

→ Notice Of Ninth Annual General Meeting

Notice Of Ninth Annual General Meeting

Notice is hereby given that the Ninth Annual General Meeting of the members of EdServ Softsystems Limited, will be held on Wednesday, the 29th day of September 2010 at 10:15 a.m at Kamaraj Arangam, No. 492, Anna Salai, Teynampet, Chennai 600 006, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended 31st March, 2010 and the reports of the Directors' and Auditors' thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. T. S. Ravichandran who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the company and to fix their remuneration.

Special Business

To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolutions.

5. Issue of Equity Shares

RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) for the time being in force read with the Memorandum and Articles of Association of the company and subject to the Listing Agreement entered into by the company with Stock Exchanges and the regulations/rules/guidelines issued by the Securities and Exchange Board of India (herein after referred to as "SEBI"), Stock Exchanges, such approvals, permissions, sanctions and consents as may be necessary and required under applicable laws, rules, regulations and contracts, and on such terms, conditions, alterations, modifications, approvals, permissions, sanctions and consents, which may be accepted by the Board of Directors of the company (which term shall include any duly constituted and authorized committee thereof) to create, issue, offer, allot and deliver in one or more tranches on a private placement and preferential basis to issue 3,56,165 (Three Lakhs Fifty Six Thousand One Hundred and Sixty Five only) Equity Shares at a price of ₹214/- (Rupees Two Hundred and Fourteen only) per share i.e., ₹10/- (Rupees Ten only) each a premium of ₹204/- (Rupees Two Hundred and Four only) per share aggregating to an extent of ₹7,62,19,380 (Rupees Seven Crores Sixty Two Lakhs

Nineteen Thousand Three Hundred and Eight only) on Preferential Basis to Non-Promoters as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations) on the relevant date and that shares so issued rank pari-passu in all respects with the existing Equity Shares of the company.

RESOLVED FURTHER THAT the relevant date for the purpose of determining the issue price under the SEBI Regulations for preferential Issue shall be 30.08.2010 i.e the date 30 days prior to the date of the Annual General Meeting where the proposed issue is to be considered.

RESOLVED FURTHER THAT the said shares shall be issued and allotted within a period of fifteen (15) days from the date of passing this Special Resolution provided that where the allotment of the said shares is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of fifteen (15) days from the date of such approval or such other extended period as may be permitted under the applicable SEBI Regulations as amended from time to time.

RESOLVED FURTHER THAT the said shares to be issued and allotted shall be subject to a lock in period as per SEBI Regulations as amended from time to time.

RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting the said shares to be issued and allotted, the Board of Directors of the company be and is hereby authorized to do and perform all such other acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the said equity shares of the company as it may, in its absolute discretion, deem fit and proper and also to seek the listing of such securities in one or more Stock Exchanges in India.

6. Issue of Equity Warrants

RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) for the time being in force read with the Memorandum and Articles of Association of the company and subject to the Listing Agreement entered into by the company with Stock Exchanges and the regulations/rules/guidelines issued by the Securities and Exchange Board of India (herein after

referred to as "SEBI"), Stock Exchanges, such approvals, permissions, sanctions and consents as may be necessary and required under applicable laws, rules, regulations and contracts, and on such terms, conditions, alterations, modifications, approvals, permissions, sanctions and consents, which may be accepted by the Board of Directors of the company (which term shall include any duly constituted and authorized committee thereof) to create, issue, offer, allot and deliver in one or more tranches on a private placement and / preferential basis 5,60,748 (Five Lakhs Sixty Thousand Seven Hundred and Forty Eight) Equity warrants at a price of ₹214/- (Rupees Two Hundred and Fourteen only) per warrant i.e., ₹10/- (Rupees Ten only) each at a premium of ₹204/- (Rupees Two Hundred and Four only) per warrant aggregating to an extent of ₹12,00,00,000 (Rupees Twelve Crores only) on Preferential Basis to Mr.S.Giridharan, Promoter and 11,68,224 (Eleven Lakhs Sixty Eight Thousand Two Hundred and Twenty Four only) Equity warrants at a price of ₹214/- (Rupees Two Hundred and Fourteen only) per warrant i.e., ₹10/- (Rupees Ten only) each at a premium of ₹204/- (Rupees Two Hundred and Four only) per warrant aggregating to an extent of ₹25,00,00,000 (Rupees Twenty Five Crores) on Preferential Basis to Non-Promoters with currency not exceeding Eighteen months from the date of issue/allotment of the said warrants or such extended currency as may be permitted under the applicable SEBI Regulations as amended from time to time, each such warrant entitling the holder thereof to exercise its option to apply for and be issued and allotted one fully paid up equity share of face value of ₹10/- (Rupees Ten only) each in the company at any time which option may be exercised by the holder in one or more tranches and on such terms and conditions as the Board may from time to time, whether on the same terms and conditions as may be deemed appropriate by the Board, both issued at a price which is higher than the minimum specified as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") on the relevant date and that shares so issued shall rank pari-passu in all respects with the existing Equity Shares of the company.

RESOLVED FURTHER THAT the relevant date in relation to the fully convertible warrants for the purpose of determining the issue price under the SEBI Regulation for preferential Issue shall be 30.08.2010 i.e the date 30 days prior to the date of the Annual General Meeting where the proposed issue is to be considered.

RESOLVED FURTHER THAT the said fully convertible warrants shall be issued and allotted within a period of fifteen (15) days from the date of passing this Special Resolution provided that where the allotment of the said fully convertible warrants is pending on account of

pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of fifteen (15) days from the date of such approval or such other extended period as may be permitted under the applicable SEBI Regulations as amended from time to time.

RESOLVED FURTHER THAT an amount of ₹53.50/- (Rupees Fifty Three and Paise Fifty only) per warrant (25% of issue price of ₹214/- (Rupees Two Hundred and Fourteen only)) shall be payable on the date of allotment of the said warrants, which shall be adjusted against the price payable subsequently for acquiring the equity shares by exercising the option for conversion with the balance amount being payable at the time of conversion, and the said amount be forfeited, in case the option to acquire fully is not exercised. However, the option to exercise shall not be later than eighteen months of the issue of warrants on such other terms as may be decided by the Board from time to time.

RESOLVED FURTHER THAT the said fully convertible warrants to be issued and allotted upon conversion thereof on the exercise of the said option by the holder thereof shall be subject to a lock in period as per SEBI Regulations as amended from time to time.

RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting the said fully convertible warrants to be issued and allotted upon conversion thereof on the exercise of the said option by the holder thereof of the company, as aforesaid, the Board of Directors of the company be and is hereby authorized to do and perform all such other acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the said Equity Warrants of the company as it may, in its absolute discretion, deem fit and proper and also to seek the listing of such securities in one or more Stock Exchanges in India.

7. Payment of commission to Non-Executive Directors of the company .

RESOLVED THAT in accordance with the provisions of Sections 198,309,310, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the recommendation made by the Remuneration Committee and approved by the Board of Directors at their meeting held on 30.08.2010, the consent of the company be and is hereby accorded to the board for the payment of commission to an extent of 0.75% on the net profits of the company as on 31.03.2011 computed as per Section 349 and 350 of the Companies Act, 1956 to all the Non-Executive Directors of the company.



FURTHER RESOLVED THAT the information provided above shall be treated as an Abstract under section 302 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors and / or the Company Secretary be and are hereby jointly / severally authorized to make application to the Central Government and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any committee of directors or director(s) to give effect to the above resolution.

For and on behalf of the Board of Directors

S. Giridharan
Chairman and CEO

Place : Chennai

Date: 30.08.2010

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
3. The Register of Members and the Share Transfer Books of the company will remain closed from 23.09.2010 to 29.09.2010 (both days inclusive).

4. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.
5. Members are requested to notify immediately any change in their address to the Registrar and Share Transfer Agent - Karvy Computershare Pvt. Ltd., Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Tel : 040-4465 5000, Fax : 040 - 2342 0814, Email: einward.ris@karvy.com
6. Subject to the provisions of section 206 A of the Companies Act, 1956, the final dividend, as recommended by the Board of Directors, if declared, at the Annual General Meeting, the Dividend Warrants are scheduled to be posted on or after 29.09.2010 to those members whose names appear in the Register of Members as on 23.09.2010.
7. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership, as per the details to be furnished for this purpose by National Securities Depository Limited and Central Depository Services (India) Limited. Those members are requested to direct change of address notifications and updations of their bank account details to their respective Depository Participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends. The relevant authorization Form for ECS Mandate/Bank Account details is attached elsewhere in this report.
8. Member who desire to have their Bank Account details incorporated in their Dividend warrants may please furnish the (i) Share Folio No. (ii) Name and address of Sole/First Shareholder (iii) Bank Account No. (iv) Name of the Bank and Branch (v) Full address of the branch with Pin Code. The details may be sent to the Company's Registrar & Transfer Agent . Karvy Computershare Pvt. Ltd.,Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.,Tel : 040-44655000, Fax : 040-23420814, Email : einward.ris@karvy.com

9. Information pursuant to clause 49 of the Listing Agreement for re-appointment of Director

1 Name of the Director	Mr. T. S. Ravichandran
a Age	49
b Date of appointment	22/04/2008
c Qualification	FCA, ACS, Grad CWA
d Experience	26 years
e No. of Shares	Nil
f Directorship in other companies	1. Vidhyadhana Education Private Limited 2. TSR Infotech Private Limited
g Chairman/Member of Committees of Companies	1. Chairman - Remuneration Committee 2. Chairman- Share Transfer and Shareholders Grievance Committee 3. Member - Audit Committee
h Shareholding in the company	NIL



10. Unclaimed Dividend Pursuant to the provisions of section 205A(5) of the Companies Act, 1956 as amended dividend, the financial ended 31st March 2009 which remain unclaimed for a period of 7 years from the date of transfer of the same to the unclaimed dividend account as referred to in subsection 1 of Section 205A of the Act, will be transferred to the Investor Education and Protection Fund (IEP Fund) of the Central Government. Shareholders who have not en cashed the dividend warrant so far for the financial year ended 31st March 2009 are requested to make their claim to the company's secretarial department at New No.139, Panna Plaza, Arcot Road, Kodambakkam, Chennai - 600024. It may also be noted that once the unclaimed dividend is transferred to IEP Fund, as above no claim shall lie in respect thereof.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) FOR ITEM NO. 5 and 6

ITEM NO: 5:

ISSUE OF EQUITY SHARES

a) Objects of the Issue

S.No	Category	Pre-issue (as on 30.08.2010)		Post Issue	
		No of Shares	% of shareholding	No of Shares	% of shareholding
A	Promoters holdings Indian Promoter	38,21,903	31.24	38,21,903	30.36
B	Non-Promoter holdings Institutional Investors/Banks Mutuals Funs FIIS				
C	Others Private Corporate Bodies	50,04,727	40.91	52,55,696	41.75
	Indian Public NRI / OCBs Foreign Private Equity Funds	34,06,643	27.85	35,11,839	27.90
	Total	1,22,33,273	100	1,25,89,438	100

c) Proposed time within which the allotment shall be completed:
The allotment of equity shares will be completed within a period of fifteen days from the date of passing the resolution by the Shareholders at the Annual General Meeting, provided that when

The Company proposes to make substantial investments over the next few years for expanding its business into the Schools, Online Tuition services segment and also proposes to upgrade its Learning Management System to include Institutions Management Systems. The company also needs to upgrade Content Development, Infrastructure for Higher Education and Career Placement segments. Further the Company is in need of expanding its presence Pan India through more representative offices and partner centers and the subsequent promotion campaign exercise for Pan India roll out. This will involve huge funds outlay over the period of next few years. The financial position of the company also needs to be strengthened and new resources have to be generated as well as appointed for accomplishing the above plans. As part of the above project funding, the company proposes to raise capital upto to an extent of ₹44.62 Crores (₹37 Crores by way of warrants and ₹7.62 Crores by way of equity shares) as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"), at such time as the Board of Directors of the Company may determine.

b) Shareholding pattern before and after the offer of shares :

i) Shareholding pattern before and immediately upon the issue of 3,56,165 equity shares pursuant to the offer

the allotment on preferential basis is pending on account of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed with 15 days from the date of receipt of such approval.



d) The identity of the proposed allottees and percentage of post preferential issue capital that may be held by it:

Name	Category	No of Equity shares
Raghu Rajagopal	Non- Promoter	9,042
R Ramaraj	Non- Promoter	10,655
Afilias India Pvt. Ltd.	Non- Promoter	5,327
Svapras Innovations Pvt. Ltd.	Non- Promoter	23,716
Transcorporate Advisory Services Pvt Ltd	Non- Promoter	59,017
Gopal Srinivasan	Non- Promoter	5,327
Chandrasekhar Kopparapu	Non- Promoter	21,176
Bridle Information and Technology Solutions Pvt. Ltd	Non- Promoter	57,192
Silkroute Indchem Limited	Non- Promoter	12,259
SmartLearn Telcomp Pvt Ltd.	Non- Promoter	93,458
K Swaminathan	Non- Promoter	19,930
Chandra K	Non- Promoter	18,692
Sudhamani G	Non- Promoter	18,505
Pushpa J Shah	Non- Promoter	1,869

The Pre- Issue and Post- Issue shareholding pattern of the proposed allottees are given below:

Name	Pre- issue (as on 30.08.2010)		Post issue	
	No of Shares	% of shareholding	No of Shares	% of shareholding
Raghu Rajagopal	Nil	Nil	9,042	0.07
R Ramaraj	Nil	Nil	10,655	0.08
Afilias India Pvt. Ltd.	Nil	Nil	5,327	0.04
Svapras Innovations Pvt. Ltd.	Nil	Nil	23,716	0.19
Transcorporate Advisory Services Pvt Ltd	Nil	Nil	59,017	0.47
Gopal Srinivasan	Nil	Nil	5,327	0.04
Chandrasekhar Kopparapu	Nil	Nil	21,176	0.17
Bridle Information and Technology Solutions Pvt. Ltd	Nil	Nil	57,192	0.45
Silkroute Indchem Limited	Nil	Nil	12,259	0.1
SmartLearn Telcomp Pvt Ltd.	Nil	Nil	93,458	0.74
K Swaminathan	Nil	Nil	19,930	0.16
Chandra K	Nil	Nil	18,692	0.15
Sudhamani G	Nil	Nil	18,505	0.15
Pushpa J Shah	Nil	Nil	1,869	0.01

e) Pricing Certificate of the Auditors:

M/s.RAJ AND RAVI, Chartered Accountants, Chennai, Statutory Auditors of the company, have issued a certificate as on 30.08.2010 being the relevant date, recommending a minimum price of ₹213.58 (Rupees Two Hundred and Thirteen and Paise Fifty Eight only) calculated as per SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. They further certify that the proposed preferential allotment of equity shares is being made in accordance with the requirements contained in SEBI (ICDR) Regulations for preferential issues. The said certificate shall be placed before the shareholders at the Annual general meeting and is available for inspection of Members at the registered office of the Company during 11.00 a.m. to 4.00 p.m. on any working day upto the date of the Annual general meeting.

f) Lock In:

The shares to be issued and allotted on preferential basis shall be subject to a lock in period as per SEBI (ICDR) Regulations 2009 as amended from time to time.

g) Change in Management:

There will be no change in the Management or control of the Company.

h) Legal Requirement:

As per provisions of Section 81(1A) of the Companies Act, 1956, consent of the shareholders by way of Special resolution is required for issue of shares on preferential basis. Hence the Board recommends the said resolution for the approval of shareholders in the ensuing Annual General Meeting.

i) Disclosure of Interest:

None of the directors of the Company is concerned or interested in the above resolution.

c) Shareholding pattern before and after the offer of warrants:

i) Shareholding pattern before (after the issue of shares given in the item no.5) and immediately upon the conversion of 20,85,137 equity warrants pursuant to the offer

Sl.No	Category	Pre- issue (as on 30.08.2010)		Post Issue	
		No of Shares	% of shareholding	No of Shares	% of shareholding
A	Promoters holdings				
	Indian Promoter	38,21,903	30.36	43,82,651	30.61
B	Non-Promoter holdings				
	Institutional Investors/Banks				
	Mutuals Funs				
	FIIS				
C	Others				
	Private Corporate Bodies	52,55,696	41.75	64,23,920	44.86
	Indian Public	35,11,839	27.9	35,11,839	24.53
	NRI / OCBs				
	Foreign Private Equity Funds				
	Total	1,25,89,438	100	1,43,18,410	100

ITEM NO. 6

ISSUE OF EQUITY WARRANTS

a) Objects of the Issue

The Company proposes to make substantial investments over the next few years for expanding its business into the Schools, Online Tuition services segment and also proposes to upgrade its Learning Management System to include Institutions Management Systems. The company also needs to upgrade Content Development, Infrastructure for Higher Education and Career Placement segments. Further the Company is in need of expanding its presence Pan India through more representative offices and partner centers and the subsequent promotion campaign exercise for Pan India roll out. This will involve huge funds outlay over the period of next few years. The financial position of the company also needs to be strengthened and new resources have to be generated as well as appointed for accomplishing the above plans. As part of the above project funding, the company proposes to raise capital to an extent of ₹44.62 crores (₹37 Crores by way of warrants and ₹7.62 Crores by way of equity shares) through issue of warrants through private placements to promoters and non-promoters as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"), at such time as the Board of Directors of the Company may determine.

b) Intention of promoters/directors/key management persons to subscribe to the offer:

Mr. S. Giridharan belonging the Promoter group has expressed his intention to subscribe for 5,60,748 (Five Lakhs Sixty Thousand Seven Hundred and Forty Eight) fully convertible Equity warrants of ₹10/- (Rupees Ten only) each at a premium of ₹204/- (Rupees Two Hundred and Four only) per warrant. An amount equivalent to 25% of the issue price shall be paid on subscription to the warrants. The warrant holder shall be entitled to apply for and be allotted, in one or more tranches, one equity share of the face value of ₹10/- (Rupees Ten) each per warrant before the expiry of eighteen months from the date of allotment of such warrants.



d) Proposed time within which the allotment shall be completed:

The allotment of equity shares will be completed within a period of fifteen days from the date of passing the resolution by the Shareholders at the Annual General Meeting, provided that when the allotment on preferential basis is pending on account of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed with 15 days from the date of receipt of such approval

e) The identity of the proposed allottees and percentage of post preferential issue capital that may be held by it:

The Proposed allottees are

Name	Category	No of warrants
S.Giridharan	Promoter	5,60,748
Bennett, Coleman & Co. Ltd	Non- Promoter	7,00,934
HT Media Ltd	Non- Promoter	4,67,290

The Pre- Issue and Post- Issue shareholding pattern of the proposed allottees are given below:

Name	Pre- issue (as on 30.08.2010)		After conversion of warrants	
	No of Shares	% of shareholding	No of Shares	% of shareholding
S.Giridharan	18,83,434	15.40	24,44,182	17.07
Bennett, Coleman & Co. Ltd	NIL	NIL	7,00,934	4.90
HT Media Ltd	NIL	NIL	4,67,290	3.26

f) Pricing Certificate of the Auditors:

M/s.RAJ AND RAVI., Chartered Accountants, Chennai, Statutory Auditors of the company, have issued a certificate as on 30.08.2010 being the relevant date, recommending a minimum price of Rs.213.58 (Rupees Two Hundred and Thirteen and Paise Fifty Eight only) calculated as per SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. They further certify that the proposed preferential allotment of equity warrants is being made in accordance with the requirements contained in SEBI (ICDR) Regulations for preferential issues. The said certificate shall be placed before the shareholders at the Annual general meeting and is available for inspection of Members at the registered office of the Company during 11.00 a.m. to 4.00 p.m. on

any working day upto the date of the Annual general meeting.

g) Lock In:

The warrants to be issued and allotted on preferential basis shall be subject to a lock in period as per SEBI (ICDR) Regulations 2009 as amended from time to time.

h) Change in Management:

There will be no change in the Management or control of the Company.

i) Legal Requirement:

As per provisions of Section 81(1A) of the Companies Act, 1956, consent of the shareholders by way of Special resolution is required for issue of shares on preferential basis. Hence the Board recommends the said resolution for the approval of shareholders in the ensuing Annual General Meeting.

j) Disclosure of Interest:

Except Mr. S. Giridharan, none of the other directors of the Company is concerned or interested in the above resolution.

Item No. 7

Considering the future profit earning capacity of the company, the board of directors, based on the recommendation of remuneration committee, at their meeting held on 30.08.2010 have decided to pay a commission of 0.75% on the net profit of the company as on 31.03.2011 computed as per Section 349 and 350 of the Companies Act, 1956, to the Non-Executive directors of the Company.

Since payment of commission to managerial personnels requires the approval of shareholders in general meeting, the resolution in item no. 7 is being placed before the members for approval.

Except Mr. S. Arvind, Dr. Ilango Balakrishna and Mr. T.S. Ravichandran none of the other directors of the Company is concerned or interested in the above resolution





“The real meaning of enlightenment is to gaze with undimmed eyes on all darkness”.

Nikos Kazantzakis



→ Enlightening the Real India through Education

Enlightening the Real India through Education

If the 1800s were referred to the 'age of enlightenment' for the wave after wave of thought processes that hit societies across the world, the 2000s can well be called the 'age of enlightenment enablers'. For, the world has never before seen such a plethora of information delivery systems, which now cut across economic, social and national boundaries. For those seeking enlightenment, the world is their textbook. However, one simple age old method still remains the key. Education. In today's world, it is still knowledge aka, education, which makes for the steps that carry the seeker from obscurity to glory, from despair to hope, and from darkness to enlightenment. According to Andrew Cohen, teacher and philosopher, “Evolutionary enlightenment is about the ecstasy that compels us to create the future. And it's not a future that's going to unfold by itself while we go back to sleep. It's a future that we forge the hard way through direct, conscious, intentional engagement with the life-process itself.” It is this intentional engagement with the youth of India and perhaps soon, of the world, that EdServ is setting up. But in a way that reaches out to just about every downtrodden youth, cutting across socio-economic as well as mental and psychological boundaries, and in a way that makes full use of the wonderful convergence of information delivery systems for the common man!

Reaching the 'Real India' by Technology

EdServ through its orchestrated technology-led system of learning tools is able to tackle all the above challenges so as to become a powerful growth enabler for the bottom of the pyramid, the Real India, with progress in their minds and hearts. Today EdServ as the next generation education company is dedicated to bringing to students across India, a unique mode of tutoring and metrics with career mapped e-learning delivery system that uses affordable online web channels to reach out to every Indian. The company calls it, serving Cradle to Careers.

The Mission Statement

Transform lives by enhancing employability of every aspirant through need based, career linked, and skill matched affordable education by adopting appropriate technology that delivers global excellence beyond economic, social, and physical boundaries.

EdServ's Vision

To be the pioneer in innovation that delivers the next generation education ecosystem worldwide.

