

The elements
of
success.



The elements of success.

Innovation, technological empowerment, and
research & development

- the elements that make a perfect
combination for global success.

Aptech, ever alert to the changing needs of the

IT education and training sector,

reaps the benefits of all these qualities.

Qualities that are kernel to Aptech's success.



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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

AUDITORS

M/s. Deloitte Haskins & Sells (uptil April 20, 2005)

M/s. CNGSN & Associates (w.e.f. May 28, 2005)

COMPANY SECRETARY

Sree Vidhya Raju

BANKERS

Union Bank of India

Corporation Bank

REGISTERED OFFICE

Elite Auto House, 54 - A,

Sir M. VasANJI Road,

Andheri (East), Mumbai - 400 093

Tel. : 91 22 5691 9624 - 26

Fax : 91 22 5692 2434

Website : 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 (India) Private Limited

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

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of Aptech Limited will be held on Thursday, 30th day of June, 2005 at 10.30 a.m. at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., 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, 2004 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kalpathi S. Ganesh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. D. V. Narasingarao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business

5. Cancellation of the 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, the Special Resolution passed at the Fourth Annual General Meeting of the Company held on June 25, 2004 in respect of the offer, issue and allotment of 16,75,000 equity shares of face value Rs. 10/- each at a price of Rs. 61/- per share, on preferential basis to SSI Limited, the Promoters of the Company, in partial discharge of the consideration for acquisition of the IT Education and Training Business of SSI Limited, be and is hereby cancelled.

RESOLVED FURTHER THAT, in terms of the powers conferred on the Board of Directors vide the aforesaid Special Resolution, Circular resolution No. 19 passed by the Board of Directors on August 4, 2004, for cancellation of the aforesaid preferential issue of shares to SSI Limited, consequent withdrawal of the applications by the Company to The Stock Exchange, Mumbai and The National Stock Exchange of India Ltd. filed for in-principle approval and listing approval for the proposed allotment of the said equity shares to SSI Limited followed by release of necessary communication to the Corporate Communications Department of the aforesaid Stock Exchange(s) to the said effect by the Company, be and are hereby ratified.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid cancellation of the issue of equity shares by the Company, all such acts, deeds, matters and things, including existing and future acts performed by the Board of Directors, including settling any question, difficulties or doubts that may arise in this regard as it may in its absolute discretion deem fit and proper, be and are hereby ratified.”

6. Revision in the terms of Remuneration of the Managing Director :

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

“RESOLVED THAT, in partial modification of the resolutions passed at the Annual General Meetings of the Company held on September 30, 2002 and June 25, 2004 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 October 1, 2004, for the remainder of the tenure of his contract, i.e., upto December 27, 2006, 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

APTECH LIMITED

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."

Notes :

- a) The Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos. 5 and 6 and the relevant details in respect of Item Nos. 2 and 3 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 May 31, 2005 to June 10, 2005 (both days inclusive).
- e) As per the provisions of the Companies Act, 1956, facility for making nomination is available to the individual Members 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 Members 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.
- f) Members are requested to note that trading in the shares of the Company is permitted only in dematerialised form.
- g) Members holding shares in the dematerialised mode are requested to intimate changes, if any, in their addresses alongwith pincode to their Depository Participant (DP).
- h) Members holding shares in physical form are requested to intimate to the Company's Registrar and Share Transfer Agents, M/s. Sharepro Services (India) Private Limited, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400 099 the following :
 - (i) change in their address, if any, alongwith 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.
- i) 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.
- j) 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.
- k) A certificate from the Auditors of the Company will be placed before the Members of the Company at the ensuing Annual General Meeting confirming that the implementation of the Employee Stock Option Scheme was in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended and in accordance with the resolution passed by the Members at the Extraordinary General Meeting of the Company held on February 13, 2004.

By Order of the Board of Directors,

Sree Vidhya Raju
Company Secretary

Place : Chennai
Date : March 31, 2005

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

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

Item No. 5

As the Members are aware, 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.

At the last Annual General Meeting of the Company held on June 25, 2004, the Members had approved the proposed issue and allotment of 16,75,000 equity shares of face value Rs. 10/- each 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 towards part discharge of the said business consideration.

As per the subsequent discussions between SSI Limited and the Company, it was decided to call off the aforesaid preferential issue of equity shares. In view of the mutual decision taken, the Board of Directors had passed a circular resolution on August 4, 2004 for cancellation of the aforesaid preferential issue of shares to SSI Limited and consequent withdrawal of the applications made to the Stock Exchange, Mumbai and the National Stock Exchange of India Ltd. which were filed for grant of in-principle approval and listing approval for the proposed allotment of the said equity shares to SSI Limited.

Accordingly, the applications made by the Company to the Stock Exchange, Mumbai and the National Stock Exchange of India Ltd. were withdrawn and necessary communication were issued to the Corporate Communications Department of the aforesaid Stock Exchange(s) for the information of the public at large.

The consideration for the acquisition of the IT Training and Education Business of SSI Limited, by the Company was funded by sums aggregating to Rs. 16.16 crores in cash, towards part satisfaction of the business consideration. In respect of the balance consideration of Rs. 12.49 crores, the parties had mutually agreed to treat the same as a loan from SSI Limited to the Company at an interest, on a diminishing scale, @ 10.75% p.a., accruable with effect from January 1, 2005. Accordingly, the parties had executed a Loan agreement on February 10, 2005 on the terms and conditions stipulated therein. Thereafter, the Company has paid Rs. 6 crores towards partial disbursement of the said loan and therefore, the balance loan to be discharged amounts to Rs. 6.49 crores.

The special resolution set out at Item No. 5 of the accompanying notice seeks the approval of the Members for cancellation of the proposed preferential issue of shares and for ratifying the action taken by the Board of Directors in relation to withdrawal of the applications filed with the Exchanges.

The Directors have recommended the said special resolution at Item No. 5 for approval of the Members.

The copies of the relevant resolution of the Board/Company and the Loan Agreement referred to herein are available for inspection by the Members at the Registered Office of the Company during working hours on any working day till the date of this Annual General Meeting.

Mr. Kalpathi S. Suresh, Mr. Kalpathi S. Aghoram, Mr. Kalpathi S. Ganesh and Mr. D. V. Narasingarao being Directors of SSI Limited may be deemed to be concerned or interested in the special resolution at Item No. 5 of the Notice. Save as aforesaid, none of the other Directors may be deemed to be concerned or interested in the said special resolution.

Item No. 6

At the Annual General Meeting of the Company held on September 30, 2002, the Members 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 set forth in the explanatory statement accompanying the Notice convening the said Meeting.

The terms of remuneration payable to Mr. Pramod Khera was revised with retrospective effect from April 1, 2004 in accordance with the approval accorded by the Members at the last Annual General Meeting held on June 25, 2004.

Taking into consideration Mr. Khera's commendable contribution and unstinted efforts towards the Company's growth, the Board of Directors at their meeting held on October 30, 2004 had approved a further revision in the terms of remuneration payable to him with effect from October 1, 2004, in the following manner:

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An increment in the salary of not more than 10% over the previous total remuneration, as may be decided by the Board or any Committee thereof, payable with effect from October 1, 2004.

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

This Explanatory Statement together with the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

The Directors recommend the resolution set out at Item No. 6 for approval of the Members.

The copies of the relevant resolutions passed by the Board of Directors/Members as well as the draft Supplementary Agreement to be entered into by the Company with Mr. Pramod Khera are available for inspection by the Members at the Registered Office of the Company during working hours on any working day till the date of this Annual General Meeting.

Except Mr. Pramod Khera, none of the other Directors are in any way concerned or interested in the said resolution.

By Order of the Board of Directors,

Sree Vidhya Raju
Company Secretary

Place : Chennai
Date : March 31, 2005

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 Fifth Annual General Meeting of Aptech Limited to be held on Thursday, 30th day of June, 2005 at 10.30 a.m. at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Andheri (East), Mumbai – 400 093.

7. Appointment of Statutory Auditors

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

“RESOLVED THAT Messrs. CNGSN & Associates, Chartered Accountants, Chennai be and are hereby appointed as the Statutory Auditors of the Company, in place of the outgoing Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on a remuneration as may be mutually agreed upon between the Board of Directors and Messrs. CNGSN & Associates, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of accounts of the Company.”

8. Modification in the particulars stated in the Explanatory Statement attached to the Notice dated January 5, 2004, convening the Extraordinary General Meeting of the Company on February 13, 2004 with respect to the Employee Stock Option Scheme (ESOS) for employees of the Company.

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

“RESOLVED THAT, in partial modification of the Special Resolution passed by the Members at the Extraordinary General Meeting of the Company held on February 13, 2004 and in accordance with the directions of the Stock Exchange, Mumbai and the National Stock Exchange of India Limited, the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the provisions of the Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the ESOP Guidelines”) [including any statutory modification(s) or re-enactment of the Act or the ESOP Guidelines for the time being in force] and subject to such other conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee including Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), consent of the Company be and is hereby accorded to modify certain disclosures in the salient features of the Employee Stock Option Scheme (ESOS) made applicable to the employees of the Company and set forth in the Explanatory Statement attached to the Notice dated January 5, 2004 convening the said Extraordinary General Meeting of the Company on February 13, 2004, which disclosures be modified in the following manner and the modified disclosures be deemed to be a part of the said Original Notice and Explanatory Statement dated January 5, 2004.

Maximum period within which the Options shall be vested

Unless otherwise specified in the Employee Stock Option Scheme framed by the Company, all Options granted on any date shall vest in the following manner :

- 30% of the Options shall vest on the expiry of 12 months from the Award Date.
- 35% of the Options shall vest on the expiry of 24 months from the Award Date.
- 35% of the Options shall vest on the expiry of 36 months from the Award Date.

Exercise Period and the Process of Exercise

The Options, upon vesting, have to be exercised in the specified months as stipulated in the Employee Stock Option Scheme, within a period of one year from the respective vesting dates.

The Options will lapse if not exercised within the specified exercise period.

The Options will be exercisable by the Employee by delivery of a written application (hereinafter called “exercise notice”) in such form as prescribed by the Company, which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the

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aggregate Exercise Price as to all Exercised Shares. The Options shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

All other terms in relation to the exercise of the options stated in the Scheme framed by the Company will be applicable to the Optionees unless amended otherwise.

9. Modification in the particulars stated in the Explanatory Statement attached to the Notice dated January 5, 2004, convening the Extraordinary General Meeting of the Company on February 13, 2004 with respect to the Employee Stock Option Scheme (ESOS) for employees of Subsidiary Companies.

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

“RESOLVED THAT in partial modification of the Special Resolution passed by the Members at the Extraordinary General Meeting of the Company held on February 13, 2004 and in accordance with the directions of the Stock Exchange, Mumbai and the National Stock Exchange of India Limited, the modified disclosures of the Employee Stock Option Scheme proposed under Item No.8 of the Notice above, be made applicable to the benefit of such person(s) who are in permanent employment of the subsidiary company(ies) whether Indian subsidiaries or foreign subsidiaries (including the Directors of the subsidiary company(ies), whether working in India or out of India, except the Promoter Directors).”

10. 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 an Ordinary Resolution :

“RESOLVED THAT, in partial modification of the Resolution No. 8, passed at the Annual General Meeting of the Company held on September 30, 2002; Resolution No. 8 passed in the Annual General Meeting of the Company held on June 25, 2004; Resolution No. 6 put forth for the approval of the Members at the ensuing Annual General Meeting 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 scale 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, 2005, and/or July 1, 2005, as the case may be, for the remainder of the tenure of his contract, i.e upto December 27, 2006, 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 : May 30, 2005

Registered Office :

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

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

Item No. 7

Although not necessary, this Explanatory Statement is being given in respect of Item No. 7 of the Notice.

As the Members would note, in the foregoing Notice dated March 31, 2005, the Company has put forth the business relating to appointment of Auditors under Item No. 4 of the Ordinary Business for the members' approval at the ensuing Annual General Meeting.

However, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, who were re-appointed as Auditors by the Members at their Fourth Annual General Meeting held on June 25, 2004 have vide their letter dated April 20, 2005 expressed their unwillingness to continue as the Statutory Auditors of the Company with immediate effect.

Therefore, the Board of Directors on the recommendation of the Audit Committee had requested Messrs. CNGSN & Associates, Chartered Accountants, Chennai, to consider appointment as the Statutory Auditors of the Company, in place of Messrs. Deloitte Haskins & Sells.

The Company has received Special Notice as required under Section 225 of the Companies Act, 1956 proposing the appointment of Messrs. CNGSN & Associates, Chartered Accountants, Chennai, as the Statutory Auditors of the Company. As required the said auditors have forwarded certificates to the Company stating that the appointment, if made, will be within the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956. Further, they have confirmed that they are not disqualified to be appointed as the auditors under Section 226 of the Companies Act, 1956.

Your Directors, therefore, request you to consider the resolution at Item No. 7 under Item No. 4 and recommend the same for your approval.

No Director is in any way concerned or interested in the Resolution at item No. 7 of the Notice.

Item Nos. 8 & 9

The Members are informed that pursuant to the approval accorded by the Members at the Extraordinary General Meeting of the Company held on February 13, 2004, the Company granted 10,36,500 options under the Employee Stock Option Scheme (ESOS), 2004 which 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. 32/- per equity share. The total options of 10,36,500 comprises 3,10,950 options with a vesting period of 12 months, 3,62,775 options with a vesting period of 24 months and the balance 3,62,775 options with a vesting period of 36 months from the award date. Such options, upon vesting, have to be exercised in the specified months as stipulated in the Scheme, within a period of one year from the respective vesting dates. Out of the above options granted, 1,77,900 options have lapsed as the employees have left the services of the Company prior to the first vesting date.

In February 2005, the Company had applied to the Stock Exchange, Mumbai and The National Stock Exchange of India Limited for grant of in-principle approval to allot shares to optionees, as and when options are exercised by the optionees. Pursuant to such application, both the Exchanges have advised the Company to furnish appropriate disclosures in respect of two specific items viz., 1. Maximum Period within which the options shall be vested and 2. Exercise Period and the Process of Exercise, which were stated in the salient features of the ESOS put forth in the Explanatory Statement annexed to the Notice dated January 5, 2004 for convening the Extraordinary General Meeting held on February 13, 2004 whereat ESOS was considered and approved by the Members by passing a Special Resolution.

Accordingly, the Company has placed before the Members, a resolution at Item No. 8, seeking their approval at the ensuing Annual General Meeting, to modify the disclosures with respect to the aforesaid two items pointed out by the Exchange(s) in relation to the features of the ESOS, applicable to the employees of the Company.

Pursuant to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, approval for grant of Stock Options to the employees of the Company's subsidiary company(ies) is to be accorded by a separate resolution. The Resolution at Item No. 9 is intended to satisfy this requirement and seeks members' approval for this purpose.

Your Directors, therefore, recommend the Resolution at Item nos. 8 and 9 for your approval.

None of the Directors are interested in the said Resolution except Mr. Pramod Khera who is interested only to the extent of the options granted to him and the resultant equity shares issued, as applicable.

Item No. 10

Further to the revision effected in the terms of remuneration of Mr. Pramod Khera from October 1, 2004, the Board of Directors of the Company at their meeting held on April 20, 2005, decided to revise the terms of remuneration payable to him in the following manner:

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- (i) An increment in the total salary of not more than 10% over the previous total remuneration approved by the Board on October 30, 2004, as may be decided by the Board or any Committee thereof, payable with effect from April 1, 2005.
- (ii) A further increment of not more than 5% over the previous total remuneration, which increment is to be computed on the total remuneration as on October 1, 2004, as may be decided by the Board or any Committee thereof, payable with effect from July 1, 2005.
- (iii) A performance pay as a % of total remuneration on achievement of quarterly targets as set out by the Board or any committee thereof on the following basis :

% Achievement of targets set	70%	100%	150%
Performance pay as % of total remuneration as applicable on July 1, 2005	30%	60%	100%

All other terms and conditions of the remuneration of Mr. Pramod Khera as amended from time to time remain unchanged.

This Explanatory Statement and the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

The Directors recommend the Resolution set out at Item No. 10 for approval of the Members.

The copies of the relevant resolutions passed by the Board of Directors as well as the draft Supplementary Agreement to be entered into by the Company with Mr. Pramod Khera are available for inspection by the Members at the Registered office of the Company during working hours on any working day till the date of this Annual General Meeting.

Except Mr. Pramod Khera, none of the other Directors are in any way concerned or interested in the said resolution.

By Order of the Board of Directors,

Sree Vidhya Raju
Company Secretary

Place : Mumbai
Date : May 30, 2005

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

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. Ganesh	Mr. D. V. Narasingarao
Date of Birth	01.10.1962	03.09.1961
Date of Appointment	10.03.2003	10.03.2003
Areas of Expertise	Professional Management	Marketing
Qualification	Bachelors Degree in Electronics and Computer Engineering from Anna University, AMIE and Masters Degree from BITS, Pilani.	Graduate in Electronics and Computer Engineering from Regional Engineering College, Trichy, Masters Degree from BITS, Pilani and Masters Degree in Business Administration from GLIM, Chennai.
List of other public companies incorporated in India in which directorships held as on December 31, 2004	SSI Limited Binny Real Estate & Asset Developers (Madras) Ltd.	SSI Limited
List of Chairmanships/memberships of committees of the board of other public Companies incorporated in India in which directorships held as on December 31, 2004.	Nil	Nil

Directors' Report

To,

The Members of Aptech Limited

Your Directors are pleased to present their Fifth Annual Report on the business and operations of your Company and the Audited Financial Results for the period ended December 31, 2004.

FINANCIAL RESULTS

The Company's financial results for the Accounting year ended December 31, 2004 are presented below :

	01.01.2004 to 31.12.2004 Rs. Lacs	01.01.2003 to 31.12.2003 Rs. Lacs
INCOME		
INCOME FROM OPERATIONS	9971.11	16537.21
OTHER INCOME	575.71	260.19
TOTAL INCOME	10546.82	16797.40
EXPENDITURE		
TRAINING AND EDUCATION EXPENSES	3168.63	9902.10
EMPLOYMENT EXPENSES	1525.60	1329.71
ADMINISTRATION AND OTHER EXPENSES	10111.36	2678.64
TOTAL EXPENDITURE	14805.59	13910.45
GROSS OPERATING PROFIT/(LOSS)	(4258.77)	2886.95
INTEREST & FINANCE CHARGES	317.97	194.66
PROFIT/(LOSS) BEFORE DEPRECIATION AND TAXATION	(4576.74)	2692.29
DEPRECIATION	1716.86	1329.79
PROFIT/(LOSS) BEFORE TAX	(6293.60)	1362.50
PROVISION FOR TAX (WEALTH TAX)/INCOME TAX	(127.66)	235.26
PROFIT/(LOSS) AFTER TAX	(6165.94)	1127.24
ADD : SURPLUS/(DEFICIT) BROUGHT FORWARD FROM PREVIOUS YEAR	3323.64	1074.42
ADD : TRANSFERRED FROM CONTINGENCY RESERVES	-	2000.00
ADD : EXCESS PROVISION FOR TAX OF EARLIER YEAR WRITTEN BACK	39.38	-
BALANCE AVAILABLE FOR APPROPRIATIONS	(2802.92)	4201.66
LESS : APPROPRIATIONS		
ADJUSTMENT FOR IMPAIRMENT OF FIXED ASSETS	-	-
TRANSFER TO GENERAL RESERVES	-	500.00
PROPOSED DIVIDEND ON EQUITY SHARES	-	335.09
TAX ON DIVIDEND	-	42.93
SURPLUS/(DEFICIT) CARRIED TO BALANCE SHEET	(2802.92)	3323.64

Dividend

In view of the loss reported for the year 2004 your Directors regret their inability to declare dividend for the year ended December 31, 2004.

APTECH LIMITED

Consolidated Accounts

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

Operations

A. International

China

Year 2004 was an event making year for Joint venture (JV) company Beijing Aptech Beida Jade Bird Information Technology Company Ltd., which surpassed all internal targets set with respect to performance of the JV. Revenues grew by 105% from USD 5.84 million to USD 12 million in 2004 during the period when compared with 2003, along with corresponding increase in profits by 221% from USD 1.26 million to USD 4.06 million in 2004 vis-a-vis 2003. This was possible through better product mix, increase in geographical spread in terms of increase in number of centers from 110 in 2003 to 150 in 2004, aggressive marketing and cost reduction. This JV has been declared as a leader in China with a market share of 14.8% of China's IT Education and Training services market in 2004 as per China Centre for Information Industry Development (CCIID) report for 2004 and its market share has grown from 8.7% in 2002. This is the third consecutive year when CCIID has conferred the leadership award on this JV. The outlook for 2005 is bright and the JV is poised for significant growth through the ACCP – flagship Brand and new Brands such as ACCP junior, BENET (Engineer for networking), and BTEST (new testing course).

Vietnam

Year 2004 showed growth in terms of business in centres and also in number of centres. Your Company added 5 centres in the year 2004 (3 Aptech Computer Education (ACE) & 2 ARENA) making the total to 16 in year 2004. Billing and collection reported growth in the centres. Billing in 2003 which was around USD 3,289,000 went up to USD 3,491,000 and Collection in 2003 which was around USD 2,300,000 went up to USD 2,850,000. In Vietnam too, your Company again scored the number 1 award for being best training institute for the second consecutive year from International Data Group, The Computing Association of Ho Chi Minh City.

Thailand

Your Company has witnessed growth of 54% in terms of revenue from Thailand in 2004. The Company is exploring alternative business model viz. content licensing, India Window Program (IWP) and joint curriculum development and execution with universities in Thailand. These models are more appropriate in countries like Thailand, Philippines and Korea and your Company has aggressive plans to further penetrate these markets in 2005. Discussions are in progress with various Universities for content licensing and curriculum development.

Latin America

Your Company's centre in Peru started in 2004 and this marks the Company's first significant presence in Latin America outside Columbia. It is expected that the Company's courses will have an encouraging demand in the future. Your Company is in the advanced stages of discussions with partners for setting up centers in Mexico and Venezuela.

B. Domestic - Retail

Aptech Computer Education (ACE)

The year of consolidation was completed by mid 2004 and by the end of the year your Company was able to show growth rapidly in the retail space with the opening up of the IT market. Your Company also alongside, implemented in a smooth manner the Centre Automation System in most of the franchise centers as a result of which, the data capturing and the transmission of monies have reached a high quality level. The business also got a face-lift with University programmes getting rolled out through the network centers, which apart from bolstering the revenues also heightened the brand image in the market.

Arena Multimedia

The multimedia brand of your Company has not only been able to retain the numero uno position in the market, but has been able to rapidly expand itself and launch several programmes with high technical content which improved the per student billing. Multimedia business also on the lines of IT Computer Education had launched graduation programmes, which toned up the overall profitability of the business segment. Your Company has plans to invest in this business in a big way and enter into the edutainment segment, which will further improve the market share as also the profitability.

SSI Education

As you are aware, this brand caters to the high-end short-term course segment, which has been steadily progressing after the brand was taken over by Aptech Limited effective April, 2003. This brand of your Company had also entered into strategic alliances with Red Hat as also Telelogic by which the value of the courses offered would be several notches higher giving a very high per student billing. The brand has been reporting stable business in terms of enrolment and collections and with the alliance courses recently rolled out, the business is likely to get further visibility in the market.

Softskills

This brand caters to grooming the personality of corporate professionals on leadership, managerial, entrepreneurial and selling skills etc. The Year 2004 can safely be considered as the year of consolidation along with a respectable growth over the previous years. During the year under consideration, your Company acquired a number of new and prestigious orders from Motorola, Mahindra & Mahindra (M & M) , Indian Oil Corporation Ltd. (IOCL), National Thermal Power Corporation (NTPC) and Oriental Insurance amongst others. Your Company has increased its product portfolio by adding new product lines & methodologies. Your Company has achieved a commendable growth by verticalizing the operations and by making the business development & execution cum delivery functions separate and accountable.

Educational Initiatives – Aptech University and Aptech College

Your Company had through a Society, created specifically for the purpose of establishing a University, had gone ahead and set up a private University in the State of Chattisgarh. In addition to the campus at Raipur, the Company had also activated the distance education wing of the University by which several students across the country took enrolments for various courses and part of the curriculum was also delivered through the network centers of your Company. While so, one of the leading educationists in the country had filed a writ petition in the Supreme Court of India challenging the creation of private Universities in the State of Chattisgarh. The Supreme Court after listening to the arguments from both sides had passed an order dated February 11, 2005 by which they have rendered the private Universities created in the State as null and void. Many of the Universities from Chattisgarh, being aggrieved by the impugned order, have filed review petition and Aptech University has also similarly filed a review petition. This apart, the matter has been taken up with the State Government with a request that the defect in the enactment may be cured through an appropriate process of the State Legislature and thus bring about the position status-quo-ante. The review petition as also the request application to the State for rectification is pending disposal.

GDR Proceeds Utilisation

In 2003, your Company tapped the international capital market at Luxembourg with a Global Depository Receipt (GDR) issue for raising adequate resources to fund strategic investments in India and abroad. The Company received an encouraging response and the total proceeds received from the said GDR issue aggregated to US\$ 14,400,000.

Pursuant to the said issue, your Company allotted 3,840,000 GDRs of USD 3.75 each, representing 15,360,000 underlying equity shares (1 GDR equals 4 equity shares) of face value Rs. 10 each at a premium of Rs. 32.53 per share, aggregating to a paid up capital of Rs. 15,36,00,000.

The GDR issue proceeds have been entirely utilized by the Company for, inter alia, partial discharge of the business consideration payable to SSI Limited towards purchase of their Training and Education Business, investments in foreign subsidiaries, advances to Aptech Education Society, advances to subsidiary companies and investment in Institutional projects apart from other general corporate purposes.

APTECH LIMITED

Transfer of Learning Services and Testing Services Business

Your Company had taken key initiatives in 2003 in the e-learning solutions and testing and certification business, which had started giving encouraging returns. In view of the distinctly visible potential in these business segments, it was felt appropriate that these businesses be hived off into separate subsidiaries to give necessary thrust to a focused growth of these core competencies and leverage it optimally to enhance values.

As a result, the Company transferred the learning services business to Aptech Software Limited with effect from January 1, 2004 and the testing services business to Attest Testing Services Limited with effect from January 14, 2004, which companies were set up as wholly owned subsidiaries of your Company for this specific purpose to begin with. It is expected that both these subsidiaries will strive to achieve excellence and establish a premium position in the market.

The total value of the learning services business transferred to Aptech Software Limited was Rs. 15,17,17,290/- and of the testing and certification business transferred to Attest Testing Services Limited was Rs. 3,28,406/- and the said consideration shall be discharged by these subsidiaries by a future issue of corresponding equity shares of face value Rs. 10/- each at par value to our Company.

Cancellation of the Proposed Preferential Issue of Shares to SSI Limited

At the last Annual General Meeting of the Company held on June 25, 2004, the Members had approved the proposed issue and allotment of 16,75,000 equity shares of face value Rs. 10/- each 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, towards part discharge of the business consideration payable by the Company to SSI Limited, in respect of the IT Training and Education business of SSI Limited acquired effective April 1, 2003 for a total consideration of Rs. 28.65 crores.

