

Aptech Limited Annual Report 2007

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FOR APTECH LIMITED

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**A leading
global learning
solutions company**



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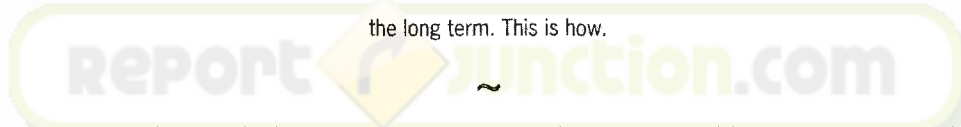
Aptech is a company that has clearly defined its addressable market.

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

But these are the means, not the end.

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

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



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

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

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

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

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



We offer
comprehensive
learning solutions
across verticals

to customers across

Retail – 66% of revenues

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

IT Education

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

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

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

Animation and Multimedia

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

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

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

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

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

Hardware and Networking

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

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

Non-Retail – 34% of revenues

Training Solutions

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

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

**Learning is as much a
consumer business
like any other.
Building a strong brand
that resonates with the
customers is a must at Aptech.**

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

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

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



No. of Centres

122



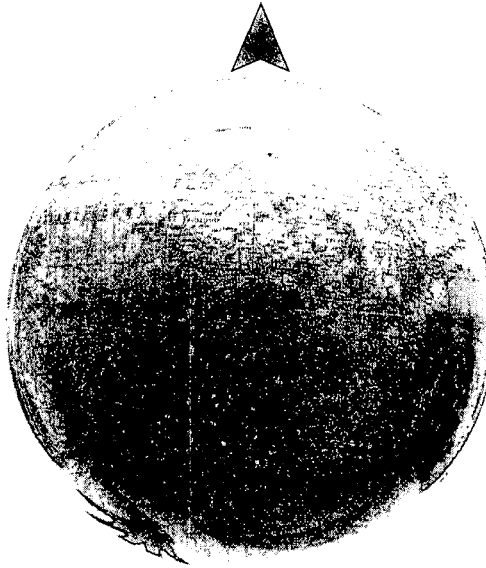
No. of Centres

421



No. of Centres

142

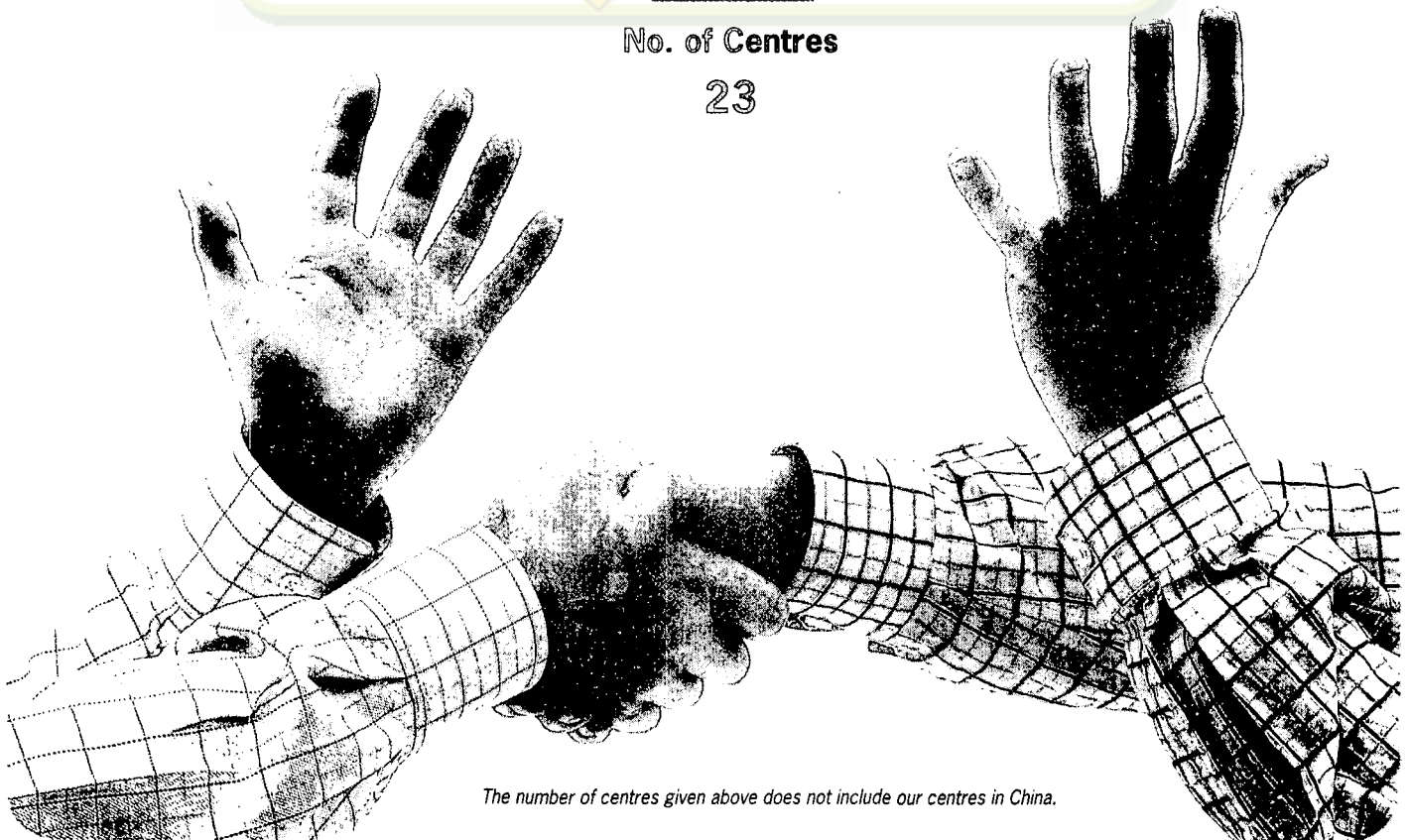


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No. of Centres

23



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