Corporate Philosophy of EdServ

- ☞ in being an equal opportunity employer
- ☞ in treating employees with honesty, fairness, and respect
- ☞ in conducting our business with the highest level of integrity
- ☞ in prudent and transparent management
- ☞ in customer delight through consistent, prompt and high quality service
- ☞ in value creation for our business partners, customers, shareholders and employees



→ Financial Highlights

Financial Highlights

₹

Particulars	2007-2008	2008-2009	2009-2010
1 Revenue	3,94,53,112	8,44,76,151	52,11,89,425
2 EBIDTA	3,23,43,244	5,44,40,167	26,10,58,617
3 Profit after tax (PAT)	2,53,30,348	3,69,12,018	18,01,99,592
4 EPS	9.02	4.54	15.01
5 Net worth	7,15,80,072	33,51,34,967	48,05,77,960
6 Book Value	25.48	27.91	40.03
7 Return on Net worth	35.39	11.01	37.50
8 <u>Revenue split Segment wise</u>			
Software Trading and Sales	1,64,05,300	2,72,45,000	16,59,45,880
Royalty - Franchisee Centers	-	-	40,949
Training, Media Reimbursement, Course Content	56,47,812	32,93,025	2,82,03,500
Reimbursement of Vocational Training	-	-	18,59,42,100
Application Fees	-	-	50,13,918
Recruitment services	-	-	26,300
Student Registration Fee	-	96,28,126	5,76,60,055
Brand License Access Fee	1,74,00,000	4,18,10,000	7,80,48,031
Sale of Machinery	-	25,00,000	3,08,692
TOTAL	3,94,53,112	8,44,76,151	52,11,89,425

→ Contents

Contents

Letter from the CEO	5
From A to Z of Raising Students' Hopes	7
EdServ Board of Directors	9
Management Team	10
Milestones	11
Advantage Genex! Time to Relearn How To Learn	13
Board of Directors	21
Directors' Report	23
Report on Corporate Governance	27
Management Discussion and Analysis	41
Risk Management Report	57
Auditors' Report	61
Balance Sheet	65
Profit and Loss Account	66
Cash Flow Statement	67
Schedules forming Part of Balance Sheet	69
Schedule Notes forming Part of the Accounts	73
Balance Sheet Abstract	78
Statement on 212 Relating to Subsidiaries	79
Directors' Report on Vidhyadhana	80
Auditors' Report on Vidhyadhana	81
Balance Sheet of Vidhyadhana	82
Notes on Account of Vidhyadhana	83
Balance Sheet Abstract of Vidhyadhana	84
Auditor's Report on Consolidated Accounts	85
Balance Sheet, Profit and Loss of Consolidated Accounts	86
Cash Flow of Consolidated Accounts	88
Schedules of Consolidated Accounts	90
Notes of Consolidated Accounts	94
Form for ECS Mandate/ Bank Account Details	98



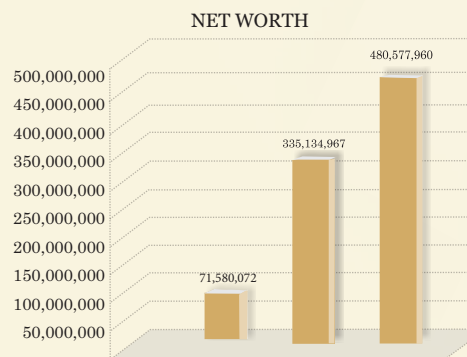
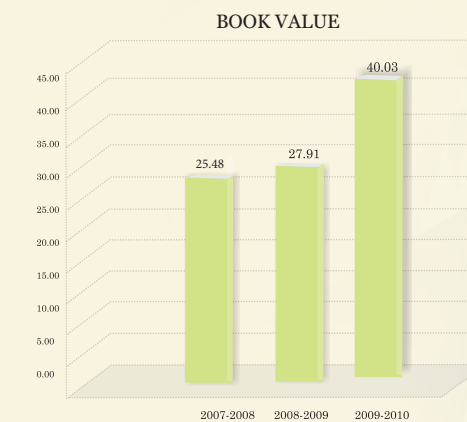
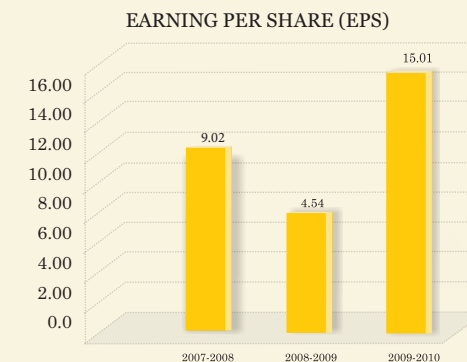
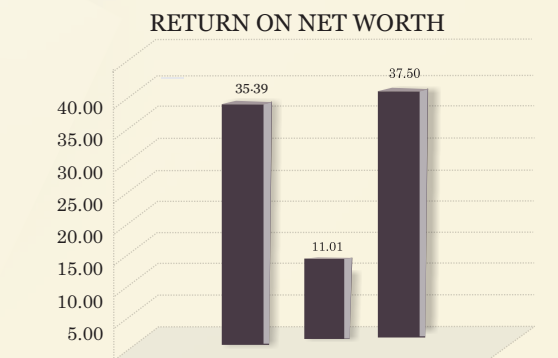
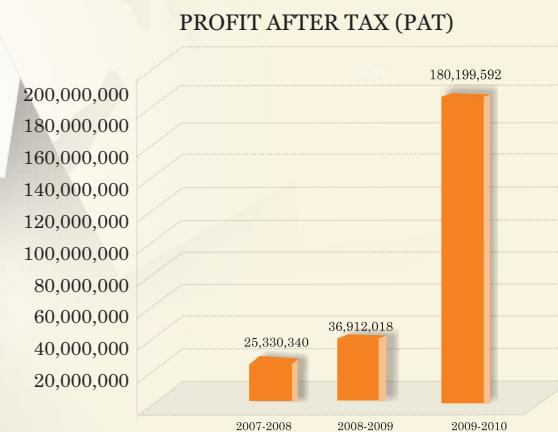
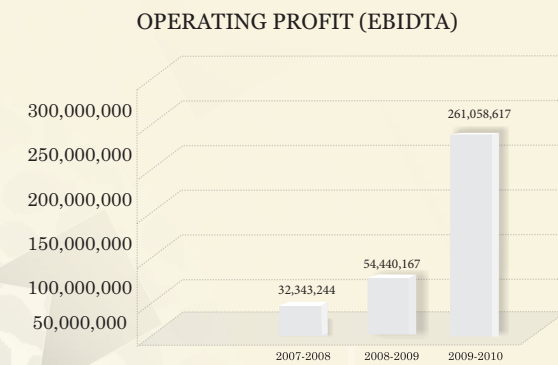
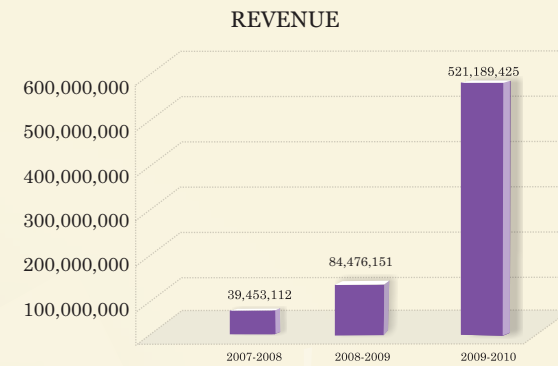
→ Letter from the CEO
Letter from the CEO



Dear Shareholder,

I'm very happy to present you yet another year of growth. Your company started out with a dream to fulfil the dream of the younger generation in building their career and readying them for a fantastic future. As you well know, EdServ is a leading company in India offering both education and career solutions in a most affordable and seamless platform. Education remains the only way that can lift the downtrodden and give them a future that's brighter and more successful. EdServ has taken up that effort to reach out to the vast multitudes of Indians, making their dreams come alive by training successfully and outfitting many candidates with jobs. This is to bridge the academic-industry divide through career integrated learning framework delivered through an efficient easy to access web system.

I take great pleasure in presenting your company's annual performance for the year 2009-2010. This year your company made several strategic acquisitions to inorganically move into a fast growing online test prep and online tutoring segment of the K thru 12 education. Your company has introduced various education and career support services using niche easy-



to-access technologies to make learning more affluent and more meaningful.

Your company made an entry into the billion dollar pre-school segment worldwide, which is expected to grow at 40% to become a billion dollar market in India by 2012 most probably by acquiring the online pre-school entity called The SPARKLING MINDS. Your company also launched the Vidhyadhana Academy of Excellence for Schools and signed up several schools in the state of Tamil Nadu to invest upto Rs. 30 Lakhs on infrastructure, capacity expansion, technology, content, teacher and student empowerment as end-to-end school support system.

Your company is present at the moment in over 100 schools, thanks to the acquisition of SchoolMATE, the School ERP entity. Your company has over 5,000 tutors on-board online who provide all subject help, CBSE tuition, Engineering tuition among others through the acquisition of 2tion.com. Your company has also solutions for IIT-JEE and AIEEE aspirants from 7th standard onwards through acquisition of Smartlearn WebTV.

LAMPSGLOW.com is the first-of-its-kind consumer offering on a web super-store. At ₹199 anyone can start accessing for any of their learning and career needs. The Vidhyadhana Academy with the School ERP and web and mobile based smart applications for students to clear doubts on the move. The online Client-Job seeker engagement matching the demand with the supply, the next-door dealer network to pay-up and instantly connect to online to access of products of choice wherever one is, and such path-breaking solutions to the humanity at large at most the affordable and convenient access modes have opened up a next generation of thinking to elevate and enlighten the Real India.

The year ahead will see your company on an aggressive rollout with a massive expansion plan to reach Pan India and South Asia providing affordable learning and career solutions in both online and in-campus modes. The year will also see your company getting into greater Government project engagements taking part in the development initiatives of a fully grown knowledge economy as India. Your company, having already signed with COREL CORP as the first e-learning partner in India, shall pursue further such relationships with multinationals in India and worldwide so as to reach over 1 million subscriber base in www.lampsglow.com making it a full-fledged house-hold name to trust upon for all education and career needs.

Your company aims to make sure that each and every Indian is not just educated to acquire intelligence but also to render them absolutely and contentedly employable. EdServ's tomorrow, I am sure, is aligned well with the enlightened Real India.

With warm greetings for the festival season ahead to you and your family,

Chennai
31.08.2010

S. Giridharan
Chairman & CEO



➔ From A To Z Of Raising Students' Hopes

From A To Z Of Raising Students' Hopes

EdServ began with a dream... to bring alive every student's dream of excelling in school, college, entrance exams, and in jobs ! For that, a technology that can be adopted easily by all and that can deliver across any distance, anytime, to everyone was devised:

Today that system

- ☞ Can match demand and supply in scale and quality, reach and spread
- ☞ Can bridge the academic-industry divide through its career integrated learning framework delivered through an easy to access web system
- ☞ Is holistic in honing the academic skills of the downtrodden right from the end of the pyramid upward.

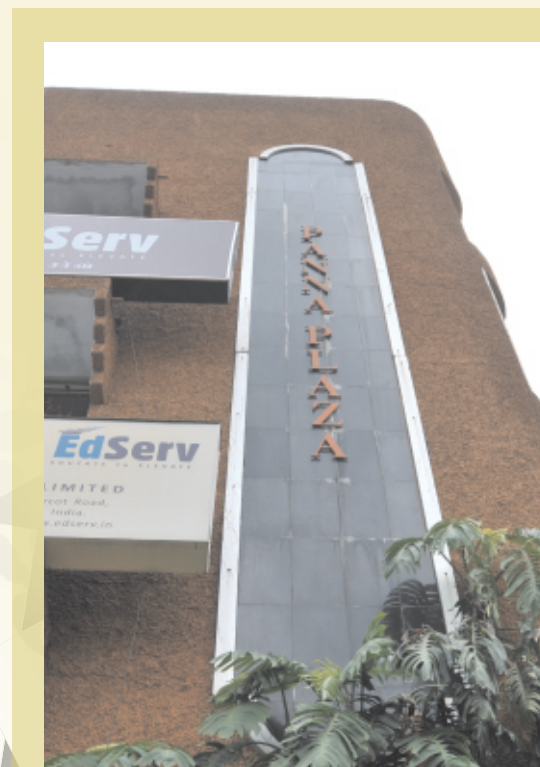
Access the world by touch of a key !

EdServ today ensures its e-learning, e-tutoring, e-metrics, and jobs products are efficient and affordable, and delivers 'real' convenience to the users. This the company does by placing the most vital products online. The completely web enabled range of products are made accessible through a secured web interface, www.lampsglow.com.

The portal is a first-of-its-kind, one-stop consumer web super-store where you, as a student, job seeker, client, institution, tutor, or any other community looking for anything in learning and placement can pay up by charging your account by online / offline payment methods and access seamlessly products of your choice on a pay-per-hour usage basis!

EdServ also provides in-campus school support solutions through its VIDHYADHANA ACADEMY. Schools that have a middle class reach, also have urge and energy to grow but lack financial and management bandwidth can now look forward to Vidhyadhana Academy for providing the much needed investments and educational support to expand on technology, quality, capacity, teacher and student empowerment so as to have a complete school transformation to be the leader in their respective region.

EdServ also has the Government engagement for providing Vocational Skills training for the downtrodden and jobless communities at large in rural areas. EdServ is keen to get into more such engagements in future.



The EdServ as of today ...

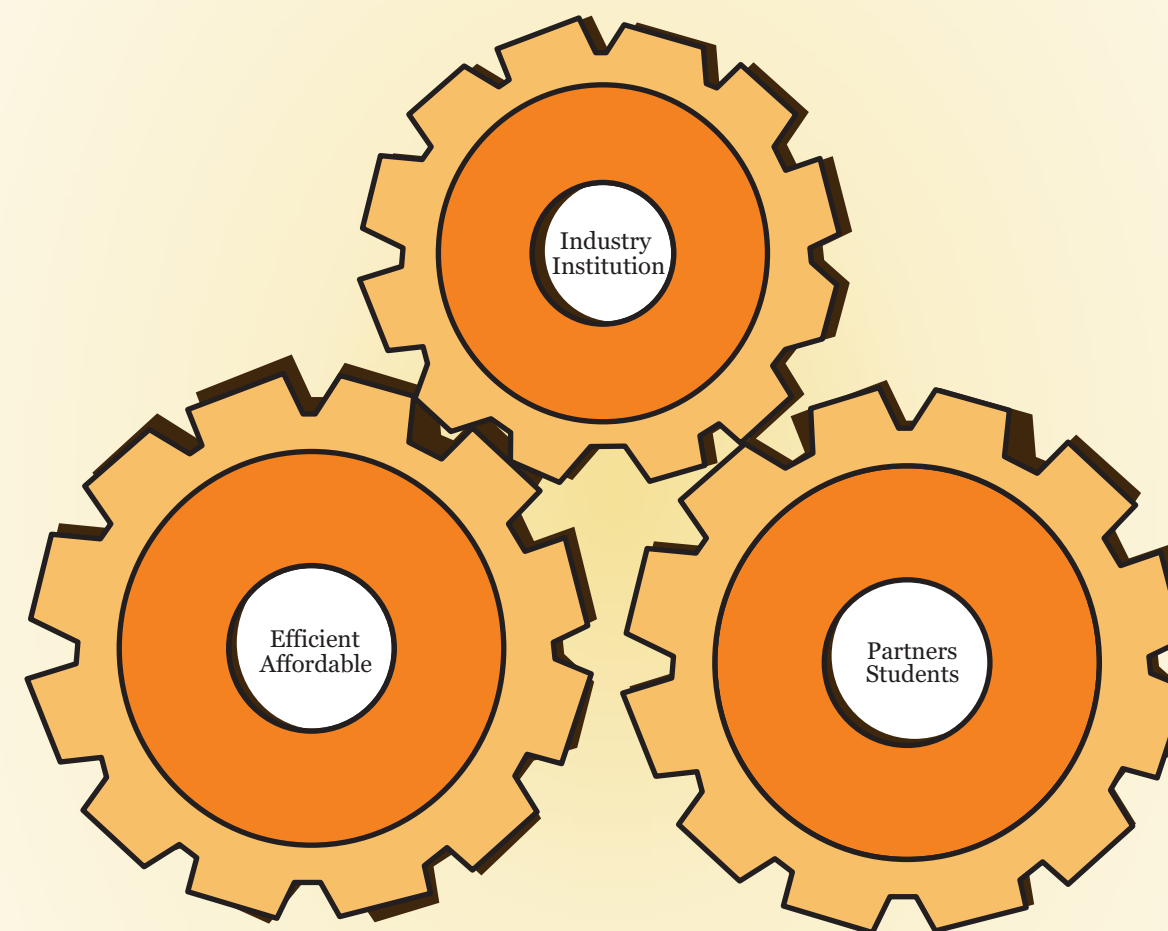
EdServ is based in Chennai and has over 10,000 sq.ft development facility apart from the Corporate office in Chennai downtown. The company has offices in Bangalore, Hyderabad, Mumbai, Kolkota, Kochi, Bhubhaneswar, and Madurai apart from widespread Dealers, Distributors, Vocational training partners all over India.

EdServ has signed up relationships with Manonmaniam Sundaranar University, Mother Teresa University, and is present in over 150 schools and colleges to provide the much needed education support.

EdServ has acquired 2tion.com, Smartlearn WebTV, SchoolMATE, and The Sparkling Minds during the year to quickly enhance its reach and width, in contents and applications for providing online learning and placement solutions for a larger audience PAN INDIA.

EdServ has now got partner relationship with COREL Corp., for a worldwide reach to co-brand the e-learning contents duly vetted and authorized by COREL for their clients.

EdServ has over 120 staff and also has another 150 contractual staff for providing contents, technology, sales, and delivery support. EdServ has over 5,000 tutors, 50,000 students, 100,000 jobs, 200 clients online.



“Efficiency is doing better what is already being done.”
Peter F. Drucker



→ EdServ's Board of Directors

EdServ's Board of Directors



Mr. Giridharan (Chairman and CEO)



Dr. Ilango Balakrishna (Director)



Mr. T.S. Ravichandran (Director)



Mrs. Gita (Managing Director)



Mr. S. Arvind (Director)

"The higher we soar, the smaller we appear to those who cannot fly."

Friedrich Nietzsche



→ The Management

The Management

EdCademy MODES

Mr. Sivakumar G
Sr. Vice President

Mr. Chandrasekaran C
Regional Head - South

Mr. Vinodh Kanna N
Regional Head - Support & Audit

Mr. Parvez Akhtar E
Regional Head - East

Mr. Prashant Pavshe
Regional Head - West

Technology

Mr. Prabu G
Head – LAMPSGLOW systems

Mr. Ravindra Vytla
Head – Vidhyadhana systems

Vidhyadhana Academy

Mr. Harikrishnan K
Divisional Head

Mr. Ashok Vardhan Rao
Bolagani
Head - SchoolMATE sales

Mr. Mohan B M S
Director - Academic Council

Delivery

Mr. Mohanamurthy P H
Head - Delivery Support

Ms. Sudhamani G
Head – IMS & IT enabled Services

LAMPSGLOW

Mr. Vaidyanathan C R
Sr. Vice President

Mr. Vidyashankar M
Head - Alliances and Corporate Sales

Mr. Sriram P R
Head - Channel Sales

Mr. Sujai G
Head - Mobile Solutions

Content

Ms. Srisudha S
Head – Content Development

Ms. Praveena S
Head – Academics

Corporate

Ms. Pavithra R
Head – HR

Mr. Madhavan R
Head - Finance

Mr. Ramaseshan V
Company Secretary

Ms. Uma Kumar
Legal Affairs

Mr. Jayaraman V
Head - Admin and Public Relations



→ Milestones
Milestones



“Knowing others is wisdom, knowing yourself is enlightenment.”
Lao Tzu



- March 2001**
Incepted as an IT solution provider
- August 2004**
Rolled out the 300th retail software product (Raymedi) for pharmacies
- April 2007**
Acquired ELMAQ, one of the leading IT training brands in south India
- January 2008**
Launched India's first 4th generation education company, renamed as EdServ
- March 2009**
Listed in BSE and NSE after the IPO for the Indian market
- April 2009**
Launched EdCademy the online academic support for engineering students
- August 2009**
Signed up the MOU with Manonmaniam Sundaranar University (MSU)
- September 2009**
Acquired 2tion.com
- October 2009**
Became the Associated Training Provider to the Ministry of Labor & Employment, GoI
- November 2009**
Launched VIDHYADHANA the academy of excellence for schools to enter School segment
- January 2010**
Awarded as Vocational Training Provider (VTP) status for the Southern Region by the Regional Directorate for Apprenticeship Training (RDAT) - Hyderabad & Chennai regions of Ministry of Labour, GOI
- February 2010**
Acquired SchoolMATE, the ERP for Schools
- March 2010**
Acquired SmartLearn web TV, the e-content entity for IIT-JEE and AIEEE
- March 2010**
Launched LAMPSGLOW online education / placement portal with tutoring, e-learning, Test Prep, and Jobs
- March 2010**
Entered preschool segment by acquisition of The Sparkling Minds
- May 2010**
Signed up Distributors for LAMPSGLOW in Bihar, Gujarat, Himachal Pradesh, UP apart from AP / TN
- June 2010**
Vidhyadhana academy signed MOU with 40 year old city school
- July 2010**
Launched Mobile application for students for doubt clarifications with live tutors
- August 2010**
Signed up with COREL CORP as e-learning partner

➔ Advantage Gennex! Time To Relearn How To Learn

Advantage Gennex! Time To Relearn How To Learn

EdServ has already trained over 1,00,000 students in different domains, classes and subjects. They have now successfully outfitted many candidates with jobs. This technology introduced by EdServ satisfies the thirst of the students who prefer modern education rather than the conventional ways.

The Products Under The Wingspan Of EdServ

EdServ has three main streams of business through which it is able to make education accessible to all. It's products now deal:

Directly with schools and institutions - offering them support services that help their students perform better as well as enable a more vibrant and interactive classroom itself.

Directly with students and job seekers through a comprehensive web based platform called www.lampsglow.com.

Directly with the government to give a broad based solution to the problem of reaching out to the bottom of the pyramid and enabling careers for all.

Vidhyadhana Academy

Vidhyadhana is the EdServ's school division that provides school support solutions involving top educationists.

EdServ, through the Vidhyadhana Academy, will enter into a 5year renewable Joint Venture with schools, whereby it invests into the schools for educational infrastructure, multimedia systems, class support system and Academic ERP that include Teacher Empowerment programmes. Vidhyadhana is an academy of excellence for Industry Demand Aligned Education (IDEA) that enhances quality of education among students within their own school environment. It maps their interest to careers and also makes it a fun filled learning experience with multimedia and animation based games. It will invest in EdLabs, LCD TVs and Smart Learning tools with video conferencing to improve academics.



Highlights of the academy

To provide schools with a solid technology led support system mentored by well recognized educationists

To provide quality teachers, improve admissions and also support academic performance of students

The joy of live interaction through EdClass

EdServ through Vidhyadhana will bring classrooms alive through a two way web driven interactive sessions between students, experts/lecturers. These Live lectures with students and experts will happen in pre-defined sessions or time frame as set by the student.

Career seeding through Schoolmate

EdServ's offerings to schools through the Vidhyadhana Academy includes providing Academic support, School Management support, and Student Performance Management support services through which the company will provide multi-dimensional skill

K-12 itself. Through the acquisition of SchoolMATE, EdServ's Vidhyadhana Academy will have overall points of presence in over 100 schools including 30 schools that it has already signed up since its launch in November 2009. SchoolMATE's ERP generates over 250 MIS reports and helps management, teachers, students and parents to retrospect and improvise. It houses GPS / GIS technology apart from RFID /Biometric / SMS methods to track and monitor student homework, logistics, and attendance, apart from over 15 modules computerising all academic and administrative functions of a school online.



“Surround yourself with only people who are going to lift you higher.”

Oprah Winfrey



www.lampsglow.com - Learning untied

Lampsglow.com is the online web portal for education and placement launched in July 2008. It offers e-learning modules from test prep for competitive exams to live tuition for enhancing students performance to online job engagement. Literally, from kindergarten to careers and beyond.

For a starting price of just ₹199/-, a student can access his/her subjects, topic wise, get help with their day to day preparations as well as avail test preparations and competitive exam preparations.

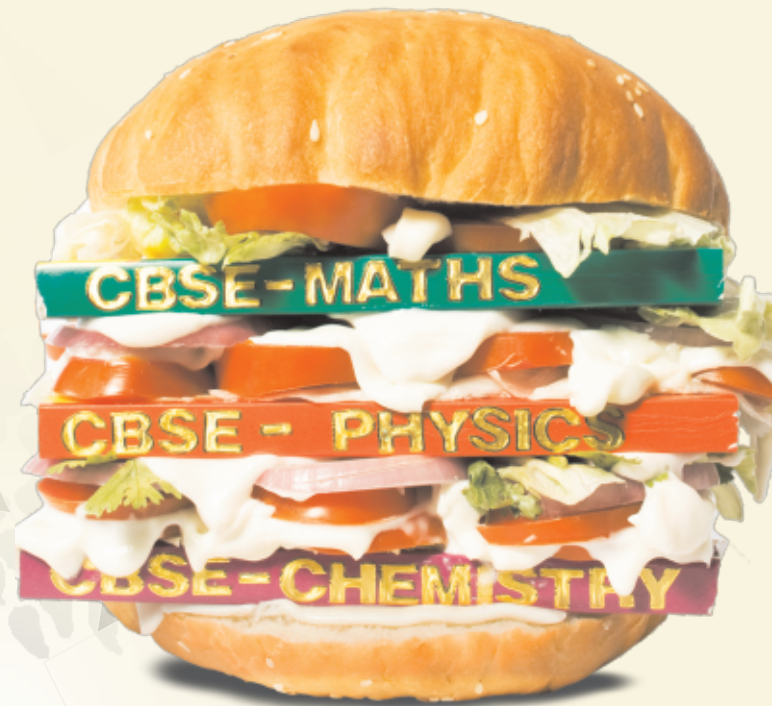
Lampsglow.com's multimedia based video and audio offering along with assessments can be easily accessed at home through broadband or at browsing centers anywhere in India and abroad, and at any time the student pleases.

Offers a wide range of education services on a single web based framework

- Accessible on broadband and even smart phones
- For an entry fee of ₹199/-, the students can access all materials, videos and model papers.
- Such entry fee is also applicable for getting a suitable job online through the lampsglow.com portal.
- Video lectures, e-books, one-on-one tutoring, test preps, engineering, careers and beyond
- First time ever Live Tutorials
- Unique, first-of-its-kind consumer product platform on education services.
- Engineering, IIT JEE with sure-shot papers and with over 2,500 videos of lectures / solutions, AIEEE with sure-shot papers with videos and Job oriented / IT skill courses like C/C++, Java, Softskills and Numerical ability.
- The offering also has online job engine that accepts requests for interviews to be arranged for jobs for the downtrodden and under-employed
- Offers discussion groups and free demo classes.

2tion.com- Tuition That Comes Home

This is a singular product with nil comparative products available in India. Here students can access LIVE TUTORING, anytime after school/university hours where a tutor takes them through the signed up for subjects personally, answering each and every question the children come up with. These holistic one-on-one tutoring cover: 1. Homework help 2. Doubts and back up classes.



2tion.com is a one-stop-destination for all players in the ecosystem of education to interact, impart training, learn and collaborate with one another. EdServ's 2tion currently has over 1,00,000 student registrations and 24,000 tutor registrations and plans to increase the registrations to 500,000 in the next 1 year. Already, in addition to the big domestic student base, 2tion.com has students from the US, UK, Africa, Middle East and South East Asia availing its online tuition services.

