

Auditor's Report

Auditors' Report to the Members of EdServ Softsystems Limited

1. We have audited the attached Balance Sheet of Edserv Softsystems Limited as at March 31, 2012 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 except the following;
 - i. **Note No. 23.m to Financial Statements regarding Confirmations of Balance from Sundry Debtors, Deposit accounts, Loans and Advances, Certain Creditors have not been obtained. Accounts of certain sundry debtors, loans and advances, deposits and creditors are under review and reconciliation. Adjustments, if any will be made on completion of review/reconciliation / identification of doubtful debts/advances.**
 - ii. **The Company has initiated the process of review of impairment of assets in the respect of the tangible, intangible and other current assets their results in such impairment is awaited, The financial implication if any on the above will be provide appropriately at later stage.**
 - iii. **The Company has been subjected to survey by Income Tax Department during the year. The amounts of demand from the Income Tax Department for the preceding years are before appellate authority. Further notices were issued by the assessing officer for reassessment of earlier years. The assessment proceedings are in various stages and are yet to be completed. The company is confident the matter shall be decided later and financial implications on above cannot be ascertained as on date, Hence no provision is made for such matters in the books.**

In all the cases referred to above, effect on financial statements is not ascertainable. We do not express independent opinion on these matters.
 - v. On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. **Subject to our comments vide para 4.iv.i, 4.iv.ii, and 4.iv.iii above, 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, 2012;
 - b. in , the case of the Profit and Loss Account, of the Loss 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

V. RAJ
(Membership No. 23211)
Partner
Firm Registration No. 0109355

Place: Chennai
Date: 30.05.2012



Annexure referred to in paragraph 3 of the Auditors' Report to the members of on the accounts for the year ended 31st March, 2012.

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 taken loans, from Subsidiary listed in the register maintained under Section 301 of the Companies Act, 1956. The Loan is repayable on demand and there are no overdue amounts.
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 2012, 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 2012.
11. The Company has no accumulated losses as at 31st March, 2012 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

V. RAJ
(Membership No. 23211)
Partner
Firm Registration no. 010935S

Place: Chennai
Date: 30.05.2012



Balance Sheet As At 31st March 2012

(₹) in Lakhs

Particulars	Note No	As at 31 March, 2012	As at 31 March, 2011
I. EQUITY AND LIABILITIES			
1) Shareholder's Funds			
a) Share Capital	3	2,623.30	1,557.72
b) Reserves and Surplus	4	23,239.88	10,458.83
c) Money received against share warrants		1,488.01	875.11
2) Non-Current Liabilities			
a) Long-term borrowings	5	1,291.02	255.44
b) Long term provisions	6	1,293.17	417.06
3) Current Liabilities			
a) Trade payables	7	474.14	756.12
b) Other current liabilities	8	34.46	0.60
c) Short-term provisions	9	638.58	584.22
Total		31,082.56	14,905.10
II. Assets			
1) Non-current assets			
a) Fixed assets	10		
i) Tangible assets		1,771.67	1,260.42
ii) Intangible assets		10,520.73	837.97
iii) intangible Assets under Development		275.42	1,753.46
b) Non current investments	11	9.50	9.50
c) Long term loans and advances	12	308.91	43.87
2) Current assets			
a) Trade receivables	13	2,920.65	7,137.44
b) Cash and cash equivalents	14	12,626.13	2,695.51
c) Short-term loans and advances	15	2,005.32	556.39
d) Other current assets	16	644.23	610.54
Total		31,082.56	14,905.10
Additional Notes to the Financial Statements	23		

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered AccountantsV. RAJ
Partner
Membership No. 23211
Firm Registration No. 010935 SPlace: Chennai
Date: 30.05.2012

For and on behalf of the Board of Directors

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

G. Raghavan Company Secretary



Profit and Loss Statement for the year ended 31st March 2012

(₹) in Lakhs

Particulars	Note No	For the year ended 31 March, 2012	For the year ended 31 March, 2011
I. Revenue from operations	17	8,542.43	10,742.45
II. Other Income	18	1,753.27	34.84
III. Total Revenue (I +II)		10,295.70	10,777.29
IV. Expenses:			
Purchase of software			5,157.33
Employee benefit expense	19	590.11	467.07
Selling, Administration & other expenses	20	3,278.08	2,425.55
Financial costs	21	90.33	39.61
Depreciation and amortization expense	10	508.72	180.01
Miscellaneous Expenses	22	5,484.58	1,950.47
Total Expenses		9,951.82	10,220.04
V. Profit before exceptional and extraordinary items and tax	(III - IV)	343.88	557.25
VI. Extraordinary Items (prior period expenses)			
VII. Profit before tax		343.88	557.25
VIII. Tax expense:			
1) Current tax		70.80	133.34
2) Deferred tax		858.98	201.36
IX. Profit(Loss) from the period from continuing operations	(V - VI)	(585.90)	222.55
X. Earning per equity share:			
1) Basic		(2.68)	1.61
2) Diluted		(9.14)	1.59
Face value per Equity Share in ₹		10.00	10.00
Additional Notes to the Financial Statements	23		

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered AccountantsV. RAJ
Partner
Membership No. 23211
Firm Registration No. 010935 SPlace: Chennai
Date: 30.05.2012

For and on behalf of the Board of Directors

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

G. Raghavan Company Secretary



Cash Flow Statement For The Period Ended 31st March 2012

(₹) in Lakhs

PARTICULARS	3.31.2012	3.31.2011
A. Cash flow from Operating Activities		
Net profit as per Profit and loss account	(585.90)	222.55
ADJUSTMENTS FOR	-	-
Depreciation in books	508.72	180.01
Preliminary expenditure written off	-	0.10
Deferred Tax	858.98	201.36
Share Issue Expenses written off	-	35.37
Provision for Income tax & FBT	70.80	133.34
Operating cash flows before adjusting for working capital changes	852.60	772.73
Adjustment for Working Capital changes		
Decrease/(Increase) in Sundry debtors	4,216.79	(4,340.23)
Decrease/(Increase) in other Current assets	(1,747.66)	(919.03)
Increase / (Decrease) in Current liabilities and provisions	(247.42)	126.28
Operating cash flow after Adjusting for working Capital changes	3,074.31	(4,360.25)
Net Cash Flow from operating activities - A	3,074.31	(4,360.25)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	4,688.88	1,313.68
Investment in Subsidiary	-	-
Product Development Expenses	4,535.81	-
Net cash From Investing activities - B	9,224.69	1,313.68
C. Cash flow from Financing Activities		
Proceeds from Share Capital	1,065.58	357.12
Proceeds from Share Application	612.90	825.00
Proceeds from Share Premium	13,366.94	6,573.52
Proceeds from Bank Loans	1,035.58	(409.50)
Proceeds from other Loans	-	68.40
Share Issue Expenses	-	(6.47)
Net Cash Flow From Financing Activities - C	16,081.00	7,408.07
Net Increase in cash and Cash equivalents (A + B + C)	9,930.62	1,734.14
Add: Cash and cash equivalents at the beginning of the year	2,695.51	961.36
Cash and cash equivalents at the end of the year	12,626.13	2,695.50
Reconciliation		
Cash and cash equivalents at the end of the year	12,626.13	2,695.50
Add: Unrealised Exchange Fluctuation loss/(gain)	-	-
Cash and cash equivalents at the end of the year(as above)	12,626.13	2,695.51

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered AccountantsV. RAJ
Partner
Membership No. 23211
Firm Registration No. 010935 SPlace: Chennai
Date: 30.05.2012

For and on behalf of the Board of Directors

S. Giridharan
G. Gita
S. Arvind
Ilango Balakrishna
T.S. RavichandranChairman & CEO
Managing Director
Director
Director
Director

G. Raghavan

Company Secretary



Notes Forming Part of Financial Statement

NOTE NO. 1

Company Information

The Company was incorporated on 13th March 2001 as a Private Limited Company under converted as a Public Limited Company and changed its name to Edserv Softsystems Limited. The Company is listed in National Stock Exchange and Mumbai Stock Exchanges. The Company does the business of Online Education, Vocational Training and Corporate Training.

