Training and Education business for the last almost 2 decades. Institutional and Government spending being high in the last few years, your Company has focused its attention in the institutional segment as well, which has streamlined the revenue stream in a major way. This apart, your Company’s forays into the learning services space and the testing and certification space, has thrown open multiple opportunities with handsome margins. The recent launch of the University takes your Company into the formal sector, and this would also have a tremendous impact on the retail segment in addition to bolstering the overall image of your Company. Considering the wide number of segments that your company has gone into over a period of time, the risk has been considerably mitigated and there is no single dependence of the Company on any one segment.

## 6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

The operations of your Company at centers all across the globe are supported by efficient and prudent systems put in place by the Company. The emphasis from the past year has been to make these systems more centralized for better control and monitoring as also to ensure efficiency in the delivery. The Company ensures implementation of standardized policies and procedures for smooth operation across various locations. The Central Internal Audit cell established to ensure compliance with Management Systems and procedures recommends improvements on an ongoing basis that are carefully evaluated before implementation.

## 7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company during the year has posted excellent results for the year ended December 31, 2003. The previous accounting year ending December 31, 2002 being for 9 months is not entirely comparable with that of the current accounting year.

The Global Billings for the year ended December, 2003 stood at Rs. 426 Crores, as compared to Rs. 253.52 Crores for the period ended December 31, 2002. Your Company’s performance in China which is operating through a 50:50 Joint Venture registered an impressive performance for the period December 31, 2003. Based on the excellent performance, an interim dividend of USD 0.5 Million has been declared and the final dividend if any, that may be considered by the Joint Venture Company may follow. Your Company achieved leadership position in countries like Vietnam, China, Sudan, Yemen and Nigeria.

The quarterwise Global Billing for the year under review is furnished below :

Period	Rs. in Crores
January to March 2003	66.11
April to June 2003	104.13
July to September 2003	125.28
October to December 2003	130.48
<b>TOTAL</b>	<b>426.00</b>

## INCOME FROM APTECH LIMITED

Your Company reported Income from Operations at Rs. 165.37 Crores for the year ended December 31, 2003 as compared to Rs. 113.87 Crores for the Nine Months period ended December 31, 2002. The total Income stood at Rs. 167.97 Crores for the year ended December 31, 2003 as against Rs. 114.51 Crores for the Nine Months period ended December 31, 2002. The gross operational expenses for the year under review stood at Rs. 139.11 Crores as against Rs. 97.37 Crores for the Nine Months period ended December 31, 2002. The details of the operational expenses are given hereinbelow :

Expenses	Year ended December 31, 2003	Nine months period ended December 31, 2002	Annualised figures for December 31, 2002	% increase over annualized figures
Employment	1330	918	1224	8.70
Training & Education	9902	7381	9841	0.62
Administration	2679	1438	1917	39.75
<b>TOTAL OPERATIONAL EXPENDITURE</b>	<b>13911</b>	<b>9737</b>	<b>12982</b>	<b>7.15</b>

The total interest expenses stood at Rs. 195 Lacs for the year ended December 31, 2003 as compared to Rs. 137 Lacs for the nine months period ended December 31, 2002. Your Company has therefore reported Profit Before Tax of Rs. 1362 Lacs and a net profit after tax at Rs. 1127 Lacs for the year under review.

### 8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company has always placed key management focus on development of Human Resources in the Company. Post acquisition of SSI education, initiatives were undertaken to develop uniform work culture amongst all members. Experiential learning route was adopted for developing team spirit and company focus. A revised grade structure based on Management levels, Work levels, and Growth levels is introduced. This helped in integrating all the members of both companies with appropriate hierarchy. Extensive employee contact was undertaken to explain and share integration process. Functional structure was adopted to leverage on key strengths of members and bring in specialist perspective for the key functions.

Your Company has 581 employees as on December 31, 2003.

#### Note :

#### CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, 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. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

## TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of Aptech Limited as at 31st December, 2003 and also the Profit and Loss Account and 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 these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those 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. The financial statements of the Company for the period ended 31st December 2002 were audited by other independent auditors, whose audit report dated 14th February, 2003 was unqualified. We have relied upon the balances of assets and liabilities as at 31st December 2002 being the opening balances as at 1st January, 2003 for the purposes of the financial statements for the year ended 31st December, 2003.
4. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) 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.
5. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit,
  - ii) 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 the books;
  - iii) The Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and 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, *subject to our observations in paragraph 5 vi) regarding accounting of exchange difference (AS-11)*;
  - v) On the basis of the written representations received from the directors as on 31<sup>st</sup> December, 2003 and taken on record by the board of directors, we report that none of the directors is disqualified as on December 31, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi) *Attention is invited to Note No.B-20 of Schedule 15 regarding not accounting of the exchange difference on the basis of recording the foreign currency transactions at the rate on original date of transactions as referred in Accounting Standard 11 "Accounting for Effects of Changes in Foreign Exchange Rates"(amount unascertained), which, however has no impact on the profits for the year.*  
 Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with the Significant Accounting Policies and Note No. B-6 of Schedule 15 regarding long outstanding debts aggregating to Rs.64,462,077/- considered good of recovery by the management and other notes thereto, 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:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December, 2003; and
    - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
    - c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For **DELOITTE HASKINS & SELLS.**  
Chartered Accountants

**P. R. BARPANDE**  
Partner

Membership No. 15291

Chennai, dated: 31st March, 2004

**Re: Aptech Limited****Referred to in Paragraph 4 of our report of even date**

- i) The nature of the Company's business/activities during the year have been such that clauses (viii), (xiii), (xiv) and (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
- ii) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets *except in respect of the fixed assets transferred to the Company, on acquisition of training business of erstwhile Aptech Limited for which the Company is presently in the process of updating the fixed assets records showing full particulars, including quantitative details and situation of fixed assets. (Refer note no B-7 of Schedule 15).*
  - b) According to the information and explanations given to us, the physical verification of fixed assets was carried out partially by the management during the year, *however, pending verification of all fixed assets and completion of updation of the fixed assets records as stated in Para ii) a) above, we are unable to comment on the discrepancies, if any, in relation thereto.*
  - c) There has been no significant disposal of fixed assets during the year.
- iii) In respect of its inventories:
  - a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv) In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 according to the information and explanation given to us:
  - a) The Company has taken loan aggregating to Rs.10,000,000/- during the current year, from a party covered in the Register maintained under Section 301 of the Companies Act, 1956, which has also been repaid during the year and hence the year-end balance of such loan taken was Rs.Nil. The Company had taken a loan in the earlier year, aggregating to Rs.16,500,000/- from a party covered in the Register maintained under Section 301 of the Companies Act, 1956 and such party ceased to be a party covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year. The year-end balance of the loan taken from such party was Rs.849,955/-, representing interest accrued and due. The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
  - b) The rate of interest and other terms and conditions on which the loans have been taken by the Company, are not prima facie, prejudicial to the interest of the Company.
  - c) Payment of the principal amount is on demand and interest where applicable, accrues accordingly and is also repayable on demand. The payment of the principal amount and the interest is regular, *except for the interest accrued and due aggregating to Rs.849,955/- as at the year-end, for which the demand for repayment was made by the party, after it ceased to be a party covered under Section 301 of the Companies Act, 1956.*
  - d) The Company is presently taking reasonable steps for the repayment of the overdue interest amount aggregating to Rs.849,955/-
- v) In our opinion, and according to the information and explanations given to us, there are internal control procedures for the purchase of inventory and fixed assets and sale of services, which in our opinion *need to be strengthened with respect to purchase of fixed assets and sale of services* to be commensurate with the size of the Company and nature of its business. As informed to us, the Company has initiated steps to ensure strengthening such controls.
- vi) In respect of the transactions entered in the Register maintained under Section 301 of the Companies Act, 1956:
  - a) To the best of our knowledge and belief and according to the information and explanations given to us,

- transactions that needed to be entered into the Register have been so entered.
- b) According to the information and explanations given to us, where each of such transactions [excluding loans reported under paragraph (iv) above], is in excess of Rs.5 lakhs in respect of each party, the transactions have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time or the prices at which similar transactions have been made with other parties or as available with the Company. As regards the transaction of acquisition of "Training and Education business" (Refer note no. B-5 A of Schedule 15) from a company covered under section 301 of the Companies Act, 1956, the same is made at a price based on the valuation report issued by a firm of chartered accountants appointed as valuers by the Company and the vendor company and approved by the Board of Directors of the Company and in accordance with the agreement between both the parties.
  - vii) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under, are not applicable to the Company.
  - viii) *In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management, need to be strengthened to be commensurate with the size of the Company and nature of its business, with respect to the scope of work/ areas covered by internal audit and appropriate and timely follow-up for the management responses/action in respect of the observations reported by them.*
  - ix) According to the information and explanations given to us in respect of statutory and other dues:
    - a) The Company has been generally regular in depositing undisputed statutory dues, including provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, applicable to it, with the appropriate authorities during the year.
    - b) According to the information and explanations given to us there are no dues of sales tax/ income tax/ custom duty/ wealth tax/ excise duty and cess, which have not been deposited on account of any dispute.
  - x) The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
  - xi) Based on our audit procedures and on the basis of the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
  - xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and any other securities and hence clause 4(xii) is not applicable.
  - xiii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
  - xiv) To the best of our knowledge and belief, and according to the information and explanations given to us, term loans availed by the company were prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
  - xv) According to the Cash Flow Statement and other records examined and the information and explanation given to us, on overall basis, funds raised on short-term basis have prima facie, not been used during the year for long-term investment and vice-versa.
  - xvi) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
  - xvii) The management has disclosed the end use of money raised by public issue (Global Depository Receipts) during the current year and the same has been verified by us.
  - xviii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**P. R. BARPANDE**  
Partner

Membership No. 15291

Chennai, dated: 31st March, 2004

## BALANCE SHEET AS AT 31ST DECEMBER, 2003

Particulars	Schedule	As at 31st December, 2003		As at 31st December, 2002	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	"1"	335,094,370		181,494,370	
Warrants (Refer Note No. B-4(A) of Schedule 15)		102,850		330,000	
Reserves and Surplus	"2"	<u>1,226,147,492</u>		<u>679,972,333</u>	
			<b>1,561,344,712</b>		<b>861,796,703</b>
<b>LOAN FUNDS</b>					
Secured Loans	"3"	134,756,284		44,895,870	
Unsecured Loans	"4"	<u>2,978,411</u>		<u>56,500,000</u>	
			<b>137,734,695</b>		<b>101,395,870</b>
<b>DEFERRED TAX LIABILITY (NET)</b> (Refer Note No. B-15 (A) of Schedule 15)			<b>12,847,507</b>		<b>-</b>
			<u><b>1,711,926,914</b></u>		<u><b>963,192,573</b></u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	"5"	1,141,988,890		798,001,373	
Less : Depreciation		<u>267,917,796</u>		<u>138,265,064</u>	
<b>Net Block</b>			<b>874,071,094</b>		<b>659,736,309</b>
<b>INVESTMENTS</b>					
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	"7"		<b>63,678,931</b>		<b>13,978,449</b>
Inventories		12,790,478		24,192,007	
Sundry Debtors		781,817,213		362,406,490	
Cash and Bank Balances		457,571,818		43,528,411	
Loans and Advances		<u>85,429,328</u>		<u>67,205,155</u>	
		<u><b>1,337,608,837</b></u>		<u><b>497,332,063</b></u>	
Less : <b>CURRENT LIABILITIES AND PROVISIONS</b>	"8"				
Current Liabilities		505,386,881		195,950,189	
Provisions		<u>58,045,067</u>		<u>11,904,059</u>	
		<u><b>563,431,948</b></u>		<u><b>207,854,248</b></u>	
<b>NET CURRENT ASSETS</b>			<b>774,176,889</b>		<b>289,477,815</b>
			<u><b>1,711,926,914</b></u>		<u><b>963,192,573</b></u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND "15" NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT</b>					

As per our attached report of even date.

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Kalpathi S. Suresh**  
Chairman

**Pramod Khara**  
Managing Director

**P. R. Barpande**  
Partner

**Sree Vidhya Raju**  
Company Secretary

Place : Chennai  
Date : 31st March, 2004

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER , 2003**


Particulars	Schedule	Current Year		For the period 1st April, 2002 to 31st December, 2002	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Income from Operations	"9"	1,653,720,880		1,138,719,372	
Other Income	"10"	26,018,884		6,336,678	
			1,679,739,764		1,145,056,050
<b>EXPENDITURE</b>					
Training & Education Expenses	"11"	990,210,173		738,096,441	
Payments to and Provision for Employees	"12"	132,970,917		91,756,046	
Administration and Other Expenses	"13"	267,864,302		143,806,565	
Interest and Finance Costs	"14"	19,465,807		13,731,240	
Depreciation		132,979,325		106,051,582	
			1,543,490,524		1,093,441,874
<b>PROFIT BEFORE TAX</b>			136,249,240		51,614,176
Provision for Taxation					
Income Tax					
– Current Tax		10,600,000		4,064,620	
– Deferred Tax (Refer Note No. B-15(A) of Schedule 15)		12,847,507		–	
Wealth Tax		78,000		–	
			23,525,507		4,064,620
<b>PROFIT AFTER TAX</b>			112,723,733		47,549,556
Excess Provision for Wealth Tax, of Earlier Year Written Back			–		38,510
Surplus Brought Forward from Previous period			107,442,058		59,853,992
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			220,165,791		107,442,058
Add : Transferred from Contingency Reserve (Refer Note No. B-10 of Schedule 15)			200,000,000		–
Less : Transferred to General Reserve			50,000,000		–
Less : Equity Dividend (Final Proposed)		33,509,437		–	–
Corporate Tax on Dividend		4,293,397		–	–
			37,802,834		–
<b>BALANCE CARRIED TO BALANCE SHEET</b>			332,362,957		107,442,058
<b>EARNING PER SHARE</b>					
(Refer Note No. B-14 of Schedule 15)					
– Basic			5.50		2.62
– Diluted			5.45		2.57
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT</b>	"15"				

As per our attached report of even date.

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Kalpathi S. Suresh**  
Chairman

**Pramod Khara**  
Managing Director

**P. R. Barpande**  
Partner

**Sree Vidhya Raju**  
Company Secretary

Place : Chennai  
Date : 31st March, 2004

## CASH FLOW STATEMENT FOR THE YEAR ENDING 31ST DECEMBER, 2003

Particulars	Current Year		Previous Period	
	Rupees	Rupees	Rupees	Rupees
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax		136,249,240		51,614,176
Adjustments				
Warrants Written Back	(227,150)		–	
Employee Stock Compensation Credit	(2,271,500)		–	
Depreciation	132,979,325		106,051,582	
Interest and Finance Costs	19,465,807		13,731,240	
Interest Income	(2,237,028)		(737,562)	
Unrealised Exchange Loss	6,525,043		–	
Dividend on Long Term Investments	(22,795,000)		(2,400,000)	
Loss on sale of Fixed Assets (Net)	5,427,537		11,151,508	
		<u>136,867,034</u>		<u>127,796,768</u>
Operating Profit Before Working Capital Changes		273,116,274		179,410,944
Adjustments for :				
Inventory	17,021,665		(15,309,964)	
Sundry Debtors	(323,295,279)		(184,468,997)	
Loans & Advances	38,895,632		17,468,840	
Current Liabilities & Provisions	(50,726,833)		(2,300,813)	
		<u>(318,104,815)</u>		<u>(184,610,935)</u>
<b>Cash used in Operating Activities</b>		<b>(44,988,541)</b>		<b>(5,199,991)</b>
Interest Received	2,237,028		737,562	
Wealth Tax Refund/Paid	(77,236)		–	
Income Tax Refund/Paid	(2,633,724)		(8,017,783)	
		<u>(473,932)</u>		<u>(7,280,221)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(45,462,473)</b>		<b>(12,480,212)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(69,534,975)		(60,543,849)	
Part payment towards Purchase of Training and Education Business (Refer Note No. 8 below.)	(155,000,000)		–	
Sale of Fixed Assets	4,491,454		5,179,781	
Investments in Shares of Subsidiary Companies	(49,700,482)		(1,325,621)	
Dividend Received	–		2,400,000	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(269,744,003)</b>		<b>(54,289,689)</b>

**(C) CASH FROM FINANCING ACTIVITIES**

Proceeds from issue of share capital (GDR's)	653,256,000	—
Share issue expenses (GDR's)	(26,130,240)	—
Proceeds from borrowings (net)	33,360,414	38,258,262
Interest paid	(16,487,396)	(13,731,240)
<b>Net Cash from Financing Activities</b>	<b>643,998,778</b>	<b>24,527,022</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>328,792,302</b>	<b>(42,242,879)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>43,528,411</b>	<b>85,771,290</b>
<b>Cash and Cash equivalence as at 1st April, 2003 of Training and Education Business acquired in accordance with an agreement with SSI Ltd. (refer note B-5 A of Schedule 15)</b>	<b>91,776,148</b>	<b>—</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>464,096,861</b>	<b>43,528,411</b>
	<b>328,792,302</b>	<b>(42,242,879)</b>

**Notes :**

1) Cash and Cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer Schedule 7B of the Balance Sheet)

2) Cash and Cash equivalents include:

**Cash and Bank balances**

Unrealised loss on foreign currency cash and cash equivalents

**Total Cash and Cash equivalents**

	As at December 31, 2003 Rupees	As at December 31, 2002 Rupees
<b>Cash and Bank balances</b>	457,571,818	43,528,411
Unrealised loss on foreign currency cash and cash equivalents	6,525,043	—
<b>Total Cash and Cash equivalents</b>	<b>464,096,861</b>	<b>43,528,411</b>

- 3) Proceeds from borrowings reflect the increase in secured and unsecured loans and is net of repayments.
- 4) Interest received on deposit, overdue bills etc. is classified as cash flow from operating activity.
- 5) Cash flow for the year ended 31st December, 2002 has been extracted from cash flow statement audited by the other independent auditor, in that year.
- 6) The Cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standard (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 7) Additions to fixed assets and sale of fixed assets are considered as part of investing activities.
- 8) Out of total purchase consideration for the acquisition of "Training and Education Business" from SSI Ltd. of Rs.286,500,000/-, Rs.155,000,000/- has been discharged by means of Cash. (Refer Note No.5A of Schedule 15).
- 9) Previous period figures have been regrouped wherever necessary to correspond with the figures of the current year.