EdServ shall also quickly expand the tutor base from a few 100s currently on-board to 1,000+ in the next 3-6 months. The company will target career oriented housewives, retired professors and part time lecturers from all over India to connect from home and to broadcast online.



EdCademy - Enhancing Engineering Performance

For engineering students EdServ's EdCademy is the academic support programmed for Engineering and Management students. EdCademy improves the performance of students in their semester exams so that their placement prospects become better as they move to the final year.

- This stream offers unique coaching and assessment based classes for the students.
- The e-learning modules for self paced learning of a variety of courses are accessible anywhere, anytime.
- Unlimited model online tests with evaluation and solutions.
- 100% University compliant in curriculum.
- Soft skills, personality development skills, basic IT skills through multimedia based audio-video supported e-learning system.

SmartLearn - IIT and AIEEE within grasp

SmartLearn's e-Learning platform brings direct to a student's home the wealth of knowledge from some of the best professors including those who worked in IITs. The offering also includes live web based Online Classes, for select topics, by these experienced professors in a one-to-one as well as in a one-to-many Virtual learning Online.

Targeted at students in class 7-12, SmartLearn offers training for IIT JEE through an innovative web TV concept. Smartlearn WebTV is the first company in India to have rolled out the IIT JEE and AIEEE training offering in an e-learning framework in Shareable Content Objects. Every topic has been separately shot in videos, thus enabling a student to modularize his learning and helping him refer to specific topics instantly while the exercises are being attempted.

SmartLearn's offering to IIT JEE aspirants comprises 500 hours of learning, 2,500 videos containing lectures by senior professors, 3,000 pages of study



materials, exposure to 10,000 unique problems spread over the IIT JEE syllabus and a chapter wise tests with a step-by-step learning solution. SmartLearn also has equal hours of content and exercises for AIEEE coaching.

EdCampus - Jobs and Careers Made Easy

EdCampus is EdServ's ONLINE PLACEMENT CAMPUS. It is a virtual campus providing placements and houses over 2 lakh live jobs, from various clients.

- ☛ EdServ offers online placement campus
- ☛ Completion of their course immediately gets them a job
- ☛ Candidate has to take up pre-career assessment given by the client
- ☛ Domains include retail, BFSI, telecom, manufacturing, BPO, IT and many more
- ☛ The likely compensation package vs. qualification and training performance
- ☛ The other wish-list in terms of job-fitment straight from the college.

The Sparkling Minds - Specially for Pre-School

Sparkling Minds is an online pre-school and junior school offering with a worldwide customer base spanning US, Europe and Australia. Currently, The Sparkling Minds has around 2,000 registered users that include teachers, parents, pre-school owners and children. The Sparkling Minds is available for both online off-campus integrated access as well as in-campus activity based pre-school service. With this acquisition, EdServ makes its entry into the billion dollar pre-school segment worldwide, which is expected to grow at 40% to become a billion dollar market in India by 2012.

EdCenter - Partner Center Based Solutions

EdCenters refer to the channel partners, dealer partners, power partners who are authorized by EdServ to connect its product and services with the clients. The dealer/partners sell all EdServ's products and can authorize the registered user access lampsglow.com's offerings. The registered users can be anyone from students to job seekers to those wishing to write competitive exams and even schools. EdCenters also conduct Government Certified Vocationalised Training Programmes.



EdSeed - Corporate Solutions

EdSeed provides right-sized resources to meet the human resource demand of the corporate. It ensures a recruited fresher become ready-to-deploy. It saves both cost and time for the client bridging the gap between academics and industry.

- ☛ One-stop-shop solutions for clients
- ☛ Bridging the gap between academics and industry
- ☛ IT, non-IT verticals and other domains are covered
- ☛ Strategies used for generating proficient fresher for non-IT domains
- ☛ The client can enter preferences with the lampsglow portal including candidate's background, curriculum essentials, assessment criteria etc.
- ☛ Client's HR goes through lampsglow.com candidates list; client saves up to 20% of cost.



EdCademy MODES - Shattering the Skill Divide

According to the Indian President Pratibha Patil in her 2010 address at IGNOU, Delhi, "Only five percent of the workforce in India has some kind of certification. This is in contrast to over 85 percent in the developed countries".

"Forget FDI in retail, the real need of the hour is trained manpower in the retailing sector," Mr B.S. Nagesh, Managing Director and CEO of Shoppers' Stop Ltd said at a summit recently.

The same dirge is repeated across industries, from automobile to small scale industries to pharma to computer hardware! The irony is apparent. How can the world's second most populated country suffer from lack of labour? The answer is simply that the education industry has not reached the right people with the right products. Today EdServ has in place the framework to render this problem a thing of the past!

The nexus between EdServ and The Ministry of Labour and Employment has thrown up exciting solutions to the problem of jobs being available without the right people with the right skill set to match them! The Government's initiative to develop vocational training and skill development namely MES has been in close consultation with industry, State Governments and experts. MES is Minimum Skills which is sufficient to get an employment in the labour market. To facilitate MES, EdServ works with Ministry of Labour and Employment across India and is besides that, a VTP for Chennai and Hyderabad regions.

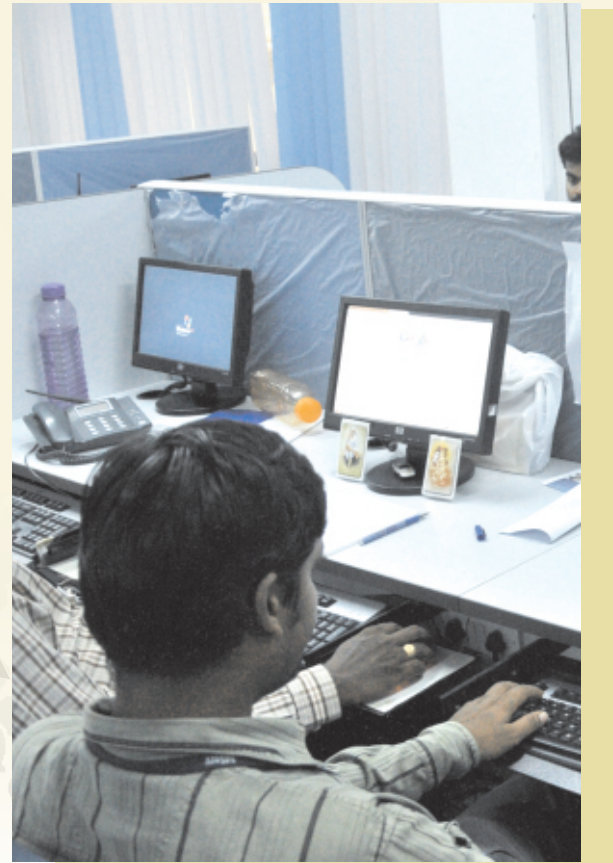


EdServ deploys EdCenters strategically to reach out to the mass market which is under served, underemployed and unemployed to train them to their nearest job orientation. Partners at their own area of strength reach out to get the downtrodden relevant to their interests and skill levels for a subject to be trained. GoI gives the certificate after due assessment and scrutiny which makes the training more authentic and job oriented.

The final aim is to ensure that every Indian is educated to not just broaden his intelligence and knowledge base but to render him joyfully employable. This, EdServ believes is the only way to ensure that the wealth of the nation is accessible to one and all. After all that is a human right!

Delivering MODES through EdCenters

Through EdServ's widening partner/dealer base, the EdCenters can now be accessed in more places than ever! Here anybody, from those from the lower income families, final year students, unemployed graduates and diploma holders, and working people with career mismatches can register with EdCenter centers and choose online their required services and support seamlessly. EdServ expects each and every EdCenter to take the MODES ideal forward and help the nation's most backward come forward and be among the chosen.



“You get by achieving your goals is not as important as what you become by achieving your goals.”
Zig Ziglar



Board of Directors

S. Giridharan (Chairman and CEO)

G. Gita (Managing Director)

Srinivasan Arvind IAS (Rtd) (Independent, non Executive)

Prof. (Rtd) Ilango Balakrishna (Independent, non Executive)

T. S. Ravichandran FCA (Independent, non Executive)

Company Secretary

V. Ramaseshan

Statutory Auditors

Raj and Ravi - Chartered Accountants, Chennai

Bankers

Union Bank of India, New No 74, G. N. Chetty Road, T. Nagar, Chennai 600017. Ph: 044-2346 0836

Bank of Baroda Ltd, T. Nagar, Chennai 600017. Ph: 044-2345 4316

ICICI Bank Ltd, 48, Arya Gowda Road, West Mambalam, Chennai 600033. Ph: 044-4208 8000

AXIS Bank Ltd, 72, 4th Avenue, Ashok Nagar, Chennai 600083. Ph: 044-2471 4227

HDFC Bank Ltd, 70/80 Arcot Road, Kodambakkam, Chennai 600024. Ph : 044 - 2473 5034

Registrars And Transfer Agents

Karvy Computershare Pvt, Ltd.

Karvy House 17-24, Near Image Hospital, Reliance Cybervilae,

Vittalrao Nagar, Madhapur, Hyderabad 500 081. India.

Tel: 040-23420818

www.karvy.com, edserv@karvy.com

Branch Offices

CHENNAI

58/14, II floor, Sri Venkateshwara Towers,
Rajabadhar Street, T. Nagar, Chennai 600017.

MADURAI

43/3, Alagappan Flats, I floor,
H. A. Khan Road, Chinna Chokkikulam,
Madurai 625 002.

BUBHANESHWAR

A-154, 2nd Floor, Saheed Nagar,
Bubhaneswar-751 007, Orissa.

HYDERABAD

6-71 , Gayathri Prestige, Ground Floor,
Adjacent to SBI,
Bhavani Nagar, Dilsukhnagar,
Hyderabad - 500 060.

KOCHI

Chiramel Chambers, Kurisupally Road,
Ravipuram, Ernakulam Village, Kochi-682 015.

KOLKATA

No. 7/1, 2nd Floor, Narayani Building,
Lake Terrace ,
Nr. Sai Baba Mandir, Kolkata - 700029.

BANGALORE

3163/3, Ground Floor, 12A Main,
Domlur Main Road,
HAL IIInd Stage, Bangalore-560038.

MUMBAI

3rd Floor, 301 B, Vertex Vikas,
M.V. Road, Andheri (East),
Mumbai-400069

Registered Office

New No: 139,
PANNA PLAZA, I Floor, Arcot Road,
Kodambakkam,
Chennai - 600024.
Tel/fax: 044-2372 4088,
3988 5533, 6453 7216
Fax: 044-2372 3098
www.edserv.in
info@edserv.in

Content Development Center

1). New No: 139, PANNA PLAZA, I Floor,
Arcot Road, Kodambakkam, Chennai 600024,
2). F1, I floor, Block B, M2,
Mullai Street, Brindavan Nagar,
Koyambedu, Chennai 600 092.
3). New No. 50, old No.72,
Arya Gowder Road,
West Mambalam, Chennai - 600033



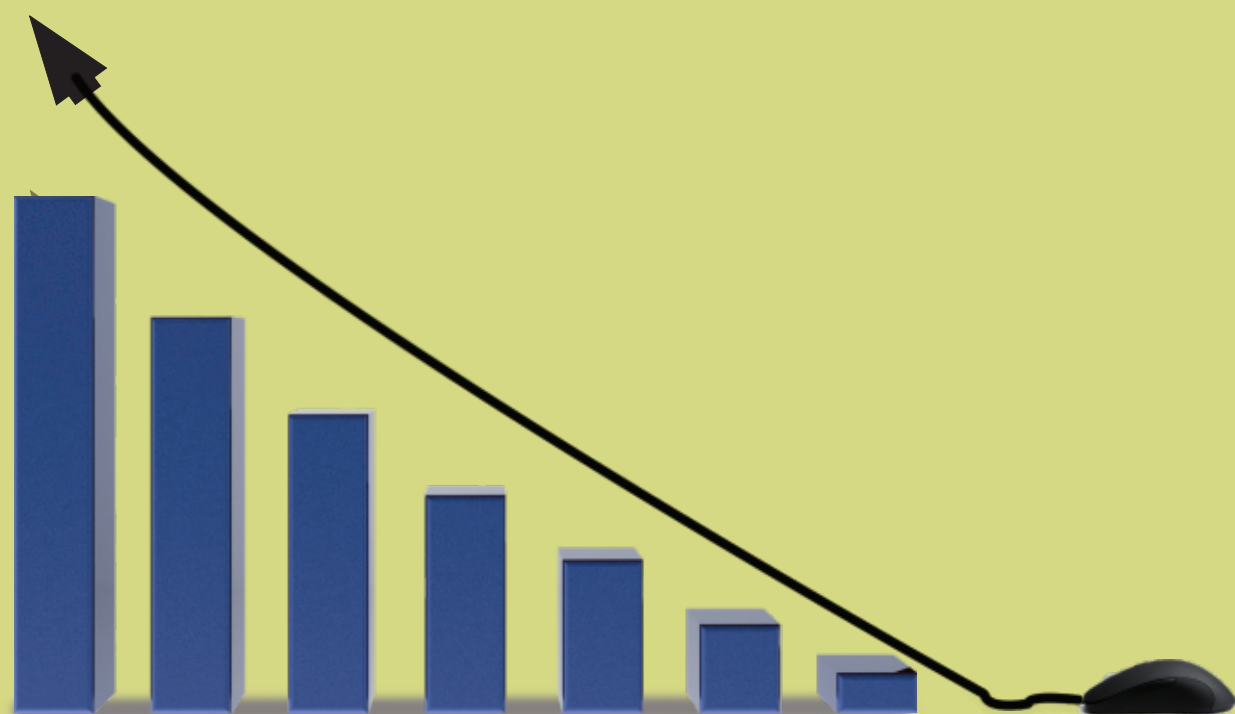
Corporate Office, Chennai



Content Development Center, Chennai



Directors' Report



“ Finding your entrepreneurial spirit and making it strong is more important than the idea or the business you're developing ”

Robert Kiyosaki

→ Directors' Report

Directors' Report

Your Directors take great pleasure in presenting their report for the year ended 31st March 2010 together with the Balance Sheet as at 31st March 2010 and the Profit and Loss account for the year ended on that date.

Financial Highlights

	Audited financial statement for the year ended March 31st 2010	Audited financial statement for the year ended March 31st 2009
TOTAL INCOME	52,68,29,900	8,58,26,129
TOTAL EXPENDITURE	28,86,69,555	3,82,00,397
Profit Before Tax	23,81,60,345	47,62,5,732
Less: Provision for Income Tax - Current	4,36,55,262	58,83,850
Less: Provision for Fringe Benefit Tax	0	40,674
Add (+) / Less (-) Provision for Deferred Tax	1,43,05,491	47,89,190
Profit After Tax	18,01,99,592	3,69,12,018
Less: Provision for Dividend & Dividend Distribution Tax	4,21,39,259	1,40,46,420
Balance of Profit Carried to Balance Sheet	13,80,60,333	2,28,65,598

Dividend

Your Directors are pleased to recommend a final dividend of 30% (₹.3/- per share) for the current period. The total amount of dividend is ₹3,60,18,000/- after approval by the shareholders at the ensuing Annual General Meeting, the dividend will be paid in line with the applicable regulation.

Fixed Deposit

During the year under review, the Company has not accepted any Fixed Deposit from the public.

Capital Issues During The Year - Increase in Share Capital, Issue of Convertible Warrants to promoters, Issue of Qualified Institutions Placements.

INCREASE IN AUTHORIZED CAPITAL

During the year the company has increased its authorized share capital from ₹14,00,00,000/- (Rupees Fourteen Crores) to ₹ 25,00,00,000/- (Rupees Twenty Five Crores) by creating additional equity capital of ₹11,00,00,000/- (Rupees Eleven Crores) divided into 1,10,00,000 (One Crore and Ten Lakhs) Equity shares of ₹10/- (Rupees Ten) each ranking for dividend and in all other respects pari passu with the existing equity shares in the company vide ordinary resolution passed by the shareholders in the Extraordinary

General Meeting held on 25th day of March 2010.

ISSUE OF EQUITY SHARES TO PROMOTERS BY ISSUE OF FULLY CONVERTIBLE WARRANTS

During the year the company had issued 2,27,273 fully Convertible Warrants of face value of ₹10/- each with a premium of ₹78/- aggregating to ₹2,00,00,024/- to the promoters Mr. S. Giridharan and Mrs. G. Gita. As on the date of this report the same has been converted into equity shares with effect from 14.06.2010.

ISSUE OF EQUITY SHARES THROUGH QUALIFIED INSTITUTIONS PLACEMENTS

During the year your company decided to issue Qualified Institutions Placements upto ₹130 Crore via equity shares to be subscribed by QIBs. The company is proposing to utilize the funds so raised for making substantial investments over the next few years for expanding its business into Schools, Online tuition services segment and also proposes to upgrade its Learning Management System to include Institutions Management Systems, Content Development, Infrastructure for Higher Education and Career Placement segments and also for expanding its presence Pan India through more representative offices and partner centers and the subsequent promotion campaign exercise for Pan India roll out.



Subsidiary Company

Your directors are pleased to inform you that we have incorporated a wholly owned subsidiary on 30th December 2009 in the name of "Vidhyadhana Education Private Limited", the Academy of Excellence for Industry Demand Aligned Education, to enhance the quality of learning among students so as to find and map their interest and natural background to an appropriate career stream at their young age. Vidhyadhana encompasses fun-filled learning for primary education, improving the academic performance of students from primary to higher secondary, imparting the students with career orientation apart from improving the teachers' training skills and the overall quality of schools with better infrastructure and management. Leading Educationalists shall govern the Academy to monitor and improve the said objectives of the academy. A school partnering with Vidhyadhana shall be directly managed by the Academy with the teachers and management on the rolls of the Academy. The school owner continues to own the school and gets an opportunity to also work for the school. A statement in respect of details of subsidiary company viz Vidhyadhana Education Private Limited pursuant to Section 212 of the Companies Act, 1956 is attached herewith to this report.

The directors of the company are Mr. S. Giridharan, Mrs. G. Gita and Mr. T. S. Ravichandran.

Performance Review

Your company has performed well during the year in Education and Placement in both online and offline framework. Your company derived its revenues primarily from three lines of businesses during this year: Vocational skills training under DGE&T, Partner branding and licensing, and Online learning and placement services.

Your company during the year launched LAMPSGLOW.com, which provides services of e-learning, online tutoring, test preparations, and career engagements online anywhere, anytime. Your company became an authorized Vocational Training Provider (VTP) to the RDAT. During the year, your company also launched the Vidhyadhana School segment of business as a new stream of revenue, acquired K-12 content, school ERP application as well as online tuition servicing entities. Your company entered into pre-school business, online tutoring business, and in also IIT-JEE and AIEEE entrance exam support.

Your company's partner centers sell all the company's products and services such as the Vocational Skills, product licenses, and web based services through their reach and spread in their respective regions and locations. Your company further engaged widespread Dealer and Distributor network to sell the LAMPSGLOW.com products apart from online methods. A user of

LAMPSGLOW.com can pay up for pre-paid usage in offline mode too, through a unique login-id based framework interfacing automatically with the HQ backbone called LAMPS engine.

Directors

Mr. T. S. Ravichandran, Director of the company, retires at the ensuing Annual General Meeting of the company pursuant to the provisions of Section 255 of the Companies Act, 1956 and he being eligible, seeks re-appointment. The Brief Profile of the aforesaid Director is given hereunder.

Mr. T. S. Ravichandran, (49 years), is an Independent Non-Executive Director of Edserv Softsystems Limited and is a Practicing Chartered Accountant. He has completed his Bachelors (Science) Degree from Vivekananda College, Chennai and completed all the three professions viz., Chartered Accountant, Company Secretary and Cost and Works Accountant, and has also completed his Systems Audit C.I.S.A exams from ISACA, Illinois, United States of America.

Auditors

The Statutory Auditors, M/s. Raj and Ravi, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment for the current financial year. The auditors have expressed their willingness to continue in office if re-appointed. Your Board recommends their re-appointment.

Particulars as required under section 217(1)(e) of the companies Act, 1956

A) CONSERVATION OF ENERGY

Though the company has not carried on any manufacturing activities, it had taken steps to conserve energy in its office/godown, consequent to which energy consumption has been minimized. No additional Proposals/Investments was made to conserve energy. Since the company has not carried on any industrial activities, disclosures regarding impact of measures on cost of production of goods, total energy consumption, etc. are not applicable.

B) TECHNOLOGY ABSORPTION

The company has not adopted/intend to adopt any technology for its business and hence no reporting is required to be furnished under the heading.

C) FOREIGN EXCHANGE EARNED & USED

Since the company has not carried on any export during the financial year under review, the disclosure requirement relating to exports, initiatives taken to increase exports: development of new export markets for products and services and export plans is not applicable to the company.

Foreign Exchange earned during the year: ₹Nil (PY ₹Nil)

Particulars of Employees Pursuant to Section 217(2A) of the Companies Act, 1956:

As required under the provisions section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employee are set out in the Annexure to this report.

Directors' Responsibility Statement

The Directors confirm that

- In the preparation of the annual accounts, the applicable accounting standards have been followed
- Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March, 2010 and of the profit of the company for the year ended 31st March, 2010
- Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities.

- The annual accounts have been prepared on a going concern basis.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Auditor's certificate regarding compliance of the same are made part of this Annual Report.

Acknowledgments

The Directors acknowledge with gratitude and wish to place on record their appreciation for the valuable support and kind co-operation extended to the company by the Company's Bankers, Financial Institutions, Government Authorities, Shareholders, and the Employees.

For and on behalf of the Board of Directors

Date: 30.08.2010

Place: Chennai

S.Giridharan

Chairman & CEO

Annexure To Directors' Report

Statement of particulars of employees pursuant to section 217 (2A) of the companies act, 1956.

Name	S.Giridharan	G.Gita
Designation	Chairman & CEO	Managing Director
Remuneration received in ₹	47,50,000 /-	37,00,000 /-
Nature of employment, whether contractual or otherwise	Resolution passed by the Board and the Members	Resolution passed by the Board and the Members
Other terms and conditions	As per the terms of resolution	As per the terms of resolution
Nature of duties	To manage the day to day affairs	To manage the entire operations
Qualifications and experience	M.S. (System and Information)	M.E. (Computer Science)
Date of commencement of Employment	01.04.07	13.03.01
Age	47	45
Previous employment	Onspec Technologies Private Limited	Radiant Software Limited
The percentage of equity held	14.74% as on (31.03.2010)	14.74% as on (31.03.2010)

Note: The remuneration payable to Mr.S.Giridharan and Mrs.G. Gita was revised at the AGM held on 17.09.2009 according to 5% and 10% of the profits calculated as per Part I of Schedule XIII of the Companies Act, 1956 with effect from 01.09.2009 till the expiration of their tenures.

Date: 30.08.2010

Place: Chennai

For and on behalf of the Board of Directors

S.Giridharan

Chairman & CEO



Report On Corporate Governance

→ Report On Corporate Governance

Report On Corporate Governance

1. Company's Philosophy on Code of Governance :

Corporate governance is a system by which a corporate entity is directed and controlled in a given economic, political and social environment. It also entails the interplay between different stakeholders of a corporation, viz., Board of Directors, Equity Holders, Employees, Customers and the Government. It deals with how a company fulfils its obligations to investors and other stakeholders. It is about creating shareholder wealth while ensuring a fair play to all other stakeholders and society at large.

EdServ Softsystems Limited is committed to follow the best practices in the area of corporate governance. The company believes that proper corporate governance facilitates effective management and control of business. This, in turn, enables the company to deliver the optimum results to all its

stakeholders. The Corporate Governance philosophy of EdServ is based on the following principles:

1. To enhance shareholders value.
2. To protect interests of shareholders and other stakeholders including customers, employees and society at large.
3. To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
4. To ensure accountability for performance and to achieve excellence at all levels.

2. Board of Directors:

The Board of Directors of the company consisted of two executive and three non-executive Independent Directors as on March 31, 2010

Name of the Director	Designation	Category
Mr. S. Giridharan	Chairman & CEO	Executive Director
Mrs. G. Gita	Managing Director	Executive Director
Mr. S. Arvind	Director	Non-Executive Director
Dr. Ilango Balakrishna	Director	Non-Executive Director
Mr. T. S. Ravichandran	Director	Non-Executive Director

During the financial year 1st April 2009 to 31st March 2010, nine board meetings were held on the following date 27.04.2009, 25.06.2009, 23.07.2009, 18.08.2009, 22.10.2009, 4.12.2009, 21.01.2010, 03.03.2010, and 25.03.2010. The Annual General Meeting was held on 17.09.2009.

The composition and membership on other Boards, Committees of Directors and attendance of Directors at the Board of Directors Meetings held during the Financial Year 01.04.2009 to 31.03.2010 and the last Annual General Meeting held on 17.09.2009 are given below:

“ Doing more and more with less and less is one form of being generous. In fact the easiest way to become rich is by being generous ”
Robert Kiyosaki



Name of the Director	Date of appointment / Reappointment	Attendance Particulars			Number of other Directorships and Committee Memberships / Chairmanships (other than EDSERV)	
		Board Meeting	Last AGM	Other Directorships *	Committee Memberships **	Committee Chairmanships **
Mr. S. Giridharan	01.04.2008	9	Yes	Nil	Nil	Nil
Mrs. G. Gita	01.04.2008	9	Yes	Nil	Nil	Nil
Mr. S. Arvind	03.04.2008	9	Yes	2	1	1
Dr. Ilango Balakrishna	22.04.2008	5	No	Nil	Nil	Nil
Mr. T. S. Ravichandran	22.04.2008	9	Yes	Nil	Nil	Nil

NOTE

* Excludes Foreign Companies, Private Limited Companies and Alternate Directorships.