2. SIGNIFICANT ACCOUNTING POLICIES

a. 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 applicabl

b. 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. Sign up Fees are accounted in the year of sign up.

c. 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 capitalised.

d. Capitalisation and Amortisation 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 capitalised until the product is available for release to the customers. Capitalized Software Costs are amortised on a product-by-product basis based on straight-line method over the estimated economic life of the product. The carrying value of Capitalised Software Costs is reviewed at each Balance Sheet date and adjusted for any changes to the estimated economic life of the product.

e. 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.

f. 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.

g. 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.

h. Earnings per Share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary / 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.

i. 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.

j. Public Issue Expenses

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

k. 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.

l. 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.
- m. 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.
- n. 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.
- o. Foreign Exchange Transactions**
The Revenue earnings are accounted on estimated basis at the date of the transaction and the Exchange Fluctuation is accounted separately on realisation.
- p. Segment Reporting**
The Company operates in the same segment which are subject to same risks and returns.
- q. Miscellaneous Expenditure**
Preliminary Expenses is amortised over a period of 10 years.
- r. Interim Financial Reporting**
Quarterly Financial results are published in accordance with the guidelines given by SEBI. The recognition and measurement principles are laid down in the Standard and are followed with respect to such results. The Quarterly results are also subjected to a limited review by the auditors as required by SEBI.
- s. Consolidated Financial Statements**
Consolidated Financial Statement of the Company and its subsidiary Vidhyadhana Education Services Private Limited are annexed.
- t. 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.



Notes Forming Part of Financial Statement

(₹) in Lakhs

Note - 3 - Share Capital		As at 31.03.2012	As at 31.03.2011	
Notes :				
3 Share Capital				
Authorised Share Capital:				
4,00,00,000 (Previous Year 2,50,00,000) Equity Shares of ₹ 10/- each		4,000.00	2,500.00	
Issued, Subscribed and Fully Paid up Share Capital:				
2,62,33,005 (Previous Year 1,55,77,242) Equity Shares of ₹ 10/- each		2,623.30	1,557.72	
Par Value per Share	₹	10	10	
a Reconciliation of Number Equity Shares				
Number of equity shares at the beginning of the year		15,577,242	12,006,000	
Add: Private Placement		10,655,763	3,571,242	
Number of equity shares at the end of the year		26,233,005	15,577,242	
b Rights, preferences and restrictions attached to shares				
Equity Shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each Share holder is eligible for one vote per share held. The equity shareholders are eligible to receive in the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.				
c Number of shares held by share holders more than 5% of total shares				
Name of the Shareholder	As at 31st March 2012		As at 31st March 2011	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
GIRIDHARAN S	-	-	1,883,434	12.09
GITA G	-	-	1,883,403	12.09
KALPATHI INVESTMENTS PRIVATE LIMITED	3092447	11.79	3,731,370	23.95
THE BANK OF NEW YORK MELLON, DR	8000000	30.50	-	-
PROSEL VENTURES PRIVATE LIMITED	2500000	9.53	-	-
d Details in the last 5 years				
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)				
Note - 4 - Reserves & Surplus		As at 31.03.2012	As at 31.03.2011	
4 Reserves and Surplus				
a Security premium reserve Opening balance		8,613.52	-	2,040.00
Add: Addition / (reduction)		13,366.95	-	6,573.52
Closing balance		21,980.47	21,980.47	8,613.52
8,613.52				8,613.52
b General reserve				
Opening balance		180.20	-	180.20
Add: transfer from profit & loss account		-	-	-
Closing balance		180.20	180.20	180.20
180.20				180.20
c Surplus from Profit & Loss account				
Opening balance		1,665.11	-	1,442.56
Add: Current year surplus		(585.90)	-	222.55
Less: Transfer to general reserve		-	-	-
Less: Proposed dividend		-	-	-
Less: Dividend tax provision		-	-	-
Closing balance		1,079.21	1,079.21	1,665.11
1,079.21				1,665.11
		-	23,239.88	-
				10,458.83



(₹) in Lakhs

Note - 5 - Long Term Borrowings		As at 31.03.2012	As at 31.03.2011
5	Long term Borrowings		
a	Term Loans		
i)	From Banks (Secured by Hypothecation of Assets)		
	Term Loan Secured against Fixed Deposit	397.23	170.47
	Term Loan Secured by Hypothecation of Machinery	133.33	
	Vehicle	10.00	16.57
iii)	From other parties (repayment terms ---)	750.46	68.40
c	Deferred payment liabilities		
d	Deposits		
e	Loans and advances from related parties		
f	Long term maturities of finance lease obligations		
g	other loans and advances - Unsecured		
		1,291.02	255.44
NATURE OF SECURITY		TERMS OF REPAYMENTS	
Term loan from Union bank of India amounting to ₹ 397.23 Lakhs (March 31.2011 ₹ 70.47 Lakhs secured against Fixed Deposit			
Term loan from Union bank of India amounting to ₹ 133.33 Lakhs (March 31.2011 Nil. are secured by Hypothecation of machinery/server			
Additional Disclosure			
For each head for loan the following disclosure has to be made separately			
Classify as secured and unsecured			
Securities offered for secured borrowings			
Loans guaranteed by directors or others			
Period and amount of continuing default as on balance sheet date in repayment of loan & interest			
Note - 6 - Long Term Provisions		As at 31.03.2012	As at 31.03.2011
a	Provision for Deferred Tax	1,262.27	403.29
b	Others - Gratuity Mgmt	30.90	13.77
		1,293.17	417.06
Note 7: Trade Payables			
a	Trade Payables	474.14	756.12
		474.14	756.12
Note 8: Other Current Liabilities			
8	Other Current Liabilities		
a	Current maturities of long term debt		
b	Current maturities of Finance lease obligations		
c	Interest accrued but not due on borrowings		
d	Interest accrued and due on borrowings		
e	Income received in advance		
f	Unpaid dividends	0.60	0.60
g	Application money received for allotment / due for refund / interest accrued		
h	Unpaid matured deposits and interest accrued there on		
i	Unpaid matured debentures and interest accrued there on		
j	Other payables OSL	33.86	
		34.46	0.60
Note 9 : Short Term Provisions			
9	Short term provisions		
a	Provisions for employee benefits	37.43	97.57
b	Others (Professional Tax)	1.08	1.49
	Provision for income tax	299.27	228.47
	Provision for Sales tax		
	Provision for PF	6.83	2.05
	Provision for ESIC	0.64	0.79
	TDS Collection & remittance	47.61	20.77
	Others (Service Tax)	245.72	233.08
		638.58	584.22



