



**A leading**  
**global learning**  
**solutions company**



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## Aptech is a company that has clearly defined its addressable market.

The learning solutions space. We are here to fulfill the learning needs of an evolving world. Both retail and non-retail. And we operate across varied verticals of the learning and education space. We are emerging as a serious player in servicing the 'services' learning needs of sectors that include besides IT, animation, networking and hardware.

## But these are the means, not the end.

The end is to create value, for every stakeholder and contribute towards creating a more informed, skilled and intelligent society in the process. By servicing the learning needs in specific areas we operate in, we like to create a superior return on invested capital over the long run, both ours and that of our customers.

We are here for the long run. We look at structural growth trends so that we create consistent and sustainable value in the long term. This is how.



We have built a franchisee model that generates better Return on Invested Capital (ROIC) for the Company and helps us grow faster and better through many entrepreneurs.



We have a global delivery model that services the learning market across 5 continents, 35 countries and over 700 centers (additional 250 in China). We have brought knowledge to over 4 million students across the world.



We believe in investing in brands. We have some of the most powerful learning brands in Aptech Computer Education (ACE), Arena and N-Power. Over the last three years, we have invested over Rs. 210 million in building them, besides the investment by our franchisees.



We have, over the years, de-risked the Company by diversifying from just IT education to becoming a global learning solutions company, both organically and through strategic acquisitions by adding verticals and expanding geographies.



We aim to be a leader in each learning vertical in our target geographies. And with your support, we will reach there.



**We offer**  
**comprehensive**  
**learning solutions**  
**across verticals**  
to customers across **the world.**

## Retail – 66% of revenues

The retail services bouquet of Aptech's learning solutions is spearheaded by its leadership position in the IT and multimedia space and through its growing presence in the hardware and networking space, a service it started offering in 2007.

## IT Education

The demand for IT professionals globally is on the rise as the world gets flatter. The IT segment is an important catalyst to the growth of the services segment in the global GDP. Aptech has established its presence in this segment through its pedigree in some of the most important markets that supply IT manpower across the world. The IT education segment accounted for around 40% of Aptech's revenues and grew by 22% in 2007. The system wide bookings grew by over 55%. We believe that the demand for IT professionals will remain strong in the coming years. We want to lead this space, globally.

Aptech Computer Education (ACE) is the 21-year-old flagship brand of the Company. It is one of the leading providers of IT education across the world. The premium course offering under ACE is the Aptech Certified Computer Professional (ACCP) programme. This is a three year career course with a built-in one year internship. During the year, the Company enhanced the value offering of ACCP with an English Enhancement and Workplace Skills Programme. This course has been the focal point for ACE and has recorded an increase of 9% in enrolments over the previous year. We have also increased our focus on other career oriented courses. 77% of our revenue comes from career courses.

The total reach of ACE today stands at 517 centres (including international centres) across 32 countries.

## Animation and Multimedia

Aptech saw this opportunity early on. The sheer convergence of text, audio, still images, animation, video and interactivity has led to the usage of multimedia beyond the obvious forms of media and entertainment. Multimedia finds extensive usage in advertisements, art, education, entertainment, engineering, medicine, mathematics, business, scientific research and spatial temporal programmes. The demand for multimedia professionals is on the rise, and the providers few, giving leaders an advantage. Aptech is by far the leader in this space in India through its powerful curriculum and brand Arena. The system wide bookings of Arena grew by over 95% in 2007.

The brand has grown to become a Rs. 1700 million entity over the last 11 years and has trained over 200,000

students. Arena offers comprehensive career courses for students, professionals and entrepreneurs. By 2007, Arena was present through 168 centres (including international centres) across 15 countries.

The DAE course did very well in 2007 and recorded an increase of 48% in enrolments over the previous year. Arena also announced a brand new version of its flagship course, the Arena Animation Academy Specialist Programme 2007 (AAASP 2007). This year, we witnessed a 33% increase in enrolments in this course. 93% of revenues in Arena are generated through the career programmes i.e. DAE and AAASP.

Another pioneering initiative that we undertook this year was the launch of the Golden Cursor Animation Awards in collaboration with CNBC, that honours excellence in animation.

## Hardware and Networking

Hardware and networking courses constitute around 30% of the IT training and education market, making it one of its key constituents. As Aptech expanded its offerings in the learning space, this was one area it entered.

Aptech made its foray in this space in 2007 under the brand name N-Power. The Company tested the market with six own centres and 17 franchisee centres across the country. Courses offered include career courses (which see more than 70% enrolment), professional courses (which are for working people to reskill or upgrade their skills) and foundation courses. N-Power aims to set up around 50 centres in India by the end of 2008 and thus, has aggressive branding and marketing plans in place which will enable it to enhance its foothold in this space.

## Non-Retail – 34% of revenues

### Training Solutions

The increasing usage of IT in companies has opened a new market for corporate training in IT across the world. As companies keep upgrading their infrastructure, the need to regularly train people in IT is growing. As a trend, more and more companies rely on leaders like Aptech to provide this training to their people. The Training Solutions division offers organizations end-to-end solutions in IT training and soft skills training. In 2007, the division was organized vertically to focus on Academics, Auto, Banking and Financial Services Industry (BFSI), Retail, IT-ITES and others (Telecom, Pharmaceutical, etc). Customer Interface Training remained the main focus area of this division which grew by 61% in 2007.

A number of marquee clients were added during the year especially in the BFSI vertical. A number of large contracts were also renewed including those of a telecom major as well as some private and nationalised banks.

**Learning is as much a  
consumer business  
like any other.**

**Building a strong brand  
that resonates with the  
customers is a must at Aptech.**

As the services leg of the economy accelerates, it's all about taking education to people. And the best way to get customers excited about your business is through communication. Increase in the demand for learning and education services can be achieved through awareness and that's where the learning business resembles any other consumer business. And like any other consumer business, the brand plays a critical link between the customer and the service.

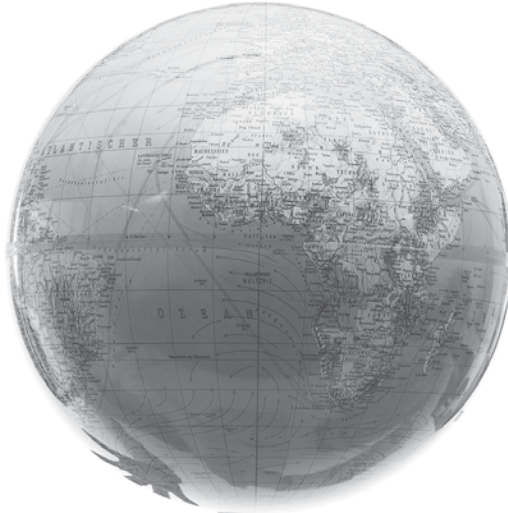
Over the years, Aptech has been building a strong learning brand through a portfolio approach. All its brands have separate and distinct characteristics and resonate differently with its customer base. The Company has independent brands for each learning vertical. This focused approach acts as a differentiator and enables the Company to communicate better with the target customer group.

Over the last three years, Aptech has spent over Rs. 210 million in building these brands and taking them to their current position with a high consumer recall. Aptech increased its brand spend in 2007 to 11.25% of revenues from 8.6% in 2006. In absolute value, brand spend increased by over 50% to Rs. 112 million in 2007.



No. of Centres

122



No. of Centres

421



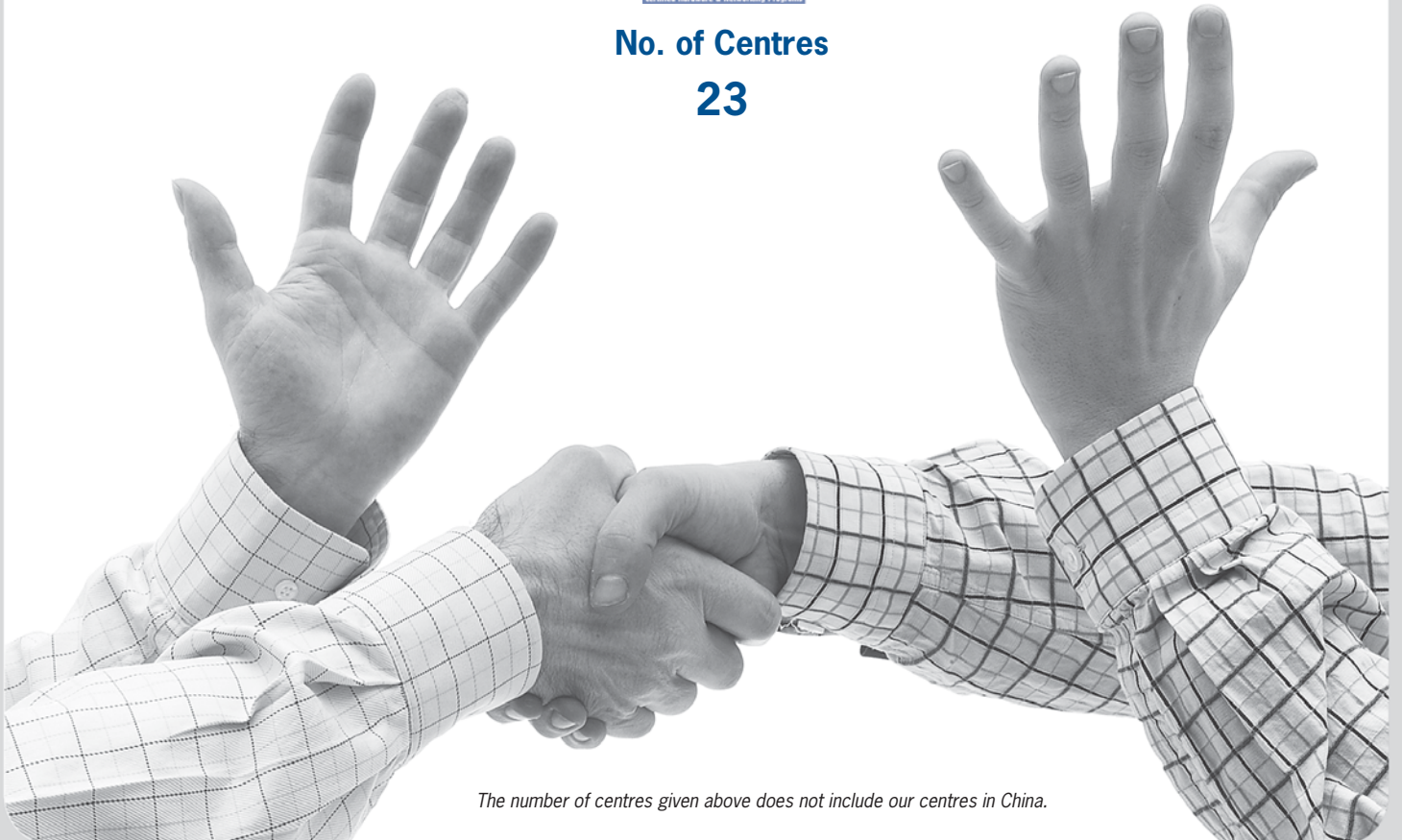
No. of Centres

142



No. of Centres

23



*The number of centres given above does not include our centres in China.*



# Aptech is one of the global leaders in the learning solutions space with a presence across 5 continents and 35 countries.

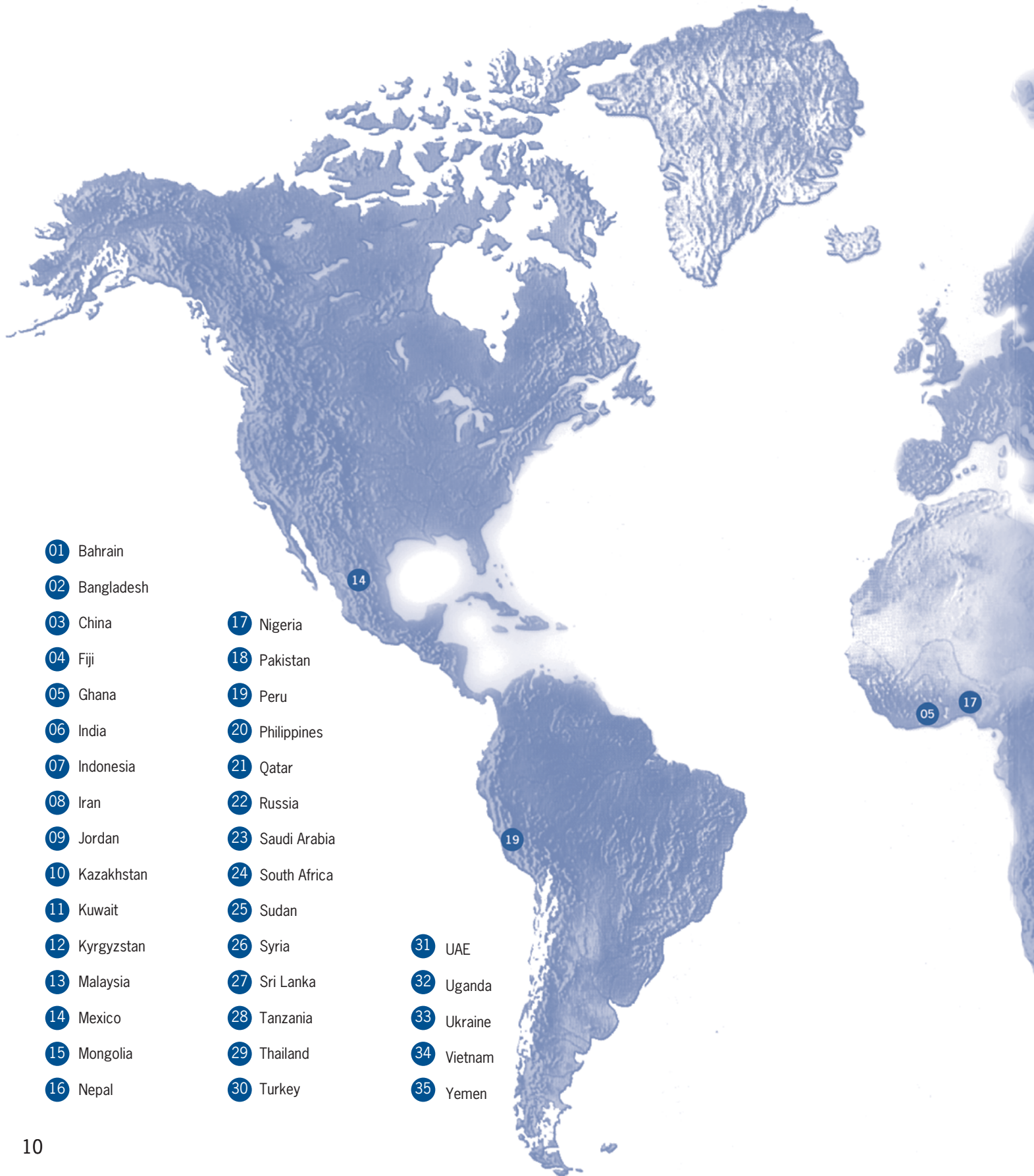
Education and learning are the foundation of a progressive and growing society. Our responsibility lies in taking learning to the people, enhancing their skills and making them employable and job-ready. And this is critical. At Aptech, we have been extending our reach ever since. Over the last 21 years, Aptech has trained over 4 million students globally.

With a presence across 35 countries in 5 continents through over 700 centres (additional 250 in China), Aptech is the leader across multiple learning verticals and geographies.

To ensure we extend our reach faster and better, Aptech chose the franchisee business model, wherein the infrastructure is provided by the franchisee, who runs the centre like an entrepreneur. Aptech provides the learning content, quality education delivery framework, the brand and marketing support.

Managed well, the franchisee model is a low investment, high ROI business. But most importantly, it helps scale the business faster. The capital infused and operating accruals are available to the Company to tap other strategic opportunities and invest in building the brand and global delivery network.

Going forward, with our extensive reach, strong brands and the high ROI business model, we are well poised to capitalize on the attractive opportunities in the global learning solutions space.



- 01 Bahrain
- 02 Bangladesh
- 03 China
- 04 Fiji
- 05 Ghana
- 06 India
- 07 Indonesia
- 08 Iran
- 09 Jordan
- 10 Kazakhstan
- 11 Kuwait
- 12 Kyrgyzstan
- 13 Malaysia
- 14 Mexico
- 15 Mongolia
- 16 Nepal
- 17 Nigeria
- 18 Pakistan
- 19 Peru
- 20 Philippines
- 21 Qatar
- 22 Russia
- 23 Saudi Arabia
- 24 South Africa
- 25 Sudan
- 26 Syria
- 27 Sri Lanka
- 28 Tanzania
- 29 Thailand
- 30 Turkey
- 31 UAE
- 32 Uganda
- 33 Ukraine
- 34 Vietnam
- 35 Yemen

# Aptech's Global Reach



# What you **must** know about **Aptech**

**Aptech** is a global learning solutions provider that is engaged in education and training services to retail and non-retail customers across the world.

**Aptech** commenced its business in 1986 and since then has trained over 4 million students globally.

**Aptech** has a presence in 35 countries across 5 continents through more than 700 centres (additional 250 in China).

**Aptech** is an ISO 9001:2000 certified organization and was the first IT training and education organization to receive the ISO 9001 quality certification for Education Support Services in 1993.

**Aptech** offers career and professional training in IT (Aptech Computer Education); Animation & Multimedia (Arena Animation); Hardware & Networking (N-Power) as well as Training Solutions.

## "Empowerment through Technology"

IT is an empowering technology, when rightly employed leads to productivity improvements and prosperity at individual, organizational, societal, national and global level.

# Mission

"To be the preferred Learning Solutions partner globally, delivering superior customer service for performance enhancement, through WorldClass processes."

# Vision

Respect for the individual.  
~  
Fairness and transparency with members.  
~  
Creating value through consistent superior performance.  
~  
Exceeding customer expectations.  
~  
A shared destiny approach.  
~  
Adherence to societal laws, norms and ethos.

# Values

# Awards and Accolades

Indian Franchising Awards 2007 - Indian Global Franchisor of the Year Award and Win-win Franchising Partnership of the Year Award. Franchise Growth Driver of the Year Award – Arena Animation.

~

IT People Award for Leadership in IT Education.

~

Maharashtra State IT Award 2007 – Arena Animation.

~

Featured in TrainingOutsourcing.com's Top 20 Global Training Outsourcing Service Provider (OSP) Companies for the 2<sup>nd</sup> consecutive year.

~

Featured amongst India's Biggest Newsmakers in Business Today – Cirrus Review of CEOs and companies for four consecutive years – 2004, 2005, 2006 and 2007. Amongst the Top 10 Biggest Newsmakers in IT companies category – 2006, 2007.

Mr. Pramod Khera, CEO & MD – 'CEO with an HR Orientation Award' for his outstanding contribution to building a people's organization.

~

Mr. Anuj Kacker, Senior VP, International Operations - 'Indira Super Achiever Award', recognizing his talent, competence, skills and contribution to the organization.

# Corporate Social Responsibility

Project Saraswati is Aptech's endeavour to provide IT education to underprivileged students across the country.

Project Srishti is the endeavour of Arena Animation to further spread multimedia education throughout the country. Over 1000 students have been trained so far on a pro bono basis.

Aptech has tied-up with Barrackpore-based NGO, Udayan. Aptech Computer Education and Arena Animation provide complimentary IT and multimedia education to the children.



Aptech is working with a Coimbatore-based NGO, Isha Foundation to participate in its Rural Rejuvenation Project. Aptech provides free IT training and courseware to students.

The Company has trained over 5,50,000 students on the multi-lingual, basic IT literacy course 'Vidya'.

Aptech has worked with NGOs associated with CRY viz. Swati, Ashray, Kislay & Anchal to provide free IT literacy to children from these NGOs.



The Company also works with the leading Mumbai-based NGO, DEEDS (Development, Education, Empowerment of the Disadvantaged in Society) to provide IT training to its students.

Aptech has also worked with CII – Shiksha and trained students from CII – Shiksha's affiliate NGO Butterflies.

The Company has also organized Personality Development programmes and Cartooning & Graphics workshops for children associated with NGOs – Swati and Hope Foundation.

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

**RAKESH JHUNJHUNWALA**, Chairman

**C. Y. PAL**, Vice Chairman

**ASIT KOTICHA**

**UTPAL SHETH**

**RAJIV AGARWAL**

**PRAMOD KHERA**, Managing Director

**RAMESH S. DAMANI**

**YASH MAHAJAN**

**VIJAY AGGARWAL**

**ASHISH PANT**

**NINAD KARPE**

**WALTER SALDANHA**  
(appointed with effect from October 31, 2007)

**R. KRISHNAN**, Executive Director  
(resigned with effect from October 23, 2008)

**SREE VIDHYA RAJU**, Group Company Secretary

### **STATUTORY AUDITORS**

**M/s. Khimji Kunverji & Company**,  
Chartered Accountants,  
Bombay Mutual Building, Suite 52, 2nd Floor,  
Sir Phirozshah Mehta Road,  
Fort, Mumbai - 400 001

### **BANKERS**

**Union Bank of India**  
Union Bank Bhavan, 239,  
1st Floor, Vidhan Bhavan Marg,  
Nariman Point,  
Mumbai - 400 021

### **AXIS Bank**

Ahura Centre, Ground Floor,  
28, Mahakali Caves Road,  
Andheri (East), Mumbai - 400 093

### **REGISTERED & CORPORATE OFFICE**

Aptech House, A -65,  
M.I.D.C, Marol,  
Andheri (East),  
Mumbai - 400 093, India  
Tel : 91 22 28272300/01  
Fax : 91 22 28272399

### **REGISTRAR & TRANSFER AGENTS**

Sharepro Services (India) Pvt. Ltd.  
Unit : Aptech Limited  
3rd Floor, Satam Industrial Estate,  
Cardinal Gracious Road,  
Above Bank of Baroda, Chakala,  
Andheri (East),  
Mumbai - 400 099, India  
Tel : 91 22 67720300  
Fax : 91 22 2837 56 46

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. MACRO VIEW

The Indian economy has been growing at a steady pace over the past few years. The country's GDP has grown at an average growth rate of 8.8% from 2003-04 to 2006-07. In 2007-08, India's GDP grew at a rate of 9% with the service sector being the driver of growth for yet another year. This sector grew by 10.8% in 2007-08 with trade, hotels, transport and communication segments growing even faster at around 12%.