** Memberships in Audit Committee and Shareholders/Investors Grievance Committee are reckoned for this purpose.

Relationship between directors: Except Mrs. G. Gita, who is the wife of Mr. S. Giridharan, none of the other Directors are related to each other in the company.

3. Audit Committee:

The Audit committee was constituted on 22nd April 2008 and comprises the following members:

Name of Director	Status in Committee	Nature of Directorship
Mr. S. Arvind	Chairman	Non-Executive Independent Director
Mr. T. S. Ravichandran	Member	Non-Executive Independent Director
Mr. S. Giridharan	Member	Executive Chairman

Mr. V. Ramaseshan is the Secretary to the Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges and these also conform to the provisions of Section 292A of the Companies Act, 1956.

Code of Conduct: The code of Conduct for all the members of the Board and senior management of the Company has been posted on the website of the Company: www.edserv.in

Re-appointment of Directors: Full details of Directors seeking re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the meeting of the Shareholders.

During the year ended 31st March 2010, six meetings were held on the following dates :18.04.2009, 27.04.2009, 25.06.2009, 23.07.2009, 22.10.2009, and 21.01.2010

The Attendance of Directors at the Audit Committee Meetings is given below:

Name of the Director	Attendance Particulars	
	Meetings Held	Meetings Attended
Mr. S. Arvind	6	6
Mr. T. S. Ravichandran	6	6
Mr. S. Giridharan	6	6

4. Remuneration Committee:

The Remuneration Committee was constituted on 22.04.2008, subsequently re-constituted on 23.07.2009 and at present comprises the following Directors of the Board.

Name of Director	Status in Committee	Nature of Directorship
Mr. T. S. Ravichandran	Chairman	Non-Executive Independent Director
Mr. S. Arvind	Member	Non-Executive Independent Director
Dr. Ilango Balakrishna	Member	Non-Executive Independent Director
Mr. S. Giridharan	Member	Executive Chairman

The terms of reference of the Remuneration Committee are as follows:

- 1 The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- 2 Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- 3 Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- 4 Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- 5 Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

Remuneration Policy:

The remuneration of the Executive Directors is recommended by the Remuneration committee, based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry and

responsibilities shouldered. The Company pays remuneration by way of salary and perquisites to its Executive Directors.

The Non-executive Directors are not paid any remuneration except sitting fees. Further the company has not entered into any pecuniary relationship or transactions with the Non-executive Directors.

Two meeting of the Remuneration Committee was held on 23.07.2009 and 18.08.2009 during the financial year ended 31st March 2010 to consider and recommend:-

The remuneration payable to Mr.S.Giridharan and Mrs.G.Gita was revised at the AGM on 17.09.2009 according to 5% and 10% of the profits calculated as per Part I of Schedule XIII of the Companies Act, 1956 with effect from 01.09.2009 till the expiration of their tenures.



The details of the remuneration paid to the Directors during the financial year 01.04.2009 to 31.03.2010 are given below:

Name of Directors	Basic Salary (₹)	Allowances (₹)	Sitting Fees (₹)	As on 31.3.2010	
				No. of Shares Held	% of Holding
Mr. S.Giridharan	47,25,400	24,600	-	17,69,797	14.74%
Mrs. G. Gita	36,75,400	24,600	-	17,69,767	14.74%
Mr. S.Arvind	Nil	Nil	70,000	Nil	Nil
Dr. Ilango Balakrishna	Nil	Nil	25,000	Nil	Nil
Mr. T.S. Ravichandran	Nil	Nil	70,000	Nil	Nil

5. Share Transfer and Shareholders / Investor Grievances Committee:

The Share transfer and Shareholders/Investors Grievances Committee was constituted on 22nd April 2008 and comprises the following members:

Name of Director	Status in Committee	Nature of Directorship
Mr. T.S. Ravichandran	Chairman	Non-Executive Independent Director
Mrs. G..Gita	Member	Managing Director
Mr. S.Giridharan	Member	Executive Chairman

The scope and function of this committee is to consider and review matters connected with securities, transfers/transmission of shares/issue of duplicate share certificates etc., and to consider and review shareholders/investors grievances and complaints and ensure that all shareholders/investors grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/or legal impediments.

The said Committee met once on 21.01.2010 during the

financial year 2009-10. Mr. V. Ramaseshan, Company Secretary is the Compliance Officer.

During the Financial Year ended 31.03.2010, five investor complaints were received from the shareholders and were redressed to the satisfaction of the investors. There are no complaints pending as on date of this report. There were no share transfers pending registration as at 31.03.2010.

Investors are requested to address their complaints if any to the below mentioned e-mail id : investors@edserv.in.

6. QIP Committee

The QIP Committee was constituted on 25th March 2010 and comprises the following members:

Name of Director	Status in Committee	Nature of Directorship
Mr. S.Giridharan	Chairman	Executive Chairman
Mr. S. Arvind	Member	Non-Executive Independent Director

The scope and function of this committee is to consider and review matters relating to:-

- 1 the opening and closing of the QIP issue
- 2 to do all acts, deeds and things in order to give effect to the proposed QIP

The Attendance of Directors at the QIP Committee Meeting is given below:

Name of the Director	Attendance Particulars	
	Meetings Held	Meetings Attended
Mr. S. Giridharan	1	1
Mr. S. Arvind	1	1

7. Preferential Issue Committee

The Preferential Issue Committee was constituted on 4th December 2009 and comprises the following members:

Name of Director	Status in Committee	Nature of Directorship
Mr. S. Arvind	Chairman	Non-Executive Independent Director
Mr. T. S. Ravichandran	Member	Non-Executive Independent Director

The scope and function of this committee is to consider and review matters relating to:-

- 1 issue of fully convertible warrants to the promoters
- 2 to do all acts, deeds and things in order to give effect to the proposed preferential issue

One meeting of the Preferential Issue Committee was held on 4.12.2009, during the financial year ended 31.03.2010 to consider the allotment of 2,27,273 fully convertible warrants of ₹10/- each with premium of ₹78/- to the promoters viz Mr. S. Giridharan and Mrs. G. Gita.

8. General Body Meetings:

- 1 Annual General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2006-2007	28th September 2007 at 11.30 a.m	New No. 44, Old No.18, Venkatraman Street, T.Nagar, Chennai - 600 017
2007-2008	24th April 2008 at 11.00 a.m	No:139, Arcot Road, Kodambakkam, Chennai - 600 024
2008-2009	17th September 2009 at 10:15 a.m	Kamaraj Arangam, No. 492, Anna Salai, Teynampet, Chennai - 600 006

- 2 No resolutions have been put through postal ballot so far.
- 3 Special resolutions passed in the previous three Annual General Meetings of shareholders of the company:-

2006-2007 : No special resolution passed at this Annual General meeting.

2007-2008 : Special Resolution was passed for

1. Issue of 40,80,000 equity shares of ₹10/- each at a premium on Preferential basis under Section 81(1A) of the Companies Act, 1956.
2. Reappointment of Mrs. G. Gita as Managing Director for a period of three years with effect from 01.04.2008.
3. Appointment of Mr. S. Giridharan as Chairman and CEO for a period of three years with effect from 01.04.2008

2008-2009 : Special Resolution was passed for

1. Issue of 2,27,273 equity warrants to promoters viz Mr. S. Giridharan and Mrs. G. Gita.
2. Increase in Payment of Remuneration to Mr. S. Giridharan, Chief Executive Officer.
3. Increase in Payment of Remuneration to Mrs. G. Gita, Managing Director.



1 Extraordinary General meeting during the last three years:

EGM Date	Time	Venue
30.03.2007	12.00 p.m	New No. 44, Old No.18, Venkatraman Street, T.Nagar, Chennai - 600 017
02.04.2007	10.00 a.m.	New No. 44, Old No.18, Venkatraman Street, T.Nagar, Chennai - 600 017
07.10.2007	10.00 a.m	New No. 44, Old No.18, Venkatraman Street, T.Nagar, Chennai - 600 017
28.12.2007	12.00 p.m	New No. 44, Old No.18, Venkatraman Street, T.Nagar, Chennai - 600 017
07.01.2008	10.00 a.m	New No. 44, Old No.18, Venkatraman Street, T.Nagar, Chennai - 600 017
09.04.2008	11.00 a.m	No 139, Arcot Road, Kodambakkam, Chennai - 600 024
14.04.2008	11.00 a.m.	No 139, Arcot Road, Kodambakkam, Chennai - 600 024
10.12.2008	10.00 a.m	No 139, Arcot Road, Kodambakkam, Chennai - 600 024
19.12.2008	4.00 p.m.	No 139, Arcot Road, Kodambakkam, Chennai - 600 024
11.01.2010	11.30 a.m.	Vani Mahal - Obul Reddy Hall(Mini Hall) 103, G.N Chetty Road, T. Nagar, Chennai - 600 017
25.03.2010	10.15 a.m.	Vani Mahal - Obul Reddy Hall(Mini Hall) 103, G.N Chetty Road, T. Nagar, Chennai - 600 017

2 Special resolutions passed in the Extra-ordinary general meeting of the shareholders of the Company held during the last three years:

EGM Date	Special resolutions passed for
30.03.2007	Issue /allotment of 5,00,000 Equity shares of ₹10/- each as bonus shares to existing shareholders in the ratio of 1:2.20071.
07.10.2007	Issue of 9,00,000, fully convertible debentures of face value of ₹ 10/- each to Mr. S.Giridharan.
28.12.2007	Change of Name of the company from Lambent Softsystems Pvt. Ltd to EdServ Softsystems Pvt. Ltd
07.01.2008	i) Alteration of Articles of Association pursuant to Section 31 of the Companies Act, 1956 for insertion of regulation 4.1 and 33A. ii) Issue/allotment of 9,50,000 Equity shares of ₹10/- each as bonus shares to existing shareholders in the ratio of 1:1.30638.
09.04.2008	Issue/allotment of 15,00,000 Equity shares of ₹10/- each as bonus shares to existing shareholders in the ratio of 1:0.53.
14.04.2008	i) Issue /allotment of 27,16,800 Equity shares of ₹10/- each as bonus shares to existing shareholders in the ratio of 1:0.63. ii) Conversion of the company from Private to Public pursuant to section 44 read with Section 21 of the Companies Act, 1956. iii) Alteration of Articles of Association by deleting existing regulations 1 to 34 and inserting regulations 1 to 208 in its place. iv) Alteration of the Objects clause of Memorandum of Association pursuant to section 17 of the Companies Act, 1956 by: a) deleting existing subclause 2 in clause III(A) of Main objects and new sub clause 2 inserted in its place. b) deleting existing sub clause 3 in clause III (A) of Main Objects and new sub clause 3 inserted in its place.

EGM Date	Special resolutions passed for
10.12.2008	Issue of 1,06,092 equity shares of ₹10/- each at a premium of ₹50/- each to Individuals on Preferential basis under Section 81(A) of the Companies Act, 1956
19.12.2008	Public Issue of 39,73,908 equity shares of ₹10/- each at a premium of ₹50/- each under Section 81(A) of the Companies Act, 1956
11.01.2010	i) Issue of ADR/GDR/FCCB ii) Power to Mortgage/Hypothecate the properties of the Company, a sum not exceeding ₹2000 crores. Borrowing powers to Board of Directors, a sum not exceeding ₹2000 crores.
25.03.2010	Raising of funds through Qualified Institutions Placement (QIP)

9. Disclosures

- a) Related Party Transactions: The Company has not entered into any transactions of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company. The necessary disclosures regarding the transactions are given in the Notes to the Accounts.
- b) There are no instance of non compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to Capital Markets during the last three years.
- c) Whistle Blower Policy: The Company does not have a Whistle Blower Policy. However, steps are being taken to formulate the same. No employee of the company has been denied access to the audit committee.
- d) The company has complied with the mandatory requirement of the revised Clause 49 of the Listing Agreement and the extent of compliance of the non – mandatory requirements I given in Point no. 11 below.
- e) The statements of utilisation of public issue funds as on March 31, 2010 is given below

S. No.	Particulars	Estimated cost as per Prospectus ₹	
		In lacs (excluding contingencies)	Actual amount Expended/Invested ₹ In lacs
1	Content Development	1,120.00	1,582.90
2	Establishment of HEAL Laboratories	1,038.00	720.95
3	Establishing HEADS Offices	275.05	83.45
4	Development and Implementation of centralized Lamps Portal Engine	110.00	109.53
5.	Promotion Expenses	205.00	202.10
6.	Issue Expenses	202.00	203.89
7.	Amount available in the Current Account And Fixed Deposit	--	20.06
	Total	2,950.35	2,922.88



10. Means of Communication:

Quarterly results	Quarterly financial results of the company are published in the "Business Line" and "Makkal Kural".
Any website where displayed	BSE and NSE sites
Whether it also displays official news releases	Yes
Presentations made to Institutional Investors or to the Analysts	Yes

11. Management Discussion and Analysis Report:

Management Discussion and Analysis Report forms a part of this Report.

12. General Shareholders Information:

- (i) Annual General Meeting Date : 29.09.2010 Time : 10:15 a.m
Venue : Kamaraj Arangam, No. 492, Anna Salai, Teynampet, Chennai 600 006
- (ii) Financial Calendar Year : 01.04. 2009 to 31.03.2010
- (iii) Book-Closure Dates : 23.09.2010 to 29.09.2010 (Both days Inclusive)
- (iv) Dividend Payment Date : Commencing 29.09.2010 (date of AGM) to be completed within the mandatory time limit.
- (v) Important dates of announcements of company activities:

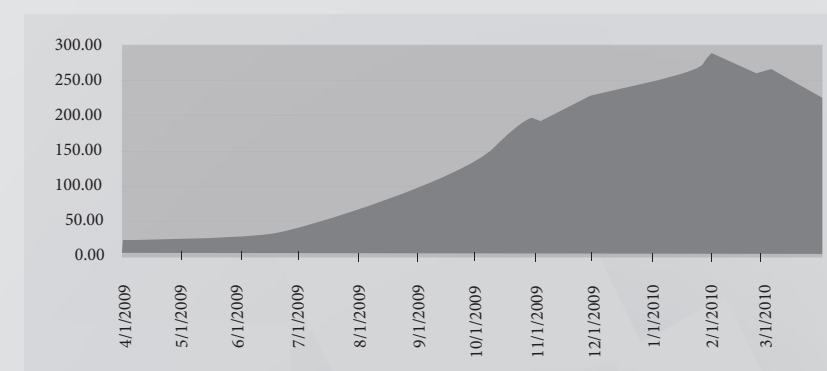
Results for the quarter ending 30th June, 2010	First week of August 2010
Results for the quarter ending 30th September, 2010	First week of November 2010
Results for the quarter ending 31st December, 2010	First week of February 2011
Results for the quarter ending 31st March 2011	First week of May 2011
Annual General Meeting	September 2011

- (vi) Listing on the Stock Exchanges : The Equity shares of the Company are listed on the Bombay stock Exchange and National Stock Exchange.
- (vii) Stock Market Data : High and Low quotations of the Company's shares during the period 01.04.2009 to 31.03.2010.

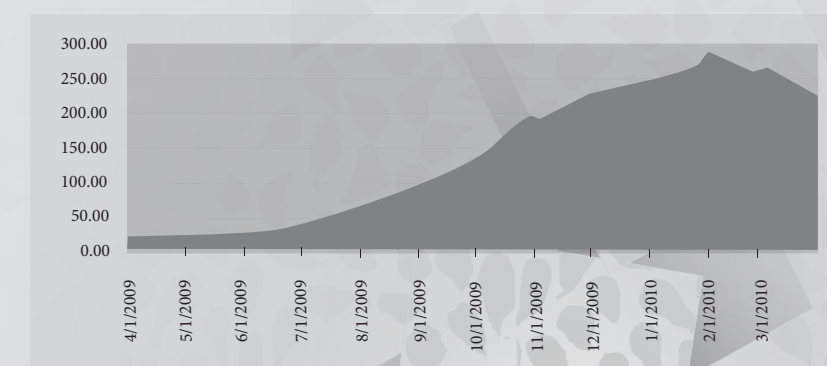
Bombay Stock Exchange Limited		
Month	High Price	Low Price
April 2009	27.25	18.70
May 2009	28.90	19.00
June 2009	34.20	25.20
July 2009	56.70	31.10
August 2009	92.45	59.50
September 2009	133.85	94.00
October 2009	257.80	130.50
November 2009	252.65	180.25
December 2009	247.65	205.50
January 2010	307.50	244.10
February 2010	292.20	239.50
March 2010	278.50	210.10

National Stock Exchange Limited		
Month	High Price	Low Price
April 2009	26.75	18.60
May 2009	28.85	18.10
June 2009	34.45	25.35
July 2009	57.15	31.05
August 2009	92.45	59.90
September 2009	133.80	94.00
October 2009	257.40	131.55
November 2009	252.45	179.75
December 2009	248.00	212.60
January 2010	307.80	241.05
February 2010	294.00	240.20
March 2010	278.95	211.05

(viii) a. Performance of EdServ share on BSE



b. Performance of EdServ share on NSE



- (ix) Stock code : Bombay Stock Exchange Ltd. – 533055,
National Stock Exchange Ltd. – EDSERV
- (x) Registrar and Share Transfer Agents : Karvy Computershare Pvt. Ltd., Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081. Tel : 040 - 4465 5000, Fax : 040 - 2342 0814.
Email : einward.ris@karvy.com
- (xi) Share Transfer System : Share transfer documents received by the Company will be processed, approved and kept ready for despatch within 30 days from the date of the receipt.
- (xii) De-materialization of shares : The shares of the company have been admitted for de-materialisation with NSDL and CDSL. The ISIN No. is INE889J01019. 98.92% of the Company's paid up Equity Share Capital has been de-materialized up-to March 2010.
- (xiii) Shareholding Pattern as on 31.03.2010 :

Category	No. of Shares	Percentage
Promoter group	35,92,630	29.92%
Bodies Corporate	48,19,954	40.15%
Public	31,78,213	26.47%
Clearing Members	2,29,592	1.91%
NRIs	18,56,111	1.55%
Total	1,20,06,000	100.00%



(xiv) Distribution of Shareholding as on 31.3.2010:

Category	No. of Shareholders	% to total	Shareholding (in ₹)	% to total
1 - 5000	9,234	89.15	91,43,840	7.62
5001 - 10000	499	4.82	40,47,900	3.37
10001 - 20000	260	2.51	40,51,410	3.37
20001 - 30000	111	1.07	28,39,270	2.36
30001 - 40000	58	0.56	20,58,290	1.71
40001 - 50000	48	0.46	22,61,320	1.88
50001 - 100000	82	0.79	60,48,600	5.04
10000 & above	66	0.64	8,96,09,370	74.64
Total	10,358	100.00	12,00,60,000	100.00

(xv) Address for Correspondence : I Floor, Panna Plaza, New No. 139, Arcot Road, Kodambakkam, Chennai 600 024

(xvi) Email ID for Investor grievance redressal : investors@edserv.in

13. Non-Mandatory Requirements:

a. Board: The Company maintains the office of the Executive Chairman at the registered office of the Company.

b. Remuneration Committee: The Board has duly constituted a Remuneration Committee, which determines the remuneration package for the Directors.

c. Shareholder's Rights: Quarterly financial results are published in the "Business Line" and "Makkal Kural".

d. Audit Qualifications: There are no qualifications by the auditor in the financial statements of the company.

e. Training of Board members: Periodical meetings are held with outside skilled consultancy agencies for the Board members to appraise them in recent developments and existing laws and practices.

f. Mechanism for evaluating non-executive Board members: Same as above

g. Whistle blower Policy: As mentioned earlier, steps are being taken to formulate the Whistle Blower Policy by the Company

14. Code Of Conduct

We hereby declare that the code of Conduct for all the members of the Board and senior management of the Company has been posted on the website of our Company at www.edserv.in and all Board members and senior management of the company have affirmed compliance of the Code.

For and on behalf of the Board of Directors

Place: Chennai
Date : 30.08.2010

S. Giridharan
Chairman & CEO



→ CEO / CFO Certification

CEO / CFO Certification

To
The Board of Directors,
Edserv Softsystems Limited
Chennai.

We, S.Giridharan, Chairman and Chief Executive Officer and G.Gita, Managing Director of Edserv Softsystems Limited to the best of our knowledge and belief certify that :

- We have reviewed the balance sheet and profit and loss account, (consolidated and unconsolidated), and all its schedules and notes on accounts, as well as the cash flow statements for the year ended, 31st March 2010.
- Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements made, in light of the circumstances under which such statement were made, not misleading with respect to the statements made
- Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respect, a true and fair view of affairs of the company, the financial condition, results, of operation and cash flows of the company as of, and for, the period presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
- To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the code of conduct of the company.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control system of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing the equivalent functions)
 - Significant changes in internal controls over financial reporting during the year covered by this report.
 - All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal controls systems over financial reporting.

S.Giridharan
Chairman & CEO

G.Gita
Managing Director

Place : Chennai
Date : 18.08.2010



➔ Auditors' Certificate On Compliance With The Conditions Of Corporate Governance Under Clause 49 Of The Listing Agreements

Auditors' Certificate On Compliance With The Conditions Of Corporate Governance Under Clause 49 Of The Listing Agreements

To the Members of
Edserv Softsystems Limited

We have examined the compliance of the conditions of Corporate Governance of Edserv Softsystems Limited for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has, during the aforesaid year, complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that as at 31st March 2010, no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company and produced for our verification.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

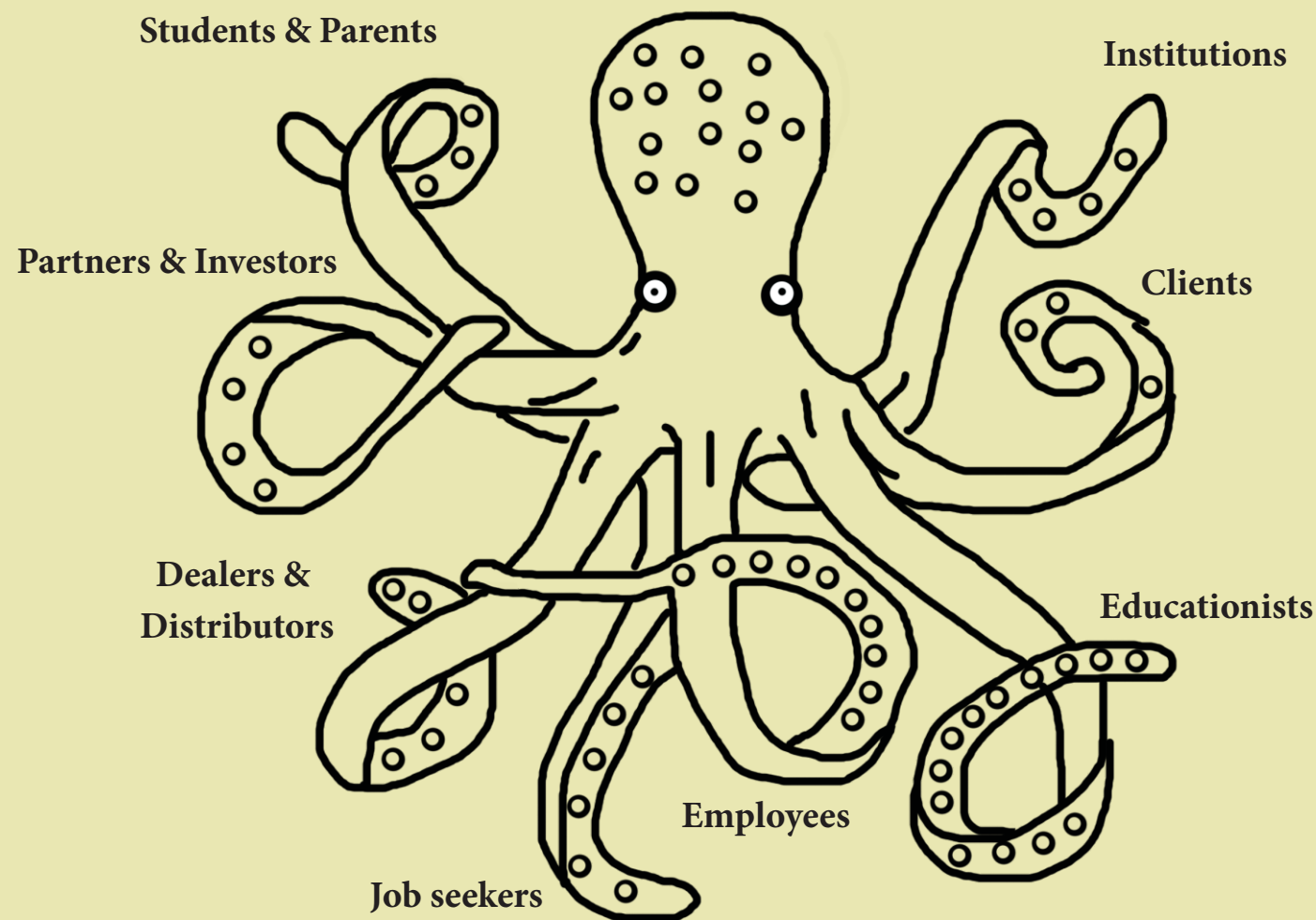
For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
(Membership No. 21594)
Partner
Firm Registration No. 010935S

Place: Chennai 600024.
Date: 3.5.2010



Management Discussion And Analysis



“ If you want to make money, go where the money is”
Kennedy

→ Management Discussion and Analysis

Management Discussion and Analysis

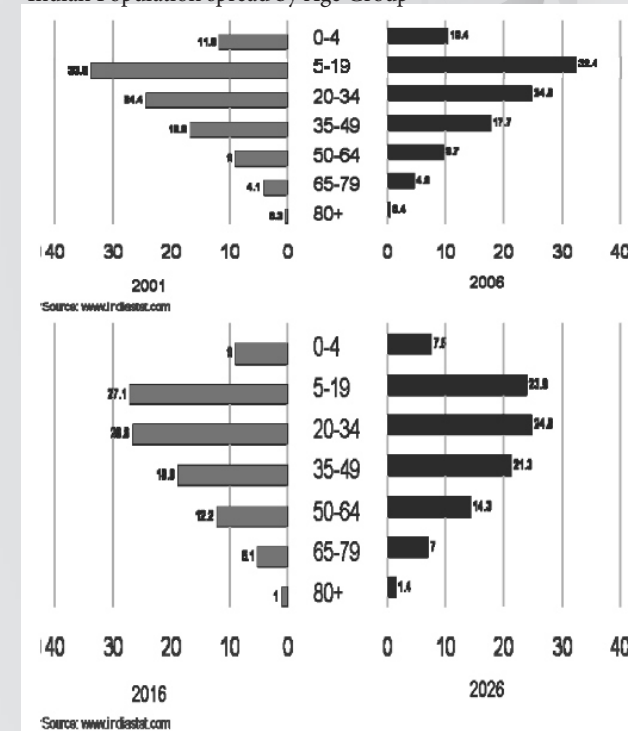
Industry Structure

EdServ is operating in an industry that has the power to change the very lives of people. That industry is education which is closely associated with employment. In a country like India, where a crushing number of young hopefuls step out from their homes in search of knowledge, the employability quotient and the sheer figures can be daunting. As the case stands today, there are simply not enough schools, colleges or vocation centers for the teeming millions. Yet as with any emerging country, education is that one thing that makes a difference in how Indians earn and live.