As per our attached report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Barpande**  
Partner

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**  
Chairman

**Pramod Khara**  
Managing Director

**Sree Vidhya Raju**  
Company Secretary

Place : Chennai

Date : 31st March, 2004

## SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31st December, 2003		As at 31st December, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "1" - SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
60,000,000 (Previous period 19,952,000)				
Equity Shares of Rs. 10/- each		600,000,000		199,520,000
NIL (Previous period 4,800) 9% Cumulative Redeemable Preference Shares of Rs. 100/- each		-		480,000
<b>TOTAL</b>		<b>600,000,000</b>		<b>200,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
33,509,437 (Previous period 18,149,437)				
Equity Shares of Rs. 10/- each fully paid		335,094,370		181,494,370
Of the above :-				
A) 18,147,437 Equity Shares of Rs. 10/- each have been allotted as fully paid up to the Shareholders in accordance with the Scheme of demerger of the training division of erstwhile Aptech Limited into the Company, approved by the High Court, without receiving consideration in cash.				
B) 15,360,000 Equity Shares of Rs. 10/- each fully paid up, have been allotted against underlying 3,840,000 Global Depository Receipts of USD 3.75 each, issued by the Company. (Refer Note No. B-9(A) of Schedule 15)				
		<b>335,094,370</b>		<b>181,494,370</b>
<b>SCHEDULE "2" - RESERVES AND SURPLUS</b>				
<b>EMPLOYEES STOCK OPTIONS OUTSTANDING</b>				
(Refer Note No. B-4(A) of Schedule 15)				
Balance at the commencement of the year/period		3,300,000		3,300,000
Less : Credit for the year/period		2,271,500		-
		<b>1,028,500</b>		<b>3,300,000</b>
<b>CAPITAL RESERVE</b>				
Balance at the commencement of the year		-		846,070,590
Less : Transferred to Goodwill		-		846,070,590
		<b>-</b>		<b>-</b>
<b>CAPITAL REDEMPTION RESERVE</b>				
Balance at the commencement of the year		88,480,000		88,480,000
<b>SECURITIES PREMIUM ACCOUNT</b>				
Balance at the commencement of the year		-		-
Add : Credited during the year		499,656,000		-
Less : Share Issue Expenses (GDR issue) (Refer Note No. B-9(B) of Schedule 15)		26,130,240		-
		<b>473,525,760</b>		<b>-</b>
<b>GENERAL RESERVE</b>				
Balance at the commencement of the year		280,750,275		482,279,685
Less : Transferred to Goodwill		-		201,529,410
Add : Transferred from Profit and Loss Account		50,000,000		-
		<b>330,750,275</b>		<b>280,750,275</b>
<b>CONTINGENCY RESERVE</b>				
Balance at the commencement of the year		200,000,000		350,000,000
Less : Transferred to Goodwill		-		150,000,000
Less : Transferred to Profit and Loss Account (Refer Note No. B-10 of Schedule 15)		200,000,000		-
		<b>-</b>		<b>200,000,000</b>
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT</b>				
		<b>332,362,957</b>		<b>107,442,058</b>
		<b>1,226,147,492</b>		<b>679,972,333</b>

Particulars	Notes	As at 31st December, 2003 Rupees		As at 31st December, 2002 Rupees	
<b>SCHEDULE "3" - SECURED LOANS</b>					
From Bank					
– Term Loan	1	5,429,062		–	
– Working Capital Demand Loans	1	104,000,000		40,000,000	
– Cash Credit Account	1	20,830,418		4,895,870	
– Vehicle Loans	2	4,496,804		–	
<b>TOTAL</b>		<b>134,756,284</b>		<b>44,895,870</b>	
<b>Notes :</b>					
1) Term Loan, Working Capital Demand Loans and Cash Credit Account are secured by equitable mortgage by deposit of Title deeds of the Company's immovable properties situated at Pune, Chennai, Bangalore and Mumbai and first charge by way of hypothecation of					
a) all tangible movable fixed assets which include Plant and Machinery, Furniture & Fittings, Computers and Vehicles (other than those stated in Note No. 2 below) at locations specified in the composite hypothecation deed dated 25th June, 2003, and					
b) Stocks and book debts.					
2) Vehicle loans are secured by charge on the concerned vehicles purchased.					
<b>SCHEDULE "4" - UNSECURED LOANS OTHER LOANS AND ADVANCES</b>					
From others (Inter Corporate deposits)		–		56,500,000	
Add : Interest accrued and due		2,978,411		–	
<b>TOTAL</b>		<b>2,978,411</b>		<b>56,500,000</b>	

**SCHEDULE "5" - FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01-01-2003	Additions	Deductions	As at 31-12-2003	As at 01-01-2003	For the year	Deductions	As at 31-12-2003	As at 31-12-2003	As at 31-12-2002	
Goodwill	–	95,260,844	–	95,260,844	–	–	–	–	95,260,844	–	
Freehold Land	185,823	–	–	185,823	–	–	–	–	185,823	185,823	
Buildings	97,936,396	156,650	–	98,093,046	2,776,115	1,597,001	–	4,373,116	93,719,930	95,160,281	
Plant and Machinery	624,069,362	81,715,004	10,058,597	695,725,769	131,511,600	111,419,679	2,691,982	240,239,297	455,486,472	492,557,762	
Furniture and Fixtures	8,064,094	123,047,314	689,128	130,422,280	597,362	7,072,621	98,065	7,571,918	122,850,362	7,466,732	
Vehicles	17,664,473	7,212,287	2,497,859	22,378,901	2,376,274	1,699,768	536,546	3,539,496	18,839,405	15,288,199	
Intangible Assets											
- Courseware	50,081,225	49,841,002	–	99,922,227	1,003,713	11,190,256	–	12,193,969	87,728,258	49,077,512	
<b>Total</b>	<b>798,001,373</b>	<b>357,233,101</b>	<b>13,245,584</b>	<b>1,141,988,890</b>	<b>138,265,064</b>	<b>132,979,325</b>	<b>3,326,593</b>	<b>267,917,796</b>	<b>874,071,094</b>	<b>659,736,309</b>	
<b>Total (Previous Period)</b>	<b>1,319,114,638</b>	<b>1,258,143,849</b>	<b>1,779,257,114</b>	<b>798,001,373</b>	<b>149,912,594</b>	<b>106,051,582</b>	<b>117,699,112</b>	<b>138,265,064</b>	<b>659,736,309</b>		

**Notes :**

- Buildings include value of properties in co-operative societies including shares of respective societies.
- Additions include Fixed Assets Rs. 192,437,282/- acquired as a part of acquisition of "Training and Education business" from SSI Limited, in accordance with an agreement dated 18th June, 2003 with SSI Limited and Goodwill Rs. 95,260,844/- representing excess of liabilities arising on such acquisition. (Refer Note No. B-5A of Schedule 15).
- Depreciation for the year includes on account of prior period Rs. 7,591,395/-, (Previous period Rs. NIL).

## SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31st December, 2003 Rupees		As at 31st December, 2002 Rupees	
<b>SCHEDULE "6" - INVESTMENTS (AT COST)</b>				
<b>Long Term</b>				
<b>Trade Investments - Unquoted</b>				
<b>1) In Shares of Subsidiary Companies</b>				
i) 1,60,000 (Previous Period 1,60,000) Equity Shares of 10 Bangladeshi Takkas each fully paid up in Aptech (WOS) Bangladesh Limited, Bangladesh	1,409,334		1,409,334	
ii) 37 (Previous Period 1) Equity Shares of 1,00,000 AED each in Aptech Training Limited F.Z.E.	46,007,103		1,325,621	
iii) 49,930 (Previous Period Nil) Equity Shares of Rs.10/- Each Fully Paid Up in Aptech Software Limited	499,300		-	
<b>2) Others</b>				
50% Share In Beijing Aptech Beida Jade Information Technology Company Limited (China) – A Joint Venture with Macology Technology Trade Company	11,243,494		11,243,494	
	<u>59,159,231</u>		<u>13,978,449</u>	
<b>3) Share Application Money Towards Equity Shares of Aptech Software Limited</b>				
	4,519,700		-	
	<u>63,678,931</u>		<u>13,978,449</u>	
Note :				
Aggregate of unquoted Investments at cost	<u>59,159,231</u>		<u>13,978,449</u>	
<b>SCHEDULE "7" - CURRENT ASSETS</b>				
<b>A. Inventories</b>				
(Lower of Cost or Net Realisable Value)				
Education and Training Materials	12,790,478		24,192,007	
<b>B. Sundry Debtors (Unsecured)</b>				
Debts outstanding for a period exceeding six months (Refer Note No. B-19 of Schedule 15)	324,756,190		154,077,327	
Other Debts	488,626,601		208,329,163	
(Net of Rs. Nil (Previous Period Rs. 69,74,74,635/- Transferred to Goodwill)	813,382,791		362,406,490	
Less : Provision	<u>31,565,578</u>		<u>-</u>	
	<u>781,817,213</u>		<u>362,406,490</u>	
Notes : Sundry Debtors Includes				
1 A) Considered Good Rs. 78,18,17,213/- (Previous Period Rs. 36,24,06,490/-)				
B) Considered Doubtful Rs. 3,15,65,578/- (Previous Period Rs. Nil)				
2. Rs. 2,51,95,000/- (Previous Period Rs. 24,00,000/-) Being Dividend Receivable from investments held in Joint Venture Company)				
<b>C. Cash and Bank Balances</b>				
1. Cash in hand (Including Cheques on hand Rs. Nil (Previous Period Rs. 4,74,142/-) and Remittance in Transit Rs. Nil (Previous Period Rs. 3,68,151/-)	500,548		1,290,286	
2. Bank Balances				
A) With Scheduled Banks (Refer Note No. B-8 of Schedule 15)				
i) In Current Accounts (Including In Exchange Earners Foreign Currency Accounts Rs. 10,76,64,763/- (Previous Period Rs. 54,16,398/-)	174,117,563		34,490,850	
ii) In Deposit Accounts (Including Interest Accrued Rs. 98,092/- (Previous Period Rs. Nil )	2,658,277		7,747,275	
B) With Others In Current Account Banco Portugues De Negocios (Banco Efisa) (Portugues) (Maximum Balance During the Year Rs. 653,256,000/- (Previous Period Rs. Nil)	<u>280,295,430</u>		<u>-</u>	
	<u>457,571,818</u>		<u>43,528,411</u>	

Note : Bank Balances Include Rs. 3,75,26,1320/- (Previous Period Rs. Nil) Being Balance of unutilised Monies Raised By Public Issue of Shares (GDRs) (Refer Note No. B-9(A) of Schedule 15)

## SCHEDULES TO THE BALANCE SHEET



Particulars	As at		As at	
	31st December, 2003		31st December, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "7" - CURRENT ASSETS (Contd.)</b>				
<b>D. Loans And Advances (Unsecured)</b>				
Loans And Advances to a Subsidiary Company	908,518		1,852,548	
Loan to Staff and others	6,143,592		11,034,482	
Advances Recoverable in cash or in kind or for value to be received	16,465,396		3,709,802	
Deposits	69,328,557		36,500,055	
Advance Payment of Income Tax	16,741,992		14,108,268	
	<u>109,588,055</u>		<u>67,205,155</u>	
Less : Provision	24,158,727		-	
Note : Loans and advances include		85,429,328		67,205,155
a) Considered good Rs. 8,54,29,328/- (Previous period Rs. 6,72,05,155/-)				
b) Considered doubtful Rs. 2,41,58,727/- (Previous period Rs. NIL)				
		<u>1,337,608,837</u>		<u>497,332,063</u>
<b>SCHEDULE "8" - LIABILITIES AND PROVISIONS</b>				
<b>A. CURRENT LIABILITIES</b>				
Acceptances		19,373,582		-
Sundry Creditors				
i) Total outstanding dues to Small Scale Industrial undertakings		-		-
ii) Total outstanding dues to Creditors other than Small Scale Industrial undertakings		473,963,993		189,108,313
		<u>473,963,993</u>		<u>189,108,313</u>
Other Liabilities		12,049,306		6,841,876
		<u>505,386,881</u>		<u>195,950,189</u>
<b>B. PROVISIONS</b>				
Provision for Taxation	14,665,384		4,064,620	
Proposed Dividend	33,509,437		-	
Provision for Corporate tax on Dividend	4,293,397		-	
Provision for Leave Encashment	5,576,849		7,839,439	
		<u>58,045,067</u>		<u>11,904,059</u>
		<u>563,431,948</u>		<u>207,854,248</u>

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

Particulars	Current Year		For the Period	
	31st December, 2003		1st April, 2002 to 31st December, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "9" - INCOME FROM OPERATIONS</b>				
TRAINING AND EDUCATION INCOME (Including prior period Rs. 26,239,723/- Previous Period Rs. NIL)		1,653,720,880		1,138,719,372
TOTAL		<u>1,653,720,880</u>		<u>1,138,719,372</u>
<b>SCHEDULE "10" - OTHER INCOME</b>				
Dividend on Long Term Investments		22,795,000		2,400,000
Exchange Difference (Net)		-		516,727
Interest Income (Tax Deducted at Source Rs. 2,07,422/- (Previous Period - Rs.39,306/-)		2,237,028		220,835
Warrants Written Back (Refer Note No. B-4(A) of Schedule 15)		227,150		-
Miscellaneous Income		759,706		3,199,116
		<u>26,018,884</u>		<u>6,336,678</u>

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

Particulars	Current Year		For the Period	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "11" - TRAINING AND EDUCATION EXPENSES</b>				
Education, Training Expenses and Course Materials (Including prior period Rs. 65,60,365/- Previous period Rs. NIL)		66,784,069		88,202,314
Center Operation Expenses [(Net of excess provision of Rs. 1,86,60,911/- (Previous period Rs. NIL) and Sundry credit balances (net) Rs. 2,13,60,900/- (Previous period Rs. NIL), no longer required and written back]		628,732,528		548,365,609
Course Execution Charges (Including prior period Rs. 29,379,492/- Previous period Rs. NIL)		223,647,408		81,471,950
Advertisement and Publicity		71,046,168		20,056,568
		<u>990,210,173</u>		<u>738,096,441</u>
<b>SCHEDULE "12" - PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>				
Salary and other Allowances (Including Rs. 51,55,424/- Previous period Rs. NIL, reimbursed to transferor Company (Refer Note No. B-5 (C) of Schedule 15)		109,694,775		77,240,507
Contribution to Provident fund and other funds		18,284,207		11,034,022
Staff Welfare Expenses		4,991,935		3,481,517
		<u>132,970,917</u>		<u>91,756,046</u>
<b>SCHEDULE "13" - ADMINISTRATION AND OTHER EXPENSES</b>				
Rent, Rates and Taxes		37,799,819		20,565,435
Travelling and Conveyance Expenses		45,392,944		29,541,566
Electricity Charges		11,238,636		6,531,772
Communication Expenses		18,173,496		14,125,743
Repairs and Maintenance				
– Buildings		963,016		44,069
– Plant and Machinery		10,552,596		1,643,727
– Others		7,287,677		5,843,164
		<u>18,803,289</u>		<u>7,530,960</u>
Insurance Premium		1,607,477		1,784,100
Legal and Professional Charges		30,092,605		25,368,426
Bad Debts/Advances written off		2,562,445		–
Provision for Doubtful Debts and Advances		55,724,305		–
Exchange Difference (Net)		9,783,503		–
Loss on Sale of Fixed Assets		5,427,537		11,151,508
Director's Sitting Fees		400,000		350,000
Miscellaneous Expenses (Note : Miscellaneous expenses includes Printing and Stationery, Audit Fees, Carriage and Forwarding, Security Charges, Service Charges etc.)		30,858,246		26,857,055
		<u>267,864,302</u>		<u>143,806,565</u>
<b>SCHEDULE "14" - INTEREST AND FINANCE COST</b>				
Interest on				
– Fixed Loans		5,193,981		3,985,542
– Others		11,761,273		6,499,974
Bank Charges		2,510,553		3,245,724
		<u>19,465,807</u>		<u>13,731,240</u>

## SCHEDULE "15" - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

### A. Significant accounting policies:

#### (a) Basis of preparation:

The accompanying financial statements have been prepared under the historical cost convention and the provisions of the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India (other than stated in Note No. B-20).

#### (b) Use of estimates:

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### (c) Revenue Recognition:

##### i) Training and Education Income

Revenue in respect of Training and Education services is recognised on rendering of services, only when it is reasonably certain that the ultimate collection will be made. In respect of the revenue from the franchisee centers in India, a substantial portion of revenue paid/payable to the franchisees in accordance with agreements is debited to the Center operation expenses. (Refer Note No. B-3).

##### ii) Sale of Education Course Materials

Revenue in respect of sale of Education course materials is recognised on delivery of the course materials to the customers.

##### iii) Dividend:

Dividend income is recognised when right to receive is established.

#### (d) Fixed Assets:

Fixed assets are recorded at cost of acquisition/development or construction. These are stated at historical cost.

#### (e) Depreciation:

Depreciation is charged on a pro-rata basis on a Straight-Line Method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

Intangible assets – courseware is depreciated over a period considering the estimated useful life of the assets and obsolescence.

Goodwill arising on acquisition of business is carried at cost and shall be tested for impairment, if any, at each balance sheet date.

#### (f) Investments:

Long term investments are stated at cost, which includes cost of acquisition and related expenses. Provision is made to recognise a decline, other than temporary, in the value of investments.

#### (g) Inventories:

Inventory of educational course material is valued at cost or net realizable value whichever is lower. Cost is determined on weighted average basis.

**(h) Foreign Currency Transactions:**

- i) Transactions in foreign currency are recorded at the exchange rate on the last day of the audited accounts of earlier year/period (See Note B-20 to Schedule 15). Exchange differences arising on repayment of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed asset. Exchange differences arising on settlement of other transactions are recognised in the Profit and Loss Account.
- ii) Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognised in the Profit and Loss Account.

**(i) Retirement Benefits:**

- i) Company's contribution to Provident Fund, Superannuation Fund and other fund is charged to Profit and Loss Account.
- ii) The Company's liability towards Gratuity is funded through a scheme (Group Gratuity Scheme) administered by the LIC of India. The annual premium paid/payable towards L.I.C's demand on the basis of actuarial valuation is debited to the Profit and Loss Account.
- iii) Leave encashment benefits are charged to revenue based on actuarial valuation at the year-end.

**(j) Research and Development:**

Revenue expenditure on research and development is charged to Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is included in fixed assets and depreciation is charged at applicable rates on such assets.

**(k) Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**(l) Income Tax:**

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets to the extent they have become reasonably certain or virtually certain of realisation, as the case may be.

