

BOARD OF DIRECTORS

Shri.Giridharan, Chief Executive Officer

Smt.G.Gita , Managing Director

Shri Arvind, Independent Director

Shri.Elango, Independent Director

Shri.T.S. Ravichandran, Independent Director

COMPANY SECRETARY *Shri.V.Ramaseshan*

AUDITORS RAJ & RAVI
Chartered Accountants, Chennai

BANKERS

Union Bank of India
T.Nagar, Chennai 600017

REGISTERED OFFICE

“PANNA PLAZA, NEW NO:139, ARCOT ROAD
I FLOOR,KODAMBAKKAM
CHENNAI 600 024
INDIA
www.edserv.in

EDSERV SOFTSYSTEMS LIMITED
SEVENTH ANNUAL REPORT

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Seventh Annual General Meeting of the members of Edserv Softsystems Limited, on Thursday, **the 24th day of April 2008** at 11 AM at the Registered office of the company at No:139, Arcot Road, Kodambakkam, Chennai 600 024, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended 31st March, 2008 and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mrs.G.Gita who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration M/s. Raj & Ravi, Chartered Accountants who retires at this meeting, being eligible, offers themselves for reappointment

SPECIAL BUSINESS:

To consider & if thought fit, to pass with or without modification(s) the following as Ordinary Resolutions:

4. "RESOLVED THAT Mr.S.Arvind who vacates the office at this meeting Under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director of the Company liable to retirement by rotation be and is hereby appointed as a Director of the Company."
5. "RESOLVED THAT Mr.Ilango Balakrishna who vacates the office at this meeting Under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director of the Company liable to retirement by rotation be and is hereby appointed as a Director of the Company."
6. "RESOLVED THAT Mr.T.S.Ravichandran who vacates the office at this meeting Under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director of the Company liable to retirement by rotation be and is hereby appointed as a Director of the Company."

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To consider & if thought fit, to pass with or without modification(s) the following resolutions as Special Resolutions:

7. FURTHER ISSUE OF SHARES:

RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of and the regulations /guidelines prescribed by the Securities and Exchange Board of India and subject to such approvals, consents, permissions and sanctions all other relevant authorities, from time to time in this behalf, to the extent applicable, the Board of Directors of the Company (hereinafter referred to as `the Board`, which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorized on behalf of the Company to issue, offer and allot, 40,80,000 Equity Shares of Rs.10/- each for cash at premium to any persons including Indian public, individuals, Bodies Corporate, Financial Institutions, Banks, Mutual funds and/ or others, whether existing members or not whether resident or otherwise from time to time, upon such price, time and on such terms and conditions as the Board may decide prior to the issue and offer thereof.

“RESOLVED FURTHER THAT subject to the terms stated herein, the Equity Shares allotted pursuant to this Resolution shall rank pari passu, inter se, with the existing Equity Shares of the Company, in all respects except that the new Equity Shares allotted shall qualify for dividend declared, if any, in respect of the financial year in which they have been allotted, pro rata for the period commencing from the date of allotment and on the amount paid-up thereon.

RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI / GOI / RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.

RESOLVED FURTHER THAT the Board is also enter into and execute all such arrangement / agreement with any Lead Managers / Underwriters / Guarantors / Bankers/ Depositors / Custodians and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment or commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any or the like.

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RESOLVED FURTHER THAT for the purpose of giving effect to any issue of allotment of Equity Shares or Securities representing the same, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable including signing of listing applications of various Stock Exchanges and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or Senior Executive(s) / Officer(s) of the Company to give effect to the resolution”.

8. APPOINTMENT OF MR.S.GIRIDHARAN, AS CHIEF EXECUTIVE OFFICER

a) "**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby accorded to the board for the appointment of Mr.S.Giridharan, Director as Chief Executive Officer for a period of Three years (on Non Rotational basis) with effect from 1st April 2008 passed at the Board meeting held on 22.4.2008, on a Consolidated Salary of Rs.2,50,000/- (Rupees Two Lacs & Fifty Thousands) per month (inclusive of all perquisites and other allowances) upon the terms and conditions as already approved at the Remuneration Committee/Board Meeting held on 22.04.2008 and that the said re-appointment be and is hereby approved, confirmed and ratified."

b) "**FURTHER RESOLVED THAT** the authority be and is hereby granted to the Board of Directors to alter and vary the terms and conditions of the said re-appointment (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr.S.Giridharan, in such manner as may be agreed to between the Board of Directors and Mr.S.Giridharan provided, however, that the remuneration payable to him shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof."

c) "**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr.S.Giridharan the remuneration payable to him by way of salary, allowances, commission and perquisites shall not, without the approval of Central Government (if required), exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof."

