



## AUDITORS' REPORT

### To The Shareholders of ATTEST TESTING SERVICES LIMITED

1. We have audited the attached Balance Sheet of **ATTEST TESTING SERVICES LIMITED** as at March 31, 2010, and also the Profit and Loss account and the Cash Flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (hereinafter referred to as "the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, (hereinafter 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. *As mentioned in note number B 2 of Schedule 12 of Notes to Accounts, the accounts of the company have been prepared on a going concern basis, which in view of the heavy losses incurred and erosion of net worth is dependent on future profitability and availability of continued finance from Holding company*
5. Further to our comments in the annexure referred to in para 3 above and Subject to our comments in para 4 above, the effect of which could not be determined, we report that:
  - i. We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Act;
  - v. On the basis of the written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of section 274 (1)(g) of the Act;
  - vi. 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

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# Khimji Kunverji & Co

(Registered)

Chartered Accountants

Mumbai • Kandla • Bangalore • Jabalpur



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 March 31, 2010;
- b) in the case of the Profit and Loss account, of the Loss of the Company for the period ended on that date; and
- c) in the case of Cash Flow statement, of the cash flows of the Company for the period ended on that date.

*Khimji Kunverji & Co*

For and on behalf of

**Khimji Kunverji & Co**

*Chartered Accountants*

Firm Registration No.105146W

*R/V Chaniyari*

**R/V Chaniyari**

*Partner (F-31083)*

Mumbai,

Dated: May 31, 2010



## Annexure to Auditors' Report

Re: **ATTEST TESTING SERVICES LIMITED**

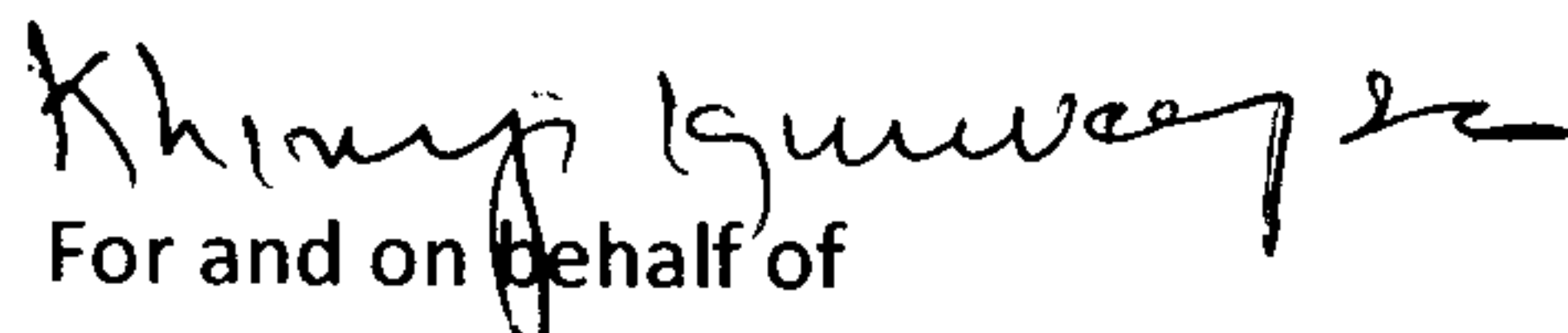
(Referred to in paragraph 3 of our report of even date)

1. The nature of the company's activities during the year have been such that clauses (ii), (viii), (xi), (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2. In respect of its Fixed Assets:
  - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
  - (c) The Company has not disposed off a substantial part of its Fixed Assets during the year.
3. The company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act according to the information and explanation given to us, hence clause (iii) of the Order is not applicable.
5. 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 fixed assets and sale of services. No major weakness has been noticed in the internal control system in respect of purchase of fixed assets. We are informed that the Company is in the process of taking corrective measures in respect of weaknesses reported in internal control of sale of services.
6. Based on the audit procedures applied and according to the information and explanations provided by the management, there are no transactions that need to be entered in the register maintained under section 301 of the Act, hence clause 4(v)(b) of the Order is not applicable to the company.
7. The company has not accepted deposits from the public, and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act, are not applicable, to the Company. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
8. The holding company Aptech Limited has appointed a firm of chartered accountants to conduct the Internal Audit of itself as well as its subsidiaries including the Company. In our opinion, the internal audit functions carried out during the year by the management have been commensurate with the size and nature of its business.
9. In our opinion and according to the information and explanations given to us in respect of statutory and other dues,





- (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, cess and other material statutory dues with the appropriate authorities during the period, where applicable. We are informed that during the period the company is not liable for Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Investor Education & Protection Fund. There were no arrears as at March 31, 2010 for a period of more than six months from the date they become payable
- (b) According to information and explanations given to us there are no dues of Income tax/ Service Tax / Provident Fund and cess which have not been deposited with the appropriate authorities on account of any dispute
10. The Company has accumulated losses at the end of the financial year in excess of 50% of its net worth. The Company has incurred cash losses in the current year and has also incurred cash losses in the immediately preceding financial year
11. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions
12. According to the information and explanations given to us and on 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
13. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor we have been informed of such case by the management

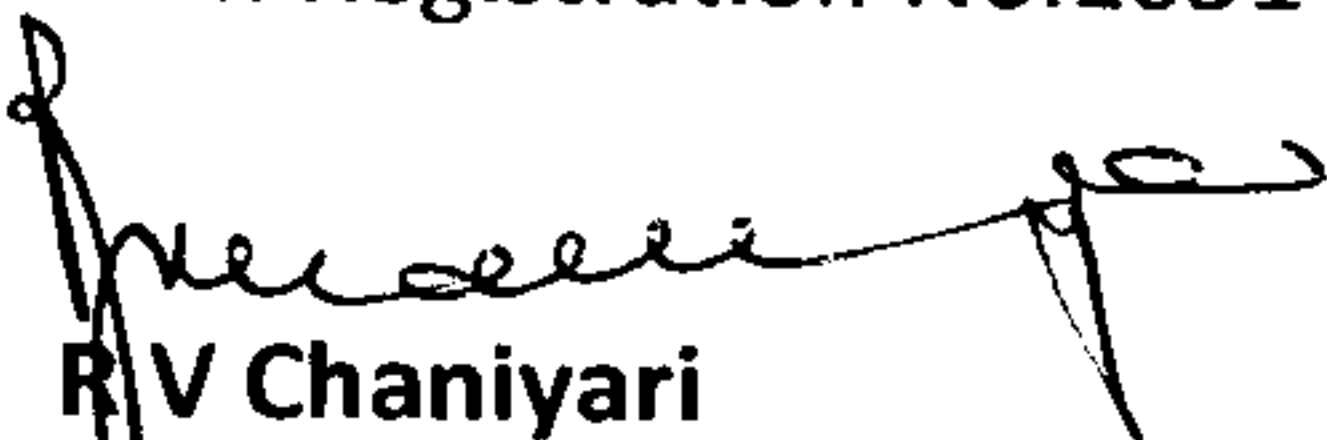


For and on behalf of

**Khimji Kunverji & Co**

Chartered Accountants

Firm Registration No.105146W



**R.V Chaniyari**

Partner (F-31083)

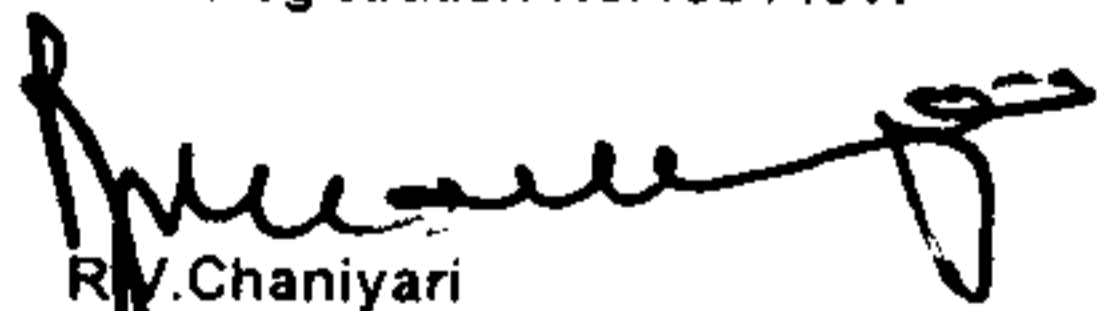
Mumbai,

Dated: May 31, 2010

PARTICULARS	SCHEDULE	As at	
		31st March 2010	31st DECEMBER 2008
<b>SOURCES OF FUNDS:</b>			
SHARE HOLDERS' FUNDS			
SHARE CAPITAL	1	828,410	828,410
LOAN FUNDS	2		828,410
UNSECURED LOANS		101,283,008	92,089,974
TOTAL FUNDS EMPLOYED		101,283,008	92,089,974
		102,111,418	92,918,384
<b>APPLICATION OF FUNDS:</b>			
FIXED ASSETS	3		
GROSS BLOCK		34,891,020	34,532,074
LESS: ACCUMULATED DEPRECIATION		(27,980,686)	(17,569,649)
ADD : CAPITAL WORK-IN -PROGRESS		6,910,334	16,962,425
		104,000	104,000
NET BLOCK		7,014,334	17,066,425
CURRENT ASSETS, LOANS AND ADVANCES	4		
SUNDRY DEBTORS		11,603,019	13,437,946
CASH AND BANK BALANCES		7,565,048	617,559
LOANS AND ADVANCES		29,269,398	23,373,999
		48,437,465	37,429,504
LESS:			
CURRENT LIABILITIES AND PROVISIONS	5		
LIABILITIES		18,898,758	26,369,003
PROVISIONS		2,059,671	1,256,411
		20,958,428	27,625,414
NET CURRENT ASSETS		27,479,036	9,804,090
PROFIT AND LOSS ACCOUNT BALANCE		67,618,048	66,047,870
TOTAL FUNDS UTILISED		102,111,418	92,918,385
Significant Accounting Policies and Notes on Accounts	12		

