

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To**  
**The Board of Directors of**  
**Aptech Limited**

1. We have audited the attached Consolidated Balance Sheet of Aptech Limited ("the Company") and its Subsidiaries and joint venture (collectively referred to as the 'Group') as at December 31, 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of Aptech Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements (CFS) have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' and AS 27 'Financial Reporting of Interests in Joint Ventures', notified under Companies (Accounting Standards) Rules, 2006
4. Included in these Consolidated Financial Statements are Assets of Rs. 1,045,822,735 as at December 31, 2007, revenue of Rs. 844,171,763 and net cash flows amounting to Rs. 229,398,665 for the year then ended of Six Subsidiaries and a Joint Venture, which have not been audited by us. These have been audited/certified by other auditors, whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and a Joint Venture, is based solely on the reports of those respective auditors.
5. Attention is invited to Note No 5 of Schedule 15 relating to Financial Statements of China Joint Venture Company (JV) being restated as per US Generally Accepted Accounting Principles (GAAP) and the details of restated figures of revenue/expenses/assets and liabilities of JV are included in CFS to the extent of available information related thereto
6. Attention is drawn to Note No B.24(B) of Schedule 15 regarding the payment of Remuneration by certain subsidiaries to their Directors, which in the opinion of such Subsidiaries, are not covered under the limits specified and requirements of disclosures as per the Companies Act, 1956, on which we are unable to express our opinion
7. Attention is drawn to Note No B.24(A) of Schedule 15 regarding the payment of Remuneration by Aptech Ltd – in excess of sum payable under Schedule XIII of the Companies Act, 1956 to Managing Director and

Executive Director aggregating to Rs.6,314,138, for which approval of Central Government has not been obtained

8. Based on our audit and on consideration of reports of other auditors on separate financial statements/management certification and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached CFS, read with Para 4 to 6 above and subject to Para 7 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at December 31, 2007;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

**Per Shivji K. Vikamsey**  
Partner  
Membership No. 2242  
Place: Mumbai  
Date: August 11, 2009

# APTECH LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2007

PARTICULARS	SCHEDULE	AS AT		AS AT	
		31ST DECEMBER 2007	31ST DECEMBER 2006	31ST DECEMBER 2007	31ST DECEMBER 2006
		RUPEES	RUPEES	RUPEES	RUPEES
<b>SOURCES OF FUNDS</b>					
<b>SHARE HOLDERS' FUNDS</b>					
SHARE CAPITAL					
WARRANTS (Refer Note no.B-9 & 10 of schedule 15)	1	437,511,170		378,872,320	
RESERVES AND SURPLUS	2	<u>1,066,207,921</u>		<u>775,916,989</u>	
			1,539,831,591		1,236,211,809
MINORITY INTEREST			3,760,164		2,489,338
<b>LOAN FUNDS</b>					
SECURED LOANS	3	<u>172,127,015</u>		<u>227,002,102</u>	
			172,127,015		227,002,102
DEFERRED TAX LIABILITY			851,346		573,067
TOTAL FUNDS EMPLOYED			<u>1,716,570,116</u>		<u>1,466,276,316</u>
<b>APPLICATION OF FUNDS</b>					
GOODWILL ON CONSOLIDATION			41,315,151		30,395,994
FIXED ASSETS	4				
GROSS BLOCK		1,666,178,902		1,527,552,338	
LESS: ACCUMULATED DEPRECIATION AND IMPAIRMENT		<u>1,134,617,993</u>		<u>992,278,970</u>	
		531,560,909		535,273,368	
ADD : CAPITAL WORK-IN -PROGRESS		<u>41,837,577</u>		<u>1,594,125</u>	
NET BLOCK			573,398,486		536,867,493
INVESTMENTS	5				50,000
DEFERRED TAX ASSET			29,357,821		-
CURRENT ASSETS, LOANS AND ADVANCES	6				
INVENTORIES		30,869,656		29,406,862	
SUNDRY DEBTORS		511,222,093		318,886,634	
CASH AND BANK BALANCES		761,083,112		345,063,970	
LOANS AND ADVANCES		<u>222,082,821</u>		<u>192,458,748</u>	
		1,525,257,682		885,816,214	
LESS:					
CURRENT LIABILITIES AND PROVISIONS	7				
LIABILITIES		401,506,225		241,373,191	
PROVISIONS		<u>51,252,798</u>		<u>34,625,090</u>	
		452,759,023		275,998,281	
NET CURRENT ASSETS			1,072,498,659		609,817,933
PROFIT AND LOSS ACCOUNT			-		289,144,896
TOTAL FUNDS UTILISED			<u>1,716,570,116</u>		<u>1,466,276,316</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	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

For and on behalf of the Board of Directors

SHIVJI K VIKAMSEY  
Partner  
M.No. 2242

NINAD KARPE  
Managing Director

C. Y. PAL  
Vice Chairman

Place : Mumbai  
Date : 10th August 2009

T. K. RAVISHANKAR  
Senior Vice President - Finance

KETAN SHAH  
Company Secretary

# APTECH LIMITED

## CONSOLIDATED 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	2,167,362,990		1,741,915,582	
OTHER INCOME	9	1,689,537		13,312,914	
			2,169,052,527		1,755,228,496
<b>EXPENDITURE</b>					
TRAINING & EDUCATION EXPENSES	10	573,652,634		420,970,595	
MARKETING AND ADVERTISEMENT EXPENSES	11	385,956,674		193,353,608	
PAYMENTS TO AND PROVISION FOR EMPLOYEES	12	449,899,085		405,332,624	
ADMINISTRATION AND OTHER EXPENSES	13	363,310,246		360,687,987	
INTEREST AND FINANCE EXPENSES (Net)	14	20,651,098		24,809,729	
			1,793,469,737		1,405,154,543
<b>PROFIT BEFORE DEPRECIATION/AMORTISATION AND EXCEPTIONAL ITEMS</b>			375,582,790		350,073,953
DEPRECIATION AND AMORTISATION			155,134,229		148,919,946
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>			220,448,560		201,154,007
<b>EXCEPTIONAL ITEMS</b>					
RESTATEMENT OF CHINA JV PROFITS OF EARLIER YEARS (Refer Note 5(a) of Schedule 15)		(70,570,541)			
PROVISION FOR DOUBTFUL ADVANCES (Net of Recoveries/written back against earlier years Provisions)		-		887,032	
PROVISIONS NO LONGER REQUIRED WRITTEN BACK		16,058,460		-	
			(54,512,080)		887,032
<b>PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS</b>			165,936,480		200,266,975
<b>PROVISION FOR TAXATION</b>					
- INCOME TAX		22,447,363		29,792,222	
- FRINGE BENEFIT TAX		6,600,480		7,349,664	
- WEALTH TAX		220,000		153,313	
- DEFERRED TAX (Net) (Current Year)		(15,193,387)		908,861	
- DEFERRED TAX (Net) (Previous Period Recognised)		(13,886,155)		-	
			188,301		38,204,060
<b>(LOSS)/PROFIT AFTER TAX BEFORE MINORITY INTEREST</b>			165,748,179		162,062,915
Less: AMOUNT TRANSFERRED ON CHANGE IN STAKE IN SUBSIDIARY			(3,628,336)		-
Less: MINORITY INTEREST IN THE LOSS OF CONSOLIDATED SUBSIDIARY			(6,107,729)		478,759
<b>(LOSS)/PROFIT AFTER TAX AND MINORITY INTEREST</b>			175,484,243		161,584,156
LOSS BROUGHT FORWARD FROM PREVIOUS YEAR			(289,144,896)		(444,856,207)
ADD : TRANSFERRED FROM SHARE PREMIUM			388,902,555		-
LESS: TRANSFERRED TO GENERAL RESERVE			-		5,872,845
<b>BALANCE CARRIED TO BALANCE SHEET</b>			275,241,902		(289,144,896)
<b>EARNING PER SHARE (Refer Note no. B-19 of schedule 15)</b>					
- BASIC (Face Value Rs. 10/- each)			4.15		4.27
- DILUTED (Face Value Rs. 10/- each)			3.92		4.02