India has the largest young population in the world, with over 60% of India's one billion plus population being below the age of 25. With rapid urbanization in the country, around 45% of India's population will be urban by 2050, up from 30% at present. Average literacy levels in India have also increased significantly over the last few years. Currently, the average literacy level is pegged at a little over 65% and is growing at a steady pace of 1.5% every year. Education spend as a percentage of the GDP in the country is around 4%.

### 2. INDUSTRY OVERVIEW

#### Global scenario

Critical shortage of qualified talent is now a universally accepted fact. Changes in work force dynamics are bringing about a change in skill set requirements. Increased globalization has led to increased work mobility with work moving across countries and geographies. An ageing population in the developed world is changing the demographic balance with working people moving from developing countries to fill the gap. The global economy is also shifting towards a services led economy from an industrial economy, which requires a new and different set of skills. India is well poised to take advantage of the above trends. It is estimated that by 2020, India would have a surplus of 47 million people in the working age group (15-59) while the rest of the world would be short by 56 million in this age group. To leverage this opportunity, India needs to invest in building a strong education infrastructure and accelerate the process of qualitative and quantitative skill development.

In 2007, global spending on technology and related services sector is estimated to have reached nearly USD 1.7 trillion, a growth of 7.3% over the previous year. Software and services continued to lead, accounting for over USD 1.2 trillion, around 71% of the total spend. Hardware spend, at USD 478 billion, accounted for over 28% of the worldwide technology spending in aggregate. The global animation market (from the developers' perspective) was estimated at USD 25 billion in 2005 and is expected to increase to USD 35 billion by 2009, indicating a huge opportunity for professionals across the world.

#### Indian scenario

The Indian IT-BPO (Business Process Outsourcing) sector grew by 33% in FY08 to reach USD 64 billion in aggregate revenue, thus revalidating its strong fundamentals. The domestic IT market reached USD 23.1 billion in FY08 as against USD 16.2 billion in FY07, a growth of 43%. Hardware remained the largest segment of the domestic market with a growth rate of 44%. These developments indicate a substantial increase in the demand for qualified people. Consequently, the number

of knowledge professionals is estimated to have increased from 1.62 million in FY07 to 2 million in FY08, an increase of approximately of 23%.

Today, animation has crossed the threshold from being a sunrise sector to a mature industry, witnessing increasing applications and opportunity. The size of the Indian animation market (from the developers' perspective) was estimated at USD 285 million in 2005. This is expected to witness a CAGR of 35% to reach USD 950 million by 2009. The domestic hardware industry too is developing at a steady pace. Currently worth USD 11.5 billion, it is growing at a CAGR of 24%.

#### Training industry

The total private education market in India is estimated to be worth USD 40 billion. The domestic IT training industry is currently worth USD 225 million and is expected to grow to over USD 500 million by 2012. Within the domestic IT training market, the size of the retail segment is around USD 187 million and that of the corporate segment is USD 38 million.

The vocational training segment (staff training for airlines, retail chains, hotels, financial services and basic skills such as English improvement) is estimated to be worth USD 1.4 billion and is expected to grow at a CAGR of 22% till 2012. As per industry estimates, corporate training is an over Rs. 20 billion market opportunity. Banking, insurance, telecommunication, auto, retail and IT/ITES sectors are increasingly adopting third-party trainers for front-end training.

Technology based testing and assessment solutions segment is estimated to become a USD 94 million market in 2009. With CAT (MBA entrance exam) expected to go online in 2009, mass adoption of the online testing format is expected to follow. The employee testing market is also likely to be increasingly outsourced.

As is evident from the above, the addressable opportunity for Aptech is huge and growing. Though nearly 2.2 million students in India graduate every year, vocational or professional competence is low. Aptech aims to fill this gap through its portfolio of services which apart from the IT industry, now also addresses emerging sectors such as consumer financial services, retail, telecommunication, aviation and hospitality. Its expertise, experience and strong execution capabilities will enable Aptech to leverage the plethora of opportunities that lie ahead.

### 3. BUSINESS OVERVIEW

Aptech Limited is a global learning solutions company that provides education and training services to retail and non-retail customers across the world. Aptech commenced its business in 1986 and since then has trained over 4 million students globally.

Aptech's worldwide network is a major asset for the Company. Over the course of 20 odd years, Aptech has established its presence in 35 countries across 5 continents through more than 700 centres (additional 250 in China) including those in new and emerging markets such as Vietnam, Turkey, Nigeria, Fiji, Yemen, Sudan, South Africa, Malaysia and Philippines. In 2007 alone, 28 more International centres across the world and 30 domestic centres were added.

From being a pure domestic IT training company, Aptech has evolved to become a global Education and Training company. Aptech operates under two distinct business segments, retail and non-retail (institutional). The retail segment consists global IT, multimedia training and N-Power. The non-retail segment consists of government projects and training solutions. The retail business constitutes around 70% of the Company's revenue. Aptech's business model – low capital expenditure and emphasis on franchising – allows the Company to have a high operating leverage. The Company invests significantly in developing brands and content.

The Company has entered into an alliance with the Asian Institute of Communication and Research (AICAR) in Neral, Maharashtra to launch the T3 (Train-The-Trainers) academy in AICAR's premises. This academy is a global, state-of-the-art, dedicated facility for high-end training of Indian as well as international faculty. Besides faculty training, AICAR will also offer premium post graduate programmes to students of Aptech.

## Retail

### Aptech Computer Education (ACE)

ACE, a 21-year-old flagship brand of the Company is a leading provider of IT education across the world. In 2007, 15 new domestic and 18 new international ACE centres were launched with ACE entering Jordan and Syria for the first time. Bookings in the year grew at the rate of around 40%. Further, ACE's premiere course offering Aptech Certified Computer Professional (ACCP) was upgraded with an English Enhancement and Workplace Skills Programme. With a focus on internships, placements, certification market, career market and a comprehensive city-wise strategy in place, ACE is well accepted by the industry, leading to the students getting placed in suitable organizations.

### Arena

Arena is a pioneer and leader in the animation and multimedia education with an industry leading market share in the Indian market. Arena has a presence in 15 countries and offers comprehensive career courses for students, professionals and entrepreneurs. The brand has grown to become a Rs. 1700 million entity over the last 11 years and has trained over 200,000 students. In 2007, 15 new domestic centres and 9 new international centres were launched with Arena entering Mongolia, Saudi Arabia, Syria and Jordan for the first time. Bookings grew at the rate of 70%. Arena also announced the Arena Animation Academy Specialist Program 2007 (AAASP 2007), a brand new version of its flagship course. Mega successful seminars organized by Arena viz. 'Perspectives' continued their journey across India with noted Indian and international speakers. The Golden Cursor Animation Awards to be launched in collaboration with CNBC was a path breaking initiative planned during the year. The Awards were conceptualized with the objective of enhancing and shaping the future of the Indian animation industry and to create a unique foothold in the international animation space.

### N-Power

N-Power is the Hardware & Networking training brand of Aptech. N-Power tested the market in 2007 with six own centres and

17 franchise centres in the country and plans to set up around 50 centres in India by the end of 2008. Courses offered are segregated into career courses (which see more than 70% enrollment), professional courses (for working people to reskill or upgrade their skills) and foundation courses. N-power has aggressive branding and marketing plans in 2008 which will enable it to enhance its foothold in this space.

### Non-retail (Institutional)

The Training Solutions division offers organizations end-to-end solutions in IT training and soft skills training. In 2007, the division organized itself vertically to focus on Academics, Auto, Banking and Financial Services Industry (BFSI), Retail, IT-ITES and others (Telecom, Pharmaceutical etc.) and the business development team has been structured around these verticals. This division's revenues grew by 61% in 2007. Customer Interface Training remained the main focus area.

## 4. OPPORTUNITIES

Analysts are confident that favourable demographics and the increasing contribution of the services sector to the country's steadily growing GDP will ensure that the training industry in India experiences strong growth in the years to come. This is supported by the positive outlook on the Indian IT-BPO sector. Further, strong imperatives for increasing technology adoption in India represent significant potential for growth in the domestic market. The Indian animation industry has seen tremendous growth in the last few years and is poised to reach USD 1 billion by 2010.

Growing at a 16% CAGR, opportunities in India's private education market could reach around USD 70 billion by 2012. The domestic IT training industry, currently worth USD 225 million, is expected to grow to over USD 500 million by 2012. Growing at a CAGR of 28%, the domestic hardware training market is estimated to reach USD 1 billion by 2015. Over 1.2 million youth will be candidates for some form of skill/vocational training in 2012, from the current 0.5 million, according to industry estimates.

All this bodes well for Aptech. With a wide network across the globe, presence in increasing number of verticals, progressive operations, strong processes, scalable and highly de-risked model, unique ability to create successful brands and commitment from investors and the management, Aptech will be able to capitalize on this immense opportunity.

## 5. OUTLOOK

With the rapid growth of the services sector in India and the severe shortage of qualified manpower globally, skill development and education are becoming indispensable. Aptech is playing a key role in helping individuals, organizations and nations adapt to the changing requirements of a knowledge-driven world. As a global learning solutions company, Aptech continues to enhance its international market presence, strengthen its operations and create more value for all its stakeholders. In this endeavour, the Company's product portfolio has been realigned to de-risk the Company and make the revenue model much more predictable. Thus, the future of the Company looks promising. In the coming years, Aptech seeks to build a customer-responsive culture which encourages innovation through collaborative networks.

## 6. RISKS AND CONCERNS

As the Company gets in the expansion mode in a competitive environment, it is bound to undertake risks as it capitalizes on several new opportunities. The Company ensures that the risks it assumes are commensurate with returns. These risks include economic risk, technology obsolescence risk and currency fluctuation risk. Through strategic focus, forward thinking and contingency planning, the Company has devised a risk management policy to control and mitigate the above risks to maximize opportunities and minimize adversity.

Aptech's interests are well distributed geographically, across the world. Further, its presence in different verticals of the education sector ensures a highly de-risked business model. Concerns like competition in each of these verticals and retaining talent remain. However, these are threats faced by the entire industry. With an impeccable track record of customer satisfaction, superior methodologies and improved processes and systems, the Company is well positioned to lead a high growth path.

## 7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

The Company's well defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data.

During 2007, development and testing of a web-based application "Aptech Retail Portal" was completed and rolled out at Aptech's own centres. This application unifies all retail business processes in an integrated enterprise framework, enabling all i.e. the centres, Aptech and the students to access the system on a real time basis. This application will be extended to all other centres of the Company including international centres after successful trials in the coming year.

Aptech also undertook SAP ERP implementation during the year to track and manage, in real-time, sales, production, finance accounting and human resources functions of the Company, with minimum manual intervention and total transparency of all operations. Further, the Aptech Retail Portal has been integrated with the SAP ERP system which has substantially enhanced productivity and enabled decision makers to perceive problems, recognize new product ideas and identify emerging customer needs. This integration has also maximized customer perception of value addition through the use of best business practices and real time control.

## 8. EDUCATION DELIVERY, CONTROL AND QUALITY

Aptech has developed strong systems and processes to control the quality of education delivered across the globe. This is a top priority for the Company. Hence, several initiatives have been taken to ensure a high standard of quality in the global learning delivery model. For instance, Aptech offers online, centralized certificate authentication for all students through which one can confirm that an individual is a bonafide Aptech student. The Company ensures that students of all courses have access to exhaustive and updated content. E-Projects, which

students are required to submit directly to Aptech, serve as a clear indication of the students' learning. A lot of emphasis is also given to the development of student portfolios.

Aptech stepped up faculty quality parameters and enhanced audit standards for franchisees this year. The T3 academy at AICAR now offers high-end training to faculty and counselors from across the world. Aptech has also made significant progress in the area of proctored tests. Around 94% of exams were conducted under the guidance of third party invigilators during the year.

## 9. DISCUSSION ON FINANCIAL PERFORMANCE (STANDALONE)

**Total Income:** The Company recorded a total income of Rs. 995.10 million, as compared to Rs. 851.34 million for the previous year, a growth of 16.89%.

**PAT:** The Company recorded a Profit After Tax (PAT) of Rs. 24.58 million in 2007 as compared to a loss of Rs. 67.36 million in 2006.

The Company has discontinued the school projects business but is fulfilling legacy contracts which are loss making in aggregate. The largest contract in this segment is expiring in October 2008. Revenues from the retail segment of the business increased by around 40% in 2007. The Company is on its way to become a zero net debt company. Overall, the company is on a growth path and its efforts to improve efficiency, productivity and profitability will improve overall returns.

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

People have always been an integral part of Aptech. The Company recognizes the importance of human capital and values it highly. It believes that learning and development are vital to business operations and has therefore put in place sound policies for the growth and progress of its employees. Lot of emphasis and efforts are made to create a working environment that will encourage innovation, enhance work satisfaction and build a merit driven organization.

Performance management and 360 degree assessment of the management team has now become an annual feature. Continuing with the employee development programme C3e (Clarity, Competence, Capacity for Efficacy), initiated by Aptech last year, workshops were held during the year to sensitize all functional heads and their team members. The achievements for the year include bringing down the median lead time for filling up positions.

As on 31st December, 2007, the Company had 759 employees on its payrolls.

## 11. CAUTIONARY STATEMENT

Statements 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.

# APTECH LIMITED

## DIRECTORS' REPORT

### The Members of Aptech Limited

Your Directors are pleased to present their Eighth Annual Report on the business and operations of your Company and the Audited Financial Results for the period ended 31st December, 2007.

### FINANCIAL RESULTS

The financial results of the Company for the Accounting year ended 31st December, 2007 are presented below:

Particulars	(Rs. In Million)	
	Year ended 31st December Aptech Limited Standalone	2006
	2007	2006
Income From Operations	992.58	812.14
Other Income	2.52	39.20
<b>Total Revenue</b>	<b>995.10</b>	<b>851.34</b>
Training & Education Expenses	338.44	331.00
Payments to and Provision for Employees	223.36	185.72
Administration and Other Expenses	286.32	243.93
Interest and Finance Expenses (Net)	18.76	23.60
<b>Total Expenditure</b>	<b>866.88</b>	<b>784.25</b>
<b>Profit Before Exceptional Items and Depreciation</b>	<b>128.22</b>	<b>67.09</b>
Depreciation and Amortisation	121.91	125.77
<b>Profit Before Exceptional Items and Tax</b>	<b>6.31</b>	<b>(58.68)</b>
<b>Exceptional Items</b>		
Provision for Doubtful Advances (Net)		0.89
Provision for Diminution In Investment	11.06	
Provisions/Liabilities no longer required written back	13.82	
<b>Total Exceptional Items</b>	<b>24.88</b>	<b>0.89</b>
<b>Profit/(Loss) Before Tax</b>	<b>31.19</b>	<b>(59.57)</b>
<b>Provision For Tax</b>		
Income Tax & Wealth Tax	2.27	2.15
Fringe Benefit Tax	4.35	5.64
<b>Profit/(Loss) After Tax</b>	<b>24.58</b>	<b>(67.36)</b>
Add : Surplus/(Deficit) brought forward from Previous Year	(389.71)	(322.35)
<b>Appropriations</b>		
Less : Transferred to Share Premium (Refer Notes - Para B-5 under Schedule 15)	388.90	-
<b>Balance Available For Appropriations</b>	<b>(0.81)</b>	<b>(389.71)</b>
<b>Surplus/(Deficit) Carried To Balance Sheet</b>	<b>23.77</b>	<b>(389.79)</b>

### DIVIDEND

The profits for the current year not being substantial to enable payment of a dividend, your Directors thought it appropriate to plough it back into business for enhancing the prospects in the future.

**CONSOLIDATED ACCOUNTS**

As per the Listing Agreement with the Stock Exchanges, consolidated financial statements are required to be annexed with the financial results of the Company. However, owing to the impending restructuring of Aptech's holding in the Chinese Joint Venture, consequent to the Framework agreement, executed on 20th March, 2008, which is yet to be followed up by the execution of Definitive agreements, the accounts for the year ended 31st December, 2007 cannot be consolidated, pending receipt of appropriate financial information.

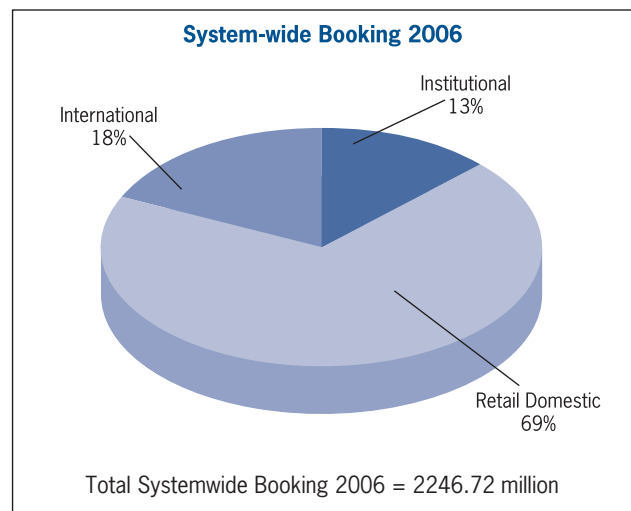
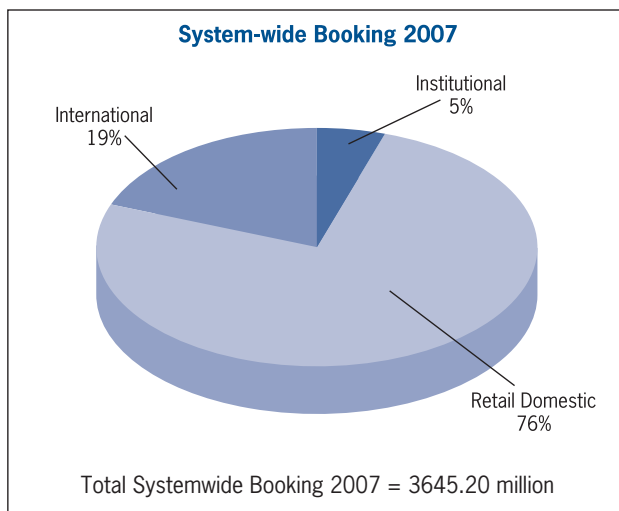
The process of execution of the Definitive Agreements will take some more time and as a result, the financials of the Chinese Joint Venture will be received upon completion of the same. Soon thereafter, we propose to prepare and dispatch a Supplementary Annual Report to all members, containing the Consolidated Financials of the Aptech Group for the year ended 31st December, 2007.

**OPERATIONS**

For the year 2007, your Company posted impressive System-wide booking of Rs. 3645.20 million, registering a growth of 62% over the previous year. This growth was achieved inspite of the decrease in institutional booking as per the Company's stated strategy of de-focussing on the government business.

The share of the International business in the System-wide booking increased to 19% led by a growth of over 70% in the year 2007. The domestic Retail business bookings, which includes the brands of Aptech Computer Education, Arena Multimedia and N-Power also grew at over 77%, thereby increasing its share in the overall pie to 76%.

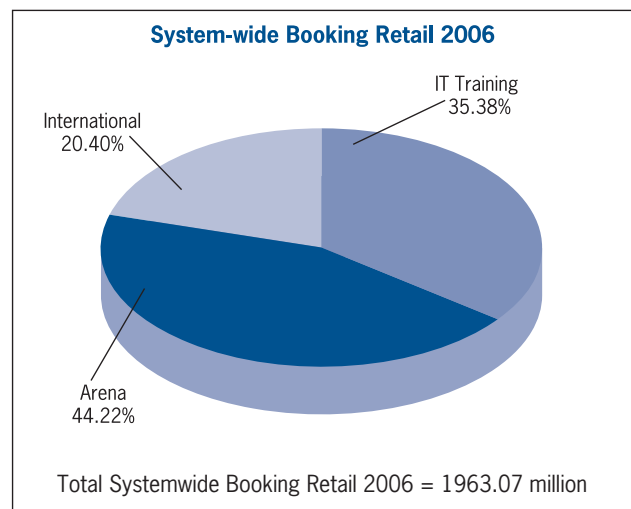
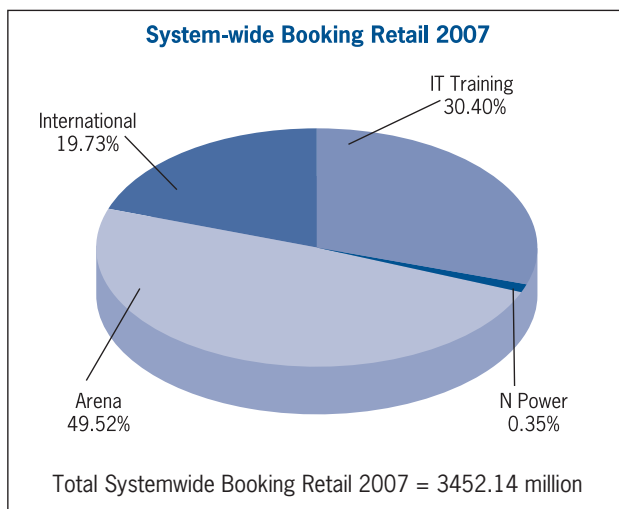
The overall growth in the System-wide revenue of Aptech's business is depicted below:



**A. RETAIL**

In 2007, the Retail segment has shown a good growth. Your Company has opened up five own centres in India at strategically placed business locations with a view to propel the business

prospects. Your Company has employed aggressive marketing initiatives which will enable higher and qualitative growth in the coming years.