Being a noticeably upcoming player in the new field of technology led learning, EdServ takes in the vast industry of education in India and firmly places its focus on empowering the 'Real India' with its carefully designed products and learning aids.

The advantage of India's 'demographic dividend': This is a reference to India's favorable demographic profile, where in 15 years, the country will have one of the youngest populations in the world, a bulk of it in the working age group (20-59 years).

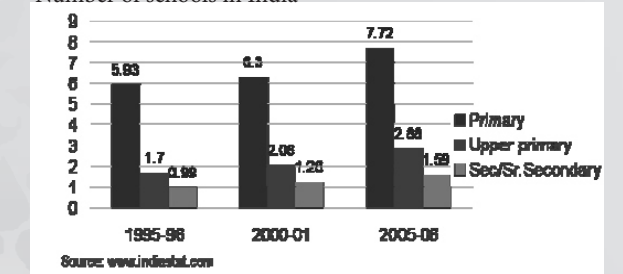
Indian Population spread by Age Group



India will be adding about 150 lakh people to its workforce (age-group of 20-59 years) providing for higher incomes, better standards of living and increased quality of life. The Challenge: Years on years, one fact has emerged and that is, how well one is

educated clearly indicates how well he/she will progress in his/her professional and personal life. Considering 70% of students simply doesn't have the wherewithal to enter college, the extent of the challenge that is staring the nation in the face becomes very apparent. Perhaps the fact that retention levels in primary to secondary schools have gone up could change this situation slightly.

Number of schools in India



Research has shown that the reasons students drop out from Higher Secondary can be broken down into two main categories:

1. **Economic:** Where the student has to either go to work or simply stop education itself as they cannot afford a higher education.

2. **The quality of earlier education:** Primary education and high school have not prepared the student for higher studies. Taking these factors, we can take a holistic view of education in India, the opportunities for the company & the challenges facing it.

Education At K Thru 12

Under education, the industry is divided into Formal and Job oriented vocational training. Formal education is rendered by Government schools, Government aided schools and private schools from KG to XII standard.

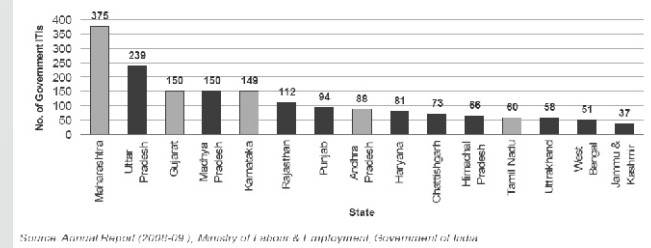
Indian School Education system is one of the world's largest, with over 1.5 million schools, catering to over 219 million children across the country. As per 2001 Census, India would have 27.1% of children in this age bracket by 2016.

Anyone vs the government: 80% of all recognized schools at the Elementary Stage are government run or supported, making it the largest provider of education in the Country. However, due to shortage of resources and lack of political will, this system suffers from massive gaps including high pupil teacher ratios, shortage of infrastructure and poor level of teacher training.

Statutes that remain just that: Right of Children to Free and Compulsory Education Act 2009 has been passed and education has



Sate wise no. of Govt. ITIs



Business Opportunities

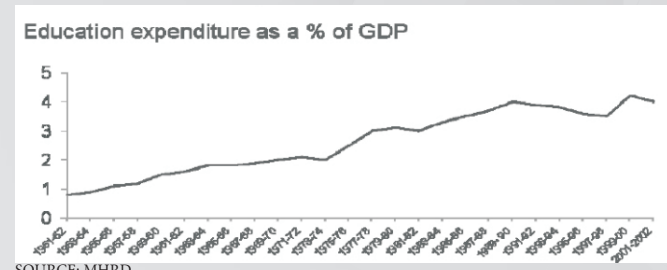
Solid Industry Growth

Even as the economic downturn swept the world, India remained largely insulated. It remains the world's 7th largest economy. The GDP remained robust with a record growth of 7.4 according to FICCI. The over all growth is 7.4% in 2009-2010 as against 8.6% year on year growth. According to government data, the manufacturing sector witnessed a growth of 16.3 per cent in January-March 2010, from a year earlier.

India's industrial output grew by 17.6 per cent in April 2010. The manufacturing sector that accounts for 80 per cent of the index of industrial production (IIP) grew 19.4 per cent in April 2010, as against 0.4 per cent a year-ago.

Capital goods production grew by 72.8 per cent against a contraction of 5.9 per cent a year ago. Consumer durables output continued to grow at a fast pace of 37 per cent, mirroring higher purchase of goods such as televisions and refrigerators. Industry growth has ensured those with the requisite skills will almost always get a job.

The Budget and Education 2010: Cess of 1% is imposed to finance Secondary and Higher Education on the service tax payable for all services, by the Government of India in its finance budget year-on-year. Education Cess Fund is used to fund the education as quoted and employability skills enhancement for those who have not pursued education beyond secondary levels of education.



The Central Government proposes to increase the plan allocation for school education from Rs 26,800 crore in 2009-10 to Rs 31,036 crore in 2010-11. This accounts for an increase of Rs 4,236 crore from the 2009-10 fiscal.

Kapil Sibal, Feb 2010: "In the next few years, around 40,000 more colleges and institutes of higher education would be required to absorb the students and this cannot be done by the government only, private sector's role is a must here."

Private Participation

The Government of India plans to invite Private Participation to develop schools. It is proposed to set up at least 6,000 schools during the XI Plan period, of which at least 2,500 will be through the Private Public Partnership (PPP) route.

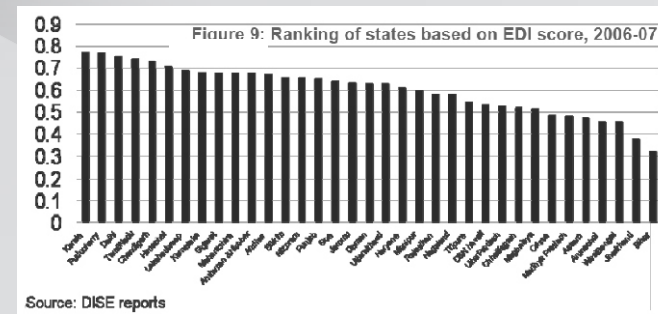
Private investment of about Rs 10,000 crore is expected to flow into setting up these schools. The remaining 3,500 schools will be built by the Government. While Government shall continue to give affiliation to the schools created and run by Private institutions, the schools under PPP route shall be entirely run and managed by Private Sector under this scheme.

Modular Employability Skills

Ministry of Labour & Employment in pursuance to excellence in vocational training has developed a new strategic framework for skill development namely 'MODULAR EMPLOYABLE SKILLS (MES)' framework in close consultation with industry, State Governments and experts. MES is 'Minimum Skills Set' which is sufficient to get an employment in the labour market. These can be learnt through professional training institutes or through professionals in formal and non-formal way for one's gainful employment.

Reaching Out To The Real India

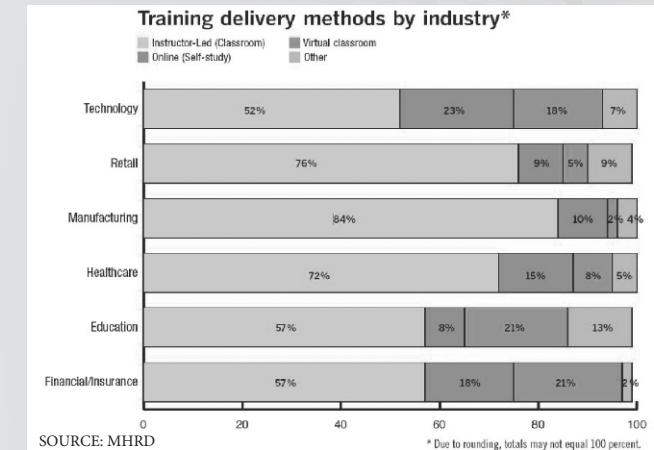
The total literacy rate in India is 65.38%. The female literacy rate is only 54.16%. The gap between rural and urban literacy rate is also very significant in India. This is evident from the fact that only 59.4% of rural population are literate as against 80.3% urban population according to the 2001 census.



The Government has created the 'Right to Education' act as well as created the Sarva Siksha Abhyan. A few major initiatives have,

however, been taken from time to time to integrate poverty issues with education. Some of these initiatives are:

- massive expansion of educational facilities including setting-up of educational institutions in rural and remote areas with emphasis on regional language/mother tongue as the medium of instruction to eradicate rural-urban disparity in the access of education;
- hostels for poor students belonging especially to scheduled castes, scheduled tribes and backward classes, and residential schools for the poor-tribals;
- mid-day meals, merit-cum-means scholarships, and book-loan programme for the poor school children so that they do not have to earn their livelihood at the cost of education
- subsidized Skill development programmes by way of Government invested Centers at state level to impart the vocational skills for the nearest job orientation with the help of PPP model and empaneling Private Sector as Training partners for the programme.



Online Education

Online Learning is a new-age chapter in education worldwide. It is the process of learning without having to attend classes in a conventional classroom. The course material is available directly through the internet and supplemented by demos, flash movies or animations. The lessons are instructor-led, and multiple entry points mean students needn't wait an academic year to start classes. In India, many men and women are tapping into the vast possibilities to give themselves the benefit of an additional degree or certification. "The emergence of the knowledge worker has intensified focus on life-long learning," says Nagesh Singh, President, American Higher Education India (AHEd India). "In the US, for instance, online education initiatives by universities generated around \$5 billion in fees in 2005. In India, dramatic changes in the last few years have

resulted in many takers for the online mode," he adds. More corporate are logging on, and more individuals are comfortably balancing their personal life and work life with an education they desire. "India is in a unique position, with a booming economy and a globally recognized Information Technology sector. But like in many countries, productivity is its biggest issue: even a 5 per cent increase in productivity will result in a higher GDP. Online Education can unleash that productivity.

Year	literacy rate rural India(men)	literacy rate rural India (women)
2004-5	636/1000	450/1000
2005-6	656/1000	467/1000

Year	literacy rate urban India(men)	literacy rate urban India (women)
2004-5	805/1000	693/1000
2005-6	816/1000	702/1000

New Models of Institutions

Various models are being used by for-profit players to gather scale in the education segment. Most of these companies are using a mix of 'franchisee' and 'owned-schools' models in order to scale up. Some of the models being followed are:

Owned schools: Within this model, companies either set up Greenfield projects or take over the trusts of existing schools for a consideration.

Schools in Joint Ventures: In this model, the companies look at investing in parts and work jointly with the school trusts to improve the quality, technology, content, and teacher / student empowerment.

The Rise of Tuition Classes

The almost impossible to handle student teacher ratio has led to the mushrooming of tuition classes, almost like a parallel education system! However, these tuition classes are quite stressful for students since they hardly keep pace with the school schedule, or syllabus or timetable! Even teaching concepts differ. Students end up appearing for two sets of weekly exams, and preparing for two different chapters during the same week, making this a totally wasteful exercise.

Multimedia in K-12

The market is estimated at Rs.700 crores and expected to grow swiftly (~60% CAGR) as less than 5% of private unaided schools have been tapped. With 75,000 private schools (44,400 unaided),



the market offers a potential in excess of Rs15000 crores. Private schools are increasingly becoming obsessed with Multimedia as one mode of teaching. Teachers too are inclined to get aided by Multimedia gadgets and animation based software contents or e-contents to help them teach the students in classrooms either live or



Threats

Intellectual Property Thefts, long delays in Government approvals and payment delays, stiff competition on pricing, overall economic slowdown resulting in downsizing of workforce by Private Sector are the threats that would delay the success of the business model or impact the revenues and profits if not handled swiftly with creative product upgrades and sales strategies.

Company Performance And Outlook

The company has performed significantly well the year under review. The company is into the education as the broad segment of business. Allied business lines are the associated career placements and the Corporate and Institutional solutions in Education. The company has been into providing a meaningful education services from Cradle up to Careers. Following are the lines of the business of the company under Education as the single segment:

School Support Solutions:

- Vocational Skills training
- Online learning and Career Solutions
- Partner based branding and licensing services

The company has performed well in Vocational Skills training in the year under review. Vocation skills training has been successfully

implemented through the company's partner network. The partners are signed with a sign-up fee to sell the company's branded products and niche services. Further, the company also has the online learning and placement service providing meaningful contents and tutoring for students and also careers to student and job seekers.

The company also has clients those provide job requirements and the dealers and distributors who sell the online products on a pre-paid sales.

The company has launched the School support solutions in the year under review. The company acquired the School ERP product and also the associated school contents and test prep solutions to address K-12 student academic solutions. The company has further acquired the online pre-school entity to address pre-school requirements in a school in both online and in-campus framework. The company has trained over 80,000 students during the year under review. The company has also signed up over 250 partners and distributors during the said period. Further, the company has also opened regional offices to support its endeavour to spread to geographic reach to new regions and business avenues and also to reach out to the new regions of Vocational skills training. The company has offices in Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Maharashtra, Orissa, and West Bengal. During the year, the company also explored possibilities of partners in Northern India and recently signed up master partners in Punjab, Haryana, Rajasthan, and Delhi as well.

Following are the various line of business solutions of the company:

E-learning Courses

It is one of EdServ's core competencies, offered through the LAMPSGLOW.com portal. EdServ beams content developed in-house as well as acquired or brought out on lease to the students over the internet online anywhere, anytime. Various skills including academic skills are imparted through these courses at a cost by login-ids.

Assessments And Test Preparations

EdServ offers a multitude of assessments for student's viz. promptive metrics, model assessments, test preparations for competitive exams, and pre-career assessments to assess their capacities and skills for particular job as well as assess their preparedness for a certain examination. Assessments are also deployed in-campus for students metrics evaluation to monitor and track their performance continuously to crush their gaps in learning and enhance their competence level for appearing the final examinations.

Online Placement Engagements

EdServ provides an interface for the corporates to interact with prospective employees online by providing the job requirements

through job postings. The company also provides a mechanism by which job seekers can post their resumes through phone calls or through net online. The company further provides the engagement service for the clients as well as job seekers to handshake online by providing the useful information on the contact details of the most matching profiles and their interests to the clients and vice versa.

EdServ further offers staffing solutions to corporate to meet their manpower requirements. It offers manpower on both permanent and contractual basis through online engagements as well as offline on-demand services.

Online Tutoring For Academic Support

EdServ has launched online tutoring for school students as well as engineering students, thanks to its acquisition of the online tuition portal. Online tuition services are also offered on multi-skill development, one-to-one tutoring on various subjects of interests apart from organized evening and morning tuition online for one-to-many services on academic subject performance support.

School ERP Online Services

The company provides the online School Support solution through its state-of-the-art ERP for schools. The solution targets middle class schools as well as niche upper class schools in cities and towns alike.

School ERP solutions provide SMS based update on student performances, homework, logistics between school and home, continuous performance tracking at classes apart from other academic information sharing.

School ERP helps automating a school and helps the school to improve the efficiency in functioning and quality in rendering the services.

In-campus School Support Solutions

The company provides the school support solutions by way of a relationship for a minimum period of 5 years with a school wherein the company invests on technology, content, infrastructure, labs, class support system, and on-demand capacity expansion.

The company further provides ERP system, contents for K-12, Pre-school software and solutions to enhance the facilities, features, quality, and capacity utilization for the school. As a result of this support, the school increases the volumes of revenues substantially from the second year onwards in which the company shares the surplus by way of providing the various services through online login-ids and online products and services to individual students and teachers of the school.

Career Seeded Learning - Next Gen Approach

EdServ provided education in a holistic approach from K-12 is getting implemented through IDEA (Industry Demand Alignment). Industry Demand Alignment suggests to get the industry behaviour studied over a period and mapping it to the resources through a balanced seeding at K12 in a progressive education system. Technology is majorly used to arrive at the metrics which are the major inputs to IDEA.

The company works on a top-down approach to implement its next generation education model in 3 phases viz.,

Phase I : Direct Jobs demand-supply match; Academic support in higher education to enhance employability

Phase II: Academic Support to K12 to improve and control supply for demand and to spread and reach

Phase III: Industry Demand Aligned Academic-Industry bridged community with career seeded demand-supply match

Vocation Skills Training

The company has entered into a relationship with RDAT (Regional Directorate of Apprenticeship Training) under DGE&T (Directorate General of Employment & Training) part of Ministry of Labor and Employment, Government of India.

The company is at the moment a Vocational Training Provides (VTP) for 2 RDATs, Chennai and Hyderabad. The company has already applied for the VTP status for Kolkota and Mumbai regions.

The company has over 75 centers which are getting into the VTP status for training downtrodden and jobless candidates who require right orientation for a nearest job engagement. The Govt on its part re-imburses the expenses of training the candidates after due scrutiny and certification.

Partner Based Branding And Licensing

The company has signed up a widespread partner network who have been authorized to sell and support EdServ's products and services. The company also sells licenses and brands to partners and distributors who further sell those licenses at a premium to make margins. The company sells and supports products and services that include brands and licenses including third-party licenses through partner network and independent dealers and distributors.

The company has widespread network of dealers and distributors who stock the product licenses of the company in hours of usage login-ids. These pre-paid login-ids are also sold to the end-users or further off-loaded to dealers who in-turn sell to end-users at a premium.

The Year Ahead Plans

The company plans the following for future to consolidate its growth and move to the national and global presence on learning and career solutions:

Service-on-lease model to encompass widespread contents

The company plans to get all diversified and best selling contents from third-parties on a park-on-lease framework to get royalties paid on per-hour usage basis. The company has already implemented the Content-on-Lease in the LAMPSGLOW.com portal to effect this model. This model helps the company to conserve cash but at the same time make available the various best selling contents on lease basis before finalising to take them on-board by acquisition or by profit sharing modes.



Mobile applications on pay-per-usage framework

The company plans to integrate the mobile applications into LAMPSGLOW.com to offer them on pay-per-hour basis into the Smart phones by aligning with leading mobile phones providers and cellular service providers. The smart applications on phones will help achieve widespread reach of EdServ's applications to all types of users for various education, entertainment, and job placement requirements on the move.

Class Support System to enhance learning in-campus

The company plans to implement a full-fledged Class Support System to enhance the student's learning in-campus in both schools and colleges by hybrid learning. By which method, the students will go through manual teaching sessions supported by multimedia based video contents streaming on those topics of interest and a Q&A to understand the gaps in learning. The EdMedia, EdTutor, and EdQuiz shall be implemented full-fledged in all schools that the company has presence and also shall be offered as part of the ERP for schools and Colleges to all institutions that are in requirement for student performance support systems.

Online Tutoring breaking all linguistic barriers in learning

EdServ's current online tutoring shall be offered across India and other parts of Asia for all subjects of both academic and multi-skill development requirements in native languages as well apart from English. Tutors shall offer courses from home as well as from various EdServ offices in state-of-the-art technologies broadcasted through broadband in 2G / 3G framework.

Risks And Concerns

Ability to attract and retain talented and experienced professionals for content development and distribution across k-12 to institutions and career providing corporates.

The company has decided to adopt ESOP plan to attract highly talented manpower to be retained; further, variable salary structures have been already incorporated as MAT (Minimum Achievable Target) to ensure every targets are kept minimum and achievable and staff are rewarded with additional variable pay over and above the fixed pay on achieving MAT.

Protecting intellectual property rights, business model, content and data, revenues, and copyrights of systems from being pirated and illegally transferred, used or misused

The company has moved all its business processes though LAMPS which is an Academic ERP encompassing the delivery, revenue, support, service, learning and placement in a central and secured web network; every access is through restricted logins through only authorized centers; further, LAMPS is protected from illegal access through multiple level of IP based security and also firewall systems from being copied as a source or executable as well as the data being copied or transferred with or without knowledge of the administration and HQ; further the company has already procured trademark, Provisional Patent of HEADS and LAMPS idea and also

LAMPS copyright.

Delays in payments from government / universities / institutions

Payment delays if any are already built into the Product cost by way of margins in case of delays of payments beyond the stipulated timeframe after completion of services and support; further, since the business process is entirely driven by automated technology-led LAMPS software portal, any inordinate delay in payments from Universities may attract stopping of services to students who avail all services and support through LAMPS live and online

Higher amount of capital investments to manage schools

To cater to the need for higher capital for investments into the schools (K-12) as part of the immediate plans, the company shall look at long-term debt or fresh equity based capital, other means of financing

Higher amount of capital investments to create contents

Company shall explore possibilities of acquiring contents at lower costs basis on such good value based entities that come on the way and then working on fine tuning and upgrading the features of such acquired contents to lower the overall cost of developing the contents; further, to meet out the fresh capital requirement if any, the company plans to raise capital through equity / debt or other means of financing.

Higher amount of capital investments for branding

To meet out the requirements of capital for branding exercise on a continuous basis to expand the partner network and to register aggressively the students on-board along with institutions on-board, the company plans to raise capital through issue of warrants / equity / debt or other means of financing.

Lower margins in the business

The business model of EdServ is on higher margins because of lower costs of execution. Further, partners give royalty as a share from their revenues / collections. Further all contact and servicing centers are franchisee partner driven and so the company does not suffer any expense for delay in businesses because of running costs. Margins of partner centers are also higher due to the fact that the execution is automated and managed by software systems with least human intervention including the delivery and deployment using the low cost broadband for delivery.

Internal control systems

The company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines, and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency.

Reports of the internal auditors are regularly reviewed at the Audit committee meetings. The Audit Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

Discussion on financial performance with respect to operational performance

Financial Condition

A summary of our financial position as on 31st March 2010 and 2009 are as follows:

₹ in Lacs

	2010	%	2009	%	Growth
I. Sources of Funds					
Shareholder's Funds:					
Share Capital	1200.6	21.02	1200.6	33.89	-
Share Application money pending allotment	50.11	0.88	1.11	0.03	
Reserves & Surplus	3662.76	64.12	2282.16	64.42	60.50
Secured Loans					
Loan against Security of Fixed Deposits	574.28	10.05	-		
Vehicle Loan (Secured by hypothecation of Vehicles)	22.26	0.39	-		
Deferred Tax Liability Net (See Note 13)	201.93	3.54	58.88	1.66	242.95
	5711.94	100.00	3542.75	100.00	
II Application of Funds					
Fixed Assets					
Gross Block	1177.76	20.62	690.76	19.50	70.50
Less: Depreciation	213.03	3.73	62.92	1.78	238.57
Net Block	964.73	16.89	627.84	17.72	53.66
Capital Work in progress-Product Development	1753.46	30.70	655.57	18.51	167.47
Investments	8.50	0.15	8.50	0.24	0.00
Current Assets, Loans & Advances					
A. Current Assets					
Sundry Debtors	2797.21	48.97	661.01	18.66	323.17
Cash and Bank Balances	961.36	16.83	861.19	24.31	11.63
B. Loans & Advances					
Loans & Advances	213.08	3.73	877.23	24.76	(75.71)
	3971.65		2399.43	67.73	65.52
Less: Current Liabilities & Provisions	1094.09	19.15	281.11	7.93	289.20
Net Current Assets	2877.56	50.38	2118.32	59.79	35.84
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Preliminary Expenses	0.10	-	0.20	0.01	(50.00)
Share Public Issue Expenses	107.59	1.88	132.32	3.73	(18.69)
	5711.94	100.00	3542.75	100.00	



Sources of Funds

1. Share Capital

At present we have only one class of shares Equity Shares of ₹ 10/- each fully paid up.

