



annual report 1999



knowledge
@work

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KNOWLEDGE@WORK

As the new era begins, we recommit ourselves to our *mantra* of the millennium - Knowledge.

Our efforts to spread, enhance and enrich the Knowledge experience are complemented by the positive energies of Talent and Technology. This, we believe, is our forte and will propel us into the new millennium.

Join us in this quest to seek newer horizons, overcome higher challenges and achieve greater success.

CHAIRMAN'S MESSAGE

When I got down to write Aptech's overview for 1999, I had a feeling that it would be one of the most comprehensive letters I would ever write.

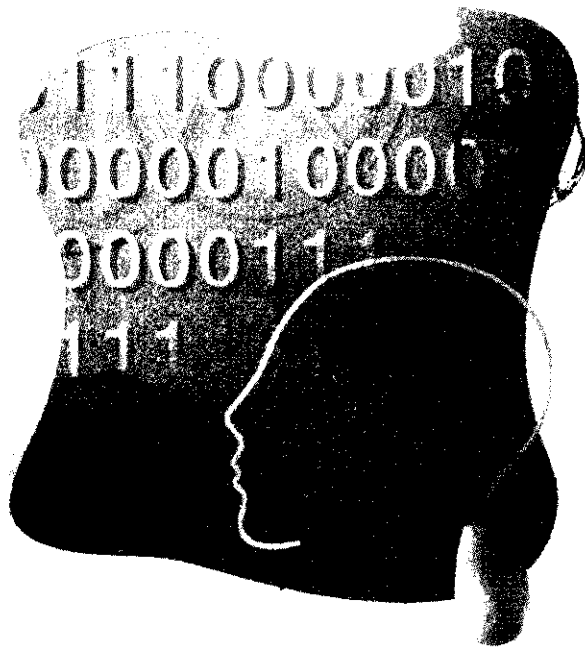
But soon I realised that it would not be as easy as I thought. **How** does one encapsulate on a page the reason behind the need **to re-invent ourselves?** The reason behind the pace of this **change**. The reason behind the impact of this change. The reason behind the strengthening quality of our customer solutions. And profits.

As it turned out, the more I wrote, the more I became convinced that my words were proving ineffective in capturing the energy and vitality of this re-invented organisation. I searched for paragraphs that would explain our **SUCCESS** concisely. No luck. I looked for lines that would do the same. Gave up trying. I fished for words that would do the same. Roadblock.

Until I zeroed in on the one word that has driven our near **3050 per cent increase** in market capitalisation over the last three years. The one word that is the epicentre of all that we have been trying to do to make growth a sustainable habit at Aptech. Knowledge.

My copy is over. For Aptech it has only **just begun**.

Atul Nishar,
Chairman



“Aptech – The Knowledge Company”

CORPORATE GOVERNANCE

Report Junction.com

The management of Aptech recognises that a strong governance ethic in the organisation helps in protecting shareholders' wealth.

The company has embarked on initiatives over the last few years that have helped in forming the framework within which a number of initiatives have helped the company achieve precisely this.



Centre audit

Aptech had more than 1400 centres across India and different parts of the world at the close of 1999. The management has exercised adequate control to safeguard the revenue earned at each of these centres. Until the middle of 1999, Aptech had assigned a large

number of independent auditors to conduct a weekly check at each of these centres. In view of the need for a standardised audit process as well as consistent quality of audit across these locations, Aptech has now reduced their number and assigned a larger coverage to the select auditors. The stronger control is now being reflected in the standardised reporting format of each of the centres. Aptech itself conducts the mandatory weekly and monthly audit in cities where it has an independent office covering parameters like revenue collection as well as composite centre performance.

Executive compensation

To take arbitrariness out of the compensation system for executives, the Aptech management has devised a remuneration structure which is driven by a matrix. The matrix has helped in creating a transparent remuneration structure; executives are aware that promotion and remuneration are being driven entirely by merit. Each member's performance is compared with the key result areas spelt out at the start of the review period. The member's appraisal process is spread over two individuals to enable a more balanced view to emerge : after the appraisal has been conducted by the immediate supervisor, it is vetted by the head of the department and finally checked by the HR department. Wherever the performance of the teams are incentive-linked, these are clearly spelt out at the start of the review period. Aptech drives this incentive-orientation down to the grassroots : franchisees have been advised to create a similar structure for its faculty based on the appraisal submitted by the students and the hours of teaching committed by the faculty.

Operational structure

Aptech recognises that decisions taken by one division may have an impact on the plans and performance of the others, especially in the education segment. To circumvent any overlap, Aptech has created an Education Business Council. This Council comprises all the six education business division heads and is chaired by the Executive Director who heads the Strategic Business Unit. The Council meets every fortnight to present and review their respective strategies. The frequent meetings of the Council have also helped in enabling some divisions to benefit from the marketplace observations of the

others. Aptech has also created a Software Business Council; this meets once every fortnight to enable the various software arms of the organisation to derive similar benefits.

The Executive Council of Aptech represents the highest tier of collective decision making on strategic organisational issues for the long-term. The council serves as the integrating body at the highest level of the organisation; it acts as a forum for the top management to meet on a common platform to discuss market place realities as well as the direction of the organisation; to share information on the working of the different businesses; to discuss common issues relating to finance and human resources; to discuss new business ideas and developments; to strengthen the process functioning of the organisation. The executive council meets once in every month.