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  
Firm Registration No.105146W

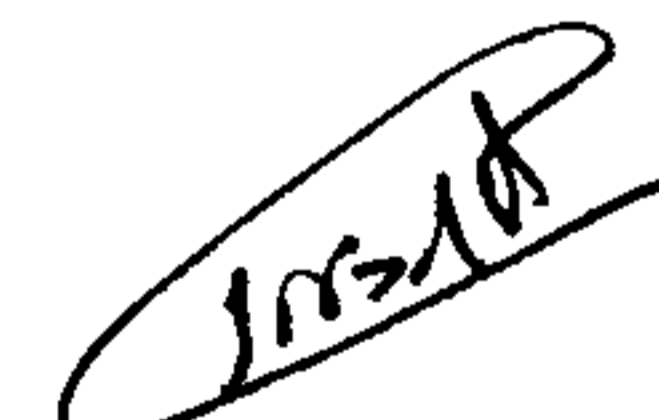


R.V. Chaniyari  
Partner  
F-31083  
Place : Mumbai  
Date : 31.05.2010

For and on behalf of the Board of Directors



T. K. RAVISHANKAR  
Director



AJAY OBEROI  
Director

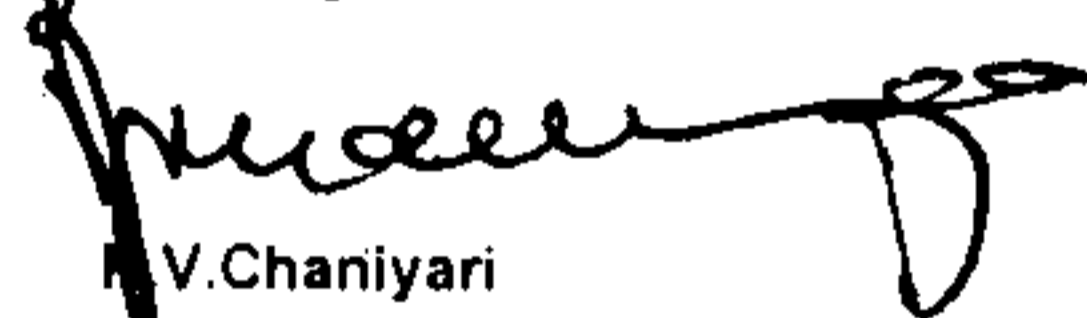



**ATTEST TESTING SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE FIFTEEN MONTHS PERIOD ENDED 31ST MARCH, 2010**

(Amount in Rs.)

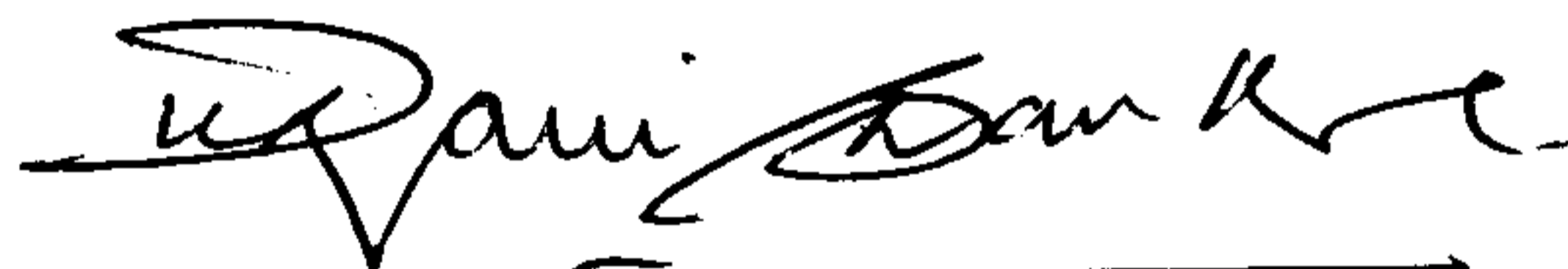
PARTICULARS	SCHEDULE	For the period from		For the year ended	
		01-Jan-2009 to 31-Mar-2010		31-Dec-2008	
<b>INCOME</b>					
INCOME FROM OPERATIONS	6	124,124,279		75,010,028	
OTHER INCOME	7	381,779		71,478	
			124,506,058		75,081,506
<b>EXPENDITURE</b>					
TRAINING & EDUCATION EXPENSES	8	61,329,289		35,571,745	
PAYMENTS TO AND PROVISION FOR EMPLOYEES	9	41,582,788		24,773,123	
ADMINISTRATION AND OTHER EXPENSES	10	11,899,564		11,535,031	
INTEREST AND FINANCE EXPENSES (Net)	11	64,206		63,316	
DEPRECIATION AND AMORTISATION		11,151,888		9,909,738	
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>			126,027,735		81,852,953
			(1,521,677)		(6,771,446)
<b>EXCEPTIONAL ITEMS</b>					
LIABILITIES NO LONGER REQUIRED WRITTEN BACK					1,092,493
<b>PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS</b>			(1,521,677)		(5,678,953)
<b>PROVISION FOR TAXATION</b>					
- FRINGE BENEFIT TAX			48,500		133,500
<b>PROFIT/(LOSS) AFTER TAX</b>			(1,570,177)		(5,812,453)
<b>PROFIT/LOSS BROUGHT FORWARD FROM PREVIOUS YEAR</b>			(66,047,870)		(60,235,417)
<b>BALANCE CARRIED TO BALANCE SHEET</b>			(67,618,047)		(66,047,870)
<b>EARNING PER SHARE (Refer Note no. B-12 of schedule 12)</b>					
- BASIC / DILUTED			(18.95)		(70.16)
Significant Accounting Policies and Notes on Accounts Schedules referred to above form an integral part of the accounts. As per our attached report of even date.	12				

For and on behalf of  
**KHIMJI KUNVERJI & CO.**  
 Chartered Accountants  
 Firm Registration No. 105146W



V. Chaniyari  
 Partner  
 F-31083  
 Place : Mumbai  
 Date : 31.05.2010

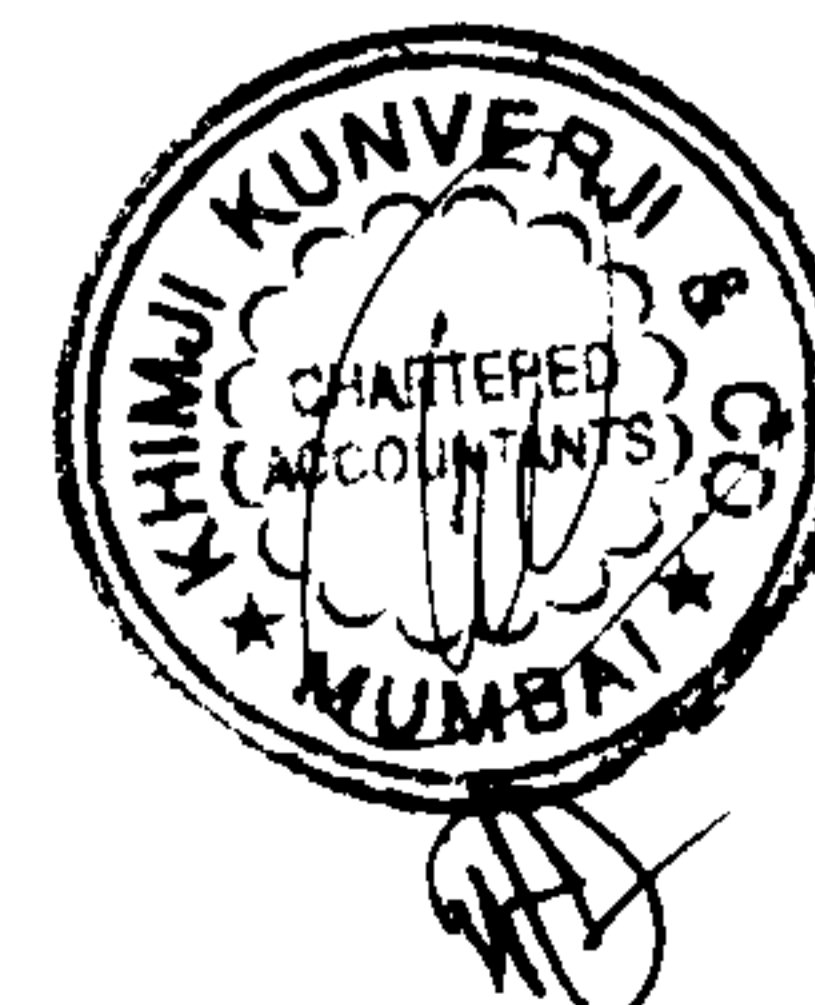
For and on behalf of the Board of Directors



T. K. RAVISHANKAR  
 Director



AJAY OBEROI  
 Director



(Amount in Rs.)