## 1. INTERNATIONAL RETAIL :

The International Retail business of your Company has shown a remarkable growth in bookings of over 70% in 2007.

With greater emphasis on expansion in the developing markets, 18 new Aptech Computer Education Centres were opened in 2007 in new and existing geographies including Ghana, Vietnam, Nigeria, Iran, Jordan and Syria. Additionally, 9 new Arena Animation centres including Mongolia, Syria, Jordan & Saudi Arabia were opened during 2007.

Further your Company continued to consolidate its growth in focussed markets like Vietnam, Iran and Nigeria.

These initiatives will enable your Company to bolster its revenue growth during the coming years. Further, your Company is on a constant look out for opportunities in the global arena to accelerate its rate of growth.

## 2. DOMESTIC RETAIL :

Your Company continued to be visible in the domestic market operating through its flagship brand 'Aptech Computer Education' (ACE) which provides IT Education and 'Arena Animation', the pronounced and unparalleled leader in Asia for training in Animation and Multimedia education.

During 2007, overall domestic bookings from ACE grew over 49%. With renewed focus and well thought strategies, ACE is slated to scale heights in the times to come.

Arena Animation is the leader in animation and multimedia education with the largest market share in the Indian market. It was honoured with the Franchise Growth Driver of the Year Award at the India Franchise Awards 2007 which recognized the new initiatives introduced by this brand which revolutionized the industry and resulted in increased growth for the franchisees. The domestic bookings from this brand grew at more than 97% over the last year.

N-Power – the Hardware & Networking brand of Aptech was launched in 2007. With aggressive marketing plans in place, it will be able to gain a foothold in 2008.

Your Company's success can be attributed to consistent reinvention to keep up with the ever changing requirements of the industry, focus on the course content, execution, placements, internships and innovative marketing strategies and above all to its commitment to the end customers.

## B. INSTITUTIONAL

### TRAINING SOLUTIONS :

Training Solutions which provides IT Training and Soft Skills Training focusses on selling end-to-end solutions mainly to the Corporate segment. The verticals targeted include IT, BPO, Auto, Financial and Retail sectors.

During 2007, your Company had built up its capability in Content and On-line Testing to meet the competitive challenges in the Corporate segment. These capabilities will enable your Company to offer complete learning solutions to its clients.

Going forward, it is proposed to integrate the Training and Testing solutions in order to offer comprehensive services to clients.

## EQUITY INFUSION

In February 2007, M/s. Aptech Investments, the existing Promoters exercised their option of conversion with respect to 36,00,000 convertible warrants allotted on August 24, 2005, at a price of Rs. 56/- per warrant and the corresponding 36,00,000 equity shares of the Company of face value Rs. 10/- each were allotted on 22nd February, 2007, upon receipt of corresponding allotment monies.

Further, out of the 47,12,500 Convertible Warrants allotted, in aggregate, to the Promoter group and the Independent Directors on 1st October, 2006, at a price of Rs.113/- per warrant, 14,50,000 warrants were converted by the Promoter Group in March 2007 and corresponding 14,50,000 equity shares of the Company of face value Rs. 10/- each were allotted, in aggregate, on 30th March, 2007, upon receipt of the allotment monies from the respective allottees.

A further right of partial conversion was exercised by the Promoter Group in respect of 6,00,000 warrants, in aggregate, during December 2007 and accordingly upon receipt of entire allotment monies @ Rs. 113/- per share, 6,00,000 equity shares of face value Rs.10/- each were allotted, against conversion of the respective warrants.

The last tranche of conversion of the outstanding 26,62,500 warrants, in aggregate, was exercised by the Promoter Group and two Independent Directors viz., Mr. Vijay Aggarwal and Mr. Ramesh S. Damani, in respect of 24,00,000, 250,000 and 12,500 warrants respectively by 30th March, 2008. With this last conversion request, the corresponding balance allotment monies was received by the Company and thereupon, on 31st March, 2008, the Directors had approved the allotment of an aggregate of 26,62,500 equity shares of face value Rs.10/- each to the respective allottees in the Promoter Group and to the aforesaid Independent Directors.

Consequent to the aforementioned preferential allotment, an aggregate sum of Rs. 73,41,12,500/- was received by your Company towards equity infusion from the Promoter Group and Independent Directors.

## SHARE CAPITAL

With the aforementioned preferential allotment of 83,12,500 equity shares made, in aggregate, to Promoter Group and Independent Directors and as a result of exercise of 2,13,885 Options (equivalent to 2,13,885 equity shares) under Employee Stock Option Scheme 2004, the paid up Share Capital of your Company as on 31st March, 2008 stood at Rs. 46,41,36,170 comprising 4,64,13,617 equity shares of face value Rs.10/- each.

## FINANCIAL RESTRUCTURING

Pursuant to the provisions of Sections 100 to 104 read with Section 78 of the Companies Act, 1956, the sanction of the High Court of Judicature at Bombay was obtained vide their Order dated 27th April, 2007 for reduction/utilisation of the Securities Premium Account to the extent of Rs. 38,89,02,555/- for adjusting the debit balance in the Profit and Loss Account of your Company as at 31st December, 2006.

The said High Court Order and minutes of reduction of Securities Premium Account was registered by the Registrar of Companies, Maharashtra and consequently necessary adjustments in the Securities Premium Account and Profit and Loss Account were carried out on 29th June, 2007.

For the sake of clarity, it is reiterated that the aforementioned adjustment/utilisation of the Securities Premium Account is only a book entry and has no financial implications whatsoever and further the members are requested to note that the aforesaid restructuring had no impact whatsoever on the Shareholding pattern and the Capital structure of the Company.

#### RESOURCE MOBILISATION

With the infusion of funds from the Promoters, the bank borrowings have significantly come down leading to a steep reduction in the interest and finance charges during the year.

#### EMPLOYEES STOCK OPTION SCHEME (ESOS), 2004

Your Company had formulated Employees Stock Option Scheme in February 2004 (hereinafter "Old Scheme") 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 13th February, 2004 and administered by the Compensation Committee of the Board. Under the said old scheme, 2,13,885 options were exercised by 28th February, 2007 at an exercise price of Rs. 32/- per equity share, against which corresponding 2,13,885 equity shares of face value Rs. 10/- each were allotted to the eligible employees by the Company. With this final phase of allotment, all options granted under ESOP Scheme 2004 have been either exercised into corresponding shares by the employees or have lapsed, as the case may be applicable, and therefore, there are no options whatsoever outstanding under this Scheme .

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter "SEBI guidelines"), the details in relation to the total options granted, vested, exercised, lapsed etc. under ESOS, 2004, are given as under:

Description	ESOS 2004
Total Number of Options granted	10,36,500
Pricing formula	Exercise price of the Options was 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, was 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	10,36,500
Number of Options exercised	6,91,680
Total No. Of Shares arising as a result of exercise of Options	6,91,680
Number of Options lapsed	3,44,820
Variation of terms of Options	N.A.
Money realized by exercise of Options	2,21,33,760
Total Number of Options in force	-
Grant to Senior Managerial personnel under the Scheme	7,11,000
Employees who were granted 5% or more of the total number of Options granted during the year	Nil
Employees who were granted Options equal to or exceeding 1% of the issued capital of the Company at the time of grant	Nil
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.	N.A.
Impact of this difference on profits of the Company	Nil
Impact of this difference on EPS of the Company	Nil
Weighted average exercise prices ;	32
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.	38.6
Description of the method and significant assumptions used during the year to estimate the fair value of the outstanding options (which were entirely exercised by February 13, 2007), including the following weighted – average information:	Binominal Method
(a) Risk-free interest rate,	5.5.% p.a.
(b) Expected life	1 year
(c) Expected volatility	Assumed at 0.358
(d) Expected dividends	Ignored
(e) The price of the underlying share in the market at the time of Option grant.	Rs. 62.25

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## EMPLOYEES STOCK OPTION SCHEME (ESOS), 2006

Pursuant to the approval accorded by the shareholders on 16th September, 2006, your Company had formulated the Employee Stock Option Scheme (ESOS), 2006, (hereinafter the "New Scheme") for the benefit of the employees of the Company and its subsidiaries and for the Non-Executive Directors (NEDs). The said scheme is administered by the Compensation Committee of the Board. Under the said new scheme, 11,65,000 stock options comprising 10,65,000 stock options for employees and 1,00,000 stock options for Non-Executive Directors was granted vide grant letters dated 4th May, 2007 at an exercise price of Rs. 113/- per equity share. The stock options granted to eligible employees are, inter alia, performance linked

options and have been granted with a vesting schedule spread over 4 years and accordingly the vesting period extends upto 12, 24, 36 and 48 months respectively from the grant date and the exercise period is one year from the respective vesting date of the qualified vested options. The entire 1,00,000 stock options granted to NEDs has a vesting period of 12 months from the grant date and an exercise period of one year from the respective vesting date.

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter "SEBI guidelines"), the details in relation to the options granted, vested, exercised, lapsed etc. under ESOS, 2006, as on 31st December, 2007, are given as under:

Description	ESOS 2006
Total Number of Options granted	11,65,000 Options comprising 10,65,000 Options to Employees and 1,00,000 Options to Non Executive Directors (NEDs)
Pricing formula/Exercise price	Rs. 113/-
Number of Options vested	Nil
Number of Options exercised	Nil
Total No. Of Shares arising as a result of exercise of Options	Nil
Number of Options lapsed	30,000
Variation of terms of Options	N.A.
Money realized by exercise of Options	Nil
Total Number of Options in force	11,35,000
Grant to Senior Managerial personnel	6,65,000
Grant to Non Executive Directors under the Scheme	1,00,000
Employees who were granted 5% or more of the total number of Options granted during the year	Mr. Pramod Kherra, Managing Director -2,65,000 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	N.A. as the options have not vested.
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.	98177500 – 20123550 = 78053950
Impact of this difference on profits of the Company	Positive
Impact of this difference on EPS of the Company	1.78
Weighted average exercise prices ; 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.	113 130.73
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 the market at the time of Option grant.	Black Scholes Method  8.11% p.a. 3.38 years 62.15% Ignored  Rs. 199.50

## **ALLIANCE WITH ASIAN INSTITUTE OF COMMUNICATION AND RESEARCH (AICAR)**

In October 2007, your Company entered into an alliance with the Asian Institute of Communication and Research (AICAR) in Neral, Maharashtra to launch the T3 (Train-The-Trainers) academy in AICAR premises. This academy is dedicated to creating a world-class residential institute which offers faculty training and premium post graduate programmes to graduate students. It also offers corporates the opportunity to enhance skills in research and development of management and communication practices of a standard unparalleled in most other Institutes. It aims to develop and create world class quality leaders and communicators capable of providing leadership in all spheres of commerce and service in any part of the world.

The vision of your Company and AICAR complement each other and it is expected that with this alliance in place, your Company will focus on exploring the synergies and new business opportunities that can be tapped with each other's contribution.

## **COMMUNITY SERVICES**

Your Company continued with its contribution to Community services through its various initiatives this year too. Your Company initiated multimedia training through its Animation & Multimedia training arm - Arena Animation, for the students of Udayan, who are endowed with creativity and artistic skills. This was besides the Communication & Personality development programs for the primary level students of Udayan, which Aptech conducts regularly. Udayan is a home for the children of the leprosy patients and Rev James Stevens is the Chairperson of this NGO. In its endeavour to increase the self confidence of the underprivileged students, Aptech and Hope Kolkata foundation came together in organizing modules in Communication, Personality Development and Spoken English for the children associated with this NGO.

In Cochin, your Company took up the construction & maintenance of 4 City Pre Paid Auto Stands which are manned by physically challenged people who are identified by local administration. Your Company has trained them in handling the computer related tasks. The hardware & Software support is being provided by Aptech's N-Power students. Further your Company took the initiative of providing free IT training to 50 children of Ganapathi Iyer School, Chennai, at its Cathedral Road centre. It has been a constant endeavor of your Company to empower children of the vulnerable section of the society by organizing IT & Multimedia and softskills sessions from time to time.

## **DIRECTORS**

In accordance with the Articles of Association of the Company, Mr. Rakesh Jhunjhunwala, Mr. Utpal Sheth and Mr. Yash Mahajan, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Pursuant to the Central Government approval, vide their letter dated 29th August, 2007 for increase in the number of Directors from 12 to 15, Mr. Walter Saldanha was appointed on the Board of Directors with effect from 31st October, 2007 as an Additional Director. His appointment is being put forth at the ensuing Annual General Meeting for the Member's approval.

## **CONSTITUTION OF BOARD COMMITTEES**

During 2007, Investment Committee of the Board was constituted and delegated with the authority to make investments on behalf of the Company in specified instruments and within the threshold limits approved by the Board. This Committee comprises Mr. Ramesh Damani as the Chairman, Mr. Utpal Sheth and Mr. Pramod Khara in their capacity as the Board representatives and Mr. T. K. Ravishankar and Ms. Subhashree Iyer as the Company representatives .

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

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) They have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

## **RE-APPOINTMENT OF STATUTORY AUDITORS**

At the forthcoming Annual General Meeting, M/s. Khimji Kunverji & Co., Statutory Auditors of the Company, will retire and being eligible, have offered themselves for re-appointment as the Company's Auditors. In terms of the provisions of Section 224(1) of the Companies Act, 1956, the Company had requested them to furnish a written certificate regarding their eligibility for re-appointment as the Company's Auditors and they have accordingly issued the necessary certificate, confirming that, their re-appointment, if made, at the ensuing Annual General Meeting, would be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

## **EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

Pursuant to the approval granted by the Ministry of Company Affairs, Government of India, vide their letter dated 14th March, 2008, in exercise of the powers conferred on them by Section 212(8) of

## APTECH LIMITED

the Companies Act, 1956, the Company has been exempted from attachment of Subsidiary companies' financial statements as required under Section 212(1) of the Companies Act, 1956, for the financial year ended 31<sup>st</sup> December 2007.

We undertake that the annual accounts of the Subsidiary companies and the related detailed information will be made available to the Holding and the Subsidiary Company investors who seek such information. Further the annual accounts of the Subsidiary companies will also be kept open for inspection by any investor in our Head office and that of the concerned Subsidiary companies.

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

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

### **PARTICULARS OF EMPLOYEES**

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975, as amended, forms part of this Report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report is being sent to all the Members of the Company excluding the aforesaid information and the said particulars are made available

at the Registered Office of the Company. The Members desirous of obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### **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, esteemed Corporate clients and Customers and 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

**Rakesh Jhunjhunwala**  
Chairman

**Pramod Kherra**  
CEO and Managing Director

Place: Mumbai  
Date: 31st March, 2008

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## 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 operations of your Company involves low energy consumption. Adequate measures have, however, been taken to conserve energy.

#### **Technology Absorption**

Your Company continues to use the latest technologies for improving the productivity and quality of its services.

#### **Foreign Exchange Earnings and Outgo**

The details of Foreign Exchange Earnings and Outgo are given in Schedule 15 under Para B-26 sub-para (ii) and (iii).

For and on behalf of the Board of Directors

**Rakesh Jhunjhunwala**  
Chairman

**Pramod Kherra**  
CEO and Managing Director

Place: Mumbai  
Date: 31st March, 2008

## 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 utilized 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 endeavors to improve on these aspects on an ongoing basis.

### BOARD OF DIRECTORS :

#### Composition :

The Board of Directors provide strategic direction and thrust to the operations of the Company. The Board has a Non-Executive Chairman who is the promoter of the Company and the number of Independent Directors are more than one-half of the total number of Directors. The number of Non-Executive Directors (NEDs) are 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. Hence, the Company complies with the listing agreement norms for Composition of Board of Directors.

#### Attendance at Meetings :

During the year under review, the Board of Directors met 8 times on 29th January, 2007, 22nd February, 2007, 30th March, 2007, 27th April, 2007, 21st July, 2007, 11th September, 2007, 31st October, 2007 and 29th December, 2007. The gap between two meetings did not exceed four months.

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 held on 28th June, 2007, and 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 31st December, 2007	Whether attended AGM held on 28th June, 2007	No. of Directorships in other public companies incorporated in India	No. of Committee positions held in other public companies incorporated in India	
					Chairman	Member
Mr. Rakesh Jhunjhunwala	Promoter Non Independent Non-Executive	4	Yes	10	Nil	1
Mr. C. Y. Pal	Independent Non-Executive	7	Yes	3	2	2
Mr. Utpal Sheth	Promoter Non Independent Non-Executive	7	No	2	Nil	Nil
Mr. Asit Koticha	Promoter Non Independent Non-Executive	6	Yes	Nil	Nil	Nil
Mr. Rajiv Agarwal	Promoter Non Independent Non-Executive	6	Yes	2	Nil	1
Mr. Pramod Khera	Managing Director Non Independent Executive	8	Yes	5	Nil	Nil
Mr. R. Krishnan #	Executive Director Non Independent Executive	7	Yes	4	Nil	Nil
Mr. Ramesh S. Damani	Independent Non-Executive	8	Yes	Nil	Nil	Nil
Mr. Yash Mahajan	Independent Non-Executive	3	No	3	Nil	1
Mr. Vijay Aggarwal	Independent Non-Executive	7	Yes	5	Nil	3
Mr. Ashish Pant	Independent Non-Executive	1	No	Nil	Nil	Nil
Mr. Ninad Karpe	Independent Non-Executive	5	Yes	2	1	2
Mr. Walter Clifford Saldanha *	Independent Non-Executive	2	N.A.	Nil	Nil	Nil

\* Pursuant to the Central Government approval, vide its letter dated 29th August, 2007 for increase in the number of Directors from 12 to 15, Mr. Walter Clifford Saldanha was appointed on the Board of Directors with effect from 31st October, 2007.

# Ceased to be an Executive Director with effect from 23rd October, 2008.

Necessary Declaration has been furnished by all the Independent Directors of the Company to confirm that :

- (a) Apart from receiving Director's Sitting Fees, the Directors do not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
- (b) Is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- (c) Has not been an executive of the Company in the immediately preceding three financial years;
- (d) Is not a partner or an executive or was not a partner or an executive during the preceding three years, of any of the following :
  - i) The statutory audit firm or the internal audit firm that is associated with the Company and
  - ii) The legal firm(s) and consulting firm(s) that have a material association with the Company.
- (e) Is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director; and
- (f) Is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.
- (g) Is not less than 21 years of age.

#### Other Provisions :

The Company also confirms that it did not have any material pecuniary relationship or transaction with any Non-Executive Director during 2007, except for the payment of Sitting Fees made to them for attending the Board and/or the Committee meetings.

The information as required under Annexure 1 to Clause 49 of the listing agreement is being made available to the Board. The Board of Directors periodically review the compliance report submitted by the Managing Director regarding compliance with the various laws applicable to the Company.

#### Code of Conduct :

The Board of Directors have laid down a code of conduct for all Board Members and Senior Management of the Company. The said code of conduct has been posted on the website of the Company. Further all the Board Members and Senior Management personnel have affirmed compliance with the said code of conduct for the year ended 31st December, 2007. Necessary declaration to this effect signed by the Managing Director forms a part of the Annual Report of the Company for the year ended 31st December, 2007.

#### AUDIT COMMITTEE :

The Composition of the Audit Committee as on 31st December, 2007 is as follows :-

Mr. C.Y. Pal (Chairman)  
Mr. Ramesh S. Damani  
Mr. Vijay Aggarwal

All the members of Audit Committee are Independent Directors. Statutory auditors, Internal auditors and CFO attend the meetings of the Committee at the invitation of the Chairman. The Company Secretary acts as the Secretary of the Committee. All the members are financially literate and possess necessary expertise in finance or accounting or any other comparable experience or background.

The Company has complied with the requirements of Clause 49 (II) (A) as regards composition of Audit Committee.

In accordance with Clause 49(II)(D) of the Listing Agreement, the role of the Audit Committee includes the following :

- (a) Oversight of 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 to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees and approving payments for any other services rendered by them.
- (c) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by Management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report.
- (d) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval, with particular reference to :

Matters required, focusing primarily on :

  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment 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.

- (e) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (g) Reviewing the adequacy of internal audit function, if any, 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.
- (h) Discussion with internal auditors of any significant findings and follow up thereon.
- (i) 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.
- (j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (m) Reviewing the Company's financial and risk management policies.
- (n) Carrying out any other function as is mentioned in the terms of reference for the Audit Committee.

The Audit Committee has also been granted powers as prescribed under Clause 49 (II) (C).