(₹) in Lakh

Note - 10	Particular	Gross Value			Depreciation			Closing balance			
		01.04.2011	Additions	Deletions	31.03.2012	Upto 31.03.2011	Charge for the Year	Deletions Upto 31.03.2012	31.03.2012	31.03.2011	
10 - a. Tangible Assets											
	a Plant & Machinery	10.03	1.85	-	11.88	0.30	0.26	-	0.56	11.32	9.7
	b Office Equipments	11.34	-	-	11.34	6.72	0.60	-	7.32	4.03	4
	c Furniture & Fixtures	522.69	0.55	-	523.24	11.88	32.05	-	43.93	479.31	510.8
	d Vehicles	28.97	-	-	28.97	1.94	1.27	-	3.21	25.76	27.0
	e Computers	992.26	784.72	-	1,776.97	284.02	241.70	-	525.73	1,251.25	708.2
	Total	1,565.29	787.12	-	2,352.40	304.86	275.88	-	580.75	1,771.67	1,260.4
	Figures for the previous year	(1080.51)	(484.78)	0.00	(1565.29)	(145.41)	(159.45)	0.00	(304.86)	(1260.43)	(935.10)
10 - b. Intangible Assets											
	a (Computer Software & IP Rights)	926.14	9,915.61	-	10,841.75	88.18	232.84	-	321.02	10,520.73	837.9
	Figures for the previous year	(97.24)	(828.90)	0.00	(926.14)	(67.61)	(20.56)	0.00	(88.18)	(837.97)	(29.63)
Note 11 : Non Current Investment								As at	As at		
								31.03.2012	31.03.2011		
11 Non current investment											
Non Trade Investments											
Unquoted											
	a Investment in Subsidiaries										
	10000 Equity shares (March 31, 2011 10000) of ₹10 each fully paid up in Vidhyadhana Education Private Limited									1.00	1.00
	b Investment in Others										
	85000 Equity shares (March 31, 2011 85000) of ₹10 each fully paid up in Onspec Technologies Private Limited									8.50	8.50
								9.50	9.50		
Note 12: Long Term Loans & Advances											
12 Long term loans and advances											
	a Capital Advance										
	b Security deposits (Unsecured, Considered Good)									152.61	43.87
	c Loans and advances to related parties									156.30	
	d Other loans and advances										
								308.91	43.87		
Note 13: Trade Receivable											
13 Trade receivables											
	a Trade receivables outstanding for more than 6 months *										1,548.95
	others									2,920.65	5,588.49
								2,920.65	7,137.44		
	b Trade receivables										
	1 Secured, considered good										
	2 Unsecured, considered good									2,920.65	7,137.44
	3 Doubtful										
	Allowance for bad & doubtful under each head										
								2,920.65	7,137.44		
	c Debts due by										
	1 Director or other officers of the company										
	2 Any of the above jointly / severally along with any other person										
	3 Firms / private company in which director is a partner / director / member										
								2,920.65	7,137.44		



(₹) in Lakhs

Note 14: Cash & Bank Balance		As at 31.03.2012	As at 31.03.2011
14	Cash and Bank Balances		
a	Cash and cash equivalents		
i	Balance with banks		
	In current account	31.00	2,228.36
	in current account for in deposits (having maturity period less than 3 months)	-	-
ii	Cash in hand	0.60	27.42
iii	Cheques, drafts in hand		
b	Other Bank Balances:		
	in Deposit account (having maturity period more than 3 months)		
	in Deposit account (having maturity period more than 12 months)		
	in foreign account	12,149.10	
	in Fixed deposit & Margin money	436.68	409.17
c	Others (Specify)	8.75	30.56
		12,626.13	2,695.51
Note 15: Short Term Loans & Advances			
15	Short-term loans and advances.		
a	Loans and advance to related parties (provide details there of)		
b	Others (Advance to supplier, Unsecured, considered good)	2,005.32	556.39
c	Others (Staffs, Unsecured, considered good)		
		2,005.32	556.39
Note 16: Other Current Assets			
16	Other current assets		
a	VAT tax input credit	32.05	55.22
b	Service Tax credit (excess)	221.87	242.88
c	Interest accrued	39.89	-
d	Income tax refund receivable (Income tax Paid, TDS Receivable & FBT)	307.10	233.75
e	Share Issue Expenses	43.32	78.69
		644.23	610.54
Note 17: Revenue from Operations		As at 31.03.2012	As at 31.03.2011
17	Revenue from operations		
a	Sale of Products		
	Export Sales		3,116
	Domestic Sales		3,116
	Reimbursement of Vocational Training	2,000.00	4,152.73
	Application Fees	5,505.15	2,277.52
	Student Registration Fee	1,030.18	24.83
	Brand License Access Fee	-	1,171.35
	Consultancy service	7.10	7,626.43
		8,542.43	-
c	Other operating revenues		
		8,542.43	10,742.45
	Less:		
d	Excise Duty paid		
		8,542.43	10,742.45
Note 18: Other Income			
18	Other Income		
a	Interest Income	86.77	86.77
b	Dividend Income		34.84
c	Net gain / (loss) on sale of investment		34.84
d	Other non operating income	1,665.71	
	Rent Receipt		
	Other Income	0.79	
		1,666.50	
		1,753.27	34.84



		(₹) in Lakhs	
		As at	As at
		31.03.2012	31.03.2011
Note 19: Employee Benefit Expense			
Employee Benefit Expense		549.56	450.01
	Salaries & Wages	17.14	4.84
	Gratuity	4.59	3.14
	Performance Pay	11.55	7.87
	Provident fund & Super annuation fund	7.27	1.21
	Bonus	590.11	467.07
Note 20: Administrative, Selling and Distribution Expenses			
20	Administrative, Selling and Distribution Expenses		
	Administration expenses	73.73	66.46
	Rent	295.76	636.37
	Advertisement Expenses	11.71	10.40
	Electricity & Maintenance	18.61	10.59
	Printing and Stationeries	38.66	3.80
	Repairs and Maintenance-building	3.07	35.60
	Repair and Maintenance -Others	34.36	47.35
	Telephone and Fax Charges	-	80.00
	Commission to Executive Directors	-	21.53
	Commission to Non Executive Directors	3.42	5.48
	Postage Telegram & Couriers	64.29	42.02
	Travelling and Conveyance	1,999.25	126.92
	Other Administration & Miscellaneous charges	648.27	1,245.20
	MODES Expenses	1.19	2.04
	Vehicle Finance Charges	-	-
	Audit Fees	10.00	4.00
	For Statutory Audit	5.00	1.00
	For Tax Audit	21.00	15.00
	For other services	1.50	3.00
	Internal Audit Fees	48.26	68.80
	Consultancy & Legal Charges	3,278.08	2,425.56
Note 21: Financial Expenses			
	Financial expenses		
a	Interest Expenses	47.72	33.53
b	Other borrowing cost	41.75	4.18
c	Net Loss / (Gain) on foreign currency transaction	-	-
d	Forward cancellation	-	-
e	Bank charges	0.86	1.90
		90.33	39.61
Note 22: Miscellaneous Expenses			
	Miscellaneous Expenses		
	Share Issue Expenses Written Off	35.37	35.37
	Bad debts written off	5,449.21	1,915.00
	Preliminary Expenses Wrottem Off	-	0.10
		5,484.58	1,950.47



23. ADDITIONAL NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- a. 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.
- b. 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.

