

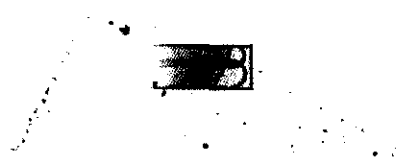


BOSTON EDUCATION AND SOFTWARE TECHNOLOGIES LIMITED

BOSTON IS THE MISSION

"We help individuals and organisations enhance their effectiveness through education and consultancy.

With an unwavering focus on Quality, we have set upon the task of being the Standard of Excellence in everything we do."



BOARD OF DIRECTORS

Arvind A Shah	Chairman
Dipankar Mukhopadhyay	Managing Director
Ravi K Sheth	Director
Ashok N Shah	Director
Pravin R Gandhi	Director
Apurva A Shah	Director

COMPANY SECRETARY

K K Saraf

AUDITORS

Deloitte Haskins & Sells
Mafatlal House, Backbay Reclamation
Mumbai - 400 021

BANKERS

The Saraswat Co-operative Bank Limited
Global Trust Bank Limited

REGISTERED/
CORPORATE OFFICE

The Bostonian,
Sanghvi House, 18, Subhash Road,
Vile Parle (East), Mumbai - 400 057

OFFICES

Maharaja Palace, University Road,
Navrangpura,
Ahmedabad - 380 009

Lakshmi Complex, # 320, C.M.H. Rd.,
Indiranagar,
Bangalore - 560 038

Sikkim Commerce House, 3rd Floor,
Room No. 308/309,
4/1 Middleton Street,
Calcutta - 700 017

No.20, Park Circle, 2nd Floor,
Moore's Road,
Chennai - 600 006

203, Mahavir Chambers, Liberty Junction,
Basheerbagh,
Himayat Nagar Road,
Hyderabad - 500 029

H-81, South Extension Part - 1,
New Delhi - 110 049

326, Ashok Vijay Commercial Complex
M.G. Road, Camp, CC
Pune - 411 001

REGISTRAR & TRANSFER
AGENTS

M/s Sharepro Services,
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai - 400 099.

INDEX

A Message from the Chairman	... 2
Management Discussion on business	... 4
Directors' Report	... 11
Auditors' Report	... 16
Balance Sheet	... 18
Profit & Loss Account	... 19
Schedules to Accounts	... 20
Subsidiary Company	... 35

A message from the Chairman**Speeding down the Information Highway**

Dear Shareholders,

The time for major consolidation at Boston is now over.

In tune with the turning of the millennium and the emergence of the revolutionary new business medium - the Web, Boston is geared to race down the information highway.

Through constant innovation and technical expertise, Boston has made substantive progress on many fronts, striking a perfect synergy between our twin core competencies - computer education and software solutions. The following performance overview, shows a few of the initiatives taken by Boston in the year 1999-2000, to further your Company's position as 'The Web Technologists' of the 21st century.

1. A Successful Merger - A Dynamic Start

In April 1999, Boston Education and Software Technologies Private Limited (BESTPL) merged with the Company, thereafter named Boston Education & Software Technologies Limited. As, prior to the merger, the Company had not undertaken any significant business activity, the financial statements in this Annual Report essentially reflect the business performance of BESTPL.

2. Launching a 100% export oriented unit for software - A 100% Leap Forward

In March 2000, Boston formed a wholly owned subsidiary, Nexus Infotech Pvt.Ltd., which will be responsible for all software development activities intended for exports.

3. Business Performance Highlights

To gain an overview of the noteworthy achievements of our 3 business groups and the aggressive growth trajectory that Boston will travel in the future, a brief report follows:

i. Career Education - A National Presence

An oft repeated credo at Boston declares : "We don't just offer courses. We offer careers." The explosive emergence of the Internet, has made Internet training the most powerful instrument for improving the productivity of both corporations and individuals. Be it a student aspiring to scale the height of the global software industry or an IT professional aiming to stay online with emerging IT trends, Boston's unique basket of quality Web-centric courses is well equipped to deliver the most cutting edge IT education. A defined objective of establishing a solid, national presence will see the number of training centres double by the end of the current financial year.

ii. Cyberkids - Explosive Growth

At 11% of the total 1999-2000 revenue as compared to 2% of the total 1998-1999 revenue, this children's computer education division has surpassed target expectations. Combining a healthy mix of fostering creativity while enhancing the academic edge, Boston's Cyberkids' portfolio of products has now expanded to include *Cybernursery* and *Webtweens*. A dynamic revenue growth of over 700% coupled with exponential growth across 40 centres, bears witness that this concept has been well received across the nation.

iii. Software - Going Global

In keeping with our objective of being a world class Technology Service Provider (TSP) focusing on Web Centric solutions for the International community, the Company intends to set up offices in USA and UK in the current year. The acquisition of Infinity Software Inc. a



Florida (USA) based software Company is also close to finalisation, awaiting RBI approval. This Company has recently secured a letter of intent for a prestigious US 'White House' project.