Our Authorised Capital is ₹ 2500 Lacs divided into 250 Lakh Equity Shares of ₹ 10/- each. The issued, subscribed and paid up capital as on 31st March 2010 is ₹ 1201.71 Lacs and as on 31st March 2009 is ₹ 1201.71 Lacs. During the year

the company issued convertible Warrants to the Promoters. The same is shown as Share Application Money and is pending allotment. The shares are listed in NSE and BSE.

2. Reserves & Surplus

The position of Reserves & Surplus for the year 2010 and 2009 is given below. During the year the company has transferred 180.19 Lacs to General Reserve as per the statutory requirement.

₹ in Lacs

	2010	2009
Reserves and Surplus		
Share Premium Opening Balance	2040.00	271.68
Less Capitalised for issue of Bonus Shares		271.68
Add: Additions during the year		2040.00
	2040.00	2040.00
General Reserves	180.19	
Profit and Loss Account		
Profit and Loss Account Opening Balance	242.16	163.50
Add: Profit brought forward from P & L Account	1200.40	228.66
Less Capitalised for issue of Bonus Shares	-	150
	1442.56	242.16

Application of Funds

3. Fixed Assets

Statement of movement of Fixed Assets are as follows:

₹ in Lacs

	2010	2009	Growth
(Computer Software & IP Rights)	97.24	95.48	1.84
Plant & Machinery	0.36	0.36	-
Office Equipments	8.46	2.07	308.70
Furniture & Fixtures	145.95	13.57	975.53
Vehicles	28.98		
Computers	896.77	579.28	54.81
Gross Block	1177.76	690.76	70.50
Less: Accumulated Depreciation	213.03	62.92	238.57
Net Block	964.73	627.84	53.66
Add: Capital Work in Progress	1753.46	655.57	167.47
Net Fixed Assets	2718.19	1283.41	111.79
Depreciation			
as % of revenues	2.85	3.05	
as % of average Gross Block	12.74	3.79	
Accumulated Depreciation as % of Gross Block	18.09	9.11	

4. Investments

There is change in the investment during the year. The cost of the investment is ₹ 9.50 Lacs as on 31st March 2010 and ₹ 8.50 Lacs as on 31st March 2009.

5. Sundry Debtors

Sundry Debtors amount to ₹ 2797.21 Lacs as on 31st March 2010 and ₹ 661.01 lacs as on 31st March 2009. There are no provision for doubtful debts for

both the years. All the debts are considered good and realizable. Debtors are at 53.10 % of revenues as on 31st March 2010 and 77.02% as on 31st March 2009.

6. Cash And Cash Equivalents

The summary of the cash and cash equivalents are as follows

₹ in Lacs

	2010	2009
Cash on hand	9.34	46.63
Balance with Banks in current accounts-Scheduled Banks	298.53	310.67
Balance with Banks in Deposit accounts-Scheduled Banks	608.57	500
Balance with Banks in current accounts-Others	44.93	3.89
	961.37	861.19

7. Loans And Advances

The details of the Loans and advances are as follows

₹ in Lacs

	2010	2009
Advances recoverable in cash or in kind or for value to be received - Considered Good	24	25.19
Advance to suppliers	-	811.04
Rent Deposits	33.20	18.40
Service Tax Input Credit	49.03	12.37
VAT Input Credit	5.54	1.33
Advance Income Tax	88.02	2.48
Income Tax Deducted at Source on Income	8.64	4.92
Income Tax Deducted at Source on Interest held in Banks	4.66	1.50
	213.09	877.23

8. Current Liabilities and Provision

A summary of the current Liabilities are as follows

	2010	2009
Sundry Creditors for Expenses and Services (Other than Micro Enterprises and Small Enterprises)	33.11	7.56
Provident Fund Payable	1.13	0.00
ESI Payable	0.12	0.03
Professional Tax Payable	0.66	0.20
VAT Payable	2.31	5.59
Service Tax Payable	185.91	38.33
Advance received from Customers	0.00	50.65
	223.24	102.36
Provisions	2010	2009
Provision for Dividend	360.18	120.06
Provision for Gratuity	8.93	1.17
Provision for Taxes on Distributed Profits	61.21	20.40
Provision for Income Tax	441.52	37.12
	871.84	178.75



Sundry Creditors for expenses and services represent the amount accrued for various operational expenses and the creditors for the operation of the company. Advance received from customers represent the advance received for

future services. The company has proposed declaration of dividend on the equity shares for the year ended 31st March 2010 and provision for the Dividend distribution Tax has been provided. Provision for tax represent the estimated tax liabilities.

9. Net Current Assets

Net current assets as on 31st March 2010 is ₹ 2877.56 Lacs as against ₹ 2118.32 Lacs as on 31st March 2009.

Current ratio as on 31st March 2010 is ₹ 3.63 and as on 31st March 2009 is ₹ 8.53

Results of Operations

The following are the summary of financial operations.

₹ in Lacs

	2010	%	2009	%	Growth
INCOME					
Software Development Services, Education & Training	5208.81	98.87	819.76	95.51	535.41
Sale of Machinery	3.09	0.06	25.00	2.91	-87.64
Other Income	56.4	1.07	13.5	1.57	317.78
	5268.30	100	858.26	99.99	513.83
EXPENSES					
Purchase of Machinery	-	-	19.17	2.23	
Purchase of Software	1503.33	28.54	-	-	
Administrative Expenses	714.89	13.57	166.79	19.43	328.62
Interest on Working Capital Loans	43.41	0.82	8.77	1.02	394.98
Course Content and Brand Expenses W/off	439.49	8.34	127.9	14.9	243.62
Operating Expenses	2701.12	51.27	322.63	37.59	737.22
Operating Profit (PBITDA)	2567.18	48.73	535.63	62.41	379.28
Preliminary Expenses	0.1	-	0.1	0.01	-
Depreciation	150.1	2.85	26.19	3.05	473.12
Share Issue Expenses written off	35.37	0.67	33.08	3.85	6.92
Profit after Depreciation & Amortisations	2381.61	45.21	476.26	9.04	400.07
Less: Provision for Income Tax - Current	436.55	8.29	58.84	6.86	641.93
Less: Provision for Fringe Benefit Tax	-	-	0.41	0.05	-100
Add (+) / Less (-) Provision for Deferred Tax	143.06	2.72	47.89	5.58	198.73
Profit After Tax	1802	34.2	369.12	43.01	388.19
Less: Transfer to General Reserve	180.19	2.28			
Less: Provision for Dividend	360.18	6.84	120.06	13.99	200
Less: Provision for Dividend Distribution Tax	61.21	1.16	20.4	2.38	200.05
Balance of Profit Carried to Balance Sheet	1200.40	23.93	228.66	26.64	451.28

The Company has only one segment of business.

1. Income

₹ in Lacs

	2010	2009
Software Trading and Sales	1659.46	272.45
Royalty - Franchise Centers	0.41	-
Training, Media Reimbursement, Course Content	282.04	32.93
Reimbursement of Vocational Training	1859.42	-
Application Fees	50.14	-
Recruitment services	0.26	-
Student Registration Fee	576.6	96.28
Brand License Access Fee	780.48	418.1
	5208.81	819.76

2. Expenditure

a. The company has incurred the following administrative expenses

₹ in Lacs

	2010	2009
Rent	39.11	22.10
Advertisement Expenses	58.40	6.35
Electricity	7.31	2.93
Printing and Stationery	18.59	25.76
Repairs and Maintenance-Building	1.81	0.00
Repair and Maintenance -Others	18.84	5.09
Telephone and Fax Charges	12.22	4.48
Employment Expenses	203.79	51.37
Postage Telegram & Couriers	2.78	0.42
Travelling and Conveyance	30.50	10.19
Other Administration & Miscellaneous charges	42.93	15.47
MODES Expenses	207.49	0.00
Sponsorship Charges	10.28	0.00
Bank charges	1.12	1.07
Vehicle Finance Charges	1.57	0.00
Audit Fees	5.00	2.00
Consultancy & Legal Charges	53.16	19.54
	714.90	166.77

b. The company is incurring Course Content, Contents and other Training materials. The company has the policy of writing off 20% of the expenses incurred for each year including the brought forward from earlier years. The company written off an amount of ₹ 439.49 Lacs for the year ended 31st

March 2010 and ₹ 127.90 lacs for the year ended 31st March 2009.

c. We provided ₹ 150.10 Lacs and ₹ 26.19 Lacs for the years ended 31st March 2010 and 2009. The company has no income derived in foreign currencies.



Material developments in Human Resources / Industrial Relations front, including number of people employed.

The company has well-defined HR practices and performance appraisal systems. The company has various departments and divisions based on the businesses, operations, support, and administration that is required to drive the company's business and its growth. Each department and division is specifically provided the KRA (Key Result Area) defining the department / division's objectives and result areas that would work towards the company's business goals.

Mat Reviews Scientific way of Rewarding Performance

The company has well-defined HR practices and performance appraisal systems. The company has various departments and divisions based on the businesses, operations, support, and administration that are required to drive the company's business and its growth. Each department and division is specifically provided the KRA (Key Result Area) defining the department / division's objectives and result areas that would work towards the company's business goals. Monthly reviews and weekly activity reports on business and operations are regular with appropriate heads of teams. Minimum Achievable Targets (MAT) are defined as the minimum expected targets in terms tasks, numbers, figures, revenues, and collections as applicable for each and every department / division. MAT ensures that individual team member figures collectively reach the team heads' MAT which collectively reach the company's targets of business and operations that include service and support efficiency as well as delivery effectiveness to exceed the expectation of client. MAT is linked to variable components of an employee's pay structure and is rewarded once the MAT is achieved. Further, MAT is payable quarterly while salaries are paid monthly which gives greater control of incentives / rewards disbursement after ensuring the delivery of targeted results done by every team member and team head.

Human Resources Creating Appreciating Assets

This includes technology, delivery, deployment, support, branding, and content divisions apart from Finance, accounts, administration, HR departments. The content development which requires Subject Matter Experts (SME) for each subject is managed by outsourcing the raw content delivery to consultants.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's strategies and objectives, projections, estimates, expectations and predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include Intellectual Property thefts, Humanware turn-out and availability, Government policies on education and employment, cyclical and seasonal demands and pricing in the Company's principal markets, changes in economic developments, tax structures within India and other incidental factors.

For and on behalf of the Board of Directors

Place: Chennai
Date: 03.05.2010

S. Giridharan
Chairman & CEO



Risk Management Report

→ Risk Management Report

Risk Management Report

Enterprise wide Risk Management (ERM) practice includes the processes and activities related to identification, analysis, evaluation and treating various risks associated with the functioning of the Organization. The main objective of EdServ's ERM is to minimize the risk that may hinder your company's objectives and to protect all the stake holders' interest.

The Risk Management Framework includes the Chief Executive Officer (CEO) and Chief Technical Officer (CTO) and Top Level Management Executives who are involved in framing and facilitating the risk management practices as well as the business and operational unit heads who are directly involved in managing the risks.

Risk Categories

INDUSTRY

The risk associated with the industry we are in which may arise due to the government policies, service related issues, competition, business dynamics, customer preferences.

STRATEGY

Risk arising out of the short and long term decisions and choices we make for taking the company forward maintaining the competitive edge for betterment of shareholder value.

COUNTER PARTY

Risk arising out of relationship with other parties such as Partners, Associates, Vendors and others.

SYSTEM

Risk related to reliability and the capacity of the systems used to run the business as well as data integrity, content integrity, customer delivery, physical and information security and natural calamities.

RESOURCES

Risk inherent with usage of resources where the throughput and utilization of the resources are concerned.

LEGAL

Risk due to inadequate compliance to regulations, counter party obligations, Intellectual Property (IP) violations which may lead to litigation and dent in the image and reputation.

Major Risk Management Activities

RISK ANALYSIS AND ASSESSMENT: From time to time the risks that may have serious impact on the company are analyzed and prioritized. The inputs are collected from the

risk owners and handlers in various departments through communication and consultation with them.

RISK MONITORING AND REPORTING: At unit level the risk reporting is done. The data is analyzed to understand the trend and the potential impact. Mitigation steps effected and their status is discussed.

INTEGRATION WITH ORGANIZATION INITIATIVES: The risk identification, analysis and assessment is fed as input for future business plans and strategies.

The Risk Environment

Your company in the learning industry linked with placement opportunities. Due to global economic slowdown there had been a down turn and even developed countries were nearing recession. So there had been lower sales and lesser demand for products and services. Further, the companies were forced to stop hiring and lay-offs were also becoming rampant during the year under consideration. Job oriented training businesses also went down in volumes due to lower demand for trained professionals and IT and ITES sectors. Also, the power to buy went down in general and so higher fee structure based courses and services were not seeing the demand.

Major Risk Management Activities carried out during the year

During the year under consideration, your company made extensive study and research of the market at large relating to training and placement.

A strategy of enhancing the business model with a focus on

- Non-IT domains;
- Affordable costs of courses, services, placements;
- School management services & academic support;
- Servicing the masses at large, the bottom of the pyramid;
- Choosing recession-proof segments of the market; was adopted after taking inputs from the market through our Sales team as well as independent market research. This called for a specific focus on placement as an integral part of the business model as a strategy apart from adopting technology based learning framework called e-learning.

Risks identified and risk mitigation and management actions undertaken by the company are described below:



“ Rule No 1: Never lose money. Rule No. 2: Never forget rule no. 1 ”
Warren Buffet

1. SCHOOL MANAGEMENT RISKS

School environment differs from corporate environment. It has more passion and compassion component and comparatively less result oriented accountability. It requires complete understanding, cooperation and coordination from the school staff and management to implement our system. We run the risk of resistance from the staff and their getting conversant with the technological interface. We have formed our Academic Council consisting of experienced academicians as its members. The Academic Council performs the required orientation and hand holding of the staff to build their confidence and implement the system successfully. The council undertakes the activity of bridging the gaps between schools and corporate and de-risk the school management activity.

2. CONTENT DEVELOPMENT RISKS

Content development requires a team of professionals with different skills. The quality of the content is predominantly driven by the Subject Matter Experts (SMEs), who are generally from academic background. Getting qualified SMEs is a challenge and retaining them in corporate environment is always an issue. The risk is addressed by maintaining a core team of SMEs and outsourcing the major portion to SMEs, who can take up the work as part-time assignment. To reduce the turn around time of content development, contents available off-the-shelf are accessed through the content on lease model.

3. OUTSOURCING RISKS

Outsourcing is the most preferred way of content development. Most of the work is outsourced to independent consultants who take up this as an additional job. There is a risk of delivery on time and also of expected quality. The outsourcing coordination team has well defined system and process in tracking the delivery and working on alternate assignments on delayed deliveries. The Core SME team handles the quality related issues.

4. CONTENT DISTRIBUTION (THIRD-PARTY) RISKS

In addition to the content developed in-house, contents are made available on lease basis from other vendors. To maintain continuity of service to the registered users, when a vendor relationship is withdrawn, similar contents are made available through multi vendor tie-ups.

5. GOVERNMENT ENGAGEMENT RISKS

Business strategies and targets based on Government Engagements depend on the financial outlay for a particular period. Close coordination and follow-up with the departments helps in better planning and achieving the targets. To be a preferred partner by the Government, quality of delivery is important. The support team works with our partners in a closed feedback control system. It

conducts periodic audits to reinforce the quality standards to comply with.

6. TECHNOLOGY OBSOLESCENCE RISKS

The technology platform that drives our business is built over open system standards. The technical R&D team works on improving the efficiency of the existing system and also constantly upgrades it in tune with the current standards.

7. WEB BASED BUSINESS COMPETITION RISKS

The advantage of web-based system is that it is not bound by geographic limitations. It is also an disadvantage. To remain the industry pioneer, our Corporate Strategy and Innovation Group keeps a vigil on the competition and constantly refurbish the model to suit the demographic and seasonal changes and also the users' requirement.

8. INTERNET ACCESS SECURITY RISKS

We have built a robust internet security system using state-of-art hardware and software components. Also, the system to monitor and analyze the traffic is in place. Periodic audits and checks are performed by experts to validate the security measures.

9. CONTENT & INFORMATION LEAKAGE / THEFT RISKS

Within the development area, information is shared only on need basis. Only authorized personnel have access to needed information. We Copyright all our works and Patent our model to secure them from unauthorized usage and claims



Auditor's Report



“ The pen is mightier than the sword, but no match for an accountant ”
Jonathan Glacey

→ Auditors' Report To The Members Of EdServ Softsystems Limited

Auditor's Report To The Members Of EdServ Softsystems Limited

1. We have audited the attached Balance Sheet of Edserv Softsystems Limited as at March 31.03.2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on the 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 the disclosures in the financial statements. An audit also includes assessing the accounting principals 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 issued by the Central Government of India in terms of sub-section (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, 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 purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and the 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 (read in conjunction with the Notes and Schedule attached thereto) dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31.03.2010 and taken on record by the board of Directors, we report that none of the directors is disqualified as on 31.03.2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - 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 Companies Act, 1956, in the manner so 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 31.03.2010;
 - b. In the case of the Profit and Loss Account, of the Profit for the year ended on that date;
 - c. In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
(Membership No. 21594)
Partner
Firm Registration No. 010935S

Place: Chennai 600024.
Date: 3.5.2010



Annexure referred to in paragraph 3 of the Auditors' Report to the members of on the accounts for the year ended 31.03.2010.

1. a. The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- b. As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material and the same have been properly dealt with in the Books of Account..
- c. During the year the Company has not disposed off any substantial of major part of the Fixed Assets.
2. The company did not hold any stock of inventory. In view of the foregoing, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable
3. As informed, the company has not granted any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. As informed, the company has not taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanation given to us, having regard to the explanation that some items are of special nature for which alternate quotations cannot be obtained, there is an internal control system commensurate with the size of the company and nature of its business for purchase of fixed assets and for the sale of software products and services. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas. During the year,

there are no transactions of purchase of inventory.

6. a. Based on the audit procedures performed by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under sec 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time
7. In our opinion and according to the information and explanations given to us, as the company has not accepted deposits from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 paragraph 4(vii) of the Order is not applicable.
8. In our opinion the company has an internal audit system commensurate with size and nature of its business.
9. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
10. a. According to information and explanations given to us and as per records produced before us for verification, the company is regular in depositing with appropriate authorities undisputed statutory dues including P.F. E.S.I, Sales Tax, Income tax, Custom duty and any other undisputed statutory dues.
- b. As per information and explanations furnished to us and on verification of records produced, no undisputed arrears of amounts payable in respect of sales tax / income tax / custom / wealth tax / excise / service tax were outstanding as at 31st March 2010, for a period of more than six months from the date they became payable.

c. According to the records of the Company, there are no disputed dues in respect of sales tax / income tax / custom / wealth tax / excise / service tax as on 31st March 2010.

11. The Company has no accumulated losses as at 31st March, 2010 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
12. In our opinion and on verification of records, the company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
13. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and therefore paragraph 4(xii) of the Order is not applicable.
14. The provisions of any special statute applicable to chit fund and nidhi / mutual benefit fund/society are not applicable to the company and therefore paragraph 4 (xiv) of the Order is not applicable.
15. The company is not dealing or trading in shares, securities, debentures and other investments and therefore paragraph 4 (xiv) of the Order is not applicable.
16. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions and therefore paragraph 4 (xvi) of the Order is not applicable.
17. The company has not availed term loans during the year.
18. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, no short term funds has been used for fixed assets (long term investments) no long term funds were raised for short term investments.
19. The company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
20. The Company has not issued any Debentures during the year under report.

21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For **RAJ AND RAVI**
Chartered Accountants

N. RANGANATHAN
(Membership No. 21594)
Partner
Firm Registration No. 010935S

Place: Chennai 600024.
Date : 3.5.2010



➔ Balance Sheet As At 31st March 2010

Balance Sheet As At 31st March 2010

	Schedule		As on 31.03.10 ₹	As on 31.03.09 ₹
I. Sources of Funds				
Shareholder's Funds:				
Share Capital	1		12,00,60,000	12,00,60,000
Share application money pending allotment (see note 14)			50,10,986	1,10,980
Reserves & Surplus	2		36,62,76,003	22,82,15,670
Loan Funds				
Secured Loans				
Loan against Security of Fixed Deposits			5,74,28,477	
Vehicle Loan (Secured by hypothecation of Vehicles)			22,25,819	
Deferred Tax Liability Net (See Note 13)			2,01,93,217	58,87,726
			57,11,94,502	35,42,74,376
II. Application of Funds				
Fixed Assets	3			
Gross Block			11,77,75,579	6,90,75,820
Less: Depreciation			2,13,02,833	62,92,344
Net Block			9,64,72,746	6,27,83,476
Capital Work in progress-Product Development			17,53,45,918	6,55,57,034
Investments	4		9,50,000	8,50,000
Current Assets, Loans & Advances				
A. Current Assets				
Sundry Debtors	5	27,97,21,392		6,61,00,693
Cash and Bank Balances	6	9,61,36,490		8,61,19,750
B. Loans & Advances				
Loans & Advances	7	2,13,08,039		8,77,23,143
		39,71,65,921		23,99,43,586
Less: Current Liabilities & Provisions	8	10,95,09,112		2,81,11,403
Net Current Assets			28,76,56,809	21,18,32,183
Miscellaneous Expenditure (to the extent not written off or adjusted)				
Preliminary Expenses		10,000		20,000
Share Public Issue Expenses		1,07,59,029		1,32,31,683
			1,07,69,029	1,32,51,683
			57,11,94,502	35,42,74,376
Notes on Accounts	12			

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S

Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary



➔ Profit And Loss Account For The Year Ended 31st March 2010

Profit And Loss Account For The Year Ended 31st March 2010

	Schedule		For the year ended 31.03.10 ₹	31.03.09 ₹
INCOME				
Software Development Services, Education & Training (Net of Service Tax of ₹1,23,05,928/- Previous Year ₹22,55,601/-)	9		52,08,80,733	8,19,76,151
Sale of Machinery (Net of VAT of ₹16,231/- (Previous Year ₹49,810/-)			3,08,692	25,00,000
Other Income	10		56,40,475	13,49,978
			52,68,29,900	8,58,26,129
EXPENDITURE				
Purchase of Machinery			-	19,17,692
Purchase of Software			15,03,33,250	-
Administrative Expenses	11		7,14,89,336	1,66,78,504
Interest on Working Capital Loans			43,40,545	8,77,599
Course Content and Brand Expenses W/off			4,39,48,697	1,27,89,766
Depreciation			1,50,10,489	26,18,916
Share Issue Expenses written off			35,37,238	33,07,920
Preliminary Expenses			10,000	10,000
			28,86,69,555	3,82,00,397
Profit Before Tax			23,81,60,345	4,76,25,732
Less: Provision for Income Tax - Current		4,36,55,262		58,83,850
Less: Provision for Fringe Benefit Tax		-		40,674
Add (+) / Less (-) Provision for Deferred Tax		1,43,05,491		47,89,190
			5,79,60,753	1,07,13,714
Profit After Tax			18,01,99,592	3,69,12,018
Less: Provision for Dividend		3,60,18,000		1,20,06,000
Less: Provision for Dividend Distribution Tax		61,21,259		20,40,420
			4,21,39,259	
Profit after appropriations			13,80,60,333	2,28,65,598
Less: Transfer to General Reserve			1,80,19,959	-
Profit carried to Balance Sheet			12,00,40,374	2,28,65,598
Earnings Per Share (In ₹)				
Basic			15.01	4.54
Diluted			14.97	4.54
Nominal Value per Share			10.00	10.00
Notes on the Accounts & Significant Accounting Policies	12			

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account.

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S
Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary



→ Cash Flow Statement For The Period Ended 31st March 2010

Cash Flow Statement For The Period Ended 31st March 2010

PARTICULARS	31.3.2010	31.3.2009
A. Cash flow from Operating Activities		
Net profit as per Profit and loss account	18,01,99,592	3,69,12,018
ADJUSTMENTS FOR		
Depreciation in books	1,50,10,489	26,18,916
Preliminary expenditure written off	10,000	10,000
Deferred Tax	1,43,05,491	47,89,190
Share Issue Expenses written off	35,37,238	33,07,920
Interest paid	-	-
Provision for Income tax & FBT	4,36,55,262	59,24,524
Operating cash flows before adjusting for working capital changes	25,67,18,072	5,35,62,568
Adjustment for Working Capital changes		
Decrease/(Increase) in Inventories	-	-
Decrease/(Increase) in Sundry debtors	(21,36,20,699)	(3,37,44,553)
Decrease/(Increase) In other Current assets	6,64,15,104	(8,33,31,165)
Increase / (Decrease) in Current liabilities and provisions	3,76,42,447	1,21,36,446
Operating cash flow after Adjusting for working Capital changes	14,71,54,924	(5,13,76,704)
Less Income tax and FBT paid	-	-
Cash flow before Extra ordinary items	-	-
Extra ordinary/prior period items.	-	-
Net Cash Flow from operating activities - A	14,71,54,924	(5,13,76,704)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	4,86,99,759	5,82,19,909
Product Development Expenses	10,97,88,884	4,78,07,624
Preliminary Expenditure	-	-
Net cash From Investing activities - B	15,84,88,643	10,60,27,533

Cash Flow Statement For The Period Ended (Contd...)