Employee Benefits:

Gratuity

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

	Year ended (in ₹)	
	31.3.2012	31.3.2011
Current Service Cost	5,18,614	5,16,216
Interest Cost	1,10,136	71,444
Actuarial (Gain)/Loss recognized during the year	(2,91,765)	(1,04,011)
Past Service Cost		
TOTAL	3,36,985	4,83,649

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

Description	Year ended (in ₹)	
	31.3.2012	31.3.2011
Present value of defined benefit obligation as at the beginning of the year	13,76,696	8,93,047
Current Service Cost	3,36,985	4,83,649
Actuarial (Gain)/Loss recognized during the year	17,13,681	13,76,696
Past Service Cost		
Total	17,13,681	13,76,696

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%, resignation rate per annum 3% and LIC mortality table 1994-96 for valuation.

Contributions made by the Company to Provident Fund during the year is ₹ 5,70,143/- (Previous Year ₹ 7,86,889/-)

The Employment term does not provide for Leave Encashment and hence no provision has been made in the accounts.

Earnings in Foreign Exchange:

in (₹)

Description	Year Ended in	
	31.3.2012	31.3.2011
Value of Export Income	Nil	31,16,02,000

- e. There is no Expenditure in Foreign Currency during the year (Previous Year - Nil).
- f. The Company is into only one Segment of Software Training and Development and Project Consultancy and the Company operates presently in India and outside India.

Secondary Segmental information - Geographical

(₹) in lakhs

Revenue	20311-2012	2010-2011
India	8542.43	7626.43
Outside India	-	3116.02
TOTAL	8542.43	10,742.45

- g. Earnings per Share - Basic and Diluted Earnings Per Share

	2012	2011
No. of Equity Shares allotted at the beginning of the year	15577242	12006000
No. of Equity Shares application received for preferential allotment	420561	19930
Weighted Average No. of Equity Shares		
For Basic Earnings per Equity Share	21877718	13854893
For Diluted Earnings per Equity Share	6411249	13978136
Profit After Tax	(58590596)	22,254,659
Basic Earnings per Equity Share	-2.68	1.61
Diluted Earnings per Equity Share	-9.14	1.59

- h. 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
3	Vidhyadhana Education Private Limited	Subsidiary



Related Party Transactions for the year ended 31st March 2011;

S.No.	Name	Nature of Transaction	Value of Transaction in (₹)		Balance at year end (₹)	
			2011-12	2010-11	2011-12	2010-11
1	Mr. S. Giridharan	Salary	60,00,000/-	1,00,00,000/-	-	-
		PF	9,360/-	9,360/-	-	-
		Dividend	-	17,69,797/-	-	-
2	Mrs. G. Gita	Salary	42,00,000/-	82,00,000/-	-	-
		PF	9,360/-	9,360/-	-	-
		Dividend	-	17,69,797/-	-	-
3	Vidhyadhana Education Private Limited	Sales	-	4,07,80,846/-	-	4,07,80,846/-
		Advances (Net)	(71,61,467)	65,65,500/-	4,01,84,879/-	65,65,500/-
		Investment	1,00,000/-	-	1,00,000/-	1,00,000/-

i. Major components of Deferred Tax assets and liabilities arising on account of timing differences are:

(₹) In Lakhs

Amount in ₹	2011-12	2010-11
Depreciation - Liability	8,53,15,676/-	2,03,00,471/-
Provision for Gratuity - Asset	5,82,481/-	1,64,392/-
Net Deferred Tax Liability	8,58,98,157/-	2,01,36,079/-

j. 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 ₹ 69,60,495/- (Previous Year ₹ 61,99,396/-) in respect of obligation under operating leases have been recognized in the Profit and Loss Account.

k. There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as on 31st March 2012 (Previous Year - Nil).

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

(₹)In Lakhs

Particulars for the year ended	31/03/2012	31/03/2011
Net Profit after tax from ordinary activities	(585.91)	222.54
1. Whole-time Directors' remuneration	102.00	182.00
2. Directors' sitting fees	1.40	1.55
3. Commission to non-whole time directors	-	21.53
4. Depreciation as per books of accounts	508.72	180.01
5. Provision for taxation	929.78	334.70
	955.99	942.34
Less:		
1. Depreciation as envisaged under Section 350 of the Companies Act, 1956	508.72	180.01
2. Profit of a capital nature	-	-
Net profit on which managerial remuneration is payable Commission payable to non-whole-time directors:	447.27	762.33
Maximum allowed as per the Companies Act, 1956 @ 10% for all the Directors.	44.73	76.23

- m. Confirmations of Balance from Sundry Debtors, Deposit accounts, Loans and Advances, Certain Creditors have not been obtained. Accounts of certain sundry debtors, loans and advances, deposits and creditors are under review and reconciliation, Adjustments, if any will be made on completion of review/reconciliation / identification of doubtful debts/advances.
- n. The Company has initiated the process of review of impairment of assets in the respect of the tangible, intangible and other current assets their results in such impairment is awaited, The financial implication if any on the above will be provide appropriately at later stage.
- o. The Company has been subjected to survey by Income Tax Department during the year. The amounts of demand from the Income Tax Department for the preceding years are before appellate authority. Further notices were issued by the assessing officer for reassessment of earlier years. The assessment proceedings are in various stages and are yet to be completed. The company is confident the matter shall be decided later and financial implications on above cannot be ascertained as on date, Hence no provision is made for such matters in the books.
- p. The Financial statements for the year ended March, 31 2011 had been prepared as per the then applicable, Pre-revised Schedule VI to the companies act 1956. Consequent to the notification of Revised Schedule VI under the Companies Act 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement of principles followed for preparation of financial statements.