With a view to accelerate the growth at an even greater pace, a public issue of shares has been proposed. To reinforce our commitment to quality, Boston aims to obtain the ISO 9000 certification in the near future.

4. Technologies - *Always a Sound Investment*

At the pace and degree of technological innovations being witnessed today, an emphasis on R & D is crucial to maintaining a competitive edge. Currently the development of our online testing system similar to the *Sylvan Prometric Test*, is in the pipeline. This system will ensure uniform quality standards. In addition, multimedia CBT based and CBT aided study products, far superior to comparable models, are ready for release in the market.

5. Corporate Governance - *A Driving Principle*

In spite of there being no mandatory requirement to implement the SEBI guidelines on corporate governance at this juncture, Boston has taken the initiative to implement a majority of the guidelines in the current year itself. As a result, diverse committees have been constituted. Leading the drive to attain global standards of transparency, the Company appointed M/s. Deloitte Haskins and Sells, to be its statutory auditors.

Further, with a view to maximize efficiency in operations and achieve a substantial reduction in costs by optimising business processes, Boston appointed M/s. Anderson Consulting to recommend on realigning organizational structure and restructuring business processes.

6. Human Resources - *Key Drivers of Growth*

In order to attract, retain and motivate professional talent, Boston is in a continuous process of developing innovative HRD policies coupled with an Employee Stock Option Plan (ESOP). The Company invests significant resources on training and continuing education: essential to keep our employees abreast of rapid technological advancements.

A Smooth Ride

The transformation of Boston to a global player in the IT training and customized software applications market, has been possible only because of the commitment of a pool of highly accomplished, motivated professionals, led by a vision-driven senior management core. It is this spirit that will in the coming years enable Boston to achieve its mission: "*to be the standard of excellence in everything we do.*"

Before I conclude, I would like to take this opportunity to welcome all new shareholders into our Boston family.

Dr. Arvind A Shah
Chairman

July 20, 2000

Management Discussions On Business

CAREER EDUCATION - Accelerating for Growth

In the roller-coaster world of information technology, change is the only constant. Today's cutting edge technology, will lose its' edge tomorrow. This is never more so than in the competitive IT training industry.

At Boston, we believe in being pro-active, predicting technology changes and providing leading edge IT education to our students. So that together we can be the leaders. Of today and tomorrow.

Entangling the Web

From the ambitious student aspiring to be the next Sabeer Bhatia, to the IT professional striving to stay on-line with quicksilver IT trends, Boston's well-stocked arsenal of 'Web-centric' courses cater to a wide spectrum of people.

During the course of fiscal 1999-2000, Boston successfully launched four dynamic, new courses, covering different spectrums of computing technology: *Advanced Java*, for the high-end software professionals, *E-biz.com*, a comprehensive e-commerce package, *Web.com*, a complete web course for aspiring web professionals and *A'sent 2000*, a gateway to the world wide web for college students.

The high level of enthusiasm with which Boston's web-centric courses were received, was reflected by a substantial increase in the number of students, expanding our base to over 14,000 students in 1999-2000, with revenue per enrolment increasing substantially by over 25%.

Boston's unparalleled Software Application Engineering (SAE) course continues to evoke a buoyant response from both students as well as prestigious business houses. In the recently held SAE aptitude test, over 2000 graduates competed for approximately 120 seats. While Boston's Corporate Alliance Programme saw significant heavyweights like Blue Star, Datamatics, Global Telesystems, ICICI Infotech Services, ICIL, L&T Information Technologies, Mastek, Mascot, NSE, Nucleus Software, PCS, Stock Holding Corporation, etc., join the swelling ranks of corporates, eager to guarantee placement to SAE graduates.

The Long Distance Traveller

With an aim to be identified as a significant national brand by the end of fiscal 2001, Boston established the Business Development Function unit, an aggressive team created to identify potential markets for growth.