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

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e) **"RESOLVED FURTHER THAT** the Board be and is hereby authorized 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

9. REAPPOINTMENT OF MRS.S.GITA AS MANAGING DIRECTOR

a) **"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby accorded to the board for the re-appointment of Mrs.G.Gita, Director as Managing Director for a period of Three years (on Rotational basis) with effect from 1st April 2008 passed at the Board meeting held on 22.4.2008, on a consolidated salary of Rs.2,50,000/- (Rupees Two Lacs & Fifty Thousands) per month (inclusive of all perquisites & other allowances) upon the terms and conditions as already approved at the Remuneration Committee/Board Meeting held on 22.04.2008 and that the said re-appointment be and is hereby approved, confirmed and ratified."

b) **"FURTHER RESOLVED THAT** the authority be and is hereby granted to the Board of Directors to alter and vary the terms and conditions of the said appointment (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mrs.G.Gita, in such manner as may be agreed to between the Board of Directors and Mrs.G.Gita provided, however, that the remuneration payable to him shall not exceed the limits specified under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof."

c) **"RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mrs.G.Gita the remuneration payable to him by way of salary, allowances, commission and perquisites shall not, without the approval of Central Government (if required), exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof."

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

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e) **"RESOLVED FURTHER THAT** the Board be and is hereby authorized 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

For and on behalf of the Board of Directors

Place : CHENNAI
Date : 22.04.2008

G.GITA
Managing Director

NOTES

- A. 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.
- B. EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 (2) FOR ITEM NO.1 TO 9 ARE ENCLOSED HERETO.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 (2) FOR ITEM NO.1 TO 9

ITEM NO: 4, 5 & 6 APPOINTMENT OF DIRECTORS

Mr.S.Arvind was Company Co-opted as an Additional Director at the Board Meeting held on 03.04.2008 and Mr.Ilango Balakrishna & Mr.T.S.Ravichandran were Co-opted as Additional Directors on 22.4.2008 pursuant to Section 260 of the Companies Act, 1956. These Directors vacates their office of Directorship at the ensuing Annual General Meeting . Notice has been received from members proposing their candidature for appointment as Directors and an amount of Rs.500/- for each director has been deposited with the Company by the said Members pursuant to section 257 of the Companies Act, 1956 .

The Brief profile and experience of the proposed directors are given in the Directors' Report annexed to this report. Except the appointee directors none of the present Directors of the company is in any way concerned or interested in the said resolution.

ITEM NO:7 FURTHER ISSUE OF SHARES

The company requires the infusion of more funds for web based development of educational module and development of software bridging the gap between the academics and the Industry, thus developing and automated learning and assessment programme and future development and expansion. The Board of Directors felt that the above infusion of funds may be brought in by way of Issue of Shares at premium to any persons including Indian public, individuals, Bodies Corporate, Financial Institutions, Banks, Mutual funds and/ or others, whether existing members or not, upto the present Authorized capital of the company.

Since the issue of shares to the persons other than the existing members of the company the approval of the shareholders in General Meeting is required pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956. Hence the present resolution is being put forth before the members for approval.

None of the Directors are neither interested nor concerned in this resolution except to their shareholding and directorship in the Company.

ITEM NO:8 APPOINTMENT OF MRS.S.GIRIDHARAN AS CHIEF EXECUTIVE OFFICER

Considering the day to day operations of the company and increase in the volume of business and business centres the Board of Directors thought it fit to appoint Mr.S.Giridharan as Chief Executive Officer of the company vide Board Meeting held on 22.4.2008 w.e.f. 1.4.2008 for a period of five years. His terms of appointment & remuneration were approved by the Remuneration committee on 22.4.2008.

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Details as required under Schedule XIII, Part II, Section II (B) of the Companies Act, 1956

General Information:

- a) Nature of the Industry: Software & IT Development
- b) Date of commencement of business: The Company was formed as a Private Limited Company and got converted into Public Company U/s.44 of the Companies Act, 1956. The company had commenced its business from the date of its inception as a private limited company
- c) Financial performance

	For the period ended
	31.03.08
	RS.
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INCOME	
Sales	39,453,112
Other Income	79,952
	<hr/> 39,533,064 <hr/>
EXPENDITURE	
Administrative Expenses	5,217,662
Interest on Working Capital Loans	681,013
Course Content and Brand Expenses W/off	1,972,158
Depreciation	1,287,554
Preliminary Expenses	10,000
	<hr/> 9,168,387 <hr/>
Profit Before Tax	30,364,677
Less: Provision for Income Tax - Current	
Less: Provision for Fringe Benefit Tax	
Add (+) / Less (-) Provision for Deferred Tax	
	<hr/> 5,034,329 <hr/>
Profit After Tax	25,330,348

- d) Export performance and net foreign exchange collaborations (if any): NIL
- e) Foreign Investments or collaborators, if any : NIL

Information about Mr.S.Giridharan (the appointee)

- 1) Back ground details

S. Giridharan, aged 45 years, is the Executive Chairman of EdServ Softsystems Limited. Giridharan has graduated in Electronics and Communication Engineering from PSG College of Technology, Coimbatore (1980-84) and he also holds a PG programming certification from IISc Bangalore (1985-86) and an M.S. degree in Systems & Information from BITS, Pilani (1994). Giridharan has over 20 years experience in IT industry and in that over 16 years of experience in Education & Training pioneering the job-oriented IT training in India. He has been instrumental in promoting several leading education brands in India.