PARTICULARS	FOR FIFTEEN MONTHS ENDED 31st MARCH 2010		FOR TWELVE MONTHS ENDED 31st DECEMBER 2008	
	RUPEES	RUPEES	Rupees	Rupees
<b>( A ) CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT / (LOSS) BEFORE TAX		(1,521,677)		(5,678,952)
<b>Adjustments</b>				
Loss/(Profit) due to discardation of Fixed assets	(255,368)		286	
Warrants Written Back				
Employee Stock Compensation Credit (Erstwhile Aptech Scheme)				
Employee Stock Compensation Net Charge (2004 Scheme)				
Depreciation and Amortisation	11,151,888		9,909,738	
Fixed Assets Written off				
Provision for advances to Aptech Education Socieity				
Interest and Finance Costs	64,206		63,316	
Interest Income				
Unrealised Exchange Loss				
Dividend on Long Term Investments				
Loss on Sale of Fixed Assets (Net)			(52,392)	
Interest on Service Tax Refund / IT Refund				
Provision for Gratuity written back				
ESOP Expenses	119,619		292,157	
		11,080,344		10,213,104
<b>Operating Profit Before Working Capital Changes</b>		<b>9,558,667</b>		<b>4,534,152</b>
<b>Adjustments for :</b>				
Decrease / (Increase) in trade and other receivables	1,834,927		(5,438,576)	
Decrease / (Increase) in Loans and Advances	(5,895,399)		(10,140,194)	
(Decrease) / Increase in other payables	(6,666,986)		7,470,159	
		(10,727,457)		(8,108,611)
<b>Cash From / (used) in Operating Activities</b>		<b>(1,168,790)</b>		<b>(3,574,459)</b>
Interest Received				
Wealth Tax Paid (Net)				
Dividend Tax paid				
Income Tax / Fringe Benefit Tax Paid	(48,500)		(133,500)	
		(48,500)		(133,500)
<b>Net Cash From / (used) in Operating Activities</b>		<b>(1,217,290)</b>		<b>(3,707,959)</b>
<b>( B ) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(1,468,815)		(5,919,052)	
Part payment towards Purchase of Training and Education Business				
Sale of Fixed Assets				
Loans and Advances to Subsidiary Companies				
Investments in Shares of Subsidiary Companies				
Dividend Received				
Sale of Fixed Assets	624,385		2,158,834	
		(844,430)		(3,760,219)
<b>Net Cash used in Investing Activities</b>		<b>(844,430)</b>		<b>(3,760,219)</b>
<b>( C ) CASH FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Share Capital				
Proceeds from issue of Warrants				
Proceeds from issue of Shares at Premium				
Proceeds from holding company	116,573,422		52,659,772	
Repayments of Borrowings	(107,500,007)		(45,990,000)	
Dividend paid during the year				
Bank charges paid	(64,206)		(63,316)	
		9,009,209		6,606,456
<b>Net Cash from Financing Activities</b>		<b>9,009,209</b>		<b>6,606,456</b>
<b>Net (Decrease) / Increase in Cash &amp; Cash equivalents</b>		<b>6,947,489</b>		<b>(861,721)</b>
<b>Cash &amp; Cash equivalents at the beginning of the year</b>		<b>617,559</b>		<b>1,479,280</b>
<b>Cash &amp; Cash equivalents at the end of the year</b>		<b>7,565,048</b>		<b>617,559</b>
		6,947,490		(861,721)

Notes:

- Cash and Cash equivalence includes
  - Cash
  - Balance with banks

7,565,048	617,559
<u>7,565,048</u>	<u>617,559</u>

- The previous year's figures have been regrouped / rearranged to confirm to the current year's presentation, whenever necessary.

As per our report of even date.

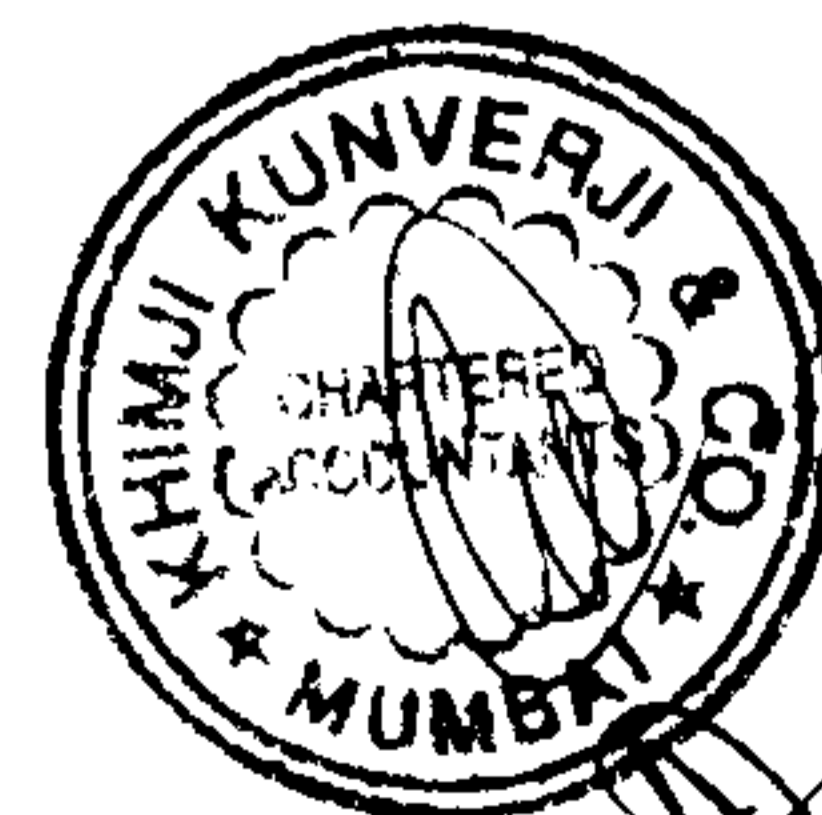
For and on behalf of  
KHIMJI KUNVERJI & CO.  
Chartered Accountants  
Firm Registration No. 105146W

M.V. Chaniyani  
Partner  
F-31083  
Place Mumbai  
Date 31 03 2010

For and on behalf of the Board of Directors

T. K. RAVISHANKAR  
Director

AJAY OBEROI  
Director





(Amount in Rs.)

PARTICULARS	As at		As at	
	31st March 2010		31st DECEMBER 2008	
<b>SCHEDULE '1' - SHARE CAPITAL</b>				
<b>AUTHORISED</b> 100,000 EQUITY SHARES OF RS. 10/- EACH		1,000,000		1,000,000
		1,000,000		1,000,000
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b> 82,841 (Previous year 82,841) EQUITY SHARES OF RS.10/- EACH FULLY PAID UP ( All shares are held by the holding company Aptech Limited)		828,410		828,410
		828,410		828,410
<b>SCHEDULE '2' - UNSECURED LOAN</b>				
Loan from holding Company		101,283,008		92,089,974
<b>SCHEDULE '4' - CURRENT ASSETS</b>				
<b>A. SUNDRY DEBTORS</b> (UNSECURED, CONSIDERED GOOD EXCEPT OTHERWISE STATED) DUE FOR PERIOD EXCEEDING SIX MONTHS				
- CONSIDERED GOOD	-		882,276	
- CONSIDERED DOUBTFUL	1,084,270		742,493	
- OTHERS *	11,571,689		12,514,177	
	12,655,959		14,138,946	
LESS : PROVISION FOR DOUBTFUL DEBTS	1,052,940		701,000	
		11,603,019		13,437,946
<b>B. CASH AND BANK BALANCES</b>				
1) CASH IN HAND				
2) BANK BALANCES				
BALANCES WITH SCHEDULED BANKS				
i) CURRENT ACCOUNTS	7,534,988			617,559
ii) DEPOSIT ACCOUNTS ( under lien with Axis Bank Ltd.)	30,060	7,565,048		
<b>C. LOANS AND ADVANCES</b> (UNSECURED, CONSIDERED GOOD EXCEPT OTHERWISE STATED) TO OTHERS	1,020,321		1,381,977	
PREPAID EXPENSES	1,638,279		4,159,452	
DEPOSITS	29,000		2,505,716	
LOANS TO FELLOW SUBSIDIARY-(Refer Notes No. 7 of Sch. 12)	979,791		969,922	
ADVANCE PAYMENT OF INCOME TAX / FRINGE BENEFIT TAX	25,602,007		14,356,933	
		29,269,398		23,374,000
<b>SCHEDULE '5' - CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. CURRENT LIABILITIES</b>				
SUNDRY CREDITORS: **			9,529,840	
a. TOTAL OUTSTANDING DUES OF MICRO & SMALL ENTERPRISES ( Refer note no. 15 of schedule 12 in notes to accounts )	-			
b. TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO & SMALL ENTERPRISES	8,983,824			
ADVANCES FROM CUSTOMERS	7,733,619		7,705,630	
FRANCHISEE/OTHER DEPOSITS	260,000		200,000	
OTHER LIABILITIES	1,921,315		8,933,534	
		18,898,758		26,369,003
<b>B. PROVISIONS FOR</b> INCOME TAX / FRINGE BENEFIT TAX / WEALTH TAX	760,476		711,976	
LEAVE ENCASHMENT	614,112		227,970	
GRATUITY	685,083		316,465	
		2,059,671		1,256,411
		20,958,429		27,625,414