Thereafter, as per the mutual discussions had between SSI Limited and the Company, it was decided to call off the aforesaid preferential issue of equity shares. Accordingly, the Board approved the cancellation of the said issue of shares to SSI Limited and necessary communication was sent to the Stock Exchange, Mumbai and The National Stock Exchange of India Ltd., to withdraw the applications filed for grant of in-principle approval and listing approval in respect of the proposed allotment of the said shares.

The Company has, since the time of acquisition of the IT Training and Education Business of SSI Limited, paid Rs. 16.16 crores in cash, in partial discharge of the business consideration. In respect of the balance consideration of Rs. 12.49 crores, as mutually agreed, the Company executed a Loan agreement with SSI Limited on February 10, 2005, whereby the said outstanding amount was treated as a Loan from SSI Ltd., on such terms and conditions as stipulated in the said agreement.

Thereafter, the Company has paid Rs. 6 crores towards partial disbursement of the said loan and therefore, the balance loan to be discharged amounts to Rs. 6.49 crores.

As advised by the lawyers, it is proposed to seek the approval of the Members at the ensuing Annual General Meeting of the Company, for cancellation of the proposed preferential issue of shares.

Resource Mobilisation

During the current year, the Company had bagged the prestigious Delhi school project for an order value of Rs. 88.74 crores for providing Computer Training and Education services in 556 Government Schools in Delhi. For implementing the said project and for funding the other regular business operations of the Company, substantial resources were mobilized via enhanced credit facilities for Rs. 60.20 crores from Union Bank of India, Mumbai and for Rs. 15 crores from Corporation Bank, Mumbai.

Employee Stock Option Scheme (ESOS), 2004

The Company recognizes that success of an organization depends on its ability to attract, retain and motivate its human resources. With this view and to enable participation of the employees in the long-term growth of the Company, your Company had formulated Employee Stock Option Scheme in February 2004 for the benefit of the employees of the Company and its subsidiaries. The said scheme was approved by the Members at the Extra Ordinary General Meeting held on February 13, 2004 and is administered by the Compensation Committee of the Board. Pursuant to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme)

Guidelines, 1999, (hereinafter "SEBI guidelines"), Karvy Investor Services Limited, Hyderabad have been appointed as the Merchant Banker for the implementation of the said scheme.

In accordance with the said SEBI guidelines, the details in relation to the options granted in ESOS, 2004 are given as under :

Description	ESOS 2004
Total Number of Options granted	10,36,500
The Pricing formula	Exercise price of the options has been computed at 50% of the market price as on the date of grant of option and accordingly, the price per option has been fixed at Rs. 32/. Market price, for the purpose of calculation of exercise price, has been considered as the six months average price of the Company's share on the actively traded stock exchange, immediately preceding the date of grant of Option.
Number of Options vested	None
Number of Options exercised	None
Total No. of Shares arising as a result of exercise of options	None
Number of Options lapsed	1,77,900
Variation of terms of options	N.A.
Money realized by exercise of options	Nil (as options have not fallen due for vesting)
Total Number of Options in force	8,58,600
Grant to Senior Managerial personnel and Directors	7,11,000 equity shares
Employees who were granted 5% or more of the total number of options granted during the year	Mr. Pramod Khera, Managing Director - 3,30,000 options.
Employees who were granted options equal to or exceeding 1% of the issued capital of the Company at the time of grant	None
Diluted Earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20	Nil
Difference between the employee compensation cost computed using the intrinsic value of stock options and the employee compensation cost that shall have been recognized had the fair value of options, were used.	(5211702)
Impact of this difference on profits of the Company	Negative
Impact of this difference on EPS of the Company	(0.156)
Weighted average exercise price; Weighted average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the share.	32; 36.2
Description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information: (a) Risk-free interest rate, (b) Expected life, (c) Expected volatility, (d) Expected dividends and (e) The price of the underlying share in market at the time of option grant.	Binomial method 5.5% p.a. 1 year Assumed at 0.358 Ignored Rs. 62.25

APTECH LIMITED

Managerial Remuneration

During the year under review, the terms of remuneration payable to Mr. Pramod Khera was firstly revised with effect from April 1, 2004 in accordance with the approval accorded by the Members at the last Annual General Meeting held on June 25, 2004. According to the terms of the said revision, the annual increment payable to Mr. Khera for the year ended December 31, 2003 was restricted to 5% over the previous total annual remuneration, payable with effect from April 1, 2004. Further it was approved that the Performance Bonus payable to him shall be 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.

Subsequently, the Board of Directors at their meeting held on October 30, 2004 have further revised the terms of remuneration payable to Mr. Khera and accorded their approval for an increment in his salary, not exceeding 10% over the previous total remuneration, as may be decided by the Board or any Committee thereof, payable with effect from October 1, 2004. The said revision in his terms of remuneration are subject to the approval of the Members at the ensuing Annual General Meeting.

All other terms and conditions in relation to the remuneration of Mr. Pramod Khera continue to remain unchanged.

The Members are informed that the managerial remuneration paid to Mr. Khera, for the year ended December 31, 2004, is within the limits prescribed by Schedule XIII of the Companies Act, 1956.

Future Prospects

With the IT industry in India recruiting IT professionals aggressively, the IT training industry is feeling the positive impact. The trend of growth which was seen in the latter part of 2004 is expected to continue in the domestic retail market. The international business of Aptech in China, Vietnam, Middle East and Latin America is on a sound footing and should show better growth in the coming year.

The institutional business is contributing significantly to the overall revenues of your Company. Having bagged prestigious school education projects from the states of Delhi and Orissa last year, they should add to the revenue streams of this business as the implementation is proceeded as per schedule.

The new business of learning solutions and testing and certification are at a nascent stage. These are expected to grow multi-fold, albeit from a low base and also add to the growth of the Company.

Hence, the prospects for 2005 seems to be encouraging for your Company. This has been also validated in the first quarter of 2005. The overall performance of your Company should improve significantly in the year 2005, both in terms of growth and profitability.

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. 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.

Community Services

Continuing with its initiative to further spread IT literacy at grassroots level and to extend it to all sections of society, in February, 2004 Aptech teamed up with Rotary Club of Greater Noida to extend Project Saraswati to the students of Chetram Sharma Girls Inter College at Village Chalera, Noida, with focus on the girl child. Aptech donated computers for the lab & courseware and trained the teachers for implementing this project. Approximately 500 young girls have benefited from this endeavor till now. Initially courses focusing on Computer Literacy are being conducted at the school.

In March this year, Aptech entered into a tie-up with leading Barrackpur-based NGO, Udayan, whose distinguished patrons include Steve Waugh and Dominique Lapierre. Aptech's program, part of its continuing societally conscious initiatives, benefited children of Udayan in several ways, the organization provided courseware to

students and trained the trainers of Udayan. In the second phase of its tie-up with Udayan, Aptech Limited, through its multimedia-training brand, Arena Multimedia conducted a sit-and-draw contest where 12 winners from 3 categories across classes 1 – 12 will undergo a 3 month comprehensive training program on Graphics at Arena Multimedia, Barrackpur center. These 12 trained students and a designated Arena Multimedia faculty will then lead this multimedia awareness program and train each student at Udayan. These students will finally design greeting cards to be put up on display at Arena Multimedia centers.

Later in May, 2004, Aptech tied up with leading Coimbatore-based NGO, Isha Foundation, to participate in its Rural Rejuvenation Project, where it provided free IT training and courseware to students from villages in and around Gobichettipalayam where Isha Foundation is present. Over 250 students have benefited from the same and this tie-up is entering its second phase where Aptech Computer Education and SSI Education – IT training brands of Aptech Limited will provide free education to another batch of over 200 students.

Directors

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

Corporate Governance And Management Discussion And Analysis

A separate report on 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 loss 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. The Company has requested them to furnish a certificate regarding their eligibility for re-appointment as the Company's Auditors.

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 (Particulars of Employees) Rules, 1975 is annexed herewith.

APTECH LIMITED

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 Members, 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 Khera
Managing Director

Place : Chennai

Date : March 31, 2005.

Addendum to Directors' Report

Employees Stock Option Scheme (ESOS), 2004

In February 2005, the Company had applied to the Stock Exchange, Mumbai and The National Stock Exchange of India Limited for grant of in-principle approval to allot shares to optionees, as and when options are exercised by the optionees under ESOS, 2004. Pursuant to such application, both Exchanges have advised the Company to furnish appropriate disclosures in respect of two specific items viz., 1. Maximum Period within which the options shall be vested and 2. Exercise Period and the process of Exercise, which were stated in the salient features of the ESOS put forth in the Explanatory Statement annexed to the Notice dated January 5, 2004 for convening the Extraordinary General Meeting held on February 13, 2004 whereat ESOS was considered and approved by the Members by passing a Special Resolution.

Accordingly, the Company proposes to seek the Members approval at the ensuing Annual General Meeting, to modify the disclosures with respect to the aforesaid two items pointed out by the Exchange(s) in relation to the features of the ESOS applicable to the employees of the Company and the subsidiaries.

Revision in the terms of Remuneration of the Managing Director

Further to the revision effected in the terms of remuneration payable to Mr. Khera from October 1, 2004, the Board of Directors of the Company at their meeting held on April 20, 2005, have decided to revise the terms of remuneration payable to him in the following manner:

- (i) An increment in the total salary of not more than 10% over the previous total remuneration approved by the Board on October 30, 2004, as may be decided by the Board or any Committee thereof, payable with effect from April 1, 2005.
- (ii) A further increment of not more than 5% over the previous total remuneration, which increment is to be computed on the total remuneration as on October 1, 2004, as may be decided by the Board or any Committee thereof, payable with effect from July 1, 2005.
- (iii) A performance pay as a % of total remuneration on achievement of quarterly targets as set out by the Board or any committee thereof on the following basis :

% Achievement of targets set	70%	100%	150%
Performance pay as % of total remuneration as applicable on July 1, 2005	30%	60%	100%

All other terms and conditions of the remuneration of Mr. Pramod Khera as amended from time to time remain unchanged.

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

Change in Auditors

The Company has received a letter dated April 20, 2005 from the Auditors of the Company, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, expressing their unwillingness to continue as Statutory Auditors of the Company, with immediate effect.

Therefore, the Board of Directors on the recommendation of the Audit Committee had requested Messrs. CNGSN & Associates, Chartered Accountants, Chennai, to consider appointment as the Statutory Auditors of the Company in place of Messrs. Deloitte Haskins & Sells, subject to the Members approval.

The Company has received Special Notice as required under Section 225 of the Companies Act, 1956 proposing the appointment of Messrs. CNGSN & Associates, Chartered Accountants, Chennai as the Statutory Auditors of the Company at the ensuing Annual Meeting. As required the said auditors have forwarded certificate to the Company stating that the appointment, if made, will be within the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956. Further, they have confirmed that they are not disqualified to be appointed as the auditors under section 226 of the Companies Act, 1956.

The said resolution is being placed before the Members at the ensuing Annual General Meeting for their approval.

For and on behalf of the Board of Directors

Kalpathi S. Suresh
Chairman

Pramod Khera
Managing Director

Place : Mumbai
Date : May 30, 2005.

APTECH LIMITED

Annexure to Directors' Report

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 endeavour 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 endeavour 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 sub-para (ii) and (iii) of Para B-21 of Schedule 15 - Notes to Accounts, forming part of the Balance Sheet.

For and on behalf of the Board of Directors

Kalpathi S. Suresh
Chairman

Pramod Khera
Managing Director

Place : Chennai
Date : March 31, 2005.

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 year ended 31st December, 2004.

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	Employed throughout the year Pramod Khera	44	Managing Director	3,049,995	B.Tech, P.G.D.M. (20)	1st 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 Income Tax Act, 1961 and rules made thereunder.
2. All appointments are non contractual in nature.
3. Mr. Khera, the sole employee covered above, is not related to any Director of the Company except that he is the Managing Director of the Company.

For and on behalf of the Board of Directors

Kalpathi S. Suresh
Chairman Managing

Pramod Khera
Director

Place : Chennai
Date : March 31, 2005.

Statement pursuant to Section 212 of 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	Attest Testing Services Limited	Aptech Worldwide Corporation
2. The Financial Year of the Company ended on	30th Sept. 2004	31st Dec. 2004	31st Dec. 2004	31st Dec. 2004	31st Dec. 2004
3. Holding Company India	Aptech Limited	Aptech Limited	Aptech Limited	Aptech Limited	Aptech Limited
4. Holding Company's Interest	100%	100%	100%	100%	100%
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	50000 Equity Shares of Rs 10 each	50000 Equity Shares of Rs 10 each	share allotment pending
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. (3,742)	NIL Rs. (4,210,263)	NIL Rs. (24,724,891)	NIL Rs. (5,830,435)	NIL Rs. (1,648,912)
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. 2,006,787	NIL Rs. (3,547,569)	NIL NIL	NA NA	NA NA
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	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 : March 31, 2005

APTECH LIMITED

Corporate Governance

PHILOSOPHY

Your Company believes that Corporate Governance is critical to sustaining corporate development, increasing productivity and competitiveness. The governance process should ensure that available resources are utilised in a manner that meets the aspirations of all its stakeholders. Your Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis.

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 :-

Names of the Directors	Category	No. of Board Meetings attended during the year ended December 31, 2004	Whether attended AGM held on June 25, 2004	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	Promoter Non-Independent Non-Executive	4	Yes	1	1	Nil	Nil
Mr. Kalpathi S. Aghoram	Promoter Non-Independent Non-Executive	4	No	Nil	2	Nil	Nil
Mr. Kalpathi S. Ganesh	Promoter Non-Independent Non-Executive	3	No	Nil	2	Nil	Nil
Mr. Pramod Khera	Managing Director Non-Independent Executive	5	Yes	Nil	2	Nil	Nil
Mr. D. V. Narasingarao	Promoter Non-Independent Non-Executive	3	No	Nil	1	Nil	Nil

Names of the Directors	Category	No. of Board Meetings attended during the year ended December 31, 2004	Whether attended AGM held on June 25, 2004	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	Independent Non-Executive	5	Yes	Nil	4	3	4
Mr. N. Seshadri Kumar	Independent Non-Executive	5	Yes	Nil	2	Nil	3
Mr. C. Y. Pal	Independent Non-Executive	4	Yes	1	1	2	Nil

Five Board Meetings were held during 2004 and the gap between two meetings did not exceed four months.

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

January 5, 2004, March 31, 2004, April 23, 2004, July 23, 2004 and October 30, 2004.

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 2004.

AUDIT COMMITTEE

The broad terms of reference of the Audit Committee are 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.

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- (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 January 5, 2004. The Composition of the Audit Committee along with the details of the meeting attended by the Directors are given below.

Names of Members	Category	No. of Meetings attended during 2004
Mr. R. Nagarajan Chairman	Independent Non-Executive	4
Mr. N. Seshadri Kumar	Independent Non-Executive	4
Mr. C. Y. Pal	Independent Non-Executive	3

Four Audit Committee meetings were held during 2004. The dates on which the said meetings were held were as follows :-

March 31, 2004, April 23, 2004, July 23, 2004 and October 30, 2004.

The Chairman of the Audit Committee, Mr. R. Nagarajan, was present at the Annual General Meeting held on June 25, 2004.

REMUNERATION COMMITTEE

The terms of reference of the remuneration committee are as follows :-

- a) To determine the Company's policy on specific remuneration packages for Managing Directors/Whole-time Directors including pensions rights and any compensation payment.
- b) To do such other acts, deeds, matters and things as are necessary for or incidental to the carrying out of any of the above functions.

The matters relating to remuneration of Managing Director/Whole-time Director is decided by the Board of Directors based on the recommendations of the Remuneration Committee and as per the terms approved by the shareholders at the General Meeting.

The Remuneration Committee was reconstituted on January 5, 2004. The Composition of the Remuneration Committee along with the details of the meeting attended by the Directors are given below :

Names of Members	Category	No. of Meetings attended during 2004
Mr. R. Nagarajan Chairman	Independent Non-Executive	2
Mr. N. Seshadri Kumar	Independent Non-Executive	2
Mr. C. Y. Pal	Independent Non-Executive	1

Two Remuneration Committee Meetings were held during 2004. The dates on which the said meetings were held were as follows :-

April 23, 2004 and October 30, 2004.

The Chairman of the Remuneration Committee, Mr. R. Nagarajan, was present at the Annual General Meeting held on June 25, 2004.

Pursuant to the respective terms and conditions approved by the Members of the Company Mr. Pramod Khera was appointed as the Managing Director of the Company with effect from December 28, 2001 for a period of 5 years and Mr. V. Balasubramanian was appointed as an Executive Director of the Company with effect from August 26, 2002, for a period of 5 years. Mr. V. Balasubramanian had resigned as an Executive Director of the Company with effect from January 2, 2004. Both the Directors have been paid remuneration as per the terms of their contract of appointment approved by the Members and in accordance with the overall limits specified under Schedule XIII of Companies Act, 1956.

The details of remuneration paid to him for the year ended December 31, 2004 is as follows:-

(Amount in Rs.)

Particulars of remuneration	Mr. Pramod Khera	Mr. V. Balasubramanian
Salary & Allowances	24,00,000	16,353
Perquisites	94,245	1,200
Contribution to Provident Fund and Superannuation Fund and Superannuation Fund	5,55,750	1,264
TOTAL	30,49,995	18,817

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, 2004 are as follows :-

(Amount in Rs.)

Names of the Non-Executive Directors	Sitting Fees
Mr. Kalpathi S. Suresh	20,000
Mr. Kalpathi S. Aghoram	20,000
Mr. Kalpathi S. Ganesh	15,000
Mr. D. V. Narasingarao	15,000
Mr. R. Nagarajan	90,000
Mr. N. Seshadri Kumar	75,000
Mr. C. Y. Pal	60,000
TOTAL	2,95,000

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SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Composition of the Shareholders/Investors Grievance Committee along with the details of the meeting attended by the Directors are given below.

Names of Members	Category	No. of Meetings attended during 2004
Mr. N. Seshadri Kumar Chairman	Independent Non-Executive	3
Mr. R. Nagarajan	Independent Non-Executive	3

Three Shareholders/Investors Grievance Committee Meetings were held during 2004. The dates on which the said meetings were held were as follows :-

March 31, 2004, July 23, 2004 and October 30, 2004.

Name and Designation of Compliance Officer :-

Ms. Sree Vidhya Raju,
Company Secretary

Status of Complaints received during the year ended December 31, 2004

Nature of Complaints	Received	Resolved	Pending
Relating to Transfer, Transmission etc.	37	37	Nil
Other/Miscellaneous	33	33	Nil
TOTAL	70	70	Nil

Pending Transfers

There were no pending transfers as on December 31, 2004.

General Body Meetings :-

Details of the last four General Meetings are given below :-

1. In 2004, the Annual General Meeting was held on June 25, 2003 at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No. 1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093 at 2.30 p.m.
2. In 2004, an Extra Ordinary General Meeting was held on February 13, 2004 at All India Plastics Manufacturers' Association (AIPMA), AIPMA House, A-52, Street No.1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093 at 12.30 p.m.
3. 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.
4. 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 :-

There are no 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

- Is Half yearly report sent to each household of shareholders No
- Quarterly Results -
Which newspapers normally published in Loksatta
Navshakti
Sakal
Financial Express
Business Line
Business Standard
- 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 30, 2005, 10.30 a.m.
All India Plastics Manufacturers' Association,
A - 52, Street No.1, M.I.D.C.,
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 30, 2005.

Financial Calendar :

- A. Financial Year : 1st January to 31st December
- B. First Quarter results : to be published by end of April
- C. Second Quarter results : to be published by end of July
- D. Third Quarter results : to be published by end of October
- E. Results for the year ending December 31, 2005 : to be published by end of March, 2006

Date of Book Closure : May 31, 2005 to June 10, 2005
(both days inclusive)

Dividend Payment Date : N.A.

Listing of Equity Shares / Global Depository Receipts (GDRs) on Stock Exchanges : The Company's equity shares are listed on the following Stock Exchange in India
The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 023

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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 2004-2005

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

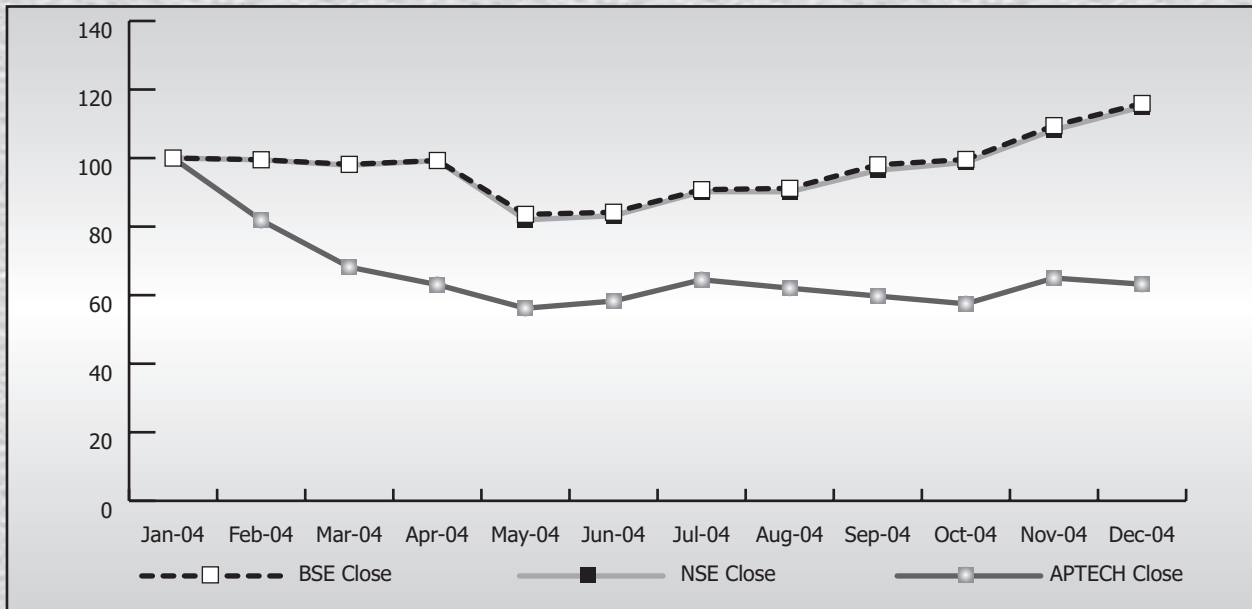
Market Information

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 2004	99.50	68.10	97.70	68.50
Feb 2004	73.50	53.35	73.40	53.00
March 2004	66.85	46.00	65.80	47.10
April 2004	54.40	43.00	53.90	43.20
May 2004	45.00	33.10	44.90	32.60
June 2004	45.00	37.60	44.65	37.55
July 2004	47.80	37.00	47.70	35.10
Aug 2004	45.45	39.20	45.45	39.10
Sep 2004	45.20	40.75	45.40	40.8
Oct 2004	45.25	39.55	46.00	39.60
Nov 2004	49.75	38.55	49.70	38.70
Dec 2004	46.10	42.85	46.30	42.80

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

Stock Performance : (Indexed)



Registrar and Share Transfer Agents

: **M/s. Sharepro Services (India) Private Limited**

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 (India) Private Limited

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.

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Distribution of Shareholding

No. of Equity Shares held	As on 31st December, 2004				As on 31st December, 2003			
	No. of Share-holders	% of Share-holders	Total No. of Shares held	% of Share-holding	No. of Share-holders	% of Share-holders	Total No. of Shares held	% of Share-holding
1-500	94567	95.72	5655577	16.88	100004	98.56	4447389	13.27
501-1000	2156	2.18	1738633	5.19	856	0.84	625039	1.87
1001-2000	1125	1.14	1697026	5.06	374	0.38	532542	1.59
2001-3000	344	0.35	883664	2.64	93	0.09	234389	0.69
3001-4000	151	0.15	541575	1.62	31	0.03	112631	0.33
4001-5000	131	0.13	621281	1.85	28	0.02	130393	0.39
5001-10000	183	0.19	1303980	3.89	41	0.04	296751	0.89
10001 and above	142	0.14	21067701	62.87	44	0.04	27130303	80.97
TOTAL	98799	100.00	33509437	100.00	101471	100.00	33509437	100.00

Categories of Shareholding

Sr. No.	Category	As on 31st December, 2004			As on 31st December, 2003		
		No. of Share-holders	No. of Shares	Voting Strength	No. of Share-holders	No. of Shares	Voting Strength
1.	Promoter Holding	1	8627798	25.75	1	8627798	25.75
2.	Mutual Funds	7	16115	0.05	7	16115	0.05
3.	UTI	4	43871	0.13	7	80099	0.24
4.	Banks/Financial Institutions/ Insurance Companies (Central/ State Government Institutions/ Non-Government Institutions)	40	742267	2.22	42	742721	2.22
5.	FII's	14	6336563	18.91	11	1336345	3.98
6.	NRI's	3080	285741	0.85	3242	192245	0.57
7.	OCB's	4	9901	0.03	6	19201	0.05
8.	Foreign National	1	120	0.00	-	-	-
9.	Domestic Companies	1973	5171871	15.43	1868	1328885	3.97
10.	GDR	2	975888	2.91	3	15532262	46.35
11.	Trust	2	4874	0.01	2	6012	0.02
12.	Indian Public	93671	11294428	33.71	96282	5627754	16.79
	TOTAL	98799	33509437	100.00	101471	33509437	100.00

Dematerialization of Shares and liquidity :

Trading in the equity shares of the Company is permitted only in dematerialized form. Over 96.33% of the Company's Share Capital was dematerialized as on December 31, 2004.

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

In October 2003, the Company tapped the International capital market at Luxembourg with a Global Depository Receipt (GDR) issue for raising adequate resources to fund strategic investments in India and abroad. Pursuant to the said GDR issue, 15,360,000 equity shares of face value Rs.10/- each underlying 3,840,000 GDRs (1 GDR equals 4 equity shares) 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 GDRs 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 total proceeds, the Company had up to December 31, 2003 utilised USD 6,168,780 (equivalent Rs. 280,124,000/-). The balance USD 8,231,220 (equivalent Rs. 373,132,000/-) has been entirely utilized during the current year, for part payment of consideration for acquisition of "Training and Education business" from SSI Ltd. in the previous year, loans and advances given to subsidiary companies (including advances against equity), loan given to Aptech Education Society, payment of capital advances/expenditure and other general corporate purposes as stated in the offer document prepared and issued for GDR purposes.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

:

1. 3,32,207 Global Depository Receipts (GDRs) are outstanding as on December 31, 2004.
2. 3,30,000 Warrants of Re. 1/- each which were issued by the erstwhile Aptech Ltd. 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. Till date, out of the above warrants, 2,48,050 warrants (P.Y. 2,27,150), warrants of Re. 1/- stands 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 81,950 warrants yet to be exercised by the holders.
3. 10,36,500 options granted under the Employees Stock Option Scheme (ESOS), 2004, 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. 32/- per equity share. The total options of 10,36,500 comprises 3,10,950 options with a vesting period of 12 months, 3,62,775 options with a vesting period of 24 months and the balance 3,62,775 options with a vesting period of 36 months from the award date. Such warrants, upon vesting, have to be exercised in the specified months as stipulated in the Scheme, within a period of one year from the respective vesting dates. Out of the above options granted, 1,77,900 options have lapsed as the employees have left the services of the Company prior to the vesting date. If the balance 8,58,600 options are converted into equity shares then the number of equity shares available for trading in the Indian Stock Exchanges would go up by 8,58,600 equity shares.