**(m) Contingent Liabilities:**

These are disclosed by way of notes on the Balance Sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end, till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

## B. NOTES FORMING PART OF THE ACCOUNTS

1. Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 841,190/- (Previous period Rs. NIL).

2. Contingent Liabilities in respect of :	<b>As at</b>	<b>As at</b>
	<b>31.12.2003</b>	<b>31.12.2002</b>
	<b>Rupees</b>	<b>Rupees</b>
a) Counter Guarantees to banks	<b>48,763,200</b>	43,866,650
b) Claims against the Company not acknowledged as debts.	<b>76,482,474</b>	61,693,633

3. Training and Education Income (Schedule 9) includes the income received by the Company at the franchised centers in India and the income in respect of courses/training executed for institutional and corporate clients. The amount paid/payable to the franchisees for operating such centers and to the business partners for execution of training courses at the institutions/corporates, as per the agreements with them, is disclosed as "Center Operation Expenses" and "Course execution charges" respectively (Schedule 11).

4.A) 330,000 warrants were allotted by the erstwhile Aptech Limited to its trust namely "Aptech Employees Welfare Trust" under Employees Stock Option Scheme (ESOS), which stand transferred to the Company, pursuant to the scheme of demerger of training division of erstwhile Aptech Limited approved by the High Court of Judicature at Bombay with effect from the appointed date i.e. April 1, 2001. Each warrant entitles the holder to get allotted one equity share of Rs. 10/- each at a price of Rs. 490/- per equity share together with proportionate bonus entitlement. The warrants are to be exercised on specified dates in every calendar year on or before December 29, 2009 subject to conditions specified in the scheme.

<b>Details of Options Granted and lapsed</b>	<b>December 2003</b>	<b>December 2002</b>
Options granted and outstanding as at the beginning of the year/period	330,000	330,000
Add : Granted during the year/period	Nil	Nil
Less : Lapsed during the year/period	227,150	Nil
Options granted and outstanding as at the end of the year/period	102,850	330,000

227,150 options have lapsed during the year, consequent to expiry of the exercise period in respect of certain warrant holders, in accordance with the scheme, and accordingly Rs. 2,271,500/- out of the balance of Rs. 3,300,000/- in the Employee Stock Option Outstanding Account (Schedule 2) has been transferred and credited to "Payments to and Provisions for Employees" (Schedule 12 ) in the Profit and Loss Account. Similarly, an amount of Re.1/- per warrant collected in earlier years aggregating to Rs. 227,150/- is also credited to Profit and Loss Account as "Other Income"(Schedule 10) for the same reason.

B) Subsequent to the special resolution passed by the shareholders in the Annual General Meeting held on June 30, 2003 approving the Employee Stock Option Scheme, SEBI has on June 30, 2003 issued fresh guidelines for the purpose of implementation of ESOS.

The Company had in the earlier year approached SEBI for certain clarifications on fresh guidelines issued by SEBI on implementation of ESOS. The Company considering such clarifications amended the said scheme, which is duly approved by the Board of Directors and the shareholders in the Extra Ordinary General Meeting, held on February 13, 2004. Accordingly, the said scheme comes into effect from the said date.

- 5.A) In accordance with the agreement entered into with SSI Limited, dated June 18, 2003 the company acquired the "Training and Education business" of the said company, with effect from April 1, 2003, at an agreed consideration of Rs. 286,500,000/- to be discharged either by way of cash payment or issue of equity shares of the Company. Out of the total consideration, Rs. 155,000,000/- has been discharged by way of cash payment to the transferor company till December 31, 2003 and the balance amount of Rs. 131,500,000/- payable as at the year-end, is included in sundry creditors (Schedule 8). The acquisition of business has been accounted for under the "purchase method" as stated in the Accounting Standard -14 (AS 14) "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, on the basis of the audited Balance Sheet of SSI Limited as at 1<sup>st</sup> April, 2003. Accordingly, Goodwill aggregating to Rs. 95,260,844/- representing excess of liabilities taken over on such acquisition, is included in additions to fixed assets (Schedule 5).
- B) Some of the bank accounts and other assets (deposits etc) continue to be in the name of the transferor company as at December 31, 2003. The Company is presently taking necessary steps for closure of such bank accounts and/or transferring the other assets in its own name.
- C) The employees of the transferor company during the transition period upto December 31, 2003, continued to be on the payroll of that company and the Company has reimbursed part of such payroll costs aggregating to Rs. 5,155,424/-. However, subsequent to the year-end, such employees have been transferred on the payroll of the Company.
6. Sundry Debtors (Schedule 7B) includes debts aggregating to Rs. 96,027,655/- as at December 31, 2003 which are long outstanding and recoverable from the franchisees of the company and institutional debtors, comprising mainly of Government parties. The company has set up a task force for recovery of debts in the current year and consequently recovered the debts aggressively and continues to follow up for recovery. Analysing the debts and probability of recovery, the Company has in addition to debts aggregating to Rs. 1,098,696/- written off during the year, made a provision of Rs. 31,565,578/- in the accounts towards doubtful debts and in the opinion of the Company no further provision is considered necessary for the balance amount of debts of Rs. 64,462,077/- in view of the following-up efforts of the task force and continuing relationship with the franchisee/ institutional debtors.
7. Fixed assets of the Company include the assets which were transferred to the company consequent to the de-merger of erstwhile Aptech Limited in an earlier year. On the basis of the physical verification partially carried out by the management during the year, the Company is presently in the process of updating the fixed assets records, including allocation of cost to individual fixed assets items on the basis of invoices, technical evaluation etc. The adjustments, if any, arising out of such allocations would be made after verification of all fixed assets and on completion of such updation/allocation of cost, which in the opinion of the Company will not have a material impact.
- The loss on sale of fixed assets aggregating to Rs. 5,427,537/- during the year (Schedule 13) has been ascertained by computing the written down value of the said assets considering the depreciation rates, purchase invoices and the cost ascertained by technical evaluation etc.
8. The Company's training operations are carried out through own centers and franchised centers, which are spread all over the country including in remote areas. The receipts at franchised centers on account of training fees are banked at the respective locations and the same are audited by the local auditors appointed for the purpose on a monthly basis. Cash and Bank balances (Schedule 7C) as at December 31, 2003 in respect of such bank accounts, include:
- a) Balances aggregating to Rs. 24,258,025/- in respect of which the Company has received the bank statements for the period ended December 31, 2003 subsequent to that date, from some of the remotely

located centers numbering approximately one thousand and transactions of small amounts including transfer from one bank to another, which are being reconciled with the bank balance as per the books of accounts as at December 31, 2003 and

- b) Balances aggregating to Rs. 3,704,313/- (mainly non-operating bank accounts), which are subject to confirmation and consequent reconciliation/adjustments, if any, of receipt of the bank statements/confirmations. Moreover, the Company is presently taking necessary steps for closure of the non-operating bank accounts.

In the opinion of the Company, there would not be any material impact on any of the assets and liabilities account balances stated in the financial statements and/or on profits for the year, on completion of the reconciliation.

9.A) 15,360,000 equity shares of Rs.10/- each, underlying 3,840,000 Global Depositary Receipts (GDR) of USD 3.75 each were allotted by the Company, at a premium of Rs. 32.53 per share, on November 6, 2003. The consideration for the aforesaid GDR's aggregating to USD 14,400,000 (equivalent Rs. 653,256,000/-) was received in the Escrow Account with Banco Portugues De Negocios (BPN). Out of the aforesaid total consideration, the Company upto December 31,2003 has utilised USD 6,168,780 (equivalent Rs. 280,124,000/-) towards part payment of consideration for acquisition of "Training and education business" from SSI Limited (refer note no. 5 above), payment of capital advances/expenditure, repayment of debts and other Corporate purposes. The balance amount of USD 8,231,220 (Equivalent Rs. 375,261,320/-) as at December 31, 2003, is held by the Company in its bank accounts, for utilisation in the near future, for other intended business takeovers in the field of IT education and other Corporate purposes as were stated in the offer document, prepared and issued for GDR purposes.

B) The Company incurred GDR issue expenses aggregating to Rs.26,297,154/-, which exceeds the limit laid down in Foreign Exchange Management Act, 1999 by a small amount of Rs.166,914/- which has been charged to the Profit and Loss Account. The Company has made an application to the Reserve Bank of India, for approval of the excess amount and is hopeful of a positive response.

10. The company during the year ended March 31, 2002 had created contingency reserve of Rs. 350,000,000/- considering the business risks, which may have had appropriate impact on some of the specific assets of the company such as stock, investments, etc. However, considering the present financial position of the company, the management is of the opinion that the balance Rs. 200,000,000/- of such contingency reserve is no more required and accordingly, the same is transferred to profit and loss account, below the line.

11. Payments to Auditors:	Current Year	Previous Period
	Rupees	Rupees
a. Audit Fees	1,300,000	600,000
b. Tax Audit Fees, Transfer Pricing Certification	525,000	200,000
c. Others including audit of consolidated financial statements for GDR purposes, etc.	1,500,000	25,000
d. Reimbursement of expenses	—	104,858
e. Service Tax	258,000	—
<b>Total</b>	<b>3,583,000</b>	<b>929,858</b>

12. **Managerial Remuneration under Section 198 of the Companies Act 1956:**

Particulars	Current Year Rupees	Previous Period Rupees
Salaries and Allowances	4,208,670	2,459,107
Contribution to Provident and other funds	662,738	436,663
Perquisites	153,756	193,464
<b>Total</b>	<b>5,025,164</b>	<b>3,089,234</b>

- Notes:**
1. The computation of net profits under Section 349 of the Companies Act, 1956 is not given since no commission is payable to any director.
  2. The remuneration to the managerial personnel is for 9 months in the previous period whereas it is for 12 months in the current year.
  3. Remuneration for the year includes annual increase in remuneration to the directors in terms of the shareholders resolution.

13. **Related Party Disclosures.**

a) Names of related parties and description of relation:

- i) Subsidiaries : Aptech Training Limited FZE  
Aptech (WOS) Bangladesh Limited  
Aptech Software Ltd.
- ii) Company Whose Control Exists : SSI Limited
- iii) Joint Venture: Beijing Aptech Beida Jade Bird  
Information Technology Co. Limited
- iv) Key Management Personnel : Mr. Kalpathi S. Suresh Chairman\*  
Mr. K.S. Aghoram Vice- Chairman\*  
Mr. K.S. Ganesh Non-Executive Director\*  
Mr. D. V. Narasingaro Non-Executive Director\*  
Mr. Pramod Khera Managing Director  
Mr. V. Balasubramanian Director (resigned w.e.f  
January 2, 2004)  
Mr. Atul Nishar Chairman (resigned w.e.f  
March 10, 2003 )

\*Appointed with effect from March 10, 2003.

- v) Others : Hexaware Technologies Limited.  
(upto March 10, 2003)  
  
(Entities in which the directors  
have control and/or  
significant influence) Aptech Education Trust  
Aptech Education Society  
Aptech Training & Education Trust

b) Transactions with related parties:

Nature of Transactions	Company Whose Control Exists (Rupees)	Subsidiaries (Rupees)	Joint Ventures (Rupees)	Key Management Personnel (Rupees)	Others (Rupees)	Total (Rupees)
<b>Income</b>						
Training and Education	- (-)	3,530,937 (2,458,465)	17,754,611 (57,175,400)	- (-)	- (-)	21,285,548 (59,633,865)
Dividend	- (-)	- (-)	22,795,000 (2,400,000)	- (-)	- (-)	22,795,000 (2,400,000)
<b>Receiving of Services and Reimbursement of expenses</b>	13,951,236 (-)	21,618 (5,000)	173,487 (130,196)	5,135,164 (3,439,234)	2,400,000 (4,800,000)	21,681,505 (8,374,430)
<b>Finance</b> (Including loans and equity contributions in cash or in kind)						
<b>(a) Loans Given</b>						
Balance as at January 1, 2003	- (-)	1,852,548 (-)	- (-)	- (-)	15,000 (15,000)	1,867,548 (15,000)
Fresh Loans During the year	- (-)	908,518 (1,852,548)	- (-)	- (-)	3,631,904 (-)	4,540,422 (1,852,548)
Repaid/Adjusted during the year	- (-)	1,852,548 (-)	- (-)	- (-)	- (-)	1,852,548 (-)
Balance as at December 31, 2003	- (-)	908,518 (1,852,548)	- (-)	- (-)	3,646,904 (15,000)	4,555,422 (1,867,548)
<b>(b) Loans Taken</b>						
Balance as at January 1, 2003	- (-)	- (-)	- (-)	- (-)	16,500,000 (19,389,266)	16,500,000 (19,389,266)
Fresh Loans during the year	10,000,000 (-)	- (-)	- (-)	- (-)	- (-)	10,000,000 (-)
Repaid/Adjusted during the year *(after March 10, 2003)	10,000,000 (-)	- (-)	- (-)	- (-)	*16,500,000 (2,889,266)	26,500,000 (2,889,266)
Balance as at December 31, 2003	- (-)	- (-)	- (-)	- (-)	- (16,500,000)	- (16,500,000)

Nature of Transactions	Company Whose Control Exists (Rupees)	Subsidiaries (Rupees)	Joint Ventures (Rupees)	Key Manage- ment Personnel (Rupees)	Others (Rupees)	Total (Rupees)
<b>(c) Interest Paid on Loans taken</b>	- (-)	- (-)	- (-)	- (-)	536,250 (2,070,041)	536,250 (2,070,041)
<b>(d) Investment in Equity (Including share application money)</b>						
Balance as at January 1, 2003	- (-)	2,734,955 (1,409,334)	11,243,494 (-)	- (-)	- (-)	13,978,449 (1,409,334)
Purchased during the year	- (-)	49,201,182 (1,325,621)	- (-)	- (-)	- (-)	49,201,182 (1,325,621)
Balance as at December 31, 2003	- (-)	51,936,137 (2,734,955)	11,243,494 (-)	- (-)	- (-)	63,179,631 (2,734,955)
<b>(e) Acquisition of Training and Educational Business (refer note no. 5 above)</b>						
Purchase Consideration	286,500,000 (-)	- (-)	- (-)	- (-)	- (-)	286,500,000 (-)
<b>Debtors Balance as at December 31, 2003</b>	- (-)	4,246,446 (1,967,429)	33,715,614* (*see note 2 below) (36,490,207)	- (-)	- (-)	37,962,060 (38,457,636)
<b>Creditors Balance as at December 31, 2003</b>	145,463,236 (-)	- (-)	- (-)	- (-)	- (-)	145,463,236 (-)

- Notes: 1. Related party relationship is as identified by the Company and relied upon by the Auditors.  
2. Includes Rs. 7,176,756/- (Previous Year NIL) provided for as Doubtful of recovery.  
3. Previous period figures are given in brackets.

#### 14. Earnings Per Share:

	December 2003	December 2002
Profit after tax attributable to Equity Shareholders (Rupees)	112,723,733	47,588,066
Weighted average number of equity shares Outstanding during the year/period		
Basic	20,506,040	18,149,437
Add: Warrants	192,363	330,000
Diluted	20,698,403	18,479,437
Nominal value of equity shares (Rupees)	10	10
Basic EPS (Rupees)	5.50	2.62
Diluted EPS (Rupees)	5.45	2.58

15. A) Breakup of the deferred tax assets/liabilities is as under:

Particulars	December 2003 Rupees	December 2002 Rupees
i) Deferred tax liability:		
Related to Fixed assets	(237,089,799)	–
ii) Deferred tax assets:		
Other timing differences	7,496,502	–
Provision for Doubtful Debts/Advances	20,564,808	–
Carry forward loss/unabsorbed Depreciation	196,180,982	–
<b>Net deferred tax asset/(liability)</b>	<b>(12,847,507)</b>	<b>–</b>

B) Provision for current tax for the year ended December 31, 2003 for Minimum Alternate Tax in accordance with Section 115 JB of the Income Tax Act, 1961 and deferred tax in accordance with AS-22 “Accounting for taxes on Income” has been made for the year ended on December 31, 2003 which will be adjusted considering the total assessable income for the financial year ending for Income Tax purposes being March 31, 2004.

16. Details of Loans and advances in the nature of loans (As required by clause 32 of the listing agreement with the stock exchanges)

Name of the party	Relationship	Amount outstanding as at December 31, 2003 Rupees	Maximum outstanding during the year Rupees
Aptech Training Limited FZE	Wholly Owned Subsidiary	908,518	1,852,548

Notes: 1. The above loan/advance is interest free and repayable on demand.

2. Loans to employees as per the company’s policy are not considered.

3. There are no investments by the loanee in the shares of the Company.

17. The Company has a Joint Venture as on December 31, 2003 and its proportionate share in assets, liabilities, income and expenditure of the Joint Venture Company is given below on the basis of audited accounts of the said Joint Venture:

Name of the Joint Venture	Beijing Aptech Beida Jade Bird Information Technology Company Limited, China	
	Current Year	Previous Year
Percentage holding	50%	50%
Assets (Rupees)	51,951,105	47,995,197
Liabilities (Rupees)	3,204,881	10,738,429
Contingent Liabilities (Rupees)	NIL	NIL
Capital Commitment (Rupees)	NIL	NIL
Income for the 12 months year ended December 31, 2003 (Rupees)	131,624,498	129,151,053
Expenses for the 12 months year ended December 31, 2003 (Rupees)	100,316,125	97,729,644

18. Additional information pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

Quantitative details of:

<b>i) Education and Training course materials:</b>	<b>Current Year</b>	<b>Previous Period</b>
1. Opening Stock		
Quantity (Nos.)	903,291	1,467,069
Value (Rupees)	24,192,007	61,380,693
2. Purchase		
Quantity (Nos.)	3,775,022	1,071,398
Value (Rupees)	56,589,301	20,283,499
3. Sales		
Quantity (Nos.)*	3,314,898	1,635,176
Value (Rupees)	51,889,539	63,018,435
4. Closing Stock		
Quantity (Nos.)	1,363,415	903,291
Value (Rupees)	12,790,478	24,192,007

\* Including consumption at owned centers.

<b>ii) Expenditure in Foreign Currency:</b>	<b>Current Year Rupees</b>	<b>Previous Period Rupees</b>
a) Foreign Travel	6,962,415	4,782,629
b) Membership & Subscriptions	–	34,933
c) Training and Education Expenses	* 14,783,160	12,781,251
d) Administrative & Other Expenses	225,941	188,317

\* Includes Rs.6,560,365/-, in respect of prior period.

