

ENTERPRISE INTELLIGENT SYSTEM LIMITED

REGD OFF: ESSEN INFO PARK,5/9-10 BIDC GORWA, BARODA, GUJARAT

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2007. The Financial Highlights for the period under review are given below:

(1) FINANCIAL AND WORKING RESULTS :

<u>PARTICULARS</u>	2006-2007 (Rs.)	2005-2006 (Rs.)
Gross Profits	10650243.80	2070755.47
(Less): Depreciation & Finance charges	(5740806.40)	(5727316.10)
PROFIT BEFORE TAXATION:	4909437.40	(3656560.63)
(Add): - Adjustment For Taxation (Less): - Fringe Benefit Tax	-	53977.00
NET PROFIT FOR THE YEAR	4909437.40	3602583.63
(Less): Balance Brought Forward from Previous year	(30767198.09)	(27164614.46)
BALANCE CARRIED FORWARD TO BALANCE SHEET	(25857761.69)	(30767198.09)

(2) DEPOSITS:

The Company has not accepted any deposits during the year within the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

(3) OPERATIONS

Microsoft is leading Global provider of integrated software solutions for small and medium sized businesses. MICROSOFT software solutions are sold through as extensive network of more than 2,300 partners. Worldwide MICROSOFT has sold more than 1,33,000 solutions. The main product lines include MICROSOFT Dynamics, MICROSOFT NAV, MICROSOFT Ax and

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MICROSOFT CRM. MICROSOFT has 1200 employees and subsidiaries in 30 countries.

We at Diamond Infosystems Limited have the expertise and trained professionals to sell and implement the ERP products. Due to trained and qualified personnel, we are uniquely positioned to offer superior and distinctive services to our clients.

Your Company has also entered into the business of data technologies and in thus has started by undertaking data entry work for overseas client through their Indian Partners.

The operations of the Company now can be classified into following segments:

1. Software Development & Industry Solutions

The Company offers high end customized software for the small and medium enterprise and for the clients who are really growth and business driven. We offer compete services of selection, procuring, implementation and going live of MICROSOFT Products an ERP providing Company.

- **Enterprise Recourse Planning (ERP)**

Based on experience and expertise gained on implementation and maintenance of SAP, R/3 and ERP package now the Company equip to take scale assignment for AS-IS, TO-BE, GAP Analysis, Business reengineering, Customization, Implementation and going live. Basically this expertise and presence in the market has positioned as strategically in the market to sell and implement the products offered by MICROSOFT India as MICROSOFT Certified Partner.

- **Customized Software**

The Company has developed in house prototypes for the small scale industry specifically which are not cost effective and flexible taking into consideration all the business needs for a stand alone environment as required by the customer. These packages are custom built and

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offer various functionalities in the areas of materials management, inventory management, payroll, financial accounting, management information system, billing invoicing stand alone software's. The software have been developed in house on various platforms and are being successfully sold and operation since last six years.

2. Networking and Hardware Solutions

The company has revived the business of hardware and networking solutions it had expertise of , the basic reason of reviving the sector was to offer the small and medium sector ERP customers for MICROSOFT products with one stop solutions to their hardware and networking needs along with the software.

- **Networking**

Total turnkey projects on local area network / wide area network includes setting of network operating systems, internet servers, web servers, proxy servers, remote access dialup.

- **Hardware**

As software developer, the company has simultaneously also gained substantial expertise for hardware developer and the Company expect to get good business in the years to come.

3. Data Technologies

Your Company has successfully completed 6 years of India's premier business to business portal catering to needs of electrical industry. The Company is proud to venture into and diversify seeing the potential and industry scenario into business of data technologies.

4. Web Technologies

Your Company, couple of years back head diversified into the E-Commerce industries by way of equity placement to Unit Trust of India, where in the Company sold its 11%

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stake to capitalized and diversify in the business of E-Commerce namely by Dot Com industry. The Company launch a premier B2B portal www.indiaelectricmarket.com . The viewer ship and number of visitors to the portal are enormous which amount to approximately Lac hits per month. This is to really and encouraging rate of number of its for B2B portal in present industry scenario. The target customer is a large electrical goods buyer, contractors, architects, consultants, dealers and distributors, corporate etc.

The Company basically has a revenue model that is based on modules like tender services, new project listings, news and views, resell markets, auctions, online exhibitions, i.e. all provided online via net. The specific area lead to need to educate the user customer with the concept itself, in the process company landed up with lot of orders for web designing. Since the Company's portal is up and running now for 306 years it only needs maintenance and updating. The spare expertise of the main power was thus used to provide the customer with web designing facilities, basically making web sites of the Companies or Corporate. The web sites normal size is 2 MB, 5 MB or 10 MB size. This lead the Company to provide the web designing from concept , drafts , approvals , designs , look and feel , navigation ease , uploading , launching and speed of web site basically complete portal management and support.