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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

For and on behalf of the Board of Directors

SHIVJI K VIKAMSEY  
Partner  
M.No. 2242

NINAD KARPE  
Managing Director

C. Y. PAL  
Vice Chairman

Place : Mumbai  
Date : 10th August 2009

T. K. RAVISHANKAR  
Executive Vice President & CFO

KETAN SHAH  
Company Secretary

## APTECH LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDING 31ST DECEMBER 2007

Rs. In Lakhs

PARTICULARS	2007		2006	
	Rupees	Rupees	Rupees	Rupees
<b>( A ) CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT / (LOSS) Before TAX after goodwill and mi		165,936,480		200,266,975
Adjustments For :				
Warrants Written Back	(87,312)		-	
Employee Stock Compensation Net Charge (2006 Scheme)	32,797,230		-	
Employee Stock Compensation Net Charge (2004 Scheme)	(1,164,602)		1,536,583	
Depreciation and Amortisation	155,134,229		148,919,946	
Provision for Bad debts	542,965		(367,661)	
Bad debts written off	2,382,231		2,428,913	
Interest and Finance Costs (Net)	20,651,098		24,809,729	
Liability no longer required	(16,058,460)		-	
Provision no longer required written back (creditors)	(1,675,588)		(8,772,305)	
Loss on Sale of Fixed Assets (Net)	5,507,196		1,899,855	
		198,028,988		171,730,633
Operating Profit Before Working Capital Changes		363,965,468		371,997,608
Adjustments for Working Capital Changes				
Decrease/(Increase) in Inventory	(1,462,794)		(3,258,967)	
Decrease/(Increase) in Sundry Debtors	(195,260,654)		8,606,630	
Decrease/(Increase) in Loans and Advances-Other than Subsidiaries	4,712,664		(125,980,847)	
Increase/(Decrease) in Current Liabilities and Provisions	177,100,200		52,323,758	
Impact of Foreign Currency Translation	(9,049,202)		(7,849,983)	
		(23,959,786)		(76,159,409)
Cash From / (used) in Operating Activities		340,005,681		295,838,199
Wealth Tax Paid (Net)	(119,700)		(112,623)	
Income Tax	(45,997,854)		(36,100,062)	
		(46,117,554)		(36,212,685)
Net Cash From / (used) in Operating Activities		293,888,127		259,625,514
<b>( B ) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(202,352,561)		(116,597,789)	
Part payment towards Purchase of Training and Education Business	-		(36,000,000)	
Investment in Shares of Subsidiary Companies	-		(50,000)	
Sale of Fixed Assets	5,180,143		8643597	
Sale of Investment	50,000		-	
ForeignExchange Translation Reserve	-		(7,849,984)	
Transfer to General Reseve	-		(5,872,845)	
Unclaimed Dividend Paid	-		(30,500)	
		(197,122,419)		(157,757,521)
Net Cash used in Investing Activities		(197,122,419)		(157,757,521)
<b>( C ) CASH FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Share Capital / Warrants (ESOP and Preferential Issue)/Share Premium	394,784,320		13,916,229	
proceeds from warrants	-		61,262,475	
Repayment of Borrowings	(102,028,695)		(204,773,374)	
Increase in Borrowings/ (Repayment) (net)	17,375,000		171,492,335	
Increase / (Reduction) of Cash credit facility from bank	29,778,609		(29,924,045)	
Dividend paid during the year	(4,701)		-	
Interest paid (Net)	(20,651,098)		(24,809,729)	
		319,253,434		(12,836,109)
Net Cash from Financing Activities		319,253,434		(12,836,109)
Net (Decrease) / Increase in Cash & Cash equivalents		416,019,143		89,031,884
Cash & Cash equivalents at the beginning of the year		345,063,970		256,032,087
Cash & Cash equivalents at the end of the year		761,083,112		345,063,971
		416,019,142		89,031,884

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 December 31,2008 Rupees	As at December 31,2007 Rupees
Cash and Bank balances		
Amount in EEFC account	6,320,872	4,079,788
Amount in FIXED DEPOSIT account	145,570,586	7,648,508
Amount in Other Cash & Bank Account	609,191,654	43,449,839
Total Cash and Cash equivalents	<u>761,083,112</u>	<u>55,178,135</u>

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.

As per our attached report of even date.