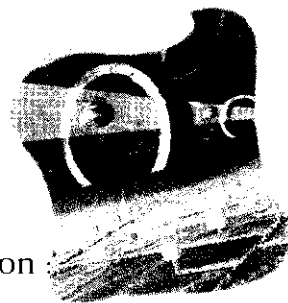
Functioning process

Aptech recognises that the challenge lies in translating the vision of the executive council into a numerical reality in the market place. To enable this to transpire, Aptech has instituted the practice of chalking out a 16 quarter road map. This road map helps in achieving a stronger clarity of purpose and how the immediate and distant targets are to be achieved. By dissecting a long term target into smaller time-modules, Aptech has succeeded in pinning down responsibilities to individuals, helping to drive a greater predictability in the corporate system. The road map also helps in arresting possible deviations at the point that they may occur.

Overview

In last year's annual report, we had highlighted the evolution of Aptech from India's premier computer education provider into a software exporter.

This year we report to you the sustained evolution of the organization into a market-facing enterprise.



Fast changing environment

Aptech's ongoing evolution and its studied positioning of emerging as a market-facing enterprise is in response to the fast-changing external environment for business. The reality : the dot com phenomenon is sweeping corporations, communities and individual aspirations; technologies are changing rapidly; the business environment is no longer stable and consistent; corporations worldwide are re-engineering processes, optimizing supply chains and building communities of best practice; most industries and businesses are becoming increasingly competitive and customer-focus is at a premium to the extent that those companies who delight their customers stand a stronger chance of survival.

Emerging needs

Business and customer needs now include :

Business consulting towards e-business.

B2C solutions which include portals and transactive websites.

C2B facilities that enable customers to interact, order and respond.

E-commerce capabilities which cover buying and auctioning.

Ongoing training and re-training in IT systems.

Process energy manifested in collaborative systems and groupware.

Linkages to ERP, its extension and legacy systems.

Internal and external intelligence in transactions.

An aggressively empowered and re-skilled member base.

Access to trained manpower.

Reliable outsourcing partners.

THE MARKET-FACING ENTERPRISE

In this demanding environment, the market-facing enterprise stands a stronger chance of survival – and success. The market-facing enterprise is one which is truly customer-oriented : it possesses the knowledge-based expertise to help customers, adapt rapidly and competently to changing environments through the successful leverage of technology.



Aptech's value proposition

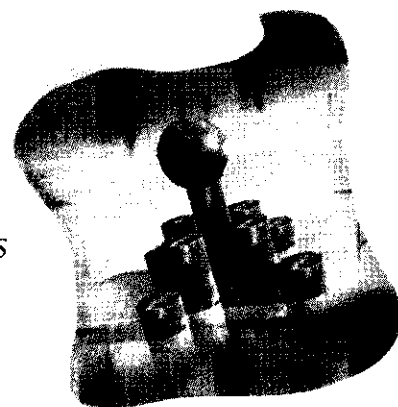
As a market-facing enterprise, Aptech is delivering the following value :

- Business consulting towards e-business with domain skills in various manufacturing industries, service delivery, customer care and education.
- B2C solutions capability. Aptech works as interactive architects with skills covering web design and multimedia.
- C2B solutions : enabling customers to interact, order and respond directly with the company. Aptech's service range includes IBM, Sun and Silverstream systems.
- Aptech delivers excellent process optimization value : linkages into legacy systems and the ERP along with its extended coverage to enable customers integrate closely with their clients and vendors. Aptech possesses SAP and BaaN skills along with its self-developed e-Link product to deliver relevant customer solutions.
- Expertise in the B2B transformation of supply chains to help customers get closer to their clients.
- Efficient processes – groupware, web migration and systems integration – to enable itself as well as its customers to respond faster to changes in the marketplace.

- Aptech helps imbibe internal and external intelligence in transactions which helps create communities of best practice within its client companies.
- Aptech possesses demonstrated e-commerce capabilities that enable its clients to buy and sell on the Net.
- Aptech has access to trained manpower through successful students emerging from its education and training division.
- Aptech is a reliable outsourcing partner in the areas of business processes. It has offshore development centers which are dedicated to delivering software solutions for international clients.
- Aptech delivers anytime, anyplace learning opportunity to students across the world through the Aptech Online Varsity. Alliance partners for this varsity include Lotus and Wipro.
- Asset International partners the software industry and corporations worldwide providing outstanding corporate training.
- Aptech and Arena students are now working all over the world building Corporations, Communities and Knowledge societies.
- The Aptech Network now extends to 28 countries and successful training and software partnerships worldwide.

Knowledge corporation

Aptech recognizes that to deliver knowledge services, it must, at heart, be a knowledge corporation. Aptech's knowledge corporation comprises the following pillars of support :



- Comprehensive knowledge corporation solutions delivered through the software division.
 - Consulting as well as software and technology-based training solutions. This has resulted in Aptech having emerged as a high quality offshore option for respected international clients.
 - A force to reckon with in the area of professional and corporate training in advanced technology areas. These areas include e-business and net-centric computing, strengthened by alliances with IBM, Microsoft and Oracle.
- A track record of success in corporate training in US, UK, Australia, Asia and Africa.