Giridharan started his career as a Database Administrator and had worked extensively with Oracle systems in India since 1987. He had successfully provided BoM solutions to Manufacturing industries through Oracle during his tenure (1986-88) with ORG Systems, the computer division of the then M/s. Sarabhai Chemicals, Baroda. He went on to specialise Oracle application design, development, and porting.

Subsequently Giridharan joined HCL-HP as part of their R&D wing (Now HCL Technologies Ltd) (1988-92) and was deputed to USA (1989-91). He worked in Server engineering in Sybase Inc., California, and also in Oracle for Server port assignment for HCL America before joining SSI as one of its directors.

He created LAMBENT SYSTEMS P LTD (2001) to specialise in customized software solutions in niche domains and verticals viz., Retail, Healthcare, Manufacturing, Finance, Banking, and Entertainment industry. Lambent also provided Staffing solutions (Manpower Consulting) to numerous clients all over India including Citibank, HCL Technologies, TVS Electronics, KSB Pumps, Infosys Technologies, among others. Giridharan is the principal IT consultant for M/s. Seshasayee Paper & Boards Limited for over 9 years.

Giridharan also invented a permanent solution to combat and prevent piracy in feature films. The solution was accredited and accepted by South Indian Film Chamber of Commerce (2003) as a feasible solution to prevent piracy in films.

Giridharan then incepted ELMAQ EDUCATION (2004) to impart job-oriented high-end education with a rich accent to placement opportunities. Giridharan devised methodologies by which a fresher was able to get trained and placed through in-campus Walk-ins. ELMAQ provided every student a number of placement walk-ins until the student gets a job (2006). ELMAQ specialized in JAVA, .NET, Software Testing & Redhat Linux administration courses.

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Giridharan has a dream to enhance the employability of each and every student who passes out of a college such that the student's basic capability and aptitude are honed and then matched to a relevant industry. This in his opinion bridges the divide between the academics and industry in India permanently so as to balance the demand-supply in a better way across a wider domains and not just IT alone

- 2) Past remuneration: Rs.150,000/- per month as a private limited company till 31st March 2008
- 3) Recognition or awards: Nil
- 4) Remuneration proposed: Rs.250000/- per month inclusive of all perquisites and other allowance
- 5) Comparative remuneration profile with respect to industry, size of the company:
IT Industry:

Minimum remuneration to managerial personnel and comparability lower than any other company in the same industry

Other Information:

- 1) Reasons for inadequate profits: Being first year of conversion into Public Company
- 2) Steps taken or proposed to be taken for improvement: After IPO proposed during 2008-09, the Net Worth and the profitability will increase
- 3) Expected increase in productivity and profits in measurable terms:

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
	<i>(Rupees in Crores)</i>		
NET MARGINS	19.45	77.74	449.91
PAT (%)	28 %	32 %	36 %

Pursuant to the provisions of Section 269 appointment of Executive Director on whole time directors require the approval of the Share Holders at the General Meeting. Accordingly the said resolution is being put forth for the approval of the share holders.

Mr.S.Giridharan and Mrs.Gita, Managing Directors are interested in the above resolution.

ITEM NO:9 REAPPOINTMENT OF MRS.G.GITA AS MANAGING DIRECTOR

The Share Holders are well aware that Mrs.G.Gita was appointed as Managing Director for a period of Five Years w.e.f. 27.1.2007. Since the status of the company was changed from Private to Public vide Special Resolution passed at the EGM held on 14.4.2008 and approved by the Registrar of Companies, Chennai, the Board of Directors thought it fit to obtain fresh approval of the Share Holders as required U/s.269 of the Companies Act, 1956. Hence the Board of Directors have re appointed Mrs.G.Gita as Managing Director of the Company for a period of three years w.e.f. 1.4.2008 upon the original terms and conditions as approved at the Remuneration Committee/Board Meeting held on 22.04.2008

Details as required under Schedule XIII, Part II, Section II (B)

General Information:

- a) Nature of the Industry: Software & IT Development
- b) Date of commencement of business: The Company was formed as a Private Limited Company and got converted into Public Company U/s.44 of the Companies Act, 1956. The company had commenced its business from the date of its inception as a private limited company
- c) Financial performance Given in Explanatory Statement Item No:8

Information about Mr.G.Gita (the appointee)

- 1) Back ground details

Ms. G. Gita is a Master of Engineering (ME) from PSG College of Technology, Coimbatore. She is a technocrat in web and GUI technologies and has over 20 years experience in IT industry. Gita has started her career in HCL-HP as a Senior Engineer in their R&D unit. Mrs.G.Gita was deputed to HCL, USA to work on Informix RDBMS and has been instrumental in HCL port of Informix RDBMS in their Magnum series of machines way back in 1990.

She has worked for over 13 years in Education & Training as technical head. Gita is an expert in Web learning and e-content development. She has also mastered Softskills, Mental ability skills training apart from IT and BPO.

In Lambent, Gita has created a lot of web content and e-learning methodologies to adopt and implement a number of corporate training needs. Mrs.Gita also devised methodologies for Staffing solutions and has served numerous clients including Infosys during her tenure.