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

SHIVJI K VIKAMSEY  
*Partner*  
M.No. 2242

Place : Mumbai  
Date :10th August 2009

For and on behalf of the Board of Directors

NINAD KARPE  
*Managing Director*

C.Y.PAL  
*Vice Chairman*

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

KETAN SHAH  
*Company Secretary*

# APTECH LIMITED

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

PARTICULARS	AS AT		AS AT	
	31ST DECEMBER 2007	31ST DECEMBER 2007	31ST DECEMBER 2006	31ST DECEMBER 2006
	RUPEES	RUPEES	RUPEES	RUPEES
<b>SCHEDULE '1' - SHARE CAPITAL</b>				
AUTHORISED				
60,000,000 EQUITY SHARES OF RS. 10/- EACH		600,000,000		600,000,000
		<u>600,000,000</u>		<u>600,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
43,751,117 (Previous year 37,887,232)		437,511,170		378,872,320
Equity Shares of Rs.10/- each fully paid (Refer Note No. B-9 & 10(a) of Schedule 15)		<u>437,511,170</u>		<u>378,872,320</u>
<b>SCHEDULE '2' - RESERVES AND SURPLUS</b>				
ESOP-2004 SCHEME				
(Refer Note no. B-10(a) of schedule 15)				
Balance at the commencement of the year		6,134,598		11,909,934
Less : Net Charge for the year		<u>6,134,598</u>		<u>5,775,336</u>
		-		6,134,598
ESOP-2006 SCHEME				
(Refer Note no. B-10(b) of Schedule 15)				
During the year		31,458,000		
Less : Net Charge for the year		<u>-</u>		
		31,458,000		
CAPITAL RESERVE				
CAPITAL REDEMPTION RESERVE		150,046		150,046
Balance at the end of the year		88,480,000		88,480,000
SECURITIES PREMIUM ACCOUNT				
Balance at the commencement of the year		677,336,308		664,494,580
Add : Additions during the year (Refer Note no. B-9 & 10(a) of schedule 15)		387,677,384		12,841,728
Less : Adjustment of Debit Balance of Profit & Balance Account (Refer Note no.B-11 of schedule 15)		<u>388,902,555</u>		<u>-</u>
		676,111,137		677,336,308
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance at the commencement of the year		(7,849,983)		-
Add : Additions during the year		<u>(9,049,202)</u>		<u>(7,849,983)</u>
Balance at the end of the year		(16,899,185)		(7,849,983)
GENERAL RESERVE				
Balance at the commencement of the year		11,666,020		5,793,175
Add: Transferred from Profit & Loss account		<u>-</u>		<u>5,872,845</u>
		11,666,020		11,666,020
Balance at the end of the year		11,666,020		11,666,020
SURPLUS IN PROFIT & LOSS ACCOUNT				
		275,241,902		-
		<u>1,066,207,921</u>		<u>775,916,989</u>

# APTECH LIMITED

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

PARTICULARS	AS AT		AS AT	
	31ST DECEMBER 2007	31ST DECEMBER 2006	31ST DECEMBER 2006	31ST DECEMBER 2006
	RUPEES	RUPEES	RUPEES	RUPEES
SCHEDULE '3' - SECURED LOANS				
FROM BANKS				
- TERM LOANS		46,778,030		148,806,725
- WORKING CAPITAL DEMAND LOAN		94,000,000		76,625,000
- CASH CREDIT		28,969,524		1,112,810
- VEHICLE LOANS		2,379,461		457,567
		<u>172,127,015</u>		<u>227,002,102</u>

- 1) Term Loan, Working Capital Demand Loan and Cash Credit facility from banks are secured as under :
- a ) Term Loan aggregating to Rs.37,546,916/- (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 hypothecation deed dated 25th June, 2003, and Stocks and Book Debts.
- 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.
- 2) Vehicle loans are secured by charge on the concerned vehicles purchased.

APTECH LIMITED

Schedule - 4 : FIXED ASSETS - CONSOLIDATED

(Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				IMPAIRMENT			NET BLOCK	
	As at 01.01.2007	Additions	Deductions/inter company Adjustments	As at 31.12.2007	As at 01.01.2007	For the year	Deductions/ Adjustments	As at 31.12.2007	As at 01.01.2007	For the year	As at 31.12.2007	As at 31.12.2007	As at 31.12.2006
Freehold Land	185,823.00	28,477,246.00	-	28,663,069.00	-	-	-	-	-	-	-	28,663,069	185823
Building	163,181,252.27	79,315.00	17,185,910.27	146,074,657.00	18,756,202.00	2,506,225.00	6,859,220.00	14,403,207	-	-	-	131,671,450	144425053
Computer Hardware	546,486,028.00	13,150,822.26	4,693,935.00	554,942,715.26	327,510,939	77,196,903.90	769,533	403,938,310	66,914,782	-	66,914,782	84,089,623	152,060,307
Office equipment	127,533,000.00	24,649,871.05	3,176,684.56	149,006,186.49	55,727,260	16,423,227	2,776,181	69,374,306	22,045,841	-	22,045,841	57,586,040	49,759,899
Electrical fittings	20,552,743.00	8,541,410.00	2,287,903.00	26,806,250.00	12,333,749	2,784,175	548,364	14,569,560	-	-	-	12,236,690	8,218,994
Furniture and Fixtures	87,462,970.00	18,014,912.63	5,778,156.00	99,699,726.63	51,451,465	9,244,378	1,541,676	59,154,167	-	-	-	40,545,560	36,011,505
Vehicles	21,082,814.00	12,010,648.00	2,222,349.00	30,871,113.00	8,296,873	4,569,893	233,986	12,632,780	-	-	-	18,238,333	12,785,942
Intangible Assets													
Goodwill	105,440,598.00	-	-	105,440,598.00	36,191,286	10,548,414	-	46,739,700	-	-	-	58,700,898	69,249,312
Courseware	292,934,278.00	51,227,802.00	-	344,162,080.00	111,918,609	16,449,594	(72,750)	128,440,953	156,717,988	-	156,717,988	59,003,139	24,297,681
Computer Software	123,492,833.00	17,819,672.19	-	141,312,505.19	40,965,521	8,594,822	138,683	49,421,660	67,119,313	-	67,119,313	24,771,532	15,407,998
Patents	39,200,000.00	-	-	39,200,000.00	16,329,146	6,816,548	-	23,145,694	-	-	-	16,054,306	22870854
	-												
TOTAL	1,527,552,339	173,971,499	35,344,938	1,666,178,901	679,481,050	155,134,179	12,794,893	821,820,336	312,797,924	-	312,797,924	531,560,641	535,273,368
Total (Previous year)	1,412,116,108	116,597,789	1,161,559	1,527,552,338	529,070,881	148,919,946	(1,490,219)	679,481,046	312,797,924	-	312,797,924	535,273,368	

Note:

- 1) Additions includes addition s due to acquisition of new subsidiary.
- 2) Buildings include value of properties in co-operative societies including shares of respective societies of Rs.1000/-.