C. Cash flow from Financing Activities		
Proceeds from Share Capital	-	4,09,10,980
Proceeds from Share Application	49,00,006	-
Proceeds from Share Premium	-	20,40,00,000
Proceeds from Bank Loans	5,96,54,296	-
Share Issue Expenses	(10,64,584)	(1,65,39,603)
Provision for Dividend and Dividend Tax	(4,21,39,259)	(1,40,46,420)
Payment of Bank OD	-	-
Repayment of Secured Loans	-	-
Proceeds from unsecured loans	-	-
Interest Expense	-	-
Net Cash Flow From Financing Activities - C	2,13,50,459	21,43,24,957
Net Increase in cash and Cash equivalents (A + B + C)	1,00,16,740	5,69,20,720
Add: Cash and cash equivalents at the beginning of the year	8,61,19,750	2,91,99,030
Cash and cash equivalents at the end of the year	9,61,36,490	8,61,19,750
Reconciliation		
Cash and cash equivalents at the end of the year	9,61,36,490	8,61,19,750
Add: Unrealized Exchange Fluctuation loss/(gain)	-	-
Cash and cash equivalents at the end of the year(as above)	9,61,36,490	8,61,19,750

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S

Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary





Schedules Forming Part Of Balance Sheet As At 31st March 2010

Schedules Forming Part Of Balance Sheet As At 31st March 2010

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 1		
Share Capital		
Authorised		
2,50,00,000 Equity Shares of ₹10/- each (Prev. Yr 1,40,00,000 Equity Shares of ₹10/- each)	25,00,00,000	14,00,00,000
Issued, Subscribed and Paid up		
1,20,06,000 Equity Shares of ₹10/- each fully paid up	12,00,60,000	12,00,60,000
Out of the above 56,66,800/- Equity Shares of ₹10/- each fully paid issued as Bonus Shares (Previous Year 1,20,06,000 Equity Shares of ₹10/- each fully paid up. Out of the above 56,66,800/- Equity Shares of ₹10/- each fully paid issued as Bonus Shares)	12,00,60,000	12,00,60,000
SCHEDULE - 2		
Reserves and Surplus		
Share Premium Account		
Share Premium Opening Balance	20,40,00,000	2,71,68,000
Less Capitalized for issue of Bonus Shares	-	2,71,68,000
Add: Additions during the year	-	20,40,00,000
	20,40,00,000	20,40,00,000
General Reserves		
	1,80,19,959	-
Profit and Loss Account		
Profit and Loss Account Opening Balance	2,42,15,670	1,63,50,072
Add: Profit brought forward from P & L Account	12,00,40,374	2,28,65,598
Less Capitalized for issue of Bonus Shares	-	14,42,56,044
		2,42,15,670
	36,62,76,003	22,82,15,670

SCHEDULE - 3

Fixed Assets

FIXED ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 1.4.2009	Addition	Dele- tion	As on 31.03.2009	UPTO 31.3.2010	Dele- tion for the year	As on 31.03.2010	As on 31.03.2009	
INTANGIBLE ASSETS	95,48,254	1,76,000	-	97,24,254	52,13,695	-	15,47,773	29,62,786	43,34,559
(Computer Software & IP Rights)									
Plant & Machinery	36,084	-	-	36,084	836	-	10,159	25,089	35,248
Office Equipments	2,07,091	6,38,740	-	8,45,831	5,923	-	12,414	8,27,494	2,01,168
Furniture & Fixtures	13,56,792	1,32,38,220	-	1,45,95,012	97,573	-	1,20,546	1,43,76,893	12,59,219
Vehicles		28,97,365	-	28,97,365			91,036	28,06,329	-
Computers	5,79,27,599	3,17,49,434	-	8,96,77,033	9,74,317	-	1,32,28,561	7,54,74,155	5,69,53,282
TOTAL	6,90,75,820	4,86,99,759	-	11,77,75,579	62,92,344	-	1,50,10,489	9,64,72,746	6,27,83,476
Previous Year	(1,08,55,911)	(5,79,76,734)	-	(6,90,75,820)	(36,73,428)	-	(26,18,916)	(6,27,83,476)	(71,82,483)

	As at 31.03.2010 ₹	As at 31.03.2009 ₹
SCHEDULE - 4		
Investments		
In Subsidiaries & others companies		
Trade, Unquoted, At Cost Value		
Equity Shares of ₹10/-each fully paid up of Onspec Technologies P Ltd	8,50,000	8,50,000
Equity Shares of ₹10/-each fully paid up of Vidhyadhana Education P Ltd	1,00,000	-
	9,50,000	8,50,000
SCHEDULE - 5		
Sundry Debtors (Unsecured / Considered good)		
Debts outstanding for a period exceeding 6 months	6,07,36,279	2,54,16,270
Other Debts	21,89,85,113	4,06,84,423
	27,97,21,392	6,61,00,693
SCHEDULE - 6		
Cash and Bank Balances		
Cash on hand	9,34,315	46,62,944
Balance with Banks in current accounts/Scheduled Banks	2,98,52,844	3,10,67,427
Balance with Banks in Deposit accounts/Scheduled Banks	6,08,56,594	5,00,00,000
Balance with Banks in current accounts/Others	44,92,737	3,89,379
	9,61,36,490	8,61,19,750



SCHEDULE - 7 Loans and Advances	As at	As at
	31.03.2010 ₹	31.03.2009 ₹
Advances recoverable in cash or in kind or for value to be received - considered good	23,99,612	25,18,949
Advance to suppliers	-	8,11,04,355
Rent Deposits	33,19,500	18,39,750
Service Tax Input Credit	49,02,544	12,37,073
VAT Input Credit	5,53,992	1,32,901
Advance Income Tax	88,02,318	2,48,450
Income Tax Deducted at Source on Income	8,64,305	4,91,672
Income Tax Deducted at Source on Interest held in Banks	4,65,768	1,49,993
	2,13,08,039	8,77,23,143

SCHEDULE - 8 Current Liabilities & Provisions	For the year ended	
	31.03.2010 ₹	31.03.2009 ₹
Current Liabilities		
Sundry Creditors for Expenses and Services (Other than Micro Enterprises and Small Enterprises)	33,11,798	7,55,787
Provident fund Payable	1,12,926	-
ESI Payable	12,457	3,338
Professional Tax Payable	65,720	19,519
VAT Payable	2,30,869	5,58,810
Service Tax Payable	1,85,91,114	38,33,117
Advance received from Customers	-	50,65,399
Provisions		
Provision for Dividend	3,60,18,000	1,20,06,000
Provision for Gratuity	8,93,047	1,16,518
Provision for Taxes on Distributed Profits	61,21,259	20,40,420
Provision for Income Tax	4,41,51,922	37,12,495
	Total	10,95,09,112

Schedules to the profit and loss account for the period March 2010

SCHEDULE - 9 Sales	For the year ended	
	31.03.2010 ₹	31.03.2009 ₹
Software Trading and Sales	16,59,45,880	2,72,45,000
Royalty - Franchisee Centers	40,949	-
Training, Media Reimbursement, Course Content	2,82,03,500	32,93,025
Reimbursement of Vocational Training	18,59,42,100	-
Application Fees	50,13,918	-
Recruitment services	26,300	-
Student Registration Fee	5,76,60,055	96,28,126
Brand License Access Fee	7,80,48,031	4,18,10,000
	Total	52,08,80,733

SCHEDULE - 10 Other Income	For the year ended	
	31.03.2010 ₹	31.03.2009 ₹
Interest received from Bank (Tax deducted on above ₹4,65,768/- (Previous Year ₹1,49,993/-)	56,39,299	13,09,148
Miscellaneous Income	1,176	40,830
	Total	56,40,475

SCHEDULE - 11 Administrative Expenses	For the year ended	
	31.03.2010 ₹	31.03.2009 ₹
Rent	39,11,118	22,10,000
Advertisement Expenses	58,40,020	6,35,376
Electricity	7,30,912	2,93,292
Printing and Stationaries	18,58,881	25,75,973
Repairs and Maintenance-Building	1,80,636	-
Repair and Maintenance -Others	18,84,314	5,09,071
Telephone and Fax Charges	12,21,681	4,48,227
Employment Expenses	2,03,78,902	51,37,132
Postage Telegram & Couriers	2,77,841	42,395
Traveling and Conveyance	30,49,713	10,18,541
Other Administration & Miscellaneous charges	42,92,706	15,47,056
MODES Expenses	2,07,49,091	-
Sponsorship Charges	10,28,256	-
Bank charges	1,11,983	1,07,024
Vehicle Finance Charges	1,57,101	-
Audit Fees	5,00,000	2,00,000
Consultancy & Legal Charges	53,16,181	19,54,417
	Total	7,14,89,336

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S

Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary





Schedule Notes Forming Part Of The Accounts

Schedule Notes Forming Part Of The Accounts

SCHEDULE 12

1. Significant Accounting Policies

Basis for preparation of statements

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAPP) in India and the relevant provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, to the extent applicable.

Revenue Recognition

The Company follows the Mercantile System of Accounting and recognizes Income and Expenditure on an accrual basis. Sales are recognized when services are rendered. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Sign up fees are accounted in the year of sign up.

Fixed Assets

Fixed Assets are stated at original cost less depreciation. Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Major projects involving construction related pre-operative expenses form part of the value of the assets capitalized.

Capitalization and Amortization of Software Product Acquisition and Product Development Costs

Costs incurred towards acquisition and development of computer software products meant for sale, lease or otherwise marketed, are capitalized until the product is available for release to the customers. Capitalized Software Costs are amortized on a product-by-product basis based on straight-line method over the estimated economic life of the product. The carrying value of Capitalized Software Costs is reviewed at each Balance Sheet date and adjusted for any changes to the estimated economic life of the product.

Depreciation

Depreciation is charged for those assets which have been put into use during the year under straight line method on pro rata basis at the rates specified in Schedule XIV to the Companies Act, 1956 as amended by the Government of India, Ministry of Law, Justice & Company Affairs vide

notification No. GSR 756 (E) dated 16.12.1993.

Depreciation on additions/deletions for the period is provided pro rata with reference to the month of addition/deletion.

Depreciation on Intangible Assets (Computer Software) are provided based on the management's estimate of useful lives and at the rate of 16.21% pro rata with reference to the month of addition/deletion.

Investments

Investments are valued at cost price. Any temporary diminution in the value of investment meant to be held for a long term is not recognized. There is no impairment perceived in investments as on date.

Taxation

The current charge for Income Tax and Fringe Benefit Tax is based on the tax liability computed after considering tax allowances and exemptions.

Deferred tax is provided using the liability method in respect of taxation effect arising from all material timing difference between the accounting and Tax treatment of Income and Expenditure which are expected with reasonable probability to crystallize in the foreseeable future.

Earnings per Share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all diluted potential equity shares.

Deferred Revenue Expenditure

The expenses relating to Brand Building and development of Course Content is deferred and the amount is written off over a period of 5 years from the year in which the expenditure is incurred.

Public Issue Expenses

Expenses related to Initial Public Offering (IPO) are written off in 5 equal instalments starting from the year of public issue.

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Employee Benefits

Expenses and Liabilities in respect of Employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employee Benefits (Revised 2005)

i. Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the Balance Sheet in respect of Gratuity is the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets, together with adjustments for recognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year in which such gains or losses are determined.

ii. Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952 which is a defined contribution plan and contribution payable is recognized as an expense in the period in which services are rendered by the employee.

Leases

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense in the Profit and Loss Account on a straight line basis over the lease term.

Impairment of Assets

Miscellaneous Expenditure

Preliminary Expenses is amortized over a period of 10 years.

Contingent Liabilities

Depending upon the facts of each case and after due evaluation of legal aspect, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter.

2. Auditors' Remuneration

	2009-2010	2008-2009
a) Audit fees	4,00,000	1,25,000
b) For Tax Audit	50,000	25,000
c) For other Services	50,000	50,000
	5,00,000	2,00,000

3. As at the Balance Sheet date the Company does not have any dues outstanding to Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act and as such no interest is paid or payable or accrued or outstanding during the year to any suppliers who are covered under the Micro, Small and Medium Enterprises Development Act, 2006.

4. The Company is engaged in the business of Software Development / Services and licensing of Software Products and related services. The production and sale of such software and related services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and information as required under paragraphs 3, 4C and 4D of Part II to Schedule VI to the Companies Act, 1956.



5. Employee Benefits:

Gratuity

Amount recognized in the Profit and Loss Account is as under:

Description	Year ended (in ₹)	
	31.3.2010	31.3.2009
Current Service Cost	7,76,529	60,326
Interest Cost	-	-
Actuarial (Gain)/Loss recognized during the year	-	-
Past Service Cost	-	-
Total	7,76,529	60,326

Movement in the liability recognized in the Balance Sheet is as under;

Description	Year ended (in ₹)	
	31.3.2010	31.3.2009
Present value of defined benefit obligation as at the beginning of the year	1,16,528	56,202
Current Service Cost	7,76,529	60,326
Actuarial (Gain)/Loss recognized during the year	-	-
Past Service Cost	-	-
Total	8,93,047	1,16,528

The company has not funded the above amount. The Gratuity is determined for all the employees of the Company on the basis of an independent actuarial valuation. The specific amount of gratuity for Whole Time Directors cannot be ascertained separately and accordingly the same has not been given separately. For determination of the Gratuity liability of the Company, it is assumed at a Discount rate of 8%, rate of increase in compensation levels of 5% and LIC mortality table 1994-96 for valuation.

Contributions made by the Company to Provident Fund during the year is ₹4,39,080/- (Previous Year ₹86,929/-)

6. The Employment term does not provide for Leave Encashment and hence no provision has been made in the accounts.
7. There are no Earnings in Foreign Currency and no Expenditure in Foreign Currency during the year (Previous Year Nil).
8. The entire expenditure relating to Advertisement for Brand building, Printing of Course Contents and an amount of ₹18,00,000/- relating to Employment Expenses has been deferred and has been included in Capital Work in Progress.
9. The Company is into only one Segment of Software Training and Development and Project Consultancy and the Company operates presently in India only.
10. Earnings per Share Basic and Diluted Earnings Per Share

No. of Equity Shares allotted at the beginning of the year	1,20,06,000
No. of Equity Shares application received for preferential allotment	56,818
Weighted Average No. of Equity Shares	1,20,62,818
Profit After Tax	18,01,99,592
Basic Earnings per Equity Share	15.01
Diluted Earnings per Equity Share	14.97

11. Related Party Disclosures:

The following are Related Parties where Control exists and where there were transactions.

S.No.	Name	Remarks
1	Mr. S. Giridharan	Director / Managing Director
2	Mrs. G. Gita	Managing Director / Director

Related Party Transactions for the year ended 31st March 2010:

S.No.	Name	Nature of Transaction	Value of Transaction in ₹		Balance at year end ₹	
			2009-10	2008-09	2009-10	2008-09
1	Mr. S. Giridharan	Salary	47,40,640	30,00,000	-	-
		PF	9,360	-	-	-
		Dividend	17,69,797	-	-	-
2	Mrs. G. Gita	Salary	36,90,640	30,00,000	-	-
		PF	9,360	-	-	-
		Dividend	17,69,797	-	-	-

12. The total Directors' Remuneration for the year is ₹84,68,720/- (Previous Year ₹60,00,000/-). ₹66,50,000/- is included in Employment Expenses and ₹18,00,000/- which is deferred included under Capital Work in Progress.
13. Major components of Deferred Tax assets and liabilities arising on account of timing differences are:

	2009-10 ₹	2008-09 ₹
Depreciation Liability	1,45,69,433	48,09,695
Provision for Gratuity Asset	26,3942	20,505
Net Deferred Tax Liability	1,43,05,491	47,89,190

14. Share Application money of ₹50,10,986/- includes ₹25,00,003/- received from Mr. S. Giridharan and ₹25,00,003/- received from Mrs. G. Gita towards 25% of the application money of Share Warrant received during the year.
15. The Company has taken various offices under operating lease agreements. These are generally cancelable and are renewable by mutual consent on mutually agreed terms. Rental Expenses of ₹39,11,118/- (Previous Year ₹22,10,000/-) in respect of obligation under operating leases have been recognized in the Profit and Loss Account.
16. There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as on 31st March 2010 (Previous Year Nil).



17. Computation of net profit in accordance with section 349 of the Companies Act, 1956, and calculation of commission payable to non-whole-time directors:

Particulars for the year ended	₹ In Lakhs	
	31.03.2010	31.03.2009
Net Profit after tax from ordinary activities	1801.99	369.12
1. Whole-time Directors' remuneration	84.50	30.00
2. Directors' sitting fees	1.65	.04
3. Commission to non-whole time directors	0	0
4. Provision for bad and doubtful debts	0	0
5. Provision for doubtful loans and advances	0	0
6. Provision on investments	0	0
7. Depreciation as per books of accounts	150.10	26.19
8. Provision for taxation	579.61	107.14
	2617.85	532.49
Less:		
1. Depreciation as envisaged under Section 350 of the Companies Act, 1956	150.10	26.19
2. Profit of a capital nature	0	0
Net profit on which managerial remuneration is payable Commission payable to non-whole-time directors	2467.75	506.30
Maximum allowed as per the Companies Act, 1956 @ 10% for all the Directors.	246.77	50.63

18. Figures have been rounded off to the nearest rupee and are regrouped / reclassified wherever necessary.

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S

Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary

➔ Balance Sheet Abstract and Company's General Business Profile:

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details:

Registration No. : 18-46789 State Code : 18

Balance Sheet Date : 31.3.2010

II. Capital raised during the year (₹ in Lacs)

Public Issue : Nil Rights Issue : Nil

Bonus Issue : Nil Private Placement : Nil

III. Position of Mobilisation and Deployment of Funds (₹ in Thousands)

Total Liabilities	5,71,194	Total Assets	5,71,194
SOURCES OF FUNDS:		APPLICATION OF FUNDS:	
Paid-up Capital	1,25,071	Fixed Assets	96,473
Reserves & Surplus	3,66,276	Capital Work in Progress	1,75,346
Secured Loans	59,654	Investments	950
Unsecured Loans	20,193	Current Assets	3,97,166
Current Liabilities	1,09,509	Misc. Expenditure	10,769
		Accumulated Losses	-

IV. Performance of Company (₹ in thousands)

Turnover(Incl.other Income)	5,26,830	Total Expenditure	2,88,670
Profit before Tax	2,38,160	Profit after Tax	1,80,199
Earning per share in ₹	15.01	Dividend rate	30%

V. Generic Names of three Principal Products of the Company:

For and on behalf of the Board

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary

Place: Chennai
Date : 3.5.2010



➔ **Statement Pursuant to Section 212 (1) (e) Of The Companies Act, 1956 Relating To The Subsidiary Company**

Statement Pursuant To Section 212 (1) (e) Of The Companies Act, 1956 Relating To The Subsidiary Company

NAME OF THE SUBSIDIARY	VIDHYADHANA EDUCATION PRIVATE LTD
a. The extent of Holding Company's interest in the Subsidiary as on 31st March 2010 is as under:	10,000 Equity Shares of ₹10/- each fully paid up are held by the Directors of the Holding Company.
	Percentage of Holding in Subsidiary Company is 100%
	Share Capital ₹1,00,000
	Loans and Advances NIL
b. Net aggregate profits / losses of the subsidiary for the current period so far as it concerns the members of the holding company	Dealt with in the accounts of the holding company NIL Not dealt with in the accounts of the holding company NIL
c. Net aggregate profits / losses of the subsidiary for the previous financial years so far as it concerns the members of the holding company	Dealt with in the accounts of the holding company NIL Not dealt with in the accounts of the holding company NIL

For and on behalf of the Board

Place: Chennai
Date : 3.5.2010

S. Giridharan Director
G. Gita Director



➔ **Directors' Report of Vidhyadhana Education Private Limited**

Directors' Report of Vidhyadhana Education Private Limited

The Directors have great pleasure in presenting the First Annual Report of your company and Audited Annual Accounts for the year ended on 31st March, 2010.

The Company was incorporated on 30-12-2009 and the accounts pertain to the period from the date of incorporation till 31st March 2010. The company has not commenced any commercial operations and hence furnishing of financial highlights or other details does not arise.

Particulars of Employees:

There were no employee employed and drawing a salary in excess of the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 and hence furnishing of information does not arise.

Auditors:

M/s RAJ AND RAVI the Statutory Auditors retire at the ensuing AGM and being eligible offer themselves for re appointment. You are requested to appoint auditors and to authorise the directors to fix their remuneration.

Dividend:

No dividend has been recommended by the Board.

The company is in the Education and Training sector and hence furnishing of Information regarding Energy Conservation and Technology Absorption required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 does not arise. The company does not have any Technical Know How agreement.

Foreign Exchange Earnings and Foreign Exchange Outgo: NIL

Director's Responsibility Statement:

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that:

- In the preparation of the accounts the applicable accounting standards have been followed.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to given a true and fair view of the state of affairs of the Company as at 31st March, 2010:
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Company and for preventing and detecting fraud and other irregularities:
- They have prepared these accounts on going concern basis.

The Board acknowledges the valuable services rendered by its employees, the support extended by its clients, bankers and other agencies during the year.

For and on behalf of the Board of Directors

Place: Chennai
Date: 03.05.2010

S. Giridharan Director
G. Gita Director



→ Auditor's Report To The Members Of Vidhyadhana Education Private Limited

Auditor's Report To The Members Of Vidhyadhana Education Private Limited

1. We have audited the attached Balance Sheet of Vidhyadhana Education Private Limited as at March 31, 2010 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 the disclosures in the financial statements. An audit also includes assessing the accounting principals 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. This report does not include a statement on the matters specified in Para 4 and 5 of the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us the said order is not applicable to the company for the year ended 31st March 2010.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, 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 purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii. The Balance Sheet dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet (read in conjunction with the Notes and Schedule attached thereto) dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - 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 Companies Act, 1956, in the manner so 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 31st March, 2010;

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
(Membership No. 21594)
Partner
Firm Registration No. 010935S

Place: Chennai 600024.
Date: 3rd May 2010



→ Vidhyadhana Balance Sheet As At 31st March 2010

Vidhyadhana Balance Sheet As At 31st March 2010

Schedule		As on 31.03.10 ₹
I. Sources of Funds		
Shareholder's Funds:		
Share Capital		
Authorised		
1,00,000 Equity Shares of Rs.10/- each		100,000
Issued, Subscribed and Paid up		
1,00,000 Equity Shares of Rs.10/- each		100,000
		100,000
II Application of Funds		
Fixed Assets		
Investments		
Current Assets, Loans & Advances		
A. Current Assets		
B. Loans & Advances		
Loans & Advances	79,100	
	79,100	
Less : Current Liabilities & Provisions	25,000	
Net Current Assets		54,100
Miscellaneous Expenditure (to the extent not written off or adjusted)		
Preliminary Expenses	20,900	
Pre Operative Expenses	25,000	
		45,900
		100,000
Notes on Accounts	1	

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594;
Firm Registration No. 010935 S

Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Director
G. Gita Director



→ Schedule 1 Notes Forming Part Of The Accounts

Schedule 1 Notes Forming Part Of The Accounts

1. Significant Accounting Policies

BASIS FOR PREPARATION OF STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAPP) in India and the relevant provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of the Companies Act, 1956, to the extent applicable.

REVENUE RECOGNITION

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on an accrual basis. Sales are recognized when services are rendered. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

TAXATION

The current charge for Income Tax and Fringe Benefit Tax is based on the tax liability computed after considering tax allowances and exemptions. Deferred tax is provided using the liability method in respect of taxation effect arising from all material timing difference between the accounting and Tax treatment of Income and Expenditure which are expected with reasonable probability to crystallise in the foreseeable future.

CONTINGENT LIABILITIES

Depending upon the facts of each case and after due evaluation of legal aspect, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter.

2.	Auditors' Remuneration	2009-2010
a)	Audit fees	19,000
b)	Reimbursement of Expense	6,000

		25,000
		=====

3. As at the Balance Sheet date the Company does not have any dues outstanding to Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act and as such no interest is paid or payable or accrued or outstanding during the year to any suppliers who are covered under the Micro, Small and Medium Enterprises Development Act, 2006.
4. Auditors' Remuneration has been included in Preoperative Expenses.
5. There are no Earnings in Foreign Currency and no Expenditure in Foreign Currency during the year.
6. Related Party Disclosures:
The following are Related Parties where Control exists and where there were transactions.

S.No	Name	Remarks
1.	Mr. S. Giridharan	Director
2.	Mrs. G. Gita	Director

Related Party Transactions for the year ended 31st March 2010; NIL

7. There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as on 31st March 2010 (Previous Year - Nil).
8. The Company was incorporated on 30-12-2009 and the report relates to the period from the date of incorporation till 31st March 2010. The company has not commenced commercial operations and hence no Profit and Loss Account has been given.
9. Since this is the first year of report furnishing of previous years figures does not arise.
10. Figures have been rounded off to the nearest rupee and are regrouped / reclassified wherever necessary.