- 1) Past remuneration: Rs.75,000/- per month as a private limited company till 31st March 2008
- 2) Recognition or awards: Nil

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3) Remuneration proposed: Rs.2,50,000/- per month inclusive of all perquisites and other allowance

4) Comparative remuneration profile with respect to industry, size of the company: IT Industry:

Minimum remuneration to managerial personnel and comparability lower than any other company in the same industry

1) Reasons for inadequate profits: Being first year of conversion into Public Company

2) Steps taken or proposed to be taken for improvement: After IPO proposed during 2008-09, the Net Worth and the profitability will increase

3) Expected increase in productivity and profits in measurable terms

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
	<i>(Rupees in Crores)</i>		
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Mr.S.Giridharan and Mrs.Gita, Managing Directors are interested in the above resolution.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 2008 together with the Balance Sheet as at 31st March 2008 and the Profit and Loss account for the year ended on that date.

FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

	Audited financial Statement for the year ended March 31 st 2008	Audited financial Statement for the year ended March 31 st 2007
Income from Operation	394.53	18.25
Other Income	0.79	--
Profit Before Tax (After Interest & Depreciation)	303.65	1.30
Less: Provision for Income Tax & Fringe Benefit Tax	39.36	
Provisions for Deferred Tax	10.98	0.15
Profit After Tax	253.30	1.16
Depreciation	12.87	--
Interest on Working Capital Loans	6.81	5.66

OPERATIONS

During the year, Your Company realized the need for trained and employable resources among IT and non-IT corporate in large volumes and thus decided to go in job oriented training in a big way. The company acquired the leading education brand in South India, ELMAQ in 2007 to reach out all regions in South to cater to institutions and corporate need on employable resources in volumes. The Company then started servicing the needs of trained resources by imbibing training on Soft skills, Aptitude skills, placement preparatory skills through its trademarked EDIT-Jobs, Job Pilot programmes apart from IT skills.

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Your management decided to address the need to bridge the gap between the academics and industry. Industry is in constant requirement of employable resources as fresher but the students who pass out from academics are unfortunately not employable but for the top cream. Increasing commercialization and increased number of professional colleges have led to huge number of enrolments for Engineering and technology courses without proper orientation on all-round skills apart from technical skills.

Your Company devised a model after a long research so as to fill this ever-widening gap by building automated learning and assessment in a tightly coupled client based strategy. E-Learning was a mainstay in your Company's strategy in training volumes of fresh resources out of colleges to get placed in blue chip IT and non-IT companies. ELMAQ had on-going business relationship with all leading professional colleges as well as corporate and thus initiated the bridging of the ever widening gap between academy and industry.

Your Company realized the need of finishing schools and firm job engagement for every resource that is getting trained either in-campus inside a college or in retail training centers. So the need for a new generation of education model with deployment as focus emerged. Thus the concept of HEADS model of Education & Deployment was borne out of continuous research and development.

Your Company was renamed as EdServ to signify the birth of the new generation of the education model with a focus on employability as a mandatory engagement with client. EdServ launched the world's first 4th Generation Education model in 2008.

Your company had developed the following products / Training Services from the date of incorporation till date.

RAYASSET	In respect of Software and computer programs
RAYMEDI	Software for Pharmacy device
VIDAPD	Feature Film piracy prevention software
RAYMEDI	Application for the literature work applicable for the Training.
GROCERAY	Grocery shop automation software.
MERU	Enterprise application system automation for compiling payroll and accounts
SALARAY	Payroll package software.
RADIMAIL	Web Based Mail Client.
EDSERV	Education Training Program software.

EdServ is India's first 4th generation education company that uses technology to efficiently synchronize manpower demand and supply in number and skills right from development to deployment. The size of India's addressable market in Education & Placement, favorable demography, growing acceptance of technology-aided learning, and EdServ's innovative to-

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be-patented Humanware Education And Deployment System (HEADS) coupled with its trademark content shall enable rapid growth. Its business model is scalable nationally and internationally.

Further, your Company on its expansion activity entered into agreements with franchisee partners throughout India and the company had received tremendous response. The company has entered into a Business Purchase Agreement on 29.09.2007 to takeover the Business along with the Assets and Liabilities belonging to Mr.S.Giridharan for a consideration of 90 lacs, by issue of Fully convertible debentures for acquisition of ELMAQ DIVISION

Capital Issues during the year:

Your company had received Investment by way of subscription to the Equity from the Strategic Investor viz., M/s.Kalpathi Investments Private Limited to an extent of Rs.3,84,88,000/- for subscription of 11,32,000 Equity Shares of Rs.10/- each at a premium of Rs.24/- per Equity Share.

During the year, the company has also issued 950,000 Bonus Shares of Rs.10/- each out of the Free Reserves of the company

Issue of Debentures

During the year, 900000 0% Fully Convertible debentures were issued to Mr.S.Giridharan on 07.10.2007 with an option to convert within 18 months from the date of the allotment. Same also contained the convertible clause.

DIVIDEND:

Since the Board of Directors have decided to plough back the profits into business no dividend was recommended

PROSPECTS FOR THE CURRENT YEAR & IPO

Your company's new model of education has a definite job fitment for every aspirant who wishes to seek a career as a fresher. HEADS (Humanware Education And Deployment System) has education & deployment integrated as part of the business model and promises a skill matched, industry vetted, job linked, assessment driven, and resource mapped learning and placement for every registrant.