<b>iii) Earnings in Foreign Currency:</b>	<b>Current Year Rupees</b>	<b>Previous Period Rupees</b>
a) F.O.B. value of sale of Education and Training course materials	8,315,963	3,798,264
b) Training and Education Income	104,708,447	87,482,289
c) Dividend Income	22,795,000	1,192,411

19. Sundry Debtors (Schedule 7B) includes Rs.12,259,485/- due from a party which was disputed and pending in the arbitration proceedings. The arbitrator gave an award in favour of the Company against which, the said debtor party has preferred an appeal in the High Court, which is pending admission. Considering the award of the arbitrator, in the opinion of the management such debt is good and recoverable and no provision is considered necessary, in this respect, at this stage.
20. The foreign Currency transactions have been incorporated at the exchange rates existing on the last day of the audited accounts of the earlier year/period. The exchange difference is computed by considering the difference between the transactions recorded as stated above and the rate applicable on the date of settlement during the year/restatement at the end of the year. Had the transactions been recorded at the original rate of exchange at the time of transactions are effected as required under AS –11 'Accounting for the effects of changes in foreign exchange rates', the exchange difference would have been higher/lower with lower/higher corresponding expense/income – Amount not quantifiable. However, there is no impact on the profits for the year.
21. The previous period accounts are for a period of nine months i.e from April 1, 2002 till December 31, 2002 whereas those for the current year, are for the entire twelve months and include the results of operations of the "Training and Education Business" acquired from SSI Limited, with effect from April 1, 2003. (Refer Note No. 5 above). Accordingly, the current year results are not strictly comparable with those of the previous period.

**22. Balance Sheet Abstract and Company's general business profile.**

<b>1 Registration Details</b>	
Registration No.	11/123841
State Code	11
Balance Sheet Date	Dec 31,2003
<b>2 Capital Raised During The Year at Face Value</b>	<b>Rs. In '000</b>
Public Issue ( GDR Issue )	153,600
Right's Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
<b>3 Position of Mobilisation and Deployment of Funds</b>	<b>Rs. In '000</b>
Total Liabilities	1,711,927
Total Assets	1,711,927
<b>Sources of Funds</b>	
Paid-up Capital	335,197
Reserves & Surplus	1,226,148
Secured loans	134,756
Unsecured Loans	2,978
Deferred Tax Liability	12,848
<b>Application Of Funds</b>	
Net Fixed Assets	874,071
Investments	63,679
Net Current Assets	774,177
Misc. Expenditure	NIL
Accumulated Losses	NIL
<b>4 Performance of Company</b>	<b>Rs. In '000</b>
Turnover	1,679,740
Total Expenditure	1,543,491
Profit Before Tax	136,249
Profit After Tax	112,724
Earnings Per Share in Rs. (Refer Note No. B- 14 above)	5.50
Dividend Rate %	10%
<b>5 Generic Names of the Three Principal Products/Services of Company</b>	
Item *	NIL
Code No. (ITC code)	NIL
Product Description	COMPUTER EDUCATION
Item *	NIL
Code No. (ITC code)	NIL
Product Description	MULTI MEDIA EDUCATION
Item *	NIL
Code No. (ITC code)	NIL
Product Description	E LEARNING & CONTENT CONVERSION

\* Code No. for the services rendered by the Company is not available in the Publication of the Indian Trade Classification for ITC Code of Products by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics, Calcutta - 700 001.

23. The figures for the previous accounting period have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Barpande**  
Partner

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**  
Chairman

**Pramod Khera**  
Managing Director

**Sree Vidhya Raju**  
Company Secretary

Place : Chennai  
Date : 31st March, 2004

**Auditors report to the Board of Directors of Aptech Limited on the consolidated financial statements of Aptech Limited and its subsidiaries and joint venture.**

1. We have audited the attached consolidated Balance Sheet of Aptech Limited and its subsidiaries and joint venture as at 31st December 2003, the consolidated Profit and Loss account for the year then ended and the consolidated Cash Flow statement for the year then ended.
2. These financial statements are the responsibility of Aptech Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. The consolidated financial statements of the Company for the period ended 31st December 2002 were audited by other independent auditors, whose audit report dated 14th February, 2003 was unqualified. We have relied upon the balances of assets and liabilities as at 31st December 2002 being the opening balances as at 1st January, 2003 (except in respect of the joint venture refer Note No. B-17 of Schedule 15), for the purpose of the consolidated financial statements for the year ended 31st December, 2003.
4. We did not audit the financial statements of the subsidiaries, and the joint venture, whose financial statements reflect total assets of Rs. 118,754,754/- as at 31st December 2003, and total revenues of Rs. 146,207,090/- for the year then ended. These financial statements have been audited by other auditors, whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries and joint ventures, is based solely on the reports of other auditors.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered accountants of India and on the basis of the separate audited financial statements of Aptech Limited. and its subsidiaries and a joint venture included in the consolidated financial statements.
6. Attention is invited to the following in the Schedule 15:
  - a) *Note No. B-16 regarding not accounting of the exchange difference by the parent company on the basis of recording the foreign currency transactions at the rate on original date of transactions as referred in Accounting Standard 11 "Accounting for Effects of Changes in Foreign Exchange Rates" (amount unascertained), which, however has no impact on the profits for the year;*
  - b) *Note No. B-17 regarding the accounts for the previous period, not comparable with those of the current year, for the reasons stated in the note (amounts unascertained); and*
  - c) *Note No. B-18 regarding non-disclosure of proportion of items in the consolidated financial statements in respect of which, different accounting policies have been followed by some of the subsidiaries and the joint venture company. (amounts unascertained).*

*Subject to the foregoing*, in our opinion on the basis of the information and explanations given to us the consolidated financial statements, read along with the significant accounting policies and Note No. B-12 of Schedule 15 regarding long outstanding debts aggregating to Rs.64,462,077/- considered good of recovery by the management and other notes thereto and on the consideration of the separate audit reports on individual audited financial statements of Aptech Limited., its aforesaid subsidiaries and a joint venture, we are of the opinion that:

- a) The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Aptech Limited, its subsidiaries and joint venture as at 31st December, 2003;
- b) The consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Aptech Limited, its subsidiaries and joint venture for the year then ended and
- c) The consolidated cash flow statement gives a true and fair view of the consolidated cash flows of Aptech Limited, its subsidiaries and joint ventures for the year then ended.

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*

**P. R. BARPANDE**  
*Partner*

Membership No. 15291

Chennai, dated: 31st March, 2004

**CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2003**


Particulars	Schedule No.	As at		As at	
		31st December, 2003 Rupees	December, 2003 Rupees	31st December, 2002 Rupees	December, 2002 Rupees
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	"1"	335,094,370		181,494,370	
Warrants (Refer Note No. B-4 (A) of Schedule 15)		102,850		330,000	
Reserves and Surplus	"2"	1,230,843,239		680,145,300	
			1,566,040,459		861,969,670
			700		-
<b>MINORITY INTEREST</b>			1,566,041,159		861,969,670
<b>LOAN FUNDS</b>					
Secured Loans	"3"	134,756,284		44,895,870	
Unsecured Loans	"4"	2,978,411		56,500,000	
			137,734,695		101,395,870
			12,847,507		-
<b>DEFERRED TAX LIABILITY (Net)</b> (Refer Note No. B-7 (A) of Schedule 15)					
			1,716,623,361		963,365,540
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	"5"	1,151,914,563		801,972,873	
Less : Depreciation		272,072,883		139,536,175	
			879,841,680		662,436,698
<b>NET BLOCK INVESTMENTS</b>	"6"		-		11,243,494
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	"7"	18,968,423		24,192,007	
Sundry Debtors		767,699,891		372,341,726	
Cash And Bank Balances		542,581,372		48,163,726	
Loans And Advances		89,738,010		66,678,541	
		1,418,987,696		511,376,000	
Less :					
<b>CURRENT LIABILITIES AND PROVISIONS</b>					
Liabilities	"8"	523,128,676		208,902,018	
Provisions		59,099,739		12,928,658	
		582,228,415		221,830,676	
<b>NET CURRENT ASSETS</b>			836,759,281		289,545,324
<b>TRANSLATION RESERVE</b>			-		140,024
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)					
<b>PRELIMINARY EXPENSES</b>			22,400		-
			1,716,623,361		963,365,540
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT</b>	"15"				

As per our attached report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Barpande**  
Partner

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**  
Chairman

**Pramod Khara**  
Managing Director

**Sree Vidhya Raju**  
Company Secretary

Place : Chennai

Date : 31st March, 2004

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2003**

Particulars	Schedule No.	Current Year		For the period 1st April 2002 to 31st December, 2002	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Income from operations	"9"	1,777,905,319		1,159,145,796	
Other Income	"10"	3,960,988		6,758,488	
			<b>1,781,866,307</b>		<b>1,165,904,284</b>
<b>EXPENDITURE</b>					
Training & Education Expenses	"11"	1,013,750,915		747,790,040	
Payments to and Provision for Employees	"12"	172,537,316		97,360,550	
Administration and Other Expenses	"13"	297,613,306		148,309,712	
Interest and Finance Costs	"14"	19,614,795		13,751,490	
Depreciation		134,602,756		106,519,729	
			<b>1,638,119,088</b>		<b>1,113,731,521</b>
<b>PROFIT BEFORE TAX</b>			<b>143,747,219</b>		<b>52,172,763</b>
Provision for Taxation					
Income Tax					
– Current Tax		13,885,271		4,590,320	
– Deferred Tax		12,847,507		–	
(Refer Note No. B-7(A) of Schedule 15)					
Wealth Tax		78,000		–	
			<b>26,810,778</b>		<b>4,590,320</b>
<b>PROFIT AFTER TAX</b>			<b>116,936,441</b>		<b>47,582,443</b>
Excess Provision for Wealth Tax, of Earlier Year Written Back			–		38,510
Surplus Brought Forward from Previous Period (Refer Note No. B-17 of Schedule 15)			<b>107,902,288</b>		<b>59,994,072</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<b>224,838,729</b>		<b>107,615,025</b>
Add : Transferred from Contingency Reserve (Refer Note No. B-14 of Schedule 15)			<b>200,000,000</b>		–
Less : Transferred to General Reserve			<b>50,000,000</b>		–
Less : Equity Dividend		33,509,437		–	–
Corporate Tax on Dividend		4,293,397		–	–
			<b>37,802,834</b>		–
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b>337,035,895</b>		<b>107,615,025</b>
<b>EARNING PER SHARE</b> (Refer Note No. B-6 of Schedule 15)					
– Basic			<b>5.70</b>		<b>2.62</b>
– Diluted			<b>5.65</b>		<b>2.58</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.</b>	"15"				

As per our attached report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Barpande**  
Partner

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**  
Chairman

**Pramod Khara**  
Managing Director

**Sree Vidhya Raju**  
Company Secretary

Place : Chennai  
Date : 31st March, 2004

Particulars	Current Year		For the period 1st April, 2002 to 31st December, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit Before Tax</b>		143,747,219		52,172,763
<b>Adjustments</b>				
Warrants Written Back	(227,150)		—	
Employee Stock Compensation Credit	(2,271,500)		—	
Depreciation	134,602,756		106,519,729	
Interest and Finance Costs	19,614,795		13,751,490	
Interest Income	(2,237,028)		(641,343)	
Exchange Fluctuations (net)	5,853,740		(516,727)	
Dividend on Long Term Investments	—		(2,400,000)	
Loss on Sale of Fixed Assets (net)	5,427,537		11,151,507	
		<u>160,763,150</u>		<u>127,864,656</u>
<b>Operating Profit Before Working Capital Changes</b>		<b>304,510,369</b>		<b>180,037,419</b>
<b>Adjustments for :</b>				
Inventory	10,843,720		(15,309,964)	
Sundry Debtors	(324,443,166)		(191,485,583)	
Loans & Advances	32,951,531		21,004,326	
Current Liabilities & Provisions	(50,391,689)		(977,818)	
		<u>(331,039,604)</u>		<u>(186,769,039)</u>
<b>Cash used in Operating Activities</b>		<b>(26,529,235)</b>		<b>(6,731,620)</b>
Interest Received	2,237,028		1,059,229	
Wealth Tax Refund/Paid	(77,236)		—	
Income Tax Refund /Paid	(1,524,919)		(8,286,231)	
		<u>634,873</u>		<u>(7,227,002)</u>
<b>Net Cash used in Operating Activities</b>		<b>(25,894,362)</b>		<b>(13,958,622)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(70,562,496)		(61,359,434)	
Part Payment Towards Purchase of Training and Education Business (Refer Note No. 8 below)	(155,000,000)		—	
Preliminary Expenses incurred	(22,400)		—	
Sale of Fixed Assets	4,741,188		5,179,781	
Investments	11,243,494		(1,325,621)	
Dividend Received	—		2,400,000	
<b>Net Cash used in Investing Activities</b>		<b>(209,600,214)</b>		<b>(55,105,274)</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 2003**

Particulars	Current Year		For the period 1st April, 2002 to 31st December, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>(C) CASH FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital/(GDR's)	653,256,000		1,325,621	
Share Issue Expenses (GDR's)	(26,130,240)		-	
Proceeds from Borrowings (net)	33,360,414		40,110,810	
Interest Paid	(16,636,384)		(13,751,490)	
<b>Net Cash from Financing Activities</b>		<b>643,849,790</b>		<b>27,684,941</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>		<b>408,355,214</b>		<b>(41,378,955)</b>
<b>Cash &amp; Cash equivalents at the beginning of the year</b>		<b>48,163,726</b>		<b>89,542,681</b>
<b>Cash &amp; Cash equivalence as at 1.4.2003 of Training and Education Business acquired in accordance with an agreement with SSI Ltd. (Refer Note B-10 A of Schedule 15)</b>		<b>91,776,148</b>		<b>-</b>
<b>Cash &amp; Cash equivalents at the end of the year</b>		<b>548,295,088</b>		<b>48,163,726</b>
		<b>408,355,214</b>		<b>(41,378,955)</b>

**Notes:**

- Cash and cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer Schedule 7B of the balance sheet).
- Cash and cash equivalents include:

Cash and Bank balances  
Unrealised loss on foreign currency cash and cash equivalents  
**Total Cash and Cash equivalents**

As at  
December 31, 2003  
Rupees  
**542,581,372**  
**5,713,716**  
**548,295,088**

As at  
December 31, 2002  
Rupees  
48,163,726  
**48,163,726**

- Proceeds from borrowings reflect the increase in secured and unsecured loans and is net of repayments.
- Interest received on deposit, overdue bills etc. is classified as cash flow from operating activities.
- Cash flow for the year ended 31st December, 2002 has been extracted from cash flow statement audited by the other independent auditor, in that year.
- The Cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standard (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Additions to fixed assets and sale of fixed assets are considered as part of investing activities.
- Out of total purchase consideration for the acquisition of "Training and Education Business" from SSI Ltd. of Rs. 286,500,000/-, Rs.155,000,000/- has been discharged by means of Cash. (Refer Note No. B-10A of Schedule 15)
- Previous period figures have been regrouped wherever necessary to correspond with the figures of the current year.

As per our attached report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Barpande**  
Partner

For and on behalf of the Board of Directors

**Kalpathi S. Suresh**  
Chairman

**Pramod Khara**  
Managing Director

**Sree Vidhya Raju**  
Company Secretary

Place : Chennai  
Date : 31st March, 2004

Particulars	As at		As at	
	31st December, 2003	31st December, 2002	31st December, 2003	31st December, 2002
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "1" - SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
60,000,000 (Previous period 19,952,000) Equity Shares of Rs. 10/- each		600,000,000		199,520,000
Nil (Previous period 4,800) 9% Cumulative Redeemable Preference Shares of Rs. 100/- each		—		480,000
		<u>600,000,000</u>		<u>200,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
33,509,437 (Previous period 18,149,437) Equity Shares of Rs. 10/- each fully paid		335,094,370		181,494,370
Of the above :-				
A) 18,147,437 Equity Shares of Rs. 10/- each have been allotted as fully paid up to the Shareholders in accordance with the Scheme of demerger of the training division of erstwhile Aptech Limited into the Company, approved by the High Court, without receiving consideration in cash.				
B) 15,360,000 Equity Shares of Rs. 10/- each fully paid up, have been allotted against underlying 3,840,000 Global Depository Receipts of USD 3.75 each, issued by the Company. (Refer Note No. B-11(A) of Schedule 15)		—		—
		<u>335,094,370</u>		<u>181,494,370</u>
<b>SCHEDULE "2" - RESERVES AND SURPLUS</b>				
<b>EMPLOYEES STOCK OPTIONS OUTSTANDING</b> (Refer Note No. B-4(A) of Schedule 15)				
Balance at the commencement of the year/period		3,300,000		3,300,000
Less : Credit for the year/period		2,271,500		—
		<u>1,028,500</u>		<u>3,300,000</u>
<b>CAPITAL RESERVE</b>				
Balance at the commencement of the year (Refer Note No. B-17 of Schedule 15)		22,809		846,070,590
Less : Transferred to Goodwill		—		846,070,590
		<u>22,809</u>		<u>—</u>
<b>CAPITAL REDEMPTION RESERVE</b>				
Balance at the commencement of the year		88,480,000		88,480,000
<b>SECURITIES PREMIUM ACCOUNT</b>				
Balance at the commencement of the year		—		—
Add : Credited during the year		499,656,000		—
Less : Share Issue Expenses (GDR issue) (Refer Note No. B-11(B) of Schedule 15)		26,130,240		—
		<u>473,525,760</u>		<u>—</u>
<b>GENERAL RESERVE</b>				
Balance at the commencement of the year		280,750,275		482,279,685
Less : Transferred to Goodwill		—		201,529,410
Add : Transferred from Profit and Loss Account		50,000,000		—
		<u>330,750,275</u>		<u>280,750,275</u>
<b>CONTINGENCY RESERVE</b>				
Balance at the commencement of the year		200,000,000		350,000,000
Less : Transferred to Goodwill		—		150,000,000
Less : Transferred to Profit and Loss Account (Refer Note no. B-14 of Schedule 15)		200,000,000		—
		<u>—</u>		<u>200,000,000</u>
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT</b>				
		337,035,895		107,615,025
		<u>1,230,843,239</u>		<u>680,145,300</u>