Further as per the requirements of Clause 49 (II) (E), the Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

During the year under review, the Committee met 4 times on 29th January, 2007, 27th April, 2007, 17th July, 2007 and 31st October, 2007 with a gap of not more than four months. The details of the meetings attended by the Directors are given below:

Names of Members	Category	No. of Meetings attended during 2007
Mr. C. Y. Pal – Chairman	Independent, Non-Executive	4
Mr. Ramesh S. Damani	Independent, Non-Executive	4
Mr. Vijay Aggarwal	Independent, Non-Executive	4

The Chairman of the Audit Committee, Mr. C. Y. Pal, was present at the Annual General Meeting held on 28th June, 2007.

#### SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :

During the year under review, the Committee met 4 times on 29th January, 2007, 27th April, 2007, 17th July, 2007 and 31st October, 2007.

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

Names of Members	Category	No. of Meetings attended during 2007
Mr. Ramesh S. Damani – Chairman	Independent, Non-Executive	4
Mr. Asit Koticha	Promoter, Non-Independent, Non-Executive	4
Mr. C. Y. Pal	Independent, Non-Executive	4

The Committee is empowered to consider and approve matters relating to transfer and transmission of shares, issue of duplicate share certificates, dematerialisation of shares and other share related matters.

#### Name and Designation of Compliance Officer :

Ms. Sree Vidhya Raju,  
Deputy General Manager (Legal) and Group Company Secretary

#### Status of Complaints received during the year ended 31st December, 2007 :

Nature of Complaints	Received	Resolved	Pending
Relating to Transfer, Transmission etc.	Nil	Nil	Nil
Other/Miscellaneous	8	8	Nil
<b>TOTAL</b>	<b>8</b>	<b>8</b>	<b>Nil</b>

#### Pending Transfers :

There were no pending transfers as on 31st December, 2007.

## REMUNERATION COMMITTEE :

During the year under review, the Remuneration Committee met 2 times on 27th April, 2007 and 12th June, 2007 which was attended by all the three members. The composition of the Remuneration Committee alongwith the details of the meeting attended by the Directors are given below :

Names of Members	Category	No of Meetings attended during 2007
Mr. Vijay Aggarwal – Chairman	Independent, Non-Executive	2
Mr. Utpal Sheth	Promoter, Non-Independent, Non-Executive	2
Mr. C. Y. Pal	Independent, Non-Executive	2

The Chairman of the Committee, Mr. Vijay Aggarwal was present at the Annual General meeting held on 28th June, 2007.

The terms of reference of the Remuneration Committee are as follows :

- To determine the Company's policy on specific remuneration packages for Managing Director/Whole-time Director including pension rights and any compensation payment.
- 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.

Pursuant to the Ordinary resolution passed by the Shareholders at the Extraordinary General Meeting of the Company held on 16th September, 2006, the Shareholders had approved the re-appointment of Mr. Pramod Khera as the Managing Director of the Company with effect from 28th December, 2006 for a period of five years on a revised scale of remuneration as per the terms of his contract of re-appointment approved by them at the said meeting and in accordance with the overall limits specified under the Schedule XIII of the Companies Act, 1956. The service contract entered by the Company with Mr. Pramod Khera contains the detailed terms and conditions of his re-appointment, including the term of notice period which is at 6 months by either side or salary in lieu thereof.

Pursuant to the Ordinary resolution passed by the Shareholders at the Annual General Meeting of the Company held on 28th

June, 2007, the Shareholders had approved the appointment of Mr. R. Krishnan as the Whole time Director of the Company designated as an Executive Director , with effect from 29th October, 2006 for a period of five years on a scale of remuneration as per the terms of his contract of appointment approved by them at the said meeting and in accordance with the overall limits specified under the Schedule XIII of the Companies Act, 1956. The service contract entered by the Company with Mr. R. Krishnan contains the detailed terms and conditions of his appointment, including the term of notice period which is at 6 months by either side or salary in lieu thereof.

However, with effect from 23rd October, 2008, Mr. R. Krishnan has resigned from the Board of Directors and consequently has ceased to hold Executive Directorship on the Board but continues to serve the organization and discharge his duties as a Senior Management Employee of the Company.

The details of remuneration paid to Mr. Pramod Khera and Mr. R. Krishnan for the year ended 31st December, 2007 are as follows:

Particulars of remuneration	Amount (in Rs.)	
	Mr. Pramod Khera (Period : 1st January, 2007 to 31st December, 2007)	Mr. R. Krishnan (Period : 1st January, 2007 to 31st December, 2007)
Salary & Allowances	73,47,690	33,26,737
Perquisites	—	—
Contribution to Provident Fund, Superannuation Fund and Gratuity	8,27,800	3,10,762
<b>TOTAL</b>	<b>81,75,490</b>	<b>36,37,499</b>

For the year ended 31st December, 2007, the remuneration paid to Mr. Pramod Khera, Managing Director and Mr. R. Krishnan, Executive Director, has exceeded the limits specified under Schedule XIII of the Companies Act, 1956, by Rs. 5,087,401/- in respect of Mr. Pramod Khera and Rs. 1,226,737/- for Mr. R. Krishnan and hence, the Company has applied to the Central Government for waiver of the excess remuneration paid to them.

Pursuant to the Aptech Equity Option Plan formulated in February 2004 and 2006, for the benefit of the employees of the Company and its subsidiaries, following are the details of options granted, vested, exercised and corresponding equity shares of the Company allotted during the year to the Directors.

## Aptech Equity Option Plan 2004

Name of the Director	Options Vested in 2007 which were granted in 2004	Exercise Period	Options Exercised in 2007	Exercise Price (Rs.) paid per share at the time of allotment	Details of corresponding allotment of Equity Shares of Face Value Rs. 10/- each made during 2007	Balance options yet to be vested
Mr. Pramod Khera	1,15,500	One year	1,15,500	32/-	1,15,500	Nil
Mr. R. Krishnan	9,450	One year	9,450	32/-	9,450	Nil

## Aptech Equity Option Plan 2006

Name of the Director	Options Granted in 2007	Options Vested in 2007	Qualified Options Exercised in 2007	Exercise Period	Exercise Price (Rs.) paid per share at the time of allotment	Details of corresponding allotment of Equity Shares of Face Value Rs. 10/- each made during 2007	Balance options yet to be vested
Mr. Pramod Khera	*2,65,000	N.A.	N.A.	One Year from the respective vesting Date	Rs. 113/-	N.A.	2,65,000
Mr. R. Krishnan	*50,000	N.A.	N.A.	One Year from the respective vesting Date	Rs. 113/-	N.A.	50,000
Mr. C.Y. Pal	#50,000	N.A.	N.A.	One Year from the respective vesting Date	Rs. 113/-	N.A.	50,000
Mr. Vijay Aggarwal	#25,000	N.A.	N.A.	One Year from the respective vesting Date	Rs. 113/-	N.A.	25,000
Mr. Yash Mahajan	#5,000	N.A.	N.A.	One Year from the respective vesting Date	Rs. 113/-	N.A.	5,000
Mr. Ramesh Damani	#15,000	N.A.	N.A.	One Year from the respective vesting Date	Rs. 113/-	N.A.	15,000
Mr. Ninad Karpe	#5,000	N.A.	N.A.	One Year from the respective vesting Date	Rs. 113/-	N.A.	5,000

\* These Options are performance linked options which will be subject to graded vesting over a period of four years from the grant date i.e. 15% on 4th May, 2008, 20% on 4th May, 2009, 25% on 4th May, 2010 and 40% on 4th May, 2011 subject to being qualified for vesting based on annual performance.

# These Options will be due for vesting after the expiry of 12 months from the grant date.

The Non-Executive Directors (NEDs) do not draw any remuneration from the Company except the Sitting Fees which is paid to them for attending Board/Committee meeting(s) (hereinafter referred to as "meeting").

The details of the Sitting Fees paid to the Non-Executive Directors for the year ended 31st December, 2007 are as follows :

Names of the Directors	Amount (in Rs.)
Mr. C. Y. Pal	3,45,000/-
Mr. Ramesh S. Damani	2,40,000/-
Mr. Yash Mahajan	45,000/-
Mr. Vijay Aggarwal	3,00,000/-
Mr. Ninad Karpe	75,000/-
Mr. Walter Saldanha*	30,000/-
<b>TOTAL</b>	<b>10,35,000/-</b>

\* Appointed with effect from 31st October, 2007.

Pursuant to the approval accorded by the shareholders at their Extraordinary General Meeting held on 16th September, 2006, Convertible Warrants were allotted to certain Persons in the Promoter Group and Independent Directors, on a preferential basis. In accordance with the said approval, the Independent Directors viz., Mr. Vijay Aggarwal and Mr. Ramesh Damani have been allotted 2,50,000 and 12,500 convertible warrants respectively at an exercise price of Rs. 113/- per Warrant and each such Warrant is convertible at the sole option of the holder, any time before the expiry of 18 months from its allotment, into 1 fully paid up equity share of the Company of face value Rs. 10/- .

The aforesaid two Independent Directors had exercised their right of conversion by 30th March, 2008 and accordingly, at the Meeting of the Board of Directors held on 31st March, 2008, the Board of Directors had, inter alia, approved the allotment of 2,50,000 equity shares of face value Rs.10/- each to Mr. Vijay Aggarwal and 12,500 equity shares of face value Rs. 10/- each to Mr. Ramesh Damani against their conversion of the respective warrants.

As mentioned, under the Aptech Equity Option Plan 2006, 5000 options granted on 4th May, 2007, to Mr. Ninad Karpe, Non-Executive Director, had a vesting period of 1 year. Accordingly, the said options had vested in him on 4th May, 2008, and as Mr. Ninad Karpe had exercised the entire options at a price of Rs. 113/- per option, corresponding 5000 equity shares of face value Rs. 10/- each were allotted to him on 23rd June, 2008, by the Company.

Apart from the above, none of the Non-Executive Directors hold any shares in the Company.

### Subsidiary Companies :

The Company does not have any material non-listed Indian subsidiary companies which falls within the definition of Clause 49 (III).

### 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 :

Apart from the related party transactions mentioned in Note-24 of Schedule 15 of the Notes to Accounts which in the opinion of the Company does not 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 interests 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 during the last 3 years.

- (c) Though the Company does not have a Whistle Blower policy in place, the Company maintains a suggestion box wherein the suggestions without disclosing identities can be forwarded by employees. There is a kiosk which can be accessed and employees can post their queries/complaints for redressal. Further the Company holds open house meetings, skip level meetings etc. wherein the employees are encouraged to freely express the various issues faced by them within the Company and the same are noted by the HR Division for escalation and necessary resolution.

- (d) Details of compliance with mandatory requirements and adoption of the non mandatory requirements of Clause 49 :

All the mandatory items of Clause 49, as listed below, have been complied with and covered in this report :

- (i) Brief statement on Company's philosophy on code of governance;
- (ii) Board of Directors;
- (iii) Audit Committee;
- (iv) Remuneration Committee;
- (v) Shareholders Committee;
- (vi) General Body Meetings;
- (vii) Disclosures;
- (viii) Means of Communication;
- (ix) General Shareholder Information;

In respect of the non-mandatory requirements of Clause 49, the Company has complied with the following :

Remuneration Committee has been constituted by the Company which comprises three Directors and all of them are Non-Executive Directors. The composition of this Committee has been detailed earlier in this report. Mr. Vijay Aggarwal, the Chairman of this Committee is an Independent Director.

## Board Disclosures :

The Company has initiated the process for laying down procedures to inform Board members about the risk assessment and minimization procedures.

## Proceeds from Preferential Issue :

The details of the monies raised through the preferential issue in September 2006 and its utilization has been disclosed to the Audit Committee on a quarterly basis .

## CEO and CFO Certification :

In terms of Clause 49 (V), Mr. Pramod Khara, Chief Executive Officer and Managing Director and Mr. T. K. Ravishankar, Chief Financial Officer and Executive Vice President – Finance have issued certificates to the Board of Directors which forms a part of the Annual Report of the Company for the year ended 31st December, 2007.

## General Body Meetings :

Details of the last three Annual General Meetings along with the details of the Extraordinary General Meetings held from the year 2005 to 2007, are given below, in the descending order :

- 2007 :
- (i) The Seventh Annual General Meeting of the Company was held on 28th June, 2007 at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 at 4.30 p.m.
  - (ii) An Extraordinary General Meeting of the Company was held on 15th March, 2007 at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 at 4:30 p.m.
- 2006 :
- (i) An Extraordinary General Meeting of the Company was held on 16th September, 2006 at Ashoka Hall, Arcadia, behind NCPA (Tata Theatre), NCPA Marg, Nariman Point, Mumbai - 400 021 at 4:30 p.m.
  - (ii) The Sixth Annual General Meeting of the Company was held on 29th June, 2006 at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 at 4.30 p.m.
- 2005 :
- (i) An Extraordinary General Meeting of the Company was held on 19th December, 2005 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 4:30 p.m.
  - (ii) An Extraordinary General Meeting of the Company was held on 12th August, 2005 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 3:00 p.m.
  - (iii) The Fifth Annual General Meeting of the Company was held on 30th June, 2005 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 10.30 a.m.

**Details of the Special Resolutions passed in the previous three Annual General Meetings:**

At the Seventh Annual General Meeting held on 28th June, 2007, Special Resolution was passed pertaining to the following business:

- Increase in the total strength of Directors from twelve to fifteen.

At the Sixth Annual General Meeting held on 29th June, 2006, no Special Resolutions were passed.

At the Fifth Annual General Meeting held on 30th June, 2005, Special Resolutions were passed pertaining to the following businesses :

- Cancellation of the Preferential Issue of shares to SSI Limited.
- Modification in the particulars stated in the Explanatory Statement attached to the Notice dated 5th January, 2004, convening the Extraordinary General Meeting of the Company on 13th February, 2004, with respect to the Employees Stock Option Scheme (ESOS) for employees of the Company.

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.

**Means of Communication :**

- Is Half yearly report sent to each household of shareholders : No
- Quarterly Results -  
Which newspapers normally published in : Financial Express,  
Business Standard, Loksatta,  
Sakal, Free Press Journal, Navshakti
- 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 : Tuesday, 23rd December, 2008 at 4.00 p.m.  
Kamalnayan Bajaj Hall, Ground Floor,  
Bajaj Bhawan, Jammalal Bajaj Marg,  
226, Nariman Point, Mumbai - 400 021.

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 Tuesday, 23rd December, 2008.

**Financial Calendar :**

A. Financial Year : 1st January to 31st December  
B. First Quarter results : to be published by end April  
C. Second Quarter results : to be published by end July  
D. Third Quarter results : to be published by end October  
E. Results for the year ending 31st December, 2008 : to be published by end March, 2009  
Date of Book Closure : Thursday, 4th December, 2008 to Friday,  
12th December, 2008. (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 Exchanges in India  
(i) Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001  
(ii) The National Stock Exchange of India Limited,  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051  
The Company has paid the annual listing fees to the above Stock Exchanges for the financial year 2007-2008

# APTECH LIMITED

## Stock Code

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

Bombay Stock Exchange Limited : 532475  
 The National Stock Exchange of India Limited : APTECHT  
 ISIN No. for Shares in Dematerialised Mode : INE266F01018

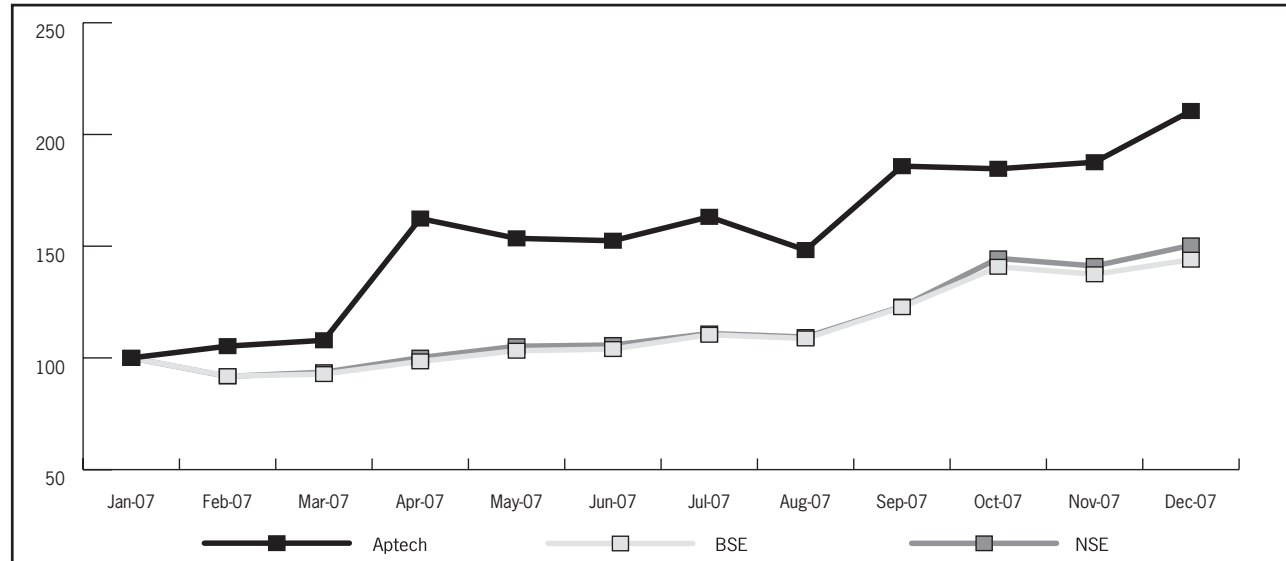
## Market Information :

Aptech Share Price Data :

Month and Year	Bombay Stock Exchange Limited (Rs.)		The National Stock Exchange of India Limited (Rs.)	
	High	Low	High	Low
January 2007	214.00	147.75	214.5	155.00
February 2007	262.85	180.10	263.00	180.05
March 2007	233.00	181.65	232.40	182.25
April 2007	328.65	208.05	328.20	208.00
May 2007	344.55	298.70	345.15	298.00
June 2007	318.00	285.05	317.80	283.50
July 2007	379.00	302.00	379.00	301.00
August 2007	342.00	261.60	349.50	262.10
September 2007	404.40	301.55	405.00	301.20
October 2007	420.90	295.10	427.00	296.00
November 2007	440.00	320.10	440.00	321.20
December 2007	448.50	343.00	449.70	342.50

(Source : [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

## Stock Performance : (Indexed)



## Registrar and Share Transfer Agents

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

Satam Industrial Estate, 3rd Floor,

Cardinal Gracious Road, Chakala,

Andheri (East), Mumbai - 400 099.

Contact Person : Mrs. Indira Karkera

Tel. No. : 91-22-6772 0300

Fax No. : 91-22-2837 5646

E-mail : [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

Business Hours : Monday to Friday

(10.00 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. No. : 91-22-2288 1568/2288 1569  
Fax No. : 91-22-2282 5484

**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 once in every 15 days.

**Distribution of Shareholding :**

No. of Equity shares held	As on 31st December, 2007				As on 31st December, 2006			
	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1-500	73788	97.18	3744175	8.56	72247	97.41	3676871	9.70
501-1000	917	1.21	750045	1.71	910	1.23	747569	1.97
1001-2000	517	0.68	800230	1.83	439	0.59	678155	1.79
2001-3000	202	0.27	520451	1.19	173	0.23	451145	1.19
3001-4000	90	0.12	334403	0.77	79	0.11	290673	0.77
4001-5000	92	0.12	442160	1.01	79	0.11	382250	1.01
5001-10000	140	0.18	1037124	2.37	97	0.13	753564	1.99
10001 and above	185	0.24	36122529	82.56	139	0.19	30907005	81.58
<b>TOTAL</b>	<b>75931</b>	<b>100.00</b>	<b>43751117</b>	<b>100.00</b>	<b>74163</b>	<b>100.00</b>	<b>37887232</b>	<b>100.00</b>

**Categories of shareholding :**

Sr. No.	Category	As on 31st December, 2007			As on 31st December, 2006		
		No. of Shareholders	No. of Shares	Voting Strength	No. of Shareholders	No. of Shares	Voting Strength
1.	Promoter Holding	8	12604403	28.81	1	6954403	18.36
2.	Mutual Funds	24	2476599	5.66	11	1893649	5.00
3.	Banks/ Financial Institutions/ Insurance Companies (Central/ State Government Institutions/ Non Government Institutions)	38	115211	0.26	35	49767	0.13
4.	FIs	34	13340467	30.50	21	14843333	39.18
5.	NRIs	2667	328539	0.75	2720	292360	0.77
6.	OCBs	1	1	0.00	3	551	0.00
7.	Foreign National				1	120	0.00
8.	Domestic Companies	1814	4336352	9.91	1472	3486698	9.20
9.	GDR	1	16671	0.04	1	16971	0.04
10.	Trust	1	4802	0.01	2	5802	0.02
11.	Indian Public	71343	10528072	24.06	69896	10343578	27.30
	<b>TOTAL</b>	<b>75931</b>	<b>43751117</b>	<b>100.00</b>	<b>74163</b>	<b>37887232</b>	<b>100.00</b>

**Dematerialization of Shares and liquidity :**

Trading in the Equity Shares of the Company is permitted only in dematerialized form. Over 96.41% of the Company's Share Capital was dematerialized as on 31st December, 2007.

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

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

- 33342 Global Depository Receipts of erstwhile Aptech Limited (hereinafter "Old GDRs") (P.Y. 33942) representing 16671 underlying equity shares (2 GDR equals 1 Equity Share ) of face value Rs. 10/- each are outstanding as on 31st December, 2007.