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered AccountantsV. RAJ
Partner
Membership No. 23211
Firm Registration No. 010935 SPlace: Chennai
Date: 30.05.2012

For and on behalf of the Board of Directors

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

G. Raghavan Company Secretary



Disclosure of information relating to subsidiary companies

(Pursuant to approval by Ministry of Company Affairs under section 212(8) of the companies Act 1956)

(₹) in Lakhs

VIDHYADHANA EDUCATION PRIVATE LIMITED	
Financial Year ended	31 st March, 2012
Country of Incorporation	India
Share Capital	1.00
Share Application Money	-
Reserves	(66.70)
Minority Interest	-
Loan Funds	-
Current Liabilities & Provisions)	555.14
Deferred Tax Liability	-
Total Liabilities	489.44
Net Fixed Assets	-
Capital Work in Progress	-
Net Intangible Assets	-
Investments	-
Current Assets, Loans & Advances	489.20
Debit Balance in profit & loss A/C	-
Deferred Tax Asset	-
Miscellaneous Expenditure	0.24
Total Assets	489.44
Revenue /Income	29.53
Profit / (Loss) Before Taxation	(57.66)
Deferred Tax Asset	-
Provisions for Taxation - Current	-
Deferred	-
Fringe Benefit Tax	-
Profit / (Loss) After Taxation	(57.66)
Proposed Dividend	-
Details of Investments	-
Quoted - Non Trade - Current	-
Quoted - Non Trade - long Term	-
Unquoted - Subsidiaries	-
Unquoted - Non Trade Others	-
Total Investments	-



Auditor's Report on Consolidated Financial Statements to the Board of Directors of EdServ Softsystems Limited

1. We have audited the attached Consolidated Balance Sheet of Edserv Softsystems Limited and its Subsidiary, M/s Vidhyadhana Education Private Limited as at March 31, 2012 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto. These Financial Statements have been approved by the Board of Directors of the Company. 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 principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's management and as per information and explanation given to us, in accordance with the requirements of Accounting Standards ("AS") 21, Consolidated Financial Statements as notified under 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 except the following;
 - i. Note No. 23.l to Financial Statements regarding Confirmations of Balance from Sundry Debtors, Deposit accounts, Loans and Advances. Certain Creditors have not been obtained. Accounts of certain sundry debtors, loans and advances, deposits and creditors are under review and reconciliation. Adjustments, if any will be made on completion of review/reconciliation / identification of doubtful debts/advances.
 - ii. Note No. 23.m to Financial Statements: The Company has initiated the process of review of impairment of assets in the respect of the tangible, intangible and other current assets their results in such impairment is awaited, The financial implication if any on the above will be provide appropriately at later stage.
 - iii. Note No. 23.n to Financial Statements: The Company has been subjected to survey by Income Tax Department during the year. The amounts of demand from the Income Tax Department for the preceding years are before appellate authority. Further notices were issued by the assessing officer for reassessment of earlier years. The assessment proceedings are in various stages and are yet to be completed. The company is confident the matter shall be decided later and financial implications on above cannot be ascertained as of date, Hence no provision is made for such matters in the books.

In all the cases referred to above, effect on financial statements is not ascertainable. We do not express independent opinion on these matters.
5. Subject to our comments vide para 4.i, 4.ii, and 4.iii above,
 - a. in the case of the Consolidated Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;
 - b. in the case of the Consolidated Profit and Loss Account, of the Loss for the year ended on that date;
 - c. In the case of the Consolidated Cash Flow Statement of the Cash Flows for the year ended on that date.

For RAJ AND RAVI
Chartered Accountants

V. RAJ
(Membership No. 23211)
Partner
Firm Registration No. 010935S

Place: Chennai
Date: 30.05.2012



Consolidated Balance Sheet As At 31st March 2012

(₹) in Lakhs

Particulars	Note No	As at 31 March, 2012	As at 31 March, 2011
I. EQUITY AND LIABILITIES			
1) Shareholder's Funds			
a) Share Capital	3	2,623.30	1,557.72
b) Reserves and Surplus	4	23,135.09	10,411.70
c) Money received against share warrants		1,488.01	875.11
2) Non-Current Liabilities			
a) Long-term borrowings	5	1,291.02	255.44
b) Long term provisions	6	1,293.17	417.06
3) Current Liabilities			
a) Trade payables	7	474.14	663.80
b) Other current liabilities	8	225.84	100.37
c) Short-term provisions	9	638.58	586.65
Total		31,169.15	14,867.85
II. ASSETS			
1) Non-current assets			
a) Fixed assets	10		
i) Tangible assets		1,771.67	1,260.43
ii) Intangible assets		10,520.73	837.96
iii) intangible Assets under Development		275.42	1,753.46
b) Non current investments	11	8.50	8.50
c) Long term loans and advances	12	308.91	43.87
2) Current assets			
a) Trade receivables	13	3,326.00	7,539.31
b) Cash and cash equivalents	14	12,630.10	2,699.01
c) Short-term loans and advances	15	1,683.36	114.38
d) Other current assets	16	644.46	610.93
Total		31,169.15	14,867.85
Additional Notes to the Financial Statements	23		-

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered AccountantsV. RAJ
Partner
Membership No. 23211
Firm Registration No. 010935 SPlace: Chennai
Date: 30.05.2012

For and on behalf of the Board of Directors

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

G. Raghavan Company Secretary



Consolidated Profit and Loss Statement for the year ended 31st March 2012

(₹) in Lakhs

Particulars	Note No	As at 31 March, 2012	As at 31 March, 2011
I. Revenue from operations	17	8,571.76	12,182.21
II. Other Income	18	1,753.47	34.84
III. Total Revenue (I +II)		10,325.23	12,217.05
IV. Expenses:			
Purchase of software			5,157.33
Employee benefit expense	19	647.22	871.97
Selling, Administration & other expenses	20	3,307.41	3,507.43
Financial costs	21	90.33	39.61
Depreciation and amortization expense	10	508.72	180.01
Miscellaneous Expenses	22	5,485.33	1,950.58
Total Expenses		10,039.01	11,706.93
V. Profit before exceptional and extraordinary items and tax	(III - IV)	286.22	510.12
VI. Extraordinary Items (prior period expenses)			
VII. Profit before tax		286.22	510.12
VIII. Tax expense:			
1) Current tax		70.80	133.34
2) Deferred tax		858.98	201.36
IX. Profit(Loss) from the period from continuing operations	(V - VI)	(643.56)	175.42
X. Earning per equity share:			
1) Basic		(2.94)	1.61
2) Diluted		(10.04)	1.59
Face value per Equity Share in ₹		10.00	10.00
Additional Notes to the Financial Statements	23		

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered AccountantsV. RAJ
Partner
Membership No. 23211
Firm Registration No. 010935 SPlace: Chennai
Date: 30.05.2012