\* included in Debtors dues from companies under the same management Aptech Ltd. ( Training Solutions) Rs. 1,03,616 (Previous Year -Nil)

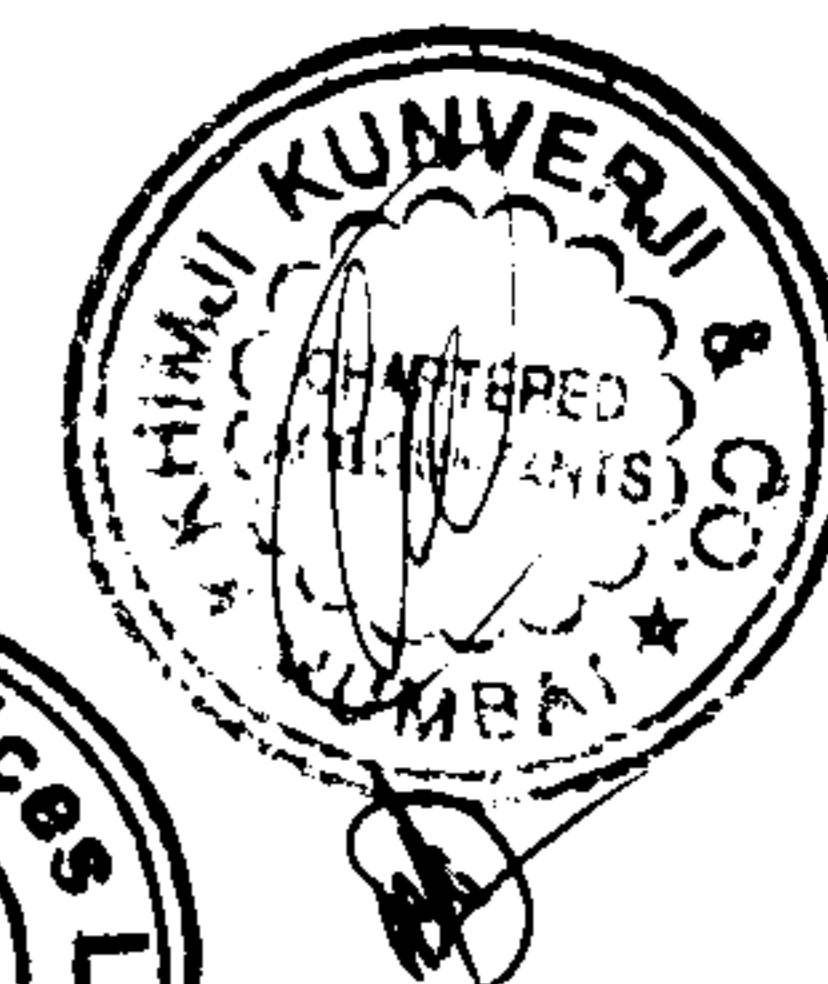
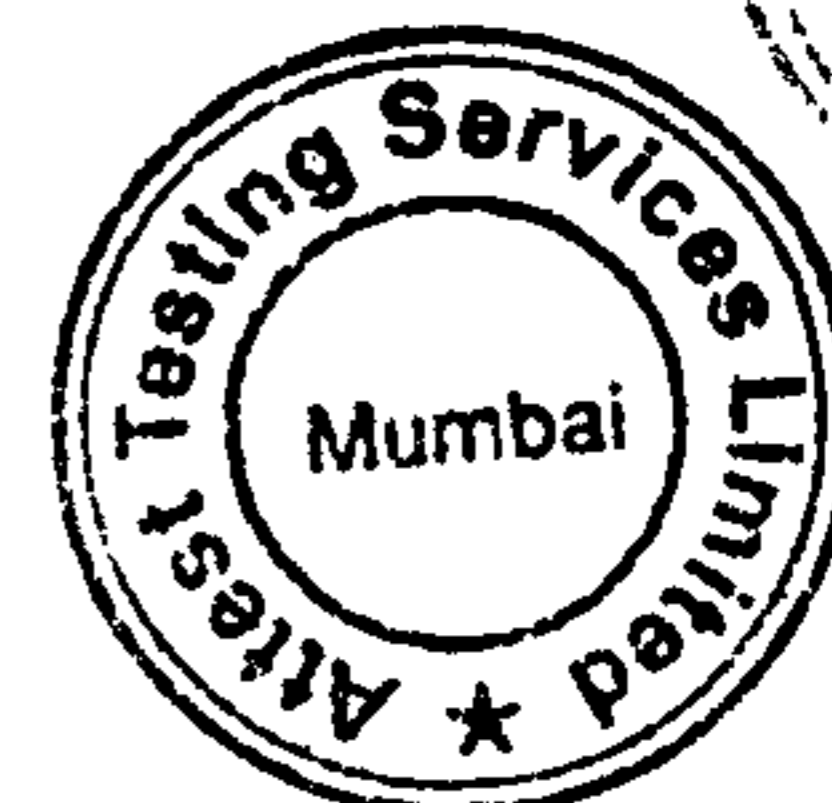
\*\* Includes total dues outstanding to Micro Small and Medium Enterprises (Refer Note No.B-15 of schedule 12)





(Amount in Rs.)