2. Under the Employees Stock Option Scheme (ESOS), 2004, (hereinafter the "Old Scheme"), 2,13,885 options were exercised by 28th February, 2007 at an exercise price of Rs. 32/- per equity share, against which corresponding 2,13,885 equity shares of face value Rs. 10/- each were allotted to the eligible employees by the Company. With this final phase of allotment, it was ascertained that 3,44,820 options, in aggregate, have lapsed under the said scheme. All options granted under ESOP Scheme 2004 have been either exercised into corresponding shares by the employees or have lapsed, as the case may be applicable, and therefore, there are no options whatsoever outstanding under this Scheme.

3. Based on the resolution for new Employee Stock Option Scheme approved by the shareholders on 16th September, 2006, the Company had formulated the Employee Stock Option Scheme (ESOS), 2006, (hereinafter the "New Scheme") and under the said new Scheme, grant letters dated 4th May, 2007 were issued to eligible employees and the Non-Executive Directors (NEDs) aggregating to 11,65,000 stock options comprising 10,65,000 stock options to eligible employees and 1,00,000 stock options to NEDs at an exercise price of Rs. 113/- per equity share. The stock options granted to eligible employees are, inter alia, performance linked options and have been granted with a vesting schedule spread over 4 years and accordingly the vesting period extends upto 12, 24, 36 and 48 months respectively, from the grant date and the exercise period is one year from the respective vesting date of the qualified vested options. The entire 1,00,000 stock options granted to NEDs has a vesting period of 12 months from the grant date and an exercise period of one year from the respective vesting date.

As on 31st December, 2007, 30,000 options granted to employees lapsed and as a result 10,35,000 options granted to employees and 1,00,000 options granted to NEDs aggregating to 11,35,000 options were outstanding.

In respect of the options granted to employees which were due for vesting in 2008, 1,14,631 options qualified for vesting, inter alia, based on performance of which 83,367 options were exercised by eligible employees till August 2008 by making payment of an exercise price @ Rs. 113/- per equity share and accordingly, corresponding 83,367 equity shares of face value Rs. 10/- each has been allotted by the Company. Further 5000 options has been exercised by Mr. Ninad Karpe, Non-Executive Director in May 2008 and corresponding 5,000 equity shares of face value Rs. 10/- each has been allotted to him by the Company.

If the balance 9,11,014 Options granted to employees (subject to the same getting qualified based on performance) and 95,000 options granted to Non-Executive Directors are exercised by them resulting in corresponding allotment of equity shares by the Company, then the issued and paid up capital of the Company will go up by an aggregate number of 10,06,014 equity shares of face value Rs. 10/- each.

4. In respect of 36,00,000 Convertible Warrants ("Warrants") allotted on a preferential basis, on 24th August, 2005 to the existing promoters, M/s. Aptech Investments, at an exercise

price (including premium) of Rs. 56/- per Warrant, which Warrant was convertible at the sole option of the holder, any time before the expiry of 18 months from its allotment, into 1 fully paid up equity share of the Company of face value Rs. 10/-, in terms of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, M/s. Aptech Investments had paid 10% of the exercise price at the time of allotment of the said Warrants and the balance 90% was to be paid when the right of conversion gets exercised. The last date for conversion of the said Warrants was 23rd February, 2007. Accordingly, M/s. Aptech Investments had exercised their right for conversion of the entire 36,00,000 warrants on 21st February, 2007 and had tendered the balance 90% allotment monies to the Company alongwith their conversion request. Accordingly, at the Meeting of the Board of Directors held on 22nd February, 2007, the Directors had approved the allotment of 36,00,000 equity shares of face value Rs.10/- each to M/s. Aptech Investments, against the conversion of the aforesaid warrants.

5. 47,12,500 Convertible Warrants ("Warrants") were allotted on a preferential basis, on 1st October, 2006 to certain persons in the Promoter Group and the Independent Directors, as detailed under :-

- (i) 11,00,000 Warrants to Shri Gopikishan S. Damani;
- (ii) 7,00,000 Warrants to Shri Rakesh Jhunjhunwala;
- (iii) 20,00,000 Warrants to Smt. Rekha Jhunjhunwala;
- (iv) 6,50,000 Warrants to ASK Investment & Financial Consultants Pvt. Ltd;  
(hereinafter collectively referred to as "Promoter Group")
- (v) 12,500 Warrants to Shri Ramesh S. Damani;
- (vi) 2,50,000 Warrants to Shri Vijay Aggarwal  
(hereinafter collectively referred to as "Independent Directors")

at an exercise price (including premium) of Rs. 113/- per Warrant, which warrant was convertible at the sole option of the holder, any time before the expiry of 18 months from its allotment, into 1 fully paid up equity share of the Company of face value Rs. 10/-, in terms of Chapter XIII of the SEBI (Disclosure and Investor Protection ) Guidelines. The Promoter Group and Independent Directors had paid Rs.13/- per warrant at the time of allotment of the said Warrants and the balance Rs. 100/- per warrant was to be paid when the right of conversion gets exercised. The last date for conversion of the said Warrants was 31st March, 2008.

Out of the 44,50,000 convertible warrants allotted to the Promoter Group, right for partial conversion in respect of 14,50,000 warrants, in aggregate, was exercised by them on 29th March, 2007. With the said conversion request, they had tendered the balance allotment monies of Rs.100/- per warrant to the Company. Accordingly, at the Meeting of the Board of Directors held on 30th March, 2007, the Directors had approved the allotment of an aggregate of 14,50,000 equity shares of face value Rs.10/- each to the belowmentioned allottees, against their conversion of the respective warrants.

	Name of the Allottees	No. of Shares
a)	Shri Gopikishan S. Damani	3,58,427
b)	Shri Rakesh Jhunjunwala	2,28,090
c)	Smt. Rekha Jhunjunwala	6,51,685
d)	ASK Investment & Financial Consultants Pvt. Ltd.	2,11,798

A further right of partial conversion was exercised by the Promoter Group in respect of 6,00,000 warrants, in aggregate, by 26th December, 2007. With the said conversion request, they had tendered the corresponding balance allotment monies of Rs.100/- per warrant to the Company. Accordingly, at the Meeting of the Capital Issues Committee of the Board of Directors held on 27th December, 2007, the Directors had approved the allotment of an aggregate of 6,00,000 equity shares of face value Rs.10/- each to the belowmentioned allottees, against their conversion of the respective warrants.

	Name of the Allottees	No. of Shares
a)	Shri Gopikishan S. Damani	1,50,000
b)	Smt. Rekha Jhunjunwala	3,60,000
c)	ASK Investment & Financial Consultants Pvt. Ltd.	90,000

The last tranche of conversion of the outstanding 26,62,500 warrants, in aggregate, was exercised by the Promoter Group and Independent Directors in respect of 24,00,000 warrants and 2,62,500 warrants respectively by 30th March, 2008. With this last conversion request, they had tendered the corresponding balance allotment monies of

Rs.100/- per warrant to the Company. Accordingly, at the Meeting of the Board of Directors held on 31st March, 2008, the Directors had approved the allotment of an aggregate of 26,62,500 equity shares of face value Rs.10/- each to the belowmentioned allottees, against their conversion of the respective warrants.

	Name of the Allottees	No. of Shares
a)	Shri Gopikishan S. Damani	5,91,573
b)	Shri Rakesh Jhunjunwala	4,71,910
c)	Smt. Rekha Jhunjunwala	9,88,315
d)	ASK Investment & Financial Consultants Pvt. Ltd.	3,48,202
e)	Shri Vijay Aggarwal	2,50,000
f)	Shri Ramesh S. Damani	12,500

Consequent to the aforesaid conversion of the warrants in three tranches, the entire 47,12,500 Warrants, in aggregate, allotted to the Promoter Group and the Independent Directors stands fully converted into corresponding 47,12,500 equity shares of face value of Rs. 10/- each and as a result, no warrants are outstanding.

**Company's Office Address :**

**Registered and 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

Website : www.aptech-worldwide.com

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To The Members of Aptech Limited

We have examined the compliance of conditions of corporate governance by Aptech Limited for the year ended on 31st December, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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 the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For and on behalf of  
**Khimji Kunverji & Co**  
Chartered Accountants

**Shivji K Vikamsey**  
Partner (F-2242)

Place : Mumbai  
Date : 26th November, 2008

## APTECH LIMITED

### CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) IN ACCORDANCE WITH CLAUSE 49 V OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

We, Pramod Khera, CEO and Managing Director and T. K. Ravishankar, CFO and Executive Vice President, of Aptech Limited, hereby certify that :

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee :
  - (i) significant changes in internal control during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**Pramod Khera**  
Chief Executive Officer  
and Managing Director

**T. K. Ravishankar**  
Chief Financial Officer  
and Executive Vice President

Place : Mumbai  
Date : 31st March, 2008

### DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO) AS PER CLAUSE 49 (I) (D) (ii) OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

I, Pramod Khera, CEO & Managing Director of Aptech Limited, hereby declare that, as per the requirements of Clause 49 (I) (D)(ii) of the Listing Agreement with the Stock Exchanges, all the Board Members and the Senior Management Personnel of the Company have affirmed their compliance with the Aptech Code of Conduct, for the year ended 31st December, 2007.

**Pramod Khera**  
Chief Executive Officer  
and Managing Director

Place : Mumbai  
Date : 31st March, 2008

## AUDITORS' REPORT

### To the Members of Aptech Limited

1. We have audited the attached Balance Sheet of **APTECH LIMITED** (herein after referred to as "the Company"), as at 31st December, 2007 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 the 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 (as amended) (herein after referred to as "the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (herein after referred to as "the Act"), 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. 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 those books;
  - II. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - III. 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
  - 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 (AS) referred to in sub-section (3C) of section 211 of the Act, *except that the disclosure pertaining to Company's shares in assets, liabilities, revenue of Joint Venture are made for the year under AS-27 "Financial Reporting of Interest in Joint Ventures" for the reasons stated in Note No. B-25 of Schedule 15;*
- V. On the basis of written representations received from the directors, as on 31st December, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2007 from being appointed as a director in terms of section 274(1) (g) of the Act;
- VI. Refer Note no. B-18 of Schedule 15 regarding the payment of remuneration in excess of sum payable under Schedule XIII of the Act to Managing Director and Executive Director aggregating to Rs 63,14,138, for which approval of Central Government has not been obtained.
- VII. Subject to 'VI' above in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act 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, 2007;
  - (b) in the case of the Profit and Loss Account, of the 'profit' of the Company for the year ended on that date; and
  - (c) in the case of Cash Flow statement of the cash flow of the company for the year ended on that date.

For and on behalf of  
**KHIMJI KUNVERJI & CO.**  
 Chartered Accountants

**Shivji K. Vikamsey**  
 Partner  
 Membership No. 2242

Place : Mumbai  
 Date : 31st March, 2008

## ANNEXURE TO THE AUDITORS' REPORT

### Annexure referred to in our Auditor's Report to the Members of APTECH LIMITED of even date

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year the Company has carried out physical verification of Fixed Assets. We are informed that no material discrepancies were noticed on such verification.
- (c) The company has not disposed of a substantial part of its fixed assets during the year.
- ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) (a) During the year, the Company has not given any loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence, Clauses (iii) (b), (c), & (d) of the Order, are not applicable
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence clauses (iii) (f) & (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in

respect of these areas. In respect of internal control system for the sale of services, improvements have been observed compared to earlier years; however, the same needs to be further strengthened to make it fully commensurate with the size of the company and the nature of its business.

- v) Based on the audit procedures applied by us and according to the information and explanations given to us, there were no transactions exceeding Rs. 5 Lacs with any party covered under section 301 of the Act that need to be entered into the register maintained under the said section. Hence clause (v) (b) of the order is not applicable.
- vi) In our opinion and according to information and explanation given, the company has not accepted any deposit from the public and hence directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public are not applicable to company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The company is not required to maintain accounts or records pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the act.
- ix) a) The Company is generally regular in depositing with appropriate authorities 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 other material statutory dues applicable to it. There were no arrears as at 31st December, 2007 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, particulars of outstanding dues of Sales Tax and Income Tax have not been deposited on account of any disputes are given below;

Name of Statute	Nature of the Dues	Period	Amount (Rs.)	Forum where dispute is pending
Sales Tax Act	Sales Tax	A.Y. 2000 – 2001 A.Y. 2001 – 2002 A.Y. 2002 – 2003	52,02,773	Tribunal

- We are informed that there are no outstanding dues of Income-Tax, Wealth Tax, Service Tax, Excise Duty and Cess not deposited on account of any dispute.
- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year or in the immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Order, are not applicable to the company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a subsidiary from banks or financial institutions, the terms and conditions whereof, in our opinion, are prima-facie, not prejudicial to the interest of the Company.
- xvi) According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has made Preferential Allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Act. The price at which the shares have been issued has been determined as per SEBI (Disclosure & Investor Protection Guidelines), 2000, which in our opinion it is not prejudicial to the interests of the company.
- xix) The company has not issued any debentures during the year.
- xx) The company has not raised any money through a public issue during the year.
- xxi) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of  
**KHIMJI KUNVERJI & CO.**  
Chartered Accountants

**Shivji K. Vikamsey**  
Partner  
Membership No. 2242

Place : Mumbai  
Date : 31st March, 2008

# APTECH LIMITED

## BALANCE SHEET AS AT 31ST DECEMBER, 2007

Particulars	Schedule	As at 31st December, 2007		As at 31st December, 2006	
		Repees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS:</b>					
<b>SHARE HOLDERS' FUNDS</b>					
Share Capital	1	437,511,170		378,872,320	
Warrants		36,112,500		81,422,500	
(Refer Note No. B-3 (a) & (b) of Schedule 15)					
Reserves and Surplus	2	819,803,318		771,950,906	
			1,293,426,988		1,232,245,726
<b>LOAN FUNDS</b>					
Secured Loans	3	172,080,099		201,273,389	
			172,080,099		201,273,389
<b>TOTAL FUNDS EMPLOYED</b>			<b>1,465,507,087</b>		<b>1,433,519,115</b>
<b>APPLICATION OF FUNDS:</b>					
<b>FIXED ASSETS</b>					
Gross Block	4	1,162,067,450		1,037,527,366	
Less: Accumulated Depreciation and Impairment		790,747,571		669,754,416	
		371,319,879		367,772,950	
Add : Capital Work-in -progress		41,457,773		1,124,125	
<b>NET BLOCK</b>			<b>412,777,652</b>		<b>368,897,075</b>
<b>INVESTMENTS</b>	5		<b>345,079,952</b>		<b>88,330,448</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories		19,310,061		16,057,314	
Sundry Debtors		503,098,988		380,352,976	
Cash and Bank Balances		55,178,135		61,080,039	
Loans and Advances		409,676,348		384,359,507	
		987,263,532		841,849,836	
Less:					
<b>CURRENT LIABILITIES AND PROVISIONS</b>					
Liabilities	7	254,799,932		237,477,202	
Provisions		24,814,117		17,794,275	
		279,614,049		255,271,477	
<b>NET CURRENT ASSETS</b>			<b>707,649,483</b>		<b>586,578,359</b>
<b>PROFIT AND LOSS ACCOUNT</b>			-		389,713,233
<b>TOTAL FUNDS UTILISED</b>			<b>1,465,507,087</b>		<b>1,433,519,115</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	15				

Schedules referred to above form an integral part of the accounts  
As per our attached report of even date.

For and on behalf of  
**KHIMJI KUNVERJI & CO.**  
Chartered Accountants

**Shivji K. Vikamsey**  
Partner  
Membership No. 2242  
Place : Mumbai  
Date : 31st March, 2008

For and on behalf of the Board of Directors

**Pramod Khera**  
Managing Director

**T. K. Ravishankar**  
Executive Vice President & CFO

**C. Y. Pal**  
Vice Chairman

**Sree Vidhya Raju**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

Particulars	Schedule	2007		2006	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Income from Operations	8	992,578,973		812,139,216	
Dividend from Operating Subsidiaries/Joint Ventures		-		26,728,188	
Other Income	9	2,522,300		3,740,849	
			<b>995,101,273</b>		<b>842,608,253</b>
<b>EXPENDITURE</b>					
Training & Education Expenses	10	338,440,285		338,835,527	
Marketing and Advertisement Expenses	11	111,992,464		72,449,228	
Payments to and Provision for Employees	12	223,361,857		185,721,497	
Administration and Other Expenses	13	174,324,839		163,623,844	
Interest and Finance Expenses (Net)	14	18,760,525		23,675,013	
Depreciation and Amortisation		121,913,806		125,774,406	
			<b>988,793,776</b>		<b>910,079,515</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>			<b>6,307,497</b>		<b>(67,471,262)</b>
<b>EXCEPTIONAL ITEMS</b>					
Provision for Doubtful Advances (Net of Recoveries)		23,807		887,032	
Liabilities no longer required Written Back		(13,841,169)		(8,778,305)	
Diminution in Value of long-term investment written back		(11,055,000)		-	
			<b>(24,872,362)</b>		<b>(7,891,273)</b>
<b>PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS</b>			<b>31,179,859</b>		<b>(59,579,989)</b>
Provision For Taxation					
- Income Tax		2,045,000		-	
- Fringe Benefit Tax		4,350,000		5,639,500	
- Wealth Tax		220,000		153,313	
Short Provision of Income Tax of earlier year (Net)		-		1,991,375	
			<b>6,615,000</b>		<b>7,784,188</b>
<b>(LOSS)/PROFIT AFTER TAX</b>			<b>24,564,859</b>		<b>(67,364,177)</b>
Deficit Brought Forward From Previous Year			(389,713,233)		(322,349,056)
Add : Transferred From Securities Premium Account			388,902,555		-
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b>23,754,181</b>		<b>(389,713,233)</b>
Earning Per Share (Refer Note No. B-20 of Schedule 15)					
- Basic			0.58		(1.78)
- Diluted			0.55		-
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	15				

Schedules referred to above form an integral part of the accounts  
As per our attached report of even date.

For and on behalf of  
**KHIMJI KUNVERJI & CO.**  
Chartered Accountants

**Shivji K. Vikamsey**  
Partner  
Membership No. 2242

Place : Mumbai  
Date : 31st March, 2008

For and on behalf of the Board of Directors

**Pramod Khara**  
Managing Director

**T. K. Ravishankar**  
Executive Vice President & CFO

**C. Y. Pal**  
Vice Chairman

**Sree Vidhya Raju**  
Company Secretary

# APTECH LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

Particulars	2007		2006	
	Rupees	Rupees	Rupees	Rupees
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit/(Loss) After Tax</b>		<b>24,564,859</b>		(67,364,177)
<b>Adjustments For :</b>				
Employee Stock Compensation Credit (Erstwhile Aptech Scheme)		(87,312)		–
Employee Stock Compensation Net Charge (2006 Scheme)		26,575,316		–
Employee Stock Compensation Net Charge (2004 Scheme)		(1,164,602)		1,535,948
Depreciation and Amortisation		121,913,806		125,774,406
Provision for doubtful advances				1,275,573
Provision for Doubtful Debts				24,439,390
Interest and Finance Costs (Net)		18,760,525		23,675,031
Dividend from Operating Subsidiaries/Joint Ventures				(26,728,188)
Loss on Sale of Fixed Assets (Net)		(261,041)		1,541,135
		<b>165,736,692</b>		151,513,295
<b>Operating Profit Before Working Capital Changes</b>		<b>190,301,551</b>		84,149,118
<b>Adjustments for Working Capital Changes</b>				
Decrease/(Increase) in Inventory		(3,252,747)		(3,924,625)
Decrease/(Increase) in Sundry Debtors		(240,455,263)		63,498,384
Decrease/(Increase) in Loans and Advances - Other than Subsidiaries		(61,083,870)		(3,702,134)
Increase/(Decrease) in Current Liabilities and Provisions		103,089,400		21,238,045
		<b>(201,702,479)</b>		77,109,670
<b>Cash From/(used) in Operating Activities</b>		<b>(11,400,928)</b>		161,258,788
Wealth Tax Paid (Net)		(119,700)		(112,623)
Income Tax/Fringe Benefit Tax Paid (Net)		(4,684,469)		(6,669,578)
		<b>(4,804,169)</b>		(6,782,201)
<b>Net Cash used in Operating Activities</b>		<b>(16,205,097)</b>		154,478,586
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(166,717,924)		(48,359,147)
Sale of Fixed Assets		1,183,138		9,023,291
Loans and Advances to Subsidiary Companies		(67,157,648)		(129,362,760)
Investments in Shares of Subsidiary Companies		(110,052,088)		(49,804,847)
Dividend Received				26,728,188
		<b>(342,744,523)</b>		(191,775,275)
<b>Net Cash used in Investing Activities</b>		<b>(342,744,523)</b>		(191,775,275)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

Particulars	2007		2006	
	Rupees	Rupees	Rupees	Rupees
<b>(C) CASH FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Share Capital / Warrants (ESOP and Preferential Issue) share premium	401,006,234		69,305,860	
Repayment of Borrowings	(77,413,558)		(191,429,375)	
Borrowings from Bank	19,296,894		167,277,843	
Reduction of Cash credit facility from bank	28,923,372		(29,924,043)	
Dividend paid during the year	(4,701)		(30,500)	
Dividend Tax paid				
Interest paid (Net)	(18,760,525)		(23,675,031)	
<b>Net Cash from Financing Activities</b>		<b>353,047,718</b>		<b>(8,475,246)</b>
<b>Net (Decrease)/Increase in Cash &amp; Cash equivalents</b>		<b>(5,901,904)</b>		<b>(45,773,935)</b>
<b>Cash &amp; Cash equivalents at the beginning of the year</b>		<b>61,080,039</b>		<b>106,853,974</b>
<b>Cash &amp; Cash equivalents at the end of the year</b>		<b>55,178,135</b>		<b>61,080,039</b>
		<b>(5,901,904)</b>		<b>(45,773,935)</b>

Notes :

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 31st December, 2007	As at 31st December, 2006
	Rupees	Rupees
Cash and Bank balances	55,178,135	61,080,039
Total Cash and Cash equivalents	55,178,135	61,080,039

3) Proceeds from borrowings reflect the increase in secured and unsecured loans and is net of repayments.