For and on behalf of the Board of Directors

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

G. Raghavan Company Secretary



Consolidated Cash Flow Statement For The Period Ended 31st March 2012

(₹) in Lakhs

PARTICULARS	3.31.2012	3.31.2011
A. Cash flow from Operating Activities		
Net profit as per Profit and loss account	(643.56)	175.42
ADJUSTMENTS FOR		
Depreciation in books	508.72	180.01
Preliminary expenditure written off	-	0.21
Deferred Tax	858.98	201.36
Share Issue Expenses written off	-	35.37
Provision for Income tax & FBT	70.80	133.34
Operating cash flows before adjusting for working capital changes	794.94	725.71
Adjustment for Working Capital changes		
Decrease/(Increase) in Sundry debtors	4,213.31	(4,268.64)
Decrease/(Increase) In other Current assets	(1,867.66)	(949.75)
Increase / (Decrease) in Current liabilities and provisions	(101.81)	135.93
Operating cash flow after Adjusting for working Capital changes	3,038.78	(4,356.75)
Net Cash Flow from operating activities - A	3,038.78	(4,356.75)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	4,688.88	-
Investment in Subsidiary	-	1,313.68
Product Development Expenses	4,535.81	-
Net cash From Investing activities - B	9,224.69	1,313.68
C. Cash flow from Financing Activities		
Proceeds from Share Capital	1,065.58	357.12
Proceeds from Share Application	612.90	825.00
Proceeds from Share Premium	13,366.95	6,573.52
Proceeds from Bank Loans	1,035.57	(341.10)
Proceeds from other Loans	-	(6.47)
Share Issue Expenses	-	-
Net Cash Flow From Financing Activities - C	16,081.00	7,408.07
Net Increase in cash and Cash equivalents (A + B + C)	9,895.09	1,737.64
Add: Cash and cash equivalents at the beginning of the year	2,699.01	961.37
Cash and cash equivalents at the end of the year	12,594.10	2,699.01
Reconciliation		
Cash and cash equivalents at the end of the year	12,630.10	2,699.01
Add: Unrealised Exchange Fluctuation loss/(gain)	-	-
Cash and cash equivalents at the end of the year(as above)	12,630.10	2,699.01

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered AccountantsV. RAJ
Partner
Membership No. 23211
Firm Registration No. 010935 SPlace: Chennai
Date: 30.05.2012

For and on behalf of the Board of Directors

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

G. Raghavan Company Secretary



Consolidated Notes Forming Part of Financial Statement

NOTE NO. 1

Company Information

The Company was incorporated on 13th March 2001 as a Private Limited Company under converted as a Public Limited Company and changed its name to Edserv Softsystems Limited. The Company is listed in National Stock Exchange and Mumbai Stock Exchanges. The Company does the business of Online Education, Vocational Training and Corporate Training.

2. SIGNIFICANT ACCOUNTING POLICIES

a. 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 applicabl

b. 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. Sign up Fees are accounted in the year of sign up.

c. 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 capitalised.

d. Capitalisation and Amortisation 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 capitalised until the product is available for release to the customers. Capitalized Software Costs are amortised on a product-by-product basis based on straight-line method over the estimated economic life of the product. The carrying value of Capitalised Software Costs is reviewed at each Balance Sheet date and adjusted for any changes to the estimated economic life of the product.

e. 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.

f. 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.

g. 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 differences between the accounting and Tax treatment of Income and Expenditure which are expected with reasonable probability to crystallise in the foreseeable future.

h. Earnings per Share

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary / 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.

i. Deferred Revenue Expenditure

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

j. Public Issue Expenses

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

k. Cash Flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of 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.

l. 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.

m. 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.

n. 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.

o. Foreign Exchange Transactions

The Revenue earnings are accounted on estimated basis at the date of the transaction and the Exchange Fluctuation is accounted separately on realisation.

p. Segment Reporting

The Company operates in the same segment which are subject to same risks and returns.

q. Miscellaneous Expenditure

Preliminary Expenses is amortised over a period of 10 years.

r. Interim Financial Reporting

Quarterly Financial results are published in accordance with the guidelines given by SEBI. The recognition and measurement and measurement principles are laid down in the Standard are followed with respect to such results. The Quarterly results are also subjected to a limited review by the auditors as required by SEBI.

s. Consolidated Financial Statements

Consolidated Financial Statement of the Company and its subsidiary Vidhyadhana Education Services Private Limited are annexed.

t. 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.



Consolidated Notes Forming Part of Financial Statement

(₹) in Lakhs

Note - 3 - Share Capital		As at 31.03.2012	As at 31.03.2011
Notes :			
3	Share Capital		
	Authorised Share Capital:		
	4,00,00,000 (Previous Year 2,50,00,000) Equity Shares of ₹ 10/- each	4,000.00	2,500.00
	Issued, Subscribed and Fully Paid up Share Capital:		
	2,62,33,005 (Previous Year 1,55,77,242) Equity Shares of ₹ 10/- each	2,623.30	1,557.72
	Par Value per Share	₹ 10	10
a	Reconciliation of Number Equity Shares		
	Number of equity shares at the beginning of the year	15,577,242	12,006,000
	Add: Private Placement	10,655,763	3,571,242
	Number of equity shares at the end of the year	26,233,005	15,577,242
b	Rights, preferences and restrictions attached to shares		
	Equity Shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each Share holder is eligible for one vote per share held. The equity shareholders are eligible to receive in the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.		
c	Number of shares held by share holders more than 5% of total shares		
	Name of the Shareholder	As at 31st March 2012	As at 31st March 2011
		Number of Shares held	Number % of Holding of Shares held
	GIRIDHARAN S		1,883,434 12.09
	GITA G		1,883,403 12.09
	KALPATHI INVESTMENTS PRIVATE LIMITED	3092447 11.79	3,731,370 23.95
	THE BANK OF NEW YORK MELLON, DR	8000000 30.50	
	PROSEL VENTURES PRIVATE LIMITED	2500000 9.53	
d	Details in the last 5 years		
	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)		
Note - 4 - Reserves & Surplus		As at 31.03.2012	As at 31.03.2011
4	Reserves and Surplus		
a	Security premium reserve		
	Opening balance	8,613.52	2,040.00
	Add: Addition / (reduction)	13,366.95	6,573.52
	Closing balance	21,980.47	8,613.52
b	General reserve		
	Opening balance	180.20	180.20
	Add: transfer from profit & loss account		
	Closing balance	180.20	180.20
c	Surplus from Profit & Loss account		
	Opening balance	1,617.98	1,442.56
	Add: Current year surplus	(643.56)	175.42
	Less: Transfer to general reserve		
	Less: Proposed dividend		
	Less: Dividend tax provision		
	Closing balance	974.42	1,617.98
		23,135.09	10,411.70