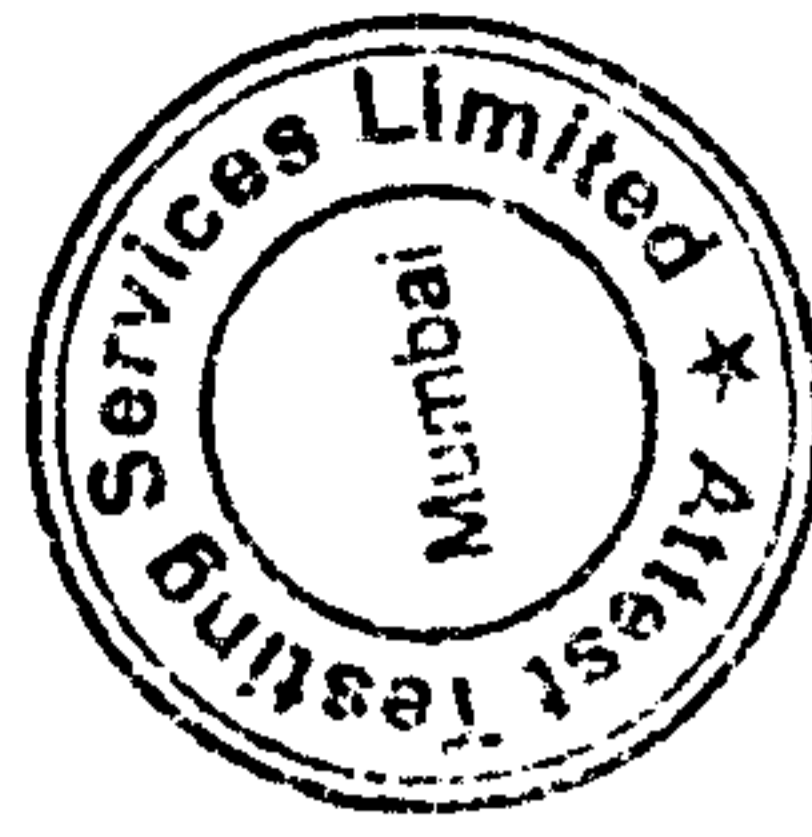
PARTICULARS	For the period from 01-Jan-2009 to 31-Mar-2010		For the year ended 31-Dec-2008	
<b>SCHEDULE '6' - INCOME FROM OPERATIONS</b>				
TRAINING AND EDUCATION INCOME				
Income from Testing Services Operations		124,124,279		75,010,028
Income from Content Development				
		124,124,279		75,010,028
<b>SCHEDULE '7' - OTHER INCOME</b>				
MISCELLANEOUS INCOME				
Profit on sale of Fixed Assets		255,368		-
Other Interest		11,411		-
Renewal Fee		115,000		71,478
		381,779		71,478
<b>SCHEDULE '8' - TESTING EXPENSES</b>				
TEST EXECUTION CHARGES		59,676,165		35,243,311
PROFESSIONAL CHARGES		534,754		321,834
EDUCATION, TRAINING & OTHER EXPENSES		1,118,370		6,600
		61,329,289		35,571,745
<b>SCHEDULE '9' - SALARIES AND EMPLOYEE BENEFITS</b>				
SALARY AND OTHER ALLOWANCES		39,049,449		22,880,800
CONTRIBUTION TO PROVIDENT AND OTHER FUNDS		1,835,815		1,060,258
STAFF WELFARE EXPENSES		577,905		539,908
ESOP COMPENSATION COST ( Net )		119,619		292,157
		41,582,788		24,773,123
<b>SCHEDULE '10' - ADMINISTRATION AND OTHER EXPENSES</b>				
RENT		2,533,337		4,023,394
RATES AND TAXES		280,213		395,305
TRAVELLING AND CONVEYANCE EXPENSES		1,986,367		1,227,740
ELECTRICITY CHARGES		1,285,645		1,301,561
REPAIRS AND MAINTENANCE		1,113,376		909,808
- BUILDINGS				
- PLANT & MACHINERY	1,258		93	
- OTHERS	81,297		188,756	
PRINTING & STATIONERY	400,107	482,662	128,704	317,552
AUDIT FEES		191,034		223,493
STAMP DUTY AND FILING FEES		218,750		175,000
SECURITY & HOUSEKEEPING CHARGES		9,300		6,980
MARKETING EXPENSES		535,600		554,717
FOREIGN EXCHANGE LOSS / (GAIN)		446,451		4,000
INSURANCE CHARGES		187,050		(123,260)
PROFESSIONAL FEES		20,501		12,543
LOSS DUE TO DISCARDING OF FIXED ASSETS		232,808		149,045
PROV FOR BAD DEBTS				286
MANAGEMENT EXPENSES ON ADMIN		351,940		701,000
MISCELLANEOUS EXPENSES		1,925,810		1,455,300
		98,720		200,569
		11,899,564		11,535,031
<b>SCHEDULE '11' - INTEREST AND FINANCE EXPENSES</b>				
BANK CHARGES & COMMISSION		64,206		63,316
		64,206		63,316



PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.01.2009	Additions	Deductions/ Adjustments	As at 31.03.2010	As at 01.01.2009	For the year	Deductions/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.12.2008
Computer Hardware	6,328,269	784,366	712,487	6,400,149	4,470,309	1,621,838	424,630	5,667,516	732,632	1,857,961
Office equipment	1,587,570	175,336	184,237	1,578,669	841,739	257,115	155,709	943,145	635,524	745,831
Electrical fittings	2,399,969		89,895	2,310,074	1,718,010	491,285	70,136	2,139,159	170,915	681,959
Furniture and Fixtures	3,774,758		123,250	3,651,508	2,271,769	823,344	90,377	3,004,736	646,772	1,502,989
Vehicles	844,406			844,406	351,986	315,829		667,815	176,591	492,420
Intangible Assets										
Computer Software	19,597,102	509,113		20,106,215	7,915,837	7,642,478		15,558,315	4,547,899	11,681,265
<b>TOTAL</b>	<b>34,532,074</b>	<b>1,468,815</b>	<b>1,109,869</b>	<b>34,891,020</b>	<b>17,569,649</b>	<b>11,151,888</b>	<b>740,852</b>	<b>27,980,686</b>	<b>6,910,334</b>	<b>16,962,424</b>
Previous Year	33,279,901	5,983,125	4,730,952	34,532,074	10,063,666	10,077,810	2,571,833	17,569,649	16,962,424	23,216,234

Notes:

1) In case of inter company transfer of Fixed assets Gross Block at cost alongwith accumulated depreciation is transferred and reflected above



**Schedule "12"**

**A. Significant Accounting Policies:**

**(a) Accounting Convention:**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**(b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**(c) 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.

**(d) 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 higher rate for

- a. Vehicles purchased under the "Own Your Car" (OYC) scheme for the employees, which are depreciated over the period of the scheme.
- b. Intangible Asset: - Computer software is amortized @ 33.33%, considering the useful life of the assets and obsolescence.
- c. Depreciation on Computer Hardware and Furniture & Fixtures acquired on or after 1st January 2006 is provided at the following higher rates based on its estimated useful life –

Furniture & fixtures	20.00%
Computers Hardware	33.33%

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. 5000 or less are depreciated fully in the year of purchase.

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

**(e) Foreign Currency Transactions:**

Transaction in foreign currency 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. Exchange differences attributable to the acquisition of the fixed assets outside India are adjusted to the cost of the respective assets.





**(f) 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), on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. 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 .

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

The holding company grants Employee Stock Option (ESOP-2006) to the company's employees. The same is accounted for by Holding Company as per the accounting treatment prescribed by Employee Stock Option Scheme, and Employee Stock Purchase guideline, 1999 issued by Securities and Exchange Board of India {SEBI}, whereby the intrinsic value of the option being excess of the market value of the underlying share immediately prior to date of grant over its exercise price is recognized as deferred employee compensation. The holding company debits the company's share of ESOP compensation cost which is charged to profit and loss account

**(h) Income 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.

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

The Deferred tax for timing differences between the book and the tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet.

Deferred tax assets arising from the timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets are recognized on absorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

**(i) 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.

**(j) Provisions, Contingent Liabilities & 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.





**B. Notes Forming Part of the Accounts:**

1. ATTEST Testing services ltd('the Company' has changed its financial year end from December to March from this year. As a result, these financial statements have been prepared for the period of fifteen months from 01<sup>st</sup> January 2009 to 31<sup>st</sup> March 2010 ('Period') as against previous financial statements which were prepared for the year ended 31<sup>st</sup> December 2008. Therefore, the numbers of current period and previous year are not comparable.
2. The accounts of the company are prepared on a going concern basis, which is dependent on the availability of future profitability and continued finance. The Company is confident of financial support from its holding company and future profitability based on its business plan.
3. Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. Nil (Previous year Rs.2,499-).
4. Based on the resolution for Employee Stock option as approved by the shareholder of Holding Company, the holding company has granted 30,000 numbers of stock options on May 4, 2007 to eligible employees of the Company comprising of 4,500, 6,000, 7,500 and 12,000 options, with a vesting period of 12, 24, 36 and 48 months respectively from the award date and an exercise period of one year from the respective vesting dates.

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 is **Rs.119,619**, ( Previous Year Rs. 292,157) being the proportionate net charge of discount for the year, has been included in the schedule of "Payments to and Provisions for Employees" (Schedule "9") as ESOP Compensation cost.

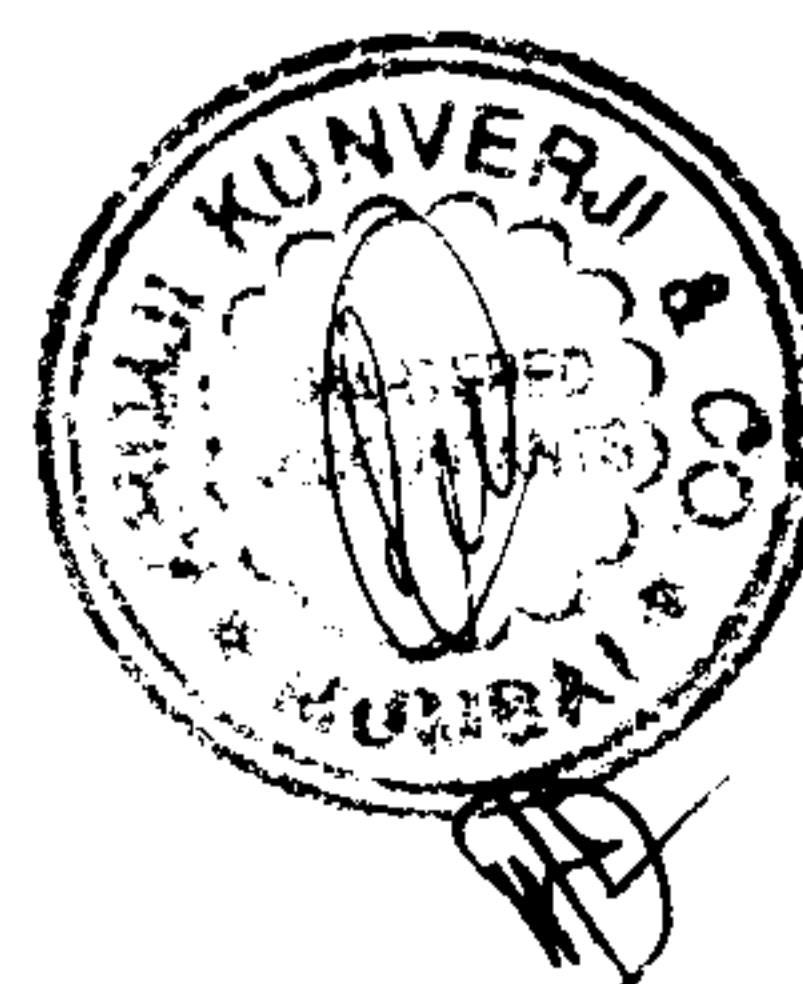
During the year **14,500** options were exercised..