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

5) Previous period figures have been regrouped wherever necessary to correspond with the figures of the current year.

6) The Company has Undrawn Working Capital Facility of Rs.123,328,848/- (Previous year Rs. 160,081,665/-).

As per our attached report of even date.

For and on behalf of  
**KHIMJI KUNVERJI & CO.**  
Chartered Accountants

**Shivji K. Vikamsey**  
Partner  
Membership No. 2242

Place : Mumbai

Date : 31st March, 2008

For and on behalf of the Board of Directors

**Pramod Khera**  
Managing Director

**T. K. Ravishankar**  
Executive Vice President & CFO

**C. Y. Pal**  
Vice Chairman

**Sree Vidhya Raju**  
Company Secretary

# APTECH LIMITED

## SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2007		As at 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE '1' - SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
60,000,000 Equity Shares of Rs. 10/- each		<b>600,000,000</b>		600,000,000
		<b>600,000,000</b>		<b>600,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
43,751,117 (Previous year 37,887,232) Equity Shares of Rs.10/- each fully paid		<b>437,511,170</b>		378,872,320
Of the above :-				
1) 5,650,000 Equity Shares of Rs. 10/- each fully paid up, had been allotted to the current Promoters on conversion of warrants (Refer Note No. B-3(a & b) of Schedule 15)				
2) During the year, 213,885 Equity Shares (Previous year 251355) of Rs.10/- each fully paid allotted under Employees Stock Option Scheme 2004 @ Rs. 32/- per share (Refer Note No. B-4(a) of Schedule 15)				
3) 18,147,437 Equity Shares of Rs. 10/- each fully paid up, had been allotted in accordance with the Scheme of demerger of the training division of erstwhile Aptech Limited into the Company for consideration other than cash.				
4) 16,671 Equity Shares (Previous year 16,971) of Rs. 10/- each fully paid up, represented by 33,342 (Previous year 33,342) Global Depository Receipts (GDRs) of USD 7.175 each				
		<b>437,511,170</b>		<b>378,872,320</b>

## SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2007		As at 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE '2' - RESERVES AND SURPLUS</b>				
<b>EMPLOYEES STOCK OPTIONS OUTSTANDING</b>				
<b>ESOP-ERSTWHILE APTECH LIMITED SCHEME</b>				
Balance at the commencement of the year	-		819,500	
Less : Write back on withdrawal of Scheme	-		819,500	
<b>ESOP-2004 SCHEME</b>				
(Refer Note No. B-4(a) of Schedule 15)				
Balance at the commencement of the year	<b>6,134,598</b>		11,909,934	
Deductions/adjustments for the year	<b>6,134,598</b>		5,775,336	
		-		6,134,598
<b>ESOP-2006 SCHEME</b>				
Balance at the commencement of the year	-			
Addition During the year	<b>31,458,000</b>			
(Refer Note No. B-4(b) of Schedule 15)		<b>31,458,000</b>		
<b>CAPITAL REDEMPTION RESERVE</b>				
Balance at the commencement of the year		<b>88,480,000</b>		88,480,000
<b>SECURITIES PREMIUM ACCOUNT</b>				
Balance at the commencement of the year	<b>677,336,308</b>		664,494,580	
Add : Additions during the year (Refer Note No. B-3 (a), (b), B-4 (a) & (b) of Schedule 15)	<b>387,677,384</b>		12,841,728	
Less : Adjustment of Debit Balance of Profit & Balance Account	<b>388,902,555</b>		-	
(Refer Note No. B-5 of Schedule 15)		<b>676,111,137</b>		677,336,308
<b>GENERAL RESERVE</b>				
Balance at the commencement of the year	-		40,070,164	
Less : Impairment of Fixed Assets	-		40,070,164	
<b>SURPLUS IN PROFIT &amp; LOSS ACCOUNT</b>		<b>23,754,181</b>		-
		<b>819,803,318</b>		<b>771,950,906</b>

## SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2007		As at 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE '3' - SECURED LOANS</b>				
From Banks				
- Term Loans		<b>46,731,114</b>		124,144,670
- Working Capital Demand Loan		<b>94,000,000</b>		76,625,000
- Cash Credit		<b>28,969,524</b>		46,152
- Vehicle Loans		<b>2,379,461</b>		457,567
		<b>172,080,099</b>		<b>201,273,389</b>
<p>1) Term Loan, Working Capital Demand Loan and Cash Credit facility from banks are secured as under :</p> <p>a) Term Loan aggregating to Rs.37,500,000/- (Previous year Rs.77,400,206/-), 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, Mumbai and Baroda 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 hyphothecation deed dated 25th June, 2003, and Stocks and Book Debts.</p> <p>b) Term Loan from another bank aggregating to Rs. 92,31,114/- (Previous year Rs. 46,744,464/- 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 a 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.</p> <p>2) Vehicle loans are secured by charge on the concerned vehicles purchased.</p>				

## SCHEDULES TO BALANCE SHEET

### SCHEDULE - 4 : FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION AND AMORTISATION			IMPAIRMENT		NET BLOCK	
	As at 01.01.2007	Additions	Deductions/ Adjustments	As at 01.01.2007	For the year	Deductions/ Adjustments	As at 01.01.2007	For the year	As at 31.12.2007	As at 31.12.2006
Freehold Land	185,823	28,477,246		-			-		28,663,069	185,823
Buildings	98,561,760	-		9,177,738	1,709,382		10,887,120		87,674,640	89,384,025
Computer Hardware	499,821,530	15,168,524	249,712	316,237,873	67,891,898	157,549	383,972,222	66,914,782	63,853,337	116,668,875
Office equipment	107,666,147	9,423,246	772,046	49,790,691	12,353,445	462,006	61,682,131	22,045,841	32,589,375	35,829,615
Electrical fittings	16,188,083	5,495,050	95,629	11,981,571	1,339,161	(18,684)	13,339,416		8,248,088	4,206,512
Furniture and Fixtures	67,627,362	12,443,008	276,049	48,016,479	5,095,138	(3,817)	53,115,434		26,678,888	19,610,883
Vehicles	17,269,431	11,578,517	2,222,349	7,269,830	3,882,856	257,665	10,895,021		15,730,579	9,999,601
<b>Intangible Assets:</b>										
Goodwill	95,260,844			35,722,815	9,531,307		45,254,123		50,006,721	59,538,029
Courseware	104,804,925	40,981,110		80,726,046	15,991,392	(72,750)	96,790,188		48,995,847	24,078,879
Computer Software	30,141,461	4,589,169		21,863,372	4,119,224	138,683	25,843,913	7,381	8,879,335	8,270,708
<b>TOTAL</b>	<b>1,037,527,366</b>	<b>128,155,869</b>	<b>3,615,785</b>	<b>580,786,416</b>	<b>121,913,806</b>	<b>920,652</b>	<b>701,779,567</b>	<b>88,968,004</b>	<b>371,319,879</b>	<b>367,772,950</b>
Total (Previous year)	1,009,989,927	47,235,022	19,697,583	461,170,826	125,836,620	6,221,034	580,786,416	88,968,004	367,772,950	

# APTECH LIMITED

## SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2007		As at 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE '5' - INVESTMENTS (AT COST, UNLESS OTHERWISE MENTIONED)</b>				
<b>LONG TERM</b>				
<b>TRADE INVESTMENTS - UNQUOTED</b>				
<b>1) In Fully Paid Equity Shares of Subsidiary Companies</b>				
i) 160,000 (Previous year 160,000) of 10 Bangladeshi Takkas each fully paid-up in Aptech Worldwide Bangladesh Limited (Bagladesh)		<b>1,409,334</b>		1,409,334
ii) 37 of 100,000 (Previous year 37) AED each in Aptech Training Limited F.Z.E. Less : Provision for Diminution in the value (refer Note No. B-6(B) of Schedule 15)	<b>46,007,103</b>		46,007,103	
	<b>30,859,896</b>	<b>15,147,207</b>	41,914,896	4,092,207
iii) 545,140 (Previous year 2) of Rm. 1/- (Rs. 12.32 each) in 'AGLSM SDN.BHD' Malaysia		<b>6,717,000</b>		25
iv) 900,000 (Previous year 900,000) of US\$ 1 each in Aptech Worldwide Limited Less : Provision for Diminution in the value (refer Note No. B-6(B) of Schedule 15)	<b>40,950,000</b>		40,950,000	
	<b>24,339,959</b>	<b>16,610,041</b>	24,339,959	16,610,041
<b>Face Value of Rs. 10/- each</b>				
v) 15,673,699 (Previous year 50,000) in Aptech Software Limited		<b>156,736,990</b>		500,000
vi) 82,841 (Previous year 50,000) in Attest Testing Services Limited		<b>828,410</b>		500,000
vii) 50,000 (Previous year 50,000) Aptech Manpower Services Limited		<b>500,000</b>		500,000
viii) 162,402 (Previous year 56,841) of Synergetics Information Technology Services (India) Private Limited		<b>84,999,977</b>		35,087,347
ix) 4,000,000 (Previous year 750,050) in - Avalon Aviation Academy Pvt. Ltd.		<b>40,000,000</b>		7,500,500
<b>2) Others</b>				
50% Share in Beijing Aptech Beida Jade Bird Information Technology Company Limited (China). (Refer Note No. B-7 of Schedule 15)		<b>22,130,994</b>		22,130,994
Aggregate of Unquoted Investments at Cost		<b>345,079,952</b>		88,330,448

## SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2007		As at 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE ' 6' - CURRENT ASSETS</b>				
<b>A. INVENTORIES</b>				
Education and Training Materials		19,310,061		16,057,314
<b>B. SUNDRY DEBTORS</b>				
(Unsecured, Considered Good Except Otherwise Stated)				
Due for period exceeding six months	283,989,080		448,749,061	
Others	327,818,693		308,139,351	
	<b>611,807,773</b>		<b>756,888,412</b>	
Less : Provision for Doubtful Debts (Refer Note No. B-12 & 13 of Schedule 15)	108,708,785		376,535,436	
Notes : Sundry Debtors includes		<b>503,098,988</b>		380,352,976
1) a) Considered good Rs. 503,098,988/- (Previous year Rs. 380,352,976/-).				
b) Considered doubtful Rs. 108,708,785/- (Previous year Rs. 376,535,436/-).				
2) Amount of Rs.16,407,209/- (Previous year Rs. 17,911,639/-) due from Subsidiary/Joint Venture Companies. Against which provision of Rs. 8,862,731 (Previous year Rs. 8,862,731) has been made				
<b>C. CASH AND BANK BALANCES</b>				
1) Cash in Hand	311,185		137,870	
2) Bank Balances				
Balances with Scheduled Banks				
i) Current Accounts	47,159,565		53,293,661	
(including Exchange Earners Foreign Currency Accounts Rs. 4,079,788/- (Previous year Rs. 8,440,465/-)				
ii) Deposit Accounts			7,648,508	
(including Margin deposit Rs. 5,75,000/- (Previous year Rs. 5,80,000/-) and including interest accrued Rs. 48,600/- (Previous year Rs. 37,827/-)	7,707,386			
		<b>55,178,135</b>		61,080,039
<b>D. LOANS AND ADVANCES</b>				
(Unsecured, Considered Good Except Otherwise Stated)				
To Subsidiaries :				
- For Share Application		-	163,282,371	
- For Others	417,923,307		316,529,652	
To Aptech Education Society	216,223,369		216,223,369	
To Aptech Training and Education Trust	9,123,807		9,123,807	
To Others	51,722,914		2,568,498	
Advances Recoverable in Cash or in Kind or for value to be received	8,160,780		16,383,561	
Deposits	21,878,058		61,456,004	
Advance Payment of Income Tax/Fringe Benefit Tax	70,556,526		45,062,356	
	<b>795,588,762</b>		<b>830,629,618</b>	
Less : Provision (Refer Note No. B-6(b),9 & 10 of Schedule 15)	385,912,414		446,270,111	
Notes : Loans and advances includes		<b>409,676,348</b>		384,359,507
1) a) Considered Good Rs. 409,676,348/- (Previous year Rs. 384,359,507/-)				
b) Considered Doubtful Rs.385,912,414/- (Previous year Rs. 446,270,111/-)				
	<b>987,263,532</b>		<b>841,849,836</b>	

# APTECH LIMITED

## SCHEDULES TO BALANCE SHEET

Particulars	As at 31st December, 2007		As at 31st December, 2006	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE '7' - CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. Current Liabilities</b>				
Acceptances		-		8,920,143
Sundry Creditors				
i) Total outstanding dues to Creditors other than Small Scale Industrial undertakings (Refer Note No. B-12 & 15 of Schedule 15)				
		<b>60,854,577</b>		144,182,782
Unclaimed Dividend *		<b>591,360</b>		596,061
Franchisee/Other Deposits		<b>29,358,200</b>		45,816,035
Other Liabilities		<b>163,995,795</b>		37,962,181
* Includes amounts outstanding to be credited, as and when due, to Investor Education and Protection Fund.		<b>254,799,932</b>		237,477,202
<b>B. Provisions For</b>				
Income Tax/ Fringe Benefit Tax/ Wealth Tax		<b>16,345,121</b>		9,730,190
Leave Encashment		<b>8,468,996</b>		8,064,085
		<b>24,814,117</b>		17,794,275
		<b>279,614,049</b>		255,271,477

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2007		2006	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE '8' - INCOME FROM OPERATIONS</b>				
Training and Education Income		<b>992,578,973</b>		812,139,216
		<b>992,578,973</b>		812,139,216
<b>SCHEDULE '9' - OTHER INCOME</b>				
Miscellaneous Income		<b>2,277,904</b>		3,447,511
Profit on Sale of Assets		<b>244,396</b>		293,338
		<b>2,522,300</b>		3,740,849
<b>SCHEDULE '10' - TRAINING AND EDUCATION EXPENSES</b>				
Education, Training Expenses and Course Materials		<b>72,178,759</b>		61,604,989
Course Execution Charges (Refer Note No. B-16 of Schedule 15)		<b>266,261,526</b>		277,230,538
		<b>338,440,285</b>		338,835,527
<b>SCHEDULE '11' - MARKETING AND ADVERTISEMENT EXPENSES</b>				
Advertisement Expenses		<b>97,861,575</b>		62,461,070
Businesss Promotion		<b>14,130,889</b>		9,988,158
		<b>111,992,464</b>		72,449,228

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	2007		2006	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE '12' - PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>				
Salary and Other Allowances		169,810,337		157,372,615
Contribution to Provident and Other Funds		17,271,174		21,319,226
Staff Welfare Expenses		9,705,030		5,493,708
ESOP Compensation Cost (Net)		26,575,316		1,535,948
		<u>223,361,857</u>		<u>185,721,497</u>
<b>SCHEDULE '13' - ADMINISTRATION AND OTHER EXPENSES</b>				
Rent		27,554,934		13,035,609
Rates and Taxes		1,641,129		1,963,260
Travelling and Conveyance Expenses		44,544,186		43,450,038
Electricity Charges		12,045,331		6,185,600
Communication Expenses		15,561,217		15,281,708
Repairs and Maintenance				
- Buildings	299,748		199,592	
- Plant & Machinery	4,090,309		1,003,850	
- Others	3,369,289		8,992,069	
		<u>7,759,346</u>		<u>10,195,511</u>
Insurance Premium		588,334		1,379,547
Legal and Professional Charges		25,816,489		17,992,434
Bad Debts/ Advances/ Stockwritten Off		-		1,685,975
Exchange Difference (Net)		7,329,126		269,133
Provision for Rebate		-		25,000,000
Loss on Sale/Disposal of Fixed Assets		-		1,834,473
Director's Sitting Fees		1,157,990		795,349
Miscellaneous Expenses		30,326,758		24,555,207
(Note: Miscellaneous Expenses includes Audit Fees, Security Charges, Service Charges etc.)				
		<u>174,324,839</u>		<u>163,623,844</u>
<b>SCHEDULE '14' - INTEREST AND FINANCE EXPENSES</b>				
Interest on				
- Term Loans	11,204,993		17,660,692	
- Working Capital Demand Loans	4,917,746		3,841,851	
- Others	3,431,028		608,854	
Finance Charges	3,821,319		2,970,665	
		<u>23,375,086</u>		<u>25,082,062</u>
Less : Interest Income				
Interest on Fixed Deposits with Banks [Tax deducted at source Rs. 756,336/- (Previous year Rs. 210,417/-)]	4,572,416		1,407,049	
Other Interest	42,145		-	
		<u>18,760,525</u>		<u>23,675,013</u>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### SCHEDULE "15"

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

##### A. SIGNIFICANT ACCOUNTING POLICIES:

###### (a) ACCOUNTING CONVENTION:

The financial statements are prepared under the historical cost convention, on an accrual basis in compliance with all material aspects of the applicable accounting standards in India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, unless otherwise mentioned in the notes.

###### (b) FIXED ASSETS:

Fixed assets are stated at cost less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and any cost, attributable to bringing the asset to its working condition for its intended use.

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. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation.

###### (c) DEPRECIATION AND AMORTISATION:

Depreciation on fixed assets is provided on Straight-Line Method at the rates and in the manner specified in the Schedule XIV of the Indian Companies Act, 1956, except,

- (i) Certain items of Plant and machinery (including computers) installed at and used in Institutional projects, which are depreciated over the number of years till the completion of the period of the contract when the assets are transferred to those parties.
- (ii) Vehicles purchased under the "Own Your Car" (OYC) scheme for the employees, which are depreciated over the period of the scheme.

Goodwill arising on acquisition of business unit is amortised over a period of ten years.

Depreciation on Buildings, Computer Hardware, Software, Courseware and Furniture & Fixtures acquired on or after 1st January, 2006 is provided at the following higher rates based on its estimated useful life –

Office Premises	3.33%
Furniture & fixtures	20.00%
Computers Hardware, Software & Courseware	33.33%

Depreciation on furniture & fixtures which are installed at leasehold premises, are amortised over lease period.

Depreciation on the fixed assets added/ disposed off/ discarded during the year has been provided on pro-rata basis with reference to the date of addition/ disposition/ discardation.

Assets purchased during the year whose acquisition cost is Rs. 5,000 or less are depreciated fully in the month of purchase.

###### (d) IMPAIRMENT OF FIXED ASSETS:

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceed its recoverable value. An impairment loss, if any, is charged to the Profit & Loss Account in the year, in which an asset is identified as impaired. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

###### (e) BORROWING COSTS:

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets up to the date when such asset is ready for its intended use.

Other borrowing costs are charged to revenue.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ACCOUNTS

**(f) FOREIGN CURRENCY TRANSACTIONS:**

Transaction in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the Profit and Loss Account. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction. Premium/discount, in respect of forward exchange contract is recognized over the life of the contracts. Profit/Loss on cancellation/renewal of forward exchange contract is recognized as income/expense for the year.

**(g) INVESTMENTS:**

Long Term Investments are stated at cost after deducting provision, if any, made for decline, other than temporary in the value.

Current Investments are stated at lower of cost and market/fair value.

**(h) INVENTORIES:**

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

**(i) GOVERNMENT GRANTS:**

Government Grants are recognized when there is reasonable assurance that the same will be received. Revenue grants are recognized in the Profit and Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to capital reserve.

**(j) 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. The revenue from fixed time contracts is recognized over the period of contracts. For services rendered through franchisees only the Company's share of revenue is recognized.

**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 accounted for when the right to receive the payment is established.

**(k) RETIREMENT BENEFITS:**

**DEFINED CONTRIBUTION PLAN**

The Company makes defined contribution to Provident fund and Superannuation Scheme which are recognized in the profit & loss account on accrual basis

**DEFINED BENEFIT PLAN**

The Company's liabilities under Payment of Gratuity Act (funded) and long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences, which are provided on estimates. Actuarial gain & losses are recognized immediately in the statement of profit & loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using the discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**(l) EMPLOYEES STOCK OPTION PLAN (ESOP)**

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ACCOUNTS

the option is recognized as deferred employee compensation. The deferred employee compensation is charged to Profit & Loss Account on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, to the extent of the amortised portion of value of lapsed portion. The costs incurred on account of ESOP granted to employees of subsidiary companies are recovered from the subsidiaries.

### **(m) INCOME TAX:**

Tax expense comprises of current, deferred and Fringe benefits tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet Date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

Fringe Benefit Tax is provided in accordance with the provisions of the Income Tax Act, 1961.

### **(n) OPERATING LEASE:**

Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases and lease rentals thereon are charged to the Profit and Loss Account.

### **(o) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liabilities are possible but not probable obligations as on the Balance Sheet date, based on the available evidence.

Department appeals, in respect of cases won by the Company, are also considered as contingent Liabilities.