(₹) in Lakhs

Note - 5 - Long Term Borrowings		As at 31.03.2012	As at 31.03.2011
5	Long term Borrowings		
a	Term Loans		
i)	From Banks (Secured by Hypothecation of Assets)		
	Term Loan Secured against Fixed Deposit	397.23	170.47
	Term Loan Secured by Hypothecation of Machinery	133.33	-
	Vehicle	10.00	16.57
iii)	From other parties (repayment terms ---)	750.46	68.40
c	Deferred payment liabilities		
d	Deposits		
e	Loans and advances from related parties		
f	Long term maturities of finance lease obligations		
g	other loans and advances - Unsecured		
		1,291.02	255.44
NATURE OF SECURITY		TERMS OF REPAYMENTS	
Term loan from Union bank of India amounting to ₹ 3,97,23,244/- (March 31.2011 ₹ 17047391 secured against Fixed Deposit			
Term loan from Union bank of India amounting to ₹ 13333001/- (March 31.2011 NIL are secured by Hypothecation of machinery/server			
Additional Disclosure			
For each head for loan the following disclosure has to be made separately			
Classify as secured and unsecured			
Securities offered for secured borrowings			
Loans guaranteed by directors or others			
Period and amount of continuing default as on balance sheet date in repayment of loan & interest			
Note - 6 - Long Term Provisions		As at 31.03.2012	As at 31.03.2011
a	Provision for Deferred Tax	1,262.27	403.29
b	Others - Gratuity Mgmt	30.90	13.77
		1,293.17	417.06
Note 7: Trade Payables			
a	Trade Payables	474.14	663.80
		474.14	663.80
Note 8: Other Current Liabilities			
8	Other Current Liabilities		
a	Current maturities of long term debt		
b	Current maturities of Finance lease obligations		
c	Interest accrued but not due on borrowings		
d	Interest accrued and due on borrowings		
e	Income received in advance		
f	Unpaid dividends	0.60	0.60
g	Application money received for allotment / due for refund / interest accrued		
h	Unpaid matured deposits and interest accrued there on		
i	Unpaid matured debentures and interest accrued there on		
j	Other payables OSL	225.24	99.77
		225.84	100.37
Note 9 : Short Term Provisions			
9	Short term provisions		
a	Provisions for employee benefits	37.43	97.57
b	Others (Professional Tax)	1.08	1.49
	Provision for income tax	299.27	228.47
	Provision for Sales tax	-	-
	Provision for PF	6.83	2.05
	Provision for ESIC	0.64	0.79
	TDS Collection & remittance	47.61	20.77
	Others (Service Tax)	245.72	235.51
		638.58	586.65



Note - 10											
Particular	Gross Value			31.03.2012	Depreciation			Closing balance			
	01.04.2011	Additions	Deletions		Upto 31.03.2011	Charge for the Year	Deletions Upto 31.03.2012	31.03.2012	31.03.2011		
10 - a. Tangible Assets											
a Plant & Machinery	10.03	1.85	-	11.88	0.30	0.26	-	0.56	11.32	9.73	
b Office Equipments	11.34	-	-	11.34	6.72	0.60	-	7.32	4.03	4.63	
c Furniture & fixtures	522.69	0.55	-	523.24	11.88	32.05	-	43.93	479.31	510.81	
d Vehicles	28.97	-	-	28.97	1.94	1.27	-	3.21	25.76	27.03	
e Computers	992.26	784.72	-	1,776.97	284.02	241.70	-	525.73	1,251.25	708.23	
Total	1,565.29	787.12	-	2,352.40	304.86	275.88	-	580.75	1,771.67	1,260.43	
Figures for the previous year	(1080.51)	(484.78)	0.00	(1565.29)	(145.41)	(159.45)	0.00	(304.86)	(1260.43)	(935.10)	
10 - b. Intangible Assets											
a (Computer Software & IP Rights)	926.14	9,915.61	-	10,841.75	88.18	232.84	-	321.02	10,520.73	837.96	
Figures for the previous year	(97.24)	(828.90)	-	(926.14)	(67.61)	(20.56)	-	(88.18)	(837.97)	(29.63)	
Note 11 : Non Current Investment								As at	As at		
								31.03.2012	31.03.2011		
11 Non current investment											
Non Trade Investments											
Unquoted											
a Investment in Subsidiaries											
10000 Equity shares (March 31, 2011 10000) of ₹10 each fully paid up in Vidhyadhana Education Private Limited											
b Investment in Others											
85000 Equity shares (March 31, 2011 85000) of ₹10 each fully paid up in Onspec Technologies Private Limited											
								8.50	8.50		
								8.50	8.50		
Note 12: Long Term Loans & Advances											
12 Long term loans and advances											
a Capital Advance											
b Security deposits (Unsecured, Considered Good)										152.61	43.87
c Loans and advances to related parties										156.30	-
d Other loans and advances											
								308.91	43.87		
Note 13: Trade Receivable											
13 Trade receivables											
a Trade receivables outstanding for more than 6 months *										397.35	1599.20
others										2,928.65	5,940.11
								3,326.00	7,539.31		
b Trade receivables											
1 Secured, considered good											
2 Unsecured, considered good										3,326.00	7,539.31
3 Doubtful											
Allowance for bad & doubtful under each head											
								3,326.00	7,539.31		
c Debts due by											
1 Director or other officers of the company											
2 Any of the above jointly / severally along with any other person											
3 Firms / private company in which director is a partner / director / member											
								3,326.00	7,539.31		



(₹) in Lakhs

Note 14: Cash & Bank Balance		As at	
		31.03.2012	31.03.2011
14	Cash and Bank Balances		
a	Cash and cash equivalents		
i	Balance with banks		
	In current account	34.21	2,231.86
	In current account for deposits (having maturity period less than 3 months)	-	-
ii	Cash in hand	1.36	27.42
iii	Cheques, drafts in hand	-	-
b	Other Bank Balances:		
	in Deposit account (having maturity period more than 3 months)	-	-
	in Deposit account (having maturity period more than 12 months)	-	-
	in foreign account	12,149.10	-
	in Fixed deposit & Margin money	436.68	409.17
c	Others (Specify)	8.75	30.56
		12,630.10	2,699.01
Note 15: Short Term Loans & Advances			
15	Short term loans and advances		
a	Loans and advance to related parties (provide details there of)		
b	Others (Advance to supplier, Unsecured, considered good)	1,683.36	114.38
c	Others (Staffs, Unsecured, considered good)	-	-
		1,683.36	114.38
Note 16: Other Current Assets			
16	Other current assets		
a	VAT tax input credit	32.05	55.22
b	Service Tax credit (excess)	221.87	242.88
c	Interest accrued	39.89	-
d	Income tax refund receivable(Incometax Paid, TDS Receivable & IBT)	307.10	233.79
e	Share Issue Expenses	43.32	78.69
f	Preliminary Expenses	0.10	0.16
g	Pre Operative Expenses	0.13	0.19
		644.46	610.93
Note 17: Revenue from Operations			
		As at 31.03.2012	As at 31.03.2011
17	Revenue from operations		
a	Sale of Products		
	Export Sales	-	3,116.02
	Domestic Sales	-	3,116.02
	Reimbursement of Vocational Training	2,000.00	4,152.73
	Application Fees	5,505.15	2,277.52
	Student Registration Fee	1,030.18	24.83
	Brand License Access Fee	-	1,171.35
	Consultancy service	7.10	-
		-	7,626.43
		8,542.43	-
c	Other operating revenues	29.33	1,439.76
		8,571.76	12,182.21
	Less:		
d	Excise Duty paid	8,571.76	12,182.21
		-	-
Note 18: Other Income			
18	Other Income		
a	Interest Income	86.77	86.77
b	Dividend Income	-	-
c	Net gain / (loss) on sale of investment	-	-
d	Other non operating income	1,665.71	-
	Rent Receipt	-	-
	Other Income	0.99	-
		1,666.70	-
		1,753.47	34.84