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

Particulars	Notes	As at 31st December, 2003 Rupees	As at 31st December, 2002 Rupees
<b>SCHEDULE "3" - SECURED LOANS</b>			
From Bank			
– Term Loan	1	5,429,062	–
– Working Capital Demand Loans	1	104,000,000	40,000,000
– Cash Credit Account	1	20,830,418	4,895,870
– Vehicle Loans	2	4,496,804	–
		134,756,284	44,895,870
Notes :			
1) Term Loan, Working Capital Demand Loans and Cash Credit Account are secured by equitable mortgage by deposit of Title deeds of the Company's immovable properties situated at Pune, Chennai, Bangalore and Mumbai and first charge by way of hypothecation of			
a) all tangible movable fixed assets which include Plant and Machinery, Furniture & Fittings, Computers and Vehicles (other than those stated in Note No. 2 below) at locations specified in the composite hypothecation deed dated 25th June, 2003, and			
b) Stocks and book debts.			
2) Vehicle loans are secured by charge on the concerned vehicles purchased.			
<b>SCHEDULE "4" - UNSECURED LOANS</b>			
<b>Other Loans And Advances</b>			
From Others (Inter Corporate deposits)		–	56,500,000
Add : Interest accrued and due		2,978,411	–
		2,978,411	56,500,000

### SCHEDULE "5" - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01-01-2003	Additions	Deductions	As at 31-12-2003	As at 01-01-2003	For the Year	Deductions	As at 31-12-2003	As at 31-12-2003	As at 31-12-2002
Goodwill	–	95,260,844	–	95,260,844	–	–	–	–	95,260,844	–
Freehold Land	185,823	–	–	185,823	–	–	–	–	185,823	185,823
Buildings	97,936,396	156,650	–	98,093,046	2,776,115	1,597,001	–	4,373,116	93,719,930	95,160,281
Plant and Machinery	630,484,066	82,374,985	10,362,385	702,496,666	133,322,133	112,415,544	2,746,036	242,991,641	459,505,025	497,161,933
Furniture and Fixtures	9,456,995	123,101,356	689,128	131,869,223	887,866	7,189,785	98,065	7,979,586	123,889,637	8,569,129
Vehicles	17,664,473	7,216,419	2,497,859	22,383,033	2,376,274	1,700,492	536,546	3,540,220	18,842,813	15,288,199
Intangible Assets										
– Courseware	50,081,225	49,841,002	–	99,922,227	1,003,713	11,190,256	–	12,193,969	87,728,258	49,077,512
– Leasehold Improvements	1,394,335	309,366	–	1,703,701	484,673	509,678	–	994,351	709,350	909,662
<b>TOTAL</b>	<b>*807,203,313</b>	<b>358,260,622</b>	<b>13,549,372</b>	<b>1,151,914,563</b>	<b>*140,850,774</b>	<b>134,602,756</b>	<b>3,380,647</b>	<b>272,072,883</b>	<b>879,841,680</b>	<b>*666,352,539</b>
<b>TOTAL (Previous Period)</b>	<b>1,322,270,553</b>	<b>1,258,959,434</b>	<b>1,779,257,114</b>	<b>801,972,873</b>	<b>150,715,558</b>	<b>106,519,729</b>	<b>117,699,112</b>	<b>139,536,175</b>	<b>662,436,698</b>	

Notes :

1. Buildings include value of properties in co-operative societies including shares of respective societies.
2. Additions include Fixed Assets Rs. 192,437,282/- acquired as a part of acquisition of "Training and Education Business" from SSI Limited, in accordance with an agreement dated 18th June 2003 with SSI Limited and Goodwill Rs. 95,260,844/- representing excess of liabilities arising on such acquisition (Refer Note No. B-10A of Schedule 15).
3. Depreciation for the year includes on account of prior period Rs. 7,591,395/-, (Previous period Rs. NIL)
4. \* Refer Note No. B-17 of Schedule 15.

Particulars	As at		As at	
	31st December, 2003	31st December, 2002	31st December, 2003	31st December, 2002
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "6" - INVESTMENTS (AT COST)</b>				
<b>Long Term</b>				
<b>Trade Investments - Unquoted</b>				
<b>Others</b>				
50% Share in Beijing Aptech Beida Jade Information Technology Company Limited (China) a Joint Venture with Macology Technology Trade Company (Refer Note No. B-17 of Schedule 15)				11,243,494
				11,243,494
<b>SCHEDULE "7" - CURRENT ASSETS</b>				
<b>A. INVENTORIES</b>				
<b>(Lower of cost or net realisable value)</b>				
Education and Training Materials		18,968,423		24,192,007
<b>B. SUNDRY DEBTORS (UNSECURED)</b>				
Debts outstanding for a period exceeding six months (Refer Note No. B-19 of Schedule 15)	338,657,745		30,473,570	
Other Debts	460,098,694		341,868,156	
(Net of Rs. NIL (Previous Period Rs.697,474,635/- Transferred to Goodwill))	798,756,439		372,341,726	
Less : Provision	31,056,548		-	
		767,699,891		372,341,726
Notes : Sundry Debtors includes				
a) Considered good Rs. 767,699,891/- (Previous period Rs.372,341,726/-)				
b) Considered doubtful Rs. 31,056,548/- (Previous period Rs. NIL)				
<b>C. CASH AND BANK BALANCES</b>				
1. CASH IN HAND (including cheques on hand Rs. NIL (Previous period Rs.474,142/-) and Remittance in transit Rs. NIL (Previous period Rs. 3,68,151/-))	521,960		1,547,315	
2. BANK BALANCES				
a) With Scheduled Banks (Refer Note No. B-10 of Schedule 15)				
i) In Current Accounts (including in Exchange Earners Foreign Currency Accounts Rs. 107,664,763/- (Previous period Rs. 5,416,398/-))	174,117,563		34,227,499	
ii) In Deposit Accounts (including interest accrued Rs. 98,092/- (Previous period Rs. NIL))	2,658,277		7,747,275	
b) With Others in Current Account				
BANCO PORTUGUES DE NEGOCIOS (Banco Efisa) (Portugues) (maximum balance during the year Rs. 653,256,000/- (Previous period Rs. NIL))	280,295,430		-	
PRIME BANK LIMITED (maximum balance during the year Rs. 920,167/- (Previous period Rs. 944,194/-))	1,964		931,128	
SOUTHEAST BANK LIMITED (maximum balance during the year Rs. 1,359,266/- (Previous period Rs.7,735,514/-))	44,330		1,145,119	
STANDARD CHARTERED BANK (maximum balance during the year Rs.150,104/- (Previous period Rs. 164,872/-))	3,142		132,704	

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

Particulars	As at 31st December, 2003		As at 31st December, 2002	
	Rupees	Rupees	Rupees	Rupees
Citi Bank N.A. (maximum balance during the year Rs. 45,994,305/- (Previous period Rs. 6,042,526/-)	45,994,305		2,432,686	
Bank of China (maximum balance during the year Rs. 34,379,707/- (Previous period Rs. 37,285,306/-)	7,420,417		-	
Citic Bank (maximum balance during the year Rs. 92,451,304/- (Previous period Rs. 52,545,396/-)	<u>31,523,984</u>		-	
		<b>542,581,372</b>		48,163,726
Note : Bank Balances includes Rs. 375,261,320/- (Previous period Rs. NIL) being balance of unutilised monies raised by Public Issue of Shares (GDRs) (Refer Note No. B-11(A) of Schedule 15)				
<b>D. LOANS AND ADVANCES (UNSECURED)</b>				
Loan to Staff and Others	6,143,592		11,034,483	
Advances recoverable in cash or in kind or for value to be received	21,534,361		3,788,385	
Deposits	69,385,547		36,547,355	
Advance Payment of Income Tax	16,833,237		15,308,318	
	<u>113,896,737</u>		66,678,541	
Less : Provision	<u>24,158,727</u>		-	
Note : Loans and advances includes		<b>89,738,010</b>		66,678,541
a) Considered good Rs. 89,738,010/- (Previous period Rs. 66,678,541/-)				
b) Considered doubtful Rs. 24,158,727/- (Previous period Rs. NIL)				
		<u><b>1,418,987,696</b></u>		<u><b>511,376,000</b></u>
<b>SCHEDULE "8" - LIABILITIES AND PROVISIONS</b>				
<b>A. CURRENT LIABILITIES</b>				
Acceptances		19,373,582		-
Sundry Creditors				
i) Total outstanding dues to Small Scale Industrial Undertakings	-		-	
ii) Total outstanding dues to Creditors other than Small Scale Industrial Undertakings	<u>491,418,666</u>		201,742,634	
		<b>491,418,666</b>		201,742,634
Other Liabilities		<u>12,336,428</u>		7,159,384
		<b>523,128,676</b>		208,902,018
<b>B. PROVISIONS</b>				
Provision for Taxation	15,720,056		5,089,219	
Proposed Dividend	33,509,437		-	
Provision for Corporate Tax on Dividend	4,293,397		-	
Provision for Leave Encashment	<u>5,576,849</u>		7,839,439	
		<b>59,099,739</b>		12,928,658
		<u><b>582,228,415</b></u>		<u><b>221,830,676</b></u>

Particulars	Current Year	For the period 1st April, 2002 to 31st December, 2002
	Rupees	Rupees
<b>SCHEDULE "9" - INCOME FROM OPERATIONS</b>		
Training And Education Income (Including prior period Rs.26,239,723/- Previous period Rs. NIL)	1,777,905,319	1,159,145,796
	<u>1,777,905,319</u>	<u>1,159,145,796</u>
<b>SCHEDULE "10" - OTHER INCOME</b>		
Dividend on Long Term Investments	–	2,400,000
Exchange Difference (Net)	–	516,727
Interest Income (Tax deducted at source Rs. 207,422/- (Previous period - Rs. 39,306/-)	2,237,028	641,343
Warrants Written Back (Refer Note No. B-4(A) of Schedule 15)	227,150	–
Miscellaneous Income	1,496,810	3,200,418
	<u>3,960,988</u>	<u>6,758,488</u>
<b>SCHEDULE "11" - TRAINING AND EDUCATION EXPENSES</b>		
Education, Training Expenses And Course Materials (Including Prior Period Rs.6,560,365/- Previous Period Rs. Nil)	66,784,069	96,758,328
Center Operation Expenses [(Net of Excess Provision of Rs. 18,660,911/- (Previous Period Rs. Nil) and Sundry Credit Balances (Net) Rs.21,360,900/- (Previous Period Rs. Nil), no longer required and written back]	630,464,984	548,365,609
Course Execution Charges (Including Prior Period Rs. 29,379,492/- Previous period Rs. Nil)	223,647,408	81,471,950
Advertisement And Publicity	92,854,454	21,194,153
	<u>1,013,750,915</u>	<u>747,790,040</u>
<b>SCHEDULE "12" - PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>		
Salary And Other Allowances (Including Rs.5,155,424/- Previous Period Rs. Nil, Reimbursed To Transferor Company (Refer Note No. B-10 (C) of Schedule 15)	149,184,701	82,728,885
Contribution To Provident Fund And Other Funds	18,284,207	11,034,022
Staff Welfare Expenses	5,068,408	3,597,643
	<u>172,537,316</u>	<u>97,360,550</u>

## SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Particulars	Current Year		For the period 1st April, 2002 to 31st December, 2002	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE "13" - ADMINISTRATION AND OTHER EXPENSES</b>				
Rent, Rates & Taxes		44,872,589		21,444,137
Travelling And Conveyance Expenses		51,847,712		31,058,614
Electricity Charges		11,359,668		6,632,630
Communication Expenses		20,298,998		14,580,175
Repairs And Maintenance				
– Buildings	963,016		44,069	
– Plant & Machinery	10,552,596		1,744,899	
– Others	7,512,380		5,843,164	
		<b>19,027,992</b>		<b>7,632,132</b>
Insurance Premium		1,618,718		1,797,856
Legal And Professional Charges		32,200,550		26,343,505
Bad Debts/Advances Written Off		2,562,445		–
Provision for Doubtful Debts and Advances		55,724,305		–
Exchange Difference (Net)		9,475,820		–
Loss on Sale of Fixed Assets		5,427,537		11,151,508
Director's Sitting Fees		400,000		350,000
Miscellaneous Expenses		42,796,972		27,319,155
(Note : Miscellaneous Expenses includes Printing and Stationery, Audit Fees, Carriage and Forwarding, Security Charges, Service Charges etc.)				
		<b>297,613,306</b>		<b>148,309,712</b>
<b>SCHEDULE "14" - INTEREST AND FINANCE COST</b>				
Interest On				
– Fixed Loans		5,193,981		8,106,528
– Others		11,761,273		2,378,988
Bank Charges		2,659,541		3,265,974
		<b>19,614,795</b>		<b>13,751,490</b>

## SCHEDULE “15”

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

#### A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### I) Accounting policies uniformly followed by all the entities to the consolidation:

###### (a) Basis of preparation:

- (i) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting dates as of the Parent company, namely December 31, 2003 except for a subsidiary located at Bangladesh where the accounts are prepared for the year October 1, 2002 to September 30, 2003. No significant transactions or events have occurred in that subsidiary for the period October 1, 2003 to December 31, 2003.
- (ii) The Parent Company maintains its records and prepares its financial statements under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India, while the foreign subsidiaries and joint venture maintain their records and prepare their financial statements in conformity with Generally Accepted Accounting Principles prevalent in the countries of their domicile. No adjustments are made in these consolidated financial statements for inconsistencies in accounting policies (Refer II below). Financial statements of foreign subsidiaries and joint venture have been recast for the purpose of consolidation to the format adopted by the parent company for its separate financial statements.
- (iii) The preparation of financial statements in conformity with the generally accepted accounting principles require, estimates and assumptions to be made that effect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

###### (b) Principles of consolidation:

The consolidated financial statements relate to the Parent Company and its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after elimination of material intra-group balances, intra-group transactions and the unrealised profits.
- The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except as stated in Para II below.
- Interest in Joint Venture has been accounted by using the proportionate consolidation method as per Accounting Standard – 27 “Financial Reporting of Interests in Joint Ventures” issued by the ICAI.
- The excess of the cost to the Parent company of its investments in subsidiaries/joint venture over the Company’s portion of equity of the subsidiaries/joint venture is recognised in the financial statements as goodwill or capital reserve.

###### (c) Use of estimates:

The presentation of consolidated financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

**(d) Revenue Recognition:**

i) Training and Education Income

Revenue in respect of Training and Education services is recognised on rendering of services, only when it is reasonably certain that the ultimate collection will be made. In respect of the revenue from the franchisee centers in India, a substantial portion of revenue paid/payable to the franchisees in accordance with agreements is debited to the Center operation expenses. (Refer Note No. B-8 of Schedule 15)

ii) Sale of Education Course Materials

Revenue in respect of sale of Education course materials is recognised on delivery of the course materials to the customers.

iii) Dividend

Dividend income is recognised when right to receive is established.

**(e) Fixed Assets:**

Fixed assets are valued at cost less accumulated depreciation. Cost includes all expenses incurred for acquisition/self-development of assets.

**(f) Depreciation:**

Depreciation is charged on a pro-rata basis on a Straight-Line Method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 by the Parent Company.

Intangible assets — courseware is depreciated over a period considering the estimated useful life of the assets and obsolescence.

Goodwill arising on acquisition of business is carried at cost and shall be tested for impairment, if any, at each balance sheet date.

Depreciation on assets of subsidiaries/joint venture is provided using the straight line method, over their estimated useful lives as follows:

Electronic equipment, furniture and fixtures	@ 4.75%-18%
Leasehold improvements	@ 20%
Courseware	@ 16.21%
Vehicles	@ 9.50%-20%

**(g) Inventories:**

Inventory of educational and other material is valued at cost or estimated net realizable value whichever is lower.

**(h) Foreign Currency Transactions:**

i) Transactions in foreign currency are recorded at the exchange rate on the last day of the audited accounts of earlier year/period (See Note No. B-16 to Schedule 15). Exchange differences arising on repayment of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets. Exchange differences arising on settlement of other transactions are recognised in the consolidated profit and loss account.

ii) Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognised in the consolidated profit and loss account.

iii) The exchange rate difference between the Parent Company and the subsidiaries/joint ventures account is recognized in Profit and Loss Account under Foreign Exchange rate difference.

**(i) Retirement Benefits:**

- (i) Company's contribution to Provident Fund, Superannuation Fund and other fund is charged to Profit and Loss Account.
- (ii) The Company's liability towards Gratuity is funded through a scheme (Group Gratuity Scheme) administered by the LIC of India. The annual premium paid/payable towards L.I.C.'s demand on the basis of actuarial valuation is debited to the Profit and Loss Account.
- (iii) Leave encashment benefits are charged to revenue based on actuarial valuation at the year-end.
- (iv) The employees of the China Joint Venture are members of the State managed retirement benefit schemes, the company's obligations under which are equivalent to those arising from a contribution retirement benefit plan. Payments made to State managed retirement benefit schemes are charged as expenses as they fall due.

**(j) Research and Development:**

Revenue expenditure on research and development is charged to consolidated profit and loss account in the year in which it is incurred. Capital expenditure on research and development is included in fixed assets and depreciation is charged at applicable rates on such assets.

**(k) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**(l) Income Tax:**

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets to the extent they have become reasonably certain or virtually certain of realisation, as the case may be.

**(m) Leases:**

Lease payments under operating leases are recognized as an expense in the consolidated profit and loss account on a straight line basis over the lease term.

**(n) Contingent Liabilities:**

These are disclosed by way of notes on the consolidated balance sheet. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end, till the finalisation of accounts and have material effect on the position stated in the consolidated balance sheet.

**II) Accounting policies to the extent not in uniformity with I above:**

**(o) Foreign Currency Transactions:**

In respect of the Joint Venture, transactions other than local currencies are recorded at the rates of exchange prevailing on dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on the exchange are included in the net profit or loss for the year.

**(p) Impairment Loss Provision for Fixed Assets:**

At the end of each period, the Joint Venture determines whether a provision should be made for impairment loss on a fixed asset by considering the indication that an impairment loss may have occurred. Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed asset is made for the difference.

**(q) Depreciation:**

In case of one subsidiary, depreciation is calculated on written down value basis. However, the depreciation charge is not significant in the context of the consolidated financial statements.

**(r) Accounting for Bad Debts:**

Criteria for Recognition of bad debts in the Joint Venture:

The irrecoverable amount of a bankrupt debtor after pursuing the statutory procedures;

The irrecoverable amount of a debtor who was deceased and has insufficient estate to repay;

The amount owed by a debtor who is unable to repay the obligations after the debts fall due, and the amount is irrecoverable or unlikely to be recovered as demonstrated by sufficient evidence.