EdServ's HEADS Learning architecture (HEAL) tightly and seamlessly integrates the key Grid Pointers namely the Student (Resource), Industry (Client), Franchisee (Partner) / Institution (College) together with CORPORATE (EdServ) on a single technology platform so as to deliver industry-ready resources picked up right from academics to bridge the demand-supply gap.

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Thus the ever-growing gap between academics and industry is bridged once for all with automated offline web based learning with assessment to ensure every aspirant for a job is registered with a firm job assignment and also a course. On completing the course successfully, the job is automatically allotted to him based on his skill levels, capability, background and thus all industries are addressed in terms of their requirement for a trained and employable professional in both IT and non-IT nature.

EdServ has already rolled out D2J e-contents through its chain of 30 odd centers all over India. EdServ has plans to reach over 300 centers in a year from Aug 2008 and has laid out a clear plan of action for the business expansion. The future plan of EdServ includes developing the e-content for 70 subjects across a wide range of domains viz., Retail, BFSI, Telecom, Manufacturing, Healthcare, among others

EdServ's LAMPS, the central software portal engine, provides a centrally controlled and automated learning and placement mechanism that assures transparent and seamless collaboration to all benefiting communities viz., Industry / Client, Resource / Student, Partner / Franchisee, and Institution / College. LAMPS is central to the whole functioning of HEADS model that consistently maps and links every resource to a job through highly validated and scrutinized process.

LAMPS engine is already in action servicing over 35 centers. The LAMPS engine shall be upgraded to accommodate more domains and institutional relationship as well with additional controls.

Your company shall open HEADS support offices all over India upto 9 to address and support over 300 centers in the year to come. HEAL Lab shall be installed and implemented with a capacity of 16,500 sqft to accommodate over 180 seating capacity for SMEs, Engineers, Administrators, and Graphics visualisers to design, develop, implement HEAL contents for new subjects and enhance existing subjects. LAMPS shall be installed along with the database server to distribute, execute e-contents and assess students performance so as to connect to clients for the job already assigned.

Institutions and clients shall be signed in large numbers to ensure perfect match between academics and industry through LAMPS controlled D2J content execution. Traditional franchisee based center model shall be followed so as to reach out all regions and grow quickly.

CHANGE IN THE NAME & STATUS OF THE COMPANY:

During the year under review the name of the company was changed from Lambent Softsystems Private Limited to Edserv Softsystems Private Limited.

Considering the proposal of the company to go in for a Initial Public Offer the company was converted from Private Limited to a Public Limited Company.

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DIRECTORS

Mrs.G.Gita, Managing Director of the company retires at this Annual General Meeting of the company pursuant to the provisions of Section 255

During the year the Board of Directors have appointed Mr.S.Arvind Mr.Ilango Balakrishna Mr.Thiruvallur Sali Ravichandran as Additional Directors U/s.260 of the Companies Act, 1956 and these Directors vacates the office at the ensuing Annual General Meeting . Notice has been received from members proposing the candidature of the said directors for appointment as Directors pursuant to section 257 of the Companies Act, 1956.

The Brief Profile of the aforesaid Directors is given hereunder:

Mr.S.Arvind, aged 64 years, is a retired IAS officer with excellent administrative skills honed by 30 years of work in the Indian Administrative Service, worked in various capacities in Government of Tamilnadu, India and Government of India. He has completed his Masters Degree (Public Administration) in University of Madras.

Mr.T.S.Ravichandran, aged 47 years, is a Practising 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 from the respective institute and also completed his Systems Audit C.I.S.A from ISACA, Illinois, United States of America.

Dr.Ilango Balakrishna, aged 70 years, is a Former Vice Chancellor, Bharathiar University, Coimbatore. He has completed his Bachelors Degree in Engineering, M.Sc., (Engineering) in University of Madras and Ph.D in Electrical Engineering in IIT Kanpur. He has received various awards from various organizations in India and Abroad and is a member of various Prestigious Committees including ISTE, Accreditation committee of NBA, AICTE etc.,.

Apart from the above, the Board of Directors seeks the approval of the share holders for appointment of Mr.S.Giridharan as Chief Executive Officer for a period of Three years.

Though Mrs.G.Gita was a Managing Director while the company was a Private Limited Company subsequent to its conversion it is mandatory to reappoint her afresh U/s.269 of the Act and hence her re appointment and the remuneration was also placed though there is no break in the tenure as the Office of the Managing Director

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 they re-appointed. Your Board recommends their re-appointment.

EDSERV SOFTSYSTEMS LIMITED
SEVENTH ANNUAL REPORT

FIXED DEPOSITS

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

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The information required under section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable to the Company since the Company was not engaged in any manufacturing activities during the last 6 years.

None of the employees of the Company is covered by section 217(2A) read with Companies (Particulars of Employees) Rules 1975 as amended.