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 : +91-22-56922434

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

APTECH LIMITED

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, 2004, 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, we certify that the Company has complied with the conditions of corporate governance, as stipulated in the clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, 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 : Mumbai
Date : April 2, 2005

Management Discussion and Analysis

1. Industry Structure and Development

The year 2004 started with buoyancy all around and more particularly, in the IT segment. The spends were significantly higher and there was substantial investment in the ITES segment with the BPO once again taking a prominent lead. The Government and the Institutional business had also through the Sarva Siksha Project in the country brought out big sized tenders to cover the length and breadth of Government schools in the country with computer literacy and computer programmes.

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 Allied Education Services.

c) Competition

Post consolidation of the IT industry, there are only a few serious players remaining. 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 the remaining competition effectively.

3. Segmentwise Performance

a) Retail IT Education

Your Company has now two established brands in Aptech Computer Education and SSI in 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.

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c) Institutional Business

In the year 2004, the Central and State Governments in the country had brought out several large sized tenders under the Sarva Siksha Project, and your Company bagged a high value order for almost Rs. 89 crores. The year 2005 also looks promising and your Company is gearing itself up to make further rapid strides and improve its performance in this segment.

4. Outlook

During the year 2004, your Company embarked into the stream of formal education with the rolling out of courses from the newly set up Aptech University. Your Company also forged strategic alliances to roll out high value products, which would improve the overall per student billing. Long term courses with high skill requirements were also launched in the multimedia segments, where the responses have been overwhelming.

On an overall basis the outlook for the retail segment as also for the institutional segment looks promising and your Company would go all out to further improve its performance.

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.

Aptech University, which was sponsored by your Company, was created and had rolled out courses in various disciplines which saw a major revival in the network centers of the Company. However, in view of the petition filed by an educationist in the Supreme Court of India, the University has ceased to exist since the manner in which the legislation took place in the State of Chattisgarh for the creation of this University, was technically defective. In view of this situation, the University has made a review petition along with several others and has also appealed to the State of Chattisgarh to rectify the defect and restore the original position of the University created. The response to these two actions taken is pending.

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

The previous accounting year ended December 31, 2003 which included the income arising from domestic retail business on a gross basis is not strictly comparable with that of the current accounting year, wherein the domestic retail income has been reported on a net basis which reflects only the royalty income from the Franchisees.

The Global Billings for the year ended December 31, 2004 stood at Rs. 490.72 Crores, as compared to Rs. 426 Crores for the year ended December 31, 2003. Your Company's performance in China which is operating through a 50:50 joint venture registered an impressive performance for the year ending December 31, 2004. Based on the excellent performance, dividend has been declared and distributed for the year, which amounts to Rs. 5.42 crores towards 50% share paid to your Company.

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

Period	Rs. in Crores
January to March 2004	101.23
April to June 2004	125.13
July to September 2004	128.75
October to December 2004	135.61
TOTAL	490.72

INCOME FROM APTECH LIMITED

Your Company reported Income from Operations at Rs. 99.71 Crores for the year ended December 31, 2004 as compared to Rs. 165.37 Crores for the previous year. The two figures are strictly not comparable owing to the fact that in the previous year, your Company reported the retail income on a gross basis, while in the current year, the reported figures of the domestic retail business is on a net basis, which accounts only for the royalty income from the Franchisees. The total income for the year 2004, stood at Rs. 105.47 crores with other income component of Rs. 5.76 crores, which essentially comprises the dividend income from China operations aggregating to Rs.5.42 crores. The details of the operational expenses are given hereinbelow :

Expenses	Year ended December 31, 2004	Previous Year ended December 31, 2003
Training and Education	31.69	99.02
Employment	15.26	13.30
Administration	101.11	26.79
Total Operational Expenditure	148.06	139.11

The total interest expenses stood at Rs. 3.18 crores for the year ended December 31, 2004 as compared to Rs. 1.95 crores for the year ended December 31, 2003. Your Company reported a net loss of Rs. 61.65 crores for the year under review. The loss was essentially due to the one time write-off of certain fixed assets whose net book value was Rs. 39.43 crores, provision for long outstanding receivables of Rs. 16.12 crores and as a

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measure of abundant caution the advances made to Aptech Education Society for setting up the University amounting to Rs. 24.43 crores was also provided for.

8. Material Developments in Human Resources Industrial Relations Front, Including Number of People Employed

Your Company's key management focus on developing Human Resources resulted in introduction of cadre scheme for the Company. Through this, company would groom its future middle/senior management that would strengthen performance oriented work culture and Aptech ways of working. This would ensure readiness of quality human resources who also share Aptech values and beliefs, for future needs. Further, in order to enhance quality standards at franchisee centers, initiatives have been taken to introduce benchmarked human resource practices at franchisee centers through Extended Organisation Support. In order to enhance employee engagement, Skip Level Focus Group Discussions (SLFGD) were organised throughout the Company. Suggestions received during SLFGD were implemented by employees through formation of cross functional teams.

Your Company has 500 employees as on December 31, 2004. There are 2061 project employees who manage Orissa and Delhi School projects.

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.

Auditors' Report

To the Shareholders

1. We have audited the attached Balance Sheet of **Aptech Limited** as at 31st December, 2004 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. 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.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes 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;
 - v) On the basis of the written representations received from the Directors as on December 31, 2004 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December, 2004 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) 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 notes on accounts, 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 31st December, 2004; and
 - b) in the case of the Profit and Loss Account, of the loss 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

Mumbai, dated : 2nd April, 2005

APTECH LIMITED

Annexure to the Auditors' Report

Re: Aptech Limited

Referred to in Paragraph 3 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) and (xiv) 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/updated proper records showing full particulars including quantitative details and situation of fixed assets *except in respect of certain items of plant and machinery (including computers) aggregating to Rs. 45,500,496/- (Carrying Value), which are still in the process of being reconciled/updated.* (Refer Note no. B-5 of Schedule 15).
 - b) According to the information and explanations given to us, the physical verification of fixed assets was carried out by the management during the year, *which in the previous year was partially carried out and was a matter of reference in the previous year report. Subject to the aforesaid, in our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its business. The material discrepancies noticed on such verification have been properly dealt with in the books of account. (Refer Note no. B-5 of Schedule 15), except in respect of certain items of plant and machinery (including computers) aggregating to Rs. 45,500,496/- (Refer clause ii) a) above) for which we are unable to comment on the discrepancies, if any, pending reconciliation/updates.* (Refer Note no. B-5 of Schedule 15).
 - c) There has been no significant disposal of fixed assets during the year.
- iii) In respect of its inventories:
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - 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 is maintaining proper records of inventories and no material discrepancies were noticed on physical verification.
- iv) The Company has not granted or taken any loan secured/unsecured to/from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (iii) of the Companies (Auditor's Report) Order is not applicable to the Company.
- v) In our opinion, and according to the information and explanations given to us, there is an internal control system for the purchase of inventory and fixed assets and sale of goods and services, which in our opinion *needs 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 regards continuing failure to correct major weaknesses in internal control system, *Attention is invited to certain items of plant and machinery, which are still in the process of being reconciled/updated.* (Refer clause ii) a) above).
- vi) According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered in a register required to be maintained under that section. Therefore the provisions of clause 4 (v) are not applicable to the Company.
- 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 Sec. 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.

Annexure to the Auditors' Report

- 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 areas covered by internal audit and appropriate/timely follow-up for the management responses/action in respect of the observations reported by them.*
- ix) (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, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues, applicable to it, with the appropriate authorities during the year. *The arrears of service tax for the period from 1st July, 2003 to 30th June, 2004 payable as at the last day of the financial year and outstanding for a period of more than six months from the date they became payable aggregating to Rs. 13,074,440/-, have been paid subsequent to the year-end. (Refer Note no. B-24 of Schedule 15).*
- (b) According to information and explanations given to us there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited with the appropriate authorities on account of any dispute.
- x) The Company has not completed five years from its date of registration and hence clause 4(x) of the order is not applicable to the Company.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- 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 the question of maintenance of adequate records for this purpose does not arise.
- xiii) In our opinion, the terms and conditions on which the Company has given a guarantee for loan taken by a wholly-owned subsidiary company from a bank are not prejudicial to the interest of the Company.
- 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 information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- 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 interests of the Company, does not arise.
- xvii) According to the information and explanations given to us, the Company has not issued any debentures during the year and hence the question of creation of securities in respect of debentures issued, does not arise.
- xviii) The Management has disclosed the end use of money raised by public issue (Global Depository Receipts) and the same has been verified by us. (Refer note no. B-9 of Schedule 15).
- xix) 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

Mumbai, dated : 2nd April, 2005

Membership No. 15291

APTECH LIMITED

Balance Sheet as at 31st December, 2004

Particulars	Schedule	As at		As at	
		31st December, 2004 Rupees	31st December, 2004 Rupees	31st December, 2003 Rupees	31st December, 2003 Rupees
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	"1"	335,094,370		335,094,370	
Warrants (Refer Note no. B-4(a) of Schedule 15)		81,950		102,850	
Reserves and Surplus	"2"	615,947,061		1,226,147,492	
			951,123,381		1,561,344,712
LOAN FUNDS					
Secured Loans	"3"	220,100,906		134,756,284	
Unsecured Loans	"4"	—		2,978,411	
			220,100,906		137,734,695
DEFERRED TAX LIABILITY (NET) (Refer Note no. B-19(a) of Schedule 15)					
			—		12,847,507
			1,171,224,287		1,711,926,914
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	"5"	1,016,106,600		1,141,988,890	
Less : Depreciation		276,356,887		267,917,796	
Net Block			739,749,713		874,071,094
INVESTMENTS					
CURRENT ASSETS, LOANS AND ADVANCES	"6"		59,659,931		59,159,231
Inventories	"7"	12,714,561		12,790,478	
Sundry Debtors		655,967,239		781,817,213	
Cash and Bank Balances		98,763,945		457,571,818	
Loans and Advances		392,910,336		89,949,028	
		1,160,356,081		1,342,128,537	
Less :					
CURRENT LIABILITIES AND PROVISIONS					
Liabilities	"8"	770,291,302		505,386,881	
Provisions		18,250,136		58,045,067	
		788,541,438		563,431,948	
NET CURRENT ASSETS			371,814,643		778,696,589
			1,171,224,287		1,711,926,914
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT					
	"15"				

As per our attached report of even date.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

P. R. Barpande
Partner

Kalpathi S. Suresh
Chairman

Pramod Khera
Managing Director

Sree Vidhya Raju
Company Secretary

Place : Mumbai
Date : 2nd April, 2005

Place : Chennai
Date : 31st March, 2005

Profit and Loss Account for the year ended 31st December, 2004

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from Operations (Refer Note No. B-3 of Schedule 15)	"9"	997,110,822		1,653,720,880	
Other Income	"10"	57,571,180		26,018,884	
			1,054,682,002		1,679,739,764
EXPENDITURE					
Training and Education Expenses (Refer Note No. B-3 of Schedule 15)	"11"	316,862,690		990,210,173	
Payments to and Provision for Employees	"12"	152,560,197		132,970,917	
Administration and Other Expenses	"13"	1,011,135,736		267,864,302	
Interest and Finance Costs	"14"	31,796,611		19,465,807	
Depreciation and Amortisation		171,685,574		132,979,325	
			1,684,040,808		1,543,490,524
(LOSS)/PROFIT BEFORE TAX			(629,358,806)		136,249,240
Provision for Taxation					
Income Tax					
- Current Tax				10,600,000	
- Deferred Tax		(12,847,507)		12,847,507	
Wealth Tax		81,024		78,000	
			(12,766,483)		23,525,507
(LOSS)/PROFIT AFTER TAX			(616,592,323)		112,723,733
Excess Provision for Income Tax and Wealth Tax of earlier year written back			3,938,370		-
Surplus brought forward from previous year			332,362,957		107,442,058
			(280,290,996)		220,165,791
Add : Transferred from Contingency Reserve			-		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
BALANCE CARRIED TO BALANCE SHEET			(280,290,996)		332,362,957
Earning Per Share (Refer Note No. B-18 Of Schedule 15)					
- Basic and Diluted			(18.40)		5.50
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT. "15"					

As per our attached report of even date.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

P. R. Barpande
Partner

Kalpathi S. Suresh
Chairman

Pramod Khera
Managing Director

Sree Vidhya Raju
Company Secretary

Place : Mumbai
Date : 2nd April, 2005

Place : Chennai
Date : 31st March, 2005

APTECH LIMITED

Cash Flow Statement for the year ending 31st December, 2004

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net (loss) / Profit Before Tax		(629,358,806)		136,249,240
Adjustments				
Warrants Written Back	(20,900)		(227,150)	
Employee Stock Compensation Credit (Erstwhile Aptech Scheme)	(209,000)		(2,271,500)	
Employee Stock Compensation Net Charge (2004 Scheme)	13,051,637		–	
Depreciation and Amortisation	171,685,574		132,979,325	
Fixed Assets Written off	394,335,836		–	
Provision for advances to Aptech Education Society	244,338,965		–	
Interest and Finance Costs	31,796,611		19,465,807	
Interest Income	(1,737,787)		(2,237,028)	
Unrealised Exchange Loss	5,202,659		6,525,043	
Dividend on Long Term Investments	(54,172,727)		(22,795,000)	
Loss on Sale of Fixed Assets (net)	1,732,919		5,427,537	
		806,003,787		136,867,034
Operating Profit Before Working Capital Changes		176,644,981		273,116,274
Adjustments for :				
Inventory	75,917		17,021,665	
Sundry Debtors	(1,269,138)		(323,295,279)	
Loans and Advances	(2,363,616)		38,895,632	
Current Liabilities and Provisions	41,106,455		(50,726,833)	
		37,549,618		(318,104,815)
Cash From/(used) in Operating Activities		214,194,599		(44,988,541)
Interest Received	1,624,818		2,237,028	
Wealth Tax Paid (Net)	(57,292)		(77,236)	
Dividend Tax Paid	(4,293,397)		–	
Income Tax Paid (Net)	(9,787,299)		(2,633,724)	
		(12,513,170)		(473,932)
Net Cash From/(used) in Operating Activities		201,681,429		(45,462,473)
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(215,558,166)		(69,534,975)	
Part payment towards Purchase of Training and Education Business	(15,000,000)		(155,000,000)	
Sale of Fixed Assets	5,601,632		4,491,454	
Loans and Advances to Subsidiary Companies	(383,190,178)		–	
Investments in Shares of Subsidiary Companies	(500,700)		(49,700,482)	
Dividend Received	30,454,827		–	
Net Cash used in Investing Activities		(578,192,585)		(269,744,003)

Cash Flow Statement for the year ending 31st December, 2004

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(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)	85,344,622		33,360,414	
Dividend paid during the year	(32,863,283)		-	
Interest Paid	(29,575,397)		(16,487,396)	
Net Cash from Financing Activities		22,905,942		643,998,778
Net (Decrease)/Increase in Cash & Cash equivalents		(353,605,214)		328,792,302
Cash and Cash equivalents at the beginning of the year		464,096,861		43,528,411
Cash and Cash equivalence as at 1.4.2003 of Training and Education Business acquired in accordance with an agreement with SSI Limited		-		91,776,148
Cash and Cash equivalents at the end of the year		110,491,647		464,096,861
		(353,605,214)		328,792,302
Notes :				
1) Cash and Cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer Schedule 7C of the Balance Sheet)				
2) Cash and Cash equivalents include :				
	As at		As at	
	December, 31, 2004		December, 31, 2003	
	Rupees		Rupees	
Cash and Bank balances	98,763,945		457,571,818	
Unrealised loss on foreign currency cash and cash equivalents	11,727,702		6,525,043	
Total Cash and Cash equivalents	110,491,647		464,096,861	

- 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) 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.
- 6) Additions to fixed assets, sale of fixed assets and loans and advances given to Subsidiaries are considered as part of investing activities.
- 7) 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

For and on behalf of the Board of Directors

P. R. Barpande
Partner

Kalpathi S. Suresh
Chairman

Pramod Khera
Managing Director

Sree Vidhya Raju
Company Secretary

Place : Mumbai
Date : 2nd April, 2005

Place : Chennai
Date : 31st March, 2005

APTECH LIMITED

Schedules to Balance Sheet

Particulars	As at		As at	
	31st December, 2004		31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "1" - SHARE CAPITAL				
AUTHORISED				
60,000,000 (Previous year 60,000,000)				
Equity Shares of Rs. 10/- Each		600,000,000		600,000,000
		600,000,000		600,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
33,509,437 (Previous year 33,509,437)				
Equity Shares of Rs.10/- each fully paid		335,094,370		335,094,370
Of the above :-				
A) 18,147,437 Equity Shares of Rs. 10/- each had 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, had been allotted against underlying 3,840,000 Global Depository Receipts of USD 3.75 each, issued by the Company (Refer Note no. B-9 of Schedule 15)				
		335,094,370		335,094,370
SCHEDULE "2" - RESERVES AND SURPLUS				
EMPLOYEES STOCK OPTIONS OUTSTANDING				
(Refer Note no. B-4(a) of Schedule 15)				
ESOP 'ERSTWHILE APTECH LIMITED' SCHEME				
Balance at the commencement of the year		1,028,500		3,300,000
Less : Credit for the year		209,000		2,271,500
		819,500		1,028,500
ESOP 2004 SCHEME				
(Refer Note no. B-4(b) of Schedule 15)				
Balance at the commencement of the year		—		—
Add : Net Charge for the year		13,051,637		—
		13,051,637		—
CAPITAL REDEMPTION RESERVE				
Balance at the commencement of the year		88,480,000		88,480,000
SECURITIES PREMIUM ACCOUNT				
Balance at the commencement of the year		473,525,760		—
Add : Credited during the year		—		499,656,000
Less : Share Issue Expenses (GDR issue)		—		26,130,240
		473,525,760		473,525,760

Schedules to Balance Sheet

Particulars	As at		As at	
	31st December, 2004		31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
GENERAL RESERVE				
Balance at the commencement of the year	330,750,275		280,750,275	
Less : Adjustments as at January 1, 2004 on account of :-				
a) Intangible Assets - Goodwill (Refer Note no. B-6 of Schedule 15)	7,144,563		—	
b) Intangible Assets - Courseware (Refer Note no. B-7 of Schedule 15)	3,244,552		—	
Add : Transferred from Profit and Loss Account	—		50,000,000	
	320,361,160		330,750,275	
Less : Debit Balance in Profit and Loss Account deducted as per contra	280,290,996		—	
		40,070,164		330,750,275
CONTINGENCY RESERVE				
Balance at the commencement of the year	—		200,000,000	
Less : Transferred to Profit and Loss Account	—		200,000,000	
		—		—
SURPLUS IN PROFIT AND LOSS ACCOUNT				332,362,957
		615,947,061		1,226,147,492
SCHEDULE "3" - SECURED LOANS Notes :				
From Banks				
- Term Loans	1	58,156,202		5,429,062
- Working Capital Demand Loan	1	110,947,834		104,000,000
- Cash Credit Account	1	39,707,707		20,830,418
- Vehicle Loans	2	11,289,163		4,496,804
		220,100,906		134,756,284

Notes :

1) Term Loan, Working Capital Demand Loan and Cash Credit facility from banks are secured as under :

- a) Term Loan aggregating to Rs. 24,900,006/- as at December 31, 2004., Working Capital Demand Loan and Cash Credit Account from a bank 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 ranking paripasu for the assets stated in Note b below and first exclusive charge by way of hypothecation of 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 supplementary deed dated 4th November, 2004 to composite hypothecation deed dated 25th June, 2003, and Stocks and book debts.
- b) Term Loan from another bank aggregating to Rs.33,256,196/- as at December 31, 2004 is secured by first charge (ranking paripasu with the bank stated in 1 (a) above) by way of hypothecation of entire fixed assets acquired/to be acquired by the Company for the implementation of the Delhi School Project and the book debts of the Company, relating to the said project and second charge on the fixed assets of the Company, as stated in 1) a) above.

2) Vehicle loans are secured by charge on the concerned vehicles purchased.

APTECH LIMITED

Schedules to Balance Sheet

Particulars	As at		As at	
	31st December, 2004		31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "4" - UNSECURED LOANS				
OTHER LOANS AND ADVANCES				
Interest accrued and due (on Inter Corporate Deposits from Others)		-		2,978,411
		-		2,978,411

SCHEDULE "5" - FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As At 01-01-2004	Additions	Deductions/ Adjustments	As At 31-12-2004	As At 01-01-2004	For The Year	Deductions/ Adjustments	As At 31-12-2004	As At 31-12-2004	As At 31-12-2003
Freehold Land	185,823	4,891,016	-	5,076,839	-	-	-	-	5,076,839	185,823
Buildings	98,093,046	-	-	98,093,046	4,373,116	1,598,917	-	5,972,033	92,121,013	93,719,930
Plant and Machinery	675,316,194	389,993,473	(444,987,283)	620,322,384	232,531,342	107,291,477	(160,119,237)	179,703,582	440,618,802	442,784,852
Furniture and Fixtures	130,422,280	14,636,831	(74,509,177)	70,549,934	7,571,918	25,949,707	(3,566,090)	29,955,535	40,594,399	122,850,362
Vehicles	22,378,901	11,454,883	(5,888,739)	27,945,045	3,539,496	2,411,916	(680,868)	5,270,544	22,674,501	18,839,405
Intangible Assets										
- Goodwill	95,260,844	-	-	95,260,844	-	9,526,084	7,144,563	16,670,647	78,590,197	95,260,844
- Courseware	99,922,227	23,100,648	(51,294,651)	71,728,224	12,193,969	18,896,176	(6,024,851)	25,065,294	46,662,930	87,728,258
- Computer Software	20,409,575	6,720,709	-	27,130,284	7,707,955	6,011,297	-	13,719,252	13,411,032	12,701,620
Current Year	1,141,988,890	450,797,560	(576,679,850)	1,016,106,600	267,917,796	171,685,574	(163,246,483)	276,356,887	739,749,713	874,071,094
Previous Year	798,001,373	357,233,101	(13,245,584)	1,141,988,890	138,265,064	132,979,325	(3,326,593)	267,917,796	874,071,094	-

Notes :

- Buildings include value of properties in co-operative societies including shares of respective societies.
- Depreciation for the year includes on account of prior period Rs. 42,677,005/- (Previous year Rs.7,591,395/-).
- Deduction/Adjustments includes adjustments on account of -
 - Fixed Assets written off Cost Rs. 566,246,708/-, Accumulated Depreciation Rs. 171,910,872/- (Refer Note no. B-5 of Schedule 15)
 - Intangible Assets - Goodwill and Internally generated Courseware. (Refer Note nos. B-6 and 7 of Schedule 15)
- Intangible Asset - Computer Software is re-grouped from Plant and Machinery in accordance with the requirements of Accounting Standard - 26 "Intangible Assets".

Schedules to Balance Sheet

Particulars	As at 31st December, 2004		As at 31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "6" - INVESTMENTS (AT COST)				
LONG TERM				
TRADE INVESTMENTS - UNQUOTED				
1) IN SHARES OF SUBSIDIARY COMPANIES				
i) 160,000 (Previous year 160,000) Equity Shares Of 10 Bangladeshi Takkas each fully paid up in Aptech Worldwide Bangladesh Limited (Bagladesh)		1,409,334		1,409,334
ii) 37 (Previous Year 37) Equity Shares of 100,000 AED each in Aptech Training Limited F.Z.E.		46,007,103		46,007,103
iii) 50,000 (Previous Year 49,930) Equity Shares of Rs.10/- each fully paid up in Aptech Software Limited (Refer Note No. B-12 Of Schedule 15)		500,000		499,300
iv) 50,000 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up in Attest Testing Services Limited		500,000		-
2) Others				
50% Share in Beijing Aptech Beida Jade Bird Information Technology Company Limited (China) a joint venture with Macology Technology Trade Company		11,243,494		11,243,494
		59,659,931		59,159,231
Note : Aggregate of unquoted Investments at Cost		59,659,931		59,159,231
SCHEDULE "7" - CURRENT ASSETS				
A. INVENTORIES				
(Lower of Cost or net realisable Value)				
Education and Training Materials		12,714,561		12,790,478
B. SUNDRY DEBTORS (UNSECURED)				
Debts outstanding for a period exceeding six months (Refer Note no. B-8 of Schedule 15)	393,922,043		324,756,190	
Other Debts	454,763,774		488,626,601	
	848,685,817		813,382,791	
Less : Provision	192,718,578		31,565,578	
		655,967,239		781,817,213

APTECH LIMITED

Schedules to Balance Sheet

Particulars	As at		As at	
	31st December, 2004		31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
Notes : Sundry Debtors includes				
1. a) Considered good Rs. 655,967,239/- (Previous year Rs. 781,817,213)				
b) Considered doubtful Rs. 192,718,578/- (Previous year Rs. 31,565,578)				
2. Rs.48,912,900/- (Previous year Rs. 25,195,000/-) being dividend receivable on investments held in Joint Venture Company				
C. CASH AND BANK BALANCES				
1. Cash in Hand		640,676		500,548
2. Bank Balances				
a) With Scheduled Banks (Refer Note No. B-14 of Schedule 15)				
i) In Current Accounts (including Exchange Earners Foreign Currency Accounts Rs. 19,155,361/- (Previous year Rs. 107,664,763/-)		80,907,946		174,117,563
ii) In Deposit Accounts (including Margin deposit Rs. 16,975,073/- (Previous year Rs. NIL) and including interest accrued Rs. 101,073/- (Previous year Rs. 98,092/-)		17,215,323		2,658,277
b) With others in Current Account Banco Portugues De Negocios (Banco Efisa) (Portugues) (Maximum balance during the year Rs. 280,295,430/- (Previous year Rs.653,256,000/-)		—		280,295,430
		98,763,945		457,571,818

Notes :

- Bank Balances includes Rs. NIL (Previous year Rs. 375,261,320/-) being unutilised monies raised by Publics issue of shares (GDRs) (Refer Note no. B-9 of Schedule 15)
- Fixed Deposit Receipts of 16,874,000/- (previous year Rs. NIL) are lodged with a bank against Letters of Credit issued for purchase of Fixed Assets at Delhi School Project

Schedules to Balance Sheet

Particulars	As at		As at	
	31st December, 2004		31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
D. LOANS AND ADVANCES (UNSECURED)				
To Subsidiaries (Refer Note 2 below and Note No. B-10 and 13 of Schedule 15)	540,464,607		5,428,218	
To Others	2,222,197		6,143,592	
Advances recoverable in cash or in kind or for value to be received	17,981,713		16,465,396	
Deposits	76,443,241		69,328,557	
Advance Payment of Income Tax	26,529,291		16,741,992	
	663,641,049		114,107,755	
Less : Provision	270,730,713		24,158,727	
		392,910,336		89,949,028
Notes : Loans and advances includes				
1) a) Considered good Rs.392,910,336/- (Previous year Rs. 89,949,028/-)				
b) Considered doubtful Rs. 270,730,713/- (Previous year Rs. 24,158,727/-)				
2) Advances against Equity to Subsidiary Companies Rs. 197,515,396/- (Previous year Rs. 4,519,700/-) (Refer Note No. B-11 of Schedule 15)				
3) Due From a Director Rs. 661,476/- (Previous year Rs. NIL) Maximum amount outstanding during the year Rs. 661,476/- (Previous year Rs. NIL) (Refer Note no. B-16(i) of Schedule 15)				
		1,160,356,081		1,342,128,537
SCHEDULE "8" - LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Acceptances	245,966,472		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	483,915,956		473,963,993	
		483,915,956		473,963,993
Unclaimed Dividend *	646,154		—	
Interest accrued but not due	248,489		—	
Other Liabilities	39,514,231		12,049,306	
* These Figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund		770,291,302		505,386,881
B. PROVISIONS				
Provision for Taxation	10,750,747		14,665,384	
Proposed Dividend	—		33,509,437	
Provision for Corporate Tax on Dividend	—		4,293,397	
Provision for Leave Encashment	7,499,389		5,576,849	
		18,250,136		58,045,067
		788,541,438		563,431,948