Bad debt is accounted for using the allowance method and provided according to the recoverability of receivables at the year-end date. The appropriate percentages of provision for bad debts relating to significant receivable accounts are reasonably determined based on relevant information such as past experience, actual financial position and cash flows of debtors, as well as other relevant information. General provision for the remaining receivables is estimated at the following percentages according to the aging analysis:

<u>Age of Receivables</u>	<u>Percentage of bad debt provision</u>
Within 1 year (Including 1 year)	–
1-2 years (Including 2 years)	20%
2-3 years (Including 3 years)	50%
Over 3 years	100%

## B) NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1. The list of Subsidiary Companies and Joint Venture, which are included in the consolidation and the Company's holdings therein are as under:

Name of the Company	Country of Incorporation	Relationship	Ownership Interest
Aptech Training Limited FZE	UAE	Subsidiary	100%
Aptech Worldwide Bangladesh Limited	Bangladesh	Subsidiary	100%
Beijing Aptech Beida Jade Bird Information Technology Co. Limited	China	Joint Venture	50%
Aptech Software Limited	India	Subsidiary	100%

There are no more entities/companies other than those consolidated which should be consolidated on the basis of shareholding exceeding 50% or on the basis of the control as stated in Note No. B-1 of Schedule No. 15 of consolidated accounts.

During the previous year, the Company formed a wholly-owned subsidiary in California, USA under the name and style of Aptech Worldwide Corp. Inc. The Company has been duly incorporated however, operational activities are yet to commence and on that basis, there are no financial statements prepared for such company and hence not considered for consolidation.

2. Rupees

Particulars	Year ended December 31, 2003	Period ended December 31, 2002
Estimated amounts of contracts remaining to be executed on capital account and not provided for	841,190	Nil

3. Contingent liabilities in respect of: Rupees

a) Claims against the Company not acknowledged as debts	76,482,474	61,693,633
b) Counter Guarantees and Guarantees to banks	48,763,200	43,866,650

4. A) 330,000 warrants were allotted by the erstwhile Aptech Limited to its trust namely "Aptech Employees Welfare Trust" under Employees Stock Option Plan (ESOP) Scheme, which stand transferred to the Parent Company, pursuant to the scheme of demerger of training division of erstwhile Aptech Limited approved by the High Court of Judicature at Bombay with effect from the appointed date i.e. April 1, 2001. Each warrant entitles the holder to get allotted one equity share of Rs. 10/- each at a price of Rs. 490/- per equity share together with proportionate bonus entitlement. The warrants are to be exercised on specified dates in every calendar year on or before December 29, 2009 subject to conditions specified in the scheme.

Details of Options Granted and lapsed	December 2003	December 2002
Options granted and outstanding as the beginning of the year/period	3,30,000	3,30,000
Add: Granted during the year/period	Nil	Nil
Less: Lapsed during the year/period	2,27,150	Nil
Options granted and outstanding as the end of the year/period	1,02,850	3,30,000

227,150 options have lapsed during the year consequent to expiry of the exercise period, in respect of certain warrant holders in accordance with the scheme and accordingly Rs. 2,271,500/- out of Rs. 3,300,000/- in the Employee Stock Option Outstanding Account (Schedule 2) has been transferred and credited to "Payments to and Provisions for Employees" (Schedule 12) in the Profit and Loss Account. Similarly, an amount of Re.1/- per warrant collected in earlier years aggregating to Rs.227,150/- is also credited to Profit and Loss Account as "Other Income"(Schedule 10) for the same reason.

In respect of the said ESOS scheme, the Company is yet to form a separate trust and hence the same is not included in the Consolidated Financial Statements.

- B) Subsequent to the special resolution passed by the shareholders in the Annual General Meeting held on June 30, 2003 approving the Employee Stock Option Scheme, SEBI has on June 30, 2003 issued fresh guidelines for the purpose of implementation of ESOS.

The Company had in the earlier year approached SEBI for certain clarifications on fresh guidelines issued by SEBI on implementation of ESOS. The Company considering such clarifications amended the said scheme, which is duly approved by the Board of Directors and by the shareholders in the Extra Ordinary General Meeting, held on February 13, 2004. Accordingly, the said scheme comes into effect from the said date.

## 5. Related Party Disclosures

### a) Names of related parties and description of relation:

i) Company Whose Control Exists : SSI Limited

ii) Key Management Personnel	: Mr. Kalpathi S. Suresh	Chairman*
	Mr. K.S. Aghoram	Vice-Chairman*
	Mr. K.S. Ganesh	Non-Executive Director*
	Mr. D. V. Narasingarao	Non-Executive Director*
	Mr. Pramod Khera	Managing Director
	Mr. V. Balasubramanian	Director (resigned w.e.f. January 2, 2004)
	Mr. Atul Nishar	Chairman (resigned w.e.f. March 10, 2003)

\*Appointed with effect from March 10, 2003.

iii) Others : Hexaware Technologies Limited.  
(Entities in which the directors  
have control and/or  
significant influence)  
(upto March 10, 2003)

Aptech Education Trust  
Aptech Education Society  
Aptech Training & Education Trust

b) Transactions with related parties:

Nature of Transactions	Company whose control exists (Rupees)	Key Management personnel (Rupees)	Others (Rupees)	Total (Rupees)
Receiving of Services and Reimbursement of expenses	13,951,236 (-)	5,135,164 (3,439,234)	2,400,000 (4,800,000)	21,486,400 (8,239,234)
<b>Finance</b> (Including loans and equity contributions in cash or in kind)				
<b>(a) Loans Given</b>				
Balance as at January 1, 2003	- (-)	- (-)	15,000 (15,000)	15,000 (15,000)
Fresh Loans during the year	- (-)	- (-)	3,631,904 (-)	3,631,904 (-)
Repaid/Adjusted during the year	- (-)	- (-)	- (-)	- (-)
Balance as at December 31, 2003	- (-)	- (-)	3,646,904 (15,000)	3,646,904 (15,000)
<b>(b) Loans Taken</b>				
Balance as at January 1, 2003	- (-)	- (-)	16,500,000 (19,389,266)	16,500,000 (19,389,266)
Fresh Loans taken during the year	10,000,000 (-)	- (-)	- (-)	10,000,000 (-)
Repaid/Adjusted during the year (after March 10, 2003)	10,000,000 (-)	- (-)	16,500,000 (2,889,266)	26,500,000 (2,889,266)
Balance as at December 31, 2003	- (-)	- (-)	- (16,500,000)	- (16,500,000)
<b>(c) Interest Paid on Loans taken</b>	- (-)	- (-)	536,250 (2,070,041)	536,250 (2,070,041)
<b>(d) Acquisition of Training and Educational Business (Refer Note No. 10)</b>				
Purchase Consideration	286,500,000 (-)	- (-)	- (-)	286,500,000 (-)
<b>Creditors Balance as at December 31, 2003</b>	145,463,236 (-)	- (-)	- (-)	145,463,236 (-)

Notes: 1. Related party relationship is as identified by the Company and relied upon by the Auditors.  
2. Previous period figures are given in brackets.

6. Earnings Per Share:

	December 2003	December 2002
Profit after tax attributable to Equity Shareholders (Rupees)	116,936,441	47,620,953
Weighted average number of equity shares outstanding during the year/period		
Basic	20,506,040	18,149,437
Add : Warrants	192,363	330,000
Diluted	20,698,403	18,479,437
Nominal value of equity shares (Rupees)	10	10
Basic EPS (Rupees)	5.70	2.62
Diluted EPS (Rupees)	5.65	2.58

7. a) Breakup of the deferred tax assets / liabilities is as under:

Particulars	December 2003 Rupees	December 2002 Rupees
i) Deferred tax liability:		
Related to Fixed assets	(237,089,799)	–
ii) Deferred tax assets:		
Other timing differences	7,496,502	–
Provision for Doubtful Debts/Advances	20,564,808	–
Carry forward loss/unabsorbed depreciation	196,180,982	–
<b>Net deferred tax asset/(liability)</b>	<b>(12,847,507)</b>	<b>–</b>

b) Provision for current tax for the year ended December 31, 2003 for Minimum Alternate Tax in accordance with section 115 JB of the Income Tax Act, 1961 and deferred tax in accordance with AS-22 “Accounting for taxes on Income” has been made for the year ended on December 31, 2003 which will be adjusted considering the total assessable income for the financial year ending for Income Tax purposes being March 31, 2004.

c) The joint venture (JV) in China is a new technology enterprise located in new technology zone. According to income tax exemption and reduction granted to the JV and as approved by the local tax authorities, the applicable income tax rates of the Company during the tax incentive period are as follows:

Year	Tax incentive programme	Effective tax rate
2002	Exempted from income tax	–
2003-2005	50% reduction of tax rate	7.5%
2005 and after 2005	Incentive tax rate	15%

Provision for PRC income tax is calculated at 7.5% (2002 : Nil) of the estimated assessable profit for the year as explained above.

8. Training and education Income (Schedule 9) includes the income received by the parent Company at the franchised centers in India and the income in respect of courses/training executed for institutional and corporate clients. The amount paid/payable to the franchisees for operating such centers and to the business partners for execution of training courses at the institutions/corporates, as per the agreements with them, is disclosed as “Center Operation Expenses” and “Course execution charges” respectively. (Schedule 11).

9. Fixed assets of the Parent Company include the assets which were transferred to the company consequent to the demerger of erstwhile Aptech Limited in an earlier year. On the basis of the physical verification partially carried out by the management during the year, the Parent Company is presently in the process of updating the fixed assets records, including allocation of cost to individual fixed assets items on the basis of invoices, technical evaluation etc. The adjustments, if any, arising out of such allocations would be made after verification of all fixed assets and on completion of such updation/allocation of cost, which in the opinion of the Parent Company will not have a material impact.

The loss on sale of fixed assets aggregating to Rs. 5,427,537/- during the year (Schedule 13) has been ascertained by computing the written down value of the said assets considering the depreciation rates, purchase invoices and the cost ascertained by technical evaluation etc.

10. A) In accordance with the agreement entered into with SSI Limited, dated June 18, 2003 the company acquired the "Training and Education business" of the said company, with effect from April 1, 2003, at an agreed consideration of Rs.286,500,000/- to be discharged either by way of cash payment or issue of equity shares of the Company. Out of the total consideration, Rs.155,000,000/- has been discharged by way of cash payment to the transferor company till December 31, 2003 and the balance amount of Rs.131,500,000/- payable as at the year-end, is included in sundry creditors (Schedule 8). The acquisition of business has been accounted for under the "purchase method" as stated in the Accounting Standard -14 (AS 14) "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, on the basis of audited Balance Sheet of SSI Limited as at 1st April, 2003. Accordingly, Goodwill aggregating to Rs. 95,260,844/- representing excess of liabilities taken over on such acquisition, is included in additions to fixed assets (Schedule 5).
- B) Some of the bank accounts and other assets (deposits etc) continue to be in the name of the transferor company as at December 31, 2003. The Parent Company is presently taking necessary steps for closure of such bank accounts and/or transferring the other assets in its own name.
- C) The employees of the transferor company during the transition period upto December 31, 2003, continued to be on the payroll of that company and the Parent Company has reimbursed part of such payroll costs aggregating to Rs. 5,155,424/-. However, subsequent to the year-end, such employees have been transferred on the payroll of the Parent Company.
11. A) 15,360,000 equity shares of Rs.10/- each, underlying 3,840,000 Global Depository Receipts (GDR) of USD 3.75 each were allotted by the Parent Company, at a premium of Rs. 32.53 per share, on 6th November 2003. The consideration for the aforesaid GDR's aggregating to USD 14,400,000 (equivalent Rs. 653,256,000/-) was received in the Escrow Account with Banco Portugues De Negocios (BPN). Out of the aforesaid total consideration, the Parent Company upto December 31,2003 has utilised USD 6,168,780 (equivalent Rs. 280,124,000) towards part payment of consideration for acquisition of "Training and education business" from SSI Limited (refer Note No. 10 above), payment of capital advance/expenditure, repayment of debts and other Corporate purposes. The balance amount of USD 8,231,220 (Equivalent Rs. 375,261,320) as at 31st December 2003, is held by the Parent Company in its bank accounts, for utilisation in the near future, for other intended business takeovers in the field of IT education and other Corporate purposes as were stated in the offer document, prepared and issued for GDR purposes.
- B) The Parent Company incurred GDR issue expenses aggregating to Rs.26,297,154/-, which exceeds the limit laid down in Foreign Exchange Management Act, 1999 by a small amount of Rs.166,914/- which has been charged to the Profit and Loss Account. The Parent Company has made an application to the Reserve Bank of India, for approval of the excess amount and is hopeful of a positive response.
12. Sundry Debtors (Schedule 7) includes debts aggregating to Rs. 96,027,655/- as at December 31, 2003 which are long outstanding and recoverable from the franchisees of the company and institutional debtors, comprising mainly of Government parties. The company has set up a task force for recovery of debts in the current year and consequently recovered the debts aggressively and continues to follow up for recovery. Analysing the debts and probability of recovery, the Company has in addition to debts aggregating to Rs. 1,098,696/- written off during the year, made a provision of Rs. 31,565,578/- in the accounts towards doubtful debts and in the opinion of the Company no further provision is considered necessary for the balance amount of debts of Rs. 64,462,077/- in view of the following efforts of the task force and continuing relationship with the franchisee/ institutional debtors.

13. The Parent Company's training operations are carried out through own centers and franchised centers, which are spread all over the country including in remote areas. The receipts at franchised centers on account of training fees are banked at the respective locations and the same are audited by the local auditors appointed for the purpose on a monthly basis. Cash and Bank balances (Schedule 7C) as at December 31, 2003 in respect of such bank accounts, include:

- a) Balances aggregating to Rs. 24,258,025/- in respect of which the Company has received the bank statements for the period ended December 31, 2003 subsequent to that date, from some of the remotely located centers numbering approximately one thousand and transactions of small amounts including transfers from one bank to another, which are being reconciled with the bank balance as per the books of accounts as at December 31, 2003 and
- b) Balances aggregating to Rs. 3,704,313/- (mainly non-operating bank accounts), which are subject to confirmation and consequent reconciliation/adjustments, if any, of receipt of the bank statements/confirmations. Moreover, the Company is presently taking necessary steps for closure of the non-operating bank accounts.

In the opinion of the Parent Company, there would not be any material impact on any of the asset and liability account balances stated in the financial statements and/or on profits for the year, on completion of the reconciliation.

14. The Parent Company during the year ended March 31, 2002 had created contingency reserve of Rs. 350,000,000/- considering the business risks which may have had appropriate impact on some of the specific assets of the company such as stock, investments, etc. However, considering the present financial position of the company, the management is of the opinion that the balance of Rs. 200,000,000/- such contingency reserve is no more required and accordingly, the same is transferred to profit and loss account, below the line (Schedule 2).

15. The Parent Company has a Joint Venture as on December 31, 2003 and its proportionate share in assets, liabilities, income and expenditure of the Joint Venture Company is given below on the basis of audited accounts of the said Joint Venture:

Name of the Joint Venture	Beijing Aptech Beida Jade Bird Information Technology Company Limited, China	
	Current Year	Previous Year
Percentage holding	50%	50%
Assets (Rupees)	51,951,105	47,995,197
Liabilities (Rupees)	3,204,881	10,738,429
Contingent Liabilities (Rupees)	NIL	NIL
Capital Commitment (Rupees)	NIL	NIL
Income for the 12 months year ended December 31, 2003 (Rupees)	131,624,498	129,151,053
Expenses for the 12 months year ended December 31, 2003 (Rupees)	100,316,125	97,729,644

16. The foreign currency transactions have been incorporated at the exchange rates existing on the last day of the audited accounts of the earlier year/period by the Parent Company. The exchange difference is computed by considering the difference between the transactions recorded as stated above and the rate applicable on the date of settlement during the year/restatement at the end of the year. Had the transactions been recorded at the original rate of exchange at the time of transactions are effected as required under AS –11 ‘ Accounting for the effects of changes in foreign exchange rates’, the exchange difference would have been higher/lower with lower/higher corresponding expense/income – Amount not quantifiable. However, there is no impact on the profits for the year.
17. The Consolidated Financial Statements for the current year include the accounts of China Joint Venture, in accordance with AS-27 “Financial Reporting of Interests in Joint Ventures”, which inadvertently were not included in the Consolidated Financial Statements in the earlier year, duly audited. The consequential impact thereof, has been accounted in the consolidated results, Assets, Liabilities and “surplus brought forward from the previous period” as at Jan 1st, 2003. Consequently, the previous year accounts as consolidated are not comparable with that of the current year.
18. Some of the subsidiaries and the joint venture follow different accounting policies, disclosed under paragraph A-II above, as compared to the policies followed by the Parent company where, in the opinion of the management, it is not practicable to use uniform accounting policies in the Consolidated Financial Statements and the impact of which is not ascertainable including the portion of the items in the Consolidated Financial Statements, for which different accounting policies have been followed.
19. Sundry Debtors (Schedule 7 B) includes Rs.12,259,485/- due from a party which was disputed and pending in the arbitration proceedings. The arbitrator gave an award in favour of the parent Company against which, the said debtor party has preferred an appeal in the High Court, which is pending admission. Considering the award of the arbitrator, in the opinion of the management, such debt is good and recoverable and no provision is considered necessary, in this respect, at this stage.
20. The previous period accounts are for a period of nine months i.e. from April 1, 2002 till December 31, 2002 whereas those for the current year, are for the entire twelve months and include the results of operations of the “Training and education business” acquired from SSI Limited, with effect from April 1, 2003. (Refer Note No. 10 above) and that of the Joint Venture of the company to the extent of the Parent Company’s share therein (Refer Note. No. 16 above). Accordingly, the current year results are not comparable with those of the previous period.