This has added one more product to the diverse range of operations of the Company portal management and web designing.

FUTURE PROSPECTS

Your Company sustains a relentless competitive focus as the economic climate is expected to remain challenging. Your Company will continue to deploy resources in a focused manner to secure stakeholder interest and pursue growth.

The future prospectus of the industry as on overall does not look good thus it is very important for us to sustain

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and try and look for new and better areas within the IT industry to survive and make the entity profitable and in the event we have decided to focus upon two areas.

These will over and above the existing operations of the company.

DIRECTORS

In accordance with the provisions of the Company's Article of Association, Mr. Amit. S. Bhatnagar and Mr. Suresh. N. Bhatnagar, the Directors of the Company retire by rotation at the ensuring Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

- (i) Your Directors have followed the applicable accounting standards alongwith proper explanation relating to material departure, if any, while preparing the annual accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for the period;
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) Your Directors have prepared the annual accounts on a going concern basis.

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AUDITORS:

M/s. Vijay N Tewar & Co., Chartered Accountants, Vadodara, Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment. You are requested to appoint Auditors and fix their remuneration.

CORPORATE GOVERNANCE

A separate section Corporate Governance and certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchange, forms part of the Annual Report.

PARTICULARS RELATING TO CONSERVATION OF ENERGY,

A. CONSERVATION OF ENERGY:

The Company does not have information required under Section 217 (I) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Board of Directors) Rules, 1988 to offer and hence no particulars have been furnished.

B. FOREIGN EXCHANGE EARNING & OUTGO:

During the year, the Company has neither earned nor spent any foreign exchange during the year.

ACKNOWLEDGEMENTS:

Your Directors take opportunity to express their gratitude to SEBI, Stock Exchanges, Government Authorities, Bankers, Employees & Shareholders for their continued support and co-operation.

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**FOR AND ON BEHALF OF THE BOARD
Enterprise Intelligent System Limited**

Sd/-

CHAIRMAN

Place : Vadodara

Date : 04th September, 2007

06-07

VIJAY N. TEWAR & CO.
CHARTERED ACCOUNTANTS

315-16, Panorama Complex,
R. C. Dutt Road, Alkapuri,
Baroda

AUDITORS' REPORT

To,
The Members of
Enterprise Intelligent System Ltd.
Baroda, Gujarat

We have audited the attached Balance Sheet of Enterprise Intelligent System Ltd (herein after referred to as the "Company") at 31st March, 2007 and the cash flow statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principal used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of Companies Act, 1956 and on the basis of such check of the books and records of the Company produced before us and as considered appropriate by us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

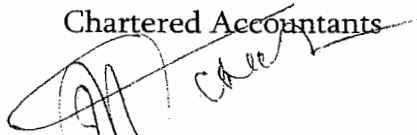
Further to our comments in the Annexure referred to in paragraph (1) above, we report that :

- 1) We have obtained all the information and explanation, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- 2) In our opinion, the Company has kept proper books of account as required by law so far as it appears from our examination of the books and proper returns adequate for the purpose of our audit.
- 3) The Balance Sheet and Profit and loss Account dealt with by this Report are in agreement with the aforesaid books of accounts.

- 4) In our opinion, the Balance sheet and Profit and Loss Accounts of the company dealt with by this report, generally comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, subject to note 2(k) regarding non compliance with Accounting Standard 22 (Accounting for Tax on Income).
- 5) On the basis of written representations received from the Directors, as on 31st March, 2007 and taken on record the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and notes thereon, give the information required by the Companies Act, 1956, in the manner so required the give a true and fair view in conformity with the accounting principles generally accepted in India:
- I) In the case of balance sheet of the State of affairs of the Company as at 31st March 2007 and
- II) In the case of Profit & Loss Account, of the Loss for the year ended on that date.
- III) In the case of Cash Flow Statement, of the Cash Flow as on that date.

Place: Vadodara
Date: 04/09/2007

For Vijay N Tewar & Co.
Chartered Accountants


Vijay N. Tewar
Proprietor
M. No.40676



EXCERPT TO THE AUDITOR'S REPORT

- 1 (a) The Company has maintained proper records showing all particulars including quantitative details and situation of Fixed Assets.

(b) As explained to us, the physical verification of its fixed assets located at the plant have been conducted by the management at reasonable intervals. In our opinion, the frequency of the verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed between the book records and the physical inventory in respect of the assets.

(c) During the period under audit, the Company has not sold/discharged off substantial part of its Fixed Assets.
- 2 (a) Physical verification of inventory has been conducted by the management, however no record are available to show that the company had carried the physical verification during the audit year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of the business.