APTECH LIMITED

Schedules to Profit and Loss Account

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "9" - INCOME FROM OPERATIONS				
Training And Education Income (including prior period Rs. NIL, Previous year Rs. 26,239,723/-) (Refer Note No. B-3 of Schedule 15)		997,110,822		1,653,720,880
		997,110,822		1,653,720,880
SCHEDULE "10" - OTHER INCOME				
Dividend on Long Term Investments		54,172,727		22,795,000
Interest Income (Tax deducted at source Rs. 71,413/-, Previous year Rs. 207,422/-) Warrants written back (Refer Note No. B-4(a) of Schedule 15)		1,737,787		2,237,028
Miscellaneous Income		20,900		227,150
		1,639,766		759,706
		57,571,180		26,018,884
SCHEDULE "11" - TRAINING AND EDUCATION EXPENSES				
Education, Training Expenses and Course Materials (including prior period Rs. NIL Previous year Rs. 6,560,365/-)		69,611,296		66,784,069
Center Operation Expenses Net of excess provision of Rs. NIL previous year Rs. 18,660,911/- and Sundry Credit balances (net), no longer required written back Rs. NIL previous year Rs. 21,360,900/-)		—		628,732,528
Course Execution Charges (including prior period Rs. NIL Previous year Rs. 29,379,492/- and net of excess provision of earlier year written back Rs. 8,214,713/- previous year NIL)		216,226,200		223,647,408
Advertisement and Publicity (Net of Recoveries Rs. 10,466,668/- previous year Rs. NIL/- and excess provision of earlier year written back Rs. 2,033,461/- previous year NIL)		31,025,194		71,046,168
		316,862,690		990,210,173
SCHEDULE "12" - PAYMENTS TO AND PROVISION FOR EMPLOYEES				
Salary and Other Allowances (including Rs. NIL previous year Rs. 5,155,424/- reimbursed to transferor company (SSI Limited) and net of recoveries of Rs. 3,525,024/- previous year Rs. NIL)		127,469,291		109,694,775
Contribution to Provident Fund and other funds		19,150,842		18,284,207
Staff Welfare Expenses		5,940,064		4,991,935
		152,560,197		132,970,917

Schedules to Profit and Loss Account

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "13" - ADMINISTRATION AND OTHER EXPENSES				
Rent, Rates and Taxes (Net of Recoveries Rs.1,388,736/- previous year Rs.438,833/-)		34,242,591		37,799,819
Travelling and Conveyance Expenses (Net of Recoveries Rs.194,011/- previous year Rs. NIL)		38,594,557		45,392,944
Electricity Charges (Net of Recoveries Rs.1,879,349/- previous year Rs. NIL)		7,398,904		11,238,636
Communication Expenses (Net of Recoveries Rs.1,019,987/- previous year Rs. NIL)		17,465,193		18,173,496
Repairs and Maintenance				
- Buildings	184,729		963,016	
- Plant & Machinery	9,847,340		10,552,596	
- Others	23,263,965		7,287,677	
(including project installation cost Rs. 16,108,675/-, previous year NIL)		33,296,034		18,803,289
Insurance Premium		903,641		1,607,477
Legal and Professional Charges		23,521,447		30,092,605
Bad Debts/Advances written off		1,648,447		2,562,445
Provision for Doubtful Debts and Advances		407,724,986		55,724,305
Exchange Difference (Net)		9,419,435		9,783,503
Loss on Sale of Fixed Assets		1,732,919		5,427,537
Fixed Assets written off (Refer Note No. B-5 Schedule 15) (Including intangible assets Rs. 40,959,345/-, previous year NIL)		394,335,836		-
Director's Sitting Fees		295,000		400,000
Printing and Stationery		12,877,652		5,669,595
Miscellaneous Expenses (Net of Recoveries Rs.704,158/- previous year Rs.NIL) (Note : Miscellaneous expenses includes Audit Fees, Carriage and Forwarding, Security Charges, Service Charges etc.)		27,679,094		25,188,651
		1,011,135,736		267,864,302
SCHEDULE "14" - INTEREST AND FINANCE COST				
Interest On				
- Fixed Loans		7,262,413		5,193,981
- Others		12,190,340		11,761,273
Bank Charges		12,343,858		2,510,553
		31,796,611		19,465,807

APTECH LIMITED

Significant Accounting Policies and Notes

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.

(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 franchisees in accordance with the agreements was debited to Center Operating Expenses, upto December 31, 2003. The Company, with effect from January 1, 2004, has accounted for royalty income in respect of its domestic retail business. (Refer note no. B-3 below).

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 the 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) Intangible assets :

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Internally generated intangible asset arising from development activity is recognised only on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation.

(f) Depreciation and Amortisation :

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, except for certain items of Plant and Machinery (including computers) installed at and used in Government projects are depreciated over 4-5 years.

Intangible Asset : Internally Generated Courseware and Computer Software are amortised @33.33% (Refer note no. B-7 below) and 16.21% respectively, considering the useful life of the assets and obsolescence.

Goodwill arising on acquisition of business unit is amortised over a period of ten years. (Refer Note No. B-6 below).

Significant Accounting Policies and Notes

(g) 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.

(h) Inventories :

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

(i) Foreign Currency Transactions :

- i) Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. 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.

(j) Retirement Benefits :

- i) Company's contribution to Provident Fund, Superannuation Fund and other funds 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) Provision for Leave encashment is made as per Actuarial Valuation at the year end.

(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, if any, are disclosed by way of notes to 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 a material effect on the position stated in the Balance Sheet.

APTECH LIMITED

Significant Accounting Policies and Notes

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. 8,255,297/- (Previous year Rs. 841,190/-).
2. Contingent Liabilities in respect of :

	As at 31.12.2004 Rupees	As at 31.12.2003 Rupees
a) Counter Guarantees to banks	86,937,230	48,763,200
b) Claims against the Company not acknowledged as debts	83,178,723	76,482,474
c) Guarantee given to the bank on behalf of wholly owned Subsidiary Company	43,576,492	Nil

3. The company, considering the recent trend and the changing nature of franchisee network collection and the terms of the agreements, decided to harmonise its method of accounting of domestic retail income in line with the method of accounting followed for international and other domestic fixed royalty centers. Accordingly, with effect from January 1, 2004, the Company has accounted the royalty income from the domestic retail business segment. Consequently, the training and education income and the corresponding expenses are lower by an amount aggregating to Rs.589,725,061/- each, with no impact on the loss for the year.
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 stood transferred to the Company, pursuant to the scheme of de-merger 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	Current year	Previous year
Options granted and outstanding at the beginning of the year	102,850	330,000
Add : Granted during the year	Nil	Nil
Less : Lapsed during the year	20,900	227,150
Options granted and outstanding at the end of the year	81,950	102,850

20,900 (Previous Year 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.2,09,000/-(Previous Year Rs.2,271,500/-) out of the balance of Rs.1,028,500/- (Previous Year 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.20,900/- (Previous Year 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

Significant Accounting Policies and Notes

February 13, 2004. Pursuant to the above resolution, the company has granted 1,036,500 stock options on February 13, 2004 to the eligible employees. The total options of 1,036,500 comprises of 310,950 options with vesting period of 12 months, 362,775 options with a vesting period of 24 months and the balance 362,775 options with a vesting period of 36 months from the award date and an exercise period of one year from the respective vesting dates.

Details of Options Granted and lapsed	Current year	Previous year
Options granted and outstanding as at the beginning of the year	-	-
Add : Granted during the year	1,036,500	-
Less : Lapsed during the year	177,900	-
Options granted and outstanding as at the end of the year	858,600	-

The stock option discount in the aforesaid scheme, computed as per SEBI guidelines in this respect, is being amortised on a straight line basis over the vesting period. Accordingly, during the year Rs. 13,051,637/- being the proportionate net charge of discount for the year, has been included in "Salaries and other allowances" in the schedule of "Payments to and Provisions for Employees" (Schedule 12). The unamortised amount has been netted off from the total option outstanding, and the net amount of Rs. 13,051,637/- is shown under "Reserves and Surplus" in accordance with the relevant guidelines issued by Securities and Exchange Board of India. None of the options granted were exercisable during the year.

5. During the year, the Company carried out physical verification/technological evaluation of fixed assets including assets transferred to the Company, consequent to the demerger of erstwhile Aptech Limited in an earlier year. On the basis of such physical verification/technological evaluation, the Company updated the Fixed Asset register, including allocation of cost to individual fixed assets on the basis of invoices/technical evaluation, except in respect of certain items of Plant and Machinery (including computers) aggregating to Rs. 45,500,496/- (carrying value), which is being reconciled. The adjustments if any, arising out of such reconciliation, with respect to these Fixed Assets on completion of updation/allocation, in the opinion of the management would not have a material impact. Consequent to the verification/technological evaluation/updation, the Company has debited Rs. 394,335,836/- to the Profit and Loss account as Fixed assets written off (including intangible assets written off on account of technological obsolescence and excluding assets as mentioned above which are being reconciled).
6. The Company during the previous year had acquired the "Training and Education" business from SSI Limited on April 1, 2003 and had accounted for goodwill aggregating to Rs. 95,260,844/- representing the excess of consideration paid over the net assets acquired. In accordance with the accounting policy followed till December 31, 2003, such goodwill was not amortised. However, from January 1, 2004, in accordance with the requirements of Accounting Standard 26 (AS 26) "Intangible Assets", the Company is amortising the goodwill over its estimated useful life of ten years, on the basis of future economic benefits from the acquired business. Accordingly, the carrying amount of such goodwill as at January 1, 2004 has been restated, with a corresponding adjustment to the opening balances of revenue reserves aggregating to Rs.7,144,563/-, in accordance with the transitional provisions of AS-26. The restated carrying amount is being amortised over the remaining useful life. Consequently, there is a charge in the Profit and Loss account on account of amortisation of goodwill of Rs.9,526,084/- and the loss for the year is higher by the like amount.
7. Hitherto, till December 31, 2003 the Company followed an accounting policy whereby the internally developed courseware were amortised @16.21%, approximately over a period of 6 years. During the year, in accordance with the requirements of AS-26, the Company considering the rapid changes in technology and the consequent technological obsolescence, has revised the estimated useful life of such assets to 3 years on the basis of expected future economic benefits. Accordingly, the carrying amount of such intangible assets as at January 1, 2004 has been restated with a corresponding adjustment to the opening balances of revenue reserves aggregating to Rs.3,244,552/-, in accordance with the transitional provisions of AS-26. The restated carrying amount is being amortised over the revised remaining useful life. Consequent to this change, the charge on account of amortisation for the year and the loss for the year is higher by Rs.8,532,781/-.

Significant Accounting Policies and Notes

8. Sundry debtors outstanding for a period exceeding six months as at December 31, 2004, include Rs.192,718,578/- (including a debt disputed by a party and pending in arbitration proceeding) which are long outstanding and recoverable from the franchisees of the Company and institutional debtors comprising mainly of government parties. In the previous year, the Company had set up a task force for recovery of debts and the efforts in this direction continue more aggressively in the current year. Consequent upon the interaction of the task force, the Company has, during the year, recovered certain amount of debts long outstanding and in addition has written off Rs.1,648,447/- (Previous Year Rs.1,098,696/-). However, the Company as a measure of conservatism and on a prudent basis has provided Rs.161,153,000/- (Previous Year Rs.31,565,578/-) (Aggregate to date Rs.192,718,578/-) towards such debts which are considered to be doubtful of recovery, though the efforts to recover the same continue unabated.
9. 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 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 total proceeds, the Company had up to December 31, 2003 utilised USD 6,168,780 (Equivalent of Rs. 280,124,000/-). The balance USD 8,231,220 (Equivalent of Rs. 375,261,320/-) has been entirely utilised during the current year, for part payment of consideration for acquisition of "Training and Education Business" from SSI Limited in the previous year, loans and advances given to subsidiary companies (including advances against equity Refer Note no B-10 and B-11 below), loan given to Aptech Education Society (Refer note no. B-13 below), payment of capital advances / expenditure and other general corporate purposes as stated in the offer document prepared and issued for GDR purposes.
10. Some of the subsidiaries of the Company, incurred losses during the current year and have accumulated losses as at the year-end. The Company has investments in the equity shares of such subsidiaries aggregating to Rs.47,007,103/-, loans and advances aggregating to Rs.294,022,069/- (including the advances against equity aggregating to Rs.197,515,396/- (Refer Note No. B-11 below)) and the debts due from such subsidiaries aggregating to Rs.4,528,560/- as at the year-end. In the opinion of the management, considering that the said subsidiaries are set up in the current year / recent years, are in their initial period of growth and also considering the long-term involvement of the Company and the business plans of the said subsidiaries, the diminution in the value of the investments is considered as temporary and the loans/ advances and debts are considered good of recovery by the management and no provision is considered necessary in this respect, at this stage.
11. a) In accordance with the agreements entered, the Company has transferred the Learning Services business with effect from January 1, 2004 and the Attest testing business with effect from January 14, 2004 to two of its wholly owned subsidiary companies on a going concern basis at agreed consideration, aggregating to Rs.151,717,290/- and Rs.328,406/- respectively and the consideration is to be discharged by issue of equity shares in the respective companies. The said subsidiary companies are taking necessary steps for allotment of the shares to the Company, including for increase in their authorised share capital.
b) Further, during the latter part of the current year, the Company has remitted USD 900,000 (Equivalent of Rs.40,950,000) to a wholly owned subsidiary in the U.S.A., towards share application.
The Company expects the shares to be issued shortly and accordingly, Rs.197,515,396/- representing the value of the net assets transferred, the amounts paid towards share application money during the current year, [as referred to in para a) & b) above] and Rs.4,519,700/- carried forward from the previous year as share application money have been included in schedule of Loans and Advances (Schedule 7) as "Loans to Subsidiaries" (Refer note no. B-10 above). The excess/short application money would be adjusted on the actual number of shares issued.
12. The Company holds equity investments in Aptech Software Limited. As at December 31, 2003 the Company disclosed 49,930 equity shares being held in the said company, in its financial statements. The 70 equity shares were not considered as held by the nominees of the company and the minority interest was also computed, in the Consolidated Financial Statements, on that basis. During the year, the Company on realising that the individual shareholders were holding such shares on behalf of the Company as nominee shareholders, has disclosed appropriately such investments of 70 equity shares as on December 31, 2004. The Company also reimbursed the cost of the shares to such shareholders, during the year.

Significant Accounting Policies and Notes

13. During the previous year, the Company had formed an Education Society in Chattisgarh, for the purpose of forming a private university to move into the formal mode of education. The Society in turn, has obtained the requisite approval from the State Government and necessary notifications have been issued, by which Aptech University had been established.

The Company being the sponsor, after obtaining the necessary board approvals, has during the year, given interest-free unsecured loans/advances aggregating to Rs.242,180,279/- (net) (Previous year Rs.2,158,686/-) (aggregate to date Rs.244,338,965/-) to the society. Such sums advanced are mainly out of the GDR proceeds and are repayable on demand. These are given mainly to meet the requirements of the society towards purchase of course materials, deposit towards endowment fund and the initial capital expenditure and also towards operating expenses for the University's day-to-day functioning. On the other hand, during the year, the Company earned revenues aggregating to Rs.50,000,000/- from the society, in the form of sale of content and license fees.

However, Aptech University which had been set up by Aptech Education Society, was rendered null and void by the Supreme Court vide its order dated February 11, 2005 since the manner in which the private universities were created by the state of Chattisgarh was not strictly in accordance with the technicalities of passing the law through state legislature. The University, has subsequently filed a review petition along with several others before the Supreme Court, and has also simultaneously appealed to the state of Chattisgarh, that the technical defect be corrected, so that the status-quo-ante of the University is maintained. The review petition and the appeal to the State is pending decision before the Supreme Court. The management is hopeful of a positive judgement in this respect and is also considering alternative possibilities for the society setting up private universities in India and abroad, where the respective legislatures may so permit. However, the Company out of abundant caution has fully provided for the aforesaid loans/advances of Rs.244,338,965/-, outstanding as at the year end.

14. 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. Cash and Bank Balances (Schedule 7C) as at December 31, 2004 in respect of such bank accounts, include :
- Balances aggregating to Rs. 2,791,726/- (Previous Year Rs.24,258,025/-) in respect of which the Company has received the bank statements for the period ended December 31, 2004 subsequent to that date, from some of the remotely located centers, which are being reconciled with the bank balance as per the books of accounts as at December 31, 2004 and
 - Balances aggregating to Rs. 4,667,090/- (Previous year Rs.3,704,313/-) (mainly non-operating bank accounts), which are subject to confirmation and consequent reconciliation/adjustments, if any, on 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 loss for the year, on completion of the reconciliation.

15. Payment to Auditors :

	Current Year Rupees	Previous Year Rupees
a. Audit Fees	1,700,000	1,300,000
b. Tax Audit Fees, Transfer Pricing Certification	575,000	525,000
c. Others including certification work and audit of consolidated financial statements for GDR purposes in the previous year, etc.	57,500	1,500,000
d. Reimbursement of Expenses	4,924	-
e. Service Tax	223,370	258,000
	<u>2,560,794</u>	<u>3,583,000</u>

APTECH LIMITED

Significant Accounting Policies and Notes

16. Managerial Remuneration under Section 198 of the Companies Act, 1956 : (Minimum Remuneration)

	Current year Rupees	Previous year Rupees
Salaries and Allowances	2,416,353	4,208,670
Contribution to Provident and other funds	557,014	662,738
Perquisites	95,445	153,756
	<u>3,068,812</u>	<u>5,025,164</u>

Notes :

1. Considering the loss for the year, the remuneration for the current year is the minimum managerial remuneration payable in accordance with Schedule XIII of the Companies Act, 1956. Consequent to the computation of managerial remuneration at the minimum remuneration scale for the aforesaid reason, the salary was excess paid to the Managing Director for an amount aggregating to Rs.661,476/- (Refer to note 3 in Schedule 7D) which has been recovered subsequent to the year end.
2. Remuneration for the current year includes Rs.18,817/- paid to an executive director for part of the year up to end of his service period i.e., January 2, 2004 whereas the Previous year figure includes such remuneration Rs.1,646,173/- for the entire 12 months.
3. The computation of Net Profits under Section 349 of the Companies Act, 1956 is not given since no commission is payable to any director.

17. Related Party Disclosures

a) Names of related parties and description of relation :

- | | |
|--|--|
| i) Subsidiaries : | Aptech Training Limited F.Z.E.
Aptech (WOS) Bangladesh Limited
Aptech Software Limited
Attest Testing Services Limited
Aptech Worldwide Corporation
Aptech Training & Education Trust
Aptech Education Society |
| 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. Narsingh Rao | Non-Executive Director |
| Mr. Pramod Khera | Managing Director |
| Mr. V. Balasubramanian | Director (resigned w.e.f. January 2, 2004) |
| v) Others : | |
| (Entities in which the directors
have control and/or significant influence) | Aptech Education Trust
Aptech Employee Welfare Trust |

Significant Accounting Policies and Notes

b) Transactions with related parties :

Nature of Transaction	Company Whose Control Exists (Rupees)	Subsidiaries (Rupees)	Joint Ventures (Rupees)	Key Management Personnel (Rupees)	Others (Rupees)	Total (Rupees)
Income						
Training and Education (Previous year)	– (–)	55,666,885 (3,530,937)	16,827,650 (17,754,611)	– (–)	– (–)	72,494,535 (21,285,548)
Dividend Income (Previous year)	– (–)	– (–)	54,172,727 (22,795,000)	– (–)	– (–)	54,172,727 (22,795,000)
Recoveries of costs incurred (Previous year)	– (–)	8,874,045 (–)	540,181 (–)	– (–)	– (–)	9,414,226 (–)
Receiving of Services and Reimbursement of expenses (Previous year)	– (13,951,236)	– (21,618)	– (173,487)	3,068,812 (5,025,164)	– (2,400,000)	3,068,812 (21,571,505)
Finance (Including loans and equity contributions in cash or in kind)						
(a) Loans/Advances Given						
Balance as at January 1, 2004 (Previous year)	– (–)	908,518 (1,852,548)	– (–)	– (–)	3,646,904 (15,000)	4,555,422 (1,867,548)
Fresh Loans/Advances Adjusted During the year (Previous year)	– (–)	540,464,607 (908,518)	– (–)	661,476 (–)	286,120 (3,631,904)	541,412,203 (4,540,422)
Repaid/ Adjusted during the year (Previous year)	– (–)	908,518 (1,852,548)	– (–)	– (–)	3,631,904 (–)	4,540,422 (1,852,548)
Balance as at December 31, 2004 (Previous year)	– (–)	540,464,607 (908,518)	– (–)	661,476 (–)	301,120 ** (3,646,904)	541,427,203 (4,555,422)
(b) Loans Taken						
Balance as at January 1, 2004 (Previous year)	– (–)	– (–)	– (–)	– (–)	– (16,500,000)	– (16,500,000)
Fresh Loans During the year (Previous year)	– (10,000,000)	– (–)	– (–)	– (–)	– (–)	– (10,000,000)
Repaid/Adjusted during the year (Previous year)	– (10,000,000)	– (–)	– (–)	– (–)	– (16,500,000)	– (26,500,000)
Balance as at December 31, 2004 (Previous year)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Interest paid on loans taken (Previous year)	– (–)	– (–)	– (–)	– (–)	– (536,250)	– (536,250)

APTECH LIMITED

Significant Accounting Policies and Notes

Nature of Transaction	Company Whose Control Exists (Rupees)	Subsidiaries (Rupees)	Joint Ventures (Rupees)	Key Management Personnel (Rupees)	Others (Rupees)	Total (Rupees)
(c) Investment in Equity (Including share application money)						
Balance as at January 1, 2004 <i>(Previous year)</i>	– (–)	52,435,437 (2,734,955)	11,243,494 (11,243,494)	– (–)	– (–)	63,678,931 (13,978,449)
Purchased/Adjusted during the year <i>(Previous year)</i>	– (–)	500,700 (49,700,482)	– (–)	– (–)	– (–)	500,700 (49,700,482)
Adjusted during the year (as advance against equity) <i>(Previous year)</i>	– (–)	4,519,700 (–)	– (–)	– (–)	– (–)	4,519,700 (–)
Balance as at December 31, 2004 <i>(Previous year)</i>	– (–)	48,416,437 (52,435,437)	11,243,494 (11,243,494)	– (–)	– (–)	59,659,931 (63,678,931)
(d) Acquisition of Training and Educational Business						
Purchase Consideration <i>(Previous year)</i>	– (286,500,000)	– (–)	– (–)	– (–)	– (–)	– (286,500,000)
(e) Sale of Content & Attest Business						
<i>(Previous year)</i>	– (–)	152,045,696 (–)	– (–)	– (–)	– (–)	152,045,696 (–)
(f) Debtors Balance as at December 31, 2004						
<i>(Previous year)</i>	– (–)	6,186,690 (4,246,446)	64,053,863 ** (33,715,614)	– (–)	– (–)	70,240,553 (37,962,060)
(g) Creditors Balance as at December 31, 2004						
<i>(Previous year)</i>	124,866,635 (145,463,236)	– (–)	– (–)	– (–)	– (–)	124,866,635 (145,463,236)
(h) Corporate Guarantees						
<i>(Previous year)</i>	– (–)	43,576,492 (–)	– (–)	– (–)	– (–)	43,576,492 (–)

* Related party relationship is as identified by the Company and relied upon by the Auditors.

** Includes Rs. 74,77,876/- (Previous Year Rs.71,76,756/-) provided for as Doubtful of recovery.

*** Previous year figures are given in brackets.

Significant Accounting Policies and Notes

- c) Out of the above items transactions with subsidiaries, Associates and Key Management Personnel in excess of 10% of the total related party transactions are as under :

Transaction	Relationship	Current year (Rupees)	Previous year (Rupees)
a) Turnover Training & Education Income Beijing Aptech Beida Jade Bird Information Technology Co. Limited Aptech Education Society	Joint Venture Subsidiary	16,827,650 50,000,000	17,754,611 –
b) Dividend Income Beijing Aptech Beida Jade Bird Information Technology Co. Limited	Joint Venture	54,172,727	22,795,000
c) Recoveries of Cost Aptech Software Limited	Subsidiary	87,11,265	–
d) Expenditure Remuneration Mr. Pramod Khera	Key Management Personnel	3,049,995	3,378,991
e) Loans and Advances during the year Aptech Software Limited Aptech Education Society Mr. Pramod Khera	Subsidiary Subsidiary Managing Director	233,279,573 242,180,279 661,476	4,519,700 – –
f) Sale of Business Aptech Software Limited	Subsidiary	152,045,696	–
g) Guarantee Aptech Software Limited	Subsidiary	43,576,492	–
h) Equity Investment/ Share Application Money Addition during the year Attest Testing Services Limited	Subsidiary	500,000	–

18. Earnings per Share :

	Current year	Previous year
(Loss)/Profit after tax attributable to Shareholders (Rupees)	(616,592,323)	112,723,733
Weighted average number of equity shares Outstanding during the year		
Basic and Diluted	33,509,437	20,506,040
Nominal value of equity shares (Rupees)	10/-	10/-
Basic and Diluted EPS (Rupees)	(18.40)	5.50

Note : Warrants issued and options granted under ESOP schemes, have not been considered for the computation of Diluted EPS since the same have an anti-dilutive effect.

APTECH LIMITED

Significant Accounting Policies and Notes

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

Particulars	December 31, 2004 Rupees	December 31, 2003 Rupees
i) Deferred tax liability :		
Related to Fixed assets	(99,329,075)	(237,089,799)
ii) Deferred tax assets :		
Other timing differences	3,090,081	7,496,502
Provision for Doubtful Debts/Advances/ Leave Encashment	96,238,994	20,564,808
Carry forward loss/unabsorbed Depreciation	–	196,180,982
Net deferred tax asset/(liability)	–	(12,847,507)

The deferred tax asset/liabilities have been recognised in accordance with Accounting Standard 22 (AS 22) "Accounting for taxes on Income" issued by The Institute of Chartered Accountants of India and the accounting policy followed by the company in this respect. On that basis, the net deferred tax asset would be accounted for in the subsequent year/years considering the requirements of the accounting standard and the policy followed by the company as aforesaid.

b) Computation of deferred tax as stated in a) above, has been made for the year ended on December 31, 2004 which will be adjusted considering the total assessable income for the financial year ending for Income Tax purposes being March 31, 2005.