Foreign Exchange Inflow : NIL
Foreign Exchange Outgo : NIL

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956:

None of the employee is in receipt of the remuneration in excess of the limits as specified under this section

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) Appropriate accounting policies have been selected and applied consistently and judgments 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, 2007 and of the profit of the Company for the year ended 31st March, 2008;
- c) 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;
- d) The annual accounts have been prepared on a going concern basis.

EDSERV SOFTSYSTEMS LIMITED
SEVENTH ANNUAL REPORT

CORPORATE GOVERNANCE:

Considering the proposal of the company to go in for a Public Issue and the provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance which shall be applicable to the company upon listing of the Company's Equity Shares on the Stock Exchanges the Board of Directors have complied with SEBI guidelines in respect of Corporate Governance with respect to broad basing of Board, Constituting of various committees such as Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee. The Company appointed Independent Directors and constituted the following committees.

Audit Committee

The Audit Committee was re-constituted at the Board meeting held on April 22, 2008. The Audit Committee comprises of 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

Remuneration Committee

The Remuneration Committee was constituted on April 22, 2008 and comprises the following directors of the Board.

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

Shareholders and Investors Grievances Committee

We have constituted the Shareholders and Investors Grievances Committee on April 22, 2008. The Committee consists of the following Directors.

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

EDSERV SOFTSYSTEMS LIMITED
SEVENTH ANNUAL REPORT

ACKNOWLEDGEMENTS

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 Institution, Government Authorities, Shareholders and the Employees.

For and on behalf of the Board of Directors

Place : Chennai
Date : 22.4.2008

Mrs.Gita.G
Managing Director

RAJ AND RAVI

CHARTERED ACCOUNTANTS

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, 2008 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 31st March, 2008, and taken on record by the board of Directors, we report that none of the directors is disqualified as on

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RAJ AND RAVI

CHARTERED ACCOUNTANTS

31st March, 2008 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, 2008;
- 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

Place: Chennai 600024.

Date: 22nd April 2008

RAJ AND RAVI

CHARTERED ACCOUNTANTS

Annexure referred to in paragraph 3 of the Auditors' Report to the members of on the accounts for the year ended 31st March, 2008.

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 2008, 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 2008.

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RAJ AND RAVI

CHARTERED ACCOUNTANTS

11. The Company has no accumulated losses as at 31st March, 2008 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 during the year and therefore paragraph 4 (xix) of the Order is not applicable.
20. The Company had only issued 95,000 Zero per cent Fully Convertible Unsecured Debentures of Rs. 100/- each aggregating to Rs. 95,00,000/- to Mr. S. Giridharan, Director and accordingly no securities have been created for the debentures.
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

Place: Chennai 600017.
Date: 22nd April 2008.

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EDSERV SOFTSYSTEMS LIMITED
FIRST FLOOR, PANNA PLAZA, NEW 139, ARCOT ROAD, KODAMBAKKAM, CHENNAI: 600024
BALANCE SHEET AS AT 31ST MARCH 2008

	Schedule	As on 31.03.08 Rs.	As on 31.03.07 Rs.
I. Sources of Funds			
Shareholder's Funds:			
Share Capital	1	28,092,000	7,272,000
Reserves & Surplus	2	43,518,072	519,724
Unsecured Zero Coupon Fully Convertible Debentures of Rs. 10/- each convertible after 6 Months and before 18 months of issue		9,000,000	-
Secured Loans	3	-	4,710,973
		<u>80,610,072</u>	<u>12,502,697</u>
II Application of Funds			
Fixed Assets			
Gross Block	4	10,855,911	6,254,088
Less: Depreciation		3,673,428	2,385,874
Net Block		<u>7,182,483</u>	<u>3,868,214</u>
Capital Work in progress-Product Development		17,749,410	3,294,166
Investments	5	850,000	850,000
Current Assets, Loans & Advances			
A. Current Assets			
Sundry Debtors	6	32,356,140	3,248,818
Cash and Bank Balances	7	29,199,030	494,072
B. Loans & Advances			
Loans & Advances	8	4,391,978	1,457,170
		<u>65,947,148</u>	<u>5,200,060</u>
Less: Current Liabilities & Provisions	9	<u>11,148,969</u>	<u>749,743</u>
		54,798,179	4,450,317
Net Current Assets		54,798,179	4,450,317
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses		30,000	40,000
		<u>80,610,072</u>	<u>12,502,697</u>
Notes on Accounts		13	

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

As Per Our Report of Even Date
For RAJ AND RAVI
Chartered Accountants

For and on behalf of the Board of Directors

(N. RANGANATHAN)
Partner
Membership No. 21594

(GITA.G)
MANAGING DIRECTOR

(S. GIRIDHARAN)
DIRECTOR

Place: Chennai
Date: 22.04.2008

EDSERV SOFTSYSTEMS LIMITED
FIRST FLOOR, PANNA PLAZA, NEW 139, ARCOT ROAD, KODAMBAKKAM, CHENNAI: 600024
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule	For the year ended	
		31.03.08 RS.	31.03.07 RS.
INCOME			
Software Development Services, Education & Training	10	39,453,112	1,825,500
Other Income	11	79,952	-
		39,533,064	1,825,500
EXPENDITURE			
Administrative Expenses	12	5,217,662	1,118,080
Interest on Working Capital Loans		681,013	566,467
Course Content and Brand Expenses W/off		1,972,158	
Depreciation		1,287,554	-
Preliminary Expenses		10,000	10,000
		9,168,387	1,694,547
Profit Before Tax		30,364,677	130,953
Less: Provision for Income Tax - Current	3,911,460		14,693
Less: Provision for Fringe Benefit Tax	24,333		140
Add (+) / Less (-) Provision for Deferred Tax	1,098,536		-
		5,034,329	
Profit After Tax		25,330,348	116,260
Earnings Per Share (In Rs.)			
Basic	26.30		
Diluted	26.30		
Nominal Value per Share	10.00		
Balance of Profit Carried to Balance Sheet		25,330,348	116,260