**5. Payment to Auditors:**

Particulars	March, 2010 Rupees	December, 2008 Rupees
Audit Fees	100,000	80,000
Tax Audit Fees	62,500	50,000
Limited Review	56,250	45,000
<b>Total</b>	<b>218,750</b>	<b>175,000</b>

\*Above fees is exclusive of service tax of Rs. 22,531/- (P.Y. Rs. 18,025) which is taken as input credit against service tax liability.

6. Sundry Debtors and Sundry Creditors and bank balances are subject to confirmation and reconciliation.



7. 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/entity	Relationship	Loans & Advances as at end of the year		Maximum Outstanding during the year	
		March, 2010 Rupees	December, 2008 Rupees	March, 2010 Rupees	December, 2008 Rupees
Aptech Software Limited	Fellow Subsidiary	973,131	641,993	1,058,868	685,302
Avalon Aviation Academy P Ltd	Fellow Subsidiary	6,660	6,021	6,660	17,197
Synergetics Information Technology Services (India) Pvt Ltd (upto 30.09.2008 Rs.321,570)	Fellow Subsidiary	-	-	-	321,492

**Notes :**

- Above Loans & Advances are interest free and repayable on demand
- There are no investments by the loanees in the shares of the company

8. Retirement Benefits

A) The details of the Company's defined benefit plans for its employees are given below

(I) The amount recognized in the balance sheet in respect of the gratuity

	March, 2010 Rupees	December, 2008 Rupees
Present value of the defined benefit obligation at the end of the period	1,092,494	723,876
Fair value of the plan assets	407,411	407,411
Net Liability / (Assets )	685,083	316,465

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

	March, 2010 Rupees	December, 2008
Current Service Cost	287,179	240,876
Interest on defined benefit obligation	67,863	25,168
Expected return on plan assets	(30,556)	-
Net actuarial (Gain)/ Loss on plan Assets	44,131	122,259
Net Gratuity Cost	368,618	388,303

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

	March, 2010 Rupees	December, 2008 Rupees
Opening defined benefit obligation as on 1.1.2009	723,876	335,573
Current Service Cost	287,179	240,876
Interest cost	67,863	25,168
Actuarial (Gain)/ Loss	13,575	122,259
Benefit Paid	-	-
Closing defined benefit obligation as on 31.3.2010	1,092,494	723,876





**Change in fair value of plan assets**

	March, 2010 Rupees	December, 2008 Rupees
Fair value of the plan assets at the beginning of the period	407,411	-
Expected return on plan assets for the period	30,556	-
Contributions during the period	-	407,411
Benefits paid during the period	-	-
Actuarial Gain / ( Loss ) on plan assets	(30,556)	-
Fair value of the plan assets at the end of the period	407,411	407,411

**Principal Actuarial Assumptions at the balance sheet date 31.03.2010**

	March, 2010	December, 2008
Discount Rate	7.75%	7.50%
Estimated rate of return on plan assets	7.50%	7.50%

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other related factors, such as supply and demand in the employment market.

**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 to group gratuity scheme of the holding company administrated by ICICI Prudential Life Insurance company Limited

**(II) The amount recognized in the balance sheet in respect of the Leave Encashment**

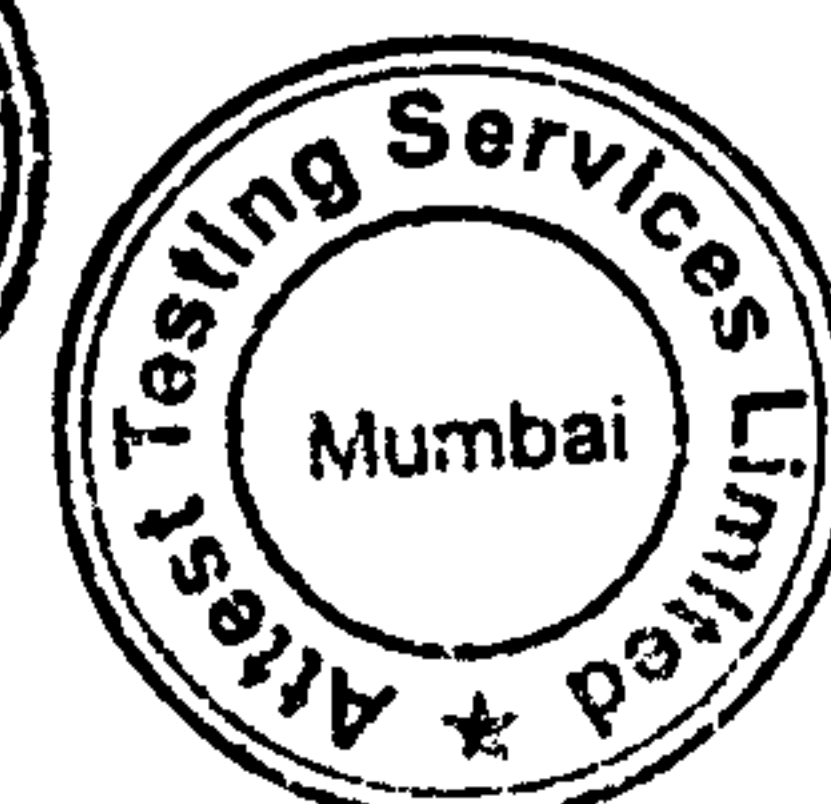
	March, 2010 Rupees	December, 2008 Rupees
Present value of the defined benefit obligation at the end of the period	614,112	227,970
Fair value of the plan assets	-	-
Net Liability / (Assets)	614,112	227,970

The amount recognized in other income and salary and other benefits in the profit & loss account as follows in respect of the Leave Encashment

	March, 2010 Rupees	December, 2008 Rupees
Current Service Cost	187,816	60,881
Interest on defined benefit obligation	21,372	15,031
Expected return on plan assets	-	-
Net actuarial (Gain)/ Loss on plan Assets	226,610	124,951
Net Cost	435,799	200,864

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

	March, 2010 Rupees	December, 2008 Rupees
Opening defined benefit obligation	227,970	200,419
Current Service Cost	187,816	60,881
Interest cost	21,372	15,031
Actuarial (Gain)/ Loss	226,610	124,951
Benefit Paid	(49,657)	(173,313)
Closing defined benefit obligation	614,112	227,970



**Principal Actuarial Assumptions at the balance sheet date 31.3.2010**

	March, 2010 Rupees	December, 2008 Rupees
Discount Rate	7.75%	7.5%

The estimates of the future salary increases, considered in actuarial valuation, take account of Inflation, seniority, promotion and other related factors, such as supply and demand in the employment market.

**B) DEFINED CONTRIBUTION PLAN –**

The Company has recognized the following Amount as an expense and included in the Schedule 9 – “Contribution to Provident & Other Funds – Rs 1,392,764/- (Previous Year Rs.719,644/-)

