



EDSERV SOFTSYSTEMS LIMITED

Incorporated as a Private Limited Company on March 13, 2001 under the Companies Act, 1956 as M/s. Lambent Systems Private Limited vide Certificate of Incorporation issued by the Registrar of Companies, Chennai. The name of the Company was changed to M/s. Lambent Softsystems Private Limited with effect from December 05, 2001 and a fresh certificate of incorporation was obtained from Registrar of Companies, Chennai. Subsequently the name was changed to M/s. Edserv Softsystems Private Limited and a fresh certificate of incorporation consequent to change of name was obtained on January 09, 2008. The name was further changed to M/s. Edserv Softsystems Limited upon conversion into public limited company and a fresh certificate of incorporation was obtained on April 22, 2008

Registered Office: 1st Floor, Panna Plaza New No. 139, Arcot Road, Kodambakkam, Chennai – 600 024

Tel.: -91-044- 64537216 **Fax:** -91-044- 23724088; **E-mail:** info@edserv.in; **Website:** www.edserv.in

Contact Person: Mr. V. Ramaeshan, Company Secretary & Compliance Officer

(for details regarding changes in registered office of the company in past please refer page no. 61)

PUBLIC ISSUE OF 39,73,908 EQUITY SHARES OF Rs. 10 EACH OF EDSERV SOFTSYSTEMS LIMITED ("ESSL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [•] PER EQUITY SHARE) AGGREGATING TO Rs. [•] LACS (THE "ISSUE") OUT OF WHICH 2,00,000 EQUITY SHARES HAVE BEEN RESERVED FOR ELIGIBLE EMPLOYEES ("EMPLOYEE RESERVATION PORTION"). THE NET ISSUE TO THE PUBLIC SHALL BE 37,73,908 EQUITY SHARES FOR CASH AT A PRICE OF Rs. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [•] PER EQUITY SHARE ("THE NET ISSUE"). THE ISSUE WOULD CONSTITUTE 33.10% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY AND THE NET ISSUE WOULD CONSTITUTE 31.43% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY

PRICE BAND: RS. 55 TO RS. 60 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH

THE FLOOR PRICE IS 5.5 TIMES THE FACE VALUE AND THE CAP PRICE IS 6.0 TIMES THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended by three additional days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price, if at least 50% of the Net Issue cannot be allotted to QIBs then the entire application money will be refunded. Further, up to 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is [•] times of the face value. The Issue Price as determined by the Company in consultation with the Book Running Lead Managers on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process and as stated in the section "Basis for Issue Price" on page 31 of this Red Herring Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is drawn to the section titled "Risk Factors" on page x of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue that is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole, or any information or the expression of any opinions or intentions, misleading in any material respect.

IPO GRADING

The issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the "IPO Grade 1" indicating Poor fundamentals vide their letter dated November 13, 2008. For further details and rationale of grading please refer page no.11.

LISTING ARRANGEMENT

The Equity Shares of the Company are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). We have received in-principle approval from these Stock Exchanges for the listing of our Equity Shares pursuant to their letters dated July 04, 2008 and October 17, 2008 respectively. For purposes of the Issue, the Designated Stock Exchange is BSE.

BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
<p>KEYNOTE</p> <p>CORPORATE SERVICES LTD</p> <p>KEYNOTE CORPORATE SERVICES LIMITED 4th Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg, Ballard Estate, Mumbai -400021 Tel: 91- 022- 3026 6000-3 Fax: 91- 022- 2269 4323 Email: mbd@keynoteindia.net Website: www.keynoteindia.net SEBI Registration No: INM 000003606 Contact Person : Mr. Bhavin Shah</p>	<p>KARVY</p> <p>KARVY COMPUTERSHARE PRIVATE LIMITED Karvy House,46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 Tel: 91-040- 23312454 Fax: -91-040 -23311968 E-mail: edserv.ipo@karvy.com Website: www.karvy.com SEBI Registration No: INR 000000221 Contact Person: Mr. M. Murali krishna</p>
BID/ISSUE PROGRAMME	
BID/ISSUE OPENS ON	BID/ISSUE CLOSES ON
THURSDAY, 05 TH FEBRUARY 2009	MONDAY, 09 TH FEBRUARY 2009

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"We", "us", "our", "the Issuer", "the Company", "our Company" or "ESSL"	Unless the context otherwise indicates or implies, refers to Edserv Softsystems Limited a Public Limited Company under the Companies Act, 1956.

Company Related Terms

Term	Description
Articles	Articles of Association of our Company
Auditors	The Statutory Auditors of our Company, M/s. Raj and Ravi., Chartered Accountants
Board/Board of Directors	Board of Directors of our Company including a duly constituted committee thereof
Directors	Directors of Edserv Softsystems Limited, unless otherwise specified
Key Management Personnel	Those individuals described in "Our Management – Key Management Personnel" on page 78 of this Red Herring Prospectus
Memorandum	Memorandum of Association of our Company
Promoters	Mr. S. Giridharan and Ms. Gita
Registered Office of our Company	1 st Floor , Panna Plaza New No. 139, Arcot Road, Kodambakkam, Chennai – 600 024

Issue Related Terms

Term	Description
Allotment/Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the money in a bank account.
ASBA Investor	means an Investor who intends to apply through ASBA process and (a) is a "Resident Retail Individual Investor"; (b) is bidding at cut-off, with single bid option as to the number of shares bid for; (c) is applying through blocking of funds in a bank account with the SCSB; (d) has agreed not to revise his/her bid; (e) is not bidding under any of the reserved categories."
ASBA Form	Bid cum application form for Resident Individual Investor intending to subscribe through ASBA process.
Banker(s) to the Issue	Canara Bank, HDFC Bank and ICICI Bank
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 141 of this Red Herring Prospectus
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our

Term	Description
	Company at a price within the Price Band, including all revisions and modifications thereto For the purposes of ASBA Bidders, bid means an indication to make an offer during the bidding period by a Retail Individual Investor to subscribe to the equity shares of our company at cut-off price.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid/Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper
Bid /Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made
BRLM/Book Running Lead Manager/Book Runners	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Service Limited
Co- Book Running Lead Manager/Co-BRLM	Co-Book Running Lead Manager to this Issue, in this case being Ashika Capital Limited
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Cut-off Price	Any price within the Price band finalised by the Company in consultation with the Book Runners. A Bid submitted at Cut-off Price is a valid price at all levels within the Price Band
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Stock Exchange	Bombay Stock Exchange Limited

Term	Description
Designated Branches	Such branches of SCSB's which shall collect the ASBA form used by the ASBA bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue.
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified
Employee Reservation	The portion of the issue being a maximum of 2,00,000 Equity Shares available for allocation to the eligible employees of our company.
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the Book Runners, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
Indian National	As used in the context of a citizen of India's defined under the Indian Citizenship Act, 1955, as amended, who is not a NRI
Issue	The public issue of 39,73,908 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] each aggregating to Rs. [●] lacs
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM and Co-BRLM on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to the Company
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or 94,347 Equity Shares (assuming the QIB Portion is for 50% of the Net Issue Size) available for allocation to Mutual Funds only, out of the QIB Portion
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses see "Objects of the Issue" on page 24 of this Red Herring Prospectus
Net Issue or Net Issue to the Public	37,73,908 Equity Shares of Rs. 10/- each for a cash at a price of Rs. [●] each aggregating to Rs. [●] lacs
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/- (but not including NRI's other than eligible NRI's)

Term	Description
Non-Institutional Portion	The portion of the Issue being up to 15% of the Net Issue consisting of 5,66,086 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date; and extending until the Bid/Issue Closing Date; and with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. 55/- and the maximum price (cap of the price band) of Rs. 60/- and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the Book Runner finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Issue being at least 18,86,954 Equity Shares of Rs. 10/- each being upto 50% of the Net Issue to be allotted to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refund Banker	[●]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited, a company incorporated under the Companies Act and having its registered office at Karvy House 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their Karta and eligible NRI's) who have not Bid for Equity Shares for an amount more than Rs. 100,000/- in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being up to 13,20,868 Equity Shares of Rs. 10/- each, being up to 35% of the Net Issue, available for allocation to Retail Individual Bidder(s)

Term	Description
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board
Syndicate Agreement	The agreement to be entered into between the Syndicate Members and our Company in relation to the collection of Bids in this Issue
Syndicate Members	Keynote Capitals Limited and Ashika Stock Broking Limited
TRS/ Transaction Registration Slip	The slip or document issued by a member of the Syndicate to the Bidder as proof of registration of the Bid
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported By Blocked Amount
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto

Term	Description
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
INR/ Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IPO	Initial Public Offering
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous not written off) and debit balance of Profit and Loss Account, divided by weighted average number of equity shares outstanding during the year
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Tamil Nadu (Chennai) located at 26, 2 nd Floor, Haddows Road, Chennai 600 006
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time

Term	Description
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
SIA	Secretariat for Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
UIN	Unique Identification Number
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time

Technical/ Industry Related Terms

Term	Description
D2J	Degree to job
HEADS	Humanware Education and Deployment System
LAMPS	Learning Assessment Education and Deployment System
SCROM	Sharable Content Object Reference Model

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data contained in this Red Herring Prospectus is derived from our financial statements which have been prepared in accordance with SEBI Guidelines as of and for the year ended March 31, 2008, 2007, 2006, 2005, and 2004, and for the six months ended September 30, 2008 prepared in accordance with Indian GAAP and are included in this Red Herring Prospectus in Section I of our Financial Statement. Our fiscal year commences on April 1 and ends on March 31 of the next year.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

In this offer document, all references to "Rupees" and "Rs." are to the legal currency of India.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- General economic and business conditions in the markets in which the Company operates and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which the Company operates;
- Increased competition in these industries;
- The nature of our contracts with our customers which contain inherent risks and contain certain provisions which, if exercised, could result in lower future income and negatively affect our profitability;
- Unanticipated variations in the duration, size and scope of the projects;
- Changes in political and social conditions in India or in other countries that the Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;

For further discussion of factors that could cause our actual results to differ from our expectations, see the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages x, 47 and 97, respectively, of this Red Herring Prospectus. Neither our Company nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements, our Company and the Book Runners will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

Investing in our Equity Shares involves substantial risks. In addition to the other information in this Red Herring Prospectus, you should carefully consider the following factors before investing in our Equity Shares. Any of the risk factors we describe below could adversely affect our business, financial condition and/or results of operations. The market price of our Equity Shares could decline if one or more of these risks and uncertainties develop into actual events, causing you to lose all or part of the money you paid to buy our Equity Shares. Certain statements in "Risk Factors" are forward-looking statements. See also "Forward-Looking Statements" on page ix of this Red Herring Prospectus.

Project Related Risk

1. The Project is not appraised by any Bank or Financial Institution

The proposed project for which the funds are being raised has not been appraised by any Bank or Financial Institution and the fund requirements are based primarily on Management estimates. There is no guarantee that our estimates will prove to be accurate and any significant deviation in the project cost could adversely impact our operations and sustainability.

2. We are yet to place orders for equipments and software amounting to Rs. 338.00 lacs constituting 15.06 % (at lower price band) and 13.81% (at upper price band) of the total project cost. Any delay in placing or procuring the orders can affect the project adversely.

We are yet to place orders for equipments and software amounting to Rs.338.00 lacs for establishment of HEAL laboratories as mentioned in the objects of the issue. Any delay in procurement may affect the schedule of implementation.

3. Our e-content development model might be exposed to the risk of piracy and misuse of Content developed by us.

Our e-content comprises of all domains that include IT, ITES and non-IT verticals such as Retail, BFSI (Banking, Financial Services, Insurance), Telecom, healthcare etc. This content will be delivered through web-based and other communication methodologies to reach the students enrolled for a job fitment in various franchisees. In case our content gets pirated or misused, we may run a risk of loss of revenue,

4. Our Business involves installation of a large number of Computer Systems and other electronic equipments across various geographies. Such electronic equipments are prone to hardware/software malfunction, virus attacks, hacking and technological obsolescence. If any such events occur, we may run the risk of disruption of our operations.

Our systems may be exposed to Security Risks such as virus attacks, hacking and technological obsolescence. If the Company is unable to successfully protect its computer systems from security risks, it could affect the operations of our company.

Company Related Risk

5. Outstanding litigation against the Promoter of Promoter of our Company

The details of litigation against Mr. Giridharan (Chairman and CEO) are as follows:

- a) Officials of EIPR (India), as power of attorneys of Oracle India, on 19th Dec 2000, raided 4 centers belonging to Radiant Software Limited, alleging copyright violations and filed 4 different cases against Mr. S. Giridharan as prime accused, being the then Managing Director of the company. 2 cases were filed in Bangalore (Jayanagar, Malleswaram) and 2 in Chennai (Egmore, Parrys). Mr. Giridharan subsequently won the case against EIPR in Malleswaram in 2003 when the Magistrate Court ruled that there is no case (B-Report) stating that Radiant Software Limited had possessed legal copies of the Oracle software used in their centers.

- b) SRM Radiant Infotech Ltd. had a case in a magistrate court of Mumbai, involving Mr. Satyanarayanan, Managing Director, and the company along with all the Board of directors in which Mr. S. Giridharan was one of the director, for not honouring payment of Rs. 49.00 lacs to M/s. Sobhagya Advertising in the year 2001-02. The payment was relating to the advertisement expenses of the company. This case is still pending

6. Certain processes may become obsolete with the development of technology that may automate and eliminate the need for some of the services we currently provide.

In times, as newer technologies are developed and implemented, some or all of their processes may be automated or may be by moved in-house, we expect that the need for our services currently performed by us may be substantially reduced or eliminated. A significant reduction in services that we provide as the result of process obsolescence and technological improvements will have a material adverse effect on our business.

7. We may fail to attract and retain trained employees as competition for highly skilled personnel is intense and we experience significant attrition rates and our operations rely substantially on our Key Management Team.

The industry in which we operate is competitive and our success depends in large part upon our ability to attract, hire, train and retain qualified employees, including our ability to attract employees with needed skills in the geographic areas in which we operate. We have a team of professionals who are responsible for the day-to-day operations and drive the business growth. We may lose our key management team to our competitors. If one or more members of our management team are unable or unwilling to continue with the company, we may find it difficult to replace such people and our business may be adversely affected.

8. We do not currently own the premises at which our registered office is located.

We do not currently own the premises at which our registered office is located. The previous incidents of the change in the registered office of our company is two times. We have lease arrangement with a third party and we pay rent for the occupation of the premises. The lease is valid upto February 20, 2011. These leases may be renewed subject to mutual consent of the lessor and our self. In the event that the lessor requires us to vacate the premises, we will have to seek new premises at short notice and for a price that may be higher than what we are currently paying, which may affect our ability to conduct business or increase our operating costs.

9. Risk related to inability/delay in registration of our logo and trademark

We have made an application on February 04, 2008 to the Trade Mark Registry, Chennai to register our 'Edserv' logo and received the application no. 1650355. This logo has not yet been registered and is in the process of registration with the Trade Mark Registry. In the event our logo is not registered, we would not enjoy the statutory protections accorded to a registered trademark and our ability to use our logo may be impaired

10. The promoters of the company have transferred a part of their holdings during the last 12 months. The details of the same are as follows:

Date of Transfer	Name of the Transferor	Name of the Transferee	Number of shares	Face Value (Rs.)	Transfer Price per share (Rs.)
23/04/2008	Ms.G..Gita	Mr.K.Udhaya Prakash	300000	10/-	10/-
23/04/2008	Mr.S.Giridharan	Mr.K.Udhaya Prakash	300000	10/-	10/-
14/04/2008	Ms.G..Gita	Ms.S.Meenakshi	10	10/-	10/-
		Mr.K.S.Ganapathy	10	10/-	10/-
		Ms.Sita Ganapathy	10	10/-	10/-
03/04/2008	Ms. G.Gita	Mr. S. Giridharan	798001	10/-	10/-

11. Valuation in Technology based Education industry is presently high which may not be sustainable in future.

The valuations in Technology based Education Industry is presently high, which may not be sustainable in future and may also not be reflective of future valuations in the industry. There is no standard valuation methodology or accounting practices in this emerging industry.

12. Our company has made a pre- IPO placement of 106092 equity shares of Rs. 10/- at a premium of Rs. 50/- per equity share (i.e. at a price of Rs. 60/- per equity share). For further details of the names of the persons to whom the shares are allotted please refer to page no. 17 of this Red Herring Prospectus.

External Factors

13. Any disruption in the supply of power, IT infrastructure disrupt our business process or subject us to additional costs.

Infrastructure in the cities needs to be improved substantially to handle the expansion of industry in which we operate. Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations.

14. Changes in Domestic tax laws

Any change in tax laws in India particularly income tax might lead to increased tax liability of the Company thereby putting pressures on profitability. Due to any increase in taxes, duties, levies etc on computer hardware by the Government there is a risk of increased hardware costs

15. We operate in a highly competitive environment and this competitive pressure on its business is likely to continue.

The market for IT services and solutions are rapidly evolving and highly competitive. Company expects that competition will continue to intensify. The Company faces competition from major national and international companies in India.

Notes to Risk Factors

- Public Issue of 39,73,908 Equity Shares of Rs. 10 each at a price for cash of Rs. [●] aggregating Rs [●]. Lacs.
- The book value per Equity Share as on 30/09/2008 was Rs 12.47
- The Net worth of the company as on 30/09/2008 was Rs. 1044.45 Lacs.
- The average cost of acquisition of Equity Shares for the promoters are as under:

Name of the Promoter	Cost Per Share (Rs.)
Mr. S. Giridharan	4.29
Ms. G. Gita	0.77

- Other than as disclosed either in Related Party Transactions or otherwise, the promoters/Directors/ Key Management Personnel of our Company has no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of

the shareholding/employment in our Company or out of any business relation with any of the ventures in which they are interested. For interests of promoters and directors, please refer the chapters “Our Management” and “Our Promoters” beginning on pages 70 and 80 of this Offer Document. For related party transactions, refer to page no. 94 of the Auditors Report under the section titled ‘Related Party Transactions’.

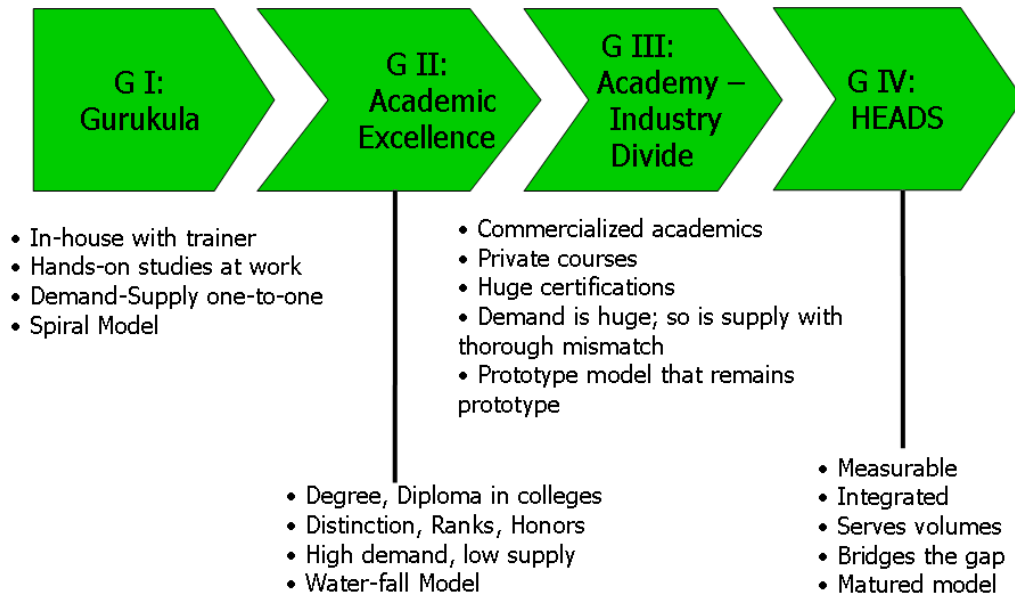
- The company had changed its name from M/s. Lambent Systems Private Limited to M/s. Edserv Softsystems Private Limited and a fresh certificate of incorporation consequent to change of name was obtained on January 09, 2008. The name was further changed to M/s. Edserv Softsystems Limited upon conversion into public limited company and a fresh certificate of incorporation was obtained on April 22, 2008
- Certain loans and advances have been made in the form of advances recoverable in cash or kind, deposits, advance to the employees and no loans and advances have been made to any persons/companies in which the Directors of the Company are interested. For details of the loans and advances please refer to page no. 92 of the Auditors report under the section Loans and Advances.
- Investors are free to contact the BRLM/Co-BRLM for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this Offer Document and for contact details of the Co-BRLM, please refer to section titled General Information on page no. 5 of this offer document.
- In addition to the BRLM/Co-BRLM, we are obliged to update the offer document and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.
- All information shall be made available by the BRLM, Co-BRLM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- Investors are advised to refer to the paragraph on “Basis of Issue Price” on page 31 of this Offer Document before making an investment in this Issue.
- The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 50% of the net issue cannot be allotted to QIBs then the entire application money will be refunded. Further, up to 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled “Issue Procedure” on page 121 of this Offer Document.
- Under-subscription, if any in the reservation to employee category will be added back to the Issue and the proportionate allocation of the same would be at the sole discretion of the Company in consultation with the BRLM and Co-BRLM

SECTION III: INTRODUCTION

SUMMARY

Industry Summary

Generations of Education



4th Generation education model, as the name suggests, brings back the excellence in education by implementing the same with a purpose; 4th generation insists on a matured model that is always linked to a placement for every such aspirant for a career after matching their skill levels and linking them to a job directly through a client supported deployment system.

The emerging fourth generation of distance education, the Flexible Learning Model, promises to combine the benefits of high quality CD-ROM based interactive multimedia (IMM), with the enhanced interactivity and access to an increasingly extensive range of teaching-learning resources offered by connection to the Internet. While distance educators continue to eagerly experiment with all four generations of technological development, on-campus education could perhaps be justifiably characterized as still leaning heavily on the first generation of technology (ie print). This point is not meant to devalue the potential for face to face teaching to enhance learning, but such interactivity is only one aspect of the interaction required for effective learning. **(Source : Distance Education Technologies - The Fourth Generation James C Taylor, The University of Southern Queensland, Australia)**

Online Education – E-Learning Methods

Integrated learning is also slowly emerging as the de facto standard. The system combines classroom and e-learning products and services to create an effective learning experience. This model provides individual learners and training managers various advantages because it allows both groups to tie learning solutions to business objectives. The model enables the option of selecting the methods of training that work best within the determined budget.

(Source: Express Computer, issue dated : 29th Mar 2004, IT training industry learns the hard way)

In the classroom, the instructor as training coordinator provides familiar learning methods such as lectures, discussions, media access (Web, reading, video, audio), activities (labs, experiments, teams, problem-solving), and access to experts ably assisted by technology. The concept of technology-based blended learning environments has made collaborative learning a reality today. Blended learning environments attempt to bring together aspects of classroom teaching with the technology elements of e-learning to emulate classroom

instruction. Blended learning solutions typically present a course of study that is serialised between technology-based and traditional (or virtual) classroom delivery, supported with additional technologies that facilitate interaction between students and instructors.

The on-line education market is booming the world over, and is currently considered a hot growing sector. In fact, surveys conducted by leading global market research firms have indicated that on-line education will follow an upward moving graph and that more and more organizations and individuals will implement this mode of training. It is also indicated that 41 percent of global majors have placed at least one course on-line for employees. In terms of products, systems and new service offerings, there are at least 516 such offerings available in the market for on-line and technology mediated learning.

Company Summary

EdServ Softsystems Limited (Formerly known as Lambent Softsystems P Ltd) is a seven year old IT solutions company, incorporated in 2001, with an objective of providing integrated learning & placement solutions, customized software solutions, and placement consulting to clients in the field of IT and non-IT verticals that include Healthcare, Banking, Financial Services, Manufacturing, Retail sectors among others. EdServ has launched HEADS, a 4th generation technology education model that uses web based e-learning to seamlessly integrate manpower demand and supply in number and skills right from development to deployment.

The company has successfully provided training and staffing solutions to premier IT & non-IT clients viz., TI Group, TVS Group, Hewlett-Packard India, Infosys Technologies, GM financial Services India, Optic Fibre & among others. The top 10 clients of the company for the year 2007-08 are Madras Fertilizer Limited, Seeweware Technologies, Devi Krupa Ventures, SJS Software Solutions, St. John's Foundations, SRV – PN Palaayam, Taurus Leathers, Nano Technologies, Blue Bird Infotech and Philo Informatics. These top ten clients account for around 23.50% of the total turnover for the year ended 2007-08

During 2001, Lambent worked extensively on Y2K problem solving by migrating applications and database to Y2K proof versions and platforms. Lambent started providing application development support and implementation in Oracle and ERP technologies. Our company purchased the fixed assets and development division of Radiant Software Limited in August 2001. In September 2001 we launched packaged application software products Raymedi, (It is a Over-The-Counter (OTC) Pharmacy shop software for selling medicines and also takes care of purchases and accounts), Groceray and Rayasset. In the year 2002, we launched the anti-piracy solution to feature films called Vidapidi, and other applications such as Radimail (pharmacy software), Meru (ERP Software) and Salaray (pay roll software). In the year 2004 there was a sale of IPR Rights (RAYMEDI) to M/s. Gofrugal Technologies Private Limited. In 2005 our Company entered in the Business Agreement for selling of software project development business and fixed assets to Onspec Technology Solutions Private Limited.

In year 2007 M/s. Lambent Softsystems Private Limited acquired ELMAQ the premier IT Education and Training business from Mr. S. Giridharan to cater to job-oriented niche training solutions to a wide spectrum of industry verticals by entering into Business Purchase Agreement with Mr. Giridharan. The business was taken over along with Assets and Liabilities for a consideration of Rs. 90 lacs. The consideration was paid by issue of Fully Convertible Debentures on October 07, 2007. The consideration of Rs. 90 lacs is constituted by Rs. 55 lacs towards Education Course Content and the balance as given herein under :

Sr. No.	Description	Amount (Rs.)
1.	Deposits/ Advances	7,10,000.00
2.	Accounts Receivables	16,65,497.00
3.	Inventory (Books and Materials)	11,24,503.00
Total		35,00,000.00

The valuation of the Education Course content was based on the report dated April 01, 2007 prepared by M/s. Raj and Ravi, Chartered Accountants. The report was based on two valuation methods viz, Customer Perceived Value (CPV) and Net Present Value (NPV).

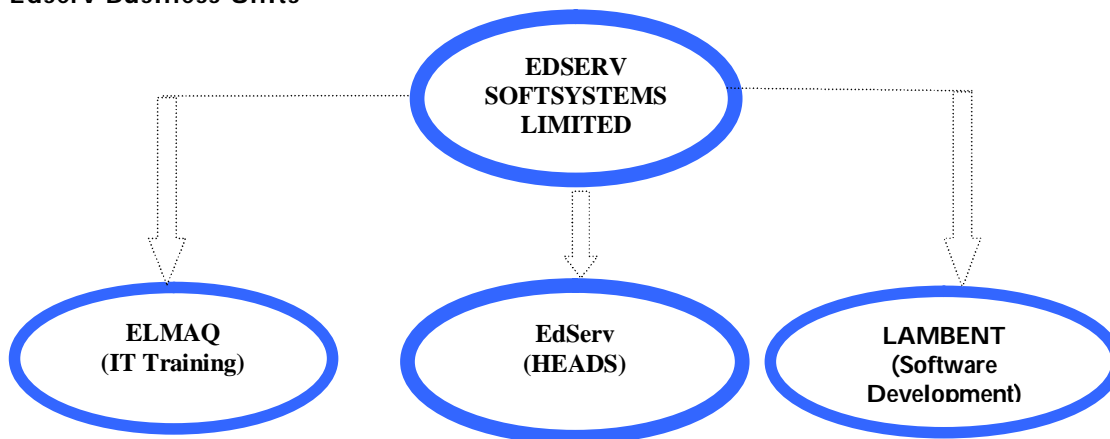
Based on the cumulative knowledge and experience in the software technology and training industry Edserv launched the next generation education model with a mandatory job fitment for every aspiring registrant by integrating education and placement. The model named as HEADS integrates education & deployment business using web learning and automated assessment based metrics.

EdServ has over 50 people working on various domains and training technologies like J2EE, .NET, Software Testing, Multimedia, Networking, among others. EdServ has over 35 centers spread all over south.

State	No. of Centres
Tamil Nadu	22
Andhra Pradesh	8
Kerala	3
Karnataka	2
Total	35

EdServ also has a Software services division, Lambent, that provides right-sized business software solutions for the enterprise-wide requirements for enterprises to grow as per their vision. Lambent provides ERP solutions as well as Database maintenance services in a 24x7 zero-downtime based enterprise-wide continuous availability framework in both onsite and off-site models. Lambent has provided ERP & database maintenance services to Wheels India, Oman Optic Fibre, KSB Pumps, GM Financial Services India (A division of General Motors, US), among others. It has become member of Microsoft Empower (ISV Member) which would provide the tools and resources necessary to develop and test our software product.

Edserv Business Units



SUMMARY FINANCIAL INFORMATION

The following table sets forth selected financial information derived from our financials for the financial years ended March 31, 2004, 2005, 2006, 2007 and 2008, and for the six months ended September 30, 2008 which are in line with the audited financial statements. These financials have been prepared in accordance with the requirements of the Companies Act and the SEBI Guidelines, along with the related clarifications issued by SEBI, for the purpose of disclosure in this Red Herring Prospectus. The Company's financial statements and the information regarding the basis of preparation are set out in the section titled 'Financial Statements' on page 83 of this Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lacs)

Particulars	As at six months period ended 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Fixed Assets (A)						
Gross Block	113.24	108.56	62.54	62.54	122.48	121.78
Less Depreciation	58.08	36.73	23.86	23.86	35.04	18.20
Net Block (A)	55.16	71.83	38.68	38.68	87.44	103.58
Capital Work in Progress	388.66	177.49	32.94	31.45	12.77	30.83
Investments (B)	8.50	8.50	8.50	8.50	3.00	0.00
Current assets , Loans and Advances (C)						
Sundry Debtors	327.17	323.56	32.49	18.37	21.65	22.66
Cash and Bank Balances	311.29	291.99	4.94	0.31	0.34	0.23
Loans and Advances	64.74	43.92	14.57	14.27	7.82	10.85
Total (C)	703.20	659.47	52.00	32.95	29.81	33.74
Liabilities and Provisions (D)						
Secured Loans	0.00	0.00	47.11	22.71	37.08	50.08
Convertible Debentures	0.00	90.00	0.00	0.00	0.00	0.00
Current Liabilities and Provisions	111.07	111.49	7.49	12.61	42.69	69.03
Total (D)	111.07	201.49	54.60	35.32	79.77	119.11
Net Worth (A+B+C-D) = (E)	1044.45	715.80	77.52	76.26	53.25	49.04
Represented By						
1. Share Capital	792.60	280.92	72.72	22.72	22.72	16.00
2. Share Application Money	56.37	0.0	0.00	0.00	0.00	6.72
3. Reserves	195.68	435.18	5.20	54.04	31.13	27.02
Net Worth	1044.65	716.10	77.92	76.76	53.85	49.74
Less: Miscellaneous Expenses	0.20	0.30	0.40	0.50	0.60	0.70
Net Worth	1044.45	715.80	77.52	76.26	53.25	49.04

SUMMARY STATEMENT OF PROFITS AND LOSSES

(Rs. In lacs)

Particulars	For the six Months Period ended 30/09/2008	For the Year ended on March, 31st				
		2008	2007	2006	2005	2004
Income						
Sales :						
Software Consultancy & Project Consultancy	419.19	394.53	18.25	37.83	70.83	91.67
Other income	15.15	0.80	0.00	2.43	0.03	3.04
Total	434.34	395.33	18.25	40.26	70.86	94.71
Expenditure						
Staff Costs	51.65	11.80	9.41	6.13	24.75	46.44
Depreciation	21.35	12.88	0.00	13.51	16.84	10.24
Administration Expenses	50.70	40.38	1.77	14.61	15.19	25.83
Course Content and Brand Expenses W/off	97.16	19.72	0.0	0.00	0.00	0.00
Interest	0.01	6.81	5.66	5.78	5.60	6.05
Miscellaneous Expenditure Written Off	0.10	0.10	0.10	0.10	0.10	0.10
Total	220.97	91.69	16.94	40.13	62.48	88.66
Net Profit before tax and extraordinary items	213.37	303.64	1.31	0.13	8.38	6.05
Taxation	16.61	39.36	0.15	0.12	0.65	0.46
Net Profit before deferred tax	196.76	264.28	1.16	0.01	7.73	5.59
Add/Less deferred Tax	14.57	10.98	0.00	(22.89)	3.62	5.41
Net Profit after adjusting deferred tax	182.19	253.30	1.16	22.90	4.11	0.18
Cash Profit Generated	203.64	266.28	1.26	36.51	21.05	10.52

THE ISSUE

Public Issue aggregating to Rs. [●] lacs

Equity Shares offered	39,73,908 Equity Shares of Rs.10/- each aggregating Rs. [●] lacs
Employee Reservation Portion for eligible employees	2,00,000 Equity Shares of Rs.10/- each aggregating Rs. [●] lacs
Net issue to the Public	37,73,908 Equity Shares of Rs.10/- each aggregating Rs. [●] lacs
Comprising of :	
A. QIB Portion:	At least 18,86,954 Equity Shares aggregating Rs. [●] lacs, constituting at least 50% of the Net Issue will be available for allocation to Qualified Institutional Buyers on a proportionate basis. 5% of the QIB Portion, constituting 94,347 Equity Shares shall be available for allocation on proportionate basis to Mutual Funds only, and the balance QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds. If at least 50% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded.
B. Non- Institutional Portion⁽¹⁾:	5,66,086 Equity Shares of Rs.10/- each, constituting up to 15% of the Net issue (allocation on proportionate basis).
C. Retail Portion⁽¹⁾:	13,20,868 Equity Shares of Rs.10/- each, constituting upto 35% of the Net issue (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue:	80,32,092 Equity Shares of Rs.10/- each
Equity Shares outstanding post the Issue:	1,20,06,000 Equity Shares of Rs.10/- each

Allocation to all categories shall be made on a proportionate basis.