20. The Company has a Joint Venture as on December 31, 2004 and its proportionate share in assets, liabilities, income and expenditure of the Joint Venture Company (on the basis of Audited Financial Statements) is given below :

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)	122,148,044	51,951,105
Liabilities (Rupees)	63,943,479	3,204,881
Contingent Liabilities (Rupees)	NIL	NIL
Capital Commitment (Rupees)	13,092,750	NIL
Income for the year ended December 31, 2004 (Rupees)	273,065,098	131,624,498
Expenses for the year ended December 31, 2004 (Rupees)	173,155,996	100,316,125

Significant Accounting Policies and Notes

21. Additional information pursuant to the provisions of Paragraph 3, 4C, 4D of Part II of Schedule VI of the Companies Act, 1956 :

Quantitative Details of :

i) Education and Training course materials :

		Current year	Previous year
1.	Opening Quantity (Nos.) Value (Rupees)	1,363,415 12,790,478	903,291 24,192,007
2.	Purchase Quantity (Nos.) Value (Rupees)	3,648,802 62,887,455	3,775,022 56,589,301
3.	Sales Quantity (Nos.)* Value (Rupees)	3,888,878 78,651,320	3,314,898 51,889,539
4.	Closing Stock Quantity (Nos.) Value (Rupees)	1,123,339 12,714,561	1,363,415 12,790,478

* Including consumption at owned centers.

(ii) Expenditure in Foreign Currency :

	Current year Rupees	Previous year Rupees
a) Foreign Travel	5,395,435	6,962,415
b) Training and Education Expenses	11,212,668	14,783,160
c) Administrative and Other Expenses	3,157,841	225,941
d) Miscellaneous Expenses	481,464	-

(iii) Earnings in Foreign Currency :

	Current year Rupees	Previous year Rupees
a) F.O.B. Value of sale of Education and training course materials	6,693,044	8,315,963
b) Training and Education Income	140,816,605	104,708,447
c) Dividend Income	54,172,727	22,795,000
d) Interest Income	1,068,004	-

APTECH LIMITED

Significant Accounting Policies and Notes

22. 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	Loans and Advances as at December 31, 2004 Rupees	Maximum Outstanding during the year Rupees
Aptech Training Limited FZE	Wholly Owned Subsidiary	– (908,518)	908,518 (1,852,548)
Aptech (WOS) Bangladesh Limited	Wholly Owned Subsidiary	2,103,573 (–)	2,103,573 (–)
Aptech Software Limited	Wholly Owned Subsidiary	82,062,284 (–)	82,062,284 (–)
Attest Training Services Limited	Wholly Owned Subsidiary	6,028,663 (19,300)	6,028,663 (19,300)
Aptech Training and Education Trust	Subsidiary	8,415,726 (1,473,218)	8,415,726 (1,473,218)
Aptech Employee Welfare Trust (Refer note 5 below)	Entity in which Director has significant influence	286,122 (286,122)	286,122 (286,122)
Aptech Education Trust (Refer note 5 below)	Entity in which Director has significant influence	15,000 (15,000)	15,000 (15,000)
Aptech Education Society (Refer Note 5 below)	Subsidiary	244,338,965 (2,158,686)	248,970,372 (2,158,686)

Notes : 1. The above loans and advances are 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 loanees in the shares of the company.

4. The above loans and advances exclude advances against Equity (Refer note no. B-11 above).

5. The said loans are provided for as doubtful of recovery (Refer note no. B-13 above).

23. The results of the current year are strictly not comparable with those of the previous year on account of the following :
- The results of operations of the current year exclude the results of operations of development and testing business transferred to two subsidiary companies during the year (Refer note no. 11a), which were included in the results of last year.
 - The current year results include the results of operations of "Training and Education business" acquired from SSI Limited in the previous year, for a period of 12 months, which in the previous year were only for a period of 9 months, w.e.f April 1, 2003.
 - Training and Education income includes the royalty income from domestic retail business accounted according to the method explained in note no. B-3 above, which in the previous year was reflected in the training and education income on gross basis with the corresponding expenditure being included in 'Center Operating Expenses'.
24. The Company, based on expert legal advice, did not provide for the Service tax liability for the period 1st July, 2003 to 30th June, 2004. However, in order to avoid protracted litigation as also possible penal consequences the company decided to provide the Service tax liability of Rs.13,074,440/- at the end of the year and has paid the same subsequent to the Balance Sheet date.

Significant Accounting Policies and Notes

25. Balance Sheet Abstract and Company's General Business Profile

1 Registration Details

Registration No.	11/123841
State Code	11
Balance Sheet Date	December 31, 2004

2 Capital Raised During The Year at Face Value

Rs. In '000

Public Issue (GDR Issue)	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

3 Position of Mobilisation and Deployment of Funds

Rs. In '000

Total Liabilities	1,171,224
Total Assets	1,171,224

Sources of Funds

Paid-up Capital	335,176
Reserves & Surplus	615,947
Secured Loans	220,101
Unsecured Loans	Nil
Deferred Tax Liability	Nil

Application of Funds

Net Fixed Assets	739,750
Investments	59,660
Net Current Assets	371,814
Misc. Expenditure	Nil
Accumulated Losses	Nil

4 Performance of Company

Rs. In '000

Turnover	1,054,682
Total Expenditure	1,684,041
(Loss)/Profit Before Tax	(629,359)
(Loss)/Profit After Tax	(612,654)
Earnings Per Share in Rs. (Refer Note No. B-18 above)	(18.40)
Dividend Rate %	Nil

APTECH LIMITED

Significant Accounting Policies and Notes

5 Generic Names of the Three Principal Products/Services of Company

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

* 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.

26. The figures for the previous accounting year have been regrouped / rearranged 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

For and on behalf of the Board of Directors

P. R. Bapande
Partner

Kalpathi S. Suresh
Chairman

Pramod Khara
Managing Director

Sree Vidhya Raju
Company Secretary

Place : Mumbai
Date : 2nd April, 2005

Place : Chennai
Date : 31st March, 2005

Auditors' Report

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 ("the Company") and its subsidiaries and joint venture as at 31st December 2004, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year then ended, annexed thereto.
2. 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. 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. We did not audit the financial statements of the subsidiaries, and a joint venture, whose financial statements reflect total assets of Rs. 708,496,347/- as at December 31, 2004, and total revenues of Rs. 357,011,863/- for the year then ended. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries and joint venture, is based solely on the reports of other auditors.
4. 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 the Company and its subsidiaries and a joint venture included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st December, 2004;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year then ended.

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Barpande
Partner

Membership No. 15291

Mumbai, dated: 2nd April, 2005

APTECH LIMITED

Consolidated Balance Sheet as at 31st December, 2004

Particulars	Schedule	As at		As at	
		31st December, 2004	31st December, 2004	31st December, 2003	31st December, 2003
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	"1"	335,094,370		335,094,370	
Warrants (Refer Note No. B-4(a) of Schedule 14)		81,950		102,850	
Reserves and Surplus	"2"	615,127,088		1,230,843,239	
			950,303,408		1,566,040,459
					700
MINORITY INTEREST (Refer Note No.B-10 of Schedule 14)					
LOAN FUNDS					
Secured Loans	"3"	263,677,398		134,756,284	
Unsecured Loans	"4"	—		2,978,411	
			263,677,398		137,734,695
					12,847,507
DEFERRED TAX LIABILITY (NET) (Refer Note No. B-15(a) of Schedule 14)					
			—		
			1,213,980,806		1,716,623,361
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	"5"	1,355,198,402		1,151,914,563	
Less : Depreciation		293,516,768		272,072,883	
Net Block			1,061,681,634		879,841,680
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	"6"	26,408,035		18,968,423	
Sundry Debtors		619,034,979		767,699,891	
Cash and Bank Balances		177,406,110		542,581,372	
Loans and Advances		134,687,416		89,738,010	
		957,536,540		1,418,987,696	
Less :					
CURRENT LIABILITIES AND PROVISIONS					
Liabilities	"7"	786,307,355		523,128,676	
Provisions		18,930,013		59,099,739	
		805,237,368		582,228,415	
NET CURRENT ASSETS			152,299,172		836,759,281
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			—		22,400
			1,213,980,806		1,716,623,361
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT. "14"					

As per our attached report of even date.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

P. R. Barpande
Partner

Kalpathi S. Suresh
Chairman

Pramod Khera
Managing Director

Sree Vidhya Raju
Company Secretary

Place : Mumbai
Date : 2nd April, 2005

Place : Chennai
Date : 31st March, 2005

Consolidated Profit and Loss Account for the year ended 31st December, 2004

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from Operations (Refer Note No. B-3 of Schedule 14)	"8"	1,281,671,176		1,777,905,319	
Other Income	"9"	4,464,728		3,960,988	
		1,286,135,904			1,781,866,307
EXPENDITURE					
Training and Education Expenses (Refer Note No. B-3 of Schedule 14)	"10"	543,017,050		1,013,750,915	
Payments to and Provision for Employees	"11"	223,414,796		172,537,316	
Administration and other Expenses	"12"	925,957,732		297,613,306	
Interest and Finance Costs	"13"	36,740,077		19,614,795	
Depreciation and Amortisation		184,870,171		134,602,756	
		1,913,999,826			1,638,119,088
(LOSS)/PROFIT BEFORE TAX		(627,863,922)			143,747,219
Provision for Taxation					
Income Tax					
– Current Tax		7,510,604		13,885,271	
– Deferred Tax		(12,847,507)		12,847,507	
Wealth Tax		81,024		78,000	
		(5,255,879)			26,810,778
(LOSS)/PROFIT AFTER TAX		(622,608,043)			116,936,441
Excess provision for income tax and wealth tax of earlier year written back		3,938,370			–
Surplus brought forward from previous year		337,035,895			107,902,288
Add : Adjustment on account of consolidation of Aptech Training and Education Trust (Refer Note No. B-18-C of Schedule 14)		500,000			–
		(281,133,778)			224,838,729
Add : Transferred from Contingency Reserve		–			200,000,000
Less : Transferred to General Reserve		4,675,438			50,000,000
Less : Equity Dividend (Final Proposed)		–		33,509,437	
Corporate Tax on Dividend		–		4,293,397	
		–			37,802,834
BALANCE CARRIED TO BALANCE SHEET		(285,809,216)			337,035,895
Earning per Share (Refer Note No. B-14 of Schedule 14)					
– Basic and Diluted			(18.58)		5.70
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT "14"					

As per our attached report of even date.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

P. R. Barpande
Partner

Kalpathi S. Suresh
Chairman

Pramod Khera
Managing Director

Sree Vidhya Raju
Company Secretary

Place : Mumbai
Date : 2nd April, 2005

Place : Chennai
Date : 31st March, 2005

APTECH LIMITED

Consolidated Cash Flow Statement for the year ended December 31, 2004

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		(627,863,922)		143,747,219
Adjustments				
Warrants Written Back	(20,900)		(227,150)	
Employee Stock Compensation Credit (Erstwhile Aptech Scheme)	(209,000)		(2,271,500)	
Employee Stock Compensation Debit (2004 Scheme)	13,051,637		—	
Depreciation	184,870,171		134,602,756	
Interest and Finance Costs	36,740,077		19,614,795	
Interest Income	(2,692,922)		(2,237,028)	
Exchange Fluctuations (net)	(2,814,239)		5,853,740	
Fixed Assets Written off	394,335,836		—	
Goodwill on Consolidation written off	102,992		—	
Preliminary expenses written off	2,228,079		—	
Loss on Sale of Fixed Assets (net)	2,434,979		5,427,537	
		628,026,710		160,763,150
Operating Profit Before Working Capital Changes		162,788		304,510,369
Adjustments for :				
Inventory	(7,439,612)		10,843,720	
Sundry Debtors	148,664,912		(324,443,166)	
Loans and Advances	(35,236,466)		32,951,531	
Current Liabilities and Provisions	29,943,540		(50,391,689)	
		135,932,374		(331,039,604)
Cash from/(used) in Operating Activities		136,095,162		(26,529,235)
Interest Received	2,579,953		2,237,028	
Dividend Tax paid	(4,293,397)		—	
Wealth Tax Refund	(57,291)		(77,236)	
Income Tax Refund	(10,243,933)		(1,524,919)	
		(12,014,668)		634,873
Net Cash from/(used) in Operating Activities		124,080,494		(25,894,362)
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(544,940,836)		(70,562,496)	
Part Payment Towards Purchase of Training and Education Business	(15,000,000)		(155,000,000)	
Minority Interest paid	(700)		—	
Preliminary Expenses incurred	22,400		(22,400)	
Sale of Fixed Assets	6,310,171		4,741,188	
Investments	—		11,243,494	
Net Cash used in Investing Activities		(553,608,965)		(209,600,214)

Consolidated Cash Flow Statement for the year ended December 31, 2004

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
(C) CASH FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital/(GDR's)	—		653,256,000	
Share issue expenses (GDR)	—		(26,130,240)	
Proceeds from Borrowings (net)	128,921,114		33,360,414	
Dividend Paid	(32,863,283)		—	
Interest Paid	(34,518,862)		(16,636,384)	
Net Cash from Financing Activities		61,538,969		643,849,790
Net (Decrease)/Increase in Cash and Cash equivalents		(367,989,502)		408,355,214
Cash and Cash equivalents at the beginning of the year		548,295,088		48,163,726
Cash and Cash equivalence as at 1.4.2003 of Training and Education Business acquired in accordance with an agreement with SSI Ltd.		—		91,776,148
Cash and Cash equivalents at the end of the year		180,305,587		548,295,088
Notes:		(367,989,502)		408,355,214

- 1) Cash and cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer schedule 6C of the balance sheet)
- 2) Cash and cash equivalents include :

	As at December 31,2004 Rupees	As at December 31,2003 Rupees
Cash and Bank balances	177,406,110	542,581,372
Unrealised loss on foreign currency cash and cash equivalents	2,899,477	5,713,716
Total Cash and Cash equivalents	180,305,587	548,295,088

- 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 activities.
- 5) 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.
- 6) Additions to fixed assets and sale of fixed assets are considered as part of investing activities.
- 7) Previous year 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

For and on behalf of the Board of Directors

P. R. Barpande
Partner

Kalpathi S. Suresh
Chairman

Pramod Khera
Managing Director

Sree Vidhya Raju
Company Secretary

Place : Mumbai
Date : 2nd April, 2005

Place : Chennai
Date : 31st March, 2005

APTECH LIMITED

Schedules to the Consolidated Balance Sheet

Particulars	As at 31st December, 2004		As at 31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "1" - SHARE CAPITAL				
AUTHORISED				
60,000,000 (Previous Year 60,000,000)				
Equity Shares of Rs. 10/- each		600,000,000		600,000,000
		600,000,000		600,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
33,509,437 (Previous year 33,509,437)				
Equity Shares of Rs. 10/- each fully paid of the above :		335,094,370		335,094,370
a) 18,147,437 equity shares of Rs. 10/- each had 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, had been allotted against underlying 3,840,000 Global Depository Receipts of USD 3.75 each, issued by the Company. (Refer Note No. B-9 of Schedule 14)				
		335,094,370		335,094,370
SCHEDULE "2" - RESERVES AND SURPLUS				
EMPLOYEES STOCK OPTIONS OUTSTANDING				
(Refer Note No. B-4(a) of Schedule 14)				
ESOP 'ERSTWHILE APTECH LIMITED' SCHEME				
Balance at the commencement of the year		1,028,500		3,300,000
Less : Credit for the Year		209,000		2,271,500
		819,500		1,028,500
ESOP 2004 SCHEME				
(Refer Note No. B-4(b) of Schedule 14)				
Balance at the commencement of the year		—		—
Add : Net Charge for the year		13,051,637		—
		13,051,637		—
CAPITAL RESERVE				
Balance at the commencement of the year		22,809		22,809
CAPITAL REDEMPTION RESERVE				
Balance at the commencement of the year		88,480,000		88,480,000
SECURITIES PREMIUM ACCOUNT				
Balance at the commencement of the year		473,525,760		—
Add : Credited during the year		—		499,656,000
Less : Share issue expenses (GDR issue)		—		26,130,240
		473,525,760		473,525,760

Schedules to the Consolidated Balance Sheet

Particulars	As at		As at	
	31st December, 2004		31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
GENERAL RESERVE				
Balance at the commencement of the year		330,750,275	280,750,275	
Less : Adjustments as at January 1, 2004 on Account of :				
A) Intangible Assets - Goodwill (Refer Note No. B-6 of Schedule 14)		7,144,563	–	
B) Intangible Assets - Courseware (Refer Note No. B-7 of Schedule 14)		3,244,552	–	
Add : Transferred from Profit and Loss Account		4,675,438	50,000,000	
		325,036,598	330,750,275	
Less : Debit Balance in Profit and Loss Account deducted as per contra		285,809,216	–	
		39,227,382		330,750,275
CONTINGENCY RESERVE				
Balance at the commencement of the year		–	200,000,000	
Less : Transferred to Profit and Loss Account		–	200,000,000	
				–
SURPLUS IN PROFIT AND LOSS ACCOUNT		–		337,035,895
		615,127,088		1,230,843,239
SCHEDULE "3" - SECURED LOANS Notes :				
From Banks				
– Term Loans	1	101,732,694		5,429,062
– Working Capital Demand Loan	1	110,947,834		104,000,000
– Cash Credit Account	1	39,707,707		20,830,418
– Vehicle Loans	2	11,289,163		4,496,804
		263,677,398		134,756,284

Notes :

- 1) Term Loan, Working Capital Demand Loan and Cash Credit from banks are secured as under :
 - a) Term Loan aggregating to Rs. 24,900,006/- as at December 31, 2004., Working Capital Demand Loan and Cash Credit Account from the Bank 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 ranking paripasu for the assets stated in note B below and first exclusive charge by way of hypothecation of all tangible movable fixed assets which include Plant and Machinery, Furniture and Fittings, Computers and Vehicles (other than those stated in note No. 2 below) at locations specified in the supplementary deed dated 4th November, 2004 to composite hypothecation deed dated 25th June, 2003, and stocks and book debts.
 - b) Term loan from another bank aggregating to Rs.33,256,196/- as at December 31, 2004 is secured by first charge (ranking paripasu with the bank stated in 1 above) by way of hypothecation of entire fixed assets acquired/to be acquired by the Company for the implementation of the Delhi school project and the book debts of the Company, relating to the said project and second charge on the fixed Assets of the Company, as stated in 1) a) above.
 - c) Term Loan aggregating to Rs. 43,576,492/- as at December 31, 2004 taken by a wholly owned Subsidiary Company from the bank stated in 1 a) above is secured by equitable mortgage by deposit of Title deeds of the said Subsidiary's immovable properties situated at Mumbai and which is further secured by Corporate guarantee given by the Parent Company.
- 2) Vehicle loans are secured by charge on the concerned vehicles purchased.

APTECH LIMITED

Schedules to the Consolidated Balance Sheet

Particulars	As at		As at	
	31st December, 2004		31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "4" - UNSECURED LOANS OTHER LOANS AND ADVANCES				
Interest accrued and due (on Inter Corporate Deposits from Others)		–		2,978,411
		–		2,978,411

SCHEDULE "5" - FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION			NET BLOCK		
	As At 01-01-2004	Additions	Deductions/ Adjustments	As At 31-12-2004	As At 01-01-2004	For The Year	Deductions/ Adjustments	As At 31-12-2004	As At 31-12-2003	As At 31-12-2003
Freehold Land	185,823	4,891,016	–	5,076,839	–	–	–	–	5,076,839	185,823
Buildings (including improvements to Lease hold Premises)	99,796,747	51,087,381	–	150,884,128	5,367,467	3,585,142	–	8,952,609	141,931,519	94,429,280
Plant and Machinery	682,087,091	403,869,945	(445,292,292)	640,664,744	235,283,686	109,254,624	(160,210,710)	184,327,600	456,337,144	446,803,405
Furniture and Fixtures	131,869,223	19,274,747	(75,482,478)	75,661,492	7,979,586	26,130,953	(3,653,696)	30,456,843	45,204,649	123,889,637
Vehicles	22,383,033	12,660,232	(5,892,871)	29,150,394	3,540,220	2,440,543	(681,592)	5,299,171	23,851,223	18,842,813
Intangible Assets										
– Goodwill	95,260,844	102,992	(102,992)	95,260,844	–	9,526,084	7,144,563	16,670,647	78,590,197	95,260,844
– Courseware	99,922,227	209,934,798	(50,228,748)	259,628,277	12,193,969	22,348,381	(6,024,851)	28,517,499	231,110,778	87,728,258
– Computer Software	20,409,575	78,462,109	–	98,871,684	7,707,955	11,584,444	–	19,292,399	79,579,285	12,701,620
Current Year	1,151,914,563	780,283,220	(576,999,381)	1,355,198,402	272,072,883	184,870,171	(163,426,286)	293,516,768	1,061,681,634	879,841,680
Previous Year	807,203,313	358,260,622	(13,549,372)	1,151,914,563	140,850,774	134,602,756	(3,380,647)	272,072,883	879,841,680	

Notes :

- Buildings include value of properties in co-operative societies including shares of respective societies.
- Depreciation for the year includes on account of prior period Rs. 42,677,005/- (Previous period Rs. 7,591,395/-).
- Deduction/Adjustments includes adjustments on account of -
 - Fixed Assets written off Cost Rs. 566,246,708/-, Accumulated Depreciation Rs. 171,910,872/- (Refer Note no. B-5 of Schedule 14)
 - Intangible Assets - Goodwill and Internally generated Courseware. (Refer Note Nos. B-6 and 7 of Schedule 14)
- Intangible Asset - Computer Software is re-grouped from Plant and Machinery in accordance with the requirements of Accounting Standard-26 "Intangible Assets"
- Additions to Goodwill include Rs. 102,992/-, being Goodwill arising on Consolidation of Aptech Education Society, which is written off during the year (Refer Note No. B-11 of Schedule 14)

Schedules to the Consolidated Balance Sheet

Particulars	As at 31st December, 2004 Rupees	As at 31st December, 2003 Rupees
SCHEDULE "6" - CURRENT ASSETS		
A. INVENTORIES		
(Lower of cost or net realisable value)		
Education and training materials (Refer Note No. B-11 of Schedule 14)	26,408,035	18,968,423
B. SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months (Refer Note No. B-8 and 11 of Schedule 14)	416,853,667	338,657,745
Other Debts	437,723,134	460,098,694
	854,576,801	798,756,439
Less : Provision	235,541,822	31,056,548
	619,034,979	767,699,891
Notes : Sundry Debtors includes		
a) Considered good Rs. 619,034,979/- (Previous Year Rs. 767,699,891)		
b) Considered Doubtful Rs. 235,541,822/- (Previous Year Rs. 31,056,548)		
C. CASH AND BANK BALANCES		
1. Cash in Hand	1,636,928	521,960
2. Bank Balances		
a) With Scheduled Banks		
i) In Current Accounts (including Exchange Earners Foreign Currency Accounts Rs. 19,155,361/- Previous Year Rs. 107,664,763/-)	82,844,704	174,117,563
ii) In Deposit Accounts (Including Margin Deposit Rs. 16,975,073/- (Previous Year Rs. Nil.) and Including Interest Accrued Rs. 101,073/- (Previous Year Rs. 98,092/-)	17,215,323	2,658,277
b) With others in current account Banco Portugues De Negocios (Banco Efisa) (Portugues) (maximum balance during the year Rs.280,295,430/- (Previous year Rs. 653,256,000/-) Prime Bank Limited (maximum balance during the year Rs. 2,311/- (Previous year Rs. 920,167/-) Southeast Bank Limited (maximum balance during the year Rs. 193,782/- (Previous year Rs. 1,359,266/-)	—	280,295,430
	2,311	1,964
	32,618	44,330

APTECH LIMITED

Schedules to the Consolidated Balance Sheet

Particulars	As at		As at	
	31st December, 2004	31st December, 2003	31st December, 2003	31st December, 2003
	Rupees	Rupees	Rupees	Rupees
Standard Chartered Bank (maximum balance during the year Rs. 3,142/- (Previous year Rs. 150,104/-)	1,654		3,142	
Citi Bank N.A. (maximum Balance during the year Rs.45,994,305/- (Previous year Rs. 45,994,305/-)	4,863,101		45,994,305	
Bank of China (maximum balance during the year Rs. 7,871,327/- (Previous year Rs. 34,379,707/-)	4,073,904		7,420,417	
Citic Bank China (maximum balance during the year Rs. 133,471,135/- (Previous year Rs. 92,451,304/-)	66,735,567		31,523,984	
		177,406,110		542,581,372
Notes :				
1) Bank Balances includes Rs. Nil. (Previous year Rs. 375,261,320/-) being unutilised monies raised by Public Issue of Shares (GDRs) (Refer Note No. B-9 of Schedule 14)				
2) Fixed Deposit Receipts of 16,874,000/- (Previous year Rs. Nil) are lodged with a Bank against letters of credit issued for purchase of Fixed Assets at Delhi School Project.				
D. LOANS AND ADVANCES (UNSECURED)				
To others (Refer Note No. B-11 of Schedule 14)	51,738,049		6,143,592	
Advances Recoverable in Cash or in Kind or for Value to be Received (Refer Note No. 2 below)	54,148,836		21,534,361	
Deposits	76,630,962		69,385,547	
Advance Payment of Income Tax	27,077,170		16,833,237	
	209,595,017		113,896,737	
Less : Provision	74,907,601		24,158,727	
Notes : Loans and Advances Includes		134,687,416		89,738,010
1) a) Considered Good Rs. 134,687,416/- (Previous year Rs. 89,738,010/-)				
b) Considered Doubtful Rs. 74,907,601/- (Previous year Rs. 24,158,727/-)				
2) Capital advances Rs. 26,450,000/- (Previous year Rs. Nil.)				
3) Due from Director Rs. 661,476/- (Previous year Rs. NIL) (Refer Note No. B-16(i) of Schedule 15 of Financial Statement of the Parent Company) Maximum amount outstanding during the year Rs. 661,476/- (Previous year Rs. Nil.)				
		957,536,540		1,418,987,696

Schedules to the Consolidated Balance Sheet

Particulars	As at 31st December, 2004 Rupees Rupees		As at 31st December, 2003 Rupees Rupees	
SCHEDULE "7" - LIABILITIES & PROVISIONS				
A. CURRENT LIABILITIES				
Acceptances	245,966,472		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	496,673,156		491,418,666	
	496,673,156		491,418,666	
Unclaimed Dividend*	646,154		—	
Interest accrued but not due	248,489		—	
Other liabilities	42,773,084		12,336,428	
	786,307,355		523,128,676	
*These figures do not include any amounts due and outstanding to be credited to Investor Education and Protection Fund				
B. PROVISIONS				
Provision for taxation	11,430,624		15,720,056	
Proposed Dividend	—		33,509,437	
Provision for Corporate tax on dividend	—		4,293,397	
Provision for Leave Encashment	7,499,389		5,576,849	
	18,930,013		59,099,739	
	805,237,368		582,228,415	