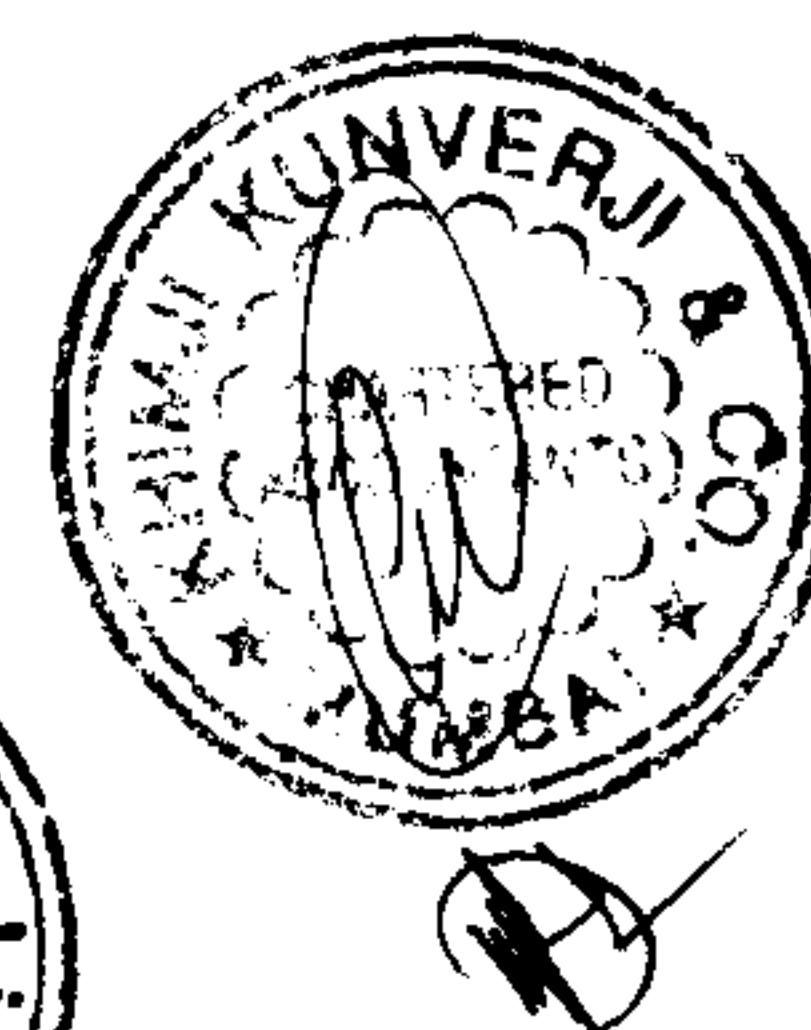
	March, 2010 Rupees	December, 2008 Rupees
Contribution to Employees Provident Fund	806,116	403,349
Contribution to Superannuation Fund	258,456	110,207
Contribution to others	328,192	206,088

9. Since Company operates presently under single segment of testing services, no separate disclosures are required under AS 17 on segment reporting.

**10. Related Party Transaction:**

**Names of related parties and description of relation:**

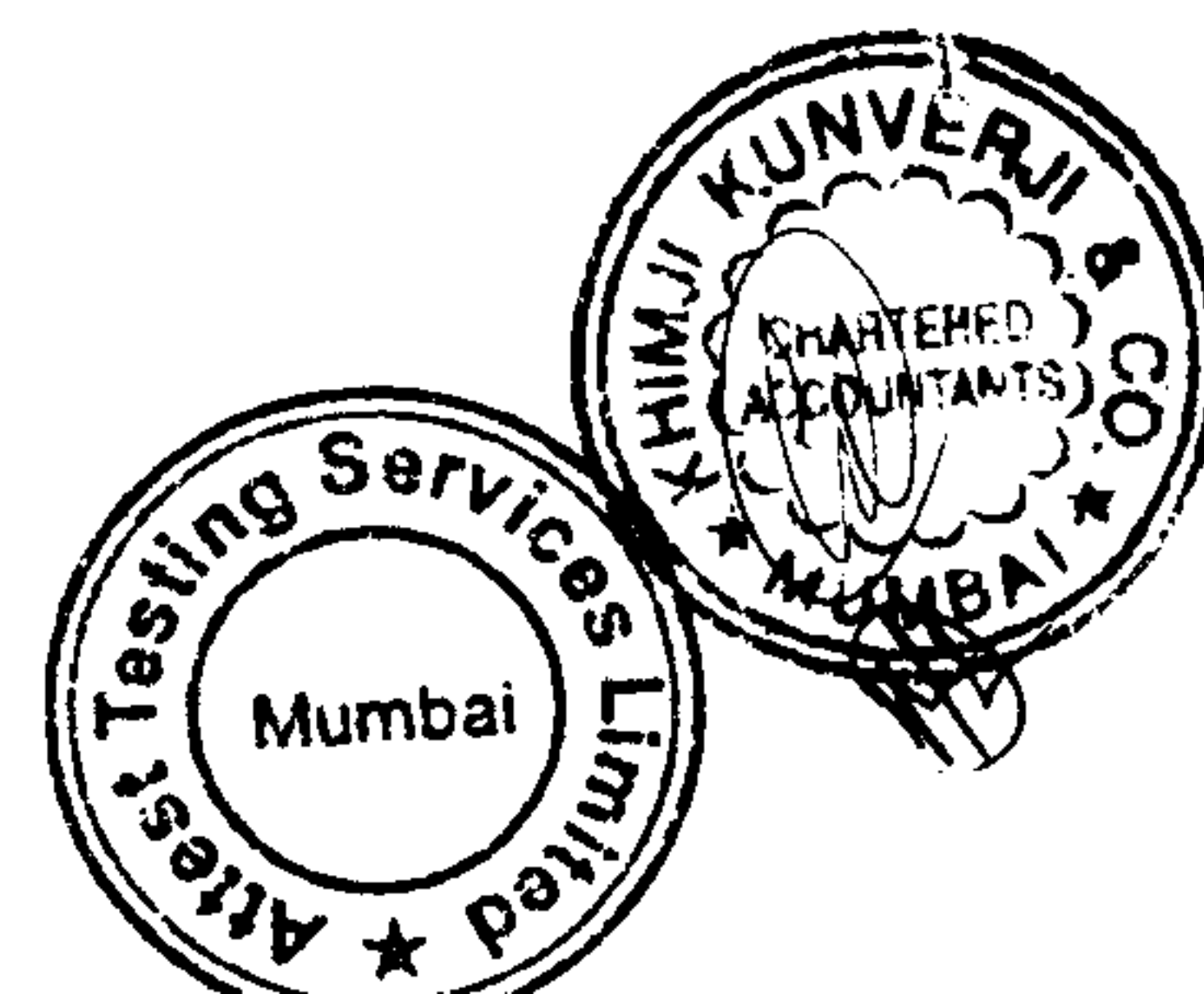
- |     |                               |  |
|-----|-------------------------------|--|
| i.  | Holding Company               | Aptech Limited   |
| ii. | Subsidiary of Holding Company | Aptech Software Limited<br>Avalon Aviation Academy Pvt. Ltd.<br>Synergetic Information Technology India Private Limited<br>(Synergetic) (Ceased to be Fellow Subsidiary from 01.10.08)<br>Aptech Worldwide Corporation, USA<br>Aptech Training Limited FZE, Dubai<br>Aptech (WOS) Bangladesh Limited<br>AGL SM SDN.BHD-MALAYSIA<br>Aptech Manpower Services Limited.<br>Aptech Investments Enhancers Ltd, Mauritius<br>Aptech Ventures Ltd, Mauritius<br>Aptech Global Investment Ltd, Mauritius |





Nature of Transactions	Holding Company Rupees	ASL Rupees	Synergetic Rupees	Avalon Rupees
Income	1,264,856	7,140		-
(Previous year)	(-)	(-)	(-)	(-)
Expenses	1,967,927	-	-	-
(Previous year)	( 1,148,700)	(-)	(-)	(-)
Receiving of Services and Reimbursement of expenses (excluding Management Contracts including for deputation of employees)		-	-	639
(Previous year)	(762,000)			
Management Contracts including for deputation of employees	14,218,142			
(Previous year)	( 9,701,000)			
Loans Taken				
Fresh Loans During the year	116,693,040	552,379		
(Previous year)	( 63,521,155)	( 4,860,778)	( 860)	( 16,620)
Loan Repaid/ Adjusted during the year	107,500,007	221,241		
(Previous year)	( 56,559,231)	( 5,762,135)		( 22,641)
Balances as at the end of the year 31st March 2010				
Loans Taken/(Given)	101,283,008	( 973,132)		(6,660)
(Previous year)	( 92,089,974)	( 641,993)		(6,021)

\*This figure are taken into loans & advances others.



**11. 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	March, 2010 Rupees	December, 2008 Rupees
Not later than one year	Nil	10,80,000
Later than one year and not later than five years	-	-
Later than five years	-	-