After consolidating its presence in the Western region, Boston successfully penetrated the Northern market, with Delhi as the hub. By the end of the current financial year, Boston's efforts to double the number of centres appear highly plausible. In the current year, the focus is on Tamil Nadu, Andhra Pradesh and West Bengal, following which plans are afoot to expand operations to the neighbouring countries of Bangladesh, Nepal and the Middle East.

In line with our 'quality first' orientation towards education, Boston evolved 'the hub and spoke' approach, which employs a judicious mix of Boston's own centres (*hub*) being in close proximity to



franchisee centres (*spokes*) in the major metros. Thus ensuring the highest quality of education across all Boston centres in the country.

A Significant Milestone

In January 2000, the Government of Gujarat appointed Boston, as one among a few select computer institutes, chosen to impart IT training to over 1 lakh youth. The bagging of this prestigious account is not only a matter of pride but also guarantees Boston quantum business over the next two years.

The Journey Ahead

In the past year, Boston's business has grown faster than the industry.

With an unswerving stance on quality education, proliferating network of branches and proactive approach to emerging technologies, Boston is firmly positioned to catapult to a leading national status in the coming year.

CYBERKIDS - Full Speed Ahead

Imagine a world where children love studying.

Where technology's most powerful innovation, the computer, is considered a toy.

Where a child is free to explore, create, build, innovate...and it's called education.



This is the world of Cyberkids, Boston's path-breaking children's computer education division. From its inception, this innovative concept has tasted unprecedented success, capturing the imagination of over 20,000 students across the nation, with the numbers multiplying 4 times in the last year itself.

With its 'knowledge enhancing yet fun filled' approach, this multimedia-based education program has turned traditional methods of children's education on its head. And succeeded magnificently.

Targeted at children between the ages of 3 to 14, each course is painstakingly researched and designed by a conscientious team of academicians, software experts and child psychologists. Last year, after meticulous planning, two exciting new courses were developed and added to Cyberkids ever expanding curriculum.

Making a Headstart

Cybernursery, this learning module aims at empowering nursery level children to use the computer as a tool to create, innovate and explore. On the agenda for the current year is an alliance with nursery schools with an aim to reinforcing formal education with interactive multimedia learning.

To be launched in the current year, *Webtweens* as the name suggests, is aimed at introducing uninitiated teenagers to the world of web designing, transforming them into savvy webmasters, capable of hosting their own website. The unique feature of this course is that besides instilling knowledge, it endeavours to instill confidence as well.

Fueling Growth

With the number of centres leaping from 10 to 40 during the last year and a 700% growth in revenue, Cyberkids is today, the market leader in the field of computer education for children.

By 2001, our aim is to consolidate Cyberkids nationally, targeting an enrolment of over 40,000 students. Considering it's meteoric rise over the last two years, these ambitious expectations appear eminently achievable.

SOFTWARE - In Top Gear

With Boston firmly entrenched as a quality IT education provider, the Software Division has the advantage of leveraging a pool of high-calibre software professionals for its development activities. The added boon of a senior management team, with several years of experience in running a leading software business, was all the impetus the Division needed to leap forward in 1999-2000.

In keeping with this accelerated momentum, in March 2000, Boston established Nexus Infotech Ltd, a 100% export oriented unit, responsible for all software development activities intended for exports. The activities of this unit are based on a two-pronged business strategy: Staff Augmentation and Off-shore development.

Boston's on-site consulting business is targeted to focus on two major markets - USA and Europe, with high-calibre professionals already deployed on various assignments in the USA. This will follow the imminent acquisition of Infinity Software Inc., a software company in Florida (USA) with a turnover of over US \$ 1 million in 1999.

Further, capitalizing on the IT explosion in UK and the European market, Boston plans to establish an office in UK during the current year.

It is envisaged that eventually by fiscal 2002, this division will contribute at least 33% of the company's overall revenue. In keeping with this mission, in the current year, Boston reaffirms its commitment to "create, augment and extend the highest quality mission-customised software applications, through leading edge technology and innovations, at a fixed time and cost."



RESEARCH & DEVELOPMENT - *The Driving Force.*

A Vehicle of Growth

Headed by an industry veteran with over two decades in the software industry, Boston's state-of-the-art R&D facility is run by a team of highly respected IT experts.

Recognizing the need to continuously evolve a fresher curriculum to keep pace with the market, Boston has invested substantially in R&D activities, leading to the birth of several trendsetting products.

Over the last year, the R&D department developed, simple yet comprehensive *web-centric curricula* for both the Career Education and Cyberkids Divisions.