Notes on the Accounts & Significant Accounting Policies

13

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

As Per Our Report of Even Date
For RAJ AND RAVI
Chartered Accountants

For and on behalf of the Board of Directors

(N. RANGANATHAN)
Partner
Membership No. 21594

(GITA.G)
MANAGING DIRECTOR

(S. GIRIDHARAN)
DIRECTOR

Place: Chennai
Date: 22.04.2008

EDSERV SOFTSYSTEMS LIMITED

FIRST FLOOR, PANNA PLAZA, NEW 139, ARCOT ROAD, KODAMBAKKAM, CHENNAI: 600024

Schedules forming part of Balance Sheet as at 31st March 2008

	As at 31.03.2008 Rs.	As at 31.3.2007 Rs.							
SCHEDULE - 1									
Share Capital									
<i>Authorised</i>									
35,00,000 Equity Shares of Rs.10/- each (Prev.Yr 20,00,000 Equity Shares of Rs. 10/- each)	35000000	20000000							
<i>Issued, Subscribed and Paid up</i>									
28,09,200 Equity Shares of Rs. 10/- each fully paid up	28092000	7272000							
During the year 95,000 Equity Shares of Rs. 10/- each fully paid up has been issued at par as Bonus Shares by way of Capitalisation of Credit Balance of Profit & Loss Account (Previous Year 7,27,200 Equity Shares of Rs.10/- each fully paid up)									
	28092000	7272000							
SCHEDULE - 2									
Reserves and Surplus									
Share Premium	27168000								
Profit and Loss Account									
Profit and Loss Account Opening Balance	519724	5403604							
Add: Profit brought forward from P & L Account	25330348	116120							
Less Capitalised for issue of Bonus Shares	9500000	16350072							
	43518072	519724							
SCHEDULE - 3									
Secured Loans									
Cash Credit from Bank of Baroda (Secured by hypothecation of Book Debts of the Company)		4710973							
Schedule - 4 FIXED ASSETS									
FIXED ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 1.4.2007	Addi tion	Dele tion	As on 31.03.2008	UPTO 31.3.2007	Dele tion	for the year	As on 31.03.2008	As on 31.3.2007
INTANGIBLE ASSETS	6254088	3294166	-	9548254	2385874	-	1280048	5882332	7162380
(Computer Software & IP Rights)									
Furniture & Fixtures		1190829		1190829			1652	1189177	
Computers		116828	-	116828			5854	110974	
TOTAL	6254088	4601823	0	10855911	2385874	0	1287554	7182483	7162380
Previous Year	(12247957)			(6254088)	(2385874)			(3868214)	(3868214)
								As at 31.03.2008 Rs.	As at 31.3.2007 Rs.
SCHEDULE - 5									
INVESTMENTS									
Trade, Unquoted, At Cost Value									
<i>Equity Shares of Rs. 10/-each fully paid up of Onspec Technologies P Ltd</i>									
	850000	850000							
	850000	850000							
SCHEDULE - 6									
Sundry Debtors-(Unsecured-Considered good)									
Debts outstanding for a period exceeding 6 months	9423331	1654475							
Other Debts	22932809	1594343							
	32356140	3248818							

SCHEDULE - 7**Cash and Bank Balances**

Cash on hand	7177	2097
Balance with Banks in current accounts-Scheduled Banks	1727256	19582
Balance with Banks in Deposit accounts-Scheduled Banks	27000000	-
Balance with Banks in current accounts-Others	464597	472393
	29199030	494072

SCHEDULE - 8**Loans and Advances**

Advances recoverable in cash or in kind or for value to be received	1647098	1000000
Deposits	2210000	-
TDS Receivable	534880	457170
	4391978	1457170

SCHEDULE - 9**Current Liabilities & Provisions**

Sundry Creditors for Expenses and Services (Other than Micro Enterprises and Small Enterprises)	5641601	668047
Provision for Taxes	5507368	81696
Total	11148969	749743

For the year ended**31.03.2008****31.3.2007****Rs.****Rs.****SCHEDULE - 10 SALES**

Corporate Tech - Consultancy	-	539500
Project Income	16405300	660000
Royalty - Franchisee Centers	927369	-
Training, Media Reimbursement, Course Content	4720443	626000
Sign Up Fees	17400000	-
Total	39453112	1825500

SCHEDULE 11 OTHER INCOME

Interest	24750	-
Miscellaneous Income	55202	-
Total	79952	-

SCHEDULE - 12 ADMINISTRATIVE EXPENSES

Rent	523159	-
Advertisement Expenses	8500	-
Electricity	248306	1500
Printing and Stationeries	64416	1702
Repairs and Maintenance-Building	11200	-
Repair and Maintenance -Others	333740	-
Telephone and Fax Charges	222786	-
Employment Expenses	1179997	940978
Postage Telegram & Couriers	18624	-
Travelling and Conveyance	542732	8271
Other Administration & Miscellaneous charges	238085	38551
Bank charges	54673	14758
Software Purchases	9360	-
Audit Fees	200000	22000
Consultancy & Legal Charges	1562084	90320
Total	5217662	1118080

SCHEDULE 13

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. 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 capitalised.