APTECH LIMITED

Schedules to the Consolidated Profit and Loss Account

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "8" - INCOME FROM OPERATIONS				
Training and Education Income (Refer Note No. B-3 of Schedule 14)		1,263,471,715		1,777,905,319
Income from Testing Services Operations		1,082,154		—
Income from Content Development		17,117,307		—
		1,281,671,176		1,777,905,319
SCHEDULE "9" - OTHER INCOME				
Interest Income (Tax deducted at source Rs. 71,413/- Previous year Rs. 207,422/-)		2,692,922		2,237,028
Warrants written back (Refer Note No. B-4(a) of Schedule 14)		20,900		227,150
Miscellaneous Income		1,750,906		1,496,810
		4,464,728		3,960,988
SCHEDULE "10" - TRAINING AND EDUCATION EXPENSES				
Education, Training Expenses and Course Materials (including Prior Period Rs. Nil Previous year Rs. 6,560,365/-)		264,363,249		66,784,069
Center Operation Expenses (Refer Note No. B-3 of Schedule 14) Net of Excess Provision of Rs.Nil Previous year Rs. 18,660,911/- and Sundry Credit Balances (Net), no longer required written back Rs. Nil Previous Year Rs. 21,360,900/-)		—		630,464,984
Course Execution Charges (including Prior Period Rs. Nil Previous year Rs. 29,379,492/- and Net of excess provision of earlier year Written back Rs, 8,214,713/- Previous year Rs. Nil)		216,226,200		223,647,408
Content Development Charges		1,692,450		—
Advertisement and Publicity (Net of Recoveries Rs. 10,466,668/- Previous year Rs. Nil/- and Excess Provision of earlier year written back Rs. 2,033,461/- Previous year Rs. Nil)		60,735,151		92,854,454
		543,017,050		1,013,750,915
SCHEDULE "11" - PAYMENTS TO AND PROVISION FOR EMPLOYEES				
Salary and other allowances (including Rs. Nil Previous year Rs. 5,155,424/- Reimbursed to transferor Company)		189,418,829		149,184,701
Contribution to Provident Fund and Other Funds		25,885,696		18,284,207
Staff Welfare Expenses		8,110,271		5,068,408
		223,414,796		172,537,316

Schedules to the Consolidated Profit and Loss Account

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "12" - ADMINISTRATION AND OTHER EXPENSES				
Rent, Rates and Taxes		53,298,801		44,872,589
Travelling and Conveyance Expenses		50,385,491		51,847,712
Electricity Charges		9,844,781		11,359,668
Communication Expenses		21,199,934		20,298,998
Repairs and Maintenance				
– Buildings		1,037,312		963,016
– Plant and Machinery		9,956,840		10,552,596
– Others		23,618,613		7,512,380
(including Project Installation Cost Rs. 16,108,675/-, Previous Year Rs. Nil)		34,612,765		19,027,992
Insurance Premium		944,014		1,618,718
Legal and Professional Charges		29,850,859		32,200,550
Bad Debts/Advances Written off		2,951,947		2,562,446
Provision For Doubtful Debts and Advances		261,901,874		55,724,305
Exchange Difference (Net)		18,873,117		9,475,820
Loss on Sale of Fixed Assets		2,434,979		5,427,537
Fixed assets Written off (Refer Note No. B-5 Schedule 14)		394,335,836		—
(including Intangible Assets Rs. 40,959,345/-, Previous Year Rs. Nil)				
Goodwill Arising on Consolidation Written off (Refer Note No. B-11 of Schedule 14)		102,992		—
Director's Sitting Fees		295,000		400,000
Printing and Stationery		13,085,103		15,389,563
Preliminary Expenses Written Off		2,228,079		—
Miscellaneous Expenses (Note : Miscellaneous Expenses includes Audit Fees, Carriage and Forwarding, Security Charges, Service Charges Etc.)		29,612,160		27,407,408
		925,957,732		297,613,306
SCHEDULE "13" - INTEREST AND FINANCE COST				
Interest On				
– Fixed Loans		11,958,905		5,193,981
– Others		12,190,340		10,239,817
Bank Charges		12,590,832		4,180,997
		36,740,077		19,614,795

APTECH LIMITED

Consolidated Significant Accounting Policies and Notes

SCHEDULE "14" 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, 2004 except for a subsidiary located at Bangladesh where the accounts are prepared for the year October 1, 2003 to September 30, 2004. No significant transactions or events have occurred in that subsidiary for the period October 1, 2004 to December 31, 2004.
- (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 intra-group balances, intra-group transactions and the unrealised profits/(losses).
- 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 franchisees in accordance with the

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agreements was debited to Center Operating Expenses, upto December 31, 2003. The Company, with effect from January 1, 2004, has accounted for royalty income in respect of its domestic retail business. (Refer note no B-3 below)

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.

(e) Fixed Assets:

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

(f) Intangible assets:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Internally generated intangible asset arising from development activity is recognised only on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation.

(g) Depreciation and Amortisation:

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 except for certain items of Plant and machinery (including computers) installed at and used in Government projects are depreciated over 4-5 years by the Parent Company and all the Indian Subsidiaries.

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

Goodwill arising on acquisition of business unit is amortised over a period of ten years. (Refer note B-6 below).

Depreciation on assets of foreign 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%

(h) Inventories:

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

(i) Foreign Currency Transactions:

- i) Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. 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 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 as "Foreign Exchange Rate Difference."

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(j) Retirement Benefits:

- (i) Company's contribution to Provident Fund, Superannuation Fund and other funds 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.

(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) Leases:

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

(n) Contingent liabilities:

These if any, 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) 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.

(p) 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

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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:

Age of Receivables	Percentage of bad debt provision
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 (WOS) Bangladesh Limited	Bangladesh	Subsidiary	100%
Beijing Aptech Beida Jade Bird Information Technology Co. Limited	China	Joint Venture	50%
Aptech Worldwide Incorporated	United States of America	Subsidiary	100%
Aptech Software Limited	India	Subsidiary	100%
Attest Testing Services Limited	India	Subsidiary	100%
Aptech Training & Education Trust	India	Subsidiary	
Aptech Education Society	India	Subsidiary	

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.

2. a. Capital Commitments Rupees

Particulars	Year Ended December 31, 2004	Year Ended December 31, 2003
Estimated amounts of contracts remaining to be executed on capital account and not provided for	21,348,047	841,190

- b. Contingent liabilities in respect of: Rupees

i) Claims against the Company not acknowledged as debts	83,178,723	76,482,474
ii) Counter Guarantees to banks	86,937,230	48,763,200

3. The Parent Company, considering the recent trend and the changing nature of franchisee network collection and the terms of the agreements, decided to harmonise its method of accounting of domestic retail income in line with the method of accounting followed for international and other domestic fixed royalty centers. Accordingly, with effect from January 1, 2004, the parent Company has accounted the royalty income from the domestic retail business segment. Consequently, the training and education income and the corresponding expenses are lower by an amount aggregating to Rs.589,725,061/- each, with no impact on the loss for the year.
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 stood transferred to the Parent Company, pursuant to the scheme of de-merger of training division of erstwhile Aptech Limited approved by the High

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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, 2004	December, 2003
Options granted and outstanding at the beginning of the year/period	102,850	330,000
Add: Granted during the year/period	Nil	Nil
Less: Lapsed during the year/period	20,900	227,150
Options granted and outstanding at the end of the year/period	81,950	102,850

20,900 (Previous Year 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.2,09,000/- (Previous Year Rs. 2,271,500/-) out of the balance of Rs. 1,028,500/- (Previous Year 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. 20,900/- (Previous Year Rs. 227,150/-) is also credited to Profit and Loss Account as "Other Income" (Schedule 9) for the same reason.

- b) Subsequent to the special resolution passed by the shareholders of the Parent Company 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 Parent Company had in the earlier year approached SEBI for certain clarifications on fresh guidelines issued by SEBI on implementation of ESOS. The Parent 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. Pursuant to the above resolution, the parent company has granted 1,036,500 stock options on February 13, 2004 to the eligible employees. The total options of 1,036,500 comprises of 310,950 options with vesting period of 12 months, 362,775 options with a vesting period of 24 months and the balance 362,775 options with a vesting period of 36 months from the award date and an exercise period of one year from the respective vesting dates.

Details of Options Granted and lapsed	Current year	Previous year
Options granted and outstanding as at the beginning of the year	—	—
Add: Granted during the year	1,036,500	—
Less: Lapsed during the year	177,900	—
Options granted and outstanding as at the end of the year	858,600	—

The stock option discount in the aforesaid scheme, computed as per SEBI guidelines in this respect, is being amortised on a straight line basis over the vesting period. Accordingly, during the year Rs. 13,051,637/- being the proportionate net charge of discount for the year, has been included in "Salaries and other allowances" in the schedule of "Payments to and Provisions for Employees" (Schedule 11). The unamortised amount has been netted of from the total option outstanding, and the net amount of Rs. 13,051,637/- is shown under "Reserves and Surplus" in accordance with the relevant guidelines issued by Securities and Exchange Board of India. None of the options granted were exercisable during the year.

5. During the year, the Parent Company carried out physical verification/technological evaluation of fixed assets including assets transferred to the Parent Company, consequent to the demerger of erstwhile Aptech Limited in an earlier year. On the basis of such physical verification/technological evaluation, the Parent Company updated the Fixed Assets register, including allocation of cost to individual fixed assets on the basis of invoices/technical evaluation, except in respect of certain items of Plant and Machinery (including computers) aggregating to Rs. 45,500,496/-, (carrying value) which is being reconciled. The adjustments if any, arising out of such reconciliation with respect to these Fixed Assets on completion of updation/allocation, in the opinion of the

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management, would not have a material impact. Consequent to the verification/technological evaluation/ updation, the Parent Company has debited Rs. 394,335,836/- to the Profit and Loss account as Fixed Assets written off (including intangible assets written off on account of technological obsolescence and excluding assets as mentioned above which are being reconciled).

6. The Parent Company during the previous year had acquired the "Training and Education" business from SSI Limited on April 1, 2003 and had accounted for goodwill aggregating to Rs. 95,260,844/- representing the excess of consideration paid over the net assets acquired. In accordance with the accounting policy followed till December 31, 2003, such goodwill was not amortised. However, from January 1, 2004, in accordance with the requirements of Accounting Standard 26 (AS 26) "Intangible Assets", the Parent Company is amortising the goodwill over its estimated useful life of ten years, on the basis of future economic benefits from the acquired business. Accordingly, the carrying amount of such goodwill as at January 1, 2004 has been restated, with a corresponding adjustment to the opening balances of revenue reserves aggregating to Rs. 7,144,563/-, in accordance with the transitional provisions of AS-26. The restated carrying amount is being amortised over the remaining useful life. Consequently, there is a charge in the Profit and Loss account on account of amortisation of goodwill of Rs. 9,526,084/- and the loss for the year is higher by the like amount.
7. Hitherto, till December 31, 2003 the Parent Company followed an accounting policy whereby the internally developed courseware were amortised @ 16.21%, approximately over a period of 6 years. During the year, in accordance with the requirements of AS-26, the Parent Company considering the rapid changes in technology and the consequent technological obsolescence, has revised the estimated useful life of such assets to 3 years on the basis of expected future economic benefits. Accordingly, the carrying amount of such intangible assets as at January 1, 2004 has been restated with a corresponding adjustment to the opening balances of revenue reserves aggregating to Rs. 3,244,552/-, in accordance with the transitional provisions of AS-26. The restated carrying amount is being amortised over the revised remaining useful life. Consequent to this change, the charge on account of amortisation for the year and the loss for the year is higher by Rs. 8,532,781/-
8. Sundry debtors outstanding for a period exceeding six months as at December 31, 2004, include Rs.192,718,578/- (including a debt disputed by a party and pending in arbitration proceeding) which are long outstanding and recoverable from the franchisees of the Parent Company and institutional debtors comprising mainly of government parties. In the previous year, the Parent Company had set up a task force for recovery of debts and the efforts in this direction continue more aggressively in the current year. Consequent upon the interaction of the task force, the Parent Company has, during the year, recovered certain amount of debts long outstanding and in addition has written off Rs. 1,648,447/- (Previous Year Rs.1,098,696/-). However, the Parent Company as a measure of conservatism and on a prudent basis has provided Rs.161,153,000/- (Previous Year Rs. 31,565,578/-) (Aggregate to date Rs.192,718,578/-) towards such debts which are considered to be doubtful of recovery, though the efforts to recover the same continue unabated.
9. 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 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 total proceeds, the Parent Company had up to December 31, 2003 utilised USD 6,168,780 (Equivalent of Rs. 280,124,000/-). The balance USD 8,231,220 (Equivalent of Rs. 375,261,320/-) has been entirely utilized by the Parent Company during the current year, for part payment of consideration for acquisition of "Training and Education business" from SSI Ltd in the previous year, loans and advances given to subsidiary companies, loan given to Aptech Education Society (refer note no B-11 below), payment of capital advances/expenditure and other general corporate purposes as stated in the offer document prepared and issued for GDR purposes.
10. The Parent Company holds equity investments in Aptech Software Limited. As at December 31, 2003 the Parent Company disclosed 49,930 equity shares being held in the said company, in its financial statements. The 70 equity shares were not considered as held by the nominees of the company and the minority interest was also computed, in the Consolidated Financial Statements, on that basis. During the year, the Parent Company on realizing that the individual shareholders were holding such shares on behalf of the Parent Company as nominee shareholders, has disclosed appropriately such investments of 70 equity shares as on December 31, 2004. The Parent Company also reimbursed the cost of the shares to such shareholders, during the year. Accordingly, there is no minority interest as at December 31, 2004 in the Consolidated Financial Statements.

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11. During the previous year, the Parent Company had formed an Education Society in Chattisgarh, for the purpose of forming a private university to move into the formal mode of education. The Society in turn, has obtained the requisite approval from the State Government and necessary notifications have been issued, by which Aptech University had been established.

However, Aptech University which had been set up by Aptech Education Society, was rendered null and void by the Supreme Court vide its order dated February 11, 2005 since the manner in which the private universities were created by the state of Chattisgarh was not strictly in accordance with the technicalities of passing the law through state legislature. The University, has subsequently filed a review petition along with several others before the Supreme Court, and has also simultaneously appealed to the state of Chattisgarh, that the technical defect be corrected, so that the status-quo-ante of the University is maintained. The review petition and the appeal to the State is pending decision before the Supreme Court. The management is hopeful of a positive judgement in this respect and is also considering alternative possibilities for the society setting up private universities in India and abroad, where the respective legislatures may so permit. However, out of abundant caution, the debts/advances due from Aptech University of Rs. 98,515,852/- (Previous year Rs. 2,055,694/-) as at 31st December 2004 have been provided for as doubtful of recovery and the inventory of course materials of the society (cost aggregating to Rs. 145,412,849/-, Previous year Nil) has also not been valued as at year end.

Further, the Goodwill of Rs. 102,992/- arising on consolidation of the said society, is also written off during the year for the same reason.

12. 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. Cash and Bank balances (Schedule 7C) as at December 31, 2004 in respect of such bank accounts, include:

- a) Balances aggregating to Rs. 2,791,726/- (Previous Year Rs. 24,258,025/-) in respect of which the Parent Company has received the bank statements for the period ended December 31, 2004 subsequent to that date, from some of the remotely located centers, which are being reconciled with the bank balance as per the books of accounts as at December 31, 2004 and
- b) Balances aggregating to Rs. 4,667,090/- (Previous year Rs. 3,704,313/-) (mainly non-operating bank accounts), which are subject to confirmation and consequent reconciliation/adjustments, if any, on receipt of the bank statements/confirmations. Moreover, the Parent 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 assets and liabilities account balances stated in the financial statements and/or on loss for the year, on completion of the reconciliation.

13. 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. Narsingh Rao | Non-Executive Director |
| Mr. Pramod Khera | Managing Director |
| Mr. V. Balasubramanian | Director (resigned w.e.f January 2, 2004) |

- iii) Others:

(Entities in which the Directors have control and/or significant influence)

Aptech Education Trust
Aptech Employee Welfare Trust

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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 (Previous year)	– (13,951,236)	3,068,812 (5,025,164)	– (2,400,000)	3,068,812 (21,376,400)
Finance (Including loans and equity contributions in cash or in kind)				
(a) Loans/Advances Given				
Balance as at January 1, 2004 (Previous year)	– (–)	– (–)	3,646,904 (15,000)	3,646,904 (15,000)
Fresh Loans/Advances During the year (Previous year)	– (–)	661,476 (–)	286,120 (3,631,904)	947,596 (3,631,904)
Repaid/Adjusted during the year (Previous year)	– (–)	– (–)	3,631,904 (–)	3,631,904 (–)
Balance as at December 31, 2004 (Previous year)	– (–)	661,476 (–)	301,120 ** (3,646,904)	962,596 (3,646,904)
(b) Loans Taken				
Balance as at January 1, 2004 (Previous year)	– (–)	– (–)	– (16,500,000)	– (16,500,000)
Fresh Loans During the year (Previous year)	– (10,000,000)	– (–)	– (–)	– (10,000,000)
Repaid/Adjusted during the year (Previous year)	– (10,000,000)	– (–)	– (16,500,000)	– (26,500,000)
Balance as at December 31, 2004 (Previous year)	– (–)	– (–)	– (–)	– (–)
(c) Interest paid on loans taken (Previous year)	(–)	(–)	(536,250)	(536,250)
(d) Acquisition of Training & Educational Business				
Purchase Consideration (Previous year)	– (286,500,000)	– (–)	– (–)	– (286,500,000)
Creditors Balance as at December 31, 2004 (Previous year)	124,866,635 (145,463,236)	– (–)	– (–)	124,866,635 (145,463,236)

* Related party relationship is as identified by the parent Company and relied upon by the Auditors.

** Includes Rs. 301,120/- (Previous Year NIL) provided for as Doubtful of recovery.

*** Previous year figures are given in brackets.

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- c) Out of the above items transactions with Key Management Personnel in excess of 10% of the total related party transactions are as under:

Transaction	Relationship	Current year	Previous year
Expenditure			
Remuneration			
Mr. Pramod Khera	Key Management Personnel	3,049,995	3,378,991
Advances given			
Mr. Pramod Khera	Key Management Personnel	661,476	–

14. Earnings per Share:

	Current year	Previous year
(Loss)/Profit after tax attributable to Shareholders (Rupees)	(622,608,043)	116,936,441
Weighted average number of equity shares Outstanding during the year		
Basic and Diluted	33,509,437	20,506,040
Nominal value of equity shares (Rupees)	10/-	10/-
Basic and Diluted EPS (Rupees)	(18.58)	5.70

Note: Warrants issued and options granted under ESOP schemes, have not been considered for the computation of Diluted EPS since the same have an anti-dilutive effect.

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

Particulars	December 31, 2004 Rupees	December 31, 2003 Rupees
i) Deferred tax liability: Related to Fixed assets	(99,329,075)	(237,089,799)
ii) Deferred tax assets: Other timing differences	3,090,081	7,496,502
Provision for Doubtful Debts/Advances	96,238,994	20,564,808
Carry forward loss/unabsorbed depreciation	—	196,180,982
Net deferred tax asset/(liability)	—	(12,847,507)

The deferred tax asset/liabilities have been recognized in accordance with Accounting Standard 22 (AS 22) "Accounting for taxes on Income" issued by The Institute of Chartered Accountants of India and the accounting policy followed by the parent company/subsidiaries in this respect. On that basis, the net deferred tax asset would be accounted for in the subsequent year/years considering the requirements of the accounting standard and the policy followed by the parent company as aforesaid.

- b) Computation of deferred tax as stated in a) above, has been made for the year ended on December 31, 2004 which will be adjusted considering the total assessable income for the financial year ending for Income Tax purposes being March 31, 2005.
- 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%

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

16. The Parent Company has a Joint Venture as on December 31, 2004 and its proportionate share in assets, liabilities, income and expenditure of the Joint Venture Company (on the basis of audited Financial statements) is given below :

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)	122,148,044	51,951,105
Liabilities (Rupees)	63,943,479	3,204,881
Contingent Liabilities (Rupees)	NIL	NIL
Capital Commitment (Rupees)	13,092,750	NIL
Income for the year ended December 31, 2004 (Rupees)	273,065,098	131,624,498
Expenses for the year ended December 31, 2004 (Rupees)	173,155,996	100,316,125

17. 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. The portions of the items in the Consolidated Financial Statements, for which different accounting policies have been followed are as stated below :

Particulars	Accounting Policy for	Amount of items for which different Accounting Policy is followed (Rs.)	Portion of such items to total
Debtors	Provision for Doubtful Debts	322,832	0.05%
Fixed Assets	Depreciation	2,331,054	0.23%

18. The results of the current year are strictly not comparable with those of the previous year on account of the following:
- The current year results include the results of operations of "Training and Education business" acquired from SSI Limited in the previous year, for a period of 12 months, which in the previous year were only for a period of 9 months, w.e.f April 1, 2003.
 - Training and Education income includes the royalty income from domestic retail business accounted according to the method explained in note no B-3 above, which in the previous year was reflected in the training and education income on gross basis with the corresponding expenditure being included in 'Center Operating Expenses'.
 - The current year results include the results of operations of Aptech Education Society and Aptech Training & Education Trust, consolidated with effect from January 1, 2004 considering the requirements of AS-21 "Consolidated Financial Statements".
19. The Parent Company, based on expert legal advice, did not provide for the Service Tax liability for the period 1st July, 2003 to 30th June, 2004. However, in order to avoid protracted litigation as also possible penal consequences the parent company decided to provide the Service tax liability of Rs. 13,074,440/- at the end of the year and has paid the same subsequent to the Balance Sheet date.

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20. Segmental Report for the year ended 31st December, 2004

Primary Segment information : Business Segment

(Rupees)

Particulars	Business Segments			Total
	Retail		Instituional	
	I.T. Education	Multimedia		
Segment Revenue				
Income from Segment	691,581,041 <i>(1,076,563,551)</i>	74,993,639 <i>(275,373,569)</i>	515,096,496 <i>(425,968,199)</i>	1,281,671,176 <i>(1,777,905,319)</i>
Segment Results before Interest and Tax	(114,686,516) <i>(124,005,387)</i>	28,998,119 <i>(12,464,502)</i>	198,641,994 <i>(283,368,275)</i>	112,953,597 <i>(419,838,164)</i>
Add : Un-allocable Income				4,464,728 <i>(3,960,988)</i>
Less: Un-allocable Expenses				708,542,170 <i>(260,437,138)</i>
Less: Interest Expenses and Finance Charges				36,740,077 <i>(19,614,795)</i>
(Loss) / Profit before Tax				(627,863,922) <i>(143,747,219)</i>
Less : Provision for tax				
– Current tax (net of write back)				3,572,234 <i>(13,885,271)</i>
– Deferred tax				(12,847,507) <i>(12,847,507)</i>
– Wealth tax				81,024 <i>(78,000)</i>
(Loss)/Profit after Tax				(618,669,673) <i>(116,936,441)</i>
Less : Equity Dividend				— <i>(33,509,437)</i>
Corporate Tax on dividend				— <i>(4,293,397)</i>
Other Information				
Segment Assets	315,097,302 <i>(722,763,353)</i>	37,237,623 <i>(31,907,219)</i>	863,081,322 <i>(253,179,682)</i>	1,215,416,247 <i>(1,007,850,254)</i>
Unallocated Assets				803,801,927 <i>(1,291,001,522)</i>
Total Assets				2,019,218,174 <i>(2,298,851,776)</i>
Segment Liabilities	107,143,452 <i>(193,398,484)</i>	19,113,526 <i>(17,009,311)</i>	469,760,887 <i>(148,203,958)</i>	596,017,865 <i>(358,611,753)</i>
Unallocated Liabilities				472,896,901 <i>(374,198,864)</i>
Total Liabilities				1,068,914,766 <i>(732,810,617)</i>
Capital Expenditure				
Segment Capital expenditure			383,013,823	383,013,823 —
Unallocated Capital Expenditure				397,269,397 <i>(358,260,622)</i>
Total Capital Expenditure				780,283,220 <i>(358,260,622)</i>

Consolidated Significant Accounting Policies and Notes

Particulars	Business Segments			Total
	Retail		Instituional	
	I.T. Education	Multimedia		
Depreciation				
Segment Depreciation				—
Unallocated Depreciation				—
Total depreciation				184,870,171 <i>(134,602,756)</i>
				184,870,171 <i>(134,602,756)</i>
Significant Non-Cash Expenditure				
Segment Significant Non-Cash Expenditure	8,217,606 <i>(44,535,030)</i>	3,816,964 <i>(344,053)</i>	25,245,186 <i>(3,044,019)</i>	37,279,757 <i>(47,923,102)</i>
Unallocated non Cash Expenditure				246,447,181 <i>(19,839,468)</i>
Total Significant non Cash Expenditure				283,726,938 <i>(67,762,570)</i>

Notes:

- 1) The Company has identified Business Segments as the primary segment. Segments have been identified taking into account the nature of services, the differing risks and returns, the organizational structure and the internal reporting system.
- 2) Fixed Assets, (except for Projects related to Institutional Segment), are not identified segment wise as these are used interchangeably between segments. The management believes that meaningful segregation of Assets and Liabilities on segment basis is currently not practicable.
- 3) Unallocable expenses include Fixed Assets written off (including intangible assets written off) Rs. 394,335,836/-. Such Fixed Assets written off are not allocated to any segment, since these assets are not identified segmentwise for the reasons as explained in note no. 2 above)
- 4) Previous year figures are given in brackets.

Secondary Segment information : Geographical segment

(Rupees)

Particulars	Revenue from customers by location	Carrying amount of segment assets by location	Addition to Fixed Assets
India	1,073,069,213 <i>(1,303,208,330)</i>	1,970,051,983 <i>(1,837,402,389)</i>	691,039,235 <i>(358,260,622)</i>
Outside India	213,066,691 <i>(478,657,977)</i>	49,166,190 <i>(400,632,373)</i>	89,243,985 —

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

As per our attached report of even date.