⁽¹⁾ Under-subscription in B and C categories if any, would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of the Company, the BRLM and Co-BRLM.

Use of the Proceeds

Please see section titled "Objects of the Issue" on page no 24 of this offer document

Bid/Issue Programme

BID/ISSUE OPENS ON	THURSDAY ,05TH FEBRUARY 2009
BID/ISSUE CLOSES ON	MONDAY , 09TH FEBRUARY 2009

GENERAL INFORMATION

Our Company was originally incorporated as M/s. Lambent Systems Private Limited as in the State of Tamil Nadu on March 13, 2001 under the Companies Act, 1956 vide certificate of incorporation issued by Registrar of Companies, Chennai. The name of the Company was changed to M/s. Lambent Softsystems Private Limited with effect from December 05, 2001 and a fresh certificate of incorporation was obtained from Registrar of Companies, Chennai. Subsequently the name was changed to M/s. Edserv Softsystems Private Limited and a fresh certificate of incorporation consequent to change of name was obtained on January 09, 2008. The name was further changed to M/s. Edserv Softsystems Limited upon conversion into public limited company and a fresh certificate of incorporation was obtained on April 22, 2008

Registered Office	1 st Floor , Panna Plaza New No. 139, Arcot Road, Kodambakkam, Chennai – 600 024 Tel: -91-044-64537216 Fax: - 91-044-23724088 Email: info@edserv.in Website: www.edserv.in
CIN No.	U7220TN2001PTC46789
PAN No.	AAACL7131L
Contact person:	Mr.V.Ramaseshan, Company Secretary & Compliance Officer
Registrar of Companies	26, 2 nd Floor, Haddows Road, Chennai 600 006

Board of Directors

The Company is managed by 5 Board of Directors. Mr. S. Giridharan is the Chairman and Ms. G. Gita is the Managing Director

Name of the Director	Designation	Status	DIN
Mr. S.Giridharan	Chairman & CEO	Non-Independent	01518121
Ms. G. Gita	Managing Director	Non- Independent	00770680
Mr. S.Arvind	Director	Independent	00331182
Dr. Ilango Balakrishna	Director	Independent	02144412
Mr. T.S. Ravichandran	Director	Independent	00813161

Brief Profile of the Board of Directors

Mr. S. Giridharan, (45 years), is the Chairman and CEO of our Company. He graduated in Electronics and Communication Engineering from PSG College of Technology, Coimbatore (1980-84) and he holds a PG programming certification from IISc Bangalore (1985-86) and an M.S. degree in Systems & Information from BITS, Pilani (1994). He 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. Giridharan played a significant role in promoting SSI as a leading IT Education brand (1992-97). He then went on to promote Radiant (1997) as an education brand after his departure from SSI. Radiant Software became a pioneer in Oracle DBA and J2EE training. He 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. He is the principal IT consultant for M/s. Seshasayee Paper & Boards Limited for over 9 years.

Ms. G. Gita, (43 years) is the Managing Director of our company. Ms. G. Gita has completed her Master of Engineering (ME) from PSG College of Technology, Coimbatore. Gita has started her career in HCL-HP as a Senior Engineer in their R&D unit. 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. An expert in Web learning and e-content

development, Ms. Gita has worked for over 13 years in Education & Training as technical head and has over over 20 years experience in IT industry. Gita also devised methodologies for Staffing solutions and has served numerous clients including Infosys during her tenure. At Edserv she manages the content, HR, and QA of all systems and processes.

Mr.S.Arvind, (64 years) is an Independent Non-Executive Director of EdServ Softsystems Limited. He has completed his Masters Degree (Public Administration) in University of Madras. He is a retired IAS officer backed by 30 years of work experience in the Indian Administrative Service, worked in various capacities in Government of Tamil Nadu, and Government of India.

Dr.Ilango Balakrishna, (70 years) is an Independent Non-Executive Director of EdServ Softsystems Limited. 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 is a Former Vice Chancellor, Bharathiar University, Coimbatore. He has received various awards from various organizations in India and Abroad and is a member of various prestigious Committees such as ISTE, Accreditation committee of NBA, AICTE etc.

Mr.T.S.Ravichandran, (47 years), is an Independent Non-Executive Director of EdServ Softsystems Limited and is a Practicing Chartered Accountant. He has completed his Bachelors (Science) Degree from Vivekananda College, Chennai and completed all the three professions viz., Chartered Accountant, Company Secretary and Cost and Works Accountant also completed his Systems Audit C.I.S.A from ISACA, Illinois, United States of America

ISSUE MANAGEMENT TEAM

Legal Advisors to the issue

Lakshmmi Subramanian & Associates

81, MNO Complex, Greams Road,
Chennai – 600 006

Tel : 91 – 044 - 2892272

Fax : 91 – 044 - 2892273

Email : srisecadmin@gmail.com

Contact Person : Ms. Lakshmmi Subramanian

Book Running Lead Manager to the Issue

Keynote Corporate Services Limited

4th Floor Balmer Lawrie Bldg,
5, J.N. Heredia Marg,
Ballard Estate, Mumbai – 400 001

Tel: 91-022- 30266000-3

Fax: 91-022- 22694323

Website: www.keynoteindia.net

E-mail: mbd@keynoteindia.net

SEBI Regn No: INM 000003606

Contact Person: Mr. Bhavin Shah

Registrar to the Issue

Karvy Computershare Private Limited

KARVY HOUSE"

46, Avenue 4, Street No.1,
Banjara Hills, Hyderabad - 500 034

Tel : 91- 040- 23312454

Fax : 91-040-23311968

Website : www.karvy.com

E-mail : edserv.ipo@karvy.com

SEBI Regn No: INR 000000221

Contact Person: Mr. M. Murali krishna

Auditors to the Company

Raj and Ravi Chartered Accountants

New No. 7-A, Plot 16,
Ganesh Nagar II Street, Adambakkam, Chennai –
600 088

Tel : 91- 044- 22533573

Fax : 91-044- 22533573

Email : rajandravica@yahoo.com

Contact Person : Mr. N. Ranganathan

Co- Book Running Lead Manager to the Issue

Ashika Capital Limited

1008, 10th Floor, Raheja Centre,
214 , Nariman Point,
Mumbai – 400 021

Tel : 91-022-66111700

Fax: 91-022-66111710

Website : www.ashikagroup.com

E-mail: mbd@ashikagroup.com

SEBI Regn No. : INM 00010536

Contact Person : Mr. Nithin Kanuganti

Bankers to the Company

Union Bank of India

96,G.N.Chetty Road,
T. Nagar, Chennai – 600 017

Tel : 044- 23460811

Fax: 044 – 23460812

Website : www.unionbankofindia.co.in

Contact Person : Mr. R. Subramaniam

Syndicate Members

A. Keynote Capitals Limited

4th Floor Balmer Lawrie Bldg,
 5, J.N. Heredia Marg,
 Ballard Estate, Mumbai – 400 001
Tel: +91-22-30266044; **Fax:** +91-22-22694323
E-mail: kcl@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Mr. Ankur Mestry

B. Ashika Stock Broking Limited

1008, 10th Floor, Raheja Centre,
 214, Nariman Point,
 Mumbai – 400 021
Tel : 91-022-6611 1706
Fax: 91-022-66111710
E-mail: ipo@ashikagroup.com
Website : www.ashikagroup.com
Contact Person : Ms. Sweta Jain

Bankers to the issue and Escrow collection banks

Canara Bank

Capital Market Service Branch
 11, Homji Street, Varma Chambers Building ,
 Ground Floor, Fort,
 Mumbai - 400 001
Tel : +91-22-22692973 **Fax:** +91-22-22664140
E-mail : mcity2422@canbank.co.in
Contact Person : Mr. T. Muralidharan

ICICI Bank

Capital Markets Division,
 30, Mumbai Samachar Marg,
 Mumbai - 40001
Tel.: +91-22-22627600;
Fax: +91-22-22611138
Email: venkataraghavan.t@icicibank.com
Contact Person: Mr. Venkataraghavan

HDFC Bank

Maneckji Wadia Building, Ground Floor,
 Nanik Motwani Marg, Fort,
 Mumbai- 400 001
Tel : +91-22-66573535;
Fax : +91-22- 2270 5520
E-mail : deepak.rane@hdfbank.com
Contact Person : Mr. Deepak Rane

Self Certified Syndicate Banks

As on date following banks registered with SEBI for collection of ASBA forms

1. Corporation Bank Limited
2. ICICI Bank Limited
3. HDFC Bank Limited
4. State Bank of India
5. Union Bank of India
6. IDBI Bank Limited
7. AXIS Bank Limited
8. Kotak Mahindra Bank
9. State Bank of Bikaner & Jaipur

10. Bank of Baroda
11. Punjab National Bank
12. YES Bank
13. Citibank Bank
14. Bank of India
15. State Bank of Hyderabad
16. HSBC Limited

For the details of list of controlling banks along with its branches please visit the website of SEBI, BSE and NSE at www.sebi.gov.in, www.bseindia.com and www.nseindia.com

Company Secretary and Compliance Officer

Mr. V.Ramaseshan

Ist Floor, Panna Plaza New No: 139, Arcot Road,
Kodambakkam, Chennai 600 024

Tel: 91-044- 6453 7216

Fax: 91-044- 2372 4088

Email: info@edserv.in

Investors can contact the Compliance Officer or the Registrar to the issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Monitoring Agency

The Company has not appointed any monitoring agency for this issue.

Inter Se Allocation of Responsibilities between the Book Running Lead Managers

The following table sets forth the distribution of responsibility and co-ordination for various activities among the Keynote Corporate Services Limited (**Book Running Lead Manager to the Issue/BRLM**) and Ashika Capital Limited (**Co-Book Running Lead Manager to the Issue/Co-BRLM**)

	Activity	Responsibility	Coordinator
A.	Capital Structuring with relative components and formalities such as the composition of equity instrument, Structuring of the issue instrument	Keynote	Keynote
B.	Draft and design of the offer document and of advertisement/publicity material including newspaper advertisement and brochure/memorandum containing salient features of the offer document	Keynote	Keynote
C.	Due Diligence certificate in compliance with DIP Guidelines, 2000 and other stipulated requirements and completion of prescribed formalities with Stock Exchanges, Registrar of Companies and SEBI	Keynote	Keynote
D.	Marketing of the Issue, which will cover, interalia formulating of marketing strategies, preparation of publicity budget, arrangement for Ad Media Centres of holding conferences of Brokers, Investors etc, and Bankers to the Issue.	Keynote & Ashika	Ashika

	Activity	Responsibility	Coordinator
E.	Selection of various agencies connected with the issue such as Registrars to the Issue, Printers and Brokers.	Keynote & Ashika	Keynote
F.	Selection of Bankers to the Issue, collection centres	Ashika & Keynote	Keynote
G.	Follow up with Bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures	Ashika & Keynote	Ashika
H.	Post issue activities will involve submission of statutory reports, essential follow up steps including finalization of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as registrars to the issue, bankers to the issue (Self Certified Syndicate Banks) and the bank handling the refund business. Even if many of these activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreement with the issue company.	Ashika & Keynote	Ashika

Credit Rating

As this is an Issue of Equity Shares, there is no credit rating for this Issue.

IPO Grading

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the “**IPO Grade 1**” indicating Poor Fundamentals, through its letter dated November 13, 2008. The IPO grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals. A copy of the report provided by CARE, furnishing the rationale for its grading was available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

A summary of the rationale for the grading assigned by CARE to the Issue is given below:

The grading factors in Edserv’s position as a small player in the software development, training and staffing solutions space, high level of uncertainty associated with its future revenue streams which largely hinge on an evolving and unproven business model and moderate corporate governance practices. The grading also takes into account the promoters track record in the software training sector, track record of the company since inception characterized by frequent changes in operations, low and declining revenues in the FY 04-06 period, complete absence of operations in FY07 and scope for improvement in accounting quality.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Appraising Agency

The project of the Company has not been appraised by any appraising agency.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Keynote Corporate Services Limited; Co-Book Running Lead Manager in this case being Ashika Capital Limited
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager and Co- Book Running Lead Manager;
- Registrar to the Issue;
- Escrow Collection Banks and
- Self Certified Syndicate Banks

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 50% of the issue cannot be allotted to QIBs then the entire application money will be refunded. Further, up to 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In accordance with the SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section "Terms of the Issue" on page 114 of this Red Herring Prospectus.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the Keynote Corporate Services Limited as the Book Running Lead Manager and Ashika Capital Limited Co- Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI Guidelines is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres' during the bidding period. The illustrative book as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42/- in the above example. The issuer, in consultation with the BRLM and Co-BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid?" on page 121 of this Red Herring Prospectus);
2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see "Issue Procedure – PAN" on page 139 of this Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form/ASBA Form;

Withdrawal of the Issue

Our Company, in consultation with the Book Runners, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	THURSDAY, 05TH FEBRUARY 2009
BID/ISSUE CLOSES ON	MONDAY, 09TH FEBRUARY 2009

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 PM
2. Bids not uploaded in the book, would be rejected.
3. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.
4. The Standardization of cut-off time for uploading of bids on the **Bid/ Issue Closing Date** are as follows :
 - a. A standard cut-off time of 2.00 PM for acceptance of bids.
 - b. A standard cut-off time of 3.00 PM for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
 - c. A standard cut-off time of 5.00 PM for uploading of bids received from retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLMs to the Exchange within half an hour of such closure.

Bids will only be accepted during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. Bids will be accepted only on working days i.e. Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band shall not be more than 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Book Runners shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

[This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Keynote Corporate Services Limited 4 th Floor Balmer Lawrie Bldg, 5, J.N. Heredia Marg, Ballard Estate, Mumbai – 400 001 Tel: +91-22-30266000-3; Fax: +91-22-22694323 E-mail: mbd@keynoteindia.net	[●]	[●]
Keynote Capitals Limited 4 th Floor Balmer Lawrie Bldg, 5, J.N. Heredia Marg, Ballard Estate, Mumbai – 400 001 Tel: +91-22-30266044; Fax: +91-22-22694323 E-mail: kcl@keynoteindia.net	[●]	[●]
Ashika Capital Limited 1008, 10 th Floor, Raheja Centre, 214, Nariman Point, Mumbai – 400 021 Tel : 91-022-66111700 Fax: 91-022-66111710 E-mail: mbd@ashikagroup.com	[●]	[●]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Ashika Stock Broking Limited 1008, 10 th Floor, Raheja Centre, 214 , Nariman Point, Mumbai – 400 021 Tel : 91-022-6611 1706 Fax: 91-022-66111710 E-mail: ipo@ashikagroup.com	[•]	[•]

The above mentioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s)..

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Book Runners and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

Particulars		Aggregate Nominal Value	Aggregate Value at Issue Price
A.	Authorised Share Capital		
	14000000 Equity Shares of Rs.10/-each	140000000	
B.	Issued, Subscribed and Paid-Up Equity Share Capital before the Issue		
	80,32,092 Equity Shares of Rs. 10/-each	80320920	112793520
C.	Issue pursuant to this Red Herring Prospectus		
	3973908 Equity Shares of Rs. 10/- each at a premium of Rs. [●] per share	39739080	[●]
	200000 Equity Shares of Rs.10/- each are reserved for allotment to the employees of our company	2000000	[●]
D.	3773,908 Equity Shares of Rs. 10/- each Net Issue to the Public	37739080	[●]
E.	Out of (D) above:		
i	Qualified Institutional Buyers (QIBs) at least 1886954 Equity Shares of Rs. 10/- each	18869540	[●]
ii	Non Institutional Portion up to 566086 Equity Shares of Rs. 10/- each	5660860	[●]
iii	Retail Portion up to 1320868 Equity Shares of Rs. 10/- each	13208680	[●]
F.	Equity Share capital after the Issue		
	12006000 Equity Shares of Rs. 10 each	120060000	[●]
G.	Share Premium Account		
	Before the Issue	32472600	
	After the Issue		[●]

Under-subscription in E(ii) and E(iii) categories if any, would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of the Company, the BRLM and Co-BRLM

Notes to Capital Structure

1. Changes in Authorised Share Capital

Sr. No.	Details of increase in authorized share capital	Date
1	Incorporation Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10/- each	March 13, 2001
2	Increased to Rs. 2,00,00,000 divided into 20,00,000 equity shares of Rs.10/-each	September 18, 2001
3	Increased to Rs. 2,50,00,000 divided into 25,00,000 equity shares of Rs.10/- each	April 02, 2007
4	Increased to Rs. 3,50,00,000 divided into 35,00,000 equity shares of Rs.10/-each	January 07, 2008
5.	Increased to Rs. 14,00,00,000 divided into 1,40,00,000 equity shares of Rs. 10/-each	April 09, 2008

2. Share Capital History of the company

Equity Shares

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, Bonus, Consideration Other than cash)	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Equity share capital (Rs.)
13/03/2001	10000	10	10	Cash	Initial Subscription	10000	100000
28/01/2002	150000	10	10	Cash	Allotment to the Promoter	160000	1600000
28/03/2005	67200	10	10	Cash	Allotment to the Promoter	227200	2272000
30/03/2007	500000	10	-	Bonus (1: 2.20)	Bonus out of free reserves	727200	7272000
07/01/2008	950000	10	-	Bonus (1: 1.31)	Bonus out of free reserves	1677200	16772000
27/03/2008	1132000	10	34	Cash	Further Issue of Shares to M/s. Kalpathi Investments Private Limited	2809200	28092000
09/04/2008	1500000	10	-	Bonus (1: 0.53)	Bonus out of profits	4309200	43092000
14/04/2008	2716800	10	-	Bonus (1 : 0.63)	Bonus out of share premium reserves	7026000	70260000
14/04/2008	900000	10	10	Conversion	FCD Conversion	7926000	79260000
19/12/2008	106092	10	60	Cash	Pre-IPO placement	8032092	80320920

As on date of filing of this Red Herring Prospectus with SEBI, the issued capital is fully paid up.

Note:

- On 07/10/2007 the company had issued 900000 fully convertible debentures which were converted into equity shares at par on 14/04/2008.
- The pre-IPO placement has been made to the following persons:

Name of the Allotees	Relationship of Allottee with the Promoter	Category	No. of Shares
Mr. Venkateshwaran	The allottees are not related to the promoters in any way	High Net Worth Individuals (HNIs)	16667
Mr. Choodamani			16667
Mr. Mafaz			16667
Mr. Srinivasan			16667
Mr.			10000

Name of the Allotees	Relationship of Allottee with the Promoter	Category	No. of Shares
Ananthakrishnan	The allottees are not related to the promoters in any way		
Mr. Krishnaraj			8333
Mr. Pattabiraman			9167
Ms. Vibha Mehta			8333
Mr. Balakumar			3391
Ms. V. Meenakshi Sundaram		Retail Individual Investor	200
Total			106092

3. Promoter Contribution and Lock-in

a. Capital built up of Promoters

Name of Promoter	Date of Allotment /Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)
Ms. G. Gita	Initial Subscription	Cash	3000	10	10
	28/03/2005	Cash	67200	10	10
	01/10/2005	Transfer	150000	10	10
	30/03/2007	Bonus	484596	10	-
	07/01/2008	Bonus	920732	10	-
	03/04/2008	Transfer	(798001)	10	10
	09/04/2008	Bonus	441900	10	-
	14/04/2008	Bonus	800370	10	10
	14/04/2008	Transfer	(30)	10	10
	23/04/2008	Transfer	(300000)	10	10
	SUB-TOTAL		1769767		
Mr. S.Giridharan	Initial Subscription	Cash	4000	10	10
	28/01/2002	Cash	150000	10	10
	01/10/2005	Transfer	(150000)	10	10
	30/03/2007	Bonus	8802	10	-
	07/01/2008	Bonus	16724	10	-
	03/04/2008	Transfer	798001	10	10
	09/04/2008	Bonus	441900	10	-
	14/04/2008	Bonus	800370	10	-
	23/04/2008	Transfer	(300000)	10	10
	SUB-TOTAL		1769797		
	GRAND TOTAL		3539564		

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post - Issue share capital of the Company, held by the Promoters shall be locked in for a period of three years.

b. Details of promoters holding which would be locked in for 3 years.

Name of Promoter	Date of Allotment /Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of lock in
Ms. G. Gita	Initial Subscription	Cash	3000	10	10	0.02
	28/03/2005	Cash	67200	10	10	0.56

Name of Promoter	Date of Allotment /Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of lock in
	01/10/2005	Transfer	150000	10	10	1.25
	30/03/2007	Bonus	484596	10	-	4.04
	07/01/2008	Bonus	122731	10	-	1.02
	09/04/2008	Bonus	373073	10	-	3.11
	SUB TOTAL		1200600			10.00
Mr. S.Giridharan	Initial Subscription	Cash	4000	10	10	0.03
	30/03/2007	Bonus	8802	10	-	0.07
	07/01/2008	Bonus	16724	10	-	0.14
	03/04/2008	Transfer	798001	10	10	6.65
	09/04/2008	Bonus	373073	10	-	3.11
	SUB TOTAL		1200600			10.00
	GRAND TOTAL		2401200			20.00

Note: The equity shares issued as bonus shares that are included in the minimum promoters contribution are issued out of the profits and free reserves of the company and not out of any share premium or revaluation reserves.

Other than as disclosed above, the entire pre-issue capital of our company consisting of 56,30,892 equity shares shall be locked in for a period of one year.

All Equity Shares, which are being locked-in are eligible for computation of promoter's contribution and lock-in under Clause 4.6 of the SEBI Guidelines.

As per clause 4.15.1 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

(Provided that if securities are locked in as minimum promoter's contribution under clause 4.11.1, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue).

Under Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeovers Regulations.

Further, under Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new Promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations

4. Shareholding pattern of our Company before and after the Issue

The table below presents the Equity Shareholding pattern of our Company before the proposed Issue and as adjusted for the Issue.

Category of Shareholder	Pre- Issue			Post-Issue	
	No. of Shareholders	No. of Shares	%	No. of Shares	%
A. Shareholding of Promoter and Promoter Group					
1. Indian					
Individuals/ Hindu Undivided Family	5	3539594	44.06	3539594	29.48
Mr. S. Giridharan		1769797	22.03	1769797	14.74
Ms. G. Gita		1769767	22.03	1769767	14.74
Ms. S. Meenakshi		10	0.00	10	0.00
Mr. K.S. Ganpathy		10	0.00	10	0.00
Ms. Sita Ganpathy		10	0.00	10	0.00
Central Government/ State Government(s)		0	0	0	0.00
Bodies Corporate					
M/s. Kalpathi Investments Private Limited (KIPL)*	1	3731370	46.46	3731370	31.08
Financial Institutions/ Banks		0	0	0	0.00
Any Others					
Mr. V. Sridhar	1	55036	0.69	55036	0.46
Sub Total(A)(1)	7	7326000	91.21	7326000	61.02
2. Foreign					
Individuals (Non-Residents)					
Individuals/Foreign Individuals)		0		0	0.00
Bodies Corporate		0		0	0.00
Institutions		0		0	0.00
Any Others(Specify)		0		0	0.00
Sub Total(A)(2)		0		0	0.00
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7	7326000	91.21	7326000	61.02
B. Public shareholding					
1. Institutions					
Mutual Funds/ UTI		0			
Financial Institutions / Banks		0			
Central Government / State Government(s)		0			
Venture Capital Funds		0			
Insurance Companies		0			
Foreign Institutional Investors		0			
Foreign Venture Capital Investors		0			
Any Other (specify)		0		4680000	38.98
Sub-Total (B)(1)		0			
2. Non-institutions					
Bodies Corporate		0			
Individuals		0			
Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh					
a. Ms. V. Meenakshi Sundaram	1	200	0.00		

ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.					
Mr. K. Udhaya Prakash		600000	7.49	}	
Ms. Vibha Mehta		8333	0.10		
Ms. Venkateswaran		16667	0.21		
Mr. Ananthakrishnan		10000	0.12		
Mr. Krishnaraj		8333	0.10		
Mr. Mafaz		16667	0.21		
Mr. Pattabiraman		9167	0.11		
Mr. Choodamani		16667	0.21		
Mr. Srinivasan		16667	0.21		
Mr. Balakumar		3391	0.04		
	10				
Any Other (specify)		0			
Sub-Total (B)(2)	11	706092	8.79	4680000	38.98
Total Public Shareholding (B)=(B)(1)+(B)(2)	11	706092	8.79	4680000	38.98
TOTAL (A)+(B)	18	8032092	100.00	12006000	100.00
Shares held by custodians and against which Depository Receipts have been issued		0	0.00	0	0.00
GRAND TOTAL (A)+(B)+(C)	18	8032092	100.00	12006000	100.00

* KIPL is an investor and the largest shareholder in the issuer company and not the promoter or a person acting in concert with the issuer company. For information relating to the details regarding registered office, business, financials, promoters and Board of Directors of KIPL please refer on page no. 81

Built up capital of KIPL in Edserv Softsystems Limited is as follows:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, Bonus, Consideration Other than cash)	Reasons for Allotment	Cumulative No. of Equity Shares
27/03/2008	1132000	10	34	Cash	Issue of Shares to M/s. Kalpathi Investments Private Limited	1132000
09/04/2008	604500	10	-	Bonus	Bonus	1736500
14/04/2008	1094870	10	-	Bonus	Bonus	2831370
14/04/2008	900000	10	10	Conversion	FCD Conversion into Equity Shares	3731370

5. Transactions in the Company's Equity Shares by the Promoter & their relatives or the directors of the Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI

The details of transactions in the Promoter & their relatives or the directors of the Company during a period of twelve months preceding the date of filing of this Red Herring Prospectus with SEBI is as follows:

Date of Transfer	Name of the Transferor	Name of the Transferee	Number of shares	Transfer Price per share (Rs.)
23/04/2008	Ms.G..Gita	Mr.K.Udhaya Prakash	300000	10/-
23/04/2008	Mr.S.Giridharan	Mr.K.Udhaya Prakash	300000	10/-
14/04/2008	Ms.G..Gita	Ms.S.Meenakshi	10	10/-
		Mr.K.S.Ganapathy	10	10/-
		Ms.Sita Ganapathy	10	10/-
03/04/2008	Ms. G.Gita	Mr. S. Giridharan	798001	10/-

6. Shareholders of the Company and the number of Equity Shares held by them

a. Top shareholders of Company as of the date of the filing of this Red Herring Prospectus with ROC are as follows:

Sr. No.	Name	No. of Shares	% to Paid up Capital
1.	M/s. Kalpathi Investments Private Limited	3731370	46.46
2.	Mr. S. Giridharan	1769797	22.03
3.	Ms. G. Gita	1769767	22.03
4.	Mr.K.Udhaya Prakash	600000	7.47
5.	Mr.V.Sridhar	55036	0.69
6.	Mr. Venkateshwaran	16667	0.21
7.	Mr. Choodamani	16667	0.21
8.	Mr. Mafaz	16667	0.21
9.	Mr. Srinivasan	16667	0.21
10.	Mr. Ananthakrishnan	10000	0.12
	Total	8002638	100.00

b. Top shareholders of Company as of ten days prior to the filing of this Red Herring Prospectus with ROC are as follows:

Sr. No.	Name	No. of Shares	% to Paid up Capital
1.	M/s. Kalpathi Investments Private Limited	3731370	46.46
2.	Mr. S. Giridharan	1769797	22.03
3.	Ms. G. Gita	1769767	22.03
4.	Mr.K.Udhaya Prakash	600000	7.47
5.	Mr.V.Sridhar	55036	0.69
6.	Mr. Venkateshwaran	16667	0.21
7.	Mr. Choodamani	16667	0.21
8.	Mr. Mafaz	16667	0.21
9.	Mr. Srinivasan	16667	0.21
10.	Mr. Ananthakrishnan	10000	0.12
	Total	8002638	100.00

c. Top shareholders of Company as of 2 years prior to the filing of this Red Herring Prospectus with ROC are as follows:

Sr. No.	Name	No. of Shares	% to Paid up Capital
1.	Ms. G.Gita	220200	96.92
2.	Mr. S. Giridharan	4000	1.76
3.	Mr.V.Sridhar	3000	1.32
	Total	227200	100.00

- The Company, the Promoters, the Directors and the Book Runners have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of the Company from any person.
- As on date of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
- A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue and Bidders are subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

10. An over-subscription to the extent of 10% of the offer to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.
11. The Company has not raised any bridge loan against the Issue Proceeds.
12. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed. However the company is considering the pre- IPO placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such pre- IPO placement subject to such minimum issue size of the post issue capital being offered to the public as may be permitted
13. The Company presently does not intend or propose to alter the capital structure for a period of six months from the date of filing of this Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, if business needs of the Company so require, the company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Red Herring Prospectus or from the date the application moneys are refunded on account of failure.
14. The Company has not revalued the assets since its inception.
15. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
16. The Company has not come out with any public issue since its incorporation.
17. As of the date of filing of this Red Herring Prospectus, the total numbers of holders of Equity Shares are 18.
18. No payment, direct or indirect, in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the Promoters in any public issue to the persons who receive firm allotment in the public issue.
19. The Company has not granted equity options to its employees.

OBJECTS OF THE ISSUE

The objects of the Issue are

- To finance the cost for developing the copyrighted D2J content by HEADS Learning (HEAL) architecture
- To finance the cost for establishing the HEAL Lab to develop, test, install, connect, and implement the D2J content across all HEADS Offices as Back-end and EdCenter as Front-end
- To finance the cost for establishing the HEADS Offices to reach out regions all over India
- To finance the cost for developing and implementing the copyrighted centralized LAMPS Portal Engine
- To finance the promotion expenses to sign-up and establish Partner-led 200 EdCenters under BMC model across India & South Asia
- To list the equity shares of the company on the stock exchanges.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by our Company through this Issue.

Requirement of Funds

The following table summarizes the intended use and the schedule of utilization of the Net Proceeds:

Sr. No.	Particulars	(Rs. in lacs)
		Total Funds Required
1	Content Development	1120.00
2	Establishment of HEAL Laboratories	1038.00
3	Establishing HEADS Offices	275.05
4	Development and Implementation of centralized Lamps Portal Engine	110.00
5.	Promotion Expenses	205.30
6.	Issue Expenses	[•]
7.	Contingencies	[•]
	Total	[•]

Means of Finance.

Particulars	(Rs. in lacs)
	Amount
Proceeds from Issue of shares to Kalpathi Investments Private Limited	384.88
Proceeds from Pre IPO placement	63.66
Proceeds of Public Issue	[•]
Internal Accruals	[•]
Total	[•]

USE OF PROCEEDS OF THE ISSUE

The item-wise details of the utilization of the proceeds of this Issue are given below

1. Content Development up to 70 subjects

The company is in the process of developing 70 e-content job-oriented subjects called D2J (Degree to Job), out of which 10 subjects have already been completed. These contents will be registered and copyrighted under the 'Edserv' brand name. This content will be delivered through web-based and other communication methodologies to reach the students enrolled for a job fitment in various franchisees (Edcentres). The design, development, monitoring, testing and deployment of these D2J content is facilitated by a centralized network infrastructure called "HEAL Lab".

D2J content are developed using the SCORM (Sharable Content Object Reference Model) standard. The 70 subjects comprises of all domains that include IT, ITES and non-IT verticals such as Retail, BFSI (Banking, Financial Services, Insurance), Telecom, Manufacturing, Healthcare, and also all kinds of Academic disciplines that include Professional, Arts, Science as well as pre-university and senior secondary school streams.

