

RISK MANAGEMENT REPORT

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

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

Risk Categories

INDUSTRY

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

STRATEGY

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

COUNTERPARTY

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

SYSTEM

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

RESOURCES

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

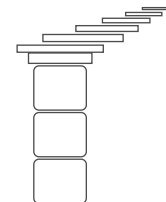
LEGAL

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

Major Risk Management Activities

RISK ANALYSIS AND ASSESSMENT: Time to time the risks that may have serious impact on the company are analysed and prioritized. The inputs are collected from the risk owners and handlers in various departments through communication and consultation with them.

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



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

The Risk Environment

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

Major Risk Management Activities carried out during the year

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

A strategy of enhancing the business model with a focus on

- Non-IT domains,
- Affordable costs of courses, services, placements
- Servicing the masses at large, the bottom of the pyramid
- Choosing such recession-proof segment of market

Was adopted after taking inputs from the market through our Sales team as well as independent market research. This called for a specific focus on placement as an integral part of the business model as a strategy apart from adopting technology based learning framework called e-learning.

Your company then introduced new products that cater to fresh job-seekers as well as student communities at large right from drop-outs at school level to under-graduate in non-IT streams to mitigate the referred risks in the business. We further continuously reviewed the risk management practices in the operations involving resources, systems, third-parties, and the security measures to ensure the business model thus upgraded and enhanced go through in adequately protected risk free environment.

For and on behalf of the Board of Directors

Place : CHENNAI
Date : 18.08.2009

S. GIRIDHARAN
Chairman & CEO