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
(Membership No. 21594)
Partner
Firm Registration No. 010935S

Place : Chennai 600024
Date : 31.5.2010



→ Vidhyadhana Pvt. Ltd. Balance Sheet Abstract and Company's General Business Profile

Vidhyadhana Pvt. Ltd. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:

Registration No. : 18-46789 State Code : 18

Balance Sheet Date : 31.3.2010

II. Capital raised during the year (₹ in Lacs)

Public Issue : Nil Rights Issue : Nil

Bonus Issue : Nil Private Placement : Nil

III. Position of Mobilisation and Deployment of Funds (₹ in Thousands)

Total Liabilities	100	Total Assets	100
SOURCES OF FUNDS:		APPLICATION OF FUNDS:	
Paid-up Capital	100	Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Current Assets	54
Unsecured Loans	-	Misc. Expenditure	46
Current Liabilities	-	Accumulated Losses	-

IV. Performance of Company (₹ in thousands)

Turnover(Incl.other Income)	-	Total Expenditure	-
Profit before Tax	-	Profit after Tax	-
Earning per share in ₹	-	Dividend rate	-

V. Generic Names of three Principal Products of the Company:

For and on behalf of the Board

Place: Chennai
Date : 3.5.2010

S. Giridharan Director
G. Gita Director



→ Auditor's Report To The Directors Of EdServ Softsystems Limited

Auditor's Report To The Directors Of EdServ Softsystems Limited

1. We have audited the attached Consolidated Balance Sheets of Edserv Softsystems Limited and its subsidiary Vidhyadhana Education Private Limited as at March 31, 2010 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 the disclosures in the financial statements. An audit also includes assessing the accounting principals 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 have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006.
4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements 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 Edserv Softsystems Limited and its subsidiary, Vidhyadhana Education Private Limited as at 31st March,2010;
 - b. In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of Edserv Softsystems Limited and its subsidiary, Vidhyadhana Education Private Limited for the year ended on that date;
 - c. In the case of the consolidated Cash Flow Statement of the Cash Flows of Edserv Softsystems Limited and its subsidiary, Vidhyadhana Education Private Limited for the year ended on that date.

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
(Membership No. 21594)
Partner
Firm Registration No. 010935S

Place: Chennai 600024.
Date: 3.5.2010



→ Consolidated Balance Sheet As At 31st March 2010

Consolidated Balance Sheet As At 31st March 2010

	Schedule		As on 31.03.10 ₹	As on 31.03.09 ₹
I. Sources of Funds				
Shareholder's Funds:				
Share Capital	1		12,01,60,000	12,00,60,000
Share Application money pending allotment (See Note 14)			50,10,986	1,10,980
Reserves & Surplus	2		36,62,76,003	22,82,15,670
Loan Funds				
Secured Loans				
Loan against Security of Fixed Deposits			5,74,28,477	
Vehicle Loan (Secured by hypothecation of Vehicles)			22,25,819	
Deferred Tax Liability Net (See Note 13)			2,01,93,217	58,87,726
			57,12,94,502	35,42,74,376
II. Application of Funds				
Fixed Assets	3			
Gross Block			11,77,75,579	6,90,75,820
Less: Depreciation			2,13,02,833	62,92,344
Net Block			9,64,72,746	6,27,83,476
Capital Work in progress-Product Development			17,53,45,918	6,55,57,034
Investments	4		9,50,000	8,50,000
Current Assets, Loans & Advances				
A. Current Assets				
Sundry Debtors	5	27,97,21,392		6,61,00,693
Cash and Bank Balances	6	9,61,36,490		8,61,19,750
B. Loans & Advances				
Loans & Advances	7	2,13,87,139		8,77,23,143
		39,72,45,021		23,99,43,586
Less: Current Liabilities & Provisions	8	10,95,34,112		2,81,11,403
Net Current Assets			28,77,10,809	21,18,32,183
Miscellaneous Expenditure (to the extent not written off or adjusted)				
Preliminary Expenses		30,900		20,000
Pre Operative Expenses		25,000		
Share Public Issue Expenses		1,07,59,029		1,32,31,683
			1,08,14,929	1,32,51,683
			57,12,94,502	35,42,74,376
Notes on Accounts	12			

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S

Place: Chennai
Date: 03.05.2010



For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary

➔ Consolidated Profit And Loss Account For The Year Ended 31st March 2010

Consolidated Profit And Loss Account For The Year Ended 31st March 2010

	Schedule	For the year ended	
		31.03.10 ₹	31.03.09 ₹
INCOME			
Software Development Services, Education & Training (Net of Service Tax of ₹1,23,05,928/- Previous Year ₹22,55,601/-)	9	52,08,80,733	8,19,76,151
Sale of Machinery (Net of VAT of ₹16,231/- (Previous Year ₹49,810/-)		3,08,692	25,00,000
Other Income	10	56,40,475	13,49,978
		52,68,29,900	8,58,26,129
EXPENDITURE			
Purchase of Machinery		-	19,17,692
Purchase of Software		15,03,33,250	-
Administrative Expenses	11	7,14,89,336	1,66,78,504
Interest on Working Capital Loans		43,40,545	8,77,599
Course Content and Brand Expenses W/off		4,39,48,697	1,27,89,766
Depreciation		1,50,10,489	26,18,916
Share Issue Expenses written off		35,37,238	33,07,920
Preliminary Expenses		10,000	10,000
		28,86,69,555	3,82,00,397
Profit Before Tax		23,81,60,345	4,76,25,732
Less: Provision for Income Tax - Current		4,36,55,262	58,83,850
Less: Provision for Fringe Benefit Tax		-	40,674
Add (+) / Less (-) Provision for Deferred Tax		1,43,05,491	47,89,190
		5,79,60,753	1,07,13,714
Profit After Tax		18,01,99,592	3,69,12,018
Less: Provision for Dividend		3,60,18,000	1,20,06,000
Less: Provision for Dividend Distribution Tax		61,21,259	20,40,420
		4,21,39,259	
Profit after appropriations		13,80,60,333	2,28,65,598
Less: Transfer to General Reserve		1,80,19,959	-
Profit carried to Balance Sheet		12,00,40,374	2,28,65,598
Earnings Per Share (In ₹)			
Basic		15.01	4.54
Diluted		14.97	4.54
Nominal Value per Share		10.00	10.00
Notes on the Accounts & Significant Accounting Policies	12		

The Schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account.

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S
Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary



➔ Consolidated Cash Flow Statement For The Period Ended 31st March 2010

Consolidated Cash Flow Statement For The Period Ended 31st March 2010

PARTICULARS	31.3.2010	31.3.2009
A. Cash flow from Operating Activities		
Net profit as per Profit and loss account	18,01,99,592	3,69,12,018
ADJUSTMENTS FOR		
Depreciation in books	1,50,10,489	26,18,916
Preliminary expenditure written off	10,000	10,000
Deferred Tax	1,43,05,491	47,89,190
Share Issue Expenses written off	35,37,238	33,07,920
Interest paid	-	-
Provision for Income tax & FBT	4,36,55,262	59,24,524
Operating cash flows before adjusting for working capital changes	25,67,18,072	5,35,62,568
Adjustment for Working Capital changes		
Decrease/(Increase) in Inventories	-	-
Decrease/(Increase) in Sundry debtors	(21,36,20,699)	(3,37,44,553)
Decrease/(Increase) In other Current assets	6,64,15,104	(8,33,31,165)
Increase / (Decrease) in Current liabilities and provisions	3,75,88,347	1,21,36,446
Operating cash flow after Adjusting for working Capital changes	14,71,00,824	(5,13,76,704)
Less Income tax and FBT paid		
Cash flow before Extra ordinary items		
Extra ordinary/prior period items.		
Net Cash Flow from operating activities - A	14,71,00,824	(5,13,76,704)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	4,86,99,759	5,82,19,909
Product Development Expenses	10,97,88,884	4,78,07,624
Preliminary and Pre Operative Expenditure	45,900	
Net cash From Investing activities - B	15,85,34,543	10,60,27,533



Consolidated Cash flow statement for the period ended (Contd...)

C. Cash flow from Financing Activities		
Proceeds from Share Capital	1,00,000	4,09,10,980
Proceeds from Share Application	49,00,006	-
Proceeds from Share Premium	-	20,40,00,000
Proceeds from Bank Loans	5,96,54,296	-
Share Issue Expenses	(10,64,584)	(1,65,39,603)
Provision for Dividend and Dividend Tax	(4,21,39,259)	(1,40,46,420)
Payment of Bank OD	-	-
Repayment of Secured Loans	-	-
Proceeds from unsecured loans	-	-
Interest Expense	-	-
Net Cash Flow From Financing Activities - C	2,14,50,459	21,43,24,957
Net Increase in cash and Cash equivalents (A + B + C)	1,00,16,740	5,69,20,720
Add: Cash and cash equivalents at the beginning of the year	8,61,19,750	2,91,99,030
Cash and cash equivalents at the end of the year	9,61,36,490	8,61,19,750
Reconciliation		
Cash and cash equivalents at the end of the year	9,61,36,490	8,61,19,750
Add: Unrealised Exchange Fluctuation loss/(gain)	-	-
Cash and cash equivalents at the end of the year(as above)	9,61,36,490	8,61,19,750

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S

Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary

→ Consolidated Schedules Forming Part Of
Balance Sheet As At 31st March 2010

Consolidated Schedules Forming Part Of
Balance Sheet As At 31st March 2010

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 1		
Share Capital		
Authorised		
2,50,10,000 Equity Shares of ₹ 10/- each (Prev.Yr 1,40,00,000 Equity Shares of ₹ 10/- each)	250100000	140000000
Issued, Subscribed and Paid up		
1,20,16,000 Equity Shares of ₹ 10/- each fully paid up	120160000	120060000
Out of the above 56,66,800/- Equity Shares of ₹ 10/- each fully paid issued as Bonus Shares (Previous Year 1,20,06,000 Equity Shares of ₹ 10/- each fully paid up. Out of the above 56,66,800/- Equity Shares of ₹ 10/- each fully paid issued as Bonus Shares)	120160000	120060000
SCHEDULE - 2		
Reserves and Surplus		
Share Premium Account		
Share Premium Opening Balance	204000000	27168000
Less : Capitalised for issue of Bonus Shares	-	27168000
Add: Additions during the year	-	204000000
	204000000	204000000
General Reserves		
Profit and Loss Account		
Profit and Loss Account Opening Balance	24215670	16350072
Add: Profit brought forward from P & L Account	120040374	22865598
Less Capitalised for issue of Bonus Shares	-	144256044
		24215670
	366276003	228215670



Consolidated Schedules forming part of Balance Sheet as at 31st March 2010 (Contd...)

SCHEDULE - 3									
Fixed Assets									
FIXED ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 1.4.2009	Addi tion	Dele tion	As on 31.03.2009	UPTO 31.3.2010	Dele tion	for the year	As on 31.03.2010	As on 31.03.2009
INTANGIBLE ASSETS	9548254	176000	-	9724254	5213695	-	1547773	2962786	4334559
(Computer Software & IP Rights)									
Plant & Machinery	36,084	-	-	36084	836	-	10159	25089	35,248
Office Equipments	207,091	638740	-	845831	5,923	-	12414	827494	201,168
Furniture & Fixtures	1356792	13238220	-	14595012	97573	-	120546	14376893	1259219
Vehicles		2897365	-	2897365			91036	2806329	-
Computers	57927599	31749434	-	89677033	974317	-	13228561	75474155	56953282
TOTAL	69075820	48699759	-	117775579	6292344	-	15010489	96472746	62783476
Previous Year	(10855911)	(57976734)	-	(69075820)	(3673428)	-	(2618916)	(62783476)	(7182483)

	As at 31.03.2010	As at 31.03.2009
	₹	₹
SCHEDULE - 4		
Investments		
In Subsidiaries & others companies		
Trade, Unquoted, At Cost Value		
Equity Shares of ₹ 10/-each fully paid up of Onspec Technologies P Ltd	850000	850000
Equity Shares of ₹ 10/-each fully paid up of Vidhyadhana Education P Ltd	100000	-
	950000	850000
SCHEDULE - 5		
Sundry Debtors](U nsecured]C onsidered good)		
Debts outstanding for a period exceeding 6 months	60736279	25416270
Other Debts	218985113	40684423
	279721392	66100693
SCHEDULE - 6		
Cash and Bank Balances		
Cash on hand	934315	4662944
Balance with Banks in current accounts]S cheduled Banks	29852844	31067427
Balance with Banks in Deposit accounts]S cheduled Banks	60856594	50000000
Balance with Banks in current accounts]Others	4492737	389379
	96136490	86119750

Consolidated Schedules forming part of Balance Sheet as at 31st March 2010 (Contd...)

	As at 31.03.2010	As at 31.03.2009
	₹	₹
SCHEDULE - 7		
Loans and Advances		
Advances recoverable in cash or in kind or for value to be received - Considered Good	2399612	2518949
Advance to suppliers	-	81104355
Advances to Directors	79100	-
Rent Deposits	3319500	1839750
Service Tax Input Credit	4902544	1237073
VAT Input Credit	553992	132901
Advance Income Tax	8802318	248450
Income Tax Deducted at Source on Income	864305	491672
Income Tax Deducted at Source on Interest held in Banks	465768	149993
	21387139	87723143
SCHEDULE - 8		
Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors for Expenses and Services (Other than Micro Enterprises and Small Enterprises)	3336798	755787
Provident Fund Payable	112926	-
ESI Payable	12457	3338
Professional Tax Payable	65720	19519
VAT Payable	230869	558810
Service Tax Payable	18591114	3833117
Advance received from Customers	-	5065399
Provisions		
Provision for Dividend	36018000	12006000
Provision for Gratuity	893047	116518
Provision for Taxes on Distributed Profits	6121259	2040420
Provision for Income Tax	44151922	3712495
Total	109534112	28111403

Consolidated Schedules forming part of Profit and Loss as at 31st March 2010

	For the year ended	
	31.03.2010	31.03.2009
	₹	₹
SCHEDULE - 9		
Sales		
Software Trading and Sales	165945880	27245000
Royalty - Franchise Centers	40949	-
Training, Media Reimbursement, Course Content	28203500	3293025
Reimbursement of Vocational Training	185942100	-
Application Fees	5013918	-
Recruitment services	26300	-
Student Registration Fee	57660055	9628126
Brand License Access Fee	78048031	41810000
Total	520880733	81976151



Consolidated Schedules forming part of Profit and Loss as at 31st March 2010 (Contd...)

SCHEDULE - 10 Other Income	For the year ended	
	31.03.2010 ₹	31.03.2009 ₹
Interest received from Bank (Tax deducted on above ₹ 465768/- (Previous Year ₹ 149993/-)	5639299	1309148
Miscellaneous Income	1176	40,830
Total	5640475	1,349,978
SCHEDULE - 11		
Administrative Expenses		
Rent	3911118	2210000
Advertisement Expenses	58,40,020	635376
Electricity	730912	293292
Printing and Stationeries	1858881	2575973
Repairs and Maintenance-Building	180636	-
Repair and Maintenance -Others	1884314	509071
Telephone and Fax Charges	1221681	448227
Employment Expenses	20378902	5137132
Postage Telegram & Couriers	277841	42395
Travelling and Conveyance	3049713	1018541
Other Administration & Miscellaneous charges	4292706	1547056
MODES Expenses	2,07,49,091	-
Sponsorship Charges	1028256	-
Bank charges	111983	107024
Vehicle Finance Charges	157101	-
Audit Fees	500000	200000
Consultancy & Legal Charges	5316181	1954417
Total	71489336	16678504

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S

Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary



➔ Consolidated Schedule Notes Forming Part of the Accounts

Consolidated Schedule Notes Forming Part Of The Accounts

SCHEDULE 12

1. Significant Accounting Policies

Basis for preparation of statements

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAPP) in India and the relevant provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, to the extent applicable.

Revenue Recognition

The Company follows the Mercantile System of Accounting and recognizes Income and Expenditure on an accrual basis. Sales are recognized when services are rendered. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Sign up fees are accounted in the year of sign up.

Fixed Assets

Fixed Assets are stated at original cost less depreciation. Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction related pre-operative expenses form part of the value of the assets capitalized.

Capitalization and Amortization of Software Product Acquisition and Product Development Costs

Costs incurred towards acquisition and development of computer software products meant for sale, lease or otherwise marketed, are capitalized until the product is available for release to the customers. Capitalized Software Costs are amortized on a product-by-product basis based on straight-line method over the estimated economic life of the product. The carrying value of Capitalized Software Costs is reviewed at each Balance Sheet date and adjusted for any changes to the estimated economic life of the product.

Depreciation

Depreciation is charged for those assets which have been put into use during the year under straight line method on pro rata basis at the rates specified in Schedule XIV to the Companies Act, 1956 as amended by the Government of India, Ministry of Law, Justice & Company Affairs vide

notification No. GSR 756 (E) dated 16.12.1993.

Depreciation on additions/deletions for the period is provided pro rata with reference to the month of addition/deletion.

Depreciation on Intangible Assets (Computer Software) are provided based on the management's estimate of useful lives and at the rate of 16.21% pro rata with reference to the month of addition/deletion.

Investments

Investments are valued at cost price. Any temporary diminution in the value of investment meant to be held for a long term is not recognized. There is no impairment perceived in investments as on date.

Taxation

The current charge for Income Tax and Fringe Benefit Tax is based on the tax liability computed after considering tax allowances and exemptions.

Deferred tax is provided using the liability method in respect of taxation effect arising from all material timing difference between the accounting and Tax treatment of Income and Expenditure which are expected with reasonable probability to crystallize in the foreseeable future.

Earnings per Share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

Deferred Revenue Expenditure

The expenses relating to Brand Building and development of Course Content is deferred and the amount is written off over a period of 5 years from the year in which the expenditure is incurred.

Public Issue Expenses

Expenses related to Initial Public Offering (IPO) are written off in 5 equal instalments starting from the year of public issue.



Cash Flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Employee Benefits

Expenses and Liabilities in respect of Employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employee Benefits (Revised 2005)

i. Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the Balance Sheet in respect of Gratuity is the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets, together with adjustments for recognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year in which such gains or losses are determined.

ii. Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952 which is a defined contribution plan and contribution payable is recognized as an expense in the period in which services are rendered by the employee.

3. Employee Benefits

Gratuity Amount recognized in the Profit and Loss Account is as under:

Description	Year ended (in ₹)	
	31.3.2010	31.3.2009
Current Service Cost	7,76,529	60,326
Interest Cost	-	-
Actuarial (Gain)/Loss recognized during the year	-	-
Past Service Cost	-	-
Total	7,76,529	60,326

Leases

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense in the Profit and Loss Account on a straight line basis over the lease term.

Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Miscellaneous Expenditure

Preliminary Expenses is amortised over a period of 10 years in respect of Edserv Softsystems Limited and over a period of 5 years in respect of Vidhyadhana Education Private Limited.

2. Contingent Liabilities

Depending upon the facts of each case and after due evaluation of legal aspect, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter.

Movement in the liability recognized in the Balance Sheet is as under;

Description	Year ended (in ₹)	
	31.3.2010	31.3.2009
Present value of defined benefit obligation as at the beginning of the year	1,16,528	56,202
Current Service Cost	7,76,529	60,326
Actuarial (Gain)/Loss recognized during the year	-	-
Past Service Cost	-	-
Total	8,93,047	1,16,528

The company has not funded the above amount. The Gratuity is determined for all the employees of the Company on the basis of an independent actuarial valuation. The specific amount of gratuity for Whole Time Directors cannot be ascertained separately and accordingly the same has not been given separately. For determination of the Gratuity liability of the Company, it is assumed at a Discount rate of 8%, rate of increase in compensation levels of 5% and LIC mortality table 1994-96 for valuation.

Contributions made by the Company to Provident Fund during the year is ₹4,39,080/- (Previous Year ₹86,929/-)

4. Earnings per Share Basic and Diluted Earnings Per Share

No. of Equity Shares allotted at the beginning of the year	1,20,06,000
No. of Equity Shares application received for preferential allotment	56,818
Weighted Average No. of Equity Shares	1,20,72,818
Profit After Tax	18,01,99,592
Basic Earnings per Equity Share	14.99
Diluted Earnings per Equity Share	14.96

5. Related Party Disclosures:

The following are Related Parties where Control exists and where there were transactions.

S.No.	Name	Remarks
1	Mr. S. Giridharan	Director / Managing Director
2	Mrs. G. Gita	Managing Director / Director



Related Party Transactions for the year ended 31st March 2010:

S.No.	Name	Nature of Transaction	Value of Transaction in ₹		Balance at year end ₹	
			2009-10	2008-09	2009-10	2008-09
1	Mr. S. Giridharan	Salary	47,40,640	30,00,000	-	-
		PF	9,360	-	-	-
		Dividend	17,69,797	-	-	-
2	Mrs. G. Gita	Salary	36,90,640	30,00,000	-	-
		PF	9,360	-	-	-
		Dividend	17,69,797	-	-	-

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

N. RANGANATHAN
Partner
Membership No. 21594
Firm Registration No. 010935 S
Place: Chennai
Date: 03.05.2010

For and on behalf of the Board of Directors

S. Giridharan Chairman and CEO
G. Gita Managing Director
S. Arvind Director
Ilango Balakrishna Director
T.S. Ravichandran Director

V. Ramaseshan Company Secretary



→ Form For ECS Mandate/Bank Account Details

Form For ECS Mandate/Bank Account Details

Members authorization to receive dividends through Electronic Credit Clearing Mechanism:

1. First/Sole Shareholder's Name	
2. Registered Folio No. (If shares are not de-materialized)	
<ul style="list-style-type: none"> DP ID No. Client ID No. (If shares are de materialized) 	
3. Particulars of bank Account of First/Sole member	
<ul style="list-style-type: none"> Bank Name Branch Name Address of the Branch with (PIN Code) Telephone Number and Fax number 9 digit MICR Code number of the bank and branch as appearing on the MICR cheques issued by the bank Account type (Savings/Current/Cash Credit with code 10/11/13) Account Number as appearing on the Cheque Book Ledger no. / Ledger Folio no. (If appearing on the cheque book/pass book) 	

(Please attach a cancelled blank cheque or photocopy of a cheque issued by your Bank for verification of the above details).

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I/We would not hold Edserv Softsystems Limited responsible. I/We, understand that the Company also reserves their right to send the dividend payable to me/us by a physical dividend warrant on account of unforeseen circumstances beyond the control of the company that may affect the payment of dividend through ECS.

Place:

Date:

Yours faithfully,

(Name and signature of First/Sole Shareholder)

Certified that the particulars furnished above are correct as per our records.

Place:

Date:

Signature of the Branch Manager

Note:

- Please send the duly filled in mandate form to the Depository Participant who is maintaining demat account in case you hold shares in dematerialized form The Registrars and Share Transfer Agent – Karvy Computershare Pvt. Ltd., Plot No. 17-24, Vittal, Rao Nagar, Madhapur, Hyderabad - 500 081., Tel : 040-44655000, Fax : 040-23420814, Email : einward.ris@karvy.com , in case you hold shares in physical form.
- Kindly fill in all columns and send it before 23.09.2010 to the Registrar i.e M/s. Karvy Computershare Private Limited, incomplete forms shall not be entertained.
- The ECS facility is available at present at certain specified cities only.



The company has taken its best efforts to get this Annual Report prepared with all accurate information at the time of print. The company acknowledges all trademarks, copyrights of products and brands referred in this report. Certain statements that this Annual Report contains are of future expectations and other forward-looking nature. These expectations are based on management's views and assumptions at the time of print and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things, (i) general economic conditions, in particular those that affect the education industry (ii) general competitive factors (iii) changes in laws and regulations, and (iv) changes in the policies of governments and/or regulatory authorities. EdServ Softsystems Limited assumes no obligation to update any forward-looking information contained in this document.



ATTENDANCE SLIP

I, Mr/Mrs./Miss..... LF / Client ID. No
..... hereby record my presence at the Ninth Annual General Meeting of EdServ
Softsystems Limited at the Kamaraj Arangam, No. 492, Anna Salai, Teynampet, Chennai 600 006.

.....
Signature of the Shareholder or Proxy

- Notes: 1. Please fill this attendance slip and hand it over at the entrance of the hall.
2. Shareholders are requested to bring their copies of the notice document with them.

PROXY SLIP

I/We (LF / Client ID.
No.....) (Address)
..... being a Member / Members
of EdServ Softsystems Limited, do hereby appoint of
..... or / failing him of
..... as my / our proxy in my / our absence to attend and vote for me / us on
my / our behalf at the Ninth Annual General Meeting of the Company to be held at 10.15am on
Wednesday, the 29th September 2010 at any adjournment thereof. IN WITNESS where of I / We have
set my / our hand / hands this day of 2010.

Please affix
₹ 1/-
Revenue
Stamp

(Signature of the Shareholder across the stamp)

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and a proxy need not be a Member.
2. A One Rupee Revenue Stamp should be fixed to this and it should then be signed by the Member.
3. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed, or a copy of that power of authority duly certified by a notary or other proper authority, shall be deposited at the Registered Office of the Company not later than 48 hours before the time for the holding of the Meeting, in default, the instrument of proxy shall not be treated as valid.