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.

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 crystallise 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.

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.

Miscellaneous Expenditure

Preliminary Expenses is amortised over a period of 10 years.

Contingent Liabilities

Contingent liabilities are not provided and are disclosed by way of notes.

2. Auditors' Remuneration	2007-2008	2006-2007
a) Audit fees	1,25,000	16,500
b) For Tax Audit	25,000	2,500
c) Reimbursement of expenses		3,000
d) For other Services	50,000	-
	-----	-----
	2,00,000	22,000
	=====	=====

3. As at the Balance Sheet date the Company does not have any dues outstanding to SSI Industrial undertakings exceeding Rs. 1 Lac in aggregate and outstanding for a period in excess of 30 days.
4. 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.
5. 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.
6. The total Directors' Remuneration for the year is Rs. 30,00,000/- (Previous Year Rs. 3,98,100/-). Rs. 4,50,000/- is included in Employment Expenses and Rs. 25,50,000/- which is deferred included under Capital Work in Progress.
7. Gratuity is provided on actuarial basis.
8. The Employment term does not provide for Leave Encashment and hence no provision has been made in the accounts.
9. There are no Earnings in Foreign Currency and no Expenditure in Foreign Currency during the year (Previous Year – Nil).
10. The Company has taken over the entire Business relating to Software Training from Mr. S. Giridharan, Director of the Company and the Company has issued Convertible Zero Coupon Secured Debentures of Rs. 10/- each aggregating to Rs. 90,00,000/- for the Net Value of the Assets taken over.
11. During the year the Company has capitalized an amount of Rs. 95,00,000/- out of the profits generated during the year and has issued Bonus Shares.
12. The entire expenditure relating to Advertisement for Brand building, Printing of Course Contents and 85% of the Employment Expenses has been deferred and has been included in Capital Work in Progress.
13. During the year The Company has changed its name from Lambent Softsystems Private Limited to Edserv Softsystems Private Limited and converted into a Public Limited Company.
14. The Company is into only one Segment of Software Training and Development and Project Consultancy and the Company operates presently in India only.

15. Earnings per Share – Basic Earnings Per Share

No. of Equity Shares allotted at the beginning of the year	7,27,200
No. of Equity Shares allotted on 07-01-2008	9,50,000
No. of Equity Shares allotted on 27-03-2008	11,32,000
Weighted Average No. of Equity Shares	9,63,293
Profit After Tax	2,53,30,348
Basic Earnings per Equity Share	26.30

16. 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

Related Party Transactions for the year ended 31st March 2008;

S.No	Name	Nature of Transaction	Value of Transaction Rs.	Balance at year end Rs.
1	Mr. S. Giridharan	Business purchase	9000000	9000000
		Issue of Fully Convertible Debentures	9000000	-

17. Increase in Equity Share Capital during the year:

Date of Issue	Nature of Issue	No. of Shares	Face Value per Share Rs.	Premium per Share Rs.	Total Amount Rs.
07-01-2008	Bonus	9,50,000	10	-	95,00,000/-
27-03-2008	Private Placement	11,32,000	10	24	3,84,88,000/-

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

As per our report of even date
For RAJ AND RAVI
Chartered Accountants

For and on behalf of the Board

N. RANGANATHAN
Partner
Membership No. 21594
Place: Chennai
Date : 22nd April 2008

G. Gita
Managing Director

S. Giridharan
Director

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details: Registration No. 18-46789 State Code: 18

Balance Sheet Date : 31st March 2008

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

Public Issue: NIL. Rights Issue: Nil. Bonus Issue: 95.00. Private Placement: 113.20

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

Total Liabilities	80610	Total Assets	80610
SOURCES OF FUNDS:		APPLICATION OF FUNDS	
Paid-up Capital	28092	Fixed Assets	7182
Reserves & Surplus	43518	Capital Work in Progress	17750
		Investments	850
Secured Loans		Current Assets	66047
Unsecured Loans	9000	Misc. Expenditure	30
Current Liabilities	11149	Accumulated Losses:	

IV. Performance of Company (Rs. in thousands)

Turnover(Incl.other Income)	39533	Total Expenditure	9168
Profit before Tax	303.65	Profit after Tax	35330

Earning per share in Rs. 26.30 Dividend rate NIL

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

For and on behalf of the Board

G. Gita
Managing Director

S. Giridharan
Director

Place: Chennai

Date : 22nd April 2008