21. Segmental report for the year ended 31st December 2003

Primary Segment information.: Business Segment

(All Figures In Rupees)

Particulars	Business Segments			Total
	Retail		Institutional	
	I.T. Education	Multimedia		
<b>Segment Revenue</b>				
<b>Income from Segment</b>	1,076,563,551	275,373,569	425,968,199	1,777,905,319
	(727,475,092)	(224,858,300)	(206,812,404)	(1,159,145,796)
<b>Segment Results before Interest &amp; Tax</b>	124,005,387	12,464,502	283,368,275	419,838,164
	(118,842,157)	(11,343,515)	(95,150,632)	(225,336,304)
<b>Add : Unallocable Income</b>				3,960,988
				(6,758,488)
<b>Less : Unallocable Expenses.</b>				260,437,138
				(166,170,541)
<b>Less : Interest Expenses &amp; Finance Charges</b>				19,614,795
				(13,751,490)
<b>Profit before Tax</b>				143,747,219
				(52,172,761)
<b>Less : Provision for tax - Current tax</b>				13,885,271
				(4,590,320)
– Deferred tax				12,847,507
				–
– Wealth tax				78,000
				(38,510)
<b>Profit after Tax</b>				116,936,441
				(47,620,951)
<b>Less : Equity Dividend</b>				33,509,437
<b>Corporate Tax on Dividend</b>				4,293,397
				–
				–
<b>Other Information</b>				
<b>Segment Assets</b>	722,763,353	31,907,219	253,179,682	1,007,850,254
	(379,674,876)	(21,236,635)	(35,343,416)	(436,254,927)
<b>Unallocated Assets</b>				1,291,001,522
				(701,537,703)
<b>Total Assets</b>	722,763,353	31,907,219	253,179,682	2,298,851,776
	(379,674,876)	(21,236,635)	(35,343,416)	(1,137,792,630)
<b>Segment Liabilities</b>	193,398,484	17,009,311	148,203,958	358,611,753
	(139,307,092)	(5,229,058)	(2,571,282)	(147,107,432)
<b>Unallocated Liabilities</b>				374,198,864
				(128,680,959)
<b>Total Liabilities</b>	193,398,484	17,009,311	148,203,958	732,810,617
	(139,307,092)	(5,229,058)	(2,571,282)	(275,788,391)
<b>Capital Expenditure</b>				–
<b>Segment Capital Expenditure</b>				–
<b>Unallocated Capital Expenditure</b>				358,260,622
				(61,359,434)
<b>Total Capital Expenditure</b>				358,260,622
				(61,359,434)

Particulars	Business Segments			Total
	Retail		Institutional	
	I.T. Education	Multimedia		
Depreciation				—
Segment Depreciation				—
Unallocated Depreciation				134,602,756
				(106,519,729)
Total Depreciation				134,602,756
				(106,519,729)
Significant Non-Cash Expenditure				
Segment Significant Non-Cash Expenditure	44,535,030	344,053	3,044,019	47,923,102
	—	—	—	—
Unallocated Non-Cash Expenditure				19,839,468
				—
Total Significant Non-Cash Expenditure				67,762,570
				—

Notes :

- Consequent upon the acquisition of the Training & Education Business of SSI Ltd. with effect from 1st, April 2003, the results for the 12 months ended December 2003 includes the Training & Education Business of SSI for the nine months ended 31st December, 2003 and hence not comparable with the previous period figures.
- The Company has identified Business Segments as the primary segment. Segments have been identified taking into account the nature of services, the differing risks & returns, the organisational structure & the internal reporting system.
- Fixed Assets are not identified segment-wise as these are used interchangeably between segments. The management believes that meaningful segregation of Assets & Liabilities on segment basis is currently not practicable.
- Previous year figures are given in brackets.
- The figures for the Previous accounting period have been re-grouped/rearranged wherever necessary to correspond with the figures of the current year.

**Secondary segment information: Geographical Segment**

(All Figures In Rupees)

Particulars	Revenue from Customers by location of customers.	Carrying amount of segment assets by location of assets.	Addition to fixed assets
<b>India</b>	1,303,208,330	1,837,402,389	358,260,622
	(983,912,301)	(1,003,034,176)	(60,543,849)
<b>Outside India</b>	478,657,977	400,632,373	—
	(189,146,260)	(134,723,886)	—

22. The figures for the previous accounting period have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**P. R. Barpande**  
Partner

**Kalpathi S. Suresh**  
Chairman

**Pramod Kherra**  
Managing Director

**Sree Vidhya Raju**  
Company Secretary

Place : Chennai

Date : 31st March, 2004

**REPORT OF THE DIRECTORS**

The Directors of Aptech Software Limited have the pleasure in submitting the financial statements for the period ended 31st December, 2003.

**MAIN OBJECTIVES**

Your Company was incorporated on 24th November, 2003 with a vision to be the leading institution in the area of Information Technology Services. Your Company will be primarily engaged in offering customized e-Learning content development solutions for clients in diverse areas such as IT, Applications, Soft Skills, Functional Skills using proprietary content development and project management processes.

**OPERATIONS**

The Company has not started its commercial operations.

**THE FUTURE OUTLOOK**

Your Company is committed to provide qualitative e-learning solutions for its clients including online learning services worldwide. Your Company will design and develop web/computer based content, provide website and portal development and management services, e-commerce and application developments, new media conversion, translation and localization services.

With a committed management team and talented professionals, your Company is poised to establish itself as a leading e-learning solutions provider in the industry.

**DIRECTORS**

The Directors in office as at the date of this report are :

Pramod Khera  
T. K. Ravishankar  
Sudhir Mathur  
Ajay Oberoi  
Nilesh S. Vani  
A. M. Thimmiya  
R. Krishnan

Appointed as Directors from the inception  
of the Company

Appointed on 3rd March, 2004

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors, based on the representations received from the operating management, confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability, 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) they have prepared the annual accounts on a going concern basis.

**AUDITORS**

M/s. Dixit Dattatray & Associates, Chartered Accountants were appointed as the first Auditors of the Company and will continue to hold office until the conclusion of the first annual general meeting of the Company, unless decided otherwise.

**ACKNOWLEDGEMENT**

The Directors take the opportunity to acknowledge the continued support of all members of the Company during this period.

**Pramod Khera**  
*Director*

**Nilesh S. Vani**  
*Director*

Date : 27th March, 2004  
Place : Mumbai

## AUDITORS' REPORT

### To The Shareholders of Aptech Software Limited

We have audited the attached Balance Sheet of Aptech Software Limited (the "Company") as at 31st December, 2003 and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 (the Act) enclosed in the Annexure is the statement on matters specified in the said Order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of these books.
  - c) The Balance Sheet dealt with by this Report is in agreement with the books of account.
  - d) In our opinion the Balance Sheet complies with the Accounting standards referred to in sub-section (3C) of Section 211 of the Act.
  - e) On the basis of the written representations received from the Directors, we report that none of the Directors is disqualified as on 31st December, 2003 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.
  - 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 notes thereon, gives the information required by the Act, in the manner so required and give a true and fair view :
    - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 2003.

For **Dixit Dattatray & Associates**

*Chartered Accountants*

**D.B. Dixit**

*Proprietor*

Place : Mumbai

Date : 27th March, 2004

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 1 of our Report of even date)

1. The Company does not have any fixed assets, hence clause no. (i) & (ii) of Paragraph (4A) of the order are not applicable.
2. Since the Company has not undertaken any manufacturing or trading activity during the period under review, Clauses (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv), (xv) and (xvi) of Paragraph 4(A) of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 are not applicable.
3. The Company has taken loans from companies, firms and other parties required to be listed in the register to be maintained under section 301 of the Act. In our opinion, the terms & conditions including the rate of interest are prima-facie not prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section 370 are not applicable to the Company on or after the commencement of the Companies (Amendment) Act, 1999.
4. The Company has not granted loans to the companies, firms and other parties required to be listed in the register to be maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section 370 are not applicable to the Company on or after the commencement of the Companies (Amendment) Act, 1999.
5. The Company has not granted any interest free loans or advances in the nature of loans to employees or other parties.
6. We have been informed that the Company has not accepted any deposits during the period and hence provisions of Section 58A of the Act, and the rules framed thereunder are not applicable.
7. We are informed that Provident Fund and Employees State Insurance provisions are not applicable to the company.
8. According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, customs duty and excise duty which remains outstanding as at 31st December, 2003 for a period exceeding six months from the date they became payable.
9. According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
10. In our opinion, the Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

For **Dixit Dattatray & Associates**

*Chartered Accountants*

**D.B. Dixit**

*Proprietor*

Place : Mumbai

Date : 27th March, 2004

## BALANCE SHEET AS AT 31ST DECEMBER, 2003

Particulars	Schedule	As at	
		31st December, 2003 Rupees	Rupees
<b>SOURCES OF FUNDS</b>			
Share Capital	A		500,000
Share Application Money			4,519,700
			<u>5,019,700</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets :			
Gross Block		—	
Less : Depreciation		—	—
Current Assets, Loans and Advances	B		
Loans and Advances		5,000,000	
		<u>5,000,000</u>	
Less : Current Liabilities and Provisions	C	2,700	
		<u>2,700</u>	
Net Current Assets			4,997,300
<b>PREOPERATIVE EXPENSES</b>			
Preliminary Expenses	D	22,400	
			<u>22,400</u>
			<u>5,019,700</u>
Notes Forming Part of Accounts	E		

Schedules A to E form an integral part of this accounts.  
As per our report of even date

For **Dixit Dattatray & Associates**  
*Chartered Accountants*

For and on behalf of Board of Directors

**D.B. Dixit**  
*Proprietor*

**Pramod Khera**  
*Director*

**Nilesh S.Vani**  
*Director*

Place : Mumbai  
Date : 27th March, 2004

**SCHEDULES TO THE BALANCE SHEET**

<b>Particulars</b>	<b>As at 31st December, 2003</b>	
	<b>Rupees</b>	<b>Rupees</b>
<b>SCHEDULE "A" - SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
50,000 Equity Shares of Rs. 10/- each		500,000
		<u>500,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
50,000 Equity Shares of Rs. 10/- each fully paid up (All the shares are held by Aptech Limited Holding Company and its nominees)		500,000
		<u>500,000</u>
<b>SCHEDULE "B" - CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
Loans and Advances	50,00,000	
– Advances against Premises		50,00,000
		<u>50,00,000</u>
<b>SCHEDULE "C" - CURRENT LIABILITIES AND PROVISIONS</b>		
Provision for Audit Fees		2,700
		<u>2,700</u>
<b>SCHEDULE "D" - PRE-OPERATIVE EXPENSES</b>		
Travelling & Conveyance Expenses		700
Auditors Remuneration		
Audit Fees	2,500	
Service Tax	200	
		<u>2,700</u>
ROC Fees		19,000
		<u>22,400</u>

## SCHEDULES TO THE BALANCE SHEET

### SCHEDULE "E" - NOTES TO THE ACCOUNTS

1. The Company has not started its commercial operations and as a result Profit & Loss Account of the Company has not been prepared. Accordingly all the expenses incurred during the year have been accumulated as pre-operative expenses pending capitalization.
2. Previous year figures have not been given as this is the first year of the Company.
3. Additional information pursuant to paragraphs 3 & 4 of part II of Schedule VI of the Companies Act, 1956 NIL.
4. Estimated amount of contracts remaining to be executed on capital account Rs. 4.25 Crores.
5. In the opinion of the Board of Directors, Current Assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business.
6. Payment to Auditors

Particulars	Year 2003
Audit Fees	2,500
Service Tax	200
	2,700

As per our report of even date

For **Dixit Dattatray & Associates**  
*Chartered Accountants*

**D.B. Dixit**  
*Proprietor*

Place : Mumbai  
Date : 27th March, 2004

For and on behalf of Board of Directors

**Pramod Khera**  
*Director*

**Nilesh S. Vani**  
*Director*

**REPORT OF THE DIRECTORS**

The Directors of Aptech Training Limited FZE have pleasure in submitting the financial statements for the year ended 31st December 2003.

**Principal Activities**

The Company, interalia, is engaged in providing education and training in Information Technology, developing, franchising and licensing software and program products and providing consultancy services.

**The Performance**

<b>Particulars</b>	<b>Rupees</b>
Gross Income	3,826,143
Less : Operating Expenses	6,285,640
Net Profit (Loss)	(2,459,497)

**The Future Outlook**

The Company has consolidated its network operations since its inception in 2002 and is in a position to focus on Middle East and West Africa. The Company expects to continue having a significant presence in the above territory and further expand its operations in the current year.

**Auditors**

The present Auditors M/s. P. H. Sanghavi & Co., Chartered Accountants will retire on completion of their term and are eligible for reappointment.

**Acknowledgement**

The Directors take the opportunity to acknowledge the continued support and efforts of all members of the Company, as well as business partners and associates.

**Pramod Khera**

Director

Date : 29th March, 2004

**T. K. Ravishankar**

Director

## AUDITORS' REPORT

### To the Members of APTECH TRAINING LIMITED FZE

We have audited the attached financial statements of Aptech Training Limited FZE as at 31st December, 2003. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted the audit in accordance with the auditing standards generally accepted in India. The standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on 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 the management as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

The financial statements are in agreement with the books of accounts. In our opinion the financial statements dealt with by this report comply with the accounting standards generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the notes thereon, give a true and a fair view in conformity with the accounting principles generally accepted in India.

- a) in the case of the Balance Sheet, of the state of affairs as at 31st December, 2003 and
- b) in the case of the Profit and Loss Account of the loss for the year ended on that date.

For **P.H. Sanghavi & Co.**  
*Chartered Accountants*

**P.H. Sanghavi**  
*Proprietor*

Place : Mumbai  
Date : 29th March, 2004

**BALANCE SHEET AS AT 31ST DECEMBER, 2003**

Particulars	Schedule	As at		As at
		31st December, 2003 Rupees	Rupees	31st December, 2002 Rupees
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	"1"		46,007,103	1,325,621
Share Application Money			908,518	—
			<u>46,915,621</u>	<u>1,325,621</u>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	"2"	47,430		
Less : Depreciation		<u>6,263</u>	41,167	—
<b>A) CURRENT ASSETS, LOANS AND ADVANCES</b>				
	"3"		46,017,100	2,432,686
Less :				
<b>B) CURRENT LIABILITIES AND PROVISIONS</b>				
	"4"		2,690,215	2,195,137
<b>NET CURRENT ASSETS (A-B)</b>				
			<u>43,326,885</u>	<u>237,549</u>
Currency Translation Reserve			—	98,841
Profit and Loss Account			<u>3,547,569</u>	<u>989,231</u>
			<u>46,915,621</u>	<u>1,325,621</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b>				
	"8"			

Schedule 1 to 8 form an Integral part of the accounts.  
As per our Report of even date

For **P.H. Sanghavi & Co.**  
*Chartered Accountants*

**P.H. Sanghavi**  
*Proprietor*

Place : Mumbai  
Date : 29th March, 2004

For and on behalf of the Board of Directors

**Pramod Kherra**  
*Director*

**T.K. Ravi Shankar**  
*Director*

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2003**

Particulars	Schedule	For the year ended 31st December, 2003 Rupees	For the period ended 31st December, 2002 Rupees
<b>INCOME</b>			
Income from Operations		3,689,354	1,920,655
Other Income	“5”	136,789	1,302
		3,826,143	1,921,957
<b>EXPENDITURE</b>			
Training & Education Expenses	“6”	4,966,285	2,599,852
Administration and Other Expenses	“7”	1,313,092	311,336
Depreciation		6,263	—
		6,285,640	2,911,188
<b>PROFIT/(LOSS)</b>		(2,459,497)	(989,231)
Add : Balance brought forward from previous year		(989,231)	—
Add : Prior period items : Currency translation reserve		(98,841)	—
<b>BALANCE CARRIED TO BALANCE SHEET</b>		(3,547,569)	(989,231)
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b>	“8”		

Schedule 1 to 8 form an Integral part of the accounts.  
As per our Report of even date

For **P.H. Sanghavi & Co.**  
*Chartered Accountants*

**P.H. Sanghavi**  
*Proprietor*

Place : Mumbai  
Date : 29th March, 2004

For and on behalf of the Board of Directors

**Pramod Khera T.K. Ravi Shankar**  
*Director Director*

**SCHEDULES TO THE BALANCE SHEET**

Particulars	As at 31st December, 2003 Rupees	As at 31st December, 2002 Rupees
<b>SCHEDULE "1" - SHARE CAPITAL</b>		
<b>EQUITY SHARES</b>		
37 (Previous year 1) Equity Shares of UAE DHMS (AED) 100,000 each fully paid up (All the shares are held by the parent Company Aptech Limited)	46,007,103	1,325,621
	<u>46,007,103</u>	<u>1,325,621</u>

**SCHEDULE "2" - FIXED ASSETS**

Particulars	COST				DEPRECIATION			WDV as on 31-12-03
	Balance as on 01-01-03	Addition during the period	Reduction during the period	Balance as on 31-12-03	Balance as on 01-01-03	Depreciation during the period	Balance as on 31-12-03	
Furniture & Fixtures	—	47,430	—	47,430	—	6,263	6,263	41,167

Particulars	As at 31st December, 2003 Rupees	As at 31st December, 2002 Rupees
<b>SCHEDULE "3" - CURRENT ASSETS, LOANS AND ADVANCES</b>		
Cash and Bank Balances		
Balance with Bank - In a Current Account	45,994,305	2,432,686
Loans and Advances	22,795	—
	<u>46,017,100</u>	<u>2,432,686</u>
<b>SCHEDULE "4" - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Aptech Limited	2,507,450	1,852,548
Creditors for Expenses	182,765	342,590
	<u>2,690,215</u>	<u>2,195,138</u>

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	For the year ended 31st December, 2003 Rupees	For the year ended 31st December, 2002 Rupees
<b>SCHEDULE "5" - OTHER INCOME</b>		
Interest Income	4,009	1,302
Exchange Rate Gain	132,780	—
	<u>136,789</u>	<u>1,302</u>
<b>SCHEDULE "6" - TRAINING &amp; EDUCATION EXPENSES</b>		
Educational Training and Other Materials	3,322,055	1,872,834
Professional Fees	1,494,014	727,019
Marketing Expenses	150,216	—
	<u>4,966,285</u>	<u>2,599,852</u>
<b>SCHEDULE "7" - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Travelling and Conveyance Expenses	663,736	62,703
Communication Expenses	229,549	36,909
License Fees	257,951	199,850
Courier Charges	24,794	—
Bank Charges	137,062	11,874
	<u>1,313,092</u>	<u>311,336</u>

**SCHEDULE " 8" - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**

**Note 1 :** Previous period's figures have been regrouped, reallocated or reclassified wherever necessary to conform to this year's classification.

**Note 2 :** Previous period's figures are not comparable with that of current year, as the accounts for the previous period comprise of a period from 19/05/02 to 31/12/02 whereas the accounts for the current year comprise of the period from 01/01/03 to 31/12/03.

**Note 3 : Description of Business and Organisation**

Aptech Training Limited FZE is a wholly owned subsidiary of Aptech Limited. It was formed w.e.f. 19/5/2002 as a Licensee of Free Trade Zone Authorities of the Ras Al Khaimah. (One of the Emirates of United Arab Emirates, UAE) with minimum capital requirement of 100000 AED. It has its office at RAK Free Trade Zone; Ras Al Khaimah UAE. The activity permitted under the license is providing of Information Technology Education Services, subject to UAE Rules and Regulations.