(₹) in Lakhs

Note 19: Employee Benefit Expense		As at 31.03.2012	As at 31.03.2011
19	Employee Benefit Expense		
	Salaries & Wages	606.59	854.91
	Gratuity	17.14	4.84
	Performance Pay	4.59	3.14
	Provident fund & Super annuation fund	11.55	7.87
	Bonus	7.27	1.21
	Staff Welfare Expenses	0.08	
		647.22	871.97
Note 20: Administrative, Selling and Distribution Expenses			
20	Administrative, Selling and Distribution Expenses		
	Administration expenses		
	Rent	73.73	66.46
	Advertisement Expenses	296.76	636.37
	Electricity & Maintenance	11.90	10.40
	Printing and Stationeries	25.30	10.59
	Repairs and Maintenance-Building	38.66	3.80
	Repair and Maintenance -Others	3.07	35.60
	Telephone and Fax Charges	44.07	71.09
	Commission to Executive Directors	-	80.00
	Commission to Non Executive Directors	-	21.53
	Postage Telegram & Couriers	3.42	5.48
	Travelling and Conveyance	67.22	93.84
	Other Administration & Miscellaneous charges	1,999.25	1,128.23
	MODES Expenses	648.27	1,245.20
	Vehicle Finance Charges	1.19	2.04
	Audit Fees		
	For Statutory Audit	12.00	6.00
	For Tax Audit	5.00	1.00
	For other services	23.75	18.00
	Internal Audit Fees	1.50	3.00
	Consultancy & Legal Charges	52.32	68.80
		3,307.41	3,507.43
Note 21: Financial Expenses			
	Financial expenses		
a	Interest Expenses	47.72	33.53
b	Other borrowing cost	41.75	4.18
c	Net Loss / (Gain) on foreign currency transaction	-	-
d	Forward cancellation	-	-
e	Bank charges	0.86	1.90
		90.33	39.61
Note 22: Miscellaneous Expenses			
	Miscellaneous Expenses		
	Share Issue Expenses Written Off	35.37	35.37
	Bad debts written off	5,449.21	1,915.00
	Preliminary Expenses Wrottem Off	0.11	0.21
	Other Miscellaneous Expenses	0.64	-
		5,485.33	1,950.58



23. ADDITIONAL NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- a. 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.
- b. 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.

Employee Benefits:

Gratuity

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

Description	Year ended (in ₹)	
	31.3.2012	31.3.2011
Current Service Cost	5,18,614	5,16,216
Interest Cost	1,10,136	71,444
Actuarial (Gain)/Loss recognized during the year	(2,91,765)	(1,04,011)
Past Service Cost	-	-
TOTAL	3,36,985	4,83,649

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

Description	Year ended (in ₹)	
	31.3.2012	31.3.2011
Present value of defined benefit obligation as at the beginning of the year	13,76,696	8,93,047
Current Service Cost	3,36,985	4,83,649
Actuarial (Gain)/Loss recognized during the year	-	-
Past Service Cost	-	-
Total	17,13,681	13,76,696

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%, resignation rate per annum 3% and LIC mortality table 1994-96 for valuation.

Contributions made by the Company to Provident Fund during the year is ₹ 5,70,143/- (Previous Year ₹ 7,86,889/-)

- c. The Employment term does not provide for Leave Encashment and hence no provision has been made in the accounts.
- d. Earnings in Foreign Exchange:

in (₹)

	Year Ended in	
	31.3.2012	31.3.2011
Value of Export Income	Nil	31,16,02,000

- e. There is no Expenditure in Foreign Currency during the year (Previous Year - Nil).
- f. The Company is into only one Segment of Software Training and Development and Project Consultancy and the Company operates presently in India and outside India.



Secondary Segmental information - Geographical

	Revenue	
	2012	2011
India	8542.43	7626.43
Outside India	-	3116.02
TOTAL	8542.43	10,742.45

g. Earnings per Share – Basic and Diluted Earnings Per Share

	2012	2010
No. of Equity Shares allotted at the beginning of the year	15577242	12006000
No. of Equity Shares application received for preferential allotment	420561	19930
Weighted Average No. of Equity Shares		
For Basic Earnings per Equity Share	21877718	13854893
For Diluted Earnings per Equity Share	6411249	13978136
Profit After Tax	(64356656)	22,254,659
Basic Earnings per Equity Share	-2.94	1.61
Diluted Earnings per Equity Share	-10.04	1.59

h. 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
3	Vidhyadhana Education Private Limited	Subsidiary

Related Party Transactions for the year ended 31st March 2011;

S.No.	Name	Nature of Transaction	Value of Transaction in (₹)		Balance at year end (₹)	
			2011-12	2010-11	2011-12	2010-11
1	Mr. S. Giridharan	Salary	60,00,000/-	1,00,00,000/-	-	-
		PF	9,360/-	9,360/-	-	-
		Dividend	-	17,69,797/-	-	-
2	Mrs. G. Gita	Salary	42,00,000/-	82,00,000/-	-	-
		PF	9,360/-	9,360/-	-	-
		Dividend	-	17,69,797/-	-	-
3	Vidhyadhana Education Private Limited	Sales	-	4,07,80,846/-	-	4,07,80,846/-
		Advances (Net)	(71,61,467)	65,65,500/-	4,01,84,879/-	65,65,500/-
		Investment	1,00,000/-	-	1,00,000/-	1,00,000/-



i. Major components of Deferred Tax assets and liabilities arising on account of timing differences are:

Amount in ₹	(₹)In Lakhs	
	2011-12	2010-11
Depreciation – Liability	8,53,15,676/-	2,03,00,471/-
Provision for Gratuity – Asset	5,82,481/-	1,64,392/-
Net Deferred Tax Liability	8,58,98,157/-	2,01,36,079/-

j. 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 ₹ 69,60,495/- (Previous Year ₹ 61,99,396/-) in respect of obligation under operating leases have been recognized in the Profit and Loss Account.

k. There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as on 31st March 2012 (Previous Year – Nil).

l. Confirmations of Balance from Sundry Debtors, Deposit accounts, Loans and Advances, Certain Creditors have not been obtained. Accounts of certain sundry debtors, loans and advances, deposits and creditors are under review and reconciliation. Adjustments, if any will be made on completion of review/reconciliation / identification of doubtful debts/advances.

m. The Company has initiated the process of review of impairment of assets in the respect of the tangible, intangible and other current assets their results in such impairment is awaited, The financial implication if any on the above will be provide appropriately at later stage.

n. The Company has been subjected to survey by Income Tax Department during the year. The amounts of demand from the Income Tax Department for the preceding years are before appellate authority. Further notices were issued by the assessing officer for reassessment of earlier years. The assessment proceedings are in various stages and are yet to be completed. The company is confident the matter shall be decided later and financial implications on above cannot be ascertained as on date, Hence no provision is made for such matters in the books.

o. The Financial statements for the year ended March, 31 2011 had been prepared as per the then applicable, Pre-revised Schedule VI to the companies act 1956. Consequent to the notification of Revised Schedule VI under the Companies Act 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement of principles followed for preparation of financial statements.

As Per Our Report of Event Date

For RAJ AND RAVI
Chartered Accountants

V. RAJ
Partner
Membership No. 23211
Firm Registration No. 010935 S

Place: Chennai
Date: 30.05.2012

For and on behalf of the Board of Directors

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

G. Raghavan Company Secretary