This activity of content development is being outsourced to an e-learning company, Axis-v Creatives Private Limited having its office at 77, Greenways Road, R.A.Puram, Chennai-600028, India. The estimated cost of development of the content based on the quotation given by Axis-v Creatives Private limited vide their proposal letter dated 07, January 2008 is as follows:

Particulars	Cost /Hour	No. of Hours/subject	No. of Subjects	Amount (Rs. in lacs)
Raw content review, Storyboard development, Graphic visualization, Instructional design, Alpha creation, Video/audio shoot, editing, animation creation and sync with video / audio, Beta creation, Production release	40,000	40	70	1120.00

2. Establishment of HEAL laboratories

The company proposes to set up HEAL laboratories to house all the technical, support teams to check and monitor the e-content delivery, to deliver the e-content to the franchisees, to maintain the developed and delivered e-content from the vendor, and to continuously enhance the quality of standards being followed and also bring in new subjects as well as domains.

HEAL Laboratories would also monitor the centralised back-bone high-end server system which shall have the central repository of all data as well as control information and LAMPS back-end for all Edcentres and the HEADS Offices.

HEAL Laboratories would consist of around 160 personnel. The team shall continuously enhance and augmented to design, and implement more subjects and also to make this content development as a process as in-house over a period of time.

The total cost of the setting up the HEAL laboratories is Rs. 1038.00 lacs. The details are as follows

a. Office Space and Building

The Company requires an approx. area of 17,500 sq. feet for its HEAL Laboratory. The building has already been identified in OMR (Old Mahabalipuram Road), Chennai. The cost estimated is Rs. 700.00 lacs

b. Furniture and Fixtures (including Computer and Software systems)

The Company proposes to spend Rs. 338.00 lacs on furniture and fixtures for the proposed laboratory as per the details given herein under:

Description	Name of the Supplier/ Date of Quotation	Qty	Amount (Inclusive of Taxes)
8.5 Ton A/c	Voltas Ltd (23-March-2008)	10	12.25
Walls, Woodwork, Fittings, Flooring, Wall / Ceiling Painting	Krishna Wood Works (17-May-2008)	Rs.1000/ Sq. Ft.	120.00
15 KVA UPS	Wavestech Systems (01-April-2008)	6	9.00
Electricals, Lightings, Labour	Sri Raghavendra electricals (17-May-2008)		8.60
Modular Workstations Chairs & Cabins for 180 seater	Mahaveer Agencies (17-May-2008)	-	48.00
Dual Core PCs with 17" TFT Monitor with Windows XP license	Saravana Computers (IBM Lenovo) (14-May-2008)	160	54.40
Server system Quad-core Xeon with Windows 2003 server license	HCL Infosystems (14-May-2008)	4	8.40
380 KVA/304KW DG set with Cummins engine model	Powerica Limited (21-May-2008)	2	40.00
Other Miscellaneous Fixed Assets			37.35
Total			338.00

3. Establishment of Regional HEADS offices

The regional HEADS offices will service and manage EdCentres in region and also undertake sales and marketing activities.

Each HEADS offices will serve 20 EdCentres. Considering 200 EdCentres are to be signed up, 10 HEADS offices are planned which include the Corporate HEADS center at Chennai. Out of the 10 offices the HEADS offices at Chennai has been taken on lease basis and the other nine offices will be owned by the company. The total cost towards acquisition of premises with furnitures, fixtures and other infrastructures is estimated at Rs. 275.05 lacs.

The company has already spent Rs. 49.00 lacs towards acquisition of lease office and on furniture and fixtures at Chennai HEAD Office.

The details of the property for Chennai HEAD Office are as follows:

Location of Office	Name and registered office of the lessor	Date of Agreement	Annual Rent (Rs. in lacs)	Deposit (Rs. in lacs)
Old No. 73 and 74, New No. 139, Arcot Road, Kodambakkam, Chennai – 600 024	M/s. Park Town Benefit Fund Limited	February 15,2008 (Lease Agreement for office & Hire Purchase Agreement for furniture and fixtures period of 3 years)	21.56	15.00

The following are the details for the proposed 9 HEADS offices

a. Office Space and Building

The details of the offices are as under:

				(Rs. in lacs)
Sr. No	HEAD Locations	Centre	Land/Property identified/Sq. Feet	Total
1.	Madurai		Chinna Chokkikulam, Madurai 900 sq.ft	15.00
2.	Mysore		Lakshmipuram, Mysore 1100 Sq. Feet	16.00
3.	Vijayawada		Kunchinapally, Vijay Wada : 1000 sq.ft	15.00
4.	Pune		Pimpri Chinchwad, Pune : 750 Sq. Ft.	15.00
5.	Ahmedabad		Suvidha Shopping Centre, Parimal Cross Road : 900 Sq.Ft.	15.50
6.	Gurgaon		Malibu Town, Gurgaon : 1500 sq.ft	14.00
7.	Guwahati		3 No. gate Maligaon, Guwahati : 1350 sq.Ft.	15.00
8.	Chandigarh		Sector-23, Panchkula, Chandigarh : 1500 sqft	16.00
9.	Vizag		RTC Complex, Vishakhapatnam : 1000 sq.ft	16.00
Total				137.50

b. Furniture, Softwares and Hardwares.

The estimated cost of furniture and fixtures to be provided at the above mentioned office space is Rs. 80.00 lacs. Further the software and hardware cost at these offices is estimated at Rs. 22.50 lacs.

4. Development and Implementation of centralized LAMPS Portal Engine

The distribution and control of HEAL D2J content is facilitated by a central high-end server system through a centralized software portal called LAMPS as the back-end in a HEADS center with a support team.

LAMPS controls the learning, assessment, and placement of the students and candidates who enrol at various EdCenter seamlessly using cutting-edge technology delivery and scrutiny. SMARTINSTANCES, SMARTCLARIFY, SPEAKNATIVE, SMARTSPEAK, SMARTFEED are some of the trademarked methodologies that LAMPS deploys using HEAL D2J content to successfully train and place a resource with industry. LAMPS also has Micro, Session, and Final Assessment layers to assess and rightly assign students to a firm job with a back-to-back arrangement with clients based on a curriculum vetted by them.

The LAMPS portal would be developed by the company at a total cost of Rs. 96.00 lacs. Out of which Rs. 34.00 lacs has already been deployed till date.

5.. Promotional, Trademark, copyright IP rights Expenses

a. Promotion expenses

The company has allocated 153.00 lacs towards promotion expenses in an effort to increase its brand awareness and has partnered with Media One to take care of its marketing needs. The campaign began on January 2008 and will end by March 2009. The following are the cost break-up details for the aforesaid campaign. Out of the above the company has spent Rs. 82.00 lacs on the promotional expenses.

Cost break-up

(Rs in lacs)				
Particulars	Timeline (Beginning)	Cost per month	No. of Months	Cost
Cost of TV Campaign	Jun 2008	10.00	6	60.00
Cost of Press campaign	Jan 2008	5.00	7	35.00
Cost of Website campaign	Jun 2008	2.00	8	16.00
Cost of event sponsorship	May 2008	2.00	3	6.00
Cost of local / direct promotion	Jan 2008	2.00	8	16.00
Cost of Hoardings	May 2008	4.00	5	20.00
TOTAL				153.00

A total number of 200 centers shall be signed by Mar 2009 in the following calendar base on the campaign plan mentioned above:

Regions	No. of Centers	Year of Completion
South India	60	Jul, 2008
West India	40	Dec, 2008
Central India	30	Jan, 2009
North India	35	Feb, 2009
East India	25	Feb, 2009
South Asia	10	Mar, 2009

b. Trademark and copyright Expenses:

EdServ is in the process of applying for trademarks (EdServ, HEADS, LAMPS, EdCenter, HEAL, D2J), copyright (LAMPS Software, HEAL Content) and Intellectual Property Rights (Patent for the original idea of the model) which be filed in 130 countries under Patent Co-operative Treaty. The estimated cost for the same is Rs. 52.30 lacs. The company has spent Rs. 1.00 lac as trademark registration expense.

(Rs. in lacs)	
Particulars	Total Cost
Trademark Expenses	4.80
Copyright Expenses	15.00
Patent Right Expenses	32.50
Total	52.30

6. Issue Related Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

Activity	Expenses	% of Issue Size	% of Issue Expenses
Lead management, underwriting and selling commissions	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Other (Registrar's fees, credit rating agencies fees, legal fees, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

Issue expenses will be finalized upon finalization of the Issue Price.

Schedule of implementation

Particulars	Start	Completion
Content Development up to 70 subjects	January 2008	March 2009
Establishment of HEAL Laboratories	October 2008	February 2009
Establishment of Regional HEADS offices	April 2008	March 2009
Development and Implementation of centralized Lamps Portal Engine	January 2008	December 2008
Promotional, Trademark, copyright IP rights Expenses	January 2008	March 2009

Sources and Deployment of Funds

As per Certificate given by M/s. Raj and Ravi, Chartered Accountants dated December 19, 2008, the details of sources and deployment of funds up to November 30, 2008 is as follows

Deployment of Funds

Particulars	(Rs. in Lacs)
	Amount
Content development for 10 subjects	64.00
Corporate office, HEADS Office Chennai	49.00
Centralised LAMPS portal engine	34.00
Promotional, Trade Mark and Copyright IP expenses	83.00
Cash and Bank Balance	218.54
Total	448.54

Sources of Funds

Particulars	(Rs. In Lacs)
	Amount
Amount received towards Equity Share Capital from Kalpathi Investments Private Limited	384.88
Share application money	63.66
Total	448.54

Year Wise break up of funds

The entire proceeds of the issue will be deployed by March 2009; hence no year wise break has been given.

Appraisal Report

None of the projects for which the entire proceeds will be utilized have been financially appraised and the estimates of the costs of projects mentioned above are based on internal estimates of the Company.

Interim Use of Proceeds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Bridge Loan

We have not entered into any bridge loan facility that will be repaid from the Net Proceeds.

Monitoring of Utilization of Funds

The Management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than as stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Our Company shall be required to inform the material deviations in the utilisation of the issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviation/ adverse comments of the Audit Committee public through advertisement in newspaper

Basic terms of the issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS FOR ISSUE PRICE

Information presented in this section is derived from our audited financial statements as on the years ended March 31, 2008, 2007, 2006 and six months ended September 30, 2008

1. Earnings Per Equity Share (of face value Rs. 10/- each)

Period	EPS	Weight
12 months ended March 31, 2008	9.02	3
12 months ended March 31, 2007	0.51	2
12 months ended March 31, 2006	10.08	1
Weighted Average EPS	6.36	

Note : The basic and diluted EPS as on 30/09/2008 is Rs. 4.79

2. Return on Net Worth

Period	Return on Net Worth (%)	Weight
12 months ended March 31, 2008	35.39	3
12 months ended March 31, 2007	1.50	2
12 months ended March 31, 2006	30.03	1
Weighted Average Return on Net Worth	23.20	

Note : The Return on Net worth as on 30/09/2008 is Rs. 18.44%

Net Worth is defined as share capital + reserves and surplus – miscellaneous expenses.

Return on Net Worth has been calculated as per the following formula:

(Net profit after tax / Net Worth at the end of the year or period)

3. Minimum Return on total Net Worth after the Issue required to maintain the pre-Issue adjusted EPS of Rs. 9.02 is [•] %.

4. Price to Earnings Ratio (P/E) in Relation to Issue Price of Rs. [•]

(a) Based on 12 months ended March 31, 2008 EPS of Rs. 9.02

(1) P/E ratio in relation to the Floor Price 6.09

(2) P/E ratio in relation to the Cap Price 6.65

(b) Based on weighted average adjusted EPS of Rs.6.36 above

(1) P/E ratio in relation to the Floor Price 8.64

(2) P/E ratio in relation to the Cap Price 9.43

(c) Industry P/E*:

(1) Highest : 39.40 (**Educomp Solutions Limited**)

(2) Lowest : 2.20 (**Software Technology Group International Limited**)

(3) Industry Composite : 24.40

* **Source:** Capital Market: December 15- December 28, 2008; Segment Computers -Education

5. Net Asset Value (NAV) per Equity Share (of face value Rs. 10 each)

- (a) As of March 31, 2008: Rs 25.48
- (b) As of September 30, 2008: Rs. 12.47
- (c) After the issue : [●]

6. Comparison with Industry Peers

Company	Equity (Rs. in Cr.)	Face Value	Sales (Rs. in Cr.)	Net Profit (Rs. in Cr.)	Book Value (Rs.)	EPS (Rs.)	P/E Multiple	Market Price (Rs.) (As on 14/01/2009)
As on March 31, 2008								
Educomp Solutions Limited	17.28	10.00	262.10	70.10	161.20	40.10	39.40	1945.50
Everonn Systems India Limited	15.12	10.00	91.20	13.30	123.00	8.80	17.50	206.00
Software Technology Group International Limited**	12.50	10.00	18.30	1.80	19.60	1.40	2.20	6.53
NIIT Limited	32.99	2.00	467.40	32.90	22.00	2.00	7.40	24.00
Edserv Softsystems Limited	2.81	10.00	3.95	2.53	25.48	9.02		-

**Source: Capital Market: December 15- December 28, 2008; Segment Computers –Education*

*** The data is updated till September 30, 2007*

7. The face value of Equity Shares of Edserv Softsystems Limited is Rs. 10/- and the Issue Price is [●] time of the Face Value.

The Issue Price of Rs. [●] per Equity Share has been determined on the basis of the demand from investors through Book Building Process and is justified based on the above factors. The face value of the Equity Shares is Rs. 10/- each. The Issue Price is 5.5 times the face value at the lower end of the price band and 6.0 times the face value at the higher end of the Price Band.

On the basis of the above parameters the Issue Price of Rs. [●] per share is justified.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

To

The Board of Directors,
Edserv Softsystems Limited,
First Floor, Panna Plaza,
New 139, Arcot Road,
Kodambakkam, Chennai: 600024

Dear Sirs,

Sub: Statement of possible tax benefits available to the Company and its shareholders reg.

On your request, we have enumerated herewith, the various possible tax benefits available to the company, its share holders, FII's and venture capital companies / mutual funds as per the existing Tax laws in force.

It is to be noted that these benefits are available to the respective persons subject to the fulfillment of various conditions prescribed under the concerned sections of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is subject to the fulfillment of such conditions.

The benefits enumerated below are not exhaustive and the same is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, investors need to consult their own tax consultant with respect to the specific tax implications arising out of their subscription to the issue. We do not express any opinion or provide any assurance as to whether:

- (i) The Company or its share holders will continue to obtain these benefits in future; or
- (ii) The conditions prescribed for availing the benefits have been / would be met with.

The contents of this letter are based on information, explanations and representations obtained from the Company and on the basis of the nature of the business activities and operations of the Company.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to Edserv Systems Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

I. Special Tax Benefits:

The Company does not enjoy any Special Tax Benefits.

General Tax Benefits:

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other tax laws as applicable for the time being in force, the following General tax benefits and deductions are and will *inter alia* be available to the Company and its shareholders.

(A) BENEFITS AVAILABLE TO THE COMPANY UNDER INCOME TAX ACT, 1961:

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of any company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long-term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a. The transaction of sale of such equity share is entered into on or after 10th -September 2004.
 - b. The transaction is chargeable to such securities transaction tax as explained -below.

The long term capital gains of the company, if any, shall be liable to Minimum Alternate Tax as per provisions of Section 115 JB from the financial year 2006.07 onwards.

3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.
4. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a. National Highway Authority of India constituted under section 3 of The National - Highway Authority of India Act, 1988; or/and
 - b. Rural Electrification Corporation Limited, a company formed and registered under - the Companies Act, 1956; -Investments made U/s 54 EC after 01.04.2007 are eligible for tax exemption up to -maximum of Rs 50.00 lakhs in one year
6. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. -The amount of such tax should however be limited to 10% of the capital gains (plus applicable surcharge) without indexation, at the option of the shareholder.

7. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of investment in shares listed -on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

(B) BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY UNDER THE INCOME TAX ACT, 1961

Resident Shareholders

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a. The transaction of sale of such equity share is entered into on or after 10th September 2004
 - b. The transaction is chargeable to such securities transaction tax as explained below.
3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, (as amended by the Finance Act 2006) transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.
4. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, of amounts paid on account of securities transaction tax.
5. In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
6. Under section 48 of the Act, if the company's shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
7. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988; or/and

- b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956

Investments made U/s 54 EC after 01.04.2007 are eligible for tax exemption up to maximum of Rs 50.00 lakhs in one year.

- 8. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- 9. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
- 10. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company listed on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors).

- 1. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or person of Indian origin who is not a 'resident') on the shares of the company is exempted from the tax.
- 2. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a) The transaction of sale of such equity share is entered into on or after 10th September 2004
 - b) The transaction is chargeable to such securities transaction tax.
- 3. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
- 4. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, (as amended by the Finance Act 2006) transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988; or/and
 - b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956. Investments made U/s 54 EC after 01.04.2007 are eligible for tax exemption up to maximum of Rs 50.00 lakhs in one year.
6. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
7. Under Section 112(1)(c) of the Act and other relevant provisions of the Act, long term capital gains (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company listed on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).
8. Under section 115-I of the Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows: -
 - a. Under section 115E of the Act, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concession ally taxed at the flat rate of 10% (plus applicable surcharge) (without indexation benefit but with protection against foreign exchange fluctuation).
 - b. Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Foreign Institutional Investors (FIIs)

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
 - a. The transaction of sale of such equity share is entered into on or after 10th September 2004
 - b. The transaction is chargeable to such securities transaction tax.
3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, (as amended by the Finance Act 2006), transactions for purchase and sale of the securities in the recognized stock exchange by the investor shall be chargeable to securities transaction tax. -As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller. -The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.
4. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
5. The income by way of short term capital gains or long term capital gains (in cases not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. -However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation).
6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in cases not covered under section 10(38) of the Act) arising on the transfer of share of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of at least 3 years in bonds issued by: -
 - a. National Highway Authority of India constituted under section 3 of the -National Highway Authority of India Act, 1988; and / or Rural Electrification -Corporation Limited, the company formed and registered under the -Companies Act, 1956.
 - b. Investments made U/s 54 EC after 01.04.2007 are eligible for tax exemption up to maximum of Rs 50.00 lakhs in one year.

Venture Capital Companies/Funds

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend and income from sale of shares of the company. The proposed amendment to section 10 (23FB) in the Finance Act, 2007, effective from the assessment year commencing from 01.04.2008, restricts the

exemption under the section to investments in shares of unlisted companies only. Venture capital companies/funds, however, may avail the following tax benefits available under the general provisions of the Income tax Act.

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a. The transaction of sale of such equity share is entered into on or after 10th - September 2004.
 - b. The transaction is chargeable to such securities transaction tax as -explained below.
3. Under section 48 of the Act, if the company's shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
4. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a. National Highway Authority of India constituted under section 3 of The -National Highway Authority of India Act, 1988; or/and
 - b. Rural -Electrification -Corporation Limited, the company formed and -registered under the Companies Act, 1956 Investments made U/s 54 EC after 01.04.2007 are eligible for tax exemption up to maximum of Rs 50.00 lakhs in one year.
5. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. -The amount of such tax should however be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
6. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company listed on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

(C) -Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of company held by the shareholder will not be treated as an 'Asset' within the meaning of section 2(ea) of Wealth Tax Act 1957 for the purpose of payment of wealth tax, -hence shares are not liable to wealth tax under The Wealth Tax Act, 1957.

(D) -Benefits to Members of the Company under the Gift Tax Act, 1958.

Gifts made to relatives as defined under section 56 of the I.T.Act *only* are exempt from gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2007.
2. The stated benefits will be available only to the sole/first named holder in case the - shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned -above shall be further subject to any benefits available under the Double Taxation -Avoidance Agreements, if any, between India and the country in which the non--resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to -consult their own tax advisor with respect to specific tax consequences of -participation in the scheme.

For **RAJ AND RAVI**
Chartered Accountants

Sd/-

N. RANGANATHAN
PARTNER

Membership No. 21594

Place : Chennai

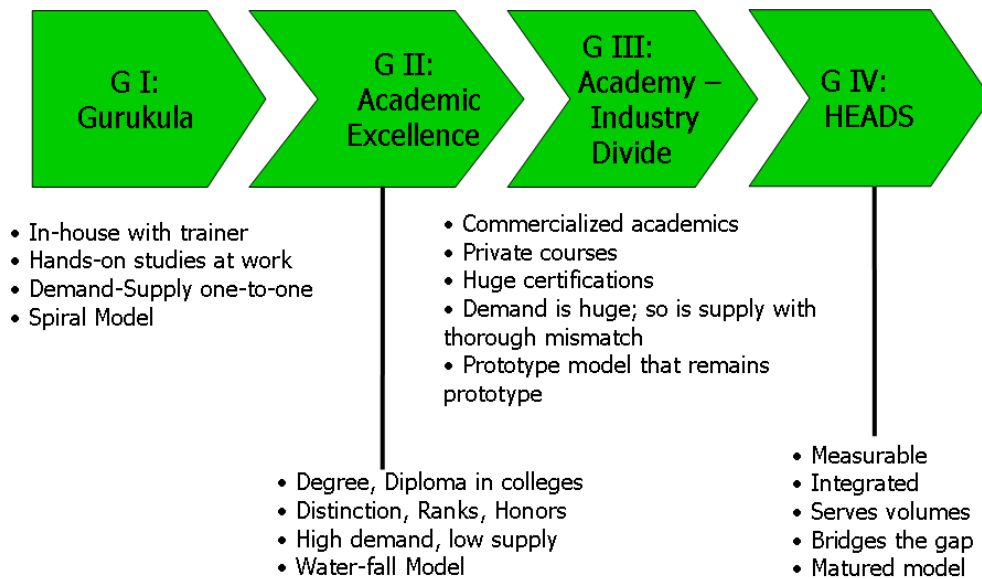
Date : 10th May 2008

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, and it has not been prepared or independently verified by us, the Book Running Lead Managers or any of their respective affiliates or advisors.

GENERATIONS OF EDUCATION



4th Generation education model, as the name suggests, brings back the excellence in education by implementing the same with a purpose; 4th generation insists on a matured model that is always linked to a placement for every such aspirant for a career after matching their skill levels and linking them to a job directly through a client supported deployment system.

The emerging fourth generation of distance education, the Flexible Learning Model, promises to combine the benefits of high quality CD-ROM based interactive multimedia (IMM), with the enhanced interactivity and access to an increasingly extensive range of teaching-learning resources offered by connection to the Internet. While distance educators continue to eagerly experiment with all four generations of technological development, on-campus education could perhaps be justifiably characterized as still leaning heavily on the first generation of technology (ie print). This point is not meant to devalue the potential for face to face teaching to enhance learning, but such interactivity is only one aspect of the interaction required for effective learning. **(Source : Distance Education Technologies - The Fourth Generation James C Taylor, The University of Southern Queensland, Australia)**

Online Education – E-Learning Methods

Integrated learning is also slowly emerging as the de facto standard. The system combines classroom and e-learning products and services to create an effective learning experience. This model provides individual learners and training managers various advantages because it allows both groups to tie learning solutions to business objectives. The model enables the option of selecting the methods of training that work best within the determined budget.

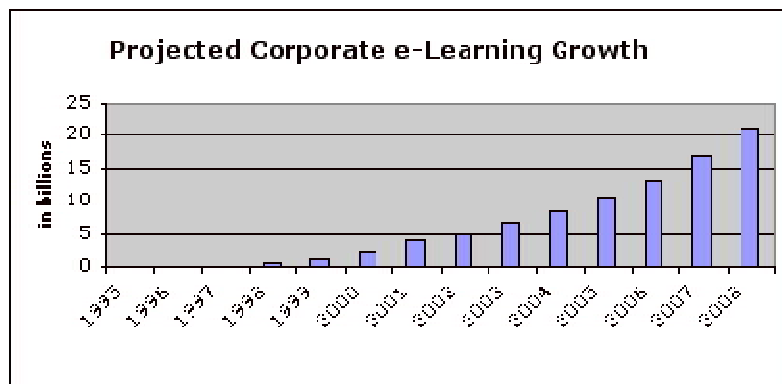
(Source: Express Computer, issue dated : 29th Mar 2004, IT training industry learns the hard way)

In the classroom, the instructor as training coordinator provides familiar learning methods such as lectures, discussions, media access (Web, reading, video, audio), activities (labs, experiments, teams, problem-solving), and access to experts ably assisted by technology. The concept of technology-based blended learning environments has made collaborative learning a reality today. Blended learning environments attempt to bring together aspects of classroom teaching with the technology elements of e-learning to emulate classroom instruction. Blended learning solutions typically present a course of study that is serialised between technology-based and traditional (or virtual) classroom delivery, supported with additional technologies that facilitate interaction between students and instructors.

The on-line education market is booming the world over, and is currently considered a hotly growing sector. In fact, surveys conducted by leading global market research firms have indicated that on-line education will follow an upward moving graph and that more and more organizations and individuals will implement this mode of training. Studies have shown that close to 92 percent of large organizations will implement network (intranet, Internet) training in 2000. It is also indicated that 41 percent of global majors have placed at least one course on-line for employees. In terms of products, systems and new service offerings, there are at least 516 such offerings available in the market for on-line and technology mediated learning.

Size & Growth of E-learning industry

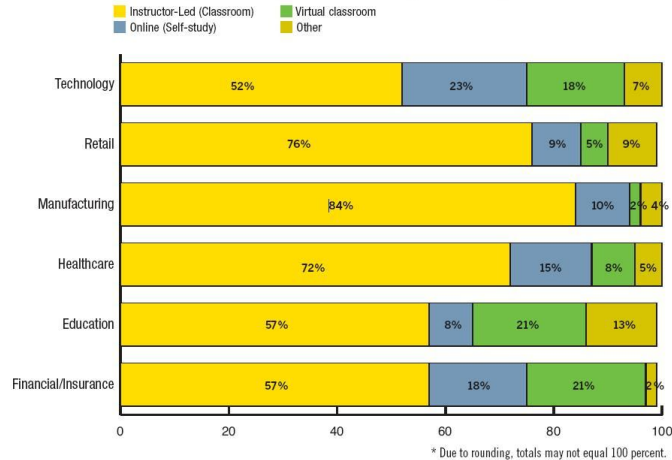
IDC forecasts that the e-learning market, which was about \$6.5 billion in 2003, will increase to more than \$21 billion by 2008, and hit \$52.6 billion by 2010.



The 2007 U.S. e-learning market is presently \$17.5 billion. The U.S. enterprise e learning adoption accounts for 60 percent of the market, while Europe's account for 15 percent, overall usage of e-learning in Asia is expected to reach a compound annual growth rate of 25 percent to 30 percent through 2010.

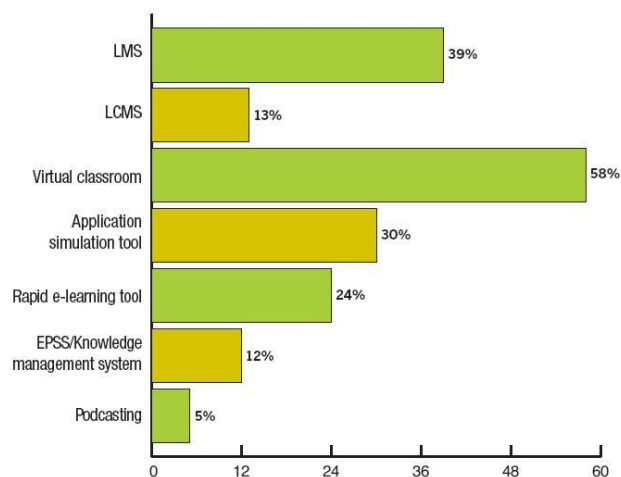
(Source : www.nwlink.com)

Training delivery methods by industry*



With the rise of e-learning, technology has become a major part of the training function. As organizations have acquired more learning tools and systems, the technology infrastructure has become increasingly complex. This has made learning technology and infrastructure a top priority among 40 percent of training organizations. According to the research, nearly 40 percent of organizations are using a learning management system (LMS), nearly 60 percent are using a virtual classroom tool, and between 25 percent and 30 percent are using application simulation and rapid e-learning tools. Among large organizations, these numbers nearly double. For many organizations, the primary challenge now is supporting and integrating these disparate technologies. As a result, many organizations are looking to standardize on a single, integrated platform. Faster deployment of learning programs also is a top priority—cited by nearly the same number of organizations. Training groups have been under increasing pressure to roll out programs at an ever-increasing pace. This has driven the tremendous growth in usage of rapid e-learning tools, which can produce online training and communications in a matter of days—or in some cases, even hours.

Usage of learning tools and technology



(Source: Training Magazine, USA, December 2006, Industry Report)

EDUCATION IN INDIA

Education is continuously on the rise in India thanks to the worldwide image that India holds of possessing the largest trained manpower pool. This is evident from the fact that from just 20 universities and 500 colleges at the time of Independence, today, there are 369 Universities at present comprising 222 State Universities, 20 Central Universities, 109 Deemed Universities, 5 Institutions established under States legislations and 13 Institutes of national importance established by Central Legislation. Four new Central University Acts are in the process of being brought in to force. In addition, there are 18,064 colleges including around 1902 women's colleges. At the beginning of the academic year 2006-07, the total number of students enrolled in in the universities and colleges was reported to be 110.28 lakhs- 14.27 lakhs (12.94%) in University Departments and 96.01 lakhs (87.06%) in affiliated colleges. The Commission has been allocated general plan budget of Rs.1269.80 crores in 2006-07 in five broad sectors of the Tenth plan namely, General Development of Universities and Colleges - Rs.839.35 crores (66.10%), Enhancing Access and Equity – Rs.84.24 crores (6.63%), Promotion of Relevant Education – Rs.87.66 crores (6.90%), Promotion of Quality and Excellence – Rs.148.90 crores (11.73%) and Strengthening of Research – Rs.109.65 crores (8.64%). The Non-plan budget for 2006-07 was Rs.1460.70 crores.

Table: Region-wise distribution of degree level Engineering Institutions in the country (2006-07)

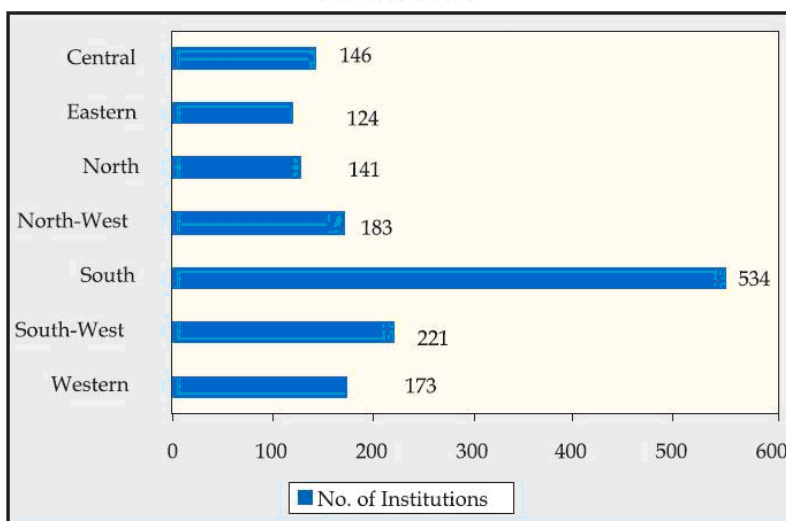
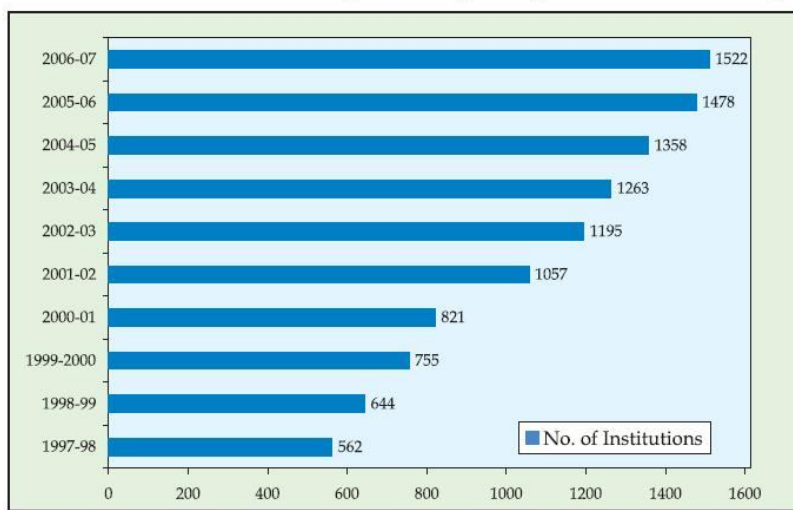


Table: Growth and distribution of degree level Engineering Institutions in the country.