**Note 4 : Significant Accounting Policies****1. System of Accounting**

- a. Aptech Training Limited FZE follows the Mercantile of Accounting and recognises Income/Expenditure on Accrual basis.
- b. Financial Statements are prepared on historical cost basis, assuming the going concern concept.

**2. Revenue Recognition**

Income coincides with the supply/delivery unless otherwise agreed or required to be delivered under generally accepted business practices.

**3. Fixed Assets and Depreciation**

Fixed Asset (i.e. Furniture) is stated at Original cost (including expenses related to acquisition and installation) less depreciation. Depreciation at 20% on Straight Line Method has been provided on the basis of estimated useful life of 5 years.

**4. Prior period item**

The Exchange difference pertaining to the previous period and shown as Currency Translation Reserve of Rs. 98,841/- is shown separately.

**5. Foreign Currency Transactions**

The Accounting Policy in respect of the Foreign Currency Transactions has been changed to conform to the Indian Accounting Standard AS - 11.

- a. Initial recognition of the foreign currency transactions has been made by applying Average monthly rate for the transactions of the respective months.
- b. The foreign currency monetary items such as Cash, Receivables, & Payables are reported at the closing rates as on 31/12/03.
- c. Fixed Assets and Share Capital are carried at historical cost and reported at exchange rates on the date of transactions.
- d. The Exchange differences arising on settlement or restatement are recognised as expenses or income in the period in which they arise.

**Impact of Change in Policy :**

- i. Change in policy for application of exchange rate has resulted in decrease in loss of Rs.8391.
- ii. The Exchange difference so arrived of Rs.132780 is reported as exchange rate gain of the current year as against the previous policy of reporting it as Currency Translation Reserve.

For **P.H. Sanghavi & Co.**  
Chartered Accountants

**P.H. Sanghavi**  
Proprietor

Place : Mumbai  
Date : 29th March, 2004

For and on behalf of the Board of Directors

**Pramod Khera**  
Director

**T.K. Ravi Shankar**  
Director

## REPORT OF THE DIRECTORS

The Directors of Aptech (WOS) Bangladesh Limited have the pleasure in submitting the financial statements for the year ended 30th September 2003.

### PRINCIPAL ACTIVITIES

The Company, inter alia, is engaged in providing education and training in Information Technology, developing, franchising and licensing software and program products and providing consultancy services.

### THE PERFORMANCE

Since its inception in 1998, the company had gradually stabilized its operations in Bangladesh. The Company has over the years gained an unstinted leadership position in Information Technology training in Bangladesh. Today as the market leaders, the Company is firmly rooted in Bangladesh and has been responsible in nurturing talented IT professionals for the industry.

The slowdown in the retail business segment witnessed in the current year, had resulted in a conscious move by the company to concentrate on corporate business segment. The Company has taken adequate measures to control costs and increase employee productivity and this has resulted in sustained profits.

The Directors take the pleasure in reporting the financial results of the Company for the year ended 30th September, 2003 as below :

<b>Particulars</b>	<b>Rupees</b>
Gross Income	10,889,230
Less : Operating Expenses	9,247,446
Net Profit Before Tax	1,641,784
Less : Provision for Tax	666,211
Net Profit after Tax	975,573

### THE FUTURE OUTLOOK

Information Technology is a prime sector in Bangladesh. The Company with its strong position and an excellent training center network is well equipped to provide the most sought after Information Technology training to the aspirants. The Company expects to continue having a significant presence in Bangladesh and better its performance year after year.

### DIVIDEND

The Company believes in conserving the resources for future growth opportunities. Therefore the Directors have not recommended any dividend in the current year.

### DIRECTORS

The Directors in office as at the date of this report are :

Tarun Kumar Mitra  
Pranab Kumar Bose

### AUDITORS

The present Auditors M/s. Howladar Yunus & Co. Chartered Accountants will retire on completion of their term and are eligible for reappointment.

### ACKNOWLEDGEMENT

The Directors take the opportunity to acknowledge the continued support and efforts of all members of the Company, as well as business partners and associates.

**Tarun Kumar Mitra**  
*Director*

**Pranab Kumar Bose**  
*Director*

Date: 15th December, 2003

**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have audited the accompanying balance sheet of Aptech (WOS) Bangladesh Limited as of September 30, 2003 and the related profit and loss and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with BAS. Those 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, evidences 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.

In our opinion, the financial statements, prepared in accordance with BAS, give a true and fair view of the state of the Company's affairs as of September 30, 2003, and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also report that :

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) the Company's balance sheet and profit and loss account dealt with by the report are in the agreement with the books of account and returns.

**HOWLADARYUNUS & CO.**

Chartered Accountants

Place: Dhaka, Bangladesh

Date : 15th December, 2003

## BALANCE SHEET AS AT 30TH SEPTEMBER, 2003

Particulars	Schedule	As at		As at	
		30th September, 2003		30th September, 2002	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	"1"		1,409,334		1,409,334
<b>PROFIT AND LOSS ACCOUNT</b>					
As per annexed account			2,006,787		1,162,198
			<u>3,416,121</u>		<u>2,571,532</u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
<b>Gross Block</b>	"2"		3,921,456		3,971,500
<b>Less : Depreciation</b>			<u>1,670,720</u>		<u>1,271,113</u>
<b>Net Block</b>			2,250,736		2,700,387
<b>A) CURRENT ASSETS, LOANS AND ADVANCES "3"</b>					
i) Sundry Debtors			13,217,205		9,935,236
ii) Cash and Bank Balances			60,639		2,202,629
iii) Loans and Advances			194,405		1,325,933
			<u>13,472,249</u>		<u>13,463,798</u>
Less :					
<b>B) CURRENT LIABILITIES AND PROVISIONS "4"</b>					
i) Current Liabilities			10,855,185		12,344,479
ii) Provisions			<u>1,451,679</u>		<u>1,289,359</u>
			<u>12,306,864</u>		<u>13,633,838</u>
<b>NET CURRENT ASSETS (A-B)</b>			1,165,385		(170,040)
<b>CURRENCY TRANSLATION RESERVE</b>			—		41,185
			<u>3,416,121</u>		<u>2,571,532</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION</b>					
Schedules 1 to 10 form an integral part of Accounts					

This is the Balance Sheet referred to in our report of even date.

**For Howladar Yunus & Co.**  
Chartered Accountants

**Tarun Kumar Mitra**  
Director

**Pranab Kumar Bose**  
Director

Place : Dhaka, Bangladesh  
Date : 15th December, 2003

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2003**

Particulars	Schedule	For the year ended 30th September, 2003		For the year ended 30th September, 2002	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Income from Operations			10,557,651		18,454,139
Other Income	"5"		331,579		472,138
			<u>10,889,230</u>		<u>18,926,277</u>
<b>EXPENDITURE</b>					
Training and Education Expenses	"6"	2,374,788		7,987,386	
Employment Expenses	"7"	3,536,004		5,604,504	
Administration and Other Expenses	"8"	2,925,121		3,310,046	
Interest and Financial Charges	"9"	11,926		8,376	
Depreciation		399,607		468,147	
			<u>9,247,446</u>		<u>17,378,459</u>
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>			<b>1,641,784</b>		<b>1,547,818</b>
Less : Provision for Income Tax			666,211		525,700
<b>PROFIT FOR THE PERIOD AFTER TAX</b>			<b>975,573</b>		<b>1,022,118</b>
Add : Balance brought forward from previous year			1,162,198		140,080
Less : Adj.Towards Shortage of Tax Provision			172,169		–
Add : Prior Period Items: Currency Translation Reserve			41,185		–
Profit available for appropriation			<u>2,006,787</u>		<u>1,162,198</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION</b>	"10"				

Schedules 1 to 10 form an integral part of Accounts

This is the Balance Sheet referred to in our report of even date.

**For Howladar Yunus & Co.**  
Chartered Accountants

**Tarun Kumar Mitra**  
Director

**Pranab Kumar Bose**  
Director

Place : Dhaka, Bangladesh  
Date : 15th December, 2003

**SCHEDULES TO THE BALANCE SHEET**

Particulars	As at 30th Sept. 2003 Rupees	As at 30th Sept. 2002 Rupees
<b>SCHEDULE "1" - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,000,000 Shares of Taka 10 each	<u>8,700,000</u>	8,700,000
	<u>8,700,000</u>	<u>8,700,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
<b>EQUITY SHARES</b>		
160,000 Shares of Taka 10 each fully paid-up (All the Shares are held by the parent Company Aptech Limited, India)	<u>1,409,334</u>	1,409,334
	<u>1,409,334</u>	<u>1,409,334</u>

**SCHEDULE "2" FIXED ASSETS**

Particulars	COST				DEPRECIATION			WDV as on 30-09-2003
	Cost as on 01-10-2002	Addition during the year	Adjustment during the year	Total as on 30-09-2003	Balance as on 01-10-2002	Depreciation for the year	Balance as on 30-09-2003	
Furniture & Fixtures	1,392,901	7,751	–	1,400,652	290,504	112,039	402,543	998,109
Office Equipment	2,578,599	658	62,702	2,516,555	980,609	286,727	1,267,336	1,249,219
Motor Vehicle	–	4,249	–	4,249	–	841	841	3,408
<b>Total</b>	<b>3,971,500</b>	<b>12,658</b>	<b>62,702</b>	<b>3,921,456</b>	<b>1,271,113</b>	<b>399,607</b>	<b>1,670,720</b>	<b>2,250,736</b>

**SCHEDULE "3" - CURRENT ASSETS**

Sundry Debtors	<u>13,217,205</u>	9,935,236
Cash and Bank Balances	<u>60,639</u>	2,202,629
Deposit	<u>56,990</u>	47,300
Advance Income Tax	<u>91,245</u>	1,200,050
Advances	<u>46,170</u>	78,583
	<u>13,472,249</u>	<u>13,463,798</u>

**SCHEDULE "4" - CURRENT LIABILITIES AND PROVISIONS**

<b>Current Liabilities</b>		
Sundry Creditors	<u>10,066,382</u>	12,026,971
Other Liabilities	<u>788,803</u>	317,508
<b>Provisions</b>		
Provision for Expenses	<u>770,705</u>	264,760
Provision for Income Tax	<u>680,974</u>	1,024,599
	<u>12,306,864</u>	<u>13,633,838</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**
**SCHEDULE "5" - OTHER INCOME**

Ecm Income	<u>134,329</u>	51,630
Interest Income	<u>197,250</u>	420,508
	<u>331,579</u>	<u>472,138</u>

**SCHEDULE "6" - TRAINING AND EDUCATION EXPENSES**

Educational Training and Other Materials	<u>1,947,360</u>	6,483,330
Advertisement and Publicity Expenses	<u>187,299</u>	1,137,585
Seminar and Conference Expenses	<u>109,008</u>	118,410
Professional Expenses	<u>131,121</u>	248,061
	<u>2,374,788</u>	<u>7,987,386</u>

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT**

Particulars	As at 30th Sept. 2003 Rupees	As at 30th Sept. 2002 Rupees
<b>SCHEDULE "7" - EMPLOYMENT EXPENSES</b>		
Salary and Allowance	3,381,604	5,313,722
Staff Training	-	48,015
Bonus	44,100	151,069
Medical Reimbursement	33,827	23,587
Staff Welfare	76,473	68,111
	<u>3,536,004</u>	<u>5,604,504</u>
<b>SCHEDULE "8" - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Travelling and Conveyance Expenses	214,810	959,460
Rent Rates and Taxes	802,230	878,702
Communication Expenses	326,829	417,523
Motor Car Expenses	155,644	494,885
Printing and Stationery	506,950	279,344
Electricity Expenses	121,032	100,858
Office Maintenance	54,197	66,429
Audit Fee	42,000	44,000
Repair and Maintenance	18,579	34,743
Insurance	11,241	13,756
Newspaper and Periodicals	12,907	12,998
Subscription	11,955	7,348
Bad Debts	527,883	-
Exchange Difference	118,864	-
	<u>2,925,121</u>	<u>3,310,046</u>
<b>SCHEDULE "9" - INTEREST AND FINANCE CHARGES</b>		
Bank Charges & Commission	11,926	8,376
	<u>11,926</u>	<u>8,376</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2003**
**10.00 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION :**
**10.01 Legal Form of the Company :**

Aptech (WOS) Bangladesh Limited was incorporated in Bangladesh on December 01, 1998 under Companies Act, 1994 as a Private Limited Company.

**10.02 Nature of Business Activities :**

The Company is engaged in providing computer training, education and consultancy services through its franchisees in Bangladesh. It is also engaged in marketing and training related products and software products. The Company enters franchise agreement with training centers to perform these activities.

**10.03 Accounting Basis and Convention :**

The Financial Statements have been prepared under historical cost convention and in accordance with the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh.

**10.04 Fixed Assets and Depreciation :**

Fixed Assets have been stated at cost less depreciation. Depreciation has been charged on reducing balance method on Fixed Assets. The rates are as follows : Furniture and Fixtures 10%, Office Equipments 18%, Motor Vehicle 20%

**10.05 Taxation :**

Provision for Taxation has been made as per rates specified in Finance Act, 2003.

**10.06 Figures rounding off :**

Figures have been rounded off to nearest Rupees.

**Note :** In accordance with the provisions of Section 212 of the Companies Act, 1956 all the figures have been converted into Indian Rupees for the purpose of reflection in this Report of Accounts.

**For Howladar Yunus & Co.**  
Chartered Accountants

**Tarun Kumar Mitra**  
Director

**Pranab Kumar Bose**  
Director

Place : Dhaka, Bangladesh  
Date : 15th December, 2003.



**FORM 2B**

(See rules 4CCC and 5D)

**NOMINATION FORM**

(To be filled in by individual applying singly or jointly)

(if jointly, only upto two persons)

I/We \_\_\_\_\_ and \_\_\_\_\_ the holders of Equity Shares bearing Distinctive Number(s) \_\_\_\_\_ of M/s. Aptech Limited wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of Equity Shares shall vest in the event of my/our death.

**Name and Address of Nominee**

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date of Birth\* : \_\_\_\_\_

(\* to be furnished in case the nominee is a minor)

\*\* The Nominee is a minor whose guardian is \_\_\_\_\_

Name and Address of the Guardian : \_\_\_\_\_

(\*\* To be deleted if not applicable)

Signature of the shareholder(s)\*\*\* : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date : \_\_\_\_\_

\*\*\* In case of more than one shareholder, the remaining shareholders are requested to attach an additional sheet and sign, in the order of their names, with their Name, Address and Date.

Signature of two Witnesses \_\_\_\_\_

Name and Address

Signature with date

1.

2.

**Instruction :**

1. The facility for making nomination is available to the individual shareholders in respect of the shares held by them.
2. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the shares shall vest in the event of the death of the shareholder(s).
3. A minor can be a nominee provided the name and address of the guardian is given in the Nomination Form.
4. The facility of nomination is not available to non-individual shareholders such as bodies corporate, kartas of Hindu undivided families, partnership firms, societies, trusts and holders of Power of Attorney.





**APTECH LIMITED**

Registered Office : Elite Auto House, 54-A, Sir M. VasANJI Road, Andheri (E), Mumbai 400 093.

**PROXY FORM**

Registered Folio / Beneficiary ID No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of the above named Company hereby appoint Mr. / Mrs. \_\_\_\_\_ residing at \_\_\_\_\_ or failing him / her Mr. / Mrs. \_\_\_\_\_ residing at \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held on Friday, the 25th day of June, 2004 at 2.30 p.m. at The All India Plastics Manufacturers' Association, AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

Affix  
Re. 1.00  
Revenue  
Stamp

Signature  
(Please sign across the Stamp)

Note : This form in order to be valid should be duly stamped, completed and signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

**APTECH LIMITED**

Registered Office : Elite Auto House, 54-A, Sir M. VasANJI Road, Andheri (E), Mumbai 400 093.

**ATTENDANCE SLIP**

Registered Folio / Beneficiary ID No. \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Fourth Annual General Meeting of the Company to be held on Friday, the 25th day of June, 2004 at 2.30 p.m. at The All India Plastics Manufacturers' Association, AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093.

Member's/Proxy's name in BLOCK letters

Member's/Proxy's Signature

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the Meeting Hall.)





## APTECH LIMITED

Regd. Office: Elite Auto House, 54-A Sir M. VasANJI Road, Andheri (East), Mumbai – 400 093.

### ELECTRONIC CLEARING SERVICE(ECS) FORM

To  
Sharepro Services\*  
**Unit: Aptech Limited**  
Satam Estate, 3rd floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala, Andheri (East),  
Mumbai – 400 099.

Depository Participant\*  
Name :  
Address:

#### Re: Payment of Dividend through ECS

I wish to participate in the Electronic Clearing Services for Payment of dividend to me by Aptech Limited. Given below are the details of my Bank Account.

OR

I do not wish to opt for Electronic Clearing Services for payment of dividend to me. Given below are the details of my Bank Account to be printed against my name on the dividend warrant.

Name of the Sole / First Shareholder	
Folio No./Beneficiary ID No.	
Bank Name	
Branch (Name, Address & Telephone No.)	
Type of Account (Saving or Current)	
Account No. (As appearing in Cheque Book)	
Ledger folio No. (if any) of your Bank Account	
9 Digit MICR No. (as appearing on the Cheque issued by the Bank – Please attach a photocopy of your Cheque Leaf which contains your Bank Account No.	
PAN / GIR No.	

I hereby declare that the above particulars given are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information for any reasons, I would not hold the Company responsible. I also undertake to advise changes, if any, in the particulars of my account to facilitate updation of records for purposes of credits of dividend amount through ECS.

\_\_\_\_\_  
Signature of sole / first shareholder

Date:

\*Note:

1. Please send ECS form duly filled and signed by June 15,2004.
2. Please complete the form and send it to Sharepro Services if are holding share certificate (s) in physical form.
3. In case your shares are in Dematerialized form, write to / update the Depository Participant (DP) with whom you are maintaining Demat Account.
4. In case of more than one Folio, please complete the details on separate sheets.
5. Shareholders are also requested to note that changes directly intimated to Sharepro Services or the Company will not be considered in respect of Demat accounts..
6. In case there is a change in address/Bank Account/Bank Branch, inform/update Sharepro Services/DP immediately, as the case may be.