(c) We are unable to comment upon the records of the stock as they are not available to show.
- 3 (a) The company has granted a loan of Rs.12,97,292 to Diamond Cable Ltd. However the company maintaining current account of the company under the same management and taking and giving payment as and when required.
(b) We are unable to comment as to whether the interest and other terms are prima facie prejudicial to the interest of the company, in view of the inadequate information from the company, we are unable to comment on clause.
4. In our opinion and according to the information and explanations given to us by the management, there is adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5 (a) The company has not entered into the particulars of contracts or arrangements required to enter into a register in pursuance of section 301 of the Act.
(b) We are unable to comment whether these particulars of the contracts and arrangements have been made at a price which are reasonable having regard to prevailing market price at the relevant time, as we are not able to compare it with the competitor price (This information is required only in case of transaction exceeding the value of five lacs rupees in respect of any party and in respect of any financial year).

As per the information given to us the company has not accepted any deposits from public; the unsecured loans accepted do not fall within the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under to the extent applicable.

7. The company has an audit system which, in our opinion, needs to be strengthened as regards its coverage to make it commensurate with its size and nature of business.
 8. As informed to us the maintenance of cost record has not been prescribed by central government under section 209(1)(d) of the Companies Act 1956 in respect of the activities carried on by the company.
 9. (a) According to the records of the Company, Provident Fund, Employee State Insurance, Investors Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities save few instances, though the delays in deposits have not been serious.

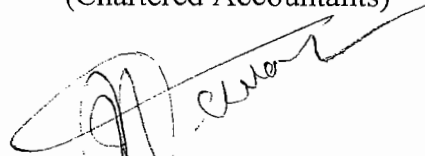
(b) This Clause is not applicable.
 10. Company has been registered for more than five years and its accumulated losses are Rs.258.58 lacs and during the year the company has profit of Rs.49.09 lacs.
 11. The Company has not defaulted in repayment of dues to the financial institutions and bank or debenture holder as there are no such loans.
 12. As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
 13. The provision of any special statute as specified under paragraph 4(xiii) of the order are not applicable to the company.
 - a. Not Applicable.
 - b. Not Applicable
 - c. Not Applicable
 - d. Not Applicable
 14. The company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirement is not applicable.
 15. We are unable to know whether the company has given any guarantees against loans taken by others from banks and financial institutions. So we are not able to form our opinion on it.
 16. No new loans have been raised during the period and hence, this clause does not apply.
 17. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been
-

used for long term investment and no long term funds have been used to finance short term assets except permanent working capital.

18. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the period.
19. No debentures have been issued during the year.
20. The company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

TE: 04/09/2007
PLACE: Baroda

For Vijay Tewar & Co.
(Chartered Accountants)



(Vijay N. Tewar)
Proprietor
Membership No: 040676



ENTERPRISE INTELLIGENT SYSTEMS LIMITED
BALANCE SHEET AS AT MARCH 31ST, 2007

	Sche- dules	AS AT 31.03.2007	AS AT 31.03.2006
SOURCES OF FUND :			
SHARE - CAPITAL :			
58,85,000 Equity Share of Rs. 10/- Each fully paid up.	A	58,850,000.00	58850000.00
Share Application Money		16,117,500.00	16,117,500.00
RESERVE & SURPLUS :			
General Reserve		146,067.00	146,067.00
Depreciation Reserve		19,110,699.20	13,425,070.80
Share Premium Account		46,735,000.00	46,735,000.00
TOTAL Rs.		140,959,266.20	135,273,637.80
APPLICATION OF FUND :			
FIXED ASSETS : (Gross Block)			
Fixed Assets	B	51,967,519.57	51,042,676.57
Leased Assets		887,062.00	887,062.00
		52,854,581.57	51,929,738.57
INVESTMENTS : (at Cost)			
		29,934,486.00	13,995,000.00
CURRENT ASSETS AND LOANS & ADVANCES:			
INVENTORIES		80,011,550.00	
SUNDRY DEBTORS		77,962,255.10	36,099,895.70
Cash & Bank Balances		112,634,683.48	41,323.84
CURRENT ASSETS		97,813.81	6,764.00
Loans & Advances		22,916,578.95	37,070,385.18
		293,622,881.34	73,218,368.72
LESS : CURRENT LIABILITIES & PROVISIONS :			
Sundry Creditors		261,163,893.40	33682799.58
PROVISIONS		146,551.00	45,268.00
		261,310,444.40	33,728,067.58
NET CURRENT ASSETS		32,312,436.94	39,490,301.14
MISC. EXPENDITURE :			
(To the extent not written off or adjusted)			
Profit & Loss carried forward	C	30767198.09	30767198.09
LESS: Profit During the Year		4,909,436.40	
		25,857,761.69	
TOTAL Rs.		140,959,266.20	135,273,637.80

Notes on Account

On behalf of Board Of Directors

As per our report of even date annexed

For : VIJAY N. TEWAR & CO.
CHARTERED ACCOUNTANTS

CHAIRMAN

JT.M.D.