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 : Mumbai
Date : 2nd April, 2005

Place : Chennai
Date : 31st March, 2005

APTECH EDUCATION SOCIETY

Auditors' Report

TO THE MEMBERS OF APTECH EDUCATION SOCIETY

We have audited the attached Balance Sheet of APTECH EDUCATION SOCIETY As at 31st December 2004 and also the annexed Income & Expenditure Account for the year ended on that date and report that :-

1. We have obtained all the information and explanations, which to the best of our Knowledge and belief were necessary for the purpose of the audit.
2. In our opinion proper books of account as required by the Co-Operative Societies Act, and rules made thereunder, and the Bye-laws of the Society have been kept by the Society so far as it appears from our examination of such books.
3. The Balance Sheet and Income & Expenditure account examined by us are in agreement with the books of account of the Society.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give all the information required by the Co-Operative Societies Act, and Rule made thereunder 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 Society as at December 31, 2004.
 - ii) In the case of Income & Expenditure Account of the excess of expenditure over income of the Society for Year ended on that date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No.40032
Mumbai, March 28, 2005

Balance Sheet as at 31st December, 2004

Previous Period Rupees	Liabilities	Current Year Rupees	Previous Period Rupees	Assets	Current Year Rupees
500,000	I. Share Capital Authorised : shares of Rs. each Subscribed : Corpus Fund	500,000		I. Cash and Bank Balances Current account.	1,000
			2,055,694	II. Loans and Advances: Loans	48,515,852
1,658,686	II. Unsecured Loans From Others	244,338,965		III. Sundry Debtors Credit Sales	50,000,000
	III. Current Liabilities and Provisions Sundry creditors :	11,020		IV. Current Assets Stock in hand	145,412,849
			102,992	V. Profits & Loss Account Accumulated Losses not written off from the reserve or any other fund Balance	
				Add : Loss for the year	920,284
				102,992	
				817,292	
2,158,686		244,849,985	2,158,686		244,849,985

For **Dixit Dattatray & Associates**
Chartered Accountants

For **Aptech Education Society**

D. B. Dixit
Proprietor

Pramod Khara
Chairman

Place : Mumbai
Date : March 28, 2005

Income and Expenditure Account for the year ended 31st December, 2004

Previous Period Rupees	Expenditure	Current Year Rupees	Previous Period Rupees	Income	Current Year Rupees
86,451	I. Salaries	722,685		I. Other Items	50,000,000
16,541	II. Travelling expenses of staff	55,852	102,992	II. Net Loss carried to balance sheet	817,292
	III. Postage, Telegrams and	266			
	IV. Printing and stationery	27,469			
	V. Audit Fees	11,020			
	VI. Other Items	50,000,000			
102,992		50,817,292	102,992		50,817,292

For **Dixit Dattatray & Associates**
Chartered Accountants

For **Aptech Education Society**

D. B. Dixit
Proprietor

Pramod Khara
Chairman

Place : Mumbai
Date : March 28, 2005

APTECH EDUCATION SOCIETY

Schedules to Balance Sheet

Particulars	Current Year Rupees	Previous Period Rupees
Advances Received from Sponsoror Company	244,338,965	1,658,686
Unsecured Loans	244,338,965	1,658,686
Advance to Aptech University	48,515,852	2,055,694
Loans and Advances	48,515,852	2,055,694
Stock in Hand	145,412,849	—
Current Assets	145,412,849	—

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor

Place : Mumbai
Date : March 28, 2005

For **Aptech Education Society**

Pramod Khera
Chairman

Auditors' Report

Registration No.	E22040 (MUMBAI)
Name of the Public Trust	APTECH TRAINING & EDUCATION TRUST
For the year ending	December 31, 2004

(a) Whether accounts are maintained regularly and in accordance with the provisions of the Act and the rules;	YES
(b) Whether receipts and disbursements are properly and correctly shown in the accounts;	YES
(c) Whether the cash balance and vouchers in the custody of the manager or trustee on the date of audit were in agreement with the accounts;	YES
(d) Whether all books, deeds, accounts, vouchers or other documents or records required by the auditor were produced before him;	YES
(e) Whether a register of movable and immovable properties is properly maintained, the changes therein are communicated from time to time to the regional office, and the defects and inaccuracies mentioned in the previous audit report have been duly compiled with ;	YES
(f) Whether the manager or trustee or any other person required by the auditor to appear before him did so and furnished the necessary information required by him;	YES
(g) Whether any property or funds of the Trust were applied for any object or purpose other than the object or purpose of the Trust;	NO
(h) The amounts of outstandings for more than one year and the amounts written off, if any;	NIL
(i) Whether tenders were invited for repairs or construction involving expenditure exceeding Rs. 5000/-;	NA
(j) Whether any money of the public trust has been invested contrary to the provisions of Section 35;	NO
(k) Alienations, if any, of the immovable property contrary to the provisions of Section 36 which have come to the notice of the auditor;	NIL
(l) All cases of irregular, illegal or improper expenditure, or failure or omission to recover monies or other property belonging to the public trust or of loss or waste of money or other property thereof, and whether such expenditure, failure, omission, loss or waste was caused in consequence of breach of trust or misapplication or any other misconduct on the part of the trustees or any other person while in the management of the trust;	NIL
(m) Whether the budget has been filed in the form provided by rule 16A;	NO
(n) Whether the maximum and minimum number of the trustees is maintained;	YES
(o) Whether the meetings are held regularly as provided in such instrument;	YES
(p) Whether the minute books of the proceedings of the meeting is maintained;	YES
(q) Whether any of the trustees has any interest in the investment of the trust;	NO
(r) Whether any of the trustees is a debtor or creditor of the trust;	NO
(s) Whether the irregularities pointed out by the auditors in the accounts of the previous year have been duly compiled with by the trustees during the period of audit;	YES
(t) Any special matter which the auditor may think fit or necessary to bring to the notice of the Deputy or Assistant Charity Commissioner.	NIL

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032

Place : Mumbai
Date : March 28, 2005

For **Aptech Training & Education Trust**

Pramod Khara
Trustee

Rajiv Kumar
Trustee

APTECH TRAINING & EDUCATION TRUST

Balance Sheet as at 31st December, 2004

Previous Period Rupees	Funds and Liabilities	Current Year Rupees	Current Year Rupees	Previous Period Rupees	Property and Assets	Current Year Rupees	Current Year Rupees
500,000	Trusts Funds or Corpus Balance as per last Balance Sheet		500,000	992,915	Furniture & Fixtures Balance as per last year	992,915	
	Loans (Secured or Unsecured) From Others		8,415,726		Add : Additions during the year	2,500,255	
973,218					Less : Depreciation up to date	147,412	3,345,758
1,285,481	Current Liabilities Sundry Creditors		907,824	177,085	Electrical Fittings and Fixtures Balance as per last year	177,085	
					Add : Additions during the year	112,600	
					Less : Depreciation up to date	9,173	280,512
-				547,730	Office Equipments and A.C. Balance as per last year	547,730	
-					Add : Additions during the year	-	
					Less : Depreciation up to date	17,345	530,385
					Income and Expenditure Account Balance as per last year	-	
					Add : for the year	5,666,895	5,666,895
				1,040,969	Pre-operative Expenses	-	-
2,758,699			9,823,550	2,758,699			9,823,550

For **Dixit Dattatray & Associates**
Chartered Accountants

For **Aptech Training & Education Trust**

D. B. Dixit
Proprietor

Pramod Khara
Trustee

Rajiv Kumar
Trustee

Place : Mumbai
Date : March 28, 2005

Income and Expenditure Account for the year ended 31st December, 2004

Previous Period Rupees	Expenditure	Current Year Rupees	Previous Period Rupees	Income	Current Year Rupees
-	To Establishment Expenses	1,560,072	-	By Income from other sources	214,000
-	To Remuneration	1,010,098	-	By Deficit carried over to Balance Sheet	5,666,895
-	To Audit Fees	11,020			
-	To Preoperative Expenses Written Off	2,205,679			
-	To Miscellaneous Expenses	920,096			
-	To Depreciation	173,930			
		5,880,895			5,880,895

For **Dixit Dattatray & Associates**
Chartered Accountants

For **Aptech Training & Education Trust**

D. B. Dixit
Proprietor

Pramod Khara
Trustee

Rajiv Kumar
Trustee

Place : Mumbai
Date : March 28, 2005

Schedules to Balance Sheet

Particulars	Current Year Rupees	Previous Period Rupees
Advances from Sponsoror Company	8,415,726	973,218
Unsecured Loans	8,415,726	973,218

Schedules to Income and Expenditure Account

Particulars	Current Year Rupees	Previous Period Rupees
Salary and Allowances	893,727	
Contribution to Provident Fund and other Funds	106,866	
Staff Welfare Expenses	9,505	
Remuneration	1,010,098	-
Rent, Rates and Taxes	634,570	-
Travelling and Conveyance Expenses	302,995	
Electricity Charges	292,786	-
Communication Expenses	138,294	-
Repairs and Maintenance-others	30,299	-
Professional Fees	161,128	-
Establishment Expenses	1,560,072	-
Advertisement Expenses	608,553	
Security and Service Charges	74,880	-
Printing, Stationery and Xerox Charges	66,924	-
Other Expenses	169,739	-
Miscellaneous Expenses	920,096	-

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor

Place : Mumbai
Date : March 28, 2005

For **Aptech Training & Education Trust**

Pramod Khara
Trustee

Rajiv Kumar
Trustee

APTECH SOFTWARE LIMITED

Directors' Report

REPORT OF THE DIRECTORS

The Directors of Aptech Software Limited hereunder present the first Annual Report of your Company for the year ended December 31, 2004.

Principal Activities

Your Company, interalia, is engaged in offering customized e-learning content development solutions for clients in diverse areas such as Information Technology Applications, Soft Skills, Functional Skills using proprietary content development and project management processes.

Financial Results

Your Company's financial results for the accounting year ended December 31, 2004 are presented below :

Particulars	Rupees
Gross Income	17,117,307
Less : Operating Expenses	41,842,198
Loss for the year	(24,724,891)

Dividend

As the commercial operations of your Company have commenced this year, it is sought to conserve the resources for future growth opportunities. With this view, the Directors have not recommended any dividend in the current year.

Operations

Upon commencement of the operations, your Company has started offering a bouquet of content development services including Content Creation, Content Digitisation, Content Conversion, Content Localisation and e-publishing. Your Company has tapped several business opportunities for providing content solutions from premiere sectors like Defence, Medicine, Higher Education, Manufacturing, Automobiles, IT majors etc. both, in India and abroad.

Future Outlook

The future seems promising for your Company. Your Company is essentially focused on establishing multiple service relationships with specific clients and aims to concentrate on select verticals for sourcing new clients. It is envisaged that the capacity build up be increased to 300 seats from the existing 100 seats to service the potential clientele base. Further it is also proposed to set up a dedicated office at US for handling the client engagements. Your Company proposes to adopt Capability Maturity Module Integration (CMMi) framework for maturation of process and practices.

Directors

Mr. V. Balasubramanian, Mr. Sudhir Mathur and Mr. A. M. Thimmiya resigned from the Board of Directors with effect from February 24, 2004, June 30, 2004 and 27th October, 2004 respectively. The Directors place their appreciation of the valuable services rendered by each of these Directors during their respective tenure as a Director of your Company.

Mr. R. Krishnan was appointed as an Additional Director of your Company with effect from March 3, 2004. Notice under Section 257(1) of the Companies Act, 1956, alongwith deposit has been received from a Member of your Company signifying his intention to propose the candidature of Mr. R. Krishnan as a Director of your Company, liable for retirement by rotation.

In accordance with the Articles of Association of your Company, Mr. Pramod Khera and Mr. T. K. Ravishankar, Directors of your Company, retire by rotation, at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and 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 loss 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 Dattatraya & Associates, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and have furnished a certificate regarding their eligibility for re-appointment as the Company's Auditors.

Acknowledgement

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

Pramod Khera
Director

Nilesh Vani
Director

Date : March 24, 2005

Place : Mumbai

Auditors' Report

To The Shareholders

1. We have audited the attached Balance Sheet of Aptech Software Limited as at 31st December, 2004 and also the Profit and Loss Account 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. 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.
4. Further to our comments in the Annexure referred to above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) 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;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors as on 31st December, 2004 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December, 2004 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the 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 :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2004; and
 - ii) in the case of the Profit and Loss account, of the loss for the year ended on that date

For **Dixit Dattatray & Associates**
Chartered Accountants

Proprietor
Membership No. 40032

Mumbai, dated : 24th March, 2005

APTECH SOFTWARE LIMITED

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. The nature of the Company's activities during the year have been such that clauses (iii), (vii), (viii), (x), (xii), (xiii), (xiv) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets and also for various Fixed Assets purchased during the year.
 - b) We are informed that the physical verification of fixed assets was carried out by the management during the year and no material discrepancies were noticed by the management on such verification in respect of the assets.
 - c) There has been no significant disposal of Fixed Assets during the year.
3. Since the Company deals in the sale of Services, clause (iii) is not applicable.
4. The Company has not granted or taken any loans, secured or unsecured, 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, hence clause (iv) is not applicable.
5. In our opinion, and according to the information and explanations given to us, there are internal control procedures for the purchase of fixed assets and sale of services, which in our opinion are reasonable and adequate with the size of the Company and nature of its business.
6. There are no transactions applicable under Section 301 of the Companies Act, 1956.
7. 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.
8. In our opinion, the internal audit functions carried out during the year by the Management have been commensurate with the size of the Company and nature of its business.
9. In our opinion and according to the information and explanations given to us in respect of statutory and other dues,
 - a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Customs duty, Excise duty, cess and any other statutory dues with the appropriate authorities during the year, where applicable.
 - b) According to the information and explanations given to us, there is no dues of sales tax/income tax/customs duty/wealth tax/excise duty and cess, which has not been deposited on account of some dispute.
10. The Company had no accumulated losses in the beginning of the year. The Company is in operation for less than five years and hence clause (x) is not applicable to the Company.
11. Based on our Audit procedures and on the basis of the information and explanation given to us, the Company has not defaulted in repayment of dues to the Bank.
12. According to the information and explanations given to us, the Company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and any other security and hence clause (xii) is not applicable.
13. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
14. 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.
15. According to the 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.
16. 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.
17. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on the or by the Company was noticed or reported during the year.

For **Dixit Dattatray & Associates**
Chartered Accountants

Proprietor
Membership No. 40032

Mumbai, dated : 24th March, 2005

Balance Sheet as at 31st December, 2004

Particulars	Schedule	As at		As at	
		31st December, 2004 Rupees	31st December, 2004 Rupees	31st December, 2003 Rupees	31st December, 2003 Rupees
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	A		500,000		500,000
Share Application Money			156,236,990		-
LOAN FUNDS					
Secured Loans	B		43,576,492		-
Unsecured Loans			82,062,284		4,519,700
			<u>282,375,766</u>		<u>5,019,700</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	C		236,929,716		-
Less: Depreciation			4,192,277		-
Net Block			232,737,439		-
CURRENT ASSETS, LOANS AND ADVANCES					
Work in Progress			7,849,856		-
Sundry Debtors			16,286,736		-
Cash and Bank Balances			839,939		-
Deposits			66,435		-
Loans and Advances	D		1,340,740	5,000,000	
			<u>26,383,706</u>	<u>5,000,000</u>	
Less :					
CURRENT LIABILITIES AND PROVISIONS					
Creditors			1,468,781	2,700	
Duties and Taxes			1,489	-	
			<u>1,470,270</u>	<u>2,700</u>	
NET CURRENT ASSETS			24,913,436		4,997,300
PROFIT AND LOSS ACCOUNT			24,724,891		-
PRELIMINARY EXPENSES (to the extent not written off or adjusted)			-		22,400
			<u>282,375,766</u>		<u>5,019,700</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.					

As per our attached report of even date.

For **Dixit Dattatray & Associates**
Chartered Accountants

For and behalf of the Board of Directors

D. B. Dixit
Partner

T. K. Ravishankar
Director

Nilesh Vani
Director

Place : Mumbai
Date : 24th March, 2005

APTECH SOFTWARE LIMITED

Profit and Loss Account for the year ended 31st December, 2004

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income From Operations			17,117,307	—	
					17,117,307
EXPENDITURE					
Employment Expenses	E		13,470,638	—	
Operation Expenses	F		2,641,298	—	
Administration Expenses	G		16,768,936	—	
Interest And Finance Costs	H		4,769,049	—	
Depreciation			4,192,277	—	
					41,842,198
(LOSS)/PROFIT BEFORE TAX			(24,724,891)		—
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFITAND LOSS ACCOUNT.					
	I				

As per our attached report of even date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Partner

Place : Mumbai
Date : 24th March, 2005

For and behalf of the Board of Directors

T. K. Ravishankar
Director

Nilesh Vani
Director

Schedules to Balance Sheet

Particulars	As at 31st December, 2004		As at 31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "A" - SHARE CAPITAL AUTHORISED				
50,000 Equity Shares of Rs. 10/- each		500,000		500,000
		500,000		500,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
50,000 Equity Shares of Rs. 10/- each fully paid (All the shares are held by Aptech Limited, holding Company and its nominees)		500,000		500,000
		500,000		500,000
SCHEDULE "B" - SECURED LOANS				
Term Loan from Bank		43,576,492		-
		43,576,492		-
NOTE :				
Term Loan is secured by equitable mortgage by deposit of Title deeds of the Company's immovable properties situated at Mumbai				

SCHEDULE "C" - FIXED ASSETS

(Rupees)

PARTICULARS	Gross Block			Depreciation				Net Block		
	As at 01-01-2004	Additions	Deductions	As at 31.12.2004	As at 01.01.2004	For the Year	Deductions	As at 31.12.2004	As at 31.12.2004	As at 31.12.2003
Buildings	-	47,500,000	-	47,500,000	-	709,729	-	709,729	46,790,271	-
Plant & Machinery	-	10,042,169	-	10,042,169	-	783,140	-	783,140	9,259,029	-
Furniture & Fixtures	-	1,144,746	-	1,144,746	-	20,753	-	20,753	1,123,993	-
Vehicles	-	1,205,349	-	1,205,349	-	28,627	-	28,627	1,176,722	-
Courseware	-	146,473,053	-	146,473,053	-	172,783	-	172,783	146,300,270	-
Computer Software	-	30,564,399	-	30,564,399	-	2,477,245	-	2,477,245	28,087,154	-
Current Year	-	236,929,716	-	236,929,716	-	4,192,277	-	4,192,277	232,737,439	-

SCHEDULE "D" - LOANS & ADVANCES

Loans to staff	751,114	-
Tax deducted at source	449,376	-
Travel Advance	140,250	-
Advance against premises	-	5,000,000
	1,340,740	5,000,000

APTECH SOFTWARE LIMITED

Schedules to Profit and Loss Account

Particulars	As at		As at	
	31st December, 2004 Rupees	31st December, 2004 Rupees	31st December, 2003 Rupees	31st December, 2003 Rupees
SCHEDULE "E" - EMPLOYMENT EXPENSES				
Salary and other Allowances		12,234,000		—
Contribution to Provident Fund and other Funds		1,207,531		—
Staff Welfare Expenses		29,107		—
		<u>13,470,638</u>		<u>—</u>
SCHEDULE "F" - OPERATION EXPENSES				
Advertisement Expenses		423,389		—
Project Execution Cost		1,650,370		—
Course Development Charges		567,539		—
		<u>2,641,298</u>		<u>—</u>
SCHEDULE "G" - ADMINISTRATION AND OTHER EXPENSES				
Travelling and Conveyance Expenses		2,645,615		—
Electricity Charges		1,932,831		—
Communication Charges		1,176,032		—
Office Rent		1,388,736		—
Repairs and Maintenance		322,612		—
Printing and Stationery		117,103		—
Consultancy and Professional Fees		320,862		—
Staff Recruitment Charges		486,491		—
Hire Charges		59,855		—
Service Charges		623,276		—
Security Charges		90,232		—
Audit Fees		22,040		—
Exchange Rate Loss		7,433,520		—
Insurance		29,291		—
Preliminary Expenses Written Off		22,400		—
Other Admin Expenses		98,040		—
		<u>16,768,936</u>		<u>—</u>
SCHEDULE "H" - INTEREST & FINANCE COST				
Bank Charges		72,557		—
Interest On Term Loan		4,696,492		—
		<u>4,769,049</u>		<u>—</u>

Schedules to Balance Sheet

SCHEDULE "I" SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

- 1 Basis of preparation
The accounts have been prepared under historical cost convention and the provisions of Companies Act 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.
- 2 The revenue is recognized on the basis of completion of projects as per the terms of contract.
- 3 Fixed Assets are recorded at cost of acquisition/development
- 4 Depreciation is charged on Straight Line Method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act 1956
- 5 Foreign Currency Transactions are recorded at the exchange rate on the last day of the audited accounts. Exchange differences arising on settlement are recognized in the Profit & Loss Account

B. NOTES FORMING PART OF THE ACCOUNTS

- 1 Estimated amount of contracts remaining to be executed on capital account Rs. 7,849,856/- (Previous year 42,500,000/-)
- 2 Previous year figures have been regrouped / rearranged wherever necessary.
- 3 Additional information pursuant to paragraphs 3 and 4 of part II of Schedule VI of the Companies Act, 1956 - NIL
- 4 In the opinion of the Board of Directors, Current Assets, Loans and Advances and Current Liabilities are approximately of the value stated, if realised / paid in the ordinary course of business.
- 5 Payment to Auditors :

Particulars	Year 2004
Audit Fees	20,000
Service Tax	2,040
	22,040

As per our attached report of even date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Partner

Place : Mumbai
Date : 24th March, 2005

For and behalf of the Board of Directors

T. K. Ravishankar
Director

Nilesh Vani
Director

ATTEST TESTING SERVICES LIMITED

Directors' Report

REPORT OF THE DIRECTORS

The Directors of Attest Testing Services Limited hereunder present the first Annual Report of your Company for the year ended December 31, 2004.

Principal Activities

Your Company, inter alia, is engaged in providing testing, certification, various types of survey, assessment and other allied services, to various clients including educational institutions, corporates, Government undertakings and other enterprises and also provides necessary software and hardware support. Your Company has its own delivery centers and licensed test delivery centers to offer these services.

Financial Results

Your Company's financial results for the accounting year ended December 31, 2004 are presented below :

Particulars	Rupees
Gross Income	1,121,805
Less: Operating Expenses	6,952,240
Loss for the year	(5,830,435)

Dividend

Your Company has commenced operations this year and hence seeks to conserve resources for future. With this view the Board does not recommend dividend.

Operations

Upon commencing the operations, your Company has passed the litmus test of the first year with fabulous performance. The first order received from National Insurance Company was executed across 16 cities and 19 centers where 1,059 candidates took test on a single day. The Company has bagged orders during the year from respected clients viz., Symbiosis Centre of Distance Learning (SCDL), Andhra Pradesh State Council for Higher Education (APSCHE), Brightpoint, Valvoline, Bharat Overseas Bank, Ranbaxy, Glaxo, Tupperware and IMT.

In only seven operational months your Company has successfully conducted over 60,000 tests all over India.

Future Outlook

The future prospects seem definitely bright for your Company. The current big orders on hand which are under execution viz., the SCDL contract for delivery of nearly 200,000 tests per year over a period of next 3 years and from APSCHE for conduct of 5 GET exams, which is nearly 25,000 tests per year, to name a few, would position ATTEST brand amongst the large players in the testing space.

Directors

Mr. V. Balasubramanian, Mr. Sudhir Mathur and Mr. A. M. Thimmiya resigned from the Board with effect from February 24, 2004, June 30, 2004 and October 27, 2004 respectively. The Directors place their appreciation of the valuable services rendered by each of these Directors during their respective tenures as a Director of your Company.

Mr. Nilesh Vani was appointed as a Director of your Company with effect from March 3, 2004, to fill the casual vacancy caused by the resignation of Mr. V. Balasubramanian. He vacates his office at the ensuing Annual General Meeting as Mr. Balasubramanian in whose place he was appointed, would have retired by rotation at the said meeting had he continued to be a Director of your Company.

Notice under Section 257(1) of the Companies Act, 1956, alongwith the deposit has been received from a Member of your Company signifying his intention to propose the candidature of Mr. Nilesh Vani as a Director of your Company, liable for retirement by rotation.

In accordance with the Articles of Association of your Company, Mr. Pramod Khara and Mr. T. K. Ravishankar, Directors of the Company, retire by rotation, at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and 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 loss 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 Dattatraya & Associates, 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.

Acknowledgement

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

Pramod Khara
Director

K. Raj
Director

Date : March 24, 2005
Place : Mumbai

Auditors' Report

TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of Attest Testing Service Limited as at 31st December, 2004 and also the Profit and Loss Account for the period 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. 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.
4. 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 purposes 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 dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the Directors as on 31st December, 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2004 from being appointed as a director in terms of clause (g) of sub-Section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the 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 31st December, 2004; and
 - b) in the case of the Profit and Loss Account, of the loss for the period ended on that date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032

Mumbai, dated : 24th March, 2005

ATTEST TESTING SERVICES LIMITED

Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date

1. The nature of the Company's activities during the year have been such that clauses (iii), (vii), (viii), (x), (xii), (xiii), (xiv) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets for the purchases of Computer Hardware.
 - b) We are informed that the physical verification of fixed assets was carried out by the management during the year and no material discrepancies were noticed by the management on such verification in respect of the assets.
 - c) There has been no disposal of Fixed Assets during the year.
3. Since the Company deals in the sale of Services, clause (iii) is not applicable.
4. The Company has not granted or taken any loans, secured or unsecured, 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, hence clause (iv) is not applicable.
5. In our opinion, and according to the information and explanations given to us, there are internal control procedures for the purchase of fixed assets and sale of services, which in our opinion are reasonable and adequate with the size of the Company and nature of its business.
6. There are no transactions applicable under Section 301 of the Companies Act, 1956.
7. 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.
8. In our opinion, the internal audit functions carried out during the year by the management have been commensurate with the size of the Company and nature of its business.
9. In our opinion and according to the information and explanations given to us in respect of statutory and other dues,
 - a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Customs duty, Excise duty, cess and any other statutory dues with the appropriate authorities during the year, where applicable.
 - b) According to the information and explanations given to us, there is no dues of sales tax/income tax/customs duty/wealth tax/excise duty and cess, which has not been deposited on account of some dispute.
10. This is the first year of the Company, and hence clause (x) is not applicable to the Company.
11. Based on our Audit procedures and on the basis of the information and explanation given to us, the Company has not defaulted in repayment of dues to the Bank.
12. 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 security and hence, clause (xi) is not applicable.
13. 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.
14. The Company has not availed any term loans during the year and hence, clause (xvi) is not applicable.
15. According to the records examined and the information and explanations 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.
16. 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.
17. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on the or by the Company was noticed or reported during the year.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032

Mumbai, dated : 24th March, 2005

Balance Sheet as at 31st December, 2004

Particulars	Schedule	As at	
		31st December, 2004 Rupees	31st December, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	500,000	
Share Application Money		328,406	
			828,406
LOAN FUNDS			
Unsecured Loans			6,028,663
			6,857,069
APPLICATION OF FUNDS			
Fixed Assets	2		
Gross Block		252,245	
Less : Depreciation		40,889	
Net Block			211,356
A) CURRENT ASSETS, LOANS AND ADVANCES			
Less :	3	827,418	
B) CURRENT LIABILITIES AND PROVISIONS			
NET CURRENT ASSETS (A-B)		12,140	
PROFIT AND LOSS ACCOUNT			815,278
			5,830,435
			6,857,069
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.			
	9		

As per our report of even date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor

Place : Mumbai
Date : 24th March, 2005

For and behalf of the Board of Directors

T. K. Ravishankar
Director

K. Raj
Director

ATTEST TESTING SERVICES LIMITED

Profit and Loss Account for the period ended 31st December, 2004

Particulars	Schedule	Current Period	
		Rupees	Rupees
INCOME			
Income from Operations	4	1,121,805	
			1,121,805
EXPENDITURE			
Employment Expenses	5	4,793,291	
Training and Education Expenses	6	1,046,313	
Administration Expenses	7	1,070,753	
Interest and Finance Costs	8	994	
Depreciation		40,889	
			6,952,240
(LOSS)/PROFIT BEFORE TAX CARRIED TO BALANCE SHEET			(5,830,435)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			
	9		

As per our report of even date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor

Place : Mumbai
Date : 24th March, 2005

For and behalf of the Board of Directors

T. K. Ravishankar
Director

K. Raj
Director

Schedules to Balance Sheet

Particulars

SCHEDULE "1" SHARE CAPITAL AUTHORISED CAPITAL

50000 Equity Shares of Rs. 10/- Each

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

50000 Equity Shares of Rs. 10/- each fully paid up
(all the shares are held by Aptech Limited Holding Company and its nominees)

**As at
31st December, 2004
Rupees Rupees**

500,000

500,000

500,000

500,000

SCHEDULE "2" - FIXED ASSETS

(Rupees)

PARTICULARS	Gross Block				Depreciation				Net Block	
	As at 01-01-2004	Additions	Deductions	As at 31.12.2004	As at 01.01.2004	For the Year	Deductions	As at 31.12.2004	As at 31.12.2004	As at 31.12.2003
Plant and Machinery	-	252,245	-	252,245	-	40,889	-	40,889	211,356	-
TOTAL	-	252,245	-	252,245	-	40,889	-	40,889	211,356	-

Particulars

SCHEDULE "3" CURRENT ASSETS LOANS & ADVANCES

Balance with Bank

In Current Account

Sundry Debtors

Work-in-Progress

**As at
31st December, 2004
Rupees Rupees**

21,686

77,140

728,592

827,418

ATTEST TESTING SERVICES LIMITED

Schedules to Profit and Loss Account

	Current Period	
	Rupees	Rupees
SCHEDULE "4" INCOME FROM OPERATIONS		
Corporate Income		1,121,805
		<u>1,121,805</u>
SCHEDULE "5" EMPLOYMENT EXPENSES		
Salary and Other Allowances		4,230,163
Contribution to Provident Fund and Other Funds		527,480
Staff Welfare Expenses		35,648
		<u>4,793,291</u>
SCHEDULE "6" TRAINING AND EDUCATION EXPENSES		
Educational Training and Other Expenses		1,288
Marketing Expenses		253,518
Software Expenses		618,740
Course Development Charges		77,760
Alliance Expenses		82,970
Miscellaneous Training and other Expenses		12,037
		<u>1,046,313</u>
SCHEDULE "7" ADMINISTRATION AND OTHER EXPENSES		
Travelling and Conveyance Expenses		552,609
Electricity Charges		31,170
Communication Charges		168,039
Rent Rates and Taxes		71,467
Repairs and Maintenance		114,478
Printing and Stationery		31,111
Consultancy and Professional Fees		9,839
Service Charges		25,715
Security Charges		14,689
Audit Fees		11,020
Stamp Duty and Filing Fees		25,900
Other Administration Expenses		14,716
		<u>1,070,753</u>
SCHEDULE "8" INTEREST AND FINANCE COST		
Bank Charges		994
		<u>994</u>

Schedules to Balance Sheet

SCHEDULE "9" SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation :

The accounts have been prepared under historical cost convention and the provisions of Companies Act 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

2. The revenue is recognised on the basis of completion of projects as per the terms of contract.
3. Fixed Assets are recorded at cost of acquisition/development.
4. Depreciation is charged on Straight Line Method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

B. NOTES FORMING PART OF THE ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account Rs. 728,592/-
2. Previous year figures have not been given since this is the first year of the Company.
3. Additional information pursuant to paragraphs 3 and 4 of part II of Schedule VI of the Companies Act, 1956 - NIL
4. In the opinion of the Board of Directors, Current Assets, Loans and Advances and Current Liabilities are approximately of the value stated, if realised/paid in the ordinary course of business.
5. Payment to Auditors :

Particulars	Year 2004
Audit Fees	10,000
Service Tax	1,020
	11,020

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor

Place : Mumbai
Date : 24th March, 2005

For and behalf of the Board of Directors

T. K. Ravishankar
Director

K. Raj
Director

APTECH TRAINING LIMITED FZE

Directors' Report

REPORT OF THE DIRECTORS

The Directors of Aptech Training Limited FZE, UAE, have pleasure in submitting the financial statements for the year ended December 31, 2004.