**12. Earnings per Share:**

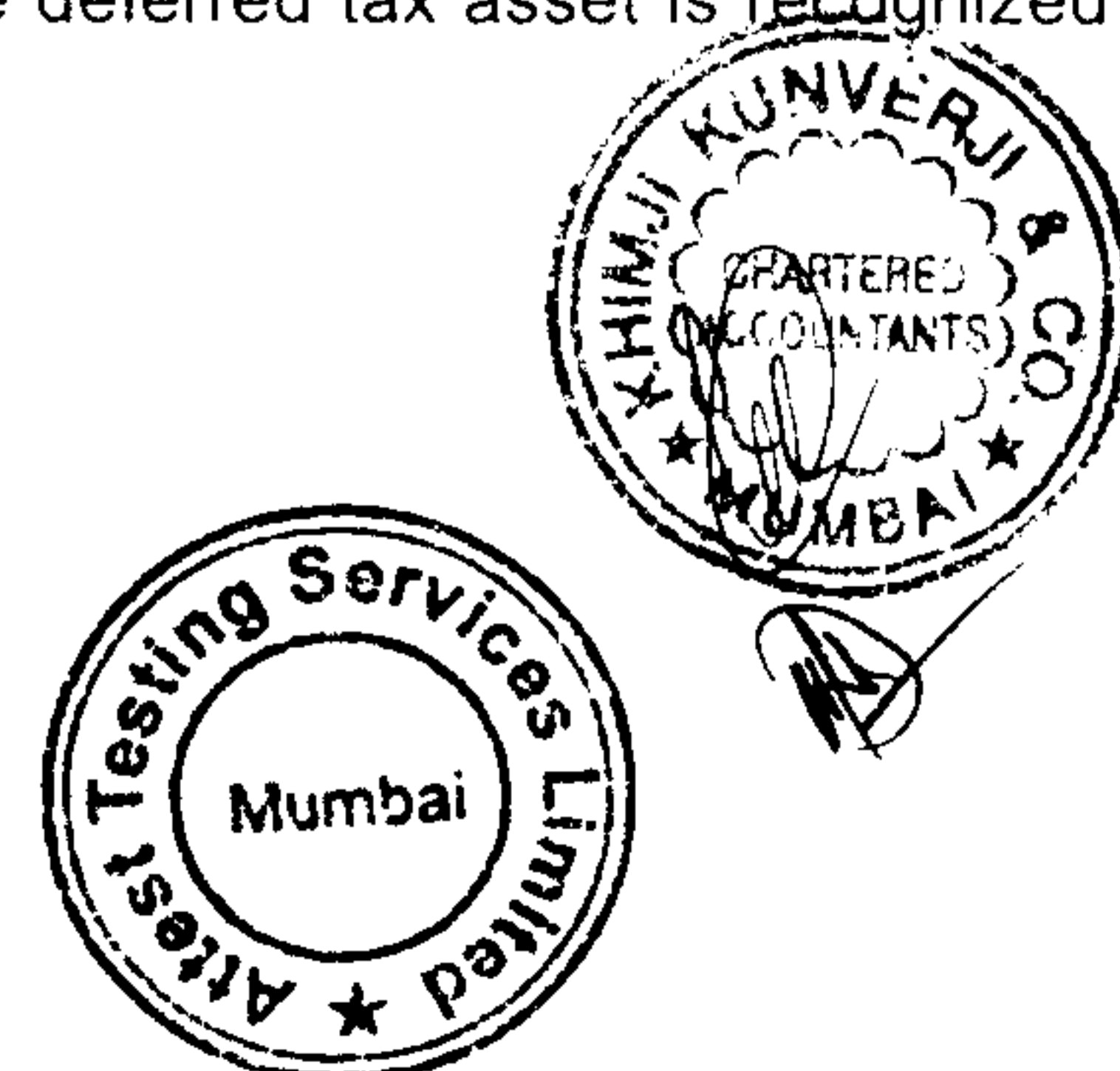
	March, 2010 Rupees	December, 2008 Rupees
Profit/(Loss) after tax attributable to Equity Shareholders	(1,570,175)	(5,812,452)
Basic Weighted average number of shares	82,841	82,841
Nominal value of equity shares (Rupees)	10/-	10/-
Earnings Per Share	( 18.95)	( 70.16)

**13. Deferred Tax Asset / (Liability) at the year end comprises timing difference is as under:**

Particulars	March, 2010 Rupees	December, 2008 Rupees
i) Deferred tax liability Related to Fixed Assets	Nil	(794,446)
ii) Deferred tax assets : Other Timing differences Unabsorbed Depreciation	Nil	794,446*
Net deferred tax asset / ( liability )	-	-

\* recognized to the extent of net deferred Tax Liability

The Deferred Tax Asset computed in accordance with AS-22 "Accounting for Taxes on Income", has not been recognized in the current year on the principle of conservatism and prudence as availability of sufficient future taxable income against which the balance deferred tax asset can be realized is presently not "virtually certain". Hence, the deferred tax asset is recognized only to the extent of liability.



14. Additional Information pursuant to paragraphs 3 and 4 of part II of Schedule VI of the Companies Act, 1956 - NIL

(i) Earnings in Foreign Currency

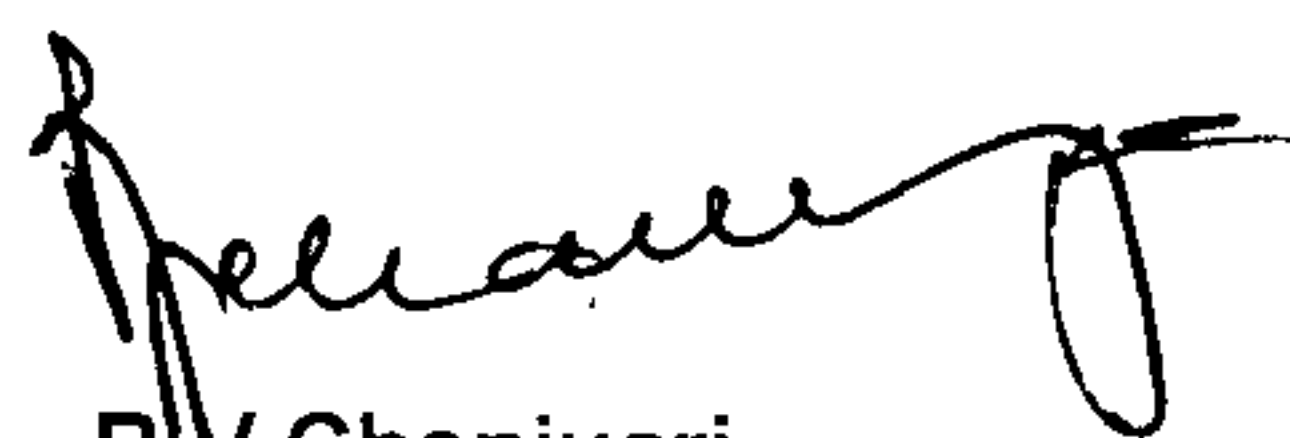
	March, 2010 Rupees	December, 2008 Rupees
a) Income from Testing Services	14,57,930	12,76,983/-

(ii) Expenditure in Foreign Currency:

	March, 2010 Rupees	December, 2008 Rupees
a) Franchisee share in Corp. Business	160,134	128,151/-

15. As per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 the Company is still to obtain the details of suppliers covered by the Act and hence, the disclosure required under the said Act are not given
16. The Company is one of the Wholly Owned Subsidiaries of Aptech Limited, which is providing a common pool of facilities and resources to its subsidiaries, with a view to optimise the benefits of specialization and minimize cost to each subsidiary. The Company's share of expenses under the common pool has been accounted for under the appropriate head.
17. The figures for the previous year have been regrouped / rearranged wherever necessary to correspond with the figures of the current year.

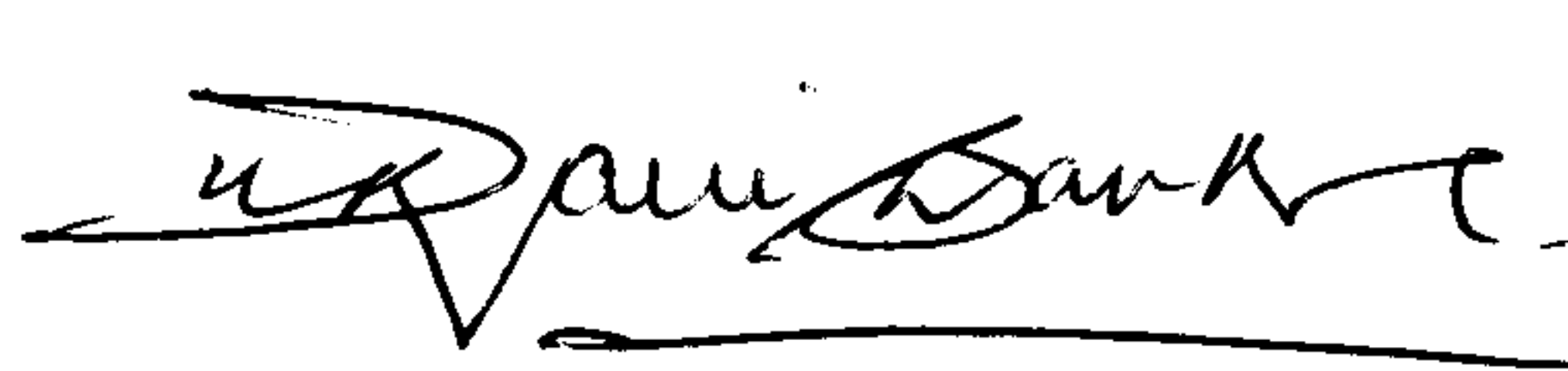
For and on behalf of  
**Khimji Kunverji & Co.**  
Chartered Accountants  
Firm Registration No.105146W



R.V.Chaniyari  
Partner(F-31083)

Place: Mumbai  
Date:31<sup>st</sup> May 2010

For and on behalf of the board of Directors



T.K.Ravishankar  
Director



Ajay Oberoi  
Director