(Source: Annual Report 2006-07, Dept. of Higher Education, Ministry of Human Resource Development, Govt. of India)

Employment Opportunities

Large outsourcing happening in India in the recent past coupled with the prevailing congenial investment climate are opening up employment opportunities in a big way especially in IT and ITES. IT and ITES industry performance in India is marked by sustained double-digit revenue growth, steady expansion into newer service-lines and increased geographic penetration, and an unprecedented rise in investments by Multi-national Corporations (MNCs) – in spite of lingering concerns about gaps in talent and infrastructure impacting India's cost competitiveness. The sector looks set to close the year at record levels, with the revenue aggregate growing by nearly ten times over the past ten years. Positive market indicators including large unaddressed white-spaces and the unbundling of IT-BPO mega-deals with increasing shares of global delivery, strongly support the optimism of the industry in achieving its aspired target of USD 60 billion in exports by 2010. Apex body National Association of Software and Service Companies (NASSCOM), estimating India's requirement of software professionals at 2.3 million by 2010, has predicted a shortage of 0.5 million skilled knowledge workers based on current supply. Retail, Banking, Insurance, Travel, Hospitality, Healthcare, Telecom industries are also expanding apart from IT and BPO thanks to the overall economic growth India is witnessing in the past 2 years.

(Source: Indian IT Industry – NASSCOM FACT SHEET, Feb 2007)

Academy – Industry Divide

With knowledge economy fast spreading to capture and rule our lives at large, we witness today the gap between the academy and industry widening day-by-day. Large pool of trained manpower as fresher that is readily employable is required to cater to industries. Schools and colleges as academies do not cover a host of domains for job orientation including allied skills like Softskills / Writing skills and this leaves a majority of students not employable and thus it also creates an ever widening gap between the academies and the industries. Over the last decade and a half, the falling of barriers to international trade and investment has led to a more integrated and interdependent framework of international business. Employers today, as a result, operate in an environment that demands new and constantly developing skills to retain global competitiveness.

Although India's higher education system contributes about 350,000 engineers and 2.5 million university graduates annually to our workforce, yet at any given time about 5 million graduates remain unemployed. A survey done by McKinsey Global Institute shows multinationals find only 25 percent of Indian engineers employable, and a NASSCOM report foresees shortage of 500,000 knowledge workers by 2010. The U R Rao Committee has projected that India needs well over 10,000 PhDs and twice as many M Tech degree holders for meeting its huge research and development needs, but India produce barely 400 engineering PhDs a year. In response the government has been increasing investment in education and training as a proportion of national income. However, the effort has been inadequate to address the direct needs of the corporate sector. While many employers in both public and private sector invest significantly in the development of their own workforce, they also expect that publicly funded provisions and initiatives meet their requirements.

There is a need for effective intervention to understand employer needs, variable sector specific skills, training requirements that improve business performance, articulation of business expectations in education institutions and engagement of industry leaders with higher education institutions.

(Source: FICCI - Industry – Academia Convergence “Bridging the Skill Gap”)

E- Industry Outlook

As with the other segments in the IT industry that have been greatly impacted by the revolutionary changes taking place in the areas of technology, the training market too is getting affected by some of the new developments. Advances in technology are altering training delivery. Developments in hardware, intranets and the Internet, multimedia software and videoconferencing have created a tremendous potential for multiple-site delivery and bringing training to people's work sites.

With the Internet, intranets and extranets proliferating both at the level of the global and Indian domestic market, one is witnessing the rise of a new form of training delivery—E-training or on-line education.

On-line education is the next generation tool that has already started developing its roots in India. It is expected to allow both corporate and the Government to deliver state-of-the-art training to company personnel, students and home workers, and enable them to create the kind of skilled computer workforce required for the next millennium.

This kind of virtual education is being catalyzed by the continuing decrease in costs related to technologies, particularly computer hardware. The demand from all types of learning for more equitable access and service is also fuelling the trend.

The Web as the enabler

On-line education, or Web-based training implies that courses are delivered partly or completely via the Internet, an intranet or an extranet. The factors that are driving demand for virtual education are essentially need and availability. "There's the need to train more people on more topics, to do it faster, to do it on a worldwide basis and do it cheaper," says Brandon Hall, editor and publisher of the Multimedia & Internet Training Newsletter and author of the Web-Based Training Cookbook.

On-line Education in India

The On-line education market in India is showing marked potential and is expected to be a significant revenue earner for the industry in the years to come. Already a number of key initiatives are being taken by the industry to incorporate Net-based training as part of their curricula. Steps are also being taken by various State Governments in India to incorporate Net based training into their IT agendas.

On line training: the enlarging impact

On line training is not just the prerogative of the computer sector. The impact of such training is going to be all pervasive and will extend to various segments across a variety of industries. Such a mode of education will be used to reach out to students (both at the level of schools, colleges and institutes of higher learning) and even corporate to enhance the base of skilled manpower within their set ups. In fact, in the latter case, already a number of leading organizations are using tools such as video conferencing and on-line, self paced learning modules for employees to expand the ambit of their knowledge.

Delivering Training

Today, a number of methods have been devised to deliver on-line training. These include live training, class room based support learning environments, stand alone, self paced learning, CD-based, and Web based education that facilitates the use of technology and in the creation of a virtual education community.

(Source: http://ditmeghalaya.gov.in/it_industry/online_edu.html)

OUR BUSINESS

EdServ Softsystems Limited (Formerly known as Lambent Softsystems P Ltd) is a seven year old IT solutions company, incorporated in 2001, with an objective of providing integrated learning & placement solutions, customized software solutions, and placement consulting to clients in the field of IT and non-IT verticals that include Healthcare, Banking, Financial Services, Manufacturing, Retail sectors among others. EdServ has launched HEADS, a 4th generation technology education model that uses web based e-learning to seamlessly integrate manpower demand and supply in number and skills right from development to deployment.

The company has successfully provided training and staffing solutions to premier IT & non-IT clients viz., TI Group, TVS Group, Hewlett-Packard India, Infosys Technologies, GM financial Services India, Optic Fibre & among others. The top 10 clients of the company for the year 2007-08 are Madras Fertilizer Limited, Seeweware Technologies, Devi Krupa Ventures, SJS Software Solutions, St. John's Foundations, SRV – PN Palaayam, Taurus Leathers, Nano Technologies, Blue Bird Infotech and Philo Informatics. The top 10 clients account for around 23.50% of the total turnover for the year ended 2007-08

During 2001, Lambent worked extensively on Y2K problem solving by migrating applications and database to Y2K proof versions and platforms. Lambent started providing application development support and implementation in Oracle and ERP technologies. Our company purchased the fixed assets and development division of Radiant Software Limited in August 2001. In September 2001 we launched packaged application software products Raymedi, (It is a Over-The-Counter (OTC) Pharmacy shop software for selling medicines and also takes care of purchases and accounts), Groceray and Rayasset. In the year 2002, we launched the anti-piracy solution to feature films called Vidapidi, and other applications such as Radimail (pharmacy software), Meru (ERP Software) and Salaray (pay roll software). In the year 2004 there was a sale of IPR Rights (RAYMEDI) to M/s. Gofrugal Technologies Private Limited with a total consideration of Rs. 42.00 lacs. In 2005 our Company entered in the Business Agreement for selling of software project development business and fixed assets to Onspec Technology Solutions Private Limited.

In year 2007 M/s. Lambent Softsystems Private Limited acquired ELMAQ, the premier IT Education and Training business from Mr. S. Giridharan to cater to job-oriented niche training solutions to a wide spectrum of industry verticals by entering into Business Purchase Agreement with Mr. Giridharan. The business was taken over along with Assets and Liabilities for a consideration of Rs. 90 lacs. The consideration was paid by issue of Fully Convertible Debentures on October 07, 2007. The consideration of Rs. 90 lacs is constituted by Rs. 55 lacs towards Education Course Content and the balance as given hereinunder :

Sr. No.	Description	Amount (Rs.)
1.	Deposits/ Advances	7,10,000.00
2.	Accounts Receivables	16,65,497.00
3.	Inventory (Books and Materials)	11,24,503.00
Total		35,00,000.00

The valuation of the Education Course content was based on the report dated April 01, 2007 prepared by M/s. Raj and Ravi, Chartered Accountants. The report was based on two valuation methods viz, Customer Perceived Value (CPV) and Net Present Value (NPV).

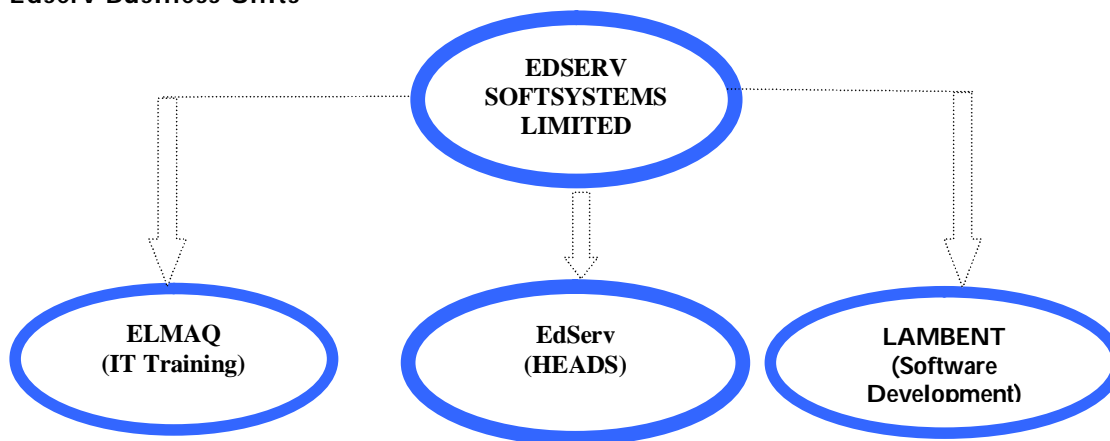
Based on the cumulative knowledge and experience in the software technology and training industry Edserv launched the next generation education model with a mandatory job fitment for every aspiring registrant by integrating education and placement. The model named as HEADS integrates education & deployment business using web learning and automated assessment based metrics.

EdServ has over 50 people working on various domains and training technologies like J2EE, .NET, Software Testing, Multimedia, Networking, among others. EdServ has over 35 centers spread all over south.

State	No. of Centres
Tamil Nadu	22
Andhra Pradesh	8
Kerala	3
Karnataka	2
Total	35

EdServ also has a Software services division, Lambent, that provides right-sized business software solutions for the enterprise-wide requirements for enterprises to grow as per their vision. Lambent provides ERP solutions as well as Database maintenance services in a 24x7 zero-downtime based enterprise-wide continuous availability framework in both onsite and off-site models. Lambent has provided ERP & database maintenance services to Wheels India, Oman Optic Fibre, KSB Pumps, GM Financial Services India (A division of General Motors, US), among others. It has become member of Microsoft Empower (ISV Member) which would provide the tools and resources necessary to develop and test our software product.

Edserv Business Units



ELMAQ – The IT Training Arm

ELMAQ EDUCATION has been in existence since 2004 and is one of IT Training brand with web based learning having over 40 training centers all over India which provides training in niche technologies. ELMAQ is a training solution provider in Sun's Java technologies, Oracle's Database administration and Developer technologies, Software Testing technologies, Redhat's Linux technologies among others.

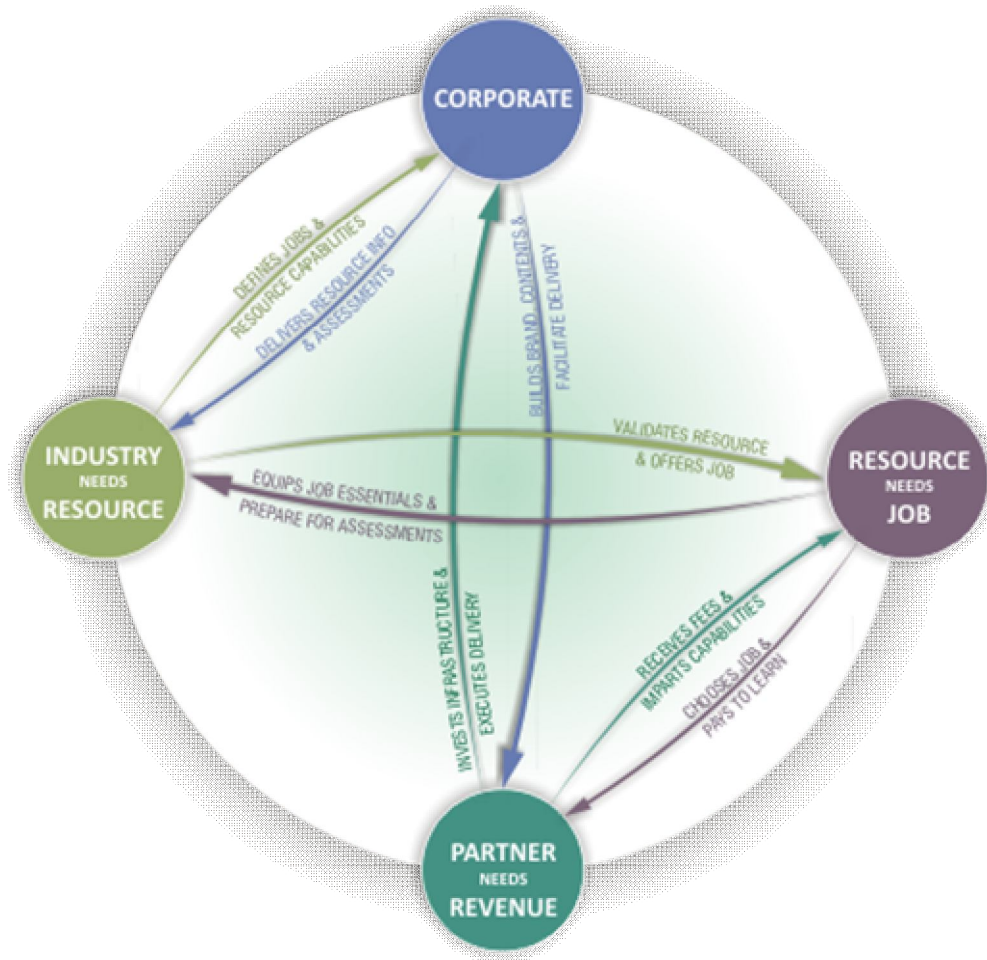
LAMBENT – The Software Services Arm

EdServ also has a Software services division, Lambent, that provides right-sized business software solutions for the enterprise-wide requirements for enterprises to grow as per their vision. Lambent provides staffing solutions, ERP solutions as well as Database maintenance services in a 24x7 zero-downtime based enterprise-wide continuous availability framework in both onsite and off-site models.

HEADS MODEL of Edserv

EdServ's 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.

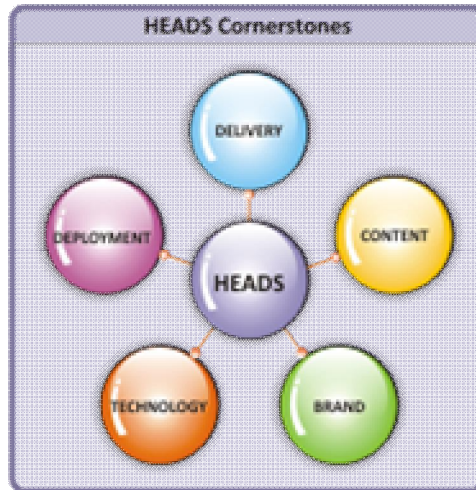
EdServ's HEADS Learning architecture (HEAL) tightly and seamlessly integrates the key Grid Pointers namely the Student (Resource), Industry (Client), Franchisee (Partner) / Institution (College) together with CORPORATE (EdServ) on a single technology platform so as to deliver industry-ready resources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



A student as a resource has a strong desire for a job; so is the industry having strong desire to recruit fresh resource in large volumes; the facilitator here is the Partner / Franchisee who has a strong desire to generate business without becoming answerable for the placement. So the HEADS Grid essentially connects all these back-to-back such that every Grid Pointer's desire is fed by the other's need.

Cornerstones

EdServ's next generation HEADS model consists of the 5 key cornerstones to build and deliver centralized education to meet industry needs in terms of qualitative skills and scale through innovative use of tools and technology to seamlessly integrate training, fool-proof and transparent testing, metrics-based assessment and absorption of appropriately trained humanware.



CS1: Delivery: BMC and LAMPS

Use of Brick and Mortar Centers' (BMC) driven approach for the last mile since the Indian psyche needs a date-time-location framework to impose the must-learn discipline required for learning; and a world-class Learning, Assessment, Placement Management System (LAMPS) to create efficiency in centralized delivery of technology-enabled content

CS2: Content: HCI and IEC

Development of technology enabled content using appropriate Human-Computer Interface (HCI) amenable for efficient remote delivery aided by high quality R&D and driven by Industry-Education Collaboration (IEC)

CS3: Technology: BCD and CSS

Broad-band Content Delivery (BCD) just-in-time from a central Content Storage Subsystem (CSS) using the right combination of terrestrial and satellite linkages

CS4: Deployment: MSR and SSA

Linkage with the talent search teams at large corporations using a proprietary Manpower Search and Recruitment (MSR) workbench through a Seamless and Secure Access (SSA) for efficient stitching of need with demand for the trained pool of manpower

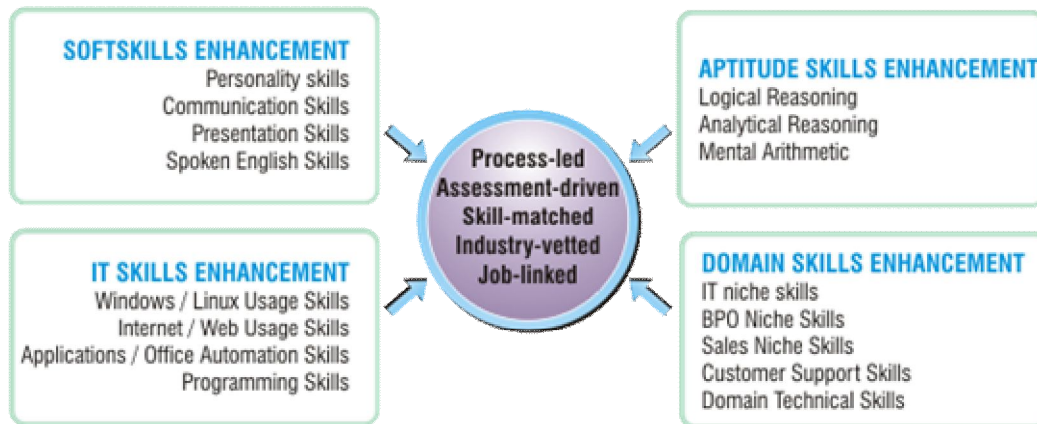
CS5: Brand: PMD and Mascot

Measurable performance using a Performance Monitoring Dashboard (PMD) which will be embodied in our trademark Mascot

HEADS model envisages web based automated learning driven by point-in-time assessment using industry vetted and job linked e-content called D2J (Degree-to-Job) content that is delivered through Brick-and-Mortar Centers (BMC) called EdCenters in a partner model so as to reach out all regions.

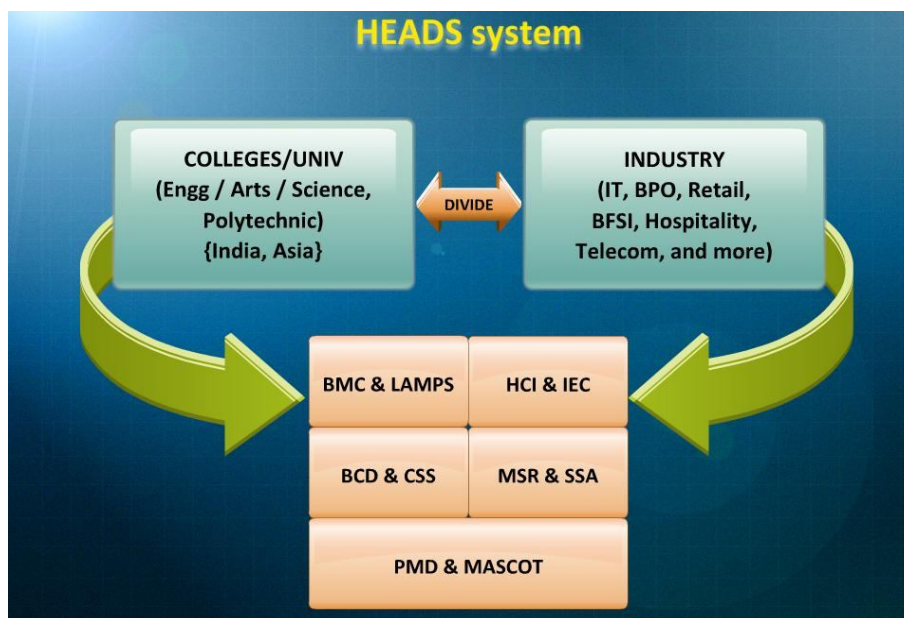
THE D2J E-CONTENT OF HEADS

EdServ's HEADS model envisages a holistic approach towards skill development essential for a job, viz., IT Skills, Softskills, Aptitude, & Domain Skills, by a customized content tightly integrated with assessment as vetted by industry directly. The HEADS model insists on mandatory job fitment for every course with the industry that has vetted the curriculum and has given the assessment. Due to this fact, the content necessarily covers the basic requirements of today's and tomorrow's industry in terms of an overall skill development of a fresher so as to be job ready.



Softskills, Aptitude Skills, Generic IT skills form part of every such training requirement in a job linked specification of an industry. Thus the content elevates every such aspirant who undergoes the course, from Degree TO a Job.

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.

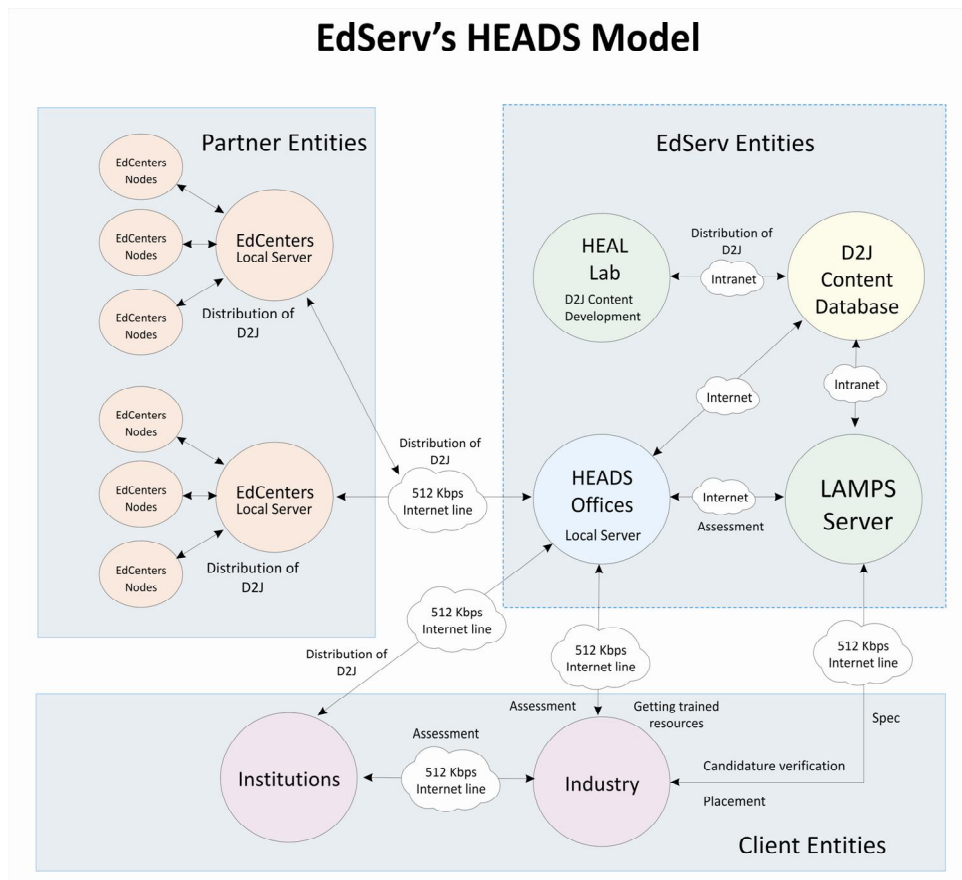


EdCenter – Franchisee center

EdCenter is a trademarked HEADS model center of EdServ. EdCenter (Education & Deployment Center) is a technology center having systems connected to the central repository and driven in a tightly integrated network to a central software system called LAMPS. Each EdCenter is capable of generating an offer letter for a student right inside and provides the vital link to the industry for the student. Each course that a student undergoes inside EdCenter is out of a job linked, industry vetted, assessment driven curriculum and the student does the course with a full purpose of landing in a job. So the supply follows the demand 100% such that Job is given first and then only training starts.

LAMPS – THE CENTRAL SOFTWARE PORTAL

EdServ's LAMPS, the central software portal engine, is the fulcrum of the HEADS model that seamlessly integrates all the players in the framework on a single technology platform. It 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. This technology eminently affords national and global scalability.



LAMPS engine is already operational in over 35 centers. EdServ has already rolled out IT, Softskills, and BPO D2J e-contents through its chain of 35 odd centers all over India. EdServ has plans to reach 1,000 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 150 subjects across a wide range of domains viz., Retail, BFSI, Telecom, Manufacturing, Healthcare, among others

Job Intent

Students as fresher on registering with HEADS model of EdServ, get assigned to a job from a client as a mandatory job fitment model. This is done through selection amongst a list of job positions as pronounced by LAMPS portal based on their background and qualifications. He then undergoes a course which is part of the grade essentials to secure the job.

The course in the form of e-content is then executed online in a web based interactive learning model by which the student goes through assessment driven and job linked automated training. On completing the grade essentials of the job assigned through the

training, the same job is handed over to him / her by the client through a HR interview process.

Thus every aspiring, career seeking fresher is provided with a job on a mandatory basis on fulfillment of job essentials as specified by the end-client. The whole JOB INTENT process is automated through LAMPS.

Infrastructure facilities and utilities

Our registered office is located at: 1st Floor, Panna Plaza New No. 139 Arcot Road, Kodambakkam, Chennai – 600 024

Utilities

Power:

At present the Company has 125 KVA power connection sanctioned by Tamil Nadu Electricity Board (TNEB). In the proposed project the Company will require approximately 600 KVA power which will be sourced from the new connection from TNEB

Water:

Water is required for human consumption only, which is sourced from Tamil Nadu Water & Drainage Board (TWAD) , Metro Water Department.

Human Resources

We are structured as a professional services company with 15 employees in client delivery roles and the balance 16 in shared services and support functions, apart from 5 top level management (Board) members, as of April, 2008. The shared services and support functions comprise knowledge management, software development, information security and human resources team

Sr. No	Level	No. of Employees
1	Top level	5
2	Managerial Level	13
3	Operations & Executive Level	18

Presently the existing manpower is sufficient to handle the estimated growth of our company. We will take necessary steps for recruitment of additional manpower as and when required.

Risk management and Compliance

- **Information Security**

Information security is crucial to our organization and we have already initiated measures to protect information from getting leaked out electronically through Internet and mails. We have protected our network through Norton firewall and also have plans to incorporate VPN (Virtual Private Network) based access across all our employees, partners, and clients so that anonymous attempts to creep in our network from outside can be thwarted and blocked. Further, except for server systems, no PC nodes have any removable storage media.

- **Business Continuity and Disaster Recovery**

Our HEADS business model centers around the data and application which is of e-content and software portal based access and control. Worldwide access by students, institutions, partners, and clients have to be monitored, controlled, and serviced seamlessly at high speed with continuous availability as 24x7x365, and so, 24x7 seamless access is mandatory for our business model to be successful.

Clientele

We have provided staffing solutions to premier client's viz., TI Group, TVS Group, Office Tiger, KSB Pumps, Infosys Technologies, HCL Technologies, Shasun Chemicals, Hexaware Technologies, Ashok Leyland, Seshasayee Paper & Boards among others.

EdServ also got engaged in specialised and niche domains and verticals to provide services to clients on training and placements that include Healthcare, Banking, Financial Services, and Retail viz., Citibank N A., Citadel Aurobindo Pharma, First Leasing, Cholayil Group, GM Financial Services, among others.

The top 10 clients of the company for the year 2007-08 are Madras Fertilizer Limited, Seeweware Technologies, Devi Krupa Ventures, SJS Software Solutions, St. John's Foundations, SRV – PN Palaayam, Taurus Leathers, Nano Technologies, Blue Bird Infotech and Philo Informatics. The top 10 clients account for around 23.50% of the total turnover for the year ended 2007-08

Collaboration

The details of the collaboration the company have entered are as follows:

Name of the Company	Services Offered/Type of Business	Date of MOU/Agreement	Nature/Purpose of Agreement
GoFrugal Technologies	Expertise in retail business management and develops a software application that offers complete solutions in retail business management	December 12, 2007	For Retail e-content development working around their product, Raymedi

Competition

We compete in a highly competitive and rapidly evolving global market. For our service offerings, we face competition primarily from the following:

Companies operating in ILT (Instructor Led Training)

- CSC (Over 200 centers) only in Southern India
- NIIT (over 1000 centers)
- Aptech (over 1000 centers)
- HCL (Hardware, Network over 25 centers)
- ACCEL IT Academy (Hardware, Network, over 50 centers)
- STC (Over 20 centers)
- JetKing (Over 100 centers)

Companies operating in India using Automated learning model (e-learning, Web based, VSAT based)

- Everonn (Over 100 centers in 15 states, 1000 colleges including ELCOT projects with TN Govt)
- Educomp (Over 2500 schools and growing setting up branded schools at joint venture basis)

Flexi-learning online internet based courses are offered by many companies internationally but with no fixed time-location format. NIIT, Aptech have VSAT based online courses exclusively for corporate purposes.

Marketing and sales Strategy

We have the first mover advantage in Education & Training segment because of the firm job fitment based education model of EdServ. The current education industry is plagued by false job assurances and the training too does not match the skills in demand in their education pattern. So essentially, the model of training with a placement allocation as a pre-training step is the USP and would be an instant crowd puller.

Also, the corporate clients so far have been working on a blind recruitment plan without a clear idea about the quantum of fresher recruitment in terms of numbers and quality with firm on-the-job training that they will be able to achieve in a recruitment drive. Due to this fact, many of the freshers who are given job offers have not been able to cross the next stage due to the fact that clients would have either over recruited or would have fallen short of numbers in a project in terms of timelines and order value.

Our education & deployment model caters to the students job requirements and client's resource requirements alike by a back-to-back link so as to match 100% the demand Vs. supply. The skill matched, industry vetted, job linked, resource mapped, assessment driven education leading to definite placement is the actual marketing strategy.

Once the model gets into effect, client loyalty clubbed with sustained institutional (Colleges /university) relationship with 100% placement confirmation. Automatically make us a leader in the segment.

Regular partner-led training model will ensure that franchisees sign-up in great numbers so as to reach all length and breadth of a region. Students get to know about the training offering through traditional TV/Press media coupled with firm sign-up of institutions. Firm job allocation at the beginning of the course ensures students queue up in a center because of the nature of offering as a course. This obviously makes the product positioning very uniquely. Partners own campaign for their own good further spreads the brand in an in an aggressive way.

Business Strategy

EdServ addresses both IT and non-IT training and placement requirement; No single slowdown by an industry can affect the business due to the fact that a wide variety of domains are addressed; e-learning with proprietary patented technology that scales up the business volumes exponentially because of least dependency of trainer in each of the EdCenter (Training center located geographically apart to induct students); Software portal engine based automated control to seamlessly integrate industry requirements of resources with students directly so as to match demand-supply one to one. We partner our education solutions in the following manner.