# APTECH LIMITED

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

PARTICULARS	AS AT		AS AT	
	31ST DECEMBER 2007	31ST DECEMBER 2006	31ST DECEMBER 2006	31ST DECEMBER 2006
	RUPEES	RUPEES	RUPEES	RUPEES
<b>SCHEDULE '5' - INVESTMENTS</b>				
Shamrao Vithal Co-operative Bank Ltd.				
2000 Shares of Rs.25/- each		-		50,000
		-		50,000
<b>SCHEDULE '6' - CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>A. INVENTORIES</b>				
EDUCATION AND TRAINING MATERIALS		30,869,656		29,406,862
<b>B. SUNDRY DEBTORS</b>				
(Unsecured, Considered Good except otherwise stated)				
DUE FOR PERIOD EXCEEDING SIX MONTHS	291,151,233		595,093,548	
OTHERS	384,322,609		198,344,715	
	675,473,842		793,438,263	
LESS : PROVISION FOR DOUBTFUL DEBTS	164,251,750		474,551,629	
		511,222,093		318,886,634
Notes : Sundry Debtors includes				
1) a) Considered good Rs.511222093/- (Previous year Rs. 318886634/-).				
b) Considered doubtful Rs.164251750/- (Previous year Rs. 474551629/-).				
(Refer Note no. B-16 of Schedule 15)				
<b>C. CASH AND BANK BALANCES</b>				
1) CASH IN HAND	432,872		411,677	
<b>2) BANK BALANCES</b>				
<b>BALANCES WITH SCHEDULED BANKS</b>				
<b>i) CURRENT ACCOUNTS</b>				
(including Exchange Earners Foreign Currency Accounts Rs.4,083,482/- (Previous year Rs. 15,185,270 /-))	58,104,625		62,422,000	
<b>ii) DEPOSIT ACCOUNTS</b>				
(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/-))	145,570,586		7,648,508	
<b>BALANCES WITH NON-SCHEDULED BANKS</b>				
Maximum balance during the year Rs. 35,523/- (Previous year Rs 166,512/-)				
<b>ON CURRENT ACCOUNTS</b>				
<b>Balances with Non-scheduled Banks</b>				
Prime bank Limited	-		1,448	
Maximum balance during the year Rs.1,448/- (Previous year Rs 1,448/-)				
South East Bank Ltd	3,695		9,510	
Maximum balance during the year Rs.9,510/- (Previous year Rs 30,345/-)				
HSBC Bank	5,573,069		3,891,595	
Maximum balance during the year Rs7,782,827.- (Previous year Rs 10,876,485/-)				
Standard Chartered Bank	-		953	
Maximum balance during the year Rs.953/- (Previous year Rs 953/-)				
Citibank II A	-			
Maximum balance during the year Rs.- (Previous year Rs 1,554,229)				
Cash & Cash equivalents in China JV	551,398,266		270,678,279	
Maximum balance during the year Rs.- (Previous year Rs 13,065,750)				
Citic Bank China				
Maximum balance during the year Rs.- (Previous year Rs 277,284,250)				
		761,083,112		345,063,970

# APTECH LIMITED

## SCHEDULES TO CONSOLIDATED BALANCESHEET

PARTICULARS	AS AT		AS AT	
	31ST DECEMBER 2007		31ST DECEMBER 2006	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>D. LOANS AND ADVANCES</b>				
(Unsecured, Considered good except Otherwise stated)				
TO OTHERS	58,077,791		23,670,349	
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	33,880,108		16,470,592	
DEPOSITS	41,016,676		180,343,897	
ADVANCE PAYMENT OF INCOME TAX / FRINGE BENEFIT TAX	89,650,341		55,401,338	
	<u>222,624,915</u>		<u>275,886,176</u>	
LESS : PROVISION	542,094		83,427,428	
		<u>222,082,821</u>		<u>192,458,748</u>
		<u>1,525,257,682</u>		<u>885,816,214</u>
<b>SCHEDULE '7' - CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. CURRENT LIABILITIES</b>				
ACCEPTANCES		-		8,920,143
SUNDRY CREDITORS:		334,678,854		171,135,182
Outstanding dues to Creditors other than Small Scale Industrial undertakings				
UNCLAIMED DIVIDEND *		591,360		596,061
ADVANCES FROM CUSTOMERS				-
FRANCHISEE/OTHER DEPOSITS		19,666,982		39,289,546
OTHER LIABILITIES		46,569,030		21,432,259
		<u>401,506,225</u>		<u>241,373,191</u>
* Includes amounts outstanding to be credited, as and when due, to Investor Education and Protection Fund.				
<b>B. PROVISIONS FOR</b>				
INCOME TAX / WEALTH TAX/ DEFERRED TAX	12,527,961		1,667,533	
FRINGE BENEFIT TAX	18,079,163		11,540,299	
GRATUITY	9,877,069		11,459,405	
LEAVE ENCASHMENT	10,768,605		9,957,853	
		<u>51,252,798</u>		<u>34,625,090</u>
CURRENT LIABILITY (TOTAL)		<u>452,759,023</u>		<u>275,998,281</u>

# APTECH LIMITED

## SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

PARTICULARS	2007		2006	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>SCHEDULE '8' - INCOME FROM OPERATIONS</b>				
Training & Education income		1,953,125,677		1,550,522,371
Income from Testing Services Operations		67,527,197		32,827,596
Income from Content Development		146,710,116		158,086,856
		<u>2,167,362,990</u>		<u>1,741,436,823</u>
<b>SCHEDULE '9' - OTHER INCOME</b>				
LIABILITIES NO LONGER REQUIRED WRITTEN BACK		1,675,588		8,383,764
MISCELLANEOUS INCOME		13,949		4,929,150
		<u>1,689,537</u>		<u>13,312,914</u>
<b>SCHEDULE '10' - TRAINING AND EDUCATION EXPENSES</b>				
EDUCATION, TRAINING EXPENSES AND COURSE MATERIALS (Excess provision of earlier year written back Rs.NIL (Previous year Rs. NIL/- ))		266,929,287		155,928,225
COURSE EXECUTION CHARGES (Refer Note no. B- 14of schedule 15) (Included Royalty payment of Rs. 74,40,660/- (Previous year Rs. 15,317,132/-))		306,723,347		265,042,370
		<u>573,652,634</u>		<u>420,970,595</u>
<b>SCHEDULE '11' - MARKETING AND ADVERTISEMENT EXPENSES</b>				
ADVERTISEMENT EXPENSES		366,521,065		189,924,005
BUSINESS PROMOTION		19,435,609		3,429,603
		<u>385,956,674</u>		<u>193,353,608</u>
<b>SCHEDULE '12' - PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>				
SALARY AND OTHER ALLOWANCES		369,121,290		362,707,325
CONTRIBUTION TO PROVIDENT FUND AND OTHER FUNDS		35,494,267		32,719,464
STAFF WELFARE EXPENSES		13,738,212		8,369,252
ESOP EXPENSES		31,545,316		1,536,583
		<u>449,899,085</u>		<u>405,332,624</u>