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### B. NOTES ON ACCOUNTS:

1. Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 594,460/- (Previous year: Rs. 8,457,076/-).
2. Contingent Liabilities in respect of:

No.	Particulars	As at 31.12.07	As at 31.12.06
(a)	Counter Guarantees to banks for projects	46,097,738	77,867,842
(b)	Claims against the Company not acknowledged as debts	175,390,629	134,364,265
(c)	Corporate Guarantee given to the bank/others on behalf of wholly owned Subsidiary Company	80,655	23,746,793
(d)	Contract for subscription of shares Subsidiary Company	-	50,000,132

3. a) 3,600,000 convertible warrants were allotted on 28th October, 2005, to M/s. Aptech Investments at a price of Rs.56/- per Warrant. Each warrant was convertible at the sole option of the holder into one fully paid equity share of the Company, any time before the expiry of 18 months from its allotment. These warrants have been fully converted to Equity Shares on receipt of the balance monies in Feb'07. Consequently, Rs. 36,000,000/- has been added to Equity Share Capital and Rs. 165,600,000/- in Securities Premium Account (Refer Schedule 2).
- b) 4,712,500 convertible warrants were allotted on 1st October, 2006 to the promoter group at a price of Rs.113/- per Warrant on receipt of Rs.13/- per warrant amounting to Rs.61,262,500/- as required by SEBI Preferential issue guidelines. Each warrant is convertible at the sole option of the holder into one fully paid equity share of the Company, any time before the expiry of 18 months from its allotment. 2,050,000 warrants have been converted on receipt of balance amount of Rs.100/- per warrant during the year. Hence, Rs.20,500,000/- has been added to Equity Share Capital and Rs. 211,150,000/- has been added to Securities Premium. Consequently, the balance in warrants stands reduced by Rs. 26,650,000/-. (Refer Schedule 2).

The above proceeds were utilized towards liquidation of borrowings from banks, for growth and working capital purposes in the Company as well as newly acquired subsidiaries including process automation and towards expansion of new own centers in strategic metros.

4. a) Based on the resolution for Employee Stock options earlier approved, the Company has granted 1,036,500 stock options on 13th February, 2004 to eligible employees comprising 310,950, 362,775 and 362,775 options, with a vesting period of 12, 24 and 36 months respectively from the award date and an exercise period of one year from the respective vesting dates.

Details of Options Granted, exercised and lapsed	2007	2006
Options outstanding as the beginning of the year	219,345	518,820
Less: Lapsed/ Forfeited/ Expired during the year	5,460	48,120
Less: Options exercised during the year	213,885	251,355
Options granted and outstanding as the end of the year	-	219,345

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. 87,136/- (Previous year Rs.1,535,948/-) 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 options outstanding, and the net amount of Rs. NIL (Previous year Rs. 6,134,598/-) is shown under "Reserves and Surplus" in accordance with the relevant guidelines issued by Securities and Exchange Board of India.

During the year 219,345 options were exercisable against which 213,885 options were exercised by end of the year. Accordingly, Rs.6,221,914/- was transferred from the Employee Stock Options Outstanding (ESOP 2004) Account to Securities Premium Account in Schedule "2".

- b) Based on the resolution for Employee Stock Option Scheme approved by the shareholders on 16th September, 2006, the Aptech Employees Stock Options Trust - 2006 ("Trust") was set up on 6th December, 2006 and 15,00,000 Warrants of Re.1/- each have been granted by the Company to the Trust on 12th March, 2007. During the year, as confirmed by the Company's legal counsel :

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

The employees/directors were granted 1,165,000 stock options on 19th March, 2007 effective from 4th May, 2007 post Fringe Benefit Tax clarification. 1,065,000 stock options were issued to eligible employees and 100,000 stock options to Non Executive Directors. The 1,065,000 stock options granted to eligible employees have been granted with a vesting schedule comprising 159,750, 213,000, 266,250 and 426,000 options over a vesting period of 12, 24, 36 and 48 months respectively from the grant date and an exercise period of one year from the respective vesting dates. The entire 100,000 stock options granted to Non Executive Directors has a vesting period of 12 months from the grant date and an exercise period of one year from the vesting date. The options have been repriced at Rs.113/- as against the formula approved by Shareholders based on the powers given by the Shareholders to the Board to alter, vary and modify the scheme. The stock option discount in the aforesaid scheme, computed as per SEBI guidelines from the date of grant viz. 19th March, 2007, is being amortised on a straight line basis over the vesting period. Accordingly, during the year Rs.26,488,180/- 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") as ESOP Compensation Cost. The said cost is net of recoveries of Rs.4,970,000/- made from ESOPs granted to employees of wholly owned subsidiaries. The net reserve as reflected in Schedule "2" under ESOP-2006 scheme is net of ESOP Outstanding account Rs. 98,180,000/- and Deferred Employee Compensation Account Rs. 66,722,000/-.

During the year, the options exercisable were NIL.

### Details of Options Granted, exercised and lapsed

	2007	2006
Options granted and outstanding as the beginning of the year	-	-
Add: Granted during the year	11,65,000	-
Less : Lapsed/ Forfeited/ Expired during the year	30,000	-
Options granted and outstanding as the end of the year *	11,35,000	-
Option Exercisable	-	-

\*Includes 200,000 options granted to employees of Subsidiary companies.

5. Pursuant to the provisions of Section 103(4) of the Companies Act, 1956, the Company has vide order dated 27th April, 2007 of the High Court, Bombay received sanction for reduction/utilization of the Securities Premium Account to the extent of Rs.388,902,555/- for adjusting the debit balance in the Profit & Loss Account of the Company. Accordingly said amount has been reduced from the Securities Premium account on 29th June, 2007.
6. During the year, some of the subsidiaries of the Company incurred losses and/on have accumulated losses as at the year-end.
  - a) In case of certain subsidiaries, the Company has investments in the equity shares of Rs.133,045,387/- (Previous year Rs.43,000,525/-), Loans and Advances of Rs.157,493,168/- (Previous year Rs. 100,874,059/-) including advances against share application monies Rs. NIL (Previous year Rs. 7,045,381/-) as at the year end. The said subsidiaries have been set up in recent years. Considering the strategic long-term nature of the investment and the business plans of the said subsidiaries, in the opinion of the management, the decline in the book value of the investments is temporary and the investments, loans/advances and debts will be recoverable, requiring no provision.
  - b) In case of certain other subsidiaries the Company has investments in equity shares of Rs. 245,103,427/- (Previous year Rs. 88,866,437/-), Loans and Advances of Rs.286,334,384/- (Previous year Rs. 213,685,040/-) including advance towards share application monies of Rs. NIL (Previous year Rs.156,236,990/-) at the year end. Considering the future potential and recoverability, the Company has written back Rs.11,055,000/-, being the profits earned during the year in one of the subsidiary out of the diminution in the value of the investments of Rs.66,254,855/- provided in earlier years. The Company is continuing to carry balance of Rs.55,199,855/- as provision for diminution in value of investments and Rs.160,023,144/- towards Provisions for doubtful advances. In the opinion of the management, the balance amounts are recoverable, requiring no provision.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

7. The Company cannot sell, transfer, pledge, hypothecate, encumber or create any third party interest in shares of Beijing Aptech Beida Jade Bird Information Technology Company Limited (China) except as mentioned in joint venture agreement dated 16th February, 2000 and the Articles of Association of the said company.
8. The Company and Asian Institute of Communication & Research (AICAR) have formed a strategic alliance to together create premier educational institute of world-class quality. The AICAR Business School will be a world-class Residential Institute offering Graduate Students and Corporate the opportunity to enhance skills in the research and development of management and communication practices of a standard unparalleled in most other institutes.

Two-year full time Post Graduate Diploma in Management offered by AICAR Business School is approved by All India Council of Technical Education, New Delhi and is affiliated to the Directorate of Technical Education Board, Government of Maharashtra.

AICAR offers various general & industry specific Management Development Programs (MDPs). Its infrastructure is also used for Aptech's "Train The Trainers" requirements.

AICAR Business School was setup in 2002 on a 33 acres of land at foothills of Matheran. It's Wi-Fi enabled campus has air-conditioned classrooms, well stocked library, Computer Lab, spacious cafeteria, Gymnasium, swimming pool, and a 240 bed modern hostel.

The institute plans to offer a full range of Management and Technology programs and acquire status of a University.

The Company has granted as advance of Rs. 43,100,000/- at an interest rate of 8% per annum during the year to AICAR.

9. During the earlier years, the Company had formed Aptech Education Society in Chattisgarh, which established a private university viz. Aptech University.

The Company being the sponsor had advanced interest free unsecured loans/advances to the society which were fully provided for in the earlier years.

The Aptech University was rendered null and void by the Supreme Court vide its order dated 11th February, 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. Although, appropriate legal steps, on behalf of Society, had been taken, the Company considering the nature of the issue had decided not to pursue the matter. The students earlier enrolled in the Aptech University have been either transferred to other reputed Universities or have been otherwise settled by way of repayment of the fees earlier paid. The society is in the process of being dissolved.

During the year, a net amount of Rs. NIL (Previous year Rs. 828,000/-) recovered from the Society has been reflected as exceptional item in the Profit and loss account.

10. Aptech Training and Education Trust was setup for promoting a college in the state of Tamilnadu. The required clearances were not obtained/received from the Government and the connected agencies and as a result, the college could not commence its functioning. The advances made by the Company to the trust for setting up the infrastructure in the college of Rs. 9,123,807/-, are fully provided for in the books of account.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ACCOUNTS

11. 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 company	Relationship	Loans & Advances as at end of the year		Maximum outstanding during the year	
		2007 Rupees	2006 Rupees	2007 Rupees	2006 Rupees
Aptech Training Ltd., FZE	WOS (Wholly owned subsidiary)	682,692	–	720,000	1,023,977
Aptech ( WOS ) Bangladesh Ltd.	WOS	2,103,600	2,103,600	2,103,600	2,103,600
Aptech Software Limited	WOS	277,701,623	373,069,739	376,094,397	373,069,809
Attest Testing Services Ltd.	WOS	85,128,050	71,730,158	85,128,050	77,962,361
Aptech Training & Education Trust	Entity in which director has significant influence	9,123,807	9,123,807	9,123,807	9,123,807
Aptech Employee Welfare Trust	Entity in which director has significant influence	286,122	286,122	286,122	286,122
Aptech Education Trust	Entity in which director has significant influence	15,000	15,000	15,000	15,000
Aptech Education Society	Entity in which director has significant influence	216,223,369	216,223,369	216,223,369	217,051,369
Aptech Worldwide Corporation	WOS	5,846,469	35,701,760	35,701,760	49,063,948
Aptech Manpower Services Ltd.	WOS	433,984	–	462,393	874,579
Avalon Aviation Academy P. Ltd.	WOS	59,305,878	29,417,441	59,305,877	35,488,637
Aptech Worldwide Ltd., South Africa	WOS	82,326	58,366	82,326	58,366
AGLSM SDN. BHD Malaysia	WOS	3,746,547	2,665,487	3,746,547	2,665,487
Synergetics	Control	8,796,383	–	26,549,352	–

Notes:

- Above Loans & Advances are interest free and repayable on demand.
  - Loans to employees as per the Company's policy are not considered.
  - There are no investments by the loanees in the shares of the Company.
  - The said loans are fully/partly provided for as doubtful of recovery.
12. Sundry Debtors and Sundry Creditors and some bank balances are subject to confirmation & reconciliation.
13. The debtors are net of Rs. 128,345,769/- (Previous year Rs. 174,597,751/-) being the amounts payable to franchisees/vendors for services rendered to Institutional Clients, since as per the contract terms the same are payable only after the recovery from Institutional clients.
14. During the year, an institutional project being executed by the Company, has held back Rs.11,706,819/- (Previous year Rs. 75,161,110/-) aggregating to Rs.148,355,251/- (Previous year Rs.136,648,432/-) out of the dues receivable by the Company towards certain alleged non-fulfillment of the Contract terms without giving the requisite details for many of the items. The Company is in correspondence with the client to obtain details and resolve the difference.

Pending the final outcome of such discussions, the Company has recovered an amount of Rs. 98,03,000/- (Previous year Rs. 9,138,137/-) aggregating to Rs.18,941,137/-, has provided as rebate/provision for doubtful debts in the previous years of Rs.62,000,000/- and the balance of Rs.67,414,114/- (Previous year Rs.41,022,973/-) has been reflected under Contingent Liabilities as stated in note 2 above.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ACCOUNTS

Further the Company has to recover since long Rs. 45,825,927/- (Previous year Rs. 45,825,927/-) from another institutional project client [net of Rs. 41,307,817/- (Previous year Rs.45,250,208/-) payable to Business Partner only on recovery from the project client ]. As a measure of caution, the Company had provided Rs. 8,700,000/- in the earlier years. The balance is considered recoverable by the management.

15. As per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 the Company is still in the process of obtaining the details suppliers covered by the Act and hence, the disclosure required under the said Act are not given.
16. The following are included under other heads/expenses in Profit and Loss Account:

<b>Break up of expenses</b>	<b>2007</b>	2006
Salaries All Project related salary & allowances	<b>102,168,860</b>	89,073,537
Communication Expenses	<b>5,032,814</b>	4,773,392
Electricity Expenses	<b>16,519,521</b>	5,754,929
Printing & Stationary	<b>8,545,518</b>	9,633,267
Godown Rent	<b>16,000</b>	70,000
Repairs & Maintenance of Computers	<b>5,136,348</b>	3,484,193
Insurance	<b>277,073</b>	280,242
Rates & Taxes - ( VAT )	<b>3,457,743</b>	473,364
Professional Fees	<b>583,177</b>	324,880

17. Payment to Auditors:

<b>Particulars</b>	<b>2007</b>	2006
	<b>Rupees</b>	Rupees
a) Audit Fees	<b>1,250,000</b>	1,250,000
b) Tax Audit Fees	<b>475,000</b>	400,000
c) Certification Fees	<b>500,000</b>	450,000
d) Others – Fees for one time study and review of various Accounting areas including certification work	<b>-</b>	650,500
e) Reimbursement of Expenses	<b>44,967</b>	45,800
f) Reimbursement of Service Tax	<b>280,568</b>	324,421
<b>TOTAL</b>	<b>2,550,535</b>	3,120,721

18. Managerial remuneration under Section 198 of the Companies Act, 1956 :

<b>Particulars</b>	<b>Rupees</b>			
	<b>2007</b>		<b>2006</b>	
	<b>MD</b>	<b>ED</b>	<b>MD</b>	<b>ED</b>
Salaries and Allowances	<b>7,347,690</b>	<b>3,326,737</b>	5,658,417	371,444
Contribution to Provident and other funds	<b>827,800</b>	<b>310,762</b>	652,154	53,875
Perquisites	<b>-</b>	<b>-</b>	5,400	5,400
	<b>8,175,490</b>	<b>3,637,499</b>	<b>6,315,971</b>	<b>430,719</b>

Notes:

1. The computation of Net Profits under Section 349 of the Companies Act, 1956 is not given since no commission is payable to any director.
2. In determination of Manager's remuneration, certain perquisites have been valued in accordance with Income Tax Act, 1961.
3. The above figures include Gratuity amounting to Rs. 375,488/- based on actuarial valuation.
4. The Company is in the process of applying to the Central Government for approval under Schedule XIII for the remuneration paid in excess which amounts to Rs.5,087,401/- to the Managing Director & Rs 1,226,737/- to the Executive Director.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

5. Further under the Employee Stock Option Scheme 2006, Mr. Pramod Khera & Mr. R. Krishnan were issued grant letters dated 4th May, 2007 for 265,000 & 50,000 stock options respectively, which are exercisable @ Rs. 113/- per Option. These Options are linked to performance and have been issued with a vesting schedule spread over 4 years wherein the vesting period extends upto 12, 24, 36 and 48 months respectively from the grant date and the exercise period is one year from the respective vesting date of the qualified vested options.
19. The Deferred Tax Asset, on unabsorbed losses and depreciation, computed in accordance with AS-22 "Accounting for Taxes on Income", has not been recognized in the books as a matter of prudence.

### 20. Earnings per Share:

	2007	2006
<b>Numerator :</b>		
Profit/(Loss) after tax attributable as disclosed in Profit and Loss Account	<b>24,564,859</b>	(67,364,177)
<b>Denominator :</b>		
Weighted average number of equity shares Outstanding during the year/period		
Basic	<b>42,247,648</b>	37,810,963
Diluted	<b>44,822,993</b>	-
Nominal value of equity shares (Rupees)	<b>10/-</b>	10/-
Basic EPS	<b>0.58</b>	(1.78)
Diluted EPS	<b>0.55</b>	-

### 21. Operating Leases

The maximum obligation on non-cancellable operating lease payable as per the lease agreement is as follows:

Obligation on non-cancellable operating lease	Year ended 31st December,	
	2007	2006
Not later than one year	<b>3,130,625</b>	NIL
Later than one year and not later than five years	<b>10,092,375</b>	NIL
Later than five years	<b>NIL</b>	NIL

### 22. Retirement Benefits

The Company was recognizing and accruing the retirement benefits as per the erstwhile Accounting Standard (AS) 15 on Retirement Benefit till 31st December, 2006. The same has been revised and in accordance with the transitional provisions of revised AS 15, the incremental liability at the beginning of the year amounting to Rs.2,610,919/- in respect of Gratuity has been charged to Profit & Loss account during the year.

#### A) Defined benefit plan

The amount recognized in the balance sheet in respect of the gratuity:

	Amount (Rs.)
Present value of the defined benefit obligation at the end of the period	<b>14,596,529</b>
Fair value of the plan assets	<b>8,727,848</b>
Net Liability/(Assets)	<b>5,868,681</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

The amount recognized in salary and employee benefits in the profit & loss account as follows in respect of the gratuity:

	Amount (Rs.)
Current Service Cost	2,486,812
Interest on defined benefit obligation	1,071,003
Expected return on plan assets	706,924
Net actuarial (Gain)/Loss on plan Assets	754,306
Net Gratuity Cost	2,096,584

### Actual Return on plan assets:

	Amount (Rs.)
Expected Return on plan assets	706,924
Acturial Gain/(Loss) on plan assets	1,166,923
Actual return on plan assets	1,873,847

### Reconciliation of present value of the obligation and the fair value of the Plan assets

	Amount (Rs.)
Opening defined benefit obligation as on 1.1.2007	14,280,036
Current Service Cost	2,486,812
Interest cost	1,071,003
Actuarial (Gain)/Loss	412,616
Benefit Paid	(3,653,938)
Closing defined benefit obligation as on 31.12.2007	14,596,529

### Change in fair value plan assets

Fair value of the plan assets at the beginning of the period	8,836,550
Expected return on plan assets for the period	706,924
Contributions during the period	1,671,389
Benefits paid during the period	(3,653,938)
Actuarial Gain/(Loss) on plan assets	1,166,923
Fair value of the plan assets at the end of the period	8,727,848

### Principal Actuarial Assumptions at the balance sheet date 31.12.2007

Discount Rate	7.50%
Estimated rate of return on plan assets	8.00%

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other related factors.

### General description of the fair value of the plan

Gratuity liability under the Payment of Gratuity Act,1972 is accrued on actuarial valuation and funded through group gratuity scheme of the holding company administrated by ICICI Prudential Life Insurance company Limited.

### B) Defined Contribution Plan –

Amount recognized as an expense and included in the Schedule 10 - "Contribution to Provident & Other Funds – Rs. 17,271,174/-

Since this is the first year of implementation of Revised AS-15, the amount of previous years are not given.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**23. Segmental report for the year ended 31st December, 2007**

**Primary Segment information : Business Segment**

Particulars	2007				2006			
	Business Segments		Unallocable	Total	Business Segments		Unallocable	Total
	Retail	Institutional			Retail	Institutional		
<b>Revenue</b>								
Income from Segment	656,165,051	337,182,701	1,753,520	995,101,273	469,535,515	350,346,475	31,504,569	851,386,559
<b>Results before Interest and Tax and Exceptional Items</b>	276,788,353	(73,883,715)	(177,836,615)	25,068,023	164,623,211	(46,086,755)	(153,554,392)	(35,017,936)
Less : Interest Expenses and Finance Charges	2,280,144	11,045,690	5,434,691	18,760,525	1,677,487	18,074,582	3,922,962	23,675,031
Profit before Tax and Exceptional Items	274,508,208	(84,929,404)	(183,271,306)	6,307,498	162,945,724	(64,161,337)	(157,477,354)	(58,692,967)
<b>Exceptional Items</b>								
Fixed Assets Written Off								
Provision for Doubtful Advances (Net)							887,032	887,032
Provision for Diminution in Investment								
Impairment of Fixed Assets								
Provision for Doubtful Debts								
Provision no longer required written back	(13,460,773)	-	(11,411,589)	(24,872,362)				
<b>Profit/(Loss) before Tax</b>	287,968,981	(84,929,404)	(171,859,717)	31,179,860	162,945,724	(64,161,337)	(158,364,386)	(59,579,999)
Less : Provision for Current Tax	287,968,981	(84,929,404)	6,615,000	24,564,860	162,945,734	(64,161,337)	7,784,188	7,784,188
<b>Profit/(Loss) after Tax</b>			(178,474,717)	24,564,860			(166,148,574)	(67,364,177)
<b>Other Information</b>								
Carrying amount of Segment Assets	208,305,566	506,848,409	974,800,246	1,689,954,221	226,656,959	524,812,725	647,831,070	1,399,763,754
Carrying amount of Segment Liabilities	86,480,174	132,450,064	60,623,600	279,553,838	118,044,867	225,502,152	11,947,867	355,494,886
Capital Expenditure	66,212,889	8,327,980	53,615,000	128,155,869	26,684,117	5,642,341	14,908,562	47,235,020
Depreciation/Amortization	23,165,020	68,715,478	30,033,307	121,913,806	12,433,335	66,090,698	47,250,374	125,774,407
Significant Non-Cash Expenditure				26,575,316	1,685,975			1,685,975

**Secondary Segment information : Geographical segment**

Particulars	2007			2006		
	Revenue from customers by location	Carrying amount of Segment assets by location	Addition to Fixed Assets	Revenue from customers by location	Carrying amount of Segment assets by location	Addition to Fixed Assets
India	861,541,999	1,689,954,221	128,155,869	727,553,314	1,399,763,000	47,235,020
Outside India	133,559,274			123,833,245		

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### 24. Disclosures in respect of Related Parties pursuant to Accounting Standard 18 :

#### I. List of Related parties :

##### Parties where control exists :

##### Subsidiaries :

Aptech Training Limited FZE Dubai

Aptech (WOS) Bangladesh Limited

Aptech Worldwide Corporation, US

Aptech Software Limited

Attest Testing Services Limited

Avalon Aviation Academy Pvt. Ltd.