With a single-minded focus on the most crucial educational year for a child, Boston developed a *Multimedia based Std. X curriculum*. Employing animation, graphics and interactivity, this promises to be far superior to the competitive products in the market.

Recognising that emerging areas like database technology, distributed computing and Internet technology would be in demand with the globalization of Indian business, the centre is developing curriculum on *XML, WAP/WML, Enterprise Java technologies and Linux*.

Portals - On the Fast Track

In education and training, Boston's R&D centre had us moving up the value chain, from classroom to technology-based training and Internet based learning.

Bestversity, the on-line evaluation and testing system ensures uniform quality standards, similar to the Sylvan Prometric Test. Soon to be made available to the entire Indian software industry, this in-demand portal will enable students to test their proficiency and hone their skills.

To be launched in the current year, *eduunlimited.com*, is a comprehensive web based on-line curriculum which ultimately aims to be a 'virtual Boston university' on the Net. To offer a real classroom experience, students can interact with the faculty via email, with experts via chats and even browse through a net library.

Plans are also afoot to provide *net-aided courses*, where learning is done on the net, followed by practicals at a nearby Boston centre.

A Finely Tuned Engine

In a highly competitive milieu, R&D remains true to the fundamental canon of its charter: to face the challenge of rapid technological advancement by adapting, updating and upgrading in tandem with industry needs.

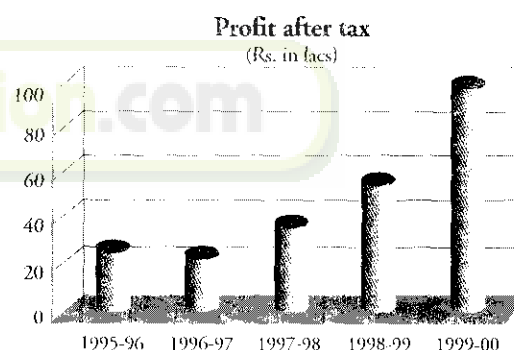
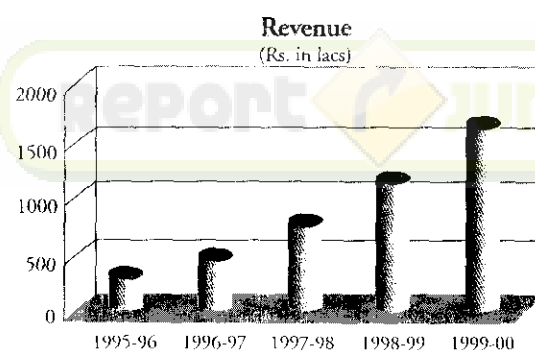
FINANCIALS - Maximum Mileage

During the year 1999-2000, Boston Education & Software Technologies Pvt. Ltd. (BESTPL), was merged with the Company retrospectively from April 1, 1999. As the company had virtually no business activity, prior to the merger, the financial accounts by and large reflect the performance of BESTPL.

Financial Performance of BESTPL at a glance

(Rs. in lacs)

	1995-96	1996-97	1997-98	1998-99	1999-00
Revenue	229	466	712	1059	1621
Profit before depreciation & tax	36	52	78	100	188
Depreciation	12	17	30	43	83
Profit before tax	24	35	48	57	105
Provision for Income-tax	0	15	13	6	12
Profit after tax	24	20	35	51	93



Concurrent to the merger, new Equity Shares were allotted on April 11, 2000, to the Shareholders of BESTPL. Company also issued 91,500 Equity Warrants, Series "B" to the holders of warrants issued by BESTPL under its ESOP entitling the holders to acquire one Equity Share per Equity Warrant at a price of Rs. 40/- per Share, on expiry of specified periods, but not later than June 2003. Similarly, 9,000 Equity Warrants Series "A", were allotted to the Managing Director, entitling him to one Equity Share per Equity Warrant at a price of Rs. 19.33 per Share on or before December 2001.

Although the Company earned decent profits, the Directors adopted a policy of ploughing back the profits into the business operations and recommended a minimal dividend of 5% on the Equity Shares, which would be payable *pro rata* on the new Equity Shares allotted during the year.

The Company has adopted a policy of low leveraging. Remaining conservative in its borrowing strategy, the Company plans to be debt-free by fiscal 2001. Receivables, however, were higher in relation to revenues earned. Therefore, to exercise a control on receivables, the Board has now initiated necessary process to restrict the overdue receivables to about 15% of the revenue.

The revenues and surplus were Rs.805 lacs, as against share capital of Rs.466 lacs (including the shares allotted in April 2000, pursuant to merger).