- a. Partner-led model to reach out quickly to all regions so as to capture market size and stay on top in a short-time
- b. Cost controlled business model so as to achieve enhanced profitability by franchisee-led skeleton support staff based model for all day-to-day business execution
- c. Web based learning so as to reduce the cost of execution of the business and pass on that benefit to end client viz., student and partner
- d. Assessment driven, metrics based training leading to placement so as to measure and monitor every student progress and share the same with corporate client who is vouching for a job for a right candidate
- e. Transparent, job linked and skill matched training so that client is able to part with their job information and offers to students as fresher.
- f. Training with mandatory placement for every registrant so as to mop up huge student registrations and partner sign-up since the current bandwagon of training model is

- outdated and bland due to the fact that everyone is looking for firm placement to invest
- g. Web based learning, partner-led, firm placement based model to reduce the cost of execution because of spontaneous reach to the market, low cost of execution per student at EdCenter, local promotions managed by franchisees at no cost to EdServ, the brand owner
 - h. First mover advantage because of new combo of the business model viz., franchisee-led, web based learning, job fitment before start of the course, client based revenue by placement, assessment driven and metrics based reporting to all through software portal
 - i. Players in the comparable segment do either training or placement but not integrating them
 - j. Corporate & Resource Needs are not assured in the existing models yet resulting in standalone players not meeting the huge demand supply gap

SWOT Analysis of our Company

Strengths	Weakness
<ul style="list-style-type: none"> ◆ Over 15 years experience of top management in the IT and e-learning industry ◆ IP protected unique business model that clubs training and placement with need based, ◆ Skill matched training; addresses non-IT requirement in particular; ◆ Copyrighted e-learning content which helps scale up the business exponentially; 	<ul style="list-style-type: none"> ◆ Model is just in action which would take considerable timeframe to be accepted by the industry ◆ Highly dependent on technology related resources.
Opportunities	Threats
<ul style="list-style-type: none"> ◆ First-mover advantage especially in non-IT ◆ Enhancing employability of a fresher to bridge the academy-industry divide; on top of the most favourable and profitable business segment (Education & Training); ◆ Corporate in need of fresher trained in their business in volumes; colleges have the urgent need to achieve a near 100% placement track record; ◆ Slowdown in US economy increases outsourcing and makes students turn to non-IT segment for placement in bigger way ◆ High growth industry and large portion of the other market segment is untapped and uncovered 	<ul style="list-style-type: none"> ◆ Competition from companies may enter in the same segment with similar integrated model ◆ Colleges/Institutions may become better and might provide great quality of education that make fresher readily employable coupled with need based training in-house and directly tie-up with corporate to give just-in-time inventory human resources ◆ Corporate clients may reduce intake drastically due to sudden recession resulting in an economic meltdown

REGULATIONS AND POLICIES

The Central and State Government, have introduced a range of incentives, concessions, subsidies and simplification of procedural requirements for companies to promote the growth of information technology and information technology enabled services (IT-ITES) in India. These include relaxation of policies relating to inbound and outbound investments, exchange control relaxations, incentives for units located in Export Oriented Units (EOU)/Software Technology Parks (STPs)/ Special Economic Zones (SEZs) and Electronic Hardware Technology Park (EHTP) schemes including state level incentives, waivers and subsidies.

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India that are applicable to us. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

a. Software Technology Parks Scheme

Software Technology Parks of India (STPI) came in to existence in 1991, as an autonomous organization under Ministry of Communication and Information Technology. STPI was set-up to implement the software technology park scheme (STP Scheme) to promote software exports. STP Scheme permits the establishment of units engaged in software development and information technology enabled products and services (ITES). STP Scheme is a 100% export oriented scheme for undertaking software development for export using data communication links or in the form of physical media including export of professional services.

The STP Scheme has been notified by the Central Government (Ministry of Commerce) in exercise of its powers under Section 3(1) of the Foreign Trade Development and Regulation Act, 1992 to permit the establishment of Software Technology Parks (STP) with the objective of encouraging, promoting and boosting the software exports from India. The production of products which are notified as information technology enabled products and services qualify their producer or provider of such products and services for establishing a unit under the STP Scheme. The STP Scheme provides infrastructure such as data communication facilities, operational space, common amenities, single window statutory services such as project approval, import certification and other facilities to boost software exports from India. In addition to the infrastructure support, an STP unit enjoys the following fiscal benefits, rendering it attractive for entrepreneurs:

1. All hardware and software imports are exempt from custom duties.
2. An STP unit is exempt from payment of corporate tax up to the Fiscal year 2009.

However, from financial year beginning on 1st day of April 2007, the companies enjoying tax holiday under Section 10A are liable to pay Minimum Alternate Tax (MAT) at the rate of 10 percent (plus applicable surcharge and education cess).

3. Domestic purchases by STP units are eligible for the benefit of deemed exports to suppliers.
4. Capital goods purchased from the DTA (an area within India but outside a notified STP) are entitled for exemption from excise duty and reimbursement of central sales tax;

5. The sales in the domestic tariff area shall be permissible up to 50% of the export in value terms.

6. Depreciation on capital goods up to 90% over a period of 5 years and also the accelerated rate of 7% per quarter during the first two years subject to an overall limit of 70% in the first three years. Many state governments have also added to the incentives by providing for low rates of sales tax on products in the information technology sector. The principal compliance required of a company accorded approval under the STP Scheme is the fulfillment of the export obligation. Additionally, the STP unit is required to file monthly, quarterly and annual returns to STPI in the nature of a performance report indicating the export performance and the

CIF value of imported goods and foreign currency spent on incidental expenses.

b. The Information Technology Act, 2000 / Data Protection Laws

The Information Technology Act, 2000 ("the IT Act") was enacted with the purpose of providing legal recognition to electronic transactions. In addition to providing for the recognition of electronic records, creating a mechanism for the authentication of electronic documentation through digital signatures, the IT Act also provides for civil and criminal liability including fines and imprisonment for various computer related offenses. These include offences relating to unauthorized access to computer systems, modifying the contents of such computer systems without authorization, damaging computer systems, the unauthorized disclosure of confidential information and computer fraud. For example, Section 66 of the IT Act has criminalized "hacking" of a computer resource with imprisonment up to three years, or with a fine which may extend up to two lacs rupees, or with both.

c. Intellectual Property

Intellectual property rights in India are protected under Patents Act of 1970, Copyright Act of 1957, Trade Mark Act of 1999 AND Design Act of 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement. In addition to the above domestic legislations India is a party to several international intellectual property related instruments including the Patent Co-operation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the International Convention for the Protection of Literary and Artistic

Works signed at Berne in 1886(the Universal Copyright Convention of 1952), the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations 1961 and as a member of the World Trade Organization is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights, 1995 (the TRIPS Agreement). In addition to the above, Indian law also provides for common law protection for intellectual property.

d. Trademarks Act, 1999

The Trademarks Act was enacted in the year 1940 and re-enacted in 1958. Subsequently the Trademarks Act of 1999 was passed with significant changes and inclusions from the old Acts. The Act of 1999 provides trademark protection to marks used in connection with various classes of goods and services besides categories such as collective marks and certification marks. For details of regulatory approvals obtained by the Company, please see the Chapter entitled "Government Approvals" appearing on page no. 103 of this Red Herring Prospectus. We are entitled for subsidies and incentives from the Government of India in respect of the existing and proposed business activities, the details of which are given hereunder:

e. Value Added Tax

Value Added Tax (VAT) is a modern and progressive form of sales tax. It is charged and collected by dealers on the price paid by the customer. VAT paid by dealers on their purchases is usually available for set-off against the VAT collected on sales. VAT is a State subject and therefore the States will have the freedom for appropriate variations in their VAT regimes, many of the States have agreed to change over to a VAT system providing uniformity. The essence of VAT is in providing set-off for the tax paid earlier, and this is given effect through the concept of input tax credit. VAT is based on the value addition to goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular financial period.

f. Export Promotion Capital Goods Scheme (EPCG Scheme)

The EPCG Scheme allows import of capital goods for pre-production, production and post production at 5% customs duty subject to an export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of the license. The EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers.

Others

Apart from the above ,other laws and regulations that are applicable to the company includes the following:

- ❖ Income Tax Act, 1961
- ❖ The Industrial Disputes Act, 1947
- ❖ The Minimum Wages Act, 1948
- ❖ Employees Provident Fund and Miscellaneous Provisions Act, 1952
- ❖ Payment of Gratuity Act, 1961
- ❖ The Maternity Benefits Act, 1961
- ❖ Shops and Establishments legislations in various states
- ❖ Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960
- ❖ Payment of Wages Act, 1936
- ❖ Payment of Bonus Act, 1965
- ❖ Contract Labour (Regulation and Abolition) Act, 1970
- ❖ Employment (Standing Orders) Act, 1950
- ❖ The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

Relaxation of Policies Relating to Inbound Investments

India's economic policies are designed to attract significant capital inflows into India on a sustained basis and to encourage technology collaborations between Indian and foreign entities. The government has permitted up to 100 percent foreign investments in IT sector, through the automatic route. Accordingly, unlike some other sectors, a foreign investor is not required to seek active support of joint venture partners for investing in a new IT-ITES venture.

Import Export Régulations:**Importer Exporter Code**

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/ units/factories.

Export Promotion Capital Goods Scheme (EPCG Scheme)

The EPCG Scheme allows import of capital goods for pre-production, production and post production at 5% customs duty subject to an export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of the license. The EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers.

Foreign investment regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, which is regulated by the FIPB. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the 'automatic route' within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. Presently, investments in companies such as the company fall under the RBI's 'automatic route' for FDI/NRI investment of up to 100%.

HISTORY AND CORPORATE STRUCTURE

Our Company was originally incorporated as M/s. Lambent Systems Private Limited as in the State of Tamil Nadu on March 13, 2001 under the Companies Act, 1956 vide certificate of incorporation issued by Registrar of Companies, Chennai. The name of the Company was changed to M/s. Lambent Softsystems Private Limited with effect from December 05, 2001 and a fresh certificate of incorporation was obtained from Registrar of Companies, Chennai. Lambent, since its inception in 2001, has been very active in providing staffing solutions and customised resource solutions. During 2001, Lambent worked extensively on Y2K problem solving by migrating applications and database to Y2K proof versions and platforms. Lambent started providing application development support and implementation in Oracle and ERP technologies. Our company purchased the fixed assets and development division of Radiant Software Limited in August 2001. In September 2001 we Launched packaged application software products Raymedi, Groceray and Rayasset. In the year 2002, we launched the anti-piracy solution to feature films called Vidapidi, and other applications such as Radimail (pharmacy software), Meru (ERP Software) and Salaray (pay roll software). In the year 2004 there was a sale of IPR Rights (RAYMEDI) to M/s. Gofrugal Technologies Private Limited. In 2005 our Company entered in the Business Agreement for selling of software project development business and fixed assets to Onspec Technology Solutions Private Limited. In year 2007 M/s. Lambent Softsystems Private Limited acquired ELMAQ, the premier IT Education and Training business from Mr. S. Giridharan by entering into Business Purchase Agreement with him for business take over along with Assets and Liabilities for a consideration of Rs.90 lacs by issue of Fully Convertible Debentures. In the year 2008 the name of the company was changed to M/s. Edserv Softsystems Private Limited and a fresh certificate of incorporation consequent to change of name was obtained on January 09, 2008. Subsequently the name was further changed to M/s. Edserv Softsystems Limited upon conversion into public limited company and a fresh certificate of incorporation was obtained on April 22, 2008.

Changes in Registered Office of Our Company

Date of Change	Address Changed		
	From	To	Reasons for Change
May 01, 2004	GR Mansion, II nd Floor, 11, Srinivasa Road, T. Nagar, Chennai – 600 017	New No. 44, Old No. 18, 11, Venkataraman Street, T. Nagar Chennai – 600 017	Need for Increase in office space
April 03, 2008	New No. 44, Old No. 18, 11, Venkataraman Street, T. Nagar Chennai – 600 01	I st Floor, Panna Plaza, New No. 139, Arcot Road, Kodambakkam, Chennai – 600 024	Need for Increase in office space

Milestones Achieved:

Year	Event
March 13, 2001	Incorporation of the company
October 03, 2001	Microsoft signs up with Lambent as a partner for Exchange solutions
December 21, 2001	First Corporate Training order signed with Microsoft India
February 13, 2002	First staffing solutions contract from Infosys Technologies
June 07, 2002	Launch of ERP product development (MERU)
December 12, 2003	Software based piracy control solution gets accreditation from South India Film Chambers of Commerce (SIFCC)
October 27, 2004	First training center born as ELMAQ center
October 28, 2004	Launch Courseware of ELMAQ launched for 5 subjects

Year	Event
November 15,2004	First batch start of ELMAQ
August 18,2005	Sun Microsystems (India) Private Limited signed up for authorized Java education partnership
September 23,2005	Oracle signed up for authorized education partnership
January 23,2006	25th Center of ELMAQ inaugurated at Trivandrum
April 02,2007	HEADS Model development with LAMPS commenced
October 07, 2007	Lambent acquires ELMAQ
January 28,2008	EdServ HEADS Model launched
January 30,2008	First center of EdServ signed up
April 22,2008	Conversion from Private Limited into a Public Limited Company.
April 23, 2008	5 subjects completed in HEADS learning format
May 07 , 2008	LAMPS launched live with HEAL content

Main Objects of our Company

The main objects of our Company as contained in the Memorandum of Association are as follows:

1. To carry on in India and/or elsewhere in the world the trade and makers, assemblers, importers, merchant exporters, distributors, wholesale and retail dealers, buyers and sellers, agents, brokers, exchange dealers, stockist hirers, factors or otherwise as dealers in Materials of all types and kinds for use in System Engineering ; Computer Software for any/all applications including System Software, Computer based image processing systems; Computer based artificial intelligence including expert systems, robotic systems, communication systems, office automation equipment computer hardware equipment and components including Computer peripherals, processor chips, printed circuit boards, specialized control systems; domestic appliances; factory automation equipment's, CNC systems and equipments and measuring systems.

2. To carry on in India and/or elsewhere in the world the trade and business:

To provide consultancy services to identify, provide and recruit manpower especially in areas Connected with all other non-computer domains, verticals, and sectors.

3.To carry on in India or elsewhere the design, development, implementation of software based contents, products, and services as technology aids and to provide teaching, education, training of technical and non-technical subject matter to people of all categories and calibre so as to train and orient manpower resource in the areas relating to Computers and other domains and verticals of both Information Technology as well as other sectors including finance, banking, telecom, healthcare, science, engineering, manufacturing, insurance, retail, and other related services and products.

4.To carry on in India or elsewhere the business of assemble, repair, install, maintain, convert, service, overhaul, test, buy, sell, exchange, modify, design, develop, export, and import renovate, discover, research, improve, mechanise, mould, print, insulate, hire, let on hire, retailers agent, stockists, distributors, showroom owners, franchise or otherwise to deal in all sorts of items, systems, plants, machines, Instruments, apparatus, appliances, devices, articles or things of communications of different models ,capacities, characteristics, applications and uses in all its branches such as radio communications, telecommunications, space communications, satellite communications, wireless, communications, computer communications, telephonic and telegraph communications, wave communications, under water-communications and such other communications systems as may be discovered in future and to carryout all the foregoing activities for components, parts, fittings, fixture, accessories, tools, devices and system connected thereto.

5. To develop, buy and sell Software tools and information technology data processing, data Acquisition, data transmission including development of packaged software for specific Segments and implementation, customized software development and also to do training on software development by others in India or abroad.

Amendments to our Memorandum of Association

Since incorporation, the following amendments have been made to our Memorandum of Association:

Sr. No.	Date of Shareholder's Approval (AGM/EGM)	Changes in the Memorandum of Association
1	18/09/2001	Increase in Authorized Share Capital from 5 lacs to 2.00 crores
2	09/11/2001	Change of the Name of the Company to Lambent Softsystems Private Limited
3	02/04/2007	Increase in Authorized Share Capital from 2.00 crores to 2.50 crores
4	28/12/2007	Change of the Name of the Company to Edserv Softsystems Private Limited
5	07/01/2008	Increase in authorized share capital from Rs.2.50 Crores to Rs.3.50 Crores
6	09/04/2008	Increase in authorized share capital from Rs.3.50 Crores to Rs.14.00 Crores
7	14/04/2008	Conversion of the Status of the from Private Limited to Public Limited u/s 44 read with 21 of the Companies Act, 1956
8.	14/04/2008	Amendment in the main object clause

Subsidiaries of the Company:

There are no subsidiaries of the Company

Shareholders Agreements

There is no separate agreement between any shareholder and the Company as on date of filing of this Red Herring Prospectus.

Strategic/ financial Partners

The Company does not have any Strategic / Financial Partners as on date of filing of this Red Herring Prospectus.

Other Agreements

1. IPR transfer, assignment, Consulting Agreement: (Product Sale Agreement)

1	Date of Agreement	:	01 st Day of November 2004
2	Parties to the Agreement	:	Lambent Softsystems Private Limited (Lambent) and Mr. Vembu Kumar (Vembu)
3	Scope of Agreement	:	The ownership on products developed by Lambent namely Raymedi, GroceRay and Kalla and all related materials in the Intellectual Property Rights (IPR) so far owned by Lambent be transferred, granted and assigned to Mr. Vembu Kumar
4	Terms of	:	1. Lambent transfers to Vembu exclusive, perpetual, irrevocable, worldwide exclusive rights to market, promote,

	Agreement		<p>license and sub – license the IPR and agrees to arrange for the commercial exploitation of the IPR and any related technology owned or controlled by LAMBENT.</p> <p>2. Lambent further grants Vembu rights to copy or reverse engineer, or derive the composition or underlying information of such proprietary information for the purpose of further enhancement of the product(s) in terms of both functional and technological upgrades as demanded by the market and customers.</p> <p>3. The compliance of Non – competition by Lambent in terms of the product(s) transferred through this agreement shall be effected on signing the non compete agreement. Any reference to this effect in this agreement is governed by the non – compete agreement.</p> <p>4. Each party shall use such Confidential Information only to perform its obligations under this Agreement.</p>
5	Company's Obligations	:	<p>1. The company will support the initiative of VEMBU to possess the full knowledge of the products to enable Vembu to fulfill the stated objective in enhancing the product both functionality and technologically.</p> <p>2. The Company shall provide a complete list of Customers of the Products together with the list of channel partners, stockists as well as maintenance agreements executed by Lambent in connection with hardware and the software of the Products.</p> <p>3. Lambent agrees to hold all Work Product confidential in accordance with this Agreement.</p>
6	Vembu's Obligation	:	<p>1. Vembu shall offer employment to each of the Employees on the same or better terms, in general and if taken as a whole, as the said Employees were employed with Lambent, as such terms have been described to the purchaser.</p>
6.	Validity and Termination	:	<p>This agreement has commenced from 01.11.2004 and shall remain in force until such time both parties to this agreement fulfills the requirement as set forth in this agreement.</p>

2. Intellectual Property Rights Assignment Agreement:

1	Date of Agreement	:	19 th Day of November 2004
2	Parties to the Agreement	:	Lambent Softsystems Private Limited (The Company) along with its Directors (Assignors) on one part and Gofrugal Technologies Private Limited (Assignee) on the other part
3	Scope of Agreement	:	Assignor is willing to convey, sell and transfer to Assignee all right, title and interest in the software products Viz., Raymedi, GroceRay, Kalla and a website address
4	Terms of Agreement	:	1. Assignor irrevocably assign exclusively to Assignee all rights, title and interest, including but not limited to all registration

		rights with respect to the IPR, all rights to prepare derivative marks, all goodwill and all other rights, in and to the IPR worldwide.
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Apart from the above both the parties also entered into non compete agreement on 19th November 2004 for which details are as follows:

Scope of Agreement	:	The Covenantor shall not participate financially, technically or otherwise in any manner in providing services using the know how relating to the products viz., Raymedi, GroceRay and calla and all other related materials.
Terms of Agreement	:	<ol style="list-style-type: none"> 1. The covenantor shall not at any time disclose to any person for any purpose the use of Know How relating to the Products above mentioned either directly or indirectly through any person, firm, Company or other body corporate. 2. The Covenantor shall not assist any Competitor of GoFrugal in developing a product which may be similar / identical to the products above mentioned. 3. In the event of any dispute or differences arising between the parties between the Parties relating to or with reference to or in connection with this Agreement, the same shall be referred to the Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1956.
Validity and Termination	:	Valid for 4 years from the Date of this Agreement.

3. Business purchase agreement:

1	Date of Agreement	:	29 th September 2007
2	Parties to the Agreement	:	Lambent Softsystems Private Limited (the Company), Buyer and Mr. S. Giridharan, Seller.
3	Scope of Agreement	:	The entire business of the Seller as a Going Concern with all Assets and Liabilities including the business assets be sold, transferred, assigned and delivered to purchaser, free and clear of all liens.
4	Terms of Agreement	:	<ol style="list-style-type: none"> 1. The sale of Business by the Seller to the Buyer is by way of a Slump Sale and the consideration is a Composite Purchase Consideration consisting of Cash/Securities/ Combination of both, for sale of Whole Business and no purchase consideration shall be assigned to specific items to the Acquired Business Undertaking 2. The purchase consideration shall be Rs.90,00,000/- payable in cash or securities or combination of both <p>The employees of the seller shall become the employees of the purchaser, without any break or any interruption in service and on terms and conditions not less favorable than those on which they were engaged by the Seller as on the Signature Date</p>

4. Franchise Agreement

The details of Franchisee Agreements entered into by our Company with various parties to establish & administer Education Centre are as under. These agreements are valid for a period of 3 years from the date of agreement.

S .No.	Date of Agreement	Parties to the Agreement (Franchisees)	Place	Signing Amount (Rs. in lacs)
1	17 th March 2007	Mr. Prabu	332/2b Panneer's complex (up stair), Medical College Road, Mangalapuram, Tanjore, Tamil Nadu - 613007	3.00
2	17 th March 2007	M/s. Karan Infotech	107/203, 1 st floor, Triplicane High Road, Next to Triplicane Post Office, Triplicane, Chennai- 600005	4.00
3.	17 th March 2007	Mr. V. Sridhar	4 ,Aghilmedu Street, Opp. Regency Hotel, Erode, Tamil Nadu- 638001	3.00
4.	17 th March 2007	Mr. Rajendran	86/636 Arun Ice Cream Building, Mettupalayam Main Road, P.N. Palayam, Coimbatore - 641020	4.00
5.	17 th March 2007	M/s. Zam Infotech	"City Complex" Calicut Road, Perinthilman, Kerala - 679322	2.00
6.	17 th March 2007	Mr.S. Muthukumar	286/250 - e 'Monty Plaza', 1 st Floor, Junction Main Road, 5 Roads , Salem , Tamil Nadu- 636004	3.00
7.	17 th March 2007	M/s. System Soft Innovations	3rd Floor, JRJ Complex, Main Road, Ottapalam , Kerala- 679101	3.00
8.	05 th December 2007	M/s. Peak Infotech	No.82(111/2), Dr.Moorthy Road, Deenmanzil, Kumbakonam , Tamil Nadu- 612001	2.00
9.	10 th December 2007	M/s. Infotech Task Force	II Floor "sumy complex", No.52, Main Road, Gobi, Tamil Nadu - 638452	2.00
10.	06 th February 2008	M/s. NewG Groups & Management	No.8c, Tiruvalluvar Salai, II Floor, Spenser Compound, Dindigul, Tamil Nadu - 624003	2.00
11.	09 th February 2008	M/s. Seeweare Technology	No.58/14, II Floor, Sri Venkateshwara Tower, Rajabhadhar Street, T. Nagar Chennai - 600017	3.00
12.	14 th February 2008	M/s. M&M Software Solutions	Farmer Road, Kandukur, Andhra Pradesh - 523105	2.00
13.	20 th February 2008	M/s. Apex Technologies	No.5, Good Shed Street, Madurai - 625002	3.00
14.	20 th February 2008	M/s. Philo Informatics	NO 44/17, Court Road, Next to Shyras Complex, Nagercoil Tamil Nadu- 629001	2.00

S .No.	Date of Agreement	Parties to the Agreement (Franchisees)	Place	Signing Amount (Rs. in lacs)
15.	20 th February 2008	M/s. Seeweare Technology	No.58/14,II Floor,Sri Venkateshwara Tower,Rajabadhar Street, Adyar, Chennai -600017	3.00
16.	22 nd February 2008	M/s. Ai Tech Computer Education	No.55, Main Road, (Near G K S Lodge A/c) Kovilpatti- Tamil Nadu- 628502	2.00
17.	24 th February 2008	M/s. Deepika Coaching Center	Pathi Vari Street,Nellore, Andhra Pradesh	2.00
18.	27 th February 2008	M/s. Nano Technologies	No.28/35, B12, Sammanna Nagar, Geedee Weiler,Podanur Coimbatore & No.31,Devanga High School Road, R.S.Puram, Coimbatore - 641002	4.00
19.	27 th February 2008	M/s. SJS Software Solutions	No.159,Arcot Road, Vadapalani, Chennai - 600026	4.00
20.	27 th February 2008	M/s. SJS Software Solutions	No.604 2nd Floor,V.V.Mahal Road, Tirupathi - 517501	2.00
21.	27 th February 2008	M/s. Bluebird Infotech	No.316,AvanashiRoad,opp. Tirupur Textiles , Peelamedu, Coimbatore - 641004	4.00
22.	13 th March 2008	M/s. Sam Infotech	No.13-2-20,I st Floor,Ram Chandra, (R.C) Nagar, Beside ING Vysaya Bank, Anathapur, Andhra Pradesh	3.00
23.	13 th March 2008	M/s. Unique Technologies	No.1-436,Opp.Rajiv Marg, Maruthi Nagar, Kadapa, Andhra Pradesh – 516002	2.00
24.	19 th March 2008	M/s. Team Infotech	No.16-19,"Subashri Tower " North Main Street, Near LIC ,Pudukottai, Tamil Nadu 622001	2.00
25.	20 th March 2008	M/s. St. John Foundation, Trinelvei	No.14-18/2,Little Montessori School,Asaripallam, Tamil Nadu- 629201	3.00
26.	20 th March 2008	M/s. St. John Foundation, Marthandum	No.50A,West Of Medical College, Nagercoil, Tamil Nadu - 629201	2.00
27.	20 th March 2008	M/s. St. John Foundation, Tuticorin	No.12/26,Labout Colony,Kiriparai,Kanyakumari District, Tamil Nadu	2.00
28.	27 th March 2008	M/s. Devi Krupa Ventures	No.244,Ferns City, Outer Ring Road, Marathahalli, Banglore - 560037	4.00

S .No.	Date of Agreement	Parties to the Agreement (Franchisees)	Place	Signing Amount (Rs. in lacs)
29.	27 th March 2008	M/s. Devi Krupa Ventures	No.244,Ferns City, Outer Ring Road, Marathahalli, Banglore - 560037	4.00
30.	27 th March 2008	M/s. Yadu Solutions	4th Floor, Alankar Plaza, Park Road, kurnool, Andhra Pradesh - 518001	3.00
31.	27 th March 2008	M/s. Loganathan Computers	No.34-1-160(A),Telephone Bhavan, BSNL OFC Station, Ongole, Andhra Pradesh - 523001	2.00
32.	28 th March 2008	M/s. Priya Info Tech	No.5-87-56,Chandra Mouli Nagar, 6th Lane ,Guntur , Andhra Pradesh.	3.00
33.	31 st March 2008	M/s. Bharat Infotech	Shashi Kant Arya,794-A,"Corporate Castel",Mettupalayam Road,(Verivada Road),R.S.Puram, Coimbatore	4.00
34.	31 st March 2008	M/s. Aswin Technologies	No.43/26,Arcot Road,(Near Dhina Thanthi),Vellore, Tamil Nadu- 632004	2.00
35.	31 st March 2008	Mr. Nair	No. G- 117,Panampilly Nagar, Cochin	4.00

Scope of Agreements

The franchiser agrees to establish and administer an education center for the franchisee to provide education in information technology, under the name of the franchiser.

Terms of Agreements

1. Franchiser grants to the Franchisee the right to the use of the Trade Mark/Trade Name and logo in relation to the Education center by way of permitted use and as prescribed by franchiser
2. Franchiser agrees to provide set – up know how, technical/ marketing/ administrative guidance in the field of information technology of franchiser in relation to the education center by way of permitted use and as prescribed by franchiser.
3. Agreement provides the franchisee the exclusive right to operate in the designated place located in the designated area, which has been identified for putting up the education center, and the territory limits of operation shall be provided by franchiser and shall be agreed upon by it.
4. The agreement can be renewed for an additional period of 3 years provided the franchisee should approach the franchiser 2 months before the expiry of the term of this agreement and (i) the franchisee had observed and performed all the obligations under this agreement (ii) the franchisee properly observed all the rules and regulations and has proven the ability and capacity in administering the education center for providing education as per the standard including valid software license usage and infrastructure usage guidelines.

The other terms and conditions of the Franchisee Agreement relating to the fees and other receivables are as under:

♦ **Sign-up fees :**

Rs. 4.00 lacs for 3 years for the category A centre (Metros and Major Cities)

Rs. 3.00 lacs for 3 years for the category B centre (Non- Metros Cities)

Rs.: 2.00 lacs for 3 years for the category C centre (Small and Bigger Towns)

♦ Royalty is 15% payable to the franchiser

♦ Placement commission for franchisee is 15% of the placement fee.

There are no other agreement entered by the company other than those entered into the normal course of the business

OUR MANAGEMENT

The details of the board of directors of the company are given below

Name, Designation Residential Address, Age, Qualification, Occupation DIN No.	Date of Appointme nt / Re- appointmen t	Qualification	Remune ration per annum (Rs. in lacs)	No. of Shares held	Other Directorships held
Mr. S.Girdharan S/o. Mr. H. Sundaresan Chairman and CEO (Executive and Non-Independent) 1,Vishwanathapura m Main Road, Rangarajapuram, Chennai – 600 024 Age : 45 Years Occupation : Business DIN No : 01518121	April 1, 2008	M.S. (System and Information)	30.00	1769797	Onspec Technology Solutions Private Limited
Ms. G. Gita W/o. Mr. S.Girdharan Managing Director (Executive and Non-Independent) 1,Vishwanathapura m Main Road, Rangarajapuram, Chennai – 600 024 Age : 43 Years Occupation : Business DIN No : 00770680	April 1,2008	M.E. (Computer Science)	30.00	1769767	Nil
Mr. S. Arvind S/o. Mr. Srinivasan Director (Non-Executive and independent)	April 03,2008	Masters in Public Administration	-	Nil	➤ Seax Global Ventures Limited ➤ Innoval Medical India Limited ➤ Wholistic Breads Private Limited ➤ Honeycomb

Name, Designation Residential Address, Age, Qualification, Occupation DIN No.	Date of Appointment / Re-appointmen t	Qualification	Remune ration per annum (Rs. in lacs)	No. of Shares held	Other Directorships held
23, Judge Jambulingam Road, Mylapore, Chennai – 600 004 Age : 64 years Occupation : Business DIN No 00331182					Technologies Private Limited ➤ Omsakthi Fire Realty Private Limited
Dr. Ilango S/o. Mr. Balakrishna Director (Non-Executive and Independent) Ward 3, Door No. 9 (Old No. 29) 5 th Street, First Cross, Peiyar Nagar, Vadavalli, Coimbatore- 641041 Age: 70 Years Occupation : Business DIN No: 02144412 (Independent)	April 22,2008	M.Sc (Engineering) & Ph. D (Electrical Engineering)	-	Nil	Nil
Mr.T. S. Ravichandran S/o. Mr. Rangathan Director (Non-Executive and Independent) 10-A, Main Road, Ramappa Nagar, Perungudi, Chennai - 600 096. Age: 47 years Occupation: Chartered Accountant DIN No: 00813161	April 22,2008	F.C.A, A.C.S, Grade CWA (C.I.S.A)	-	Nil	TSR Infotech Pvt. Limited

Brief Details of our Board of Directors:

Mr. S. Giridharan, (45 years), is the Chairman and CEO of our Company. He graduated in Electronics and Communication Engineering from PSG College of Technology, Coimbatore (1980-84) and also holds a PG programming certification from IISc Bangalore (1985-86) and an M.S. degree in Systems & Information from BITS, Pilani (1994). He 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. Giridharan played a significant role in promoting SSI as a leading IT Education brand (1992-97). He then went on to promote Radiant (1997) as an education brand after his departure from SSI. Radiant Software became a pioneer in Oracle DBA and J2EE training. He 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. He is the principal IT consultant for M/s. Seshasayee Paper & Boards Limited for over 9 years.

Ms. G. Gita, (43 years) is the Managing Director of our company. Ms. G. Gita has completed her Master of Engineering (ME) from PSG College of Technology, Coimbatore. Gita started her career in HCL-HP as a Senior Engineer in their R&D unit. 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. An expert in Web learning and e-content development, Ms. Gita has worked for over 13 years in Education & Training as technical head and has over over 20 years experience in IT industry. Gita also devised methodologies for Staffing solutions and has served numerous clients including Infosys during her tenure. At Edserv she manages the content, HR, and QA of all systems and processes.

Mr.S.Arvind, (64 years) is an Independent Non-Executive Director of EdServ Softsystems Limited. He has completed his Masters Degree (Public Administration) in University of Madras. He is a retired IAS officer backed by 30 years of work in the Indian Administrative Service, worked in various capacities in Government of Tamil Nadu, and Government of India.

Dr.IIango Balakrishna, (70 years) is an Independent Non-Executive Director of EdServ Softsystems Limited. 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 is a Former Vice Chancellor, Bharathiar University, Coimbatore. He has received various awards from various organizations in India and Abroad and is a member of various prestigious Committees. such as ISTE, Accreditation committee of NBA, AICTE etc

Mr.T.S.Ravichandran, (47 years), is an Independent Non-Executive Director of EdServ Softsystems Limited and is a Practicing Chartered Accountant. He has completed his Bachelors (Science) Degree from Vivekananda College, Chennai and completed all the three professions viz., Chartered Accountant, Company Secretary and Cost and Works Accountant also completed his Systems Audit C.I.S.A from ISACA, Illinois, United States of America.