Aptech Manpower Services Limited

Synergetics Information Technologies Services (India) Pvt. Ltd.

AGLSM SDN BHD - MALAYSIA

Aptech Worldwide – South Africa

##### Others:

Aptech Employees Stock Option Trust

##### Company/firm whose control exists :

Aptech Investments

##### Other parties with whom company has entered into transactions during the year :

##### Joint Venture :

Beijing Aptech Beida Jade Bird Information Technology Co. Limited

##### Key Management Personnel :

Mr. Pramod Khera – Managing Director

Mr. R. Krishnan – Executive Director

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### II. Transactions with related parties :

Nature of transaction	Subsidiaries	Joint ventures	Key Management Personnel	Others	Total
<b>Income</b> (Previous year)	- (53,801,260)	- (26,971,035)			- (80,772,295)
<b>Expenses</b> (Previous year)	<b>7,005,700</b>	-	<b>19,641,357</b> (6,718,779)		<b>26,647,057</b> (6,718,779)
<b>Sale of Fixed Assets</b> (Previous year)	<b>842,316</b> (3,020,740)	-			<b>842,316</b> (3,020,740)
<b>Purchase of Fixed Assets</b> (Previous year)	<b>53,656,707</b> (17,629,500)	-			<b>53,656,707</b> (17,629,500)
<b>Finance</b> (Including loans and equity, contributions in cash or kind)					-
<b>a) Loans granted</b> (including share application money)					-
Balance as at 1st January, 2007 (Previous year)	<b>480,506,926</b> (380,882,305)			<b>225,648,298</b> (226,476,296)	<b>706,155,224</b> (607,358,601)
Fresh Loans given during the year (Previous year)	<b>57,972,448</b> (213,575,164)				<b>57,972,448</b> (213,575,164)
Loans repaid during the year (Previous year)	<b>94,651,822</b> (-)				<b>94,651,822</b>
<b>b) Loans Taken</b>					
Balance as at 1st January, 2007 (Previous year)	<b>347,451</b> -				<b>347,451</b> -
Fresh Loans given during the year (Previous year)	- (347,451)				- (347,451)
Loans repaid during the year (Previous year)	<b>347,451</b>				<b>347,451</b>
<b>c) Investment in Equity</b> (excluding share application money)	<b>245,694,505</b>				<b>245,694,505</b>
Purchased/adjusted during the year (Previous year)	- (84,037,872)				- (84,037,872)
<b>Balances at the end of the year</b>					
<b>Investments</b> (Previous year)	<b>378,148,813</b> (132,454,309)	<b>22,130,994</b> (22,130,994)			<b>400,279,807</b> (154,585,303)
<b>Sundry Debtors</b>					-
<b>Balance</b> (Previous year)	<b>2,086,186</b> (3,190,404)	<b>14,721,235</b> (14,721,235)			<b>14,721,235</b> (17,911,639)
<b>Loans granted</b> (Previous year)	<b>443,827,552</b> (480,506,926)			<b>225,648,298</b> (225,648,296)	<b>669,475,850</b> (706,155,222)
<b>Creditors balance as at 31st December, 2007</b> (Previous year)	<b>26,080,175</b> (1,264,000)				<b>26,080,175</b> (1,264,000)
<b>Loans taken</b>					
Fresh loans during the year (Previous year)	- (347,451)				- (347,451)
<b>Corporate Guarantees</b> (Previous year)	<b>80,655</b> (23,746,793)				<b>80,655</b> (23,746,793)

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### III. Out of the above items transactions with subsidiaries, Associates & Key Management Personnel in excess of 10% of total related party transactions are as under :

Transaction	Relationship	2007 (Rupees)	2006 (Rupees)
<b>a) Turnover</b>			
Training & Education Income			
Beijing Aptech Beida Jade Bird Information Technology Co. Ltd.	Joint Venture	–	56,655
<b>b) Dividend Income</b>			
Beijing Aptech Beida Jade Bird Information Technology Co. Ltd.	Joint Venture	–	26,728,188
<b>c) Reimbursement of Expenses received</b>			
Attest Testing Services Limited	Subsidiary	–	43,747,729
Avalon Aviation Academy P. Ltd.	Subsidiary	<b>5,348,350</b>	–
<b>d) Expenditure</b>			
Managerial Remuneration			
Mr. Pramod Khera	Key Management Personnel	<b>8,175,490</b>	6,315,971
Mr. R. Krishnan	Key Management Personnel	<b>3,637,499</b>	–
<b>e) Purchase of fixed assets</b>			
Aptech Software Limited	Subsidiary	<b>53,656,707</b>	17,629,500
<b>f) Sale of fixed assets</b>			
Aptech Software Limited	Subsidiary	–	3,020,740
Avalon Aviation Academy P. Ltd.		<b>842,316</b>	–
<b>g) Loans &amp; Advances [taken/(repaid)]</b>			
Aptech Software Limited	Subsidiary	<b>(94,651,822)</b>	103,368,110
Attest Testing Services Limited	Subsidiary	<b>13,397,892</b>	57,505,159
Avalon Aviation Academy P. Ltd.	Subsidiary	<b>29,888,437</b>	36,917,749
Synergetics Information Technology (India) Pvt. Ltd.	Subsidiary	<b>8,796,383</b>	–
<b>h) Investments</b>			
Synergetics Information Technology (India) Pvt. Ltd.	Subsidiary	<b>50,000,132</b>	35,087,347
Aptech Worldwide Corporation	Subsidiary	–	40,950,000
Aptech Software Limited	Subsidiary	<b>156,236,990</b>	–
Avalon Aviation Academy P. Ltd.	Subsidiary	<b>32,499,500</b>	–

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

25. The Company has a Joint Venture as on 31st December, 2007 and its proportionate share in assets, liabilities, income and expenditure of the Joint Venture Company is given below -

Name of the Joint Venture	Beijing Aptech Beida Jade Bird Information Technology Company Limited, China	
	2007	2006 (Audited)
Percentage holding	50%	50%
Net Fixed Assets (Rupees)	*	44,257,685
Net Current Assets (Rupees)	*	307,053,851
Liabilities (Rupees)	*	–
Income (Rupees)	*	714,525,955
Expenses (including interest and depreciation and tax) (Rupees)	*	402,347,135
Contingent Liabilities (Rupees)	*	–
Capital Commitment (Rupees)	*	–

\*Owing to the impending restructuring of Aptech's holding in the Chinese Joint venture consequent to the Framework Agreement, executed on the 20th March, 2008, which is yet to be followed up by the execution of Definitive agreements, the figures for the share in the Joint Venture cannot be reported pending receipt of appropriate financial information.

26. 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 :

	2007	2006
1. Opening		
Quantity (Nos.)	883,916	928,945
Value (Rupees)	16,057,314	12,132,688
2. Purchase		
Quantity (Nos.)	3,977,632	3,263,641
Value (Rupees)	75,656,938	69,645,695
3. Sales		
Quantity (Nos.)*	3,830,520	3,308,670
Value (Rupees)	72,404,191	66,710,469
4. Closing Stock		
Quantity (Nos.)	1,031,028	883,916
Value (Rupees)	19,310,061	16,057,314

\*Including consumption at owned centers.

**(ii) Expenditure in Foreign Currency :**

	2007 Rupees	2006 Rupees
a) Foreign Travel	6,006,110	5,611,426
b) Training & Education Expenses	28,678,141	23,604,002
c) Administrative and Other Expenses	3,480,693	1,535,807

**(iii) Earnings in Foreign Currency :**

	2007 Rupees	2006 Rupees
a) F.O.B. Value of sale of Education and training course materials	16,027,380	12,616,721
b) Training and Education Income	132,487,291	109,763,267
c) Dividend Income	-	26,728,188

27. The figures for the previous year have been regrouped/rearranged wherever necessary.

For and on behalf of  
**KHIMJI KUNVERJI & CO.**  
 Chartered Accountants

**Shivji K. Vikamsey**  
 Partner  
 Membership No. 2242

Place : Mumbai

Date : 31st March, 2008

For and on behalf of the Board of Directors

**Pramod Khera**  
 Managing Director

**T. K. Ravishankar**  
 Executive Vice President & CFO

**C. Y. Pal**  
 Vice Chairman

**Sree Vidhya Raju**  
 Company Secretary

# APTECH LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

### 1. Registration Details

Registration No.	11/123841
State Code	11
Balance Sheet Date	31st December, 2007

### 2. Capital raised during the year at Face Value

	Rs. in '000
Public Issue ( GDR Issue )	-
Right's Issue	-
Employees Stock Option Plan 2004	2,139
Warrants	56,500
Preferential Allotment	-

### 3. Position of Mobilisation and Deployment of Funds

	Rs. in '000
Total Liabilities	1,465,507
Total Assets	1,465,507

#### Sources of Funds

Paid-up Capital	437,511
Warrants	36,112
Reserves & Surplus	819,804
Secured loans	-
Unsecured Loans	172,080
Deferred Tax Liability	-

#### Application of Funds

Net Fixed Assets	412,778
Investments	345,080
Net Current Assets	707,649
Miscellaneous Expenditure	-
Accumulated Losses	-

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<b>4. Performance of Company</b>	<b>Rs. in '000</b>
Turnover	992,579
Total Expenditure	988,793
(Loss)/Profit Before Tax	31,180
(Loss)/Profit After Tax	24,565
Earnings Per Share in Rs.	0.58
(Refer Note No. B-22 above)	
Dividend Rate %	-

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<b>5. Generic Names of the Three Principal Products/Services of Company</b>	
Item *	NIL
Code No. (ITC code)	NIL
Product Description	COMPUTER EDUCATION
Item *	NIL
Code No. (ITC code)	NIL
Product Description	MULTI MEDIA EDUCATION

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\* 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.

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST DECEMBER, 2007**

Name of the Subsidiary Company	Attest Testing Services Limited	Aptech Software Limited	Aptech Worldwide Corporation	Aptech Manpower Services Ltd.	Synergetics Information Technology Services India Pvt. Ltd	Aptech Training Limited FZE	Avalon Aviation Academy Pvt. Ltd	AGLSM SDN. BHD. Malaysia	Aptech Worldwide Bangladesh Limited	Aptech Worldwide South Africa
Equity Capital	828,410	156,736,990	40,950,000	500,000	1,624,020	46,007,103	40,000,000	6,717,000	1,409,334	-
Reserves	(60,235,417)	(315,905,670)	(62,687,102)	(941,013)	17,149,826	(34,948,441)	(80,499,358)	(4,063,689)	226,618	(107,035)
Loan Funds	85,389,644	274,674,293	5,846,470	433,984	9,345,277	682,692	61,574,525	3,746,547	2,571,172	82,326
Total Assets	86,218,054	431,411,283	46,796,470	933,984	61,008,754	46,689,795	101,574,525	6,399,858	1,635,951	82,326
Total Liabilities	86,218,054	431,411,283	46,796,470	933,984	61,008,754	46,689,795	101,574,525	6,399,858	1,635,951	82,326
Turnover	67,912,931	104,970,810	69,246,843	69,747	39,732,893	21,895,776	62,236,724	6,554,807	314,494	-
Profit Before Tax	(13,864,108)	(32,168,503)	(10,285,153)	(1,367,089)	(36,524,612)	7,670,769	(51,240,575)	(1,675,408)	(667,110)	(37,445)
Provision for Taxation	175,000	542,000	59,115	-	3,000,594	-	810,000	-	15,070	-
Profit After Tax	(14,039,108)	(32,710,503)	(10,344,268)	(1,367,089)	(39,525,206)	7,670,769	(52,050,575)	(1,675,408)	(682,179)	(37,445)

## NOTICE

**NOTICE** is hereby given that the Eighth Annual General Meeting of the Members of Aptech Limited will be held on Tuesday, 23rd December, 2008 at 4.00 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021, to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st December, 2007 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. Rakesh Jhunjhunwala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Utpal Sheth, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Yash Mahajan, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

6. Appointment of Mr. Walter Clifford Saldanha as a Director, retiring by rotation.

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

**“RESOLVED THAT** Mr. Walter Clifford Saldanha, who was appointed as an Additional Director of the Company with effect from 31st October, 2007 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and who is eligible for appointment, and, in respect of whom the Company has received a Notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

### NOTES :

- a) The Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 6 and the relevant details in respect of Item Nos. 2 to 4 and 6 pursuant to Clause 49 of the Listing Agreement are annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) Members/Proxies should bring the Attendance Slip, duly filled in, for attending the meeting and are also requested to bring their copies of the Annual report.

- d) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 4th December, 2008 to Friday, 12th December, 2008 (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 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) Pvt. Ltd., Satam Industrial 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, 2006 is in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, and as per the approval accorded by the Members vide special resolution dated 16th September, 2006.
- l) All documents referred to, if any, in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays) upto the date of the Meeting.

By Order of the Board of Directors,

**Sree Vidhya Raju**  
Deputy General Manager (Legal)  
& Group Company Secretary

Place : Mumbai  
Date : 26th November, 2008

**Registered Office :**  
Aptech House, A 65, M.I.D.C., Marol,  
Andheri (East), Mumbai - 400 093.

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

### ITEM NO. 6

Mr. Walter Clifford Saldanha was appointed as an Additional Director of the Company, in accordance with the provisions of Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Articles of Association. The term of office of Mr. Walter Saldanha as Additional Director of the Company expires at this Annual General Meeting.

Notice has been received by the Company from a Member under Section 257(1) of the Companies Act, 1956, alongwith the requisite amount of deposit, notifying his intention to propose the candidature of Mr. Walter Clifford Saldanha, as Director of the Company, at this Annual General Meeting.

The profile of Mr. Walter Saldanha is given below for the information of the Members.

Walter Saldanha is the Chairman-cum-Managing Director of Chaitra Holdings Private Limited, a former subsidiary of Chaitra Advertising Pvt. Ltd. which entered into a collaboration with Leo Burnett, Chicago, in 1991. He has over 5 decades of experience in advertising, having worked first with J. Walter Thompson & then in senior management and Board-level positions with Marketing Advertising Associates (MAA) & LPE-Aiyars Advertising & Marketing. In 2000, Saldanha was awarded for his outstanding contribution to advertising by the Advertising Agencies Association of India (AAAI). In 2001, he founded the Asian

Institute of Communication & Research (AICAR Business School) at Neral, and has been instrumental in its rapid growth ever since. Besides being the Hon. Treasurer of the Society for Eradication of Leprosy, he is also a Trustee of the Sangeet Abhinay Academy, an organization devoted to the development of musical talent and the Shanti Avedna Sadan (a home for terminally ill cancer patients). He was also the former Chairman of Slum Rehabilitation Society.

Considering his rich and varied experience, it will be in the interest of the Company to appoint Mr. Walter Saldanha as a Director of your Company. Accordingly the Directors recommend the resolution set out at Item No. 6 for approval of the Members.

Mr. Walter Saldanha, being the Director proposed to be appointed, may be deemed to be concerned or interested in this resolution. Except for him, none of the other Directors may be deemed to be concerned or interested in the said resolution.

By Order of the Board of Directors,

**Sree Vidhya Raju**

Deputy General Manager (Legal)  
& Group Company Secretary

Place : Mumbai

Date : 26th November, 2008

**Registered Office :**

Aptech House, A 65, M.I.D.C., Marol,  
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)**

<b>Name of the Director</b>	Mr. Rakesh Jhunjunwala	Mr. Utpal Sheth	Mr. Yash Mahajan	Mr. Walter Saldanha
<b>Date of Birth</b>	5th July, 1960	20th June, 1971	6th April, 1937	31st October, 1931
<b>Date of Appointment</b>	28th October, 2005	28th October, 2005	28th October, 2005	31st October, 2007
<b>Areas of Expertise</b>	Proprietary Investment and Share Trading	Investment Research, Investment Management and Investment Banking	Finance, Marketing, Material Services, HRD, Joint Ventures (Domestic & Overseas), Administration & General Management	Communication/ Advertising and Marketing
<b>List of other public companies incorporated in India in which directorships held as on 31st December, 2007</b>	<ol style="list-style-type: none"> <li>1. Bilcare Ltd.</li> <li>2. Concord Biotech Ltd.</li> <li>3. Geojit Financial Services Ltd.</li> <li>4. Innovasynth Technologies (I) Ltd.</li> <li>5. Mid Day Multimedia Ltd.</li> <li>6. Nagarjuna Construction Co. Ltd.</li> <li>7. Prime Focus Ltd.</li> <li>8. Provogue India Ltd.</li> <li>9. Viceroy Hotels Ltd.</li> <li>10. Top Security Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Merchant Multimedia Ltd.</li> <li>2. Praj Industries Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Swaraj Mazda Ltd.</li> <li>2. Pidilite Industries Ltd.</li> <li>3. Ludhiana Stock Exchange Ltd.</li> </ol>	Nil
<b>List of Chairmanships/ memberships of committees of the board of other public Companies incorporated in India in which directorships held as on 31st December, 2007</b>	Mid Day Multimedia Ltd. – Shareholders/Investors Grievance Committee Member	Nil	Swaraj Mazda Ltd. – Shareholders/Investor Relation Committee Member	Nil
<b>No. of shares held in the Company prior to the date of appointment/ re-appointment</b>	17,00,000	Nil	Nil	Nil





Registered Office : Aptech House, A-65, M.I.D.C., Marol, Andheri (E), Mumbai 400 093.

**FORM 2B**  
(See rules 4CCC and 5D)  
**NOMINATION FORM**  
(For Shares held in physical form)

I/We \_\_\_\_\_ and \_\_\_\_\_ the holders of Equity Shares bearing Folio Number(s) \_\_\_\_\_ in 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 : \_\_\_\_\_  
Pin Code : \_\_\_\_\_  
Date of Birth\* : \_\_\_\_\_  
Name and Address of the Guardian\* : \_\_\_\_\_

\* To be furnished in case nominee is a minor

**Signature(s) of Holder(s) as per specimen recorded with the Company**

Sole/First Holder	
Second Holder	
Address	
Date	

**Signature of two Witnesses**

Name and Address	Signature with date

**Instructions :**

1. The Nomination can be made only by individuals applying/holding shares on their own behalf singly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the securities are held jointly, all joint holders will sign the Nomination Form.
2. The nominee shall not be a Trust, Society, Body Corporate, Partner ship Firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A Non-Resident Indian can be a nominee on repatriable basis provided RBI approval granted to the nominee is registered with the Company.
3. Nomination shall stand rescinded upon transfer of shares.
4. Transmission of shares in favour of a nominee shall be valid discharge by a Company against the legal heir.
5. The duly filled in Nomination Form(s) can be lodged with the Company at its Registered Office and/or with the Registrar & Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd.
6. In case of Shareholders holding their shares in demat mode, the shareholders are requested to provide the details to NSDL/CDSL as the case may be through their respective Depository Participant.

<b>FOR OFFICE USE ONLY</b>	
Nomination Registration Number	
Date of Registration	
Checked by (Name & Signature)	



**APTECH LIMITED**

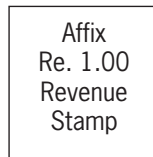
Registered Office : Aptech House, A-65, M.I.D.C., Marol, Andheri (E), Mumbai 400 093.

**PROXY FORM**

<b>Registered Folio/Client ID**</b>											
<b>DP ID**</b>											
<b>No. of Shares held</b>											

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of the above named Company hereby appoint \_\_\_\_\_ residing at \_\_\_\_\_ or failing him/her \_\_\_\_\_ residing at \_\_\_\_\_ as my/our proxy, to attend and vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held on Tuesday, the 23rd day of December, 2008 at 4.00 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2008.



(Signature(s) of the Member(s)  
across the Stamp)

Notes:

- 1) The Proxy, in order to be effective, must be duly completed, signed and deposited at the Registered office of the Company, not less than **48 hours** before the time of the meeting.
- 2) A proxy need not be a member.
- 3) All alterations made in the Proxy Form should be initialled.
- 4) \*\*Applicable for Investors holding shares in electronic form.



**APTECH LIMITED**

Registered Office : Aptech House, A-65, M.I.D.C. Marol, Andheri (E), Mumbai 400 093.

**ATTENDANCE SLIP**

<b>Registered Folio/Client ID*</b>											
<b>DP ID*</b>											
<b>No. of Shares held</b>											

I confirm that I am a member/proxy for a member of the Company.

I hereby record my presence at the Eighth Annual General Meeting of the Company held on Tuesday, the 23rd day of December, 2008 at 4.00 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021.

\_\_\_\_\_  
Name of the Member/Proxy

\_\_\_\_\_  
Signature of the attending Member/Proxy

\*Applicable for Investors holding shares in electronic form.

Note: Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall.



## Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