# APTECH LIMITED

## SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

PARTICULARS	2007		2006	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>SCHEDULE '13' - ADMINISTRATION AND OTHER EXPENSES</b>				
RENT		46,863,682		22,190,319
RATES AND TAXES		3,045,038		40,507,080
TRAVELLING AND CONVEYANCE EXPENSES		72,066,366		59,890,260
ELECTRICITY CHARGES		19,239,024		12,085,263
COMMUNICATION EXPENSES		23,855,075		21,652,863
REPAIRS AND MAINTENANCE				
- BUILDINGS	437,920		308,817	
- PLANT & MACHINERY	5,278,606		1,559,357	
- OTHERS	5,750,901		11,556,652	
		<u>11,467,427</u>		<u>13,424,826</u>
INSURANCE PREMIUM		859,375		1,514,810
LEGAL AND PROFESSIONAL CHARGES		37,995,758		27,384,128
BAD DEBT(S)/ADVANCES/ STOCK WRITTEN OFF		542,965		2,428,913
EXCHANGE DIFFERENCE (NET)		10,504,075		631,902
PROVISION FOR REBATE		-		25,000,000
LOSS / (GAIN) ON SALE / DISPOSAL OF FIXED ASSETS		5,523,841		1,899,854
DIRECTOR'S SITTING FEES		1,169,285		795,349
MISCELLANEOUS EXPENSES		130,178,335		131,282,420
		<u>363,310,246</u>		<u>360,687,987</u>
<b>SCHEDULE '14' - INTEREST AND FINANCE EXPENSES</b>				
INTEREST ON				
- TERM LOANS	12,224,340		20,808,697	
- WORKING CAPITAL DEMAND LOANS	4,917,746		1,662,034	
- OTHERS	3,682,824		3,145,606	
FINANCE CHARGES	4,451,844		3,542,927	
	<u>25,276,754</u>		<u>29,159,264</u>	
LESS : INTEREST INCOME				
INTEREST ON FIXED DEPOSITS WITH BANKS	4,572,853		765,791	
OTHER INTEREST	52,803		3,583,744	
	<u>4,625,656</u>		<u>3,349,535</u>	
		<u>20,651,098</u>		<u>24,809,729</u>

## Schedule “15”

### Significant Accounting Policies and Notes on Accounts

#### A) ACCOUNTING POLICIES

##### (a) Accounting Convention:

The Consolidated Financial Statements (CFS) comprises the financial statement of Aptech Ltd (“the Company”) and its Subsidiaries and Joint Ventures (hereinafter referred to as the “Group”). 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. In case of BEIJING APTECH BEIDA JADE BIRD INFORMATION TECHNOLOGY CO., LTD (China JV) the accounts are made in accordance with United States (U.S) Generally Accepted Accounting Principles (GAAP) (US GAAP).

##### (b) Accounting Estimates/Assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and results of operations during the reported period end. Although, these estimates/assumptions are based upon management’s best knowledge of current events and actions, actual results could defer.

##### (c) Principles of consolidation:

The financials statements of the Aptech Limited and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and transactions as per Accounting Standard (AS) 21 “Consolidated Financial Statements” notified under Companies (Accounting Standards) Rules, 2006

Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per AS 27 – “Financial Reporting of Interests in Joint Ventures”.

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the Consolidated Financial Statements as goodwill/capital reserve.

The list of entities included in CFS is mentioned in Note B.1

**(d) Uniformity of accounting policies**

Most of the accounting policies of the reporting company and that of its subsidiaries and joint ventures are similar unless otherwise mentioned in the notes. However, since certain subsidiaries/joint ventures which function in a different countries and have different regulatory environment, certain accounting policies differ in accordance with GAAP of the respective countries.

**(e) 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 amortization.

**(f) 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,

- a) 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.

- b) Vehicles purchased under the “Own Your Car” (OYC) scheme for the employees, which are depreciated over the period of the scheme.
- c) Goodwill arising on acquisition of business unit is amortised over a period of ten years.
- d) Depreciation on Buildings, Computer Hardware, Software, courseware and Furniture & Fixtures acquired on or after 1st January 2006 is provided at the following rates based on estimated useful life –

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

- e) (v) Depreciation on furniture & fixtures, which are installed at leasehold premises, are amortised over lease period
- f) (vi) 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.
- g) (vii) Assets purchased during the year whose acquisition cost is Rs. 5000 or less are depreciated fully in the month of purchase.
- h) (viii) The method and rates of depreciation of some of the foreign entities are different from that of the Company

**(g) 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.

**(h) 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.

**(i) FOREIGN CURRENCY TRANSACTIONS:**

Transactions 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.

In case of foreign subsidiaries & joint ventures the financial statements have been translated into Indian rupees. The Assets & liabilities which are non integral have been translated at closing rate. The income and expenditure items have been translated at the average rate for the year. Resulting Exchange difference are accumulated in the foreign currency translation reserve account until the disposal of the investment.

In case of foreign subsidiaries which are integral the foreign exchange transaction is recorded at the rate of exchange prevailing on the date of transaction. Current assets and liabilities are translated at the year-end closing rates. The resulting exchange gain/loss is reflected in the profit and loss account.

**(j) 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.

**(k) INVENTORIES:**

Inventory of educational course material is valued at cost or net realizable value whichever is lower.

**(l) 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.

**(M) REVENUE RECOGNITION:**

a) 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 or as per terms of the contract. For services rendered through franchisees only the company's share of revenue is recognized as per the terms of the contract.

b) 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.

c) Dividend

Dividend income is accounted for when the right to receive the payment is established.

**In Case Of China JV**

Revenue is recognized when all of the following conditions are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectibility is reasonably assured. These criteria as they relate to each of the following major revenue generating activities are described below. Revenue is recorded, net of business tax, which is levied on the Company's revenues generated in the PRC at the rate of 5%.

a) Revenue from Franchise Fee

Franchise fee revenues primarily consist of initial and renewal franchise fees, marketing and advertising fees, and sale of textbooks and exam services to franchisees.

### **Initial and renewal franchise fee revenues**

Initial franchise fees are recognized when all material services or conditions have been substantially rendered or satisfied as follows:

- I. the Company has no remaining obligations or intent by Agreement, practice or law to refund any cash received or to forgive any unpaid receivables,
- II. the Company has rendered all services stipulated and required in the franchise agreement, and
- III. no other material conditions or obligations related to the determination of substantial performance exist. For all periods presented, these criteria were met upon the opening of the BJB-Aptech-franchised training center. Renewal franchise fees are recognized when the above criteria have been met, which for all periods presented were met when the renewal agreement became effective. To the extent these conditions have not been met at the end of the reporting period, any initial and renewal franchise fees received are deferred and recognized as revenue in the period in which the conditions have been satisfied.

#### b) Area agent fee

The Company grants third-party sales agents the exclusive right to sell the Company's instructor training services and related instructor materials, textbooks and exam services to vocational schools, universities and colleges in designated territories for a contractually specified period of time, normally four to five years, and in return, the sales agents pay a non-refundable fee. The fee is deferred and recognized as revenue ratably on a straight-line basis over the period of the agreement

#### c) Marketing and Advertising Fees

Beginning January 1, 2006, franchisees are required to pay a monthly fee to the Company for marketing and advertising. The monthly fee is determined at the beginning of the year or upon entering into initial franchise agreements for new franchisees during the year. Because the advertising is directed and controlled entirely at the Company's discretion, the marketing and advertising fee is recognized as revenue on a monthly basis when the fee is earned. Costs incurred by the Company for marketing and advertising are expensed as incurred.