Relationship among Directors

Except that Ms..G. Gita is the wife of Mr. S.Giridharan , no other Directors of our Company are related to each other.

Borrowing Powers of the Board

The borrowing powers of the company's Directors are regulated by Articles 137 of the Articles of Association of the Company.

The Board of Directors have been authorised by a resolution passed at the Extra-Ordinary General Meeting of the Company held on April 14, 2008 to borrow up to a sum of Rs.100 Crores in excess of the aggregate of the paid up capital and free reserves of the Company except for reserves set apart for any specific reason for the conduct of the Company's

business

Corporate Governance

We have already complied with SEBI guidelines in respect of corporate governance with respect to broad basing of Board, constituting various committees such as Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee. In terms of the Clause 49 of the Listing Agreement, the Company has already appointed Independent Directors and constituted the following committees.

1. 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

The role of the Committee shall be as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

The committee met three times during the current financial year. The dates on which the meeting were held are 22/04/2008, 20/09/2008 and 15/11/2008.

Name of the Members	No. of Meetings attended
Mr. S. Arvind	3
Mr. T.S. Ravichandran	3
Mr. S. Giridharan	3

The details of the important points discussed in the meeting are as follows :

Dates of Meeting	Point Discussed
22/04/2008	Approve the Balance Sheet for the year ending March 31, 2008
20/09/2008	To approve the audited financial statement for the period ended June 30, 2008
15/11/2008	To approve the half yearly audited financial statement for the period ended September 30, 2008

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. S. Giridharan	Member	Executive Chairman

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

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

Shareholders' / Investor 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

The scope and function of this committee is to consider and review shareholders'/ investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments.

The Company has appointed Mr.V.Ramaseshan, as the Compliance Officer for the Issue, at its Board meeting dated April 14, 2008.

The Company also undertakes to comply with the other requirements of clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Presently there are 18 shareholders in the company .The company has not received any complaint from any shareholder/investor and hence there has not been any meeting of the Shareholders and Investors Grievances committee during the current financial year

Interest of our Directors

Except as stated in the "Statement of Related Party Transaction" beginning on page 94 of this Red Herring Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board and Committees as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of our Articles of Association. Our Director may also be regarded as interested in the Equity Shares, if any, held by them or their relatives in our Company or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners, trustees or otherwise.

Changes in Our Board of Directors during the last three fiscal years

Sr. No.	Name of the Director	Date of Change	Reasons
1.	Mr.V.Sridhar	November 25, 2006	Resigned
2.	Mr. P. A. Jayavelu	November 25, 2006	Resigned
3.	Mr. S.Arvid	April 3, 2008	Appointed
4.	Dr. Iango Balakrishna	April 22, 2008	Appointed
5.	Mr. T.S.Ravichandran	April 22, 2008	Appointed

Compensation to Managing Director / Whole time Directors

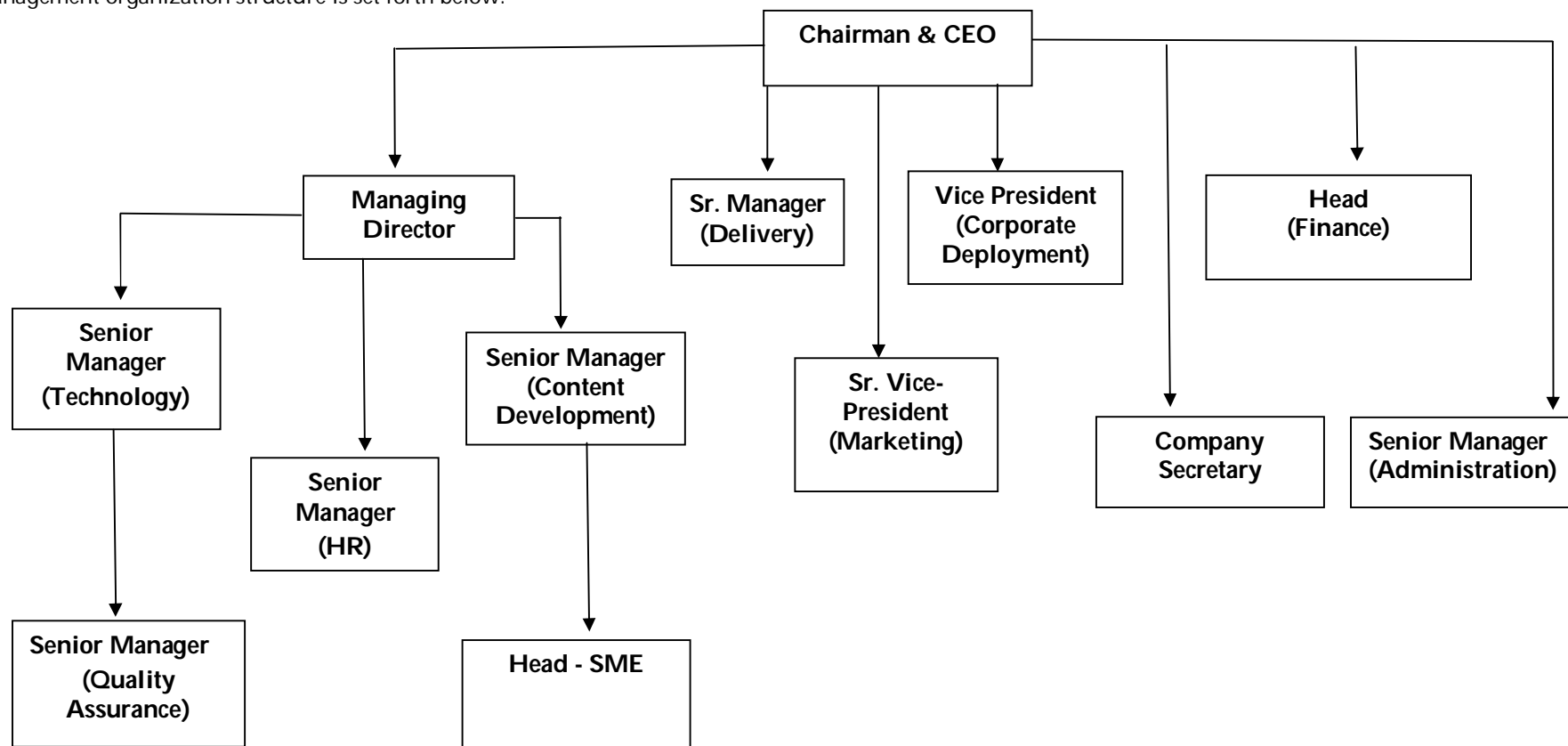
Details of appointment and fixing of remuneration of Managing Director / Whole Time Directors:

Name and Designation	Terms of Appointment and Remuneration
Mr .S.Giridharan Chairman	<p>Appointed as Executive Chairman for a period of Three years from April 1, 2008 at the Annual general meeting of the Company held on April 24,2008 per month on a remuneration of not exceeding a sum of Rs.2,50,000/- including all perquisites and allowances.</p> <p>The Executive Chairman shall be in charge of the management of the Company and to perform such duties and exercise such powers as entrusted by the Board.</p> <p>Further, no sitting fees are payable to the Executive Chairman for attending Board meetings</p>
Ms. G.Gita Managing Director	<p>Re-appointed as Managing Director for a period of Three years from April 1, 2008 at the Annual general meeting of the Company held on April 24,2008 on a remuneration of not exceeding a sum of Rs.2,50,000/- per month including all perquisites and allowances.</p> <p>The Managing Director is also in charge of the management of the Company and to perform such duties and exercise such powers as entrusted by the Board.</p> <p>The Managing Director will not be entitled to sitting fees for attending the Board Meeting or meetings of any Committees</p>

No remuneration is paid to any of the independent directors.

Management Organisation Structure

Our management organization structure is set forth below:



The name and the details of the employees mentioned in the organization structure have been given under the head Key Management Personnel. As on date all the employees named above are on the roll of our Company as permanent employees.

KEY MANAGEMENT PERSONNEL

In addition to our Executive Directors, the details regarding our Key Management Personnel as of the date of this Red Herring Prospectus are as follows:

Sr. No	Name, Designation, Age, Qualification,	Date of appointment	Remuneration Per annum (Rs. in lacs)	Experience in the Company	Previous Company and Total Experience
1.	Mr. P.R. Sriram Vice President – Corporate Deployment Age : 45 Years Qualification : B.Com	April 16,2008	5.60	9 months	Overnight Couriers (20 Years)
2.	Mr. G. Prabhu Sr. Manager – Content Development Age : 31 Years Qualification : M. Sc (Computer Science)	April 05,2005	2.40	3 and half Years	Invensys (9 Years)
3.	Mr. Joseph Manickaraj Senior Manager -Delivery Age : 36 Years Qualification : MBA (Marketing)	December 01,2007	3.80	1 year	Muthoot Finance (14 Years)
4.	Mr. C. Murugan Senior Manager – QA Age : 29 Years Qualification : MCA	October 20,2004	4.10	4 Years	ELMAQ Software, (7 Years)
5.	Ms. Veena Ramesh Senior Manager – Technology Age: 35 Years Qualification : B. Economics	April 03,2006	3.60	2 and half Years	Titan (15 years)
6.	Ms. A.N. Kavita Senior Manager –HR Age : Qualification : MBA (HR)	February 07,2008	3.20	10 Months	Britannia Industries Limited (6 Years)
7.	Mr. V. Jayaram Senior Manager – Admin Age : 38 Years Qualification : B. Sc	October 20,2004	3.60	4 years	Pertech Computers (15 Years)
8.	Ms. S. Srisudha Head – SME Age: 25 Years Qualification : M.Sc (IT)	October 20,2004	3.00	3 and half years	- (3.5 Years)
9.	Mr. S. Angappan Head- Finance Age : 54 Years Qualification : B.Com	April 21,2008	2.75	9 months	Sriram Credit Company (20 Years)

10.	Mr. V. Ramaseshan Company Secretary Age: 54 Years Qualification: ACS	April 21,208	3.90	9 months	Lakshmmi Subramanyam & Associates (15 Years)
11.	Mr. G. Sivakumar Sr. Vice –President (Marketing) Age : 48 Qualification: B. A, P.G. Diploma in Marketing	October 01, 2008	14.40	2 months	Aptech Limited (15 Years)

Note: As on date all the employees named above are on the roll of our Company as permanent employees.

Shareholding of the Key Management Personnel

None of the Key Management Personnel hold Equity Shares in our Company as on the date of this Red Herring Prospectus.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

Sr. No.	Name of the Key Managerial Personnel	Date of Change	Reasons
1	Ms. Veena Ramesh	April 03,2006	Appointed
2	Mr. Joseph Manickaraj	December 01,2007	Appointed
3	Ms. A.N. Kavita	February 07,2008	Appointed
4.	Mr. V. Ramaseshan	April 14,2008	Appointed
5.	Mr. P.R. Sriram	April 16,2008	Appointed
6.	Mr. S. Angappan	April 21,2008	Appointed
7.	Mr. G. Sivakumar	October 01, 2008	Appointed

Employee Stock Option Schemes

Till date, the Company has not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

Interest of Key Managerial Personnel

No amount or benefit has been paid or given within the two preceding years or intended to be given to any of the directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

Payment or Benefit (Non-Salary Related) to officers of the Company

Except as stated in this Offer Document, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.

Loans to Key Managerial Personnel

There are no loans outstanding against Key Managerial Personnel as on date.

Bonus or Profit sharing plan for the Key Managerial Personnel

There is no bonus or profit sharing plan for the key managerial personnel of the company

OUR PROMOTERS


Our Promoters

A. Promoter being an individual


- Mr. S. Giridharan
- Ms. G. Gita

Details of Promoter being an individual

1. Mr. S. Giridharan

	<p>Mr. S. Giridharan, (45 years), is the Chairman and CEO of our Company. He graduated in Electronics and Communication Engineering from PSG College of Technology, Coimbatore (1980-84) and also holds a PG programming certification from IISc Bangalore (1985-86) and an M.S. degree in Systems & Information from BITS, Pilani (1994). He 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. Giridharan played a significant role in promoting SSI as a leading IT Education brand (1992-97). He then went on to promote Radiant (1997) as an education brand after his departure from SSI. Radiant Software became a pioneer in Oracle DBA and J2EE training. He 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. He is the principal IT consultant for M/s. Seshasayee Paper & Boards Limited for over 9 years.</p>
Identification Details	
Voter ID Number	LMG2640563
Driving Licence Number	R/TN/009/012048/2003

2. Ms. G. Gita

	<p>Ms. G. Gita, (43 years) is the Managing Director of our company. Ms. G. Gita has completed her Master of Engineering (ME) from PSG College of Technology, Coimbatore. Gita started her career in HCL-HP as a Senior Engineer in their R&D unit. 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. An expert in Web learning and e-content development, Ms. Gita has worked for over 13 years in Education & Training as technical head and has over over 20 years experience in IT industry. Gita also devised methodologies for Staffing solutions and has served numerous clients including Infosys during her tenure. At Edserv she manages the content, HR, and QA of all systems and processes.</p>
Identification Details	
Voter ID Number	LMG2637304
Driving Licence Number	R/TN/009/17758/2005

The share holding of the individuals in the promoter and promoter group of 35,94,630 equity shares as stated on page 18 includes 55,036 equity shares held by Mr. V. Sridhar the signatory to the memorandum and 10 equity shares each held by Ms. S .Meenakshi, Mr. K. S. Ganapathy and Ms. Sita Ganapathy. The natural persons who form part of the promoter group (being immediate relatives, etc) apart from the individual promoters mentioned above are as follows:

Name of the shareholder	Name of the promoter	Relationship with the promoter, if any
Mr. V. Sridhar		Signatory to the memorandum (no relation)
Ms. S. .Meenakshi	Mr. S. Giridharan	Mother
Mr. K. S. Ganapathy	Ms. G. Gita	Father
Ms. Sita Ganapathy.	Ms. G. Gita	Mother

We confirm that the Permanent Account Number, Bank Account Numbers, Passport Number have been submitted to the Stock Exchanges at the time of filing of the Red Herring Prospectus. Further, the Promoters have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters except as discussed in section titled "Legal and Regulatory Information" on page 102 of this Red Herring Prospectus.

INFORMATION RELATING TO KALPATHI INVESTMENTS PVT. LIMITED (KIPL)

1.	Date of Incorporation	July 16, 2007
2.	Registered Office	New No.34, Old No. 54, Thirumalai Road, T. Nagar, Chennai- 600 017
3.	CIN No.	U65993TN2007PTC064246
4.	PAN No.	AADCK1142P
5.	Nature of Business	Kalpathi Investments Private Limited is a Non-Banking Financial (Non-Deposit Accepting or Holding) Company with main objects to carry on the business of holding, investment and Investment Trust Company, Asset Management Company
6.	Listing Status	Unlisted

7. Board of Directors as on date

Name	Designation
Shri. Kalpathi S. Suresh	Chairman
Shri. Kalpathi S. Aghoram	Vice Chairman
Shri. Kalpathi S. Ganesh	Managing Director

8. List of Shareholders as on date

Name of the shareholder	No of shares held
Kalpathi S.Aghoram	99,96,667
Kalpathi S. Ganesh	99,96,667
Kalpathi S. Suresh	99,96,666
Total	2,99,90,000

9. Brief Audited Financial Results of the Company are as follows:

(Rs. in Lacs)

Particulars	31 st March 2008
Total Income	(42.41)
Profit/ Loss after Tax	(292.75)
Share Capital	830.00
Reserves and Surplus (excluding revaluation reserve)	0.00
Earnings Per Share (in Rs.)	-
Book Value per Equity Share (in Rs.)	9.94
Face Value per Share (in Rs.)	10.00

Note: The present paid up equity capital of the company is Rs. 29.99 crores.

Interest of Promoters

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively.

Except as mentioned above our promoters do not have any interest in the business of the company.

Payment or benefit to Promoters of our Company

Other than the salary and remuneration of our Promoter Directors, dividend, if any declared by the Company on shares held by them, there are no payment or benefit to promoters of the Company

Common Pursuits

Our promoters and directors do not have any interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the promoter group. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as on when they may arise.

For further details on the related party transactions, to the extent of which our Company is involved, please refer to section titled "Related Party Transactions" on page 94.

Dividend Policy

The declaration and payment of dividends in future, if any, will be recommended by the Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition.

Till date we have not declared any dividend to our shareholders.

SECTION V: FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors,
Edserv Softsystems Limited,
First Floor, Panna Plaza,
New 139, Arcot Road,
Kodambakkam, Chennai: 600024

- a) We have examined the annexed financial information of Edserv Softsystems Limited (incorporated as Lambent Systems Private Limited, changed its name to Lambent Softsystems Private Limited, changed its name to Edserv Softsystems Private Limited and converted into a Public Limited Company) for the Five Financial Years ended March 31st, 2004, March 31st, 2005, March 31st, 2006, March 31st, 2007, March 31st 2008 and period ended 30th September 2008, being the last date to which the accounts of the Company have been made up and audited by us.
- b) In accordance with the requirements of
1. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956;
 2. The securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
 3. Our terms of reference given vide the Company's letter dated November 03, 2008 requesting us to carry out work in connection with the Issue as aforesaid.

We report that the assets and liabilities of the Company as at March 31st, 2004, 2005, 2006, 2007, 2008 and as at September 2008 are as set out in Annexure I to this report are appropriate and are subject to the Significant Accounting Policies and notes to account as appearing in Annexure III.

We report that the profits of the Company for the financial years ended March 31st, 2004, 2005, 2006 2007, 2008 and for the half year ended 30th September 2008 are as set out in Annexure II to this report. These profits have been arrived at after charging all expenses including depreciation and are subject to the Significant Accounting Policies and notes to accounts as appearing in Annexure III to this report.

The accounts as given in the enclosed statements do not require any restatement since:

- a. There have been no adjustments for the changes in accounting policies retrospectively in respective financial years.
- b. There have been no adjustments for the material amounts in the respective financial years. to which they relate.
- c. There are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

We have examined the following financial information relating to the Company proposed to be included in the Prospectus, as approved by you and annexed to this report:

1. Statement of Cash Flow as appearing in Annexure IV to this report;
2. Statement of Debtors enclosed as Annexure V to this report;
3. Details of loans and advances as appearing in Annexure VI to this report;
4. Statement of Secured Loans as appearing in Annexure VII to this report.

5. Statement of Operational Income as appearing in Annexure VIII to this report;
 6. Statement of Other Income as appearing in Annexure IX to this report;
 7. Accounting Ratios as appearing in Annexure X to this Report;
 8. Capitalisation Statement as at September 30, 2008 as appearing in Annexure XI to this report;
 9. Statement of Contingent Liability as appearing in Annexure XII to this report,
 10. Related Party Transactions as appearing in Annexure XIII to this report,
 11. Statement of Investments as appearing in Annexure XIV to this report,
 12. Statement of Tax Shelter as appearing in Annexure XV to this report,
- a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure III to this report, and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) The Company did not declare any dividends for the years ended March 31st 2004, 2005, 2006, 2007 and 2008.
- c) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **RAJ AND RAVI**
Chartered Accountants

Sd/-

N. RANGANATHAN
PARTNER

Membership No. 21594

Place : Chennai

Date: 19th December 2008

Annexure - I
Statement of Asset and Liabilities
(Rs. in lacs)

Particulars	As at six months period ended 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Fixed Assets (A)						
Gross Block	113.24	108.56	62.54	62.54	122.48	121.78
Less Depreciation	58.08	36.73	23.86	23.86	35.04	18.20
Net Block (A)	55.16	71.83	38.68	38.68	87.44	103.58
Capital Work in Progress	388.66	177.49	32.94	31.45	12.77	30.83
Investments (B)	8.50	8.50	8.50	8.50	3.00	0.00
Current assets , Loans and Advances (C)						
Sundry Debtors	327.17	323.56	32.49	18.37	21.65	22.66
Cash and Bank Balances	311.29	291.99	4.94	0.31	0.34	0.23
Loans and Advances	64.74	43.92	14.57	14.27	7.82	10.85
Total (C)	703.20	659.47	52.00	32.95	29.81	33.74
Liabilities and Provisions (D)						
Secured Loans	0.00	0.00	47.11	22.71	37.08	50.08
Convertible Debentures	0.00	90.00	0.00	0.00	0.00	0.00
Current Liabilities and Provisions	111.07	111.49	7.49	12.61	42.69	69.03
Total (D)	111.07	201.49	54.60	35.32	79.77	119.11
Net Worth (A+B+C-D) = (E)	1044.45	715.80	77.52	76.26	53.25	49.04
Represented By						
1. Share Capital	792.60	280.92	72.72	22.72	22.72	16.00
2. Share Application Money	56.37	0.0	0.00	0.00	0.00	6.72
3. Reserves	195.68	435.18	5.20	54.04	31.13	27.02
Net Worth	1044.65	716.10	77.92	76.76	53.85	49.74
Less: Miscellaneous Expenses	0.20	0.30	0.40	0.50	0.60	0.70
Net Worth	1044.45	715.80	77.52	76.26	53.25	49.04

Note:

1. Fixed Assets have not been revalued during any of the period under reporting

Annexure - II

Statement of Profit and Loss Account

Particulars	For the Six Months Period ended 30/09/2008	(Rs. in lacs) For the Year ended on March, 31st				
		2008	2007	2006	2005	2004
Income						
Sales :						
Software Consultancy & Project Consultancy	419.19	394.53	18.25	37.83	70.83	91.67
Other income	15.15	0.80	0.00	2.43	0.03	3.04
Total	434.34	395.33	18.25	40.26	70.86	94.71
Expenditure						
Staff Costs	51.65	11.80	9.41	6.13	24.75	46.44
Depreciation	21.35	12.88	0.00	13.51	16.84	10.24
Administration Expenses	50.70	40.38	1.77	14.61	15.19	25.83
Course Content and Brand Expenses W/off	97.16	19.72	0.0	0.00	0.00	0.00
Interest	0.01	6.81	5.66	5.78	5.60	6.05
Miscellaneous Expenditure Written Off	0.10	0.10	0.10	0.10	0.10	0.10
Total	220.97	91.69	16.94	40.13	62.48	88.66
Net Profit before tax and extraordinary items	213.37	303.64	1.31	0.13	8.38	6.05
Taxation	16.61	39.36	0.15	0.12	0.65	0.46
Net Profit before deferred tax	196.76	264.28	1.16	0.01	7.73	5.59
Add/Less deferred Tax	14.57	10.98	0.00	(22.89)	3.62	5.41
Net Profit after adjusting deferred tax	182.19	253.30	1.16	22.90	4.11	0.18
Cash Profit Generated	203.64	266.28	1.26	36.51	21.05	10.52

ANNEXURE III

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

I. 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.

II. NOTES FORMING PART OF THE ACCOUNTS

1. Change in Accounting Policy

There is no change in accounting policy in the reporting years, except for the depreciation, which from the Financial Year 2002-03 was charged on all the Assets at the rates specified in Schedule XIV to the Companies Act 1956 under Straight Line Basis. Prior to that the depreciation was charged at the rates specified in Schedule XIV to the Companies Act 1956 under Written Down Method.

2. Change in the status and Name

The Company was originally incorporated as a Private Limited company under the provisions of the Companies Act, 1956 on 13th day of March 2001 as Lambent Systems Private Limited with The Registrar of Companies, Tamil Nadu, Chennai, and subsequently the name of the company was changed to Lambent Softsystems Private Limited" on 5th day of December 2001 and to Edserv Softsystems Private Limited on 15th January 2008 on 22nd April 2008. Later, the Company was converted into a Public Limited Company by the name Edserv Softsystems Limited vide fresh Certificate of Incorporation dated 22nd day of April, 2008 obtained from the said Registrar of Companies.

3. Earnings Per Share

Particulars	As at, Six months ended September 30, 2008	As at March, 31st				
		2008	2007	2006	2005	2004
A. Face Value per Equity Share (Rs.)	10	10	10	10	10	10
Number of Equity Shares at the beginning of the year	2809200	727200	227200	227200	160000	160000
Number of Equity Shares at the end of the year	7926000	2809200	727200	227200	227200	160000
Weighted average number of Equity Shares outstanding during the year	3801747	963292	227336	227200	160183	160000
B. Net Profit after Tax available for Equity Shareholders (Rs. In Lakhs)	182.19	253.30	1.16	22.90	4.11	0.18
C. Basic Earnings Per Share (Rs.)	4.79	9.02	0.51	10.08	2.57	0.11
D. Diluted Earnings Per Share (Rs.)	4.79	9.02	0.51	10.08	2.57	0.11

4. 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 half year ended 30th September 2008;

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

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	-
		Issue of Fully Convertible Debentures	9000000	-

Related Party Transactions for the year ended 31st March 2007 - NIL

Related Party Transactions for the year ended 31st March 2006 - NIL

Related Party Transactions for the year ended 31st March 2005 - NIL

Related Party Transactions for the year ended 31st March 2004 - NIL

5. The Company operates in single segment of IT Services.
6. In the opinion of the Board the current assets, loans and advances are approximately of the value stated and are realizable in the ordinary course of business. The provision for all known liabilities is adequate.
7. Figures have been rounded off to the nearest rupee and are regrouped / reclassified wherever necessary.

Annexure IV
Cash Flow Statement

(Rs. in lacs)

Particulars	As at six months period ended 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Cash Flow from Operating Activities (A)						
Profit before Tax	213.37	303.64	1.31	0.13	8.38	6.05
Adjustments for:						
Depreciation and Amortisation	21.35	12.88	0.00	13.51	16.84	10.24
Deferred Tax	(14.57)	(10.98)	0.00	22.89	-3.62	-5.41
Interest and financial charges	0.01	6.81	5.66	5.78	5.60	6.05
Miscellaneous Expenditure Written Off	0.10	0.10	0.10	0.10	0.10	0.10
Operating Profit Before Working Capital Changes	220.26	312.45	7.07	42.41	27.30	17.03
Adjustments for:						
(Increase) / Decrease in Debtors	(3.61)	(291.07)	(14.12)	3.28	1.01	-0.93
(Increase) / Decrease in Loans and Advances	(20.82)	(29.35)	(0.30)	(6.45)	3.03	2.40
(Increase) / Decrease in Current Liabilities and Provisions	(0.42)	104.00	(5.12)	(30.08)	(26.34)	(3.13)
Tax Paid	(16.61)	(39.36)	(0.15)	(0.12)	(0.65)	(0.46)
Cash Generated from Operations	178.80	56.67	(12.62)	9.04	4.35	14.91
Net Cash Flow from Operating Activities	178.80	56.67	(12.62)	9.04	4.35	14.91
Cash Flow from investing Activities (B)						
(Purchase) / Sale of Fixed Assets (net)	(215.85)	(190.57)	(1.49)	16.58	17.36	(31.01)
Preliminary Expenses	0.00	0.00	0.00	0.00	0.00	0.00
(Purchase) / Sale of Investments (net)	0.00	0.00	0.00	(5.50)	(3.00)	0.00
Net Cash Flow from Investing Activities	(215.85)	(190.57)	(1.49)	11.08	14.36	(31.01)
Cash Flow from Financing Activities (C)						
Proceeds from Issue of Share Capital	56.36	113.20	0.00	0.00	0.00	6.72
Proceeds from Fully Convertible Debentures	0.00	90.00	0.00	0.00	0.00	0.00
Proceeds from Premium on issue of Share Capital	0.00	271.68	0.00	0.00	0.00	0.00
Payment of Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Payment of Dividend Tax	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from Secured Loans	0.00	(47.11)	24.40	(14.37)	(13.00)	7.35
Interest Paid	(0.01)	(6.81)	(5.66)	(5.78)	(5.60)	(6.05)
Net Cash Flow from Financing Activities	56.35	420.96	18.74	-20.15	-18.60	8.02
Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)	19.30	287.06	4.63	0.03	0.11	-8.08
Cash and Cash Equivalents at the beginning of the year	291.99	4.94	0.31	0.34	0.23	8.31
Cash and Cash Equivalents at the end of the Year	311.29	292.00	4.94	0.31	0.34	0.23

Annexure V

Statement of Sundry Debtors (Unsecured and Good)

(Rs. in lacs)

Particulars	As at six months period ended 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Exceeding Six Months	85.23	94.23	16.55	3.41	3.08	10.89
Other Debts	241.94	229.33	15.94	14.96	18.57	11.77
Total	327.17	323.56	32.49	18.37	21.65	22.66

Note: Out of 327.16 lacs outstanding as on 30.09.2008 an amount of Rs. 72.45 lacs has already been realised.

Annexure VI

Loans and Advances

(Rs. In lacs)

Particulars	As at six months period ended 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Advances recoverable in Cash or in kind or for value to be received	35.21	16.47	10.00	10.00	1.43	3.72
TDS Receivable	7.43	5.35	4.57	4.27	5.61	6.63
Deposits	22.10	22.10	0.00	0.00	0.00	0.00
Advances to Employees	0.00	0.00	0.00	0.00	0.78	0.50
Total	64.74	43.92	14.57	14.27	7.82	10.85

Annexure VII

Statement of Secured Loans

(Rs. in lacs)

Particulars	As at six months period ended 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Cash Credit from Bank of Baroda (Hypothecation of Book Debts of the Company)	0.00	0.00	47.11	22.71	37.08	50.08
Total	0.00	0.00	47.11	22.71	37.08	50.08

Annexure VIII

Statement of Operational Income

(Rs. in lacs)

Particulars	As at six months period ended 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Corporate Tech - Consultancy	0.00	0.00	5.39	4.97	24.99	42.16
Product Sales	0.00	0.00	0.00	0.35	16.57	9.63
Project and Consultancy	15.83	164.05	6.60	18.47	15.79	26.42
Education and Training	140.66	56.48	6.26	14.04	13.48	13.46
Sign Up Fees	262.70	174.00	0.00	0.00	0.00	0.00
Total	419.19	394.53	18.25	37.83	70.83	91.67

Annexure IX

Statement of Other Income

(Rs. In lacs)

Particulars	As at six months period ended 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Interest Received	14.85	0.25	0.00	0.00	0.00	0.07
Miscellaneous Income	0.30	0.55	0.00	2.43	0.03	2.97
Total	15.15	0.80	0.00	2.43	0.03	3.04

Annexure X

Statement of Accounting Ratios

Particulars	As at 30/09/2008	As at March, 31st				
		2008	2007	2006	2005	2004
Face Value per Equity Share (Rs.)	10	10	10	10	10	10
Basic Earnings per Equity Share (Rs.) [a / c]	4.79	9.02	0.51	10.08	2.57	0.11
Diluted Earning per Equity Share	4.79	9.02	0.51	10.08	2.57	0.11
Cash Earnings per Equity Share (Rs.) [d / b]	2.75	9.87	0.17	5.99	10.86	9.96
Return on Net Worth % [a / e * 100]	18.44%	35.39%	1.50%	30.03%	7.72%	0.43%
Net Asset Value per Equity Share (Rs.) [f / b]	12.47	25.48	10.66	33.57	23.44	26.45

Note: The ratios have been calculated as below

Particulars	30/09/2008	2008	2007	2006	2005	2004
a) Net Profit after Tax	182.19	253.30	1.16	22.90	4.11	0.18
b) Number of Equity shares outstanding during the year	7926000	2809200	727200	227200	227200	160000
c) Weighted Average Number of Equity Shares	3801747	963292	227336	227200	160183	160000
d) Cash earning = Net Profit after tax add depreciation, preliminary expenses written off and deferred tax liability	218.21	277.26	1.26	13.62	24.67	15.93
e) Net worth=Equity share Capital plus reserve and surplus less miscellaneous expenditure to the extent not written off	988.08	715.80	77.52	76.26	53.25	42.32
f) Net Asset=Equity share capital plus reserve and surplus less miscellaneous expenditure to the extent not written off	988.08	715.80	77.52	76.26	53.25	42.32

Annexure XI

Statement of Capitalization

(Rs. in lacs)

Particulars	Pre Issue as at 30/09/2008	Post Issue
Debt	0.00	0.00
Short Term Debt	0.00	0.00
Long Term Debt	0.00	0.00
Total (A)	0.00	0.00
Shareholders' Funds		
Share Capital	792.60	1,200.60
Reserves and Surplus less Miscellaneous Expenditure not written off	195.48	*
Total Shareholders' Funds (B)	988.08	*
Long Term Debt / Total Shareholders' Fund (A / B)	-	-

* Information pertaining to Post Issue can be ascertained only after completion of Book Building process

Annexure XII

Statement of Contingent Liabilities

There are no Contingent Liabilities for all the reporting years

Annexure XIII

Related Party Transactions

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 period ended 30th September 2008;

Nature of Transaction	Value of Transaction Rs.	Balance at year end Rs.
Conversion of Fully Convertible Debentures	9000000	-

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	-
		Issue of Fully Convertible Debentures	9000000	-

Related Party Transactions for the year ended 31st March 2007 - NIL

Related Party Transactions for the year ended 31st March 2006 - NIL

Related Party Transactions for the year ended 31st March 2005 - NIL

Related Party Transactions for the year ended 31st March 2004 - NIL

Related Party Transactions

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

Sr.No	Name	Remarks
1	Mr. S. Giridharan	Director

Related Party Transactions for the period ended 30th September 2008;

Nature of Transaction	Value of Transaction Rs.	Balance at year end Rs.
Conversion of Fully Convertible Debentures	9000000	-

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	-
	Issue of fully convertible Debentures		9000000	

Related Party Transactions for the year ended 31st March 2007 - NIL

Related Party Transactions for the year ended 31st March 2006 - NIL

Related Party Transactions for the year ended 31st March 2005 - NIL

Related Party Transactions for the year ended 31st March 2004 - NIL

Annexure XIV
Statement of Investments

(Rs. in lacs)

Particulars	As at	As at March, 31st				
	30/09/2008	2008	2007	2006	2005	2004
Onspec Technology P Ltd	8.50	8.50	8.50	8.50	3.00	0.00

Annexure XV
Statement of Tax Shelter

(Rs. in lacs)

Particulars	For the six months ended 30/09/2008	For the year ended March, 31st				
		2008	2007	2006	2005	2004
Tax Rate (including surcharge & Cess)	0.3399	0.3399	0.309	0.306	0.306	0.306
Profit as per Profit & Loss Account	213.37	303.64	1.31	0.13	8.38	6.05
Tax at Notional rate	72.52	103.21	0.40	0.04	2.56	1.85
Adjustments						
Book Depreciation	12.87	12.87	0.00	13.51	16.83	10.24
Disallowance of interest U/S 43 B	0.00	0.00	0.00	0.00	0.00	0.00
Other disallowance	97.16	19.72	0.00	0.00	3.62	0.00
Total Disallowance	110.03	32.59	0.00	13.51	20.45	10.24
Deduction allowed						
Interest Under 43(B)	0.00	0.00	0.00	0.00	0.00	0.00
Income Tax Depreciation	9.08	209.76	6.95	12.12	29.28	24.91
Other deduction						
Carry forward Business loss & Depreciation	0.00	16.34	0.0	0.00	0.00	0.00
Total deduction	9.08	226.10	6.95	12.12	29.28	24.91
Tax saving there on	34.31	(65.77)	(2.15)	0.43	(2.70)	(4.49)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Factors that may affect the results of the operations

Except as otherwise stated in this offer document, the Risk Factors given in this offer document and the following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Increasing competition in the industry;
- Changes in the value of the Indian rupee and other currencies, in particular, the U.S. Dollar; Cyclical or seasonal fluctuations in the operating results;
- Amount that the Company is able to realize from the clients; Changes in laws and regulations that apply to the industry; Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism; Changes in the foreign exchange control regulations, interest rates and tax laws in India.