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.

Performance

The financial results of the Company for the year ended December 31, 2004 are as reported below :

Particulars	Rupees
Gross Income	96,23,351
Less : Operating Expenses	1,38,33,614
Net Profit (Loss)	(42,10,263)

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.

Directors

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

Pramod Khera
T. K. Ravishankar

Auditors

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

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

T. K. Ravishankar
Director

Date : March 29, 2005

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, 2004. 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, 2004 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
Membership No. : 41290

Place : Mumbai
Date : 29th March 2005

APTECH TRAINING LIMITED FZE

Balance Sheet as at 31st December, 2004

Particulars	Schedule	As at		As at	
		31st December, 2004 Rupees	31st December, 2004 Rupees	31st December, 2003 Rupees	31st December, 2003 Rupees
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1		46,007,103		46,007,103
Share Application Money			—		908,518
			46,007,103		46,915,621
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	2		41,224,430	47,430	
Less : Depreciation			3,111,651	6,263	
Net Block			38,112,779		41,167
A) CURRENT ASSETS, LOANS AND ADVANCES	3		4,884,836	46,017,100	
Less:					
B) CURRENT LIABILITIES AND PROVISIONS	4		4,748,344	2,690,215	
NET CURRENT ASSETS (A-B)			136,492		43,326,885
PROFIT AND LOSS ACCOUNT			7,757,832		3,547,569
			46,007,103		46,915,621
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS					
	8				

As per our report of even date.

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

P. H. Sanghavi
Proprietor

Place : Mumbai
Date : 29th March, 2005

For and behalf of the Board of Directors

Pramod Khara
Director

T. K. Ravishankar
Director

Profit and Loss Account for the year ended 31st December, 2004

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from Operations			9,425,807		3,689,354
Other Income	5		197,544		136,789
			9,623,351		3,826,143
EXPENDITURE					
Training and Education Expenses	6		9,197,503		4,966,285
Administration and Other Expenses	7		1,530,723		1,313,092
Depreciation			3,105,388		6,263
			13,833,614		6,285,640
PROFIT/(LOSS)					
			(4,210,263)		(2,459,497)
Add : Balance Brought Forward from previous year			(3,547,569)		(989,231)
Add : Prior period items : Currency Translation Reserve			—		(98,841)
BALANCE CARRIED TO BALANCE SHEET					
			(7,757,832)		(3,547,569)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS					
	8				

As per our report of even date.

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

P. H. Sanghavi
Proprietor

Place : Mumbai
Date : 29th March, 2005

For and on behalf of the Board of Directors

Pramod Khera
Director

T. K. Ravishankar
Director

APTECH TRAINING LIMITED FZE

Schedules to the Balance Sheet

Particulars	As at 31st December, 2004		As at 31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "1" - SHARE CAPITAL				
SHARE CAPITAL				
EQUITY SHARES				
37 (Previous year 37) Equity Shares of UAE DHMS (AED) 100000 Each Fully Paid Up (All the shares are held by the parent Company Aptech Limited)		46,007,103		46,007,103
		46,007,103		46,007,103

SCHEDULE "2" - FIXED ASSETS

(Rupees)

PARTICULARS	Gross Block				Depreciation				Net Block	
	As at 01-01-2004	Additions	Deductions	As at 31.12.2004	As at 01.01.2004	For the Year	Deductions	As at 31.12.2004	As at 31.12.2004	As at 31.12.2003
Plant and Machinery	-	41,177,000	-	41,177,000	-	3,095,902	-	3,095,902	38,081,098	-
Furniture and Fixtures	47,430	-	-	47,430	6,263	9,486	-	15,749	31,681	41,167
TOTAL	47,430	41,177,000	-	41,224,430	6,263	3,105,388	-	3,111,651	38,112,779	41,167
Total (Previous year)	-	47,430	-	47,430	-	6,263	-	6,263	41,167	-

Particulars	As at 31st December, 2004		As at 31st December, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "3" - CURRENT ASSETS LOAN AND ADVANCES				
CASH AND BANK BALANCES				
Balance With Bank				
- In a Current Account		4,863,101		45,994,305
Loans and Advances		21,735		22,795
		4,884,836		46,017,100
SCHEDULE "4" - CURRENT LIABILITIES AND PROVISIONS CURRENT LIABILITIES				
Current Liabilities				
Dues to Holding Company		4,528,560		2,507,450
Creditors For Expenses		219,784		182,765
		4,748,344		2,690,215

Schedule to Profit and Loss Account

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
SCHEDULE "5" - OTHER INCOME					
Interest Income			20,652		4,009
Exchange Rate Gain			176,892		132,780
			<u>197,544</u>		<u>136,789</u>
SCHEDULE "6" - TRAINING AND EDUCATION EXPENSES					
Educational Training Expenses			5,681,472		3,322,055
Professional Fees			3,516,031		1,494,014
Marketing Expenses			-		150,216
			<u>9,197,503</u>		<u>4,966,285</u>
SCHEDULE "7" - ADMINISTRATIVE AND OTHER EXPENSES					
Travelling and Conveyance Expenses			768,613		663,736
Communication Expenses			326,200		229,549
License Fees			269,281		257,951
Courier Charges			42,075		24,794
Bank Charges			124,554		137,062
			<u>1,530,723</u>		<u>1,313,092</u>

SCHEDULE 8

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

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

Note 2 : Description of Business and Organisation

Aptech Training Limited FZE is a wholly owned subsidiary of Aptech Limited. It was formed w.e.f. 19th May, 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 3 : Significant Accounting Policies

1. System of Accounting

- a. Aptech Training Limited FZE follows the Mercantile System 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.

APTECH TRAINING LIMITED FZE

Schedules to Balance Sheet

3. Fixed Assets and Depreciation

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.

Software is stated at Original cost (including expenses related to acquisition and installation) less depreciation. Depreciation at 16.21% on Straight Line Method has been provided on the basis of estimated useful life of 6 years.

4. 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 rate as on the date of transactions.
- b. The foreign currency monetary items such as Cash, Receivables, and Payables are reported at the closing rates as on December 31, 2004
- 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 :

Change in policy for application of exchange rate from Average monthly rate to rate as on the date of transaction has resulted in increase in loss by Rs. 367,095/-

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

For and on behalf of the Board of Directors

P. H. Sanghavi
Proprietor

Pramod Kherra
Director

T.K.Ravishankar
Director

Place : Mumbai
Date : 29th March 2005

Directors' Report

REPORT OF THE DIRECTORS

The Directors of Aptech (WOS) Bangladesh Limited have the pleasure in submitting the financial statements for the year ended September 30, 2004.

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.

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. The slowdown in the retail segment witnessed in the current year, necessitated the Company to take up adequate measures to control costs and increase employee productivity.

The financial results of the Company for the year ended September 30, 2004 are as reported below :

Particulars	Rupees
Income	4,775,808
Less : Expenses	4,779,550
Net Profit (Loss)	(3,742)

Future outlook

Information & Communication Technology (ICT) sector has been declared as a thrust sector in Bangladesh and the Government is planning to initiate major funding of IT training in schools across the country. The Company with its strong position and an excellent training centre network across the country is well equipped to bag the Government funded projects and better its performance in the years to come.

Dividend

Since the operations for the year resulted in a loss, your Directors express their inability to declare any dividend for the year.

Directors

The Directors in offices 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 re-appointment.

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
Managing Director

Date : March 15, 2005

APTECH (WOS) BANGLADESH LIMITED

Auditors' Report

To the Shareholders of

Aptech Worldwide Bangladesh Limited

We have audited the accompanying Balance Sheet of Aptech Worldwide Bangladesh Limited as of September 30, 2004 and related Income Statement Account 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 International Standards on Auditing (ISA) so far adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). 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 the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :

1. During the year fixed assets amounting to Rs. 1,590,402/- (cost price) were disposed off by the Company. Out of the total disposal, fixed assets of Rs.931,977/- (cost price) were written off and fixed assets of Rs.658,425/- (cost price) were sold.

In our opinion, the financial statements prepared in accordance with International Accounting Standards (IAS) so far adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), give a true and fair view of the state of the company's affairs as of September 30, 2004 and of the results of its operations for the year 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 purposes of our audit and made due verification thereof;
- b) the financial statements have been prepared in accordance with generally accepted accounting principles and applicable international accounting standards; and
- c) 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.

Howladar, Yunus & Co.
Chartered Accountants

Place : Dhaka, Bangladesh
Date : March 15, 2005

Balance Sheet as at 30th September, 2004

Particulars	Schedule	As at 30th September, 2004 Rupees		As at 30th September, 2003 Rupees	
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	"1"	1,409,334		1,409,334	
Reserves And Surplus	"2"	2,003,045		2,006,787	
			3,412,379		3,416,121
LOAN FUNDS					
Unsecured Loans	"3"		2,103,573		
			5,515,952		3,416,121
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	"4"	2,331,054		3,921,456	
Less : Depreciation		1,605,516		1,670,720	
Net Block			725,538		2,250,736
CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors	"5"	9,444,884		13,217,205	
Cash and Bank Balances		41,711		60,639	
Loans And Advances		172,094		194,405	
		9,658,689		13,472,249	
Less :					
CURRENT LIABILITIES AND PROVISIONS					
Liabilities	"6"	4,188,398		10,855,185	
Provisions		679,877		1,451,679	
		4,868,275		12,306,864	
NET CURRENT ASSETS			4,790,414		1,165,385
			5,515,952		3,416,121

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

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

For and behalf of the Board of Directors

Place : Dhaka, Bangladesh
Date : 15th March, 2005

Tarun Kumar Mitra
Director

Pranab Kumar Bose
Managing Director

APTECH (WOS) BANGLADESH LIMITED

Profit and Loss Account for the year ended 30th September, 2004

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Income from Operations	"7"	4,768,195		10,557,651	
Other Income	"8"	7,613		331,579	
			4,775,808		10,889,230
EXPENDITURE					
Training & Education Expenses	"9"	25,221		2,374,788	
Payments to and Provision for Employees	"10"	1,838,096		3,536,004	
Administration and Other Expenses	"11"	2,785,520		2,925,121	
Interest and Finance Costs	"12"	8,896		11,926	
Depreciation		114,598		399,607	
			4,772,331		9,247,446
PROFIT BEFORE TAX			3,477		1,641,784
Income Tax - Current		7,219		666,211	
			7,219		666,211
PROFIT AFTER TAX			(3,742)		975,573
Less : Adjustement Towards Shortage Of Provision for Tax of Earlier Year			—		172,169
Add : Prior Period Items : Currency Translation Reserve			—		41,185
PROFIT AFTER TAX AFTER WRITE BACK			(3,742)		844,589
Surplus Brought Forward From Previous Period			2,006,787		1,162,198
BALANCE CARRIED TO BALANCE SHEET			2,003,045		2,006,787

This is the Profit and Loss Account referred to in our report of even date.

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

Place : Dhaka, Bangladesh
Date : 15th March, 2005

For and behalf of the Board of Directors

Tarun Kumar Mitra
Director

Pranab Kumar Bose
Managing Director

Schedules to Balance Sheet

Particulars	As at 30th September, 2004		As at 30th September, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "1" - SHARE CAPITAL				
AUTHORISED				
1,000,000 (Previous Year 1,000,000)				
Shares of Taka 10/- each		8,700,000		8,700,000
		8,700,000		8,700,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
160,000 (Previous year 160,000)				
Equity Shares of Taka 10/- each fully paid-up (All the Shares are held by the Parent Company Aptech Limited)		1,409,334		1,409,334
		1,409,334		1,409,334
SCHEDULE "2" - RESERVES AND SURPLUS				
Surplus in Profit and Loss Account		2,003,045		2,006,787
		2,003,045		2,006,787
SCHEDULE "3" - UNSECURED LOANS				
Other Loans and Advances		2,103,573		—
		2,103,573		—
SCHEDULE "4" - FIXED ASSETS				

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01-10-2003	Additions	Deductions/ Adjustments	As At 30-09-2004	As At 01-10-2003	For the Year	Deductions/ Adjustments	As At 30-09-2004	As At 30-09-2004	As At 30-09-2003
Plant and Machinery	2,516,555	—	611,713	1,904,842	1,267,336	111,003	90,217	1,288,122	616,720	1,249,219
Furniture and Fixtures	1,400,652	—	974,440	426,212	402,543	3,595	88,744	317,394	108,818	998,109
Vehicles	4,249	—	4,249	—	841	—	841	—	—	3,408
Current Year	3,921,456	—	1,590,402	2,331,054	1,670,720	114,598	179,802	1,605,516	725,538	2,250,736
Previous Year	3,971,500	12,658	62,702	3,921,456	1,271,113	399,607	—	1,670,720	2,250,736	—

SCHEDULE "5" - CURRENT ASSETS

Sundry Debtors	9,444,884	13,217,205
Cash In Hand	5,129	11,203
Bank Balances	36,582	49,436
Advances Recoverable in Cash or in Kind or for value to be received	17,304	46,170
Deposits	56,286	56,990
Advance Payment Of Income Tax	98,503	91,245
	9,658,688	13,472,249

APTECH (WOS) BANGLADESH LIMITED

Schedules to Balance Sheet

Particulars	As at 30th September, 2004		As at 30th September, 2003	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "6" - LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Sundry Creditors	3,799,912		11,338,768	
Other Liabilities	388,486		287,122	
	4,188,398		11,625,890	
B. PROVISIONS				
Provision for Taxation	679,877		680,974	
		4,868,275		12,306,864
		4,868,275		12,306,864

Schedules to Profit and Loss Account

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "7" - INCOME FROM OPERATIONS				
Training and Education Income		4,768,195		10,557,651
		4,768,195		10,557,651
SCHEDULE "8" - OTHER INCOME				
Interest Income		7,613		—
Miscellaneous Income		—		331,579
		7,613		331,579
SCHEDULE "9" - TRAINING AND EDUCATION EXPENSES				
Education, Training Expenses and Course Materials		—		2,078,481
Advertisement and Publicity		25,221		296,307
		25,221		2,374,788
SCHEDULE "10" - PAYMENTS TO AND PROVISION FOR EMPLOYEES				
Salary and Other Allowances		1,812,964		3,459,531
Staff Welfare Expenses		25,132		76,473
		1,838,096		3,536,004

Schedules to Profit and Loss Account

Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE "11" - ADMINISTRATION AND OTHER EXPENSES				
Rent, Rates and Taxes		235,952		802,230
Travelling and Conveyance Expenses		161,087		214,810
Electricity Charges		94,252		121,032
Communication Expenses		138,030		326,829
Repairs and Maintenance-Others		16,581		228,420
Insurance Premium		-		11,241
Legal and Professional Charges		26,034		42,000
Provision for Doubtful Debts And Advances		1,303,500		527,883
Exchange Difference (Net)		15,772		118,864
Loss On Sale Of Fixed Assets		702,060		-
Director's Sitting Fees		-		-
Miscellaneous Expenses		92,252		531,812
(Note : Miscellaneous Expenses Includes Audit Fees, Carriage and Forwarding, Security Charges, Service Charges Etc.)				
		2,785,520		2,925,121
SCHEDULE "12" - INTEREST AND FINANCE COST				
Bank Charges		8,896		11,926
		8,896		11,926

APTECH (WOS) BANGLADESH LIMITED

Schedules to Balance Sheet

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

1. Legal status and objectives of the Company

Aptech Worldwide Bangladesh Limited is a private company limited by shares incorporated under the Companies Act, 1994 on December 01, 1998.

2. 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.

3. Significant Accounting Policies

3.1 Basis of Financial Statements

These Financial Statements have been prepared under historical cost convention and going concern basis in accordance with the International Accounting Standards (IAS) which does not vary from the requirements of the Companies Act 1994 and other laws and rules applicable in Bangladesh.

3.2 Fixed Assets and Depreciation

- a. Tangible fixed assets are stated at cost less accumulated depreciation and amortization.
- b. Depreciation is charged on reducing balance method at the rate varying from 10% to 20% considering the estimated useful lives of the assets as stated below :

Furniture & Fixtures	10%
Office Equipment	18%
Motor Vehicle	20%

3.3 Taxation

Considering the practice generally followed in Bangladesh as well as the Company's previous practice, no deferred tax assets or deferred tax liabilities have been accounted for in accordance with IAS 12 "Income Tax".

3.4 Creditors and Accrued Expenses

Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed by the supplier.

3.5 Earning per share

Company calculates earnings per share (EPS) in accordance with IAS 33 "Earnings Per Share" which has been shown on the face of Income Statement and the computation EPS is stated in Note 22.

a. Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there is no preference dividend for the year, minority interest or extra ordinary items, the net profit/(loss) for the year has been considered as fully attributable to the ordinary shareholders.

b. Weighted Average Number of Ordinary Share Outstanding During the Year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighing factor. The time weighing factor is the number of days the specific shares remain outstanding as a proportion of the total number of days in the period.

c. Earnings Per Share

This has been calculated by dividing the basic earnings by the total number of ordinary shares outstanding during the year.

d. Diluted earnings per share

No diluted EPS is required to be calculated for the year, as there is no scope for dilution during the year under review.

Schedules to Balance Sheet

3.6 General

Financial statements of the Company covers one year from October 1, 2003 to September 30, 2004 consistently.

Financial statements include the following components as per IAS 1 "Presentation of Financial Statements" :

- a. Balance Sheet as at September 30, 2004
- b. Profit and Loss Account for the year ended September 30, 2004
- c. Accounting Policies and Explanatory Notes
- d. Figures rounded-off to the nearest Taka

4. GENERAL

4.1 Related party transaction

There was no related party transaction occurred during the year

4.2 Capital Expenditure Commitment

- a) There was no capital expenditure contracted or incurred or provided for as at September 30, 2004
- b) There was no material capital expenditure authorized by the Board as at September 30, 2004.

4.3 During the year under review

- a) No amount of money was spent by the Company for compensating any member of the Board for special service rendered except as stated above.
- b) There was no claim against the Company not acknowledged as debt on September 30, 2004.
- c) There was no credit facilities available to the Company under any contract not availed of as on September 30, 2004 other than trade credit available in the ordinary course of business.
- d) There was no expense incurred in foreign exchange on account of Royalty, Technical Experts, Professional and Advisory Fee, Interest, brokerage and commission, etc.

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

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

Place : Dhaka, Bangladesh
Date : 15th March, 2005

For and behalf of the Board of Directors

Tarun Kumar Mitra
Director

Pranab Kumar Bose
Managing Director

APTECH WORLDWIDE CORPORATION

Directors' Report

REPORT OF THE DIRECTORS

The Directors of Aptech Worldwide Corporation, USA have the pleasure in submitting the financial statements for the period ended December 31, 2004.

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.

Performance

Since its inception, the Company is in the process of gradually establishing its operations.

The financial results of the Company for the period ended December 31, 2004 are as reported below :

Particulars	Rupees
Gross Income	1,996,953
Less : Operating Expenses	3,645,865
Net Loss	(1,648,912)

Future Outlook

Your Company has recently identified office premises at California in the United States of America to set up an office for carrying out the principal business operations of the Company, interlia, for exploring the potential business avenues that are on the anvil and to provide state-of-the-art services to its clientele. Your Company plans to foster and strengthen its business association in the US market, which would enable it to carve out the growth path well.

Directors

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

Pramod Khera
T. K. Ravishankar
Nilesh Vani

Auditors

The present Auditors, M/s. Dixit Dattatray & Associates, Chartered Accountants will retire on completion of their term and are eligible for re-appointment.

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

T. K. Ravishankar
Director

Date : March 24, 2005

Auditors' Report

To The Shareholders of Aptech Worldwide Corporation

We have audited the attached Balance Sheet of Aptech Worldwide Corporation as at 31st December, 2004 and also the Profit and Loss Account for the period 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.

We conducted our audit in accordance with 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 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 the management, as well as evaluating the overall financial statement 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 purposes 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 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 31st December, 2004; and
- b) in the case of the Profit and Loss account, of the Loss for the period ended on that date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor
Membership No. 40032

Mumbai, dated: 24th March, 2005

APTECH WORLDWIDE CORPORATION

Balance Sheet as at 31st December, 2004

Particulars	Schedule	As at	
		31st December, 2004 Rupees	31st December, 2004 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Application Money			40,950,000
			<u>40,950,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
	"1"		
Gross Block		41,427,000	
Less : Depreciation		<u>3,279,422</u>	
Net Block			38,147,578
CURRENT ASSETS			
Bank Balance		1,170,040	
CURRENT LIABILITIES			
Provision - Audit Fees		<u>16,530</u>	
NET CURRENT ASSETS			1,153,510
PROFIT AND LOSS ACCOUNT			<u>1,648,912</u>
			<u>40,950,000</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.			
	"2"		

As per our report of even date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor

Place : Mumbai
Date : 24th March, 2005

For and behalf of the Board of Directors

Pramod Khera
Director

T. K. Ravishankar
Director

Profit and Loss Account for the period ended 31st December, 2004

Particulars	Schedule	For the period ended 31st December, 2004	
		Rupees	Rupees
INCOME			
Income From Operations			1,513,651
Exchange Rate Gain			483,302
			1,996,953
EXPENDITURE			
Cost of Services			349,913
Audit Fees			16,530
Depreciation			3,279,422
			3,645,865
PROFIT/(LOSS) CARRIED TO BALANCE SHEET			(1,648,912)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.	"2"		

As per our report of even date.

For **Dixit Dattatray & Associates**
Chartered Accountants

D. B. Dixit
Proprietor

Place : Mumbai
Date : 24th March, 2005

For and behalf of the Board of Directors

Pramod Khera
Director

T. K. Ravishankar
Director

APTECH WORLDWIDE CORPORATION

Schedules to Balance Sheet

SCHEDULE "1" - FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-01-2004	Additions	Deductions	As at 31.12.2004	As at 01.01.2004	For the Year	Deductions	As at 31.12.2004	As at 31.12.2004	As at 31.12.2003
Courseware	-	41,427,000	-	41,427,000	-	3,279,422	-	3,279,422	38,147,578	-
Current Year	-	41,427,000	-	41,427,000	-	3,279,422	-	3,279,422	38,147,578	-

SCHEDULE: 2

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

Note 1: Description of Business and Organisation

Aptech Worldwide Corporation is a wholly owned subsidiary of Aptech Limited incorporated in the State of California, United States of America. It has its office at 2350, Mission College Blvd, Suite 320, Santa Clara, CA 95054. It is in the business of providing Information Technology Education Services.

Note 2 : Significant Accounting Policies

1. System of Accounting

- Aptech Worldwide Corporation follows the Mercantile System of Accounting and recognises Income / Expenditure on Accrual basis.
- Financial Statements are prepared on historical cost basis, assuming the going concern concept.

2. Revenue Recognition

Income matches 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., Content Software) is stated at Original cost (including expenses related to acquisition and installation) less depreciation. Depreciation at 33.33% on Straight Line Method has been provided on the basis of estimated useful life of 3 years.

4. 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.

- Initial recognition of the Foreign Currency transactions has been made by applying Average monthly rate for the transactions of the respective months.
- The foreign currency monetary items such as Cash & Receivables are reported at the closing rates as on December 31, 2004.
- Fixed Assets and Share Application Money are carried at historical cost and reported at exchange rates on the date of transactions.
- The Exchange differences arising on settlement or restatement are recognised as expenses or income in the period in which they arise.

For **Dixit Dattatray & Associates**
Chartered Accountants

For and on behalf of the Board of Directors

D. B. Dixit
Proprietor

Pramod Khara
Director

T K Ravishankar
Director

Place : Mumbai
Date : 24th March, 2005



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 the 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 First shareholder : _____

Name : _____

Address : _____

Date : _____

Signature of the Second shareholder : _____

Name : _____

Address : _____

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 Fifth Annual General Meeting of the Company to be held on Thursday, the 30th day of June, 2005 at 10.30 a.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 _____, 2005.

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 Fifth Annual General Meeting of the Company to be held on Thursday, the 30th day of June, 2005 at 10.30 a.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.)