d) Sale of textbooks and exam services

The franchise agreements include terms for the continuing delivery of textbooks and provision of exam services to franchisees. Pursuant to the franchise agreement, the Company delivers textbooks and provides exam services on a per enrolled student basis for which franchisees pay the Company a percentage of tuition fees, textbook fees and exam fees received from each enrolled student. The Company receives payment prior to the start of each course. Textbooks are delivered to the franchisees at the start of the course and exam services, which include organization, proctoring, grading of exams, and the issuance of certificates of completion to students who pass the exam, are provided at the end of the course. Revenue allocated to exam services is deferred and recognized upon completion of the exam services. Revenue allocated to exam services is determined based upon the separate selling price the Company sells exam services to franchisees whose enrolled students apply for taking the exam without taking the relevant training for the course. The remaining portion of total cash collected at the beginning of each course is allocated to the sale of textbooks for which revenue is recognized when the textbooks are delivered, which is when risks and rewards of ownership have been transferred. To the extent textbooks have not been delivered or exam services have not been rendered, any fees received are deferred and recognized as revenue in the period in which textbooks are delivered or exam services are rendered. Under the Company's agreements with franchisees, textbooks are considered delivered when they reach the franchisee's location and are accepted by franchisees.

e) Area agent fees

The Company grants third-party sales agents the exclusive right to sell its instructor training services and related instructor materials, textbooks and exam services to vocational schools, universities and colleges in designated territories for a contractually specified period of time, normally four to five years, and in return, the sales agents pay a non-refundable fee. The fee is deferred and recognized as revenue ratably on a straight-line basis over the period of the agreement.

**(n) Retirement Benefits:**

**Defined Contribution plan**

The Group 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

**(o) 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 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.

**(p) 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. Deferred tax assets in case of China operations are recognised at appropriate tax rates based on reasonable certainty

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

### **In Case Of China JV**

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and any operating loss and tax credit carry forwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates or tax laws is recognized in the consolidated statements of income in the period the change in tax rates or tax laws is enacted. A valuation allowance is provided to reduce the carrying amount of deferred income tax assets if it is considered more likely than not that some portion or all of the deferred income tax assets will not be realized.

On January 1, 2007, the Company adopted Financial Accounting Standards Board (“FASB”) Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109 (“FIN 48”). FIN 48 clarifies the accounting for uncertain tax positions. This interpretation requires that an entity recognizes in the consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The initial adoption of FIN 48 did not have any impact on the Company’s consolidated financial position or results of operations. The Company has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of income.

### **(q) 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.

**(r) 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.

**B) NOTES ON ACCOUNTS**

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

<b>Name of the Company</b>	<b>Country of Incorporation</b>	<b>Ownership Interest 31/12/2007</b>	<b>Ownership Interest 31/12/2006</b>
<b>Subsidiaries</b>			
Aptech Training Limited FZE	UAE	100%	100%
Aptech Worldwide Bangladesh Limited	Bangladesh	100%	100%
Aptech Worldwide Corporation, USA	United States of America	100%	100%
Aptech Software Limited.	India	100%	100%
Attest Testing Services Limited	India	100%	100%
AGLSM SDN.BHD (w.e.f. 08/06/2006)	Malaysia	100%	100%
Avalon Aviation Academy Private Limited (w.e.f. 01/04/2006)	India	100%	100%
Synergetics Information Technology Services (India) Pvt. Ltd.( w.e.f.12/10/2006)	India	85%	70%
Aptech Manpower Services Ltd	India	100%	100%
Aptech Ventures Limited (Subsidiary of Aptech Training Limited FZE) w.e.f. 25/10/2007	Mauritius	100%	-
Aptech Investment Enhancers Limited (Subsidiary of Aptech Ventures Limited ) w.e.f. 31/10/2007	Mauritius	100%	-
<b>Control – Subsidiary</b>			
Aptech Training & Education Trust	India	-	-
Aptech Education Society	India	-	-
Aptech Worldwide Limited	South Africa	100%	100%

<b>Joint Venture</b>			
Beijing Aptech Beida Jade Bird Information Technology Co. Limited	China	50%	50%
<b>Subsidiary of Joint Venture</b>			
Shanghai Aptech Beida Jade Bird Information Technology Co., Ltd. ("SB-Aptech") (wholly Owned Subsidiary of China JV)	China	-	-

2. Capital Commitments and Contingent Liabilities :

(Rupees)

Particulars	2007	2006
<b>A Capital commitments</b>		
Estimated amounts of contracts remaining to be executed on capital account and not provided for	1,344,460	10,012,496
<b>B. Contingent liabilities in respect of:</b>		
i) Claims against the Company not acknowledged as debts	175,390,629	141,364,265
ii) Corporate Guarantees to banks / third Parties	80,655	23,746,793
iii) Counter guarantee for projects	46,097,738	77,867,842

3. a. During the year, the Parent Company has acquired 81202 shares in its subsidiary Synergetics Information Technology Services (India) Pvt. Ltd., thereby increasing the stake in the said company from 70% to 85%.

b. During the year, one of the subsidiary viz "Aptech Training Ltd FZE" has set up wholly owned subsidiary "Aptech Ventures Ltd - Mauritius" by investing Rs.28,208/-

c. Aptech Ventures Ltd has set up during the year wholly owned subsidiary "Aptech Investment Enhancers Ltd – Mauritius" by investing Rs.28,433/-

4. The Company has a Joint Venture on 31<sup>st</sup> December, 2007 and its percentage Holding is given below :

Name of the Joint Venture	% Share holding
Beijing Aptech Beida Jade	
Bird Information Technology Co. Ltd("China JV")	50%

The proportionate share of assets, loans & advances, income and expenditure of the above joint venture Company included in these consolidated financial statements are as follows:

<b>ASSETS</b>	<b>As on Dec 31,2007</b>	<b>As on Dec 31,2006</b>
Net Block	30,775,662	44,257,685
Current Assets	735,620,614	241,358,871
Loans & Advances	33,957,169	113,200,000
<b>TOTAL ASSETS</b>	<b>800,353,445</b>	<b>398,816,556</b>
<b>LIABILITIES</b>		
Share Capital	22,130,994	22,130,994
Reserve & Surplus	618,907,132	329,180,542
Current Liabilities	159,315,319	47,505,020
<b>TOTAL LIABILITIES</b>	<b>800,353,445</b>	<b>398,816,556</b>
<b>INCOME</b>	<b>2007</b>	<b>2006</b>
SALES	827,698,085	711,835,100
Other Income	9,542,966	2,690,855
<b>TOTAL INCOME</b>	<b>837,241,051</b>	<b>714,525,955</b>

<b>EXPENSES</b>		
Employment Expenses	8,030,707	100,536,782
Training & Education	166,210,529	51,767,846
Marketing Expenses	213,862,849	96,178,362
Administration & Other Expenses	80,729,456	112,581,960
Depreciation	10,089,662	13,927,729
Taxes	2,857,679	27,354,456
<b>TOTAL</b>	<b>481,780,882</b>	<b>402,347,135</b>
<b>Contingent liabilities &amp; Capital Commitments</b>	<b>Nil</b>	<b>Nil</b>