Discussions on Results of operations:

EdServ Softsystems Limited (Formerly known as Lambent Softsystems P Ltd) is a seven year old IT solutions company, incorporated in 2001, with an objective of providing integrated learning & placement solutions, customized software solutions, and placement consulting to clients in the field of IT and non-IT verticals that include Healthcare, Banking, Financial Services, Manufacturing, Retail sectors among others. EdServ has launched HEADS, India's 4th generation technology education model that uses web based e-learning to seamlessly integrate manpower demand and supply in number and skills right from development to deployment. industry Edserv launched the next generation education model with a mandatory job fitment for every aspiring registrant by integrating education and placement.

Please read the following discussion of our financial condition and results of operation together with our financial statements for each of the financial years ended March 31, 2005, 2006, 2007 and 2008 including the notes thereto and the reports, schedules and annexure thereon, which appear in the Auditors' Report included elsewhere in the Offer Document. These financial statements are prepared in accordance with Indian GAAP and the Companies Act and are in accordance with SEBI Guidelines.

Particulars	For the Period ended 30/09/2008	(Rs. in lacs) For the Year ended on March, 31st				
		2008	2007	2006	2005	2004
Income						
Sales :						
Software Consultancy & Project Consultancy	419.19	394.53	18.25	37.83	70.83	91.67
Other income	15.15	0.80	0.00	2.43	0.03	3.04
Total	434.34	395.33	18.25	40.26	70.86	94.71
Expenditure						
Depreciation	21.35	12.88	0.00	13.51	16.84	10.24
Administration Expenses	102.35	52.18	11.18	20.74	39.94	72.27
Course Content and Brand Expenses W/off	97.16	19.72	0.0	0.00	0.00	0.00
Interest	0.01	6.81	5.66	5.78	5.60	6.05
Miscellaneous Expenditure Written Off	0.10	0.10	0.10	0.10	0.10	0.10
Total	220.97	91.69	16.94	40.13	62.48	88.66
Net Profit before tax and extraordinary items	213.37	303.64	1.31	0.13	8.38	6.05
Taxation	16.61	39.36	0.15	0.12	0.65	0.46
Net Profit before deferred tax	196.76	264.28	1.16	0.01	7.73	5.59
Add/Less deferred Tax	14.57	10.98	0.00	(22.89)	3.62	5.41
Net Profit after adjusting deferred tax	182.19	253.30	1.16	22.90	4.11	0.18
Cash Profit Generated	203.64	266.28	1.26	36.51	21.05	10.52

Comparison of Recent Financial Years/ Periods with Previous Financial Years/ Periods

Financial performance for period till 30/09/ 2008 vs. FY 2008

Income:

Software Consultancy & Project Consultancy

The Income for 6 months period ended 30/09/2008 was Rs. 434.34 lacs as compared to Rs. 395.33 lacs during the previous year ended 31/03/2008.

Expenditure

a. Administrative Expenses

Due to an increase in the volume of business of the company, the Administration expenses have increased to Rs. 102.35 lacs for the 6 months period 30/09/2008 from Rs. 52.18 lacs in the previous financial year 2008.

b. Depreciation

The depreciation has increased to Rs. 21.35 lacs for the 6 period ended 30/09/2008 from Rs. 12.88 lacs for the year ended 31/03/2008

c. Interest

The interest for the 6 months period ended 30/09/2008 was Rs. 0.01 lac as compared to Rs. 6.81 lacs during the previous financial year 2008. The interest component has reduced due to the conversion of Convertible Debenture of Rs. 90 lacs into equity.

d. Net Profit after Tax:

Our Net profit for the 6 months period ended 30/09/2008 was Rs. 182.19 lacs as compared to Rs. 253.30 lacs for the financial year ended 31/03/2008.

Financial performance for FY 2008 vs. FY 2007**Income:****Software Consultancy & Project Consultancy**

The income for the financial year 2008 has increased to Rs. 395.33 lacs from Rs. 18.25 lacs in financial year 2007, which shows an increase of 2061.80%. During the financial year 2008 the company tied with 35 franchises to set up EdServ centres. The company received sign up fees of Rs.174.00 lacs from the franchisees. Apart from this there was also increase in the income due to increase in project income from Rs. 6.60 lacs to Rs. 164.05 lacs.

Expenditure**a. Administrative Expenses**

Our Administration expenses have increased to 52.18 lacs in the financial year 2008 from 11.18 lacs in the financial year 2007. This was due to increase in the business.

b. Depreciation

During the financial year 2008 the company had purchased the business of ELMAQ along with its assets and liabilities. There was increase in Gross Fixed Assets from 62.54 lacs in the year 2007 to Rs. 108.56 lacs. thus the depreciation was provided for the additional purchase of fixed assets.

c. Interest

The interest charged for the financial year 2008 was Rs. 6.81 lacs as compared to Rs.5.66 for the financial year 2007. This was mainly due to higher usage of the facility during the year as compared to the previous year where in majority of amount was sanctioned only towards the end of the financial year 2006-07

d. Net Profit after Tax:

Our Net profit for the financial year 2008 increased to Rs. 253.30 lacs from Rs. 1.16 lacs in financial year 2007. This was mainly due to revenue from project income, training from ELMAQ division and EDSERV franchisee sign up fee.

Financial performance for FY 2007 vs. FY 2006**Income:****Software Consultancy & Project Consultancy**

The income for the financial year 2007 decreased to Rs.18.25 lacs from Rs. 37.83 lacs in financial year 2006, which shows a decrease of 51.76%. This was due to reduction in the project income from 18.47 lacs in the year 2006 to Rs. 6.60 lacs in the year 2007, also reduction in the income from training and other services from 14.04 lacs in the year 2007 to 6.26 lacs in the year 2006.

Expenditure**a. Administrative Expenses**

There was a substantial increase in our Administration expenses of 87.89 % in the financial year 2007 as compared to financial year 2006, due to increase in business which was attributable non developmental expenses.

b. Depreciation

There was no depreciation for the financial year 2007 as compared to Rs. 13.51 lacs in the financial year 2006, which was mainly due to the non usage of software Intellectual Properties rights. The nature of the products are more customizable format like Payroll, ERP and so on. Whenever, a client purchases the license, the products need to be installed, customized and implemented. So, the value of the base software neither goes down nor goes up due to non-use of the same during the year. So, the reason for no depreciation.

c. Net Profit after Tax:

Our Net profit for the financial year 2007 decreased to Rs.1.16 lacs from Rs. 22.90lacs in financial year 2006, which shows a decrease of 94.93%. This was due the sale of the entire business excluding IPR Rights in the year 2007 and there was no profit/loss on sale of business. Further there was also non –compete agreement with Onspec Solutions Technology Private Limited for business sold to them.

Financial performance for FY 2006 vs. FY 2005**Income:****a. Software Consultancy & Project Consultancy**

The income for the financial year 2006 decreased to Rs.37.83 lacs from Rs. 70.83 lacs in financial year 2005, which shows a decrease of 46.59%. This was due to lower income from product sales and consultancy

b. Other Income

Other Income was increased from Rs. 0.03 lacs in the financial year 2005 to Rs. 2.43 lacs in the financial year 2006. This was due write of credits

Expenditure**a. Depreciation**

Depreciation on the Fixed Assets was decreased to Rs.13.51 lacs in financial year 2006 from 16.84 lacs in financial year 2005, the reason being the sale of entire business except the IPR Rights in the year ended 2006.

b. Administration Expenses

There was a marginal decrease of our Administration expenses of 3.81% in the financial year 2006 as compared to financial year 2005, the reason being due to less business during the year 2006.

c. Interest

Interest charges in the year 2007 was increased to 5.78 lacs from 5.60 in the year 2006 , the reason being due to marginal increase in the utilization of working capital limits.

d. Net Profit after Tax:

Our Net profit for the financial year 2006 increased to Rs. 22.90 lacs from Rs. 4.11 lacs in financial year 2005, which shows an increase of 457%. The reason being write back of deferred tax liability amount to Rs. 22.89 lacs on account of sale of the assets to M/s. Onspec Technology Solutions P. Ltd.

Reasons for the changes in significant items of Income and Expenditure

- **Unusual or infrequent events or transactions**

Except there was sale of its assets and clients to M/s. Onspec Technology Solutions P. Ltd in the year 2006 there have been no unusual or infrequent events or transactions that have taken place during the last three years.

- **Significant economic changes likely to affect operations in future.**

Except as described in the section titled “Regulations and Policies” on page 57, there have been no significant regulatory changes that could affect our income from continuing operations.

- **Known trends or uncertainties likely to affect operations in future**

Except as described in this Red Herring Prospectus in general and the section titled “Risk Factors” on page x and this section, in particular, there are no known trends or uncertainties that have or had or are expected to have any material adverse impact on revenues or income of our Company from continuing operations

- **Future changes in relationship between cost and revenues**

Since our industry is a competitive one, retaining of best employees can increase the cost in form of increase of staff cost, which might affect the revenues of our company.

- **Total Revenue from different segments in which company operates**

The company operates in three business segments i.e. project and software consultancy, Training, Heads model sign up. However, our business strategy entails expanding our products and services portfolio. For further details on our business strategy, see section titled “Our Business” beginning on page no 55.

- **Introduction of new products**

Our Company has introduced 3 new products HEADS Business Model. EDSERV (e-learning) and LAMPS (e-content development).

- **Seasonality of business**

The business is not seasonal in nature.

- **Dependence on single or few suppliers/customers**

Our Business is not dependent on single or few suppliers/customers. For further details on our clientele, see section titled “Our Business” beginning on page no 54.

- **Competitive Conditions**

For details of competitive conditions please refer to “Business Overview – Competition” on page no. 54

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

We hereby certify that except as mentioned herein below there are no :

- Pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigation, disputes, defaults, non-payment of statutory dues, proceedings initiated for offences (including past cases and irrespective of whether specified in paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the promoters and there business ventures.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Prospectus and that no litigations have arisen and the Company and its Directors take full responsibility of the information mentioned in this Red Herring Prospectus.

Details of litigation against Mr. Giridharan (Chairman and CEO)

1. Officials of EIPR (India), as power of attorneys of Oracle India, on 19th Dec 2000, raided 4 centers belonging to Radiant Software Limited, alleging copyright violations and filed 4 different cases against Mr. S. Giridharan as prime accused, being the then Managing Director of the company. 2 cases were filed in Bangalore (Jayanagar, Malleswaram) and 2 in Chennai (Egmore, Parrys). Mr. Giridharan subsequently won the case against EIPR in Malleswaram in 2003 when the Magistrate Court ruled that there is no case (B-Report) stating that Radiant Software Limited had possessed legal copies of the Oracle software used in their centers.
2. SRM Radiant Infotech Ltd. had a case in a magistrate court of Mumbai, involving Mr. Satyanarayanan, Managing Director, and the company along with all the Board of directors in which Mr. S. Giridharan was one of the director, for not honouring payment of Rs. 49.00 lacs to M/s. Sobhagya Advertising in the year 2001-02. The payment was relating to the advertisement expenses of the company. This case is still pending

Cases filed by the company

The company had filed an opposition with Trade Mark Authorities in Opposition No. MAS – 213965 against Neurosynaptic Communications Private Limited for registering the product “ReMeDi” under class 10. The case is pending & kept dormant since the product “RAYMEDI” was sold without transferring Intellectual Property Rights.

Material Developments

In our opinion, there have been no material developments after the date of latest balance sheet, which would have an impact on the performance and the prospects of the Company other than what has been set out in this offer document

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, and no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals Relating to the Business

(a) Taxation Related Approvals

Description	Reg. No. / Ref. No & Date	Authority
Permanent Account Number	AAACL7131L dated February 11, 2003	Commissioner of Income Tax
Tax Deduction Account Number under the Income Tax Act, 1961	CHEL03049E	Income Tax Authority
Service Tax Registration under Section 69 of the Finance Act, 1994 (32 of 1994)	C.ENGR/CHENNAI-II/460/STC issued on April 07, 2004	The Superintendent of Central Excise Service Tax

(b) MINISTRY APPROVAL

Description	Reg. No. / Ref. No & Date	Authority
Change of name of the company from Lambent Systems Private Limited to Lambent Softsystems Private Limited	letter number 46789/S.21/01 dated 5.12.2001	Registrar of Companies
Change of name of the company from Lambent Softsystems Private Limited to Edserv Softsystems Private Limited	SRN No:A29186053 approval date 09.01.2008	Ministry of Corporate Affairs
Alteration of Main Object clause of Memorandum of Association	SRN A36080232 approval Date 22.04.2008	Ministry of Corporate Affairs
Conversion of the Company from Private to Public	SRN: A36084408 & SRN A36085215 approval Date 22.04.2008	Ministry of Corporate Affairs

c) Technical Approvals

Registered Trademark

Sr. No.	Date	Product Name	Description	Registration/ Application Number
1	27.04.2001	GROCERAY	Grocery shop automation software	1006117
2	27.04.2001	RAYASSET	Computer Software and Computer Programs	1006118
3	20.05.2004	RAYMEDI	Software for Pharmacy	1285372
4	07.03.2001	RADIMAIL	Web Based Mail Client	994920
5	19.12.2001	MERU	Enterprise application system automation for compiling payroll and accounts	1067880
6	2002	RAYMEDI	LITERARY WORKS	L-20431/2002
7	19.12.2001	MERU	Computer Software	487/01/CSW
8	27.04.2001	SALARAY	Pay roll package	1006116

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on April 22, 2008, authorized the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The shareholders of Edserv Softsystems Limited have authorized the issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Annual General Meeting held on April 24, 2008 and subsequent Extra Ordinary General Meeting held on December 19, 2008.

Prohibition by SEBI

Our Company, Our Directors, Our Promoters (other than as disclosed in this Red Herring Prospectus), the directors or the person(s) in control of the Promoter and companies in which our Directors are directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

Eligibility for the Issue

Our Company is eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained hereunder, and will fulfill the eligibility criteria as per Clause 2.2.2(a)(i) and Clause 2.2.2(b)(i) of the SEBI Guidelines as stated herein below:

Applicable Clauses of 2.2.2 of the SEBI Guidelines states as follows:

"2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) The issue is made through the book-building process, with at least 50% of the Net Issue being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded; and

(b) The minimum post-issue face value capital of the company shall be Rs. 10 crores."

Our Company is an unlisted company that does not comply with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and is therefore required to meet both the conditions set forth in clause 2.2.2(a)(i) and clause 2.2.2(b)(i) of the SEBI Guidelines, as specified above.

a) Our Company will comply with Clause 2.2.2(a) of the SEBI Guidelines and at least 50% of the Net Issue shall be allotted to QIBs and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.

b) Our Company will also comply with Clause 2.2.2(b) of the SEBI Guidelines and the post-Issue face value capital of our Company shall be Rs.1200.60 lacs, which is more than the minimum requirement of Rs.10 crores (Rs. 1000 lakhs).

The Company undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. Further, if at least 50% of the Net Issue cannot be allotted to QIBs, then the entire subscription moneys shall be refunded forthwith. In case of delay, if any, in refund of application money, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 02, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- (A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE

**AND INVESTOR PROTECTION) GUIDELINES,2000 AND OTHER APPLICABLE
LEGAL REQUIREMENTS**

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID; AND
4. WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PPROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE CONFIRM THAT PROVISIONS OF CLAUSES 4.9.1 & 4.9.2, 4.9.3 & 4.9.4 OF SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 ARE NOT APPLICABLE IN RESPECT OF THE CAPTIONED ISSUE.
8. WE CERTIFY THAT REQUIREMENT OF PROMOTER'S CONTRIBUTION ARE APPLICABLE IN RESPECT OF THE SAID ISSUE.
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF THE SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE DESIGNATED STOCK EXCHANGE AS MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER NOTE THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SHALL SPECIFICALLY CONTAIN THIS CONDITION.
11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.
12. WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO

GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.

13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

- a. AN UNDERTAKING FROM THE ISSUER COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY**
- b. AN UNDERTAKING FROM THE ISSUER COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

THE PROMOTER/DIRECTORS OF EDSERV SOFTSYSTEMS LIMITED, MR. S.GIRIDHARAN, MS. G. GITA, MR. S. ARVIND, DR. ILANGO BALAKRISHNA, MR. T.S. RAVICHANDRAN CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUPPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUNDAS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN UPRESSESSED/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

Disclaimer from the Company , the BRLM and Co-BRLM

Our Company, our Directors and the Book Runner accepts no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.edserv.in, would be doing so at his or her own risk.

The Book Running Lead Manager accept no responsibility, save to the limited extent as provided in the MOU entered into between the Book Running Lead Manager and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the Book Running Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither we nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, eligible NRI's and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to The Bombay Stock Exchange Limited (BSE). BSE has given *vide* its letter no. DCS/IPO/NP/IPO-IP/442/2008-09 dated July 04, 2008 permission to the company to use its name in this Prospectus as one of the stock exchanges on which our securities are proposed to be listed. The BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. The BSE does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- ii. Warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever".

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. The NSE has, vide its letter NSE/LIST/87799- V dated October 17, 2008, given us permission to use its name in this Prospectus as one of the stock exchanges on which our securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF CREDIT ANALYSIS & RESEARCH LTD. (CARE) IPO GRADING AGENCY)

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the "IPO Grade 1" indicating Poor Fundamentals, through its letter dated November 13, 2008. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals.

DISCLAIMER CLAUSE: CARE's IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, BSE at Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai - 400 001 and NSE at The National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

A copy of this Red Herring Prospectus has been filed with ROC, Chennai, Tamil Nadu, along with the documents required to be filed under Section 60B of the Companies Act. A copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC situated at Chennai, Tamil Nadu.

Listing

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalisation of the Basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue, and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue, , Legal Counsel to Issuer and Legal Counsels to the Underwriters, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Raj and Ravi Chartered Accountant, Auditors of the Company have given their written consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also of the tax benefits accruing to the company and to the members of the company and such consent and report have not been withdrawn up to the time of signing this Red Herring Prospectus.

Expert opinion obtained, if any

We have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [•] lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

Activity	Expenses *	Percentage of the Issue Expenses	(Rs. in lacs)
			Percentage of the Issue Size
Lead management, underwriting and selling commission	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
Others (Registrar's fee, legal fee, listing fee, etc.)	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

**To be completed after finalisation of issue price*

DETAILS OF FEE PAYABLE

Fees Payable to the Book Runners and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members (including underwriting commission and selling commission) will be as per the engagement letter between the company and the BRLM dated November 30, 2007 a copy of which is available for inspection at our registered office.

Fees Payable to the Co- Book Running Lead Manager

The total fees payable to the Co- Book Running Lead Manager will be as per the engagement letter between the company and the Co-BRLM dated January 02, 2009 a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MOU between our Company and the Registrar to the Issue dated April 25, 2008.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst us, the BRLM, Co-BRLM and the Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 14 of this RHP.

Previous Rights and Public Issues

We have not made any previous rights and public issues in India or abroad in the five years preceding the date of this Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 16 of this Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

Commission and brokerage on previous Issues

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

Promise versus Performance

There has not been any previous public issue of our equity shares.

Outstanding Debentures, Bond Issues, or Preference Shares

We have no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this Red Herring Prospectus.

Stock Market Data for our Equity Shares

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

We have appointed the Karvy Computershare Private Limited, registrar to the issue, to handle the investor grievances in co-ordination with Mr.V.Ramaseshan, the Company Secretary and Compliance Officer of the company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. We would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Karvy Computershare Private Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. We would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. We assure that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3	Change in Address Notification	Within 7 days of receipt of information
4.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. We have adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. V.Ramaseshan, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Mr. V. Ramaseshan

Address: Ist Floor, Panna Plaza New No: 139, Arcot Road, Kodambakkam, Chennai 600 024

Fax: +91-044- 2372 -4088

Email: info@edserv.in

Change in Auditors

There has been no change in the Auditors of our company during the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised our reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 16 of this Red Herring Prospectus.

Revaluation of Assets

We have not revalued our assets in the last five years.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Red Herring Prospectus, and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on April 22, 2008 authorized the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The shareholders of Edserv Softsystems Limited have authorized the issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Annual General Meeting held on April 24, 2008 and subsequent Extra Ordinary General Meeting held on December 19, 2008.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see "Main Provisions of the Articles of Association" on page 159 of this Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividends to our shareholders in accordance with the provisions of the Companies Act, 1956.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10/- each and the Issue Price at the lower end of the Price Band is Rs. 55 per Equity Share and at the higher end of the Price Band is Rs. 60 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;

- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this of Equity Shares through the Issue will be done only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of 100 Equity Shares.

Where two or more persons are registered as the holders of the Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered

with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "Main Provisions of our Articles of Association" on page 157 of this Red Herring Prospectus.

ISSUE STRUCTURE

Issue of 39,73,908 Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] lacs. The Issue will constitute 33.10 % of the fully diluted post Issue paid up capital of the Company and the Net Issue will constitute 31.43% of the fully diluted post Issue paid up capital of the Company

The Issue is being made through the 100% Book Building Process.

Particulars	Eligible Employees of our company ("Employee Reservation Portion)	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 2,00,000 Equity Shares	At least 18,86,954 Equity Shares	Up to 5,66,086 Equity Shares	Up to 13,20,868 Equity Shares
Percentage of Issue Size available for Allotment/allocation		At least 50% of Net Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 15% of Net Issue or Net Issue less allocation to QIB and Retail Individual Bidders	Up to 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders. *
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) 94,347 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) the balance Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	100 Equity Shares in multiples of 100 Equity Share thereafter.	Such number of Equity Shares in multiples of 100 that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares in multiples of 100 that the Bid Amount exceeds Rs. 100,000.	100 Equity Shares in multiples of 100 Equity Share thereafter.

Particulars	Eligible Employees of our company ("Employee Reservation Portion")	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to regulations as applicable to the eligible employees	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	100 Equity Shares in multiples of 100 Equity Shares.	100 Equity Shares in multiples of 100 Equity Shares.	100 Equity Shares in multiples of 100 Equity Shares.	100 Equity Shares in multiples of 100 Equity Shares.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Eligible Employees of our company	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, Venture Capital Funds registered with SEBI, permitted	Resident Indian individuals, Eligible NRI's, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, Eligible NRI's and HUF (in the name of Karta)

Particulars	Eligible Employees of our company ("Employee Reservation Portion)	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs in accordance with applicable law, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India..		
Terms of Payment	Margin Amount applicable to the eligible employees at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members or ASBA form to the SCSB***
Margin Amount	Full Bid Amount on bidding	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the above categories would be allowed to be met with spill over inter-se from any of the

other categories, at the sole discretion of the Company, the BRLM, Co-BRLM and subject to applicable provisions of the SEBI Guidelines.

** In case the Bid-cum-Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form or ASBA Form

*** Resident Retail Individual Investor is also eligible to apply through ASBA process, for details please refer Section "ASBA Process" on page 149 of this Red Herring Prospectus.

If the aggregate demand by Mutual Funds is less than 94,347 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of the Issue

Our Company, in consultation with the Book Runners, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore.

Bidding/Issue Programme

BID/ISSUE OPENS ON	THURSDAY , 05TH FEBRUARY, 2009
BID/ISSUE CLOSSES ON	MONDAY, 09TH FEBRUARY 2009

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 PM
2. Bids not uploaded in the book, would be rejected.
3. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.
4. The Standardization of cut-off time for uploading of bids on the **Bid/ Issue Closing Date** are as follows :
 - a. A standard cut-off time of 2.00 PM for acceptance of bids.
 - b. A standard cut-off time of 3.00 PM for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
 - c. A standard cut-off time of 5.00 PM for uploading of bids received from retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLMs to the Exchange within half an hour of such closure.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the Book Runners at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 50% of the issue cannot be allotted to QIBs then the entire application money will be refunded. Further, up to 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue, shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLM and Co-BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders, and Retail Individual Bidders the Company would have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRI's applying on a non-repatriation basis	White
Eligible NRI's, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Eligible employees applying in the Employee Reservation Portion	Pink
ASBA Form	ASBA -White

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu

Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India ; and

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by Associates of Book Running Lead Manager/Co-Book Running Lead Manager and Syndicate Members

The Book Running Lead Manager, Co-Book Running Lead Manager and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM, Co-BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 94,347 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRI's

1. Bid cum Application Forms have been made available for Eligible NRI's at our Registered Office and with members of the Syndicate and with the Registrar to the Issue.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRI's who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of equity shares to a single FII should not exceed 10% of our post-issue paid-up capital. In respect of an fii investing in the equity shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable indian laws, rules, regulations guidelines and approvals in terms of regulation 15a(1) of the securities exchange board of india (foreign institutional investors) regulations 1995, as amended, an fii or its sub account may issue, deal or hold, off shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in india only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An fii or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by sebi registered venture capital funds and foreign venture capital investors

As per the current regulations, the following restrictions are applicable for sebi registered venture capital funds and foreign venture capital investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible Employees

In case of Bids by the Eligible Employees, Bids must be made only in the prescribed Bid Cum Application Form (pink in color). The sole/first Bidder should be the Eligible Employee. The Eligible Employee should mention his or her employee number at the relevant place in the Bid Cum Application Form. Bids by Eligible Employees in the Employee Reservation Portion have to be received at or above the Issue Price for being considered for allocation in the Employee Reservation Portion. Bids by Eligible Employees can also be in the "Net Issue to the Public", and such bids will not be considered as multiple Bids. The maximum Bid by the Eligible Employee shall not exceed the Issue size.

Bids by ASBA Investor

For ASBA Process, please refer section "ASBA Process" on page no. 149 of this Red Herring Prospectus

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Employee Reservation Portion:** Bids must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter. The maximum Bid in the Employee Reservation Portion cannot exceed the issue size.
- (c) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

- (a) Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- (b) The Company and the BRLM/Co-BRLM shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring

Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English and Hindi). This advertisement, shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines.

- (c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate and should approach any of the BRLM/Co-BRLM or Syndicate Members or their authorized agent(s) to register their bids.
- (e) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the Book Runners or Syndicate Members or their authorised agent(s) to register their Bids.
- (f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate will be rejected.
- (g) The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.
- (h) The Price Band has been fixed at Rs.55 to Rs.60 per Equity Share of Rs. 10 each, Rs. 55 being the lower end of the Price Band and Rs. 60 being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re.1 (One).
- (i) The Company in consultation with the BRLM and Co-BRLM, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
- (j) In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) with wide circulation, and also by indicating the change on the websites of the BRLM, Co-BRLM and at the terminals of the Syndicate Members.
- (k) The Company in consultation with the BRLM, Co-BRLM can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
- (l) For ASBA Process, please refer section "ASBA Process" on page no. 149 of this Red Herring Prospectus

Method and Process of Bidding

- (a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” on page 126 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (b) The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Bids at Different Price Levels and Revision of Bids” on page 126 of this Red Herring Prospectus.
- (c) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“TRS”) for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
- (e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Accounts” on page 128 of this Red Herring Prospectus.
- (f) For ASBA Process, please refer section “ASBA Process” on page no. 149 of this Red Herring Prospectus

Bids at Different Price Levels and Revision of Bids

- (a) The Price Band has been fixed at Rs. 55 to Rs. 60 per Equity Share, Rs. 55 being the Floor Price Band and Rs. 60 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re.1 (One).
- (b) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders bidding in excess of Rs. 100,000 and such bids shall be rejected.
- (c) Retail Individual Bidders who bid at the Cut-off Price agree that they shall purchase or subscribe the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the cap of the

Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at the Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price). The Retail Individual Bidders, who bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account.

- (d) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (e) Our Company, in consultation with the BRLM and Co-BRLM reserves the right to revise the Price Band, during the Bid/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.
- (f) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
- (g) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 100 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (h) During the Bidding/ Issue Period, any bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (i) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (j) The Bidder can make this revision any number of times during the Bidding/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had place the original Bid.
- (k) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

- (l) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (m) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**
- (n) Revision option is not available for ASBA applicant. Please refer section "ASBA Process" on page no. 149 of this Red Herring Prospectus

Escrow Mechanism

Our Company shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

For ASBA Process, please refer section "ASBA Process" on page no. 149 of this Red Herring Prospectus

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall with the submission of the Bid cum application Form draw a cheque or demand draft for the applicable Margin Amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the section titled "Issue Procedure-Payment Instructions" on page 136 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its QIB Margin Amount only to a Book Runner or Syndicate Members duly authorised by the Book Runner in this regard. Bid cum application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date and no later than 15 (fifteen) days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 117 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the Book Runners. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

For ASBA Process, please refer section "ASBA Process" on page no. 149 of this Red Herring Prospectus

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the Book Runners on a regular basis.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor.
 - Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, QIBs, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form; and
 - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB Bidders, Members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 140 of this Red Herring Prospectus.
- (h) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.
- (i) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM, Co-BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.
- (j) For ASBA Process, please refer section "ASBA Process" on page no. 149 of this Red Herring Prospectus

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the Book Runners will analyse the demand generated at various price levels and discuss the pricing strategy with the Company.
- (b) The Company in consultation with the BRLM shall finalise the Issue Price.
- (c) The allocation to QIBs will be at least 50% of the Net Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 15% and 35% of the Net Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.
- (d) Under subscription, if any, in the Non-Institutional Portion and the Retail Portion would be met with spill over from any other category at the discretion of our Company in consultation with the Book Runner. However, if the aggregate demand by Mutual Funds is less than 94347 Equity Shares, the balance Equity Shares available for

allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the Book Runners and the Designated Stock Exchange.

- (e) Under subscription, if any, in the Employee Reservation Portion will be added back to the Non Institutional Portion and Retail Portion at the discretion of the Book Runners. In case of under subscription in the Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.
- (f) Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (g) The Book Runners, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (h) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- (i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the Book Runners and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two widely circulated newspapers (one each in English and Hindi).