5. (a) The financial statements of China JV till last year were prepared and audited as per People's Republic of China (PRC) GAAP. But from the year under report, the financial statements under PRC - GAAP are not prepared. The same have been prepared in conformity with U.S GAAP. Accordingly, the Financial Statements of the previous years i.e. of 2005 & 2006 have been restated to comply with US GAAP. The impact of such restatement on the operational results amounted to a loss of Rs. 70,570,541/-, which includes Rs. 18,471,041/- on account of Exchange Loss for these years. The details of items of revenue, expenses, assets and liabilities restated in conformity with the U.S. GAAP, not being made available, are not shown separately.
- (b) The Financials of China JV are made up in accordance with US GAAP, as such details as required under schedule VI to Companies Act, 1956 are given in CFS to the extent of availability of information thereof.
- (c) From February 13,2006 China JV as established Wholly Owned Subsidiary, Shanghai Aptech Beida Jade Bird Information Technology Co., Ltd. ("SB-Aptech"). The financial statements of SB – Aptech have been included in Consolidated Financial Statement of China JV.
- (d) Pursuant to the framework agreement signed on 20th March'08, the Company had completed the Definitive Agreements for restructuring of the China JV and had executed the same on 26th March'09. Upon the approval from the appropriate authorities sale of JV shares have been recorded in the books, Accordingly company ceases to hold any share in China JV from April 09.
6. AGLSM SDN.BHD, Malaysia and Aptech Worldwide Bangladesh Limited, Bangladesh are considered as integral operations but due to operational difficulties the translation procedures

relating to addition to fixed assets, income & expenses are worked out at average rates. China JV is considered as non-integral.

7. The reporting period of Aptech Worldwide Bangladesh Limited is October to September.
8. a) 3,600,000 convertible warrants were allotted on October 28, 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 1<sup>st</sup> 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.

9. a) Based on the resolution for Employee Stock options earlier approved, the company has granted 1,036,500 stock options on February 13, 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.

<b>Details of Options Granted, exercised and lapsed</b>	<b>2007</b>	<b>2006</b>
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 16<sup>th</sup> September 2006, the Aptech Employees Stock Options Trust - 2006 ("Trust') was set up on December 6, 2006 and 1,500,000 Warrants of Re.1/- each have been granted by the Company to the Trust on March 12, 2007. During the year, as confirmed by its legal counsel :

The employees/directors were granted 11,65,000 stock options on 19th March,2007 effective from 4<sup>th</sup> 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. 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 1,00,000 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
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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 2,00,000 options granted to employees of Subsidiary companies

10. Pursuant to the provisions of section 103(4) of the Companies Act, 1956, the Parent Company has vide order dated April, 27, 2007 of the High Court, Bombay received sanction for reduction/utilization of the Securities Premium Account to the extent of Rs.38,89,02,555/- 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 June 29, 2007.
11. During the earlier years, the Parent Company had formed Aptech Education Society in Chattisgarh, which established a private university viz. Aptech University.

The Parent 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 February 11, 2005 since the manner in which the private universities were created by the state of Chattisgarh was not strictly in accordance with the technicalities of passing the law through state legislature. 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 NIL (Previous Year Rs. 828,000/-) recovered from the Society has been reflected as exceptional item in the Profit and loss account.

12. The Company cannot sell, transfer, pledge, hypothecate, encumber or create any third party interest in shares of China JV except as mentioned in joint venture agreement dated 16th February 2000 and the Articles of Association of the said company.
13. In 2007, the Company and Asian Institute of Communication & Research (AICAR) had formed a strategic alliance to create a premier educational institute of world-class quality. The AICAR Business School is 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.

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

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

14. Sundry Debtors and Sundry Creditors are subject to confirmation & reconciliation.
15. Sundry 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 by the Parent company, since as per the contract terms the same are payable only after the recovery from Institutional clients.
16. During the year, an institutional project being executed by the Parent company, have 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.

Further the company has to recover since long 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 abundant caution, the company had provided Rs 8,700,000 in the previous year. The balance is considered recoverable by the management.

## 17. Related Party Disclosures

a) Names of related parties and description of relation:

i) Company Whose Control Exists : Aptech Investments

**Others:**

Aptech Employees Stock Option Trust

ii) Key Management Personnel:	
Mr. Pramod Khera	Managing Director
Mr. R. Krishnan	Executive Director

b) Transactions with related parties:

Nature of Transactions	Company whose control exists (Rupees)	Key Management Personnel (Rupees)	Others (Rupees)	Total (Rupees)
<b>Expenses</b>	-	11,812,989	-	11,812,989
<i>(Previous year)</i>	-	(6,746,690)	-	(6,746,690)

Note: Related party relationship is as identified by the Parent Company and relied upon by the Auditors.

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

Transaction	Relationship	2007	2006
<b>Expenditure</b> : Remuneration			
Mr.Pramod Khera	Key Management Personnel	8,175,490	6,315,971

Mr.R. Krishnan	Key Management Personnel	3,637,499	-
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#### 18. Earnings per Share:

	2007	2006
(Loss) / Profit after tax attributable to Shareholders (Rupees)	175,484,243	161,584,157
Weighted average number of equity shares		
Outstanding during the year		
Basic	42,247,648	37,810,963
Diluted	44,822,993	40,222,690
Nominal value of equity shares (Rupees)	10/-	10/-
Basic EPS (Rupees)	4.15	4.27
Diluted EPS (Rupees)	3.92	4.01

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

#### 19. 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 31 <sup>st</sup> Dec	
	2007	2006
Not later than one year	17,291,383	NIL
Later than one year and not later than five years	10,092,375	NIL
Later than five years	NIL	NIL

#### 20. Retirement Benefits

The Group was recognizing and accruing the retirement benefits as per the erstwhile Accounting Standard (AS) 15 on Retirement Benefit till December 31, 2006; upon revision of AS 15, the incremental liability at the beginning of the year amounting to Rs.3,063,441/- 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	18,604,917
Fair value of the plan assets	8,727,848
Net Liability / (Assets )	9,877,069

**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	3,873,199
Interest on defined benefit obligation	1,334,957
Expected return on plan assets	706,924
Net actuarial (Gain)/ Loss on plan Assets	(407,086)
Net Gratuity Cost	2,585,585

**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	17,799,423
Current Service Cost	3,873,249
Interest cost	1,334,957
Actuarial (Gain)/ Loss	(748,776)
Benefit Paid	(3,653,938)
Closing defined benefit obligation as on 31.12.2007	18,604,917

#### 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 administered by ICICI Prudential Life Insurance company Limited

None of the foreign subsidiary or JV has any defined benefit plans for the employees

**B) Defined Contribution Plan –**

Amount recognized as an expense and included in the Schedule 12 - "Contribution to Provident & Other Funds – Rs 34,216,017/-

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

21. (a) Deferred Tax (Asset)/Liability at the period end comprise timing difference on account of

(In Rupees)

Particulars	Consolidated Amount
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<b>As on December 31, 2007</b>	
Deferred Revenue (China JV)	22,634,665
Property and Equipment (China JV)	3,866,221
Intangible Assets (China JV)	2,856,935
<b>Total Deferred Tax Asset (A)</b>	<b>29,357,821</b>
Related to Fixed Assets	998,868
Expenditure/provisions	(147,523)
<b>Total Deferred Tax Liability (B)</b>	<b>851,346</b>

Deferred Tax Asset are not recognized on Losses and unabsorbed depreciation in certain subsidiaries out of prudence.