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Book Runners or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The Book Runners or members of the Syndicate will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth under the section "Issue Procedure" on page 132 of this Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 (fifteen) days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.
- (b) In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

- (c) Allottees will have the option to re-materialise the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the Resident Bid cum Application Form (White in colour) or Non-Resident Bid cum Application Form (Blue in colour) as the case may be;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act. (see "Issue Procedure – PAN Number" on page 139 of this Red Herring Prospectus);
- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not bid for lower than the minimum Bid size;
- (b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for bid amount in excess of Rs. 100,000);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds

the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

- (h) Do not submit the bid without the QIB Margin Amount, in case of a Bid by a QIB;
- (i) Do not write the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- (j) Do not revise the bid, in case of bids by an ASBA investor
- (k) Do not bid through a syndicate members , if you are an ASBA investor, and have already submitted your bid through the designated SCSB. Such bids shall be considered as multiple bids and both the applications are liable to be rejected.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders, the Bid must be for a minimum of 100 Equity Shares and in multiples of 100 thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of 100 Equity Shares thereafter. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant.

Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the Book Runners nor the Registrar to the Issue nor the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, Escrow Collection Banks nor the Book Runners shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non Residents including NRI's, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).

Bids by Eligible NRI's for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the Book Runners may deem fit.

Payment Instructions

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum application Form and for amounts payable pursuant to allocation/Allotment in the Issue.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

Payment into Escrow Account

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders shall provide the applicable Margin Amount, and with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payment into the Escrow Account" on page 128 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 115 of this Red Herring Prospectus. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in –Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - a. In case of Resident QIB Bidders: "Escrow Account – ESSL – QIB - R"
 - b. In case of Non Resident QIB Bidders: "Escrow Account – ESSL – QIB - NR"
 - c. In case of Resident Retail and Non-Institutional Bidders: "Escrow Account – ESSL - R"
 - d. In case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account – ESSL - NR"
 - e. In case of Eligible Employees in the Employee Reservation Portion: " Escrow Account R- ESSL –Employee Reservation.
4. In case of Bids by Eligible NRI's applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non- Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
5. In case of Bids by NRI's applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

7. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated/ Allotted will be refunded to the Bidder from the Refund Account.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.
9. For ASBA Process, please refer section "ASBA Process" on page no. 149 of this Red Herring Prospectus

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

For ASBA Process, please refer section "ASBA Process" on page no. 149 of this Red Herring Prospectus

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the applicants should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

Our Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the Book Runners may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not stated or copy of GIR number furnished instead of PAN. See the section titled "Issue Procedure – Permanent Account Number or PAN/ GIR
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders.
- Bids for number of Equity Shares which are not in multiples of 100;
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the Book Runners or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect where the Bid cum Application form do not reach the Registrar to the Issue prior to the finalisation of the Basis of Allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by international QIBs not submitted through the Book Runners or their affiliates;
- Bids by QIBs not submitted through members of the Syndicate;
- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.
- Bids through ASBA Process by Non-Institutional and QIB Bidders.

Equity Shares In Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- (a) Agreement dated October 10, 2008 with NSDL, the Company and the Registrar to the Issue;
- (b) Agreement dated November 04, 2008 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or dematerialised credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 working days from the Bid/Issue Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name**

shall be punishable with imprisonment for a term which may extend to five years.”

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 13,20,868 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 13,20,868 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 100 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 5,54,086 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 5,54,086 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 100 Equity Shares. For the method of proportionate basis of Allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
 - (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate Allotment to QIB Bidders shall not be less than 18,86,954 Equity Shares

D. For Bidders in the Employee Reservation Portion

- Bids received from Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allocation to all successful Bidders in the Employee Reservation Portion will be made at Issue Price.
- If the aggregate demand in the Employee Reservation Portion is less than or equal to 2,00,000 Equity Shares at or above the Issue Price, full Allocation shall be made to such Bidders in the Employee Reservation Portion to the extent of the demand.
- If the aggregate demand in the Employee Reservation Portion is more than 2,00,000 Equity Shares at or above the Issue Price the Allocation shall be made on a proportionate basis.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with

the Book Runners and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than 100 Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 100 Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than 100 but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the Book Runners shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at the his/her sole risk and neither the Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

- I **ECS** - Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centers.
- II **Direct Credit** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank.
- III **RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- IV **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Whenever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the

applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

- V For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or dematerialised credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- where refunds are made through electronic transfer of funds, a suitable communication

shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- that the promoter's contribution in full, wherever required shall be brought in advance before the issue opens for public subscription and the balance, if any shall be brought in pro rata basis before the calls are made in public.
- That the certificates of the securities/ refund orders to the Non-Resident Indians shall be despatched within specified time; and
- No further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- (i) all monies received out of issue of shares or debentures to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- (ii) details of all monies utilized out of the issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer company indicating the purpose for which such monies had been utilized; and
- (iii) details of all unutilized monies out of the issue of shares or debentures, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer company indicating the form in which such monies have been invested.
- (iv) the utilization of monies received under promoters' contribution and from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized.
- (v) the details of all monies out of the funds received under promoters' contribution and from firm allotments and reservations shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

The above information is given for the benefit of the Bidders. The Company, the BRLM and Co-BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company, the BRLM and Co-BRLM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this RHP. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on the website of SEBI at www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Form, please refer the above-mentioned SEBI website.

ASBA Process

A Resident Retail Individual Investor shall submit his Bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder (**ASBA Account**.) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, The Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM/Co-BRLM

ASBA Form

ASBA Bidders shall use the ASBA Form bearing the code of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA form which shall be at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA form shall be considered as the Application Form. Upon completing and submitting the ASBA form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Who can Bid?

In accordance with the SEBI Guidelines, only Resident Retail Individual Investor can submit their application through ASBA process to bid for the Equity Shares of our Company.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter. The ASBA Bidder should ensure that maximum Amount blocked in respect of the ASBA Bidder does not exceed Rs. 1,00,000. The ASBA Bidders shall bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

Information for the ASBA Bidders:

- The BRLM and Co-BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA form and that the same are made available on the websites of the SCSBs
- ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA form can obtain the same from the Designated Branches of the SCSBs, or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA form in electronic form on the websites of the SCSBs.
- The Bids should be submitted on the prescribed ASBA form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- ASBA forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB.
- ASBA Bidders shall bid for Equity Shares only at the Cut-off Price, with a single bid option as to the number of Equity Shares.
- ASBA Bidders shall correctly mention the bank account number in the ASBA form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch.
- If the ASBA Account holder is different from the ASBA Bidder, the ASBA form should be signed by the account holder as provided in the ASBA form.
- ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA form.
- ASBA Bidders shall not be allowed to revise their Bid and shall not bid under any reserved category.

Method and Process of Bidding

- ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Guidelines and Red Herring Prospectus.
- The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.

- Each ASBA form will give the ASBA Bidder only one option to bid for the Equity Shares at the Cut-off Price i.e. at the cap price of the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in such option. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with the Non-ASBA Retail Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.
- Upon receipt of the ASBA form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA form, prior to uploading such Bids with the Stock Exchanges.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (.TRS.). The TRS shall be furnished to the ASBA Bidder on request.
- An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA form or a non-ASBA form after bidding on one ASBA form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be.
- Submission of a second ASBA form or a Non-ASBA form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

ASBA Bidders are cautioned that Bids for Equity Shares made in the Issue through the ASBA form cannot be revised.

Mode of Payment

Upon submission of an ASBA form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Guidelines, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

- In case of ASBA forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
 - it has received the ASBA in a physical or electronic form; and
 - it has blocked the application money in the ASBA account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.
- At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification No.; and
 - Client identification No. of the Bidder's beneficiary account.
 - In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).
- A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the BRLM, Co-BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements;

nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

- The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA forms shall be final and binding on all concerned.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and
- (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.
- (b) As per the SEBI Guidelines, **Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees.** Allottees will have the option to re-materialise the Equity Shares Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA form .
- d. Ensure that your Bid is at the Cut-off Price.
- e. Ensure that you have mentioned only one Bid option with respect to the number of equity shares in the ASBA form
- f. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
- g. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or or BRLM or Co-BRLM
- h. Ensure that the ASBA form is signed by the account holder in case the applicant is not the account holder
- i. Ensure that you have mentioned the correct bank account No. in the ASBA form.
- j. Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in ASBA account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch of the SCSB.
- k. Ensure that you have correctly checked the authorisation box in the ASBA form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA form in your ASBA Account maintained with a branch of the concerned SCSB.
- l. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA form.
- m. Ensure that you have mentioned your Permanent Account Number (.PAN.) allotted under the I.T. Act.
- n. Ensure that the name(s) and PAN given in the ASBA form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA form.
- o. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- b. Do not submit an ASBA Bid if you are applying under any reserved category.

- c. Do not revise your Bid.
- d. Do not Bid for lower than the minimum Bid size.
- e. Do not Bid on another ASBA or Non-ASBA form after you have submitted
- f. Bid to a Designated Branch of the SCSB.
- g. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- h. Do not send your physical ASBA form by post; instead submit the same to Designated Branch of the SCSB only.
- i. Do not fill up the ASBA form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000.
- j. Do not mention the GIR number instead of the PAN Number.
- k. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- Made only in the prescribed ASBA form, if submitted in physical mode, or electronic mode.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA form.
- The Bids must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter subject that the Bid Amount does not exceed Rs. 1,00,000.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidders depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME AND PAN GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM. ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, (Demographic Details.). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. CAN/Allocation advice and letters intimating unblocking

of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected. ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA form. Failing this, our Company, in consultation with and BRLM/Co-BRLM, reserves the right to reject such ASBA Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA form, subject to such terms and conditions that we, in consultation with the BRLM/Co-BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account. In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds. Further, in case any DP ID, Client ID or PAN mentioned in the ASBA form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue

GROUND FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

1. In addition to the grounds listed under Grounds for Technical Rejection. on page 140 of this RHP, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:
2. Amount mentioned in the ASBA form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bids at a price other than at the Cut-off Price;
4. Age of first Bidder not given;
5. Bid made by categories of investors other than Resident Retail Individual Investors;
6. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
7. PAN not stated, or GIR number furnished instead of PAN. See **.Issue Procedure - PAN or GIR Number.** on page 139;
8. Bids for number of Equity Shares, which are not in multiples of 100;
9. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
10. Multiple Bids as defined in this Red Herring Prospectus;
11. In case of Bid under power of attorney, relevant documents are not submitted;
12. ASBA Bids accompanied by stockinvest/money order/postal order/cash;
13. Signature of sole and/or joint Bidders missing in case of ASBA forms submitted in physical mode;
14. ASBA form does not have the stamp of the SCSB and/or a member of the Syndicate;
15. ASBA form does not have the Bidder's depository account details;
16. ASBA form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA form and the Red Herring Prospectus;
17. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA form at the time of blocking such Bid Amount in the ASBA Account;
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), PAN, the DP ID and the beneficiary account number; and
19. If the ASBA Bid in the Issue is revised. Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, Co-BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI Guidelines.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Basis of Allotment

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section ***Issue Procedure- Basis of Allotment*** on page 143 of this RHP.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the abstract of the main provisions of our Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

Capital

4. The authorized share capital of the company is Rs.14,00,00,000/- (Rupees Fourteen Crores) divided into 1,40,00,000 (One Crore Forty Lakhs only) Equity Shares of Rs.10/- (Rupees Ten Only) each with the rights, privileges or conditions attached thereto as provided by the regulations of the company for the time being with power to increase or reduce the capital of the company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided in the regulation of the company.

Shares under the control of the Directors

5. Subject to the provisions of the Act and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or at a discount subject to compliance with the provisions of Section 79 and at such times as they may from time to time think fit and proper, and with the sanction of the Company in General Meeting give to any person the option to call for or be allotted shares of any class of the Company either at par or at a premium or subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Board thinks it fit.

- a. The company may opt to be a depository, if the Board of Directors so consider and if requires the Company to be depository, the Board of directors may take such steps necessary to have its securities dealt with in fungible form and partly in physical form in demat form as the case may be. The Board of Directors will also have power to convert shares into shares in a physical form at the option of the shareholders, if so permissible in law.
- b. The Board of Directors shall also have power if and in any event of an legislation is made permitting the Company to issue shares without voting rights, may issue shares without voting rights on such terms and conditions as they may deem fit subject to the provisions of the Companies Act and other applicable provisions regulating the voting rights.
- c. Company may, subject to the provisions of Section 77A & 77B of the Companies Act, purchase its own shares or other specified securities out of its free reserves or the securities premium account or the proceeds of any other shares or specified securities and also issue sweat equity shares subject to fulfillment of conditions as mentioned in Section 79A of the Companies Act and also shares to the employees of the Company or its associate companies under the employees stock option scheme as may be framed and followed in accordance with the guidelines that are notified, issued or may be issued by the Securities and Exchange Board of India.

Dematerialisation of Securities

5 A For the purpose of this article

‘Beneficiary Owner’ means a person or persons whose name is recorded as such with a depository:

‘SEBI’ means Securities Exchange Board of India:

‘Depository’ means a company framed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities Exchange Board of India Act, 1982; and

‘Security’ means such security as may be specified by the SEBI board from time to time.

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for Investors

Every person subscribing to securities offered by the company shall have the option to receive security certificate or to hold securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed issue to the beneficial owner the required certificate of securities.

If a person opts to hold his security with a depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories To Be In Fungible Form

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of the Depositories and Beneficial Owners

a) Notwithstanding anything to the contrary contained in the Act or these Articles, depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

b) Save and as otherwise provided in (a) above, the depository as registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it

c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of these securities, which are held by a depository.

Service of Documents

Notwithstanding anything in the act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer or securities effected by a transferor and transferee both of whom are entered as beneficial owner in the records of a depository

Allotment of Securities Dealt With In a Depository

Notwithstanding anything in the Act or these Articles, where a depository deals with securities, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive Number Of Securities Held In A Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive number for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owner

The Register and Index of beneficial owner maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purpose for these Articles.

Power to issue Preference and Other Shares

6. The Board may at its discretion issue any part or parts of the unissued shares on such terms and conditions and with such rights and privileges annexed there to as the Board at its discretion may determine and in particular such shares may be issued with such preferential or qualified right to divided and in the distribution of the assets of the company, or as preference shares which are or at the option of the company are to be liable to be redeemed as the Board may deem fit.

Allotment of Shares

7. Subject to the provisions of these Articles, the shares shall be under, the control of the Board, who may allot or otherwise dispose of the same to such persons on such terms and conditions, and at such times as the Board thinks fit and if so authorized by the Company in General Meeting, give to any person the call of any shares either at par or at premium, and for such time and for such consideration as the Board thinks fit, provided that after the first allotment, upon the issue of any further shares the Board shall comply with the provisions of Section 81 unless they shall have obtained the sanction of the company in General Meeting to the issue of such shares on other terms.

Power of General Meeting to offer Shares to such persons as the Company may resolve

8. In addition to and without derogating from the powers for that purpose conferred on the Board under Article 7 above, the Company in General Meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or holders of debentures of the Company or not) giving them the option to call for or be allotted shares of any class of the Company either at a premium or at par, or at a discount (subject to compliance with the provisions of section 79 such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

Further issue of capital.

9. The Board may at any time increase the subscribed capital of the Company by issue of new shares out of the unissued part of the Share Capital in the original or subsequently created capital but subject to Section 81 of the Act and subject to the following conditions namely :

- 1)
 - a) such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
 - b) the offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than twenty-one days, from the date of the offer within which the offer if not accepted will be deemed to have been declined.
 - c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right.
- 2) The Directors may with the sanction of the Company in General Meeting offer and allot shares to any person at their discretion provided that such sanction is accorded either by:
 - a) a special resolution passed at any General Meeting
 - b) "by an ordinary resolution passed at a General Meeting by a majority of the votes cast with the approval of the Central Government in accordance with Section 81 of the Act., Provided that an option or right to call of shares shall not be given to any person or person except with the sanction of the company in general meetings".
- 3) Nothing in this article shall apply:
 - a) To the increase of the subscribed capital of the Company, caused by the exercise of an option attached to debentures issued or loans raised by the Company.
 - b) To convert such debentures or loans into shares in the Company; or
 - c) To subscribe for shares in the Company, provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term;
 - i) has been approved by a Special resolution passed by the Company in General Meeting before the issue of the Debentures or the raising of the loans also; and
 - ii) either has been approved by the Central Government before the issue of the debentures or raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf.

10. Variation of Rights

- 1) The rights attached to each class of shares (unless otherwise provided by the terms of the issue of the shares of that class), may, subject to the provisions of Sections 106 and

107 of the Act be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate General Meeting of the Holders of the shares of that class.

- 2) To every such separate General Meeting, the provisions of these Articles relating to General Meetings shall Mutatis Mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issued shares of that class.

Issue of further shares shall not affect the rights of shares already issued.

11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided for the terms of the issue of shares of that class, be deemed to be varied by the creation of further shares ranking *pari passu* therewith.

12. Subject to Article 5(b), the Company shall not issue any shares (not being preference Shares) which carry voting rights or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares not being preference shares

Power to pay commission

13. The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture-stock of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debenture or debenture stock of the Company but so that if the commission in respect of shares shall be paid or payable out of the capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed five per cent of the price at which the shares are issued and in the case of debentures the rate of commission shall not exceed two and half per cent of the price at which the debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

Liability of joint holders of shares.

14

The joint-holders of a share or shares shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share or shares.

Acceptance of Shares

17.

An application signed by or on behalf of the applicant for Shares in the Company, followed by an allotment of any shares therein, shall be acceptance of the shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purpose of these Articles, be a shareholder.

Authority to transfer

26.

- a) To give effect to such sale, the Board of Directors may authorise any person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer.
- b) The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

Splitting and consolidation of share certificates

20. Any person (whether the registered holder of the shares or not) being in possession of any share certificate or share certificates for the time being may surrender the said share certificates or certificate to the Company and apply to the Company for the issue of two or more fresh share certificates comprising the same shares, bearing the same distinctive numbers comprised in the said certificates and in such separate lots as he may desire in lieu of such share certificate so surrendered or for the consolidation of the shares comprised in such surrendered certificates as the case may be in the name of the person or persons in whose name the original certificate or certificates stood and the new certificate so issued shall be delivered to the person who surrendered the original certificates or to his order.
- a). Notwithstanding anything contained in Article 21 hereof the Board may refuse any application for sub-division or consolidation of number of shares into denomination of less than 50 Equity Shares except where such sub-division or consolidation is required to be made for compliance with any law or statutory regulation or an order of a competent court or a request from a member to convert his holding of odd lots of shares into transferable / marketable lots. Provided nevertheless that the Board may, at its discretion and in exceptional circumstances and for avoiding any hardship or for any just and sufficient cause, or if so required by listing requirements (on each of them the Board's decision shall be final and conclusive) accept any application for sub-division or consolidation of number of shares into denomination of less than 50 Equity Shares of the Company.

Lien

24. Company's lien on shares

The Company shall have first and paramount lien upon all shares other than fully paid up shares registered in the name of any member, either individually or along or jointly with any other person and upon the proceeds or sale thereof for fixed time in respect of such shares and such lien shall be restricted to moneys called or payable at a fixed time in respect of such shares. . Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. But the Directors at any time may declare any shares to be exempt, wholly or partially, from the provisions of this Article.

26. Authority to transfer

- a) To give effect to such sale, the Board of Directors may authorise any person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer.
- b) The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

Forfeiture of Shares

If call or installment not paid, notice may be given.

- a) If a member fails to pay any calls or installment of a call on the day appointed for the payment thereof, the Board of Directors may at any time thereafter during such time as any part of such call or installment remains unpaid serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest, which may have accrued. The Board may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed upon, the surrender of any share liable to forfeiture and so far as the law permits of any other shares.

Evidence action by company against Shareholders

b). On the trial or hearing of any action or suit brought by the Company against any shareholder or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of shareholders of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call not that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Notice after forfeiture.

37. When any shares shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture shall not be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Board's rights to disposal of forfeited share or cancellation of forfeiture.

40 A forfeited or surrendered share may be sold or otherwise of such terms and in such a manner as the Board may think fit, and at any time before such a sale or disposal the forfeiture may be cancelled on such terms as the Board may think fit.

Liability after forfeiture.

41 A person whose shares have been forfeited shall cease to be member in respect of the forfeited shares but shall, notwithstanding such forfeiture remain liable to pay and shall forthwith pay the Company all moneys, which at the date of forfeiture is payable by him to the Company in respect of the share whether such claim be barred by limitation on the date of the forfeiture or not but his liability shall cease if and when the Company received payment in full of all such moneys due in respect of the shares.

42 The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the shares and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

Transfer and Transmission of shares

46. Transfer

- a) The instrument of transfer of any shares in the Company shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until, the name of the transferee is entered in the Register of members in respect thereof.
- b) The Board shall not register any transfer of shares unless a proper instrument/common form of transfer has been used, as prescribed under the Companies Act, 1956 or any amendment thereto, duly stamped and executed by the transferor and the transferee has been delivered to the Company along with the certificate and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. Provided that where it is proved to the satisfaction of the Board that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Board thinks fit, on an application in writing made by the transferee and bearing the stamp required for an instrument of transfer, register the transfer on such terms as to indemnity as the Board may think fit.

- c) An application for the registration of the transferor of any share or shares may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid shares to be effected unless the company gives notice of the application to the transferee. The company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- d) For the purpose of sub-clause (c) notice to the transferee shall be deemed to have been duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have been delivered in the ordinary course of post.
- e) Nothing in sub-clause (d) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.
- f) Nothing in this Article shall prejudice the power of the Board to refuse to register the transfer of any shares to a transferee, whether a member or not.

Rights and liabilities of a person

52.

- 1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either;
 - a) to be registered himself as a holder of the share, or
 - b) to make such transfer of the share as the deceased or insolvent member could have made.
- 2) The board, shall, in either case have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

Borrowing

Borrowing powers

- 137 1) The Board may from time to time raise any moneys or any money or sums of money for the purpose of the Company provided that the moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not without the sanction of the Company at a General Meeting exceed aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose and in particular but subject to the provisions of Section 292 of the Act the Board may from time to time at their discretion raise, borrow or secure the payment of any such sum or sums of money for the purpose of the Company by the issue of debentures to members, perpetual or otherwise including debentures convertible into shares of this or any other company or perpetual annuities and in security of any such money so borrowed, raised or received, mortgage, pledge or charge, the whole or any part of the property, assets or revenue of the Company present or future including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and give the lenders powers of sale and other powers as may be expedient and purchase, redeem or pay off any securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the total amount upto which moneys may be borrowed by the Board of Directors.

Provided that subject to the provisions of section 292 the Board may by a resolution delegate the power to borrow money otherwise than on debentures to a committee of Directors or the Managing Directors subject to limits specified in the said resolution of the total amount which may be so borrowed.

- 2) Subject to the provisions of the clause next above the board may time-to-time use their discretion, raise or borrow or secure the repayment of any sum of or sums of money for the purpose of the Company at such times and in such manner and upon such terms and conditions in all respects as they think fit, including loans from financial institutions and in particular by promissory notes or by opening current accounts, or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures of debenture stock of the Company charged upon all or any part of the property of the Company both present and future including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, bonds or other property and securities of the Company or by such other means as to them may seem expedient.

Common Seal

157. The Board shall provide a common seal of the Company and shall have, power from time-to-time to destroy the same and substitute a new seal in lieu thereof. The common seal shall be kept at the registered office of the Company and committed to the custody of the Managing Director.

Affixture of Common Seal

158. The seal shall not be affixed to any instrument except by an authority of a resolution of the Board or Committee and unless the Board otherwise determine every deed or other instrument to which the seal is required to be affixed shall unless the same is executed by a duly constituted attorney for the Company be signed by one Director at least in whose presence the seal shall have been affixed and countersigned by the Managing Director, or such other person as may from time-to-time be authorised by the Managing Director, or by the Board provided that the same person shall not sign in the dual capacity of a director and as representing the Managing Director and provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the company notwithstanding any irregularity touching the authority to issue the same provided also the counter signature of the Managing Director, or other authorised person shall not be necessary in the case of instrument executed in favour of the Managing Director, which shall be sealed in the presence of any one Director and signed by him on behalf of the Company.

Dividend and Reserves

Rights to dividend

- 159 The profits of the Company subject to any special rights relating there to created or authorised to be created by these presents, and subject to the provisions of these present as to the Reserve Fund, shall be divisible among the equity shareholders.

Declaration of Dividends

- 160 The Company in Annual General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

Interim dividend

- 161 The board may from time to time pay to the members such interim dividends as appear to it be justified by the profits of the Company.
- 162 The Board may declare dividend in relation to any year by an extraordinary general meeting in addition to what has already been declared in the last Annual General Meeting.

Reserve Funds.

- 165 1) The board may before recommending any dividends set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends, and pending such application may at the like discretion whether be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time - time-time think fit.
- 2) The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as Reserve.

Method of Payment of dividend

- 166 1) Subject to the rights of persons if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on shares in respect whereof the dividend is paid.
- 2) No amount paid or credited as paid on a shares in advance of calls shall be treated for the purposes of these regulations as paid on the share.
- 3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portion of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Unclaimed dividend

- 174 No unclaimed dividend shall be forfeited by the Board and all unclaimed dividend shall be dealt with in accordance with the provisions of the Act.

Transfer of share not to pass prior dividend

175. Any transfer of shares shall not pass the right to any dividend declared thereto before the registration of the transfer.

Capitalization of Profits

- 176 1) The Company in General Meeting may on the recommendation of the Board resolve.

- a) that the whole or any part of any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys, investment or other assets forming part of the undivided profits, including profits or surplus moneys arising from the realisation and (where permitted by law) from the appreciation in value of any Capital assets of the Company standing to the credit of the general Reserve, Reserve or any Reserve Fund or any amounts standing to the credit of the Profit and Loss Account or any other fund of the Company or in the hands of the Company and available for the distribution as dividend capitalised and
- b) that such sum be accordingly set free for distribution in the manner specified in sub-clause (3) amongst the members who would have been entitled there to if distributed by way of dividend and in the same proportion.
- 2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provision contained in sub-clause (3) either in or towards.
 - i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - ii) paying up in full unissued shares of the Company to be allotted and distributed and credited as fully paid-up to and amongst such members in the proportions aforesaid; or
 - iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)
- 3) A share premium account and a capital redemption reserve account may for the purpose of this regulation be applied only in the paying up of unissued shares to be issued to the members of the Company as fully paid bonus shares.
- 4) The Board shall give effect to resolutions passed by the Company in pursuance of this Article.
- 176 a) If in the event of Company declaring a conditional dividend effective only on the date of the fulfillment of the conditions of approval from the institutions or banks under any contract with them, such declaration of conditional dividend would be effective only from the date of fulfillment of such conditions and if the conditions are not fulfilled and approval of payment dividend is not granted, the dividend shall be deemed not to have been declared to the members.

Powers of Directors for declaration of Bonus

- 177 1) Whenever such a resolution as aforesaid shall have been passed the Board shall:
 - a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares if any; and
 - b) generally do all acts and things required to give effect thereto.
- 2) The Board shall have full power.
 - a) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it think fit, in the case of shares becoming distributable in fractions; and also,

- b) to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on the existing shares.
- 3) Any agreement made under such authority shall be effective and binding on all such members.

Winding Up

- 204 Subject to the provisions of the Act as to preferential payments, the assets of the Company shall, on its winding up be applied in satisfaction of its liabilities *pari pasu* and, subject to such application, shall unless the articles otherwise provide, distributed among the members according to their rights and interests in the Company.

Indemnity and Responsibility

Director's and other's right to indemnity

- 206 a) Subject to the provisions of Section 201 of the Act every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which any such Director, officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him or in any other way in the discharge of his duties, as such Director, Officer or employee.
- b) Subject as aforesaid every Director, Manager, Secretary, or other Officer or employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application Under Section 633 of the Act in which relief is given to him by the Court, and without prejudice to the generality, of the foregoing, it is hereby expressly declared that the Company shall pay and bear all fees and other expenses incurred or incurable by or in respect of any Director for filing any return, paper or document with the Registrar of Companies or complying with any of the provisions of the Act in respect of or by reason of his office as a Director or other officer of the Company.

Not responsible for acts of others.

- 207 Subject to the provisions of Section 201 of the Act, no Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining any receipt or other acts for conformity for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damages arising from the bankruptcy, insolvency or tortious act of any person, Company or Corporation with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement or oversight on his part or for any loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own act or default.

Secrecy Clause

- a) No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or Managing Director, or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery or trade or secret process or which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the Company to communicate to the public.
- b) Every Director, Managing Director, Manager, Secretary, Auditor, Trustee, Members of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors before entering upon his duties, or at any time during his term of office, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of duties except when required so to do by the Board or by any General Meeting or by a Court of Law or by the persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these Articles.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by our Company or contracts entered into more than two years before the Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this Red Herring Prospectus may be inspected at the registered office/ corporate office of our Company from 10:00 am to 5:00 pm on any working day from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material contracts to the Issue

1. Memorandum of Understanding dated May 12, 2008 entered into amongst our Company and Keynote Corporate Services Limited, Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated April 25, 2008 entered into between our Company and Karvy Computershare Private Limited, Registrar to the Issue.
3. Memorandum of Understanding dated January 02, 2009 entered into amongst our Company and Ashika Capital Limited, Co-Book Running Lead Manager to the Issue.
4. Escrow Agreement dated January 13, 2009 between the Company, the BRLM, Co-BRLM the Escrow Collection Banks and the Registrar to the Issue.
5. Syndicate Agreement dated January 13, 2009 between the Company, BRLM, Co-BRLM and Syndicate Members.
6. Underwriting Agreement dated [•] between the Company, BRLM, Co-BRLM and Syndicate Members.
7. Copy of Tripartite agreement dated November 04, 2008 entered into between the Company, CDSL and Registrar to the Issue.
8. Copy of Tripartite agreement dated October 10, 2008 entered into between the Company, NSDL and Registrar to the Issue.

Material Documents

1. Copy of Memorandum of Association and Articles of Association of Edserv Softsystems Limited, as amended from time to time.
2. Copy of Certification of Incorporation of Edserv Softsystems Limited
3. Copy of Special Resolution passed under section 81 (1A) of the Companies Act, 1956 at their Annual General Meeting held on April 24, 2008 authorizing present issue of equity shares and subsequent Extra Ordinary General Meeting held on December 19, 2008
4. Copies of annual reports of our Company for the financial years ending on March 31, 2004, 2005, 2006, 2007, 2008 and for six month ended September 30, 2008
5. Consents of Auditors, Bankers to the Company, BRLM, Co-BRLM, Syndicate Members, Registrar to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
6. Legal Due Diligence report dated May 12, 2008 from Legal Advisors to the issue, M/s. Lakshmi Subramanian & Associates.
7. Copy of certificate dated December 19, 2008 issued by M/s. Raj and Ravi Chartered Accountants and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio for the year ended 31st March 2004, 2005, 2006 2007 and 2008 and for the six months period ended September 30, 2008

8. Copy of letter dated May 10, 2008 issued by M/s. Raj and Ravi Chartered Accountants and Statutory Auditors of our Company regarding tax benefits accruing to the Company and its shareholders.
9. Copy of certificate dated December 19, 2008 received from M/s. Raj and Ravi Chartered Accountants and Statutory Auditors of our Company regarding sources and deployment of funds.
10. Undertakings by the Company addressed to SEBI dated June 02, 2008
11. Due Diligence Certificate dated June 02, 2008 to SEBI from Keynote Corporate Services Limited.
12. Copy of In-principle approval received from BSE vide their letter no. DCS/IPO/NP/IPO-IP/442/2008-09 dated July 04, 2008
13. Copy of In-principle approval received from NSE vide their letter no. NSE/LIST/87799- V dated October 17, 2008
14. IPO Grading Report of Credit Analysis & Research Ltd. (CARE) along with their rationale dated November 13, 2008
15. Copy of inter-se allocation of responsibilities dated January 14, 2009 between Keynote Corporate Services Limited, (Book Running Lead Manager to the Issue) and Ashika Capital Limited. (Co-Book Running Lead Manager to the Issue)
16. Model Franchisee Agreement between the company and the franchisees.
17. Valuation Report dated April 01, 2007 for Education Course content of ELMAQ prepared by M/s. Raj and Ravi, Chartered Accountants.
18. Copy of the resolution dated April 24, 2008 for the appointment and fixation of remuneration of Chairman and Managing Director with effect from April 01, 2008.
19. SEBI Observation Letter No. CFD/DIL/ISSUES/NB/NB/147415/2008 dated December 18, 2008 issued by the Securities and Exchange Board of India and reply to the observation by Keynote Corporate Services Limited (Book Running Lead Manager) vide their letter no. Ref # Edserv/CL/Bs(01) dated December 22, 2008

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines issued thereunder, as the case may be, and that all the approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Offer Document are true and correct.

Signed By the Directors of Our Company



S. Giridharan
Chairman and CEO



G. Gita
Managing Director



Ilango Balakrishna
Director



T. S. Ravichandran
Director



S. Arvind
Director

Signed by the Company Secretary and Compliance Officer



V. Ramaeshan

Place: Chennai

Date: January 19, 2009