- (b) The China JV being a new technology enterprise located in new technology zone is entitled for concessional rates of tax as under:

<b>Year</b>	<b>Tax incentive programme</b>	<b>Effective tax rate</b>
2002	Exempted from income tax	-
2003 & 2004	50% reduction of tax rate	7.5%
2005 & 2006	Incentive tax rate	15%
2007	Normal Rate	25%

22. Segmental Report for the year of the group is annexed.

Consolidated Segmental report for the year ended 31st December 2007

Primary Segment information : Business Segment

(Rupees)

Particulars	2007				2006			
	Business Segments		Unallocable	Total	Business Segments		Unallocable	Total
	Retail	Institutional			Retail	Institutional		
Revenue								
Income from Segment	1,578,434,220	590,493,317	124,991	2,169,052,527	1,199,651,033	550,028,989	5,069,715	1,754,749,737
Results before Interest and Tax and Exceptional Items	587,504,822	(166,609,617)	(179,795,545)	241,099,660	479,516,738	(73,749,169)	(180,282,592)	225,484,977
Less: Interest Expenses and Finance Charges	2,463,355	12,753,052	5,434,691	20,651,098	(976,864)	21,863,649	3,922,944	24,809,729
Profit before Tax and Exceptional Items	585,041,466	(179,362,669)	(185,230,236)	220,448,561	480,493,602	(95,612,818)	(184,205,536)	200,675,248
Exceptional Items								
RESTATEMENT OF CHINA JV PROFITS	(70,570,541)			(70,570,541)				
Provision for Doubtful Advances (Net)			-	-			887,032	887,032
Provision no longer required written back	(13,460,773)	(541,704)	(2,055,984)	(16,058,460)			-	-
Profit / (Loss) before Tax	527,931,698	(178,820,965)	(183,174,253)	165,936,481	480,493,602	(95,612,818)	(185,092,568)	199,788,216
Less : Provision for Current tax (net of write back)	(10,203,408)	3,776,709	6,615,000	188,301	27,643,057	2,776,816	7,784,187	38,204,060
Less: TRANSFER TO GOODWILL			(3,628,336)	(3,628,336)				
Less: MINORITY INTEREST		(6,107,729)		(6,107,729)				
Profit / (Loss) after Tax	538,135,106	(176,489,945)	(186,160,917)	175,484,245	452,850,545	(98,389,634)	(192,876,755)	161,584,156
Other Information								
Carrying amount of Segment Assets	1,080,009,342	656,044,984	433,274,814	2,169,329,139	640,514,331	726,997,570	243,847,730	1,611,359,631
Carrying amount of Segment Liabilities	271,961,414	119,663,758	61,133,851	452,759,024	113,279,688	620,458,521	(298,936,924)	434,801,285
Capital Expenditure	87,592,705	32,621,401	53,615,000	173,829,106	51,529,770	69,409,436	14,908,562	135,847,768
Depreciation / Amortization	37,249,866	87,590,161	30,294,202	155,134,230	28,095,384	73,574,188	47,250,373	148,919,945
Significant Non- Cash Expenditure	250,000	5,262,965	26,575,316	32,088,281	1,875,725	113,493	-	1,989,218

Notes :

- 1) The Company has identified Business Segments as the primary segment. Segments have been identified taking into account the nature of services, the differing risks and returns, the organizational structure and the internal reporting system.

Secondary Segment information : Geographical segment

(Rupees)

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	1,169,425,713	1,372,608,980	164,450,467.93	820,927,115	830,915,395	127,297,421
Outside India	999,626,813	796720159.1	9,378,639.20	933,822,622	780,444,244	8,550,346

23. Some of the subsidiaries and China JV follow different accounting policies, as compared to the policies followed by the Parent Company where, in the opinion of the management, it is not practicable to use uniform accounting policies in the CFS and the impact of which is not ascertainable. The portions of the items in the Consolidated Financial Statements, for which different accounting policies have been followed are as stated below :

Particulars	Accounting Policies		2007	
	Company	Subsidiaries	Amount	Proportion
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 some items	Depreciation on fixed assets is provided on Written Down value Method	1,557,069	0.14%
Fixed Assets	Different Useful Life estimated for some assets	Gross Block - Different Useful Life estimated for some assets	65660474	3.94%
Inventory Valuation	Inventory of educational course material is valued at cost or net realizable value whichever is lower. Cost determined based on weighted average	Cost determined on FIFO assumption	11,559,591	37.45%
Deferred Tax Asset	Creation of deferred tax assets only after satisfying reasonable certainty or virtual certainty, as the case may be	Creation of Deferred Tax Asset is considered if it is more likely than not, that such assets would be realised	29,357,821	-

24. (A) Managerial remuneration under section 198 of the Companies Act 1956 :

Rupees

	2007		2006	
	MD	ED	MD	ED
Salaries and Allowances	7,347,690	3,326,737	5,658,417	3,71,444
Contribution to Provident and other funds	827,800	310,762	652,154	53,875
Perquisites	-	-	5,400	5,400
	<b>81,75,490</b>	<b>36,37,499</b>	<b>63,15,971</b>	<b>4,30,719</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.
5. Further under the Employee Stock Option Scheme 2006, Mr.Pramod Khera & Mr.R. Krishnan were issued grant letters dated May 4, 2007 for 265000 & 50000 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.

(B) Some of the subsidiaries have paid Remuneration to Directors who in the opinion of the Company, do not wield as much powers of management of the affairs of the Company or of a particular function to be considered as a whole time Director. The employment of the director with the Company does not arise due to his position as a director, being an independent position. Hence in the Company's opinion, it is not required to comply with the provisions of the Companies Act, 1956 pertaining to remuneration limits of director and disclosure thereof, etc  
The company has relied upon an expert legal opinion obtained in this regard and also the latest circular (no.16/39/CL-1-111/85 dated 26th June 1987) issued by the Department of Company Affairs

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

*For and on behalf of*

For and on behalf of the Board of Directors

**KHIMJI KUNVERJI & CO.**  
Chartered Accountants

**Shivji K. Vikamsey**  
*Partner*

Membership No. 2242

Place: Mumbai

Date: 10th August 2009

**Ninad Karpe**  
(Managing Director)

**C.Y Pal**  
(Vice Chairman)

T.K Ravishankar  
(Executive Vice President & CFO)

Ketan Shah  
(Company Secretary)