DIRECTORS

VIJAY N. TEWAR

(Proprietor)

M.NO. 40676.

PLACE : VADODARA.

DATE :

PLACE : VADODARA.

DATE : 09/09/2007



ENTERPRISE INTELLIGENT SYSTEMS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING ON 31.3.2007

INCOME	Sche- -dules	AS AT 31.03.2007	AS AT 31.03.2006
Sales		932,561,124.92	502,219,904.91
Other Incomes		720,465.08	274,558.99
TOTAL INCOME [A]		933,281,590.00	502,494,463.90
EXPENDITURE :			
Purchases		918,966,498.52	495,656,460.96
Operating Expenses		2,215,567.68	3,687,954.47
Staff - Cost.		1,360,498.00	969,869.00
Selling & Distribution Expenses.		26,783.00	43,294.00
Board Sitting Fees		12,000.00	11,000.00
Preliminary Exp. Written off		50,000.00	55,100.00
Audit Fees & Tax Audit Fees		5,740,806.40	5,727,316.10
Depreciation			
TOTAL EXPENDITURE [B]		928,372,153.60	506,151,024.53
Profit before Tax [A]-[B]		4,909,436.40	(3,656,560.63)
Add / Less : Prior period Adjustments.			
Less : Provision for Income Tax			53,977.00
Profit \ Loss during the year		4,909,436.40	(3,602,583.63)
Add : Opening Profit & Loss A/c B/D		(30,767,198.09)	(27,164,614.46)
PROFIT TRANSFER TO BALANCE SHEET		(25,857,761.69)	(30,767,198.09)

As per our report of even date annexed herewith.

For : VIJAY N. TEWAR & CO.,
 CHARTERED ACCOUNTANTS

CHAIRMAN

J.T.M.D.

DIRECTORS

VIJAY N. TEWAR
 (Proprietor)

M.NO. 406676.

PLACE : VADODARA

PLACE : VADODARA

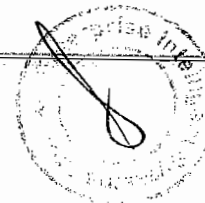
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DATE : 04/09/2007



ENTERPRISE INTELLIGENT SYSTEMS LIMITED
Schedules to the Balance Sheet as at 31st March, 2007

SCHEDULE 'A'	AS AT	AS AT
	31.03.2007	31.03.2006
Share Capital :		
Authorised 1,00,00,000 Equity Shares of Rs. 10/- each.	100,000,000.00	100,000,000.00
Authorised 1,00,000 Preference Shares of Rs. 100/- each.	10,000,000.00	10,000,000.00
	110,000,000.00	110,000,000.00
Issued, Subscribed and Paid up : 35,00,000 Equity Shares of Rs. 10/- Each. (previous yr 3500000 sh.)	35,000,000.00	35,000,000.00
Preferential Allotment to-		
- UTI 725000 Equity Shares	7,250,000.00	7,250,000.00
- Directors, Friends & Relatives, Promoters 1660000 Eq Sh	16,600,000.00	16,600,000.00
	23,850,000.00	23,850,000.00
Total Rs.	58,850,000.00	58,850,000.00
DETAILS OF 'SCHEDULE INVESTMENTS : (at Cost)		
Equity Shares of Diamond Cables Ltd. (as certified by management)	29,025,886.00	13,086,400.00
EIS Ltd. USA	908,600.00	908,600.00
Equity Shares of Diamond Cables Ltd.		
TOTAL	29,934,486.00	13,995,000.00
Cash & Bank Balances:		
Cash on Hand	2,561.00	56.75
Cash with Bank	112,632,122.48	41,267.09
TOTAL	112,634,683.48	41,323.84
Loans & Advances:		
Staff loan account (Adv to	10,640.00	(7,600.00)
Diamond Cables Ltd. Baroda.		15,939,486.00
Diamond Projects P. Ltd. Baroda.		(1,873,949.82)
Diamond EHV Conductors Ltd.	3,000.00	3,000.00
Advance to supplier	13,489.95	
TOTAL	27,129.95	14,060,936.18
Other Current Assets :		
Prepaid Exp.	8,320.00	87.00
TDS Receivable (05-06)	6,677.00	6,677.00
Advance Incom tax (2006-07)	82,816.81	
Total Rs.	97,813.81	6,764.00
Deposits :		
Deposit (MOTOROLA)		120,000.00
Deposit (Banglor)	87,449.00	87,449.00
Lease Rental Deposits Paid.	1,500,000.00	1,500,000.00
Madhurilata Bhatnagar	4,702,000.00	4,702,000.00
Mona Bhatnagar	5,452,000.00	5,452,000.00
Richa Bhatnagar	5,452,000.00	5,452,000.00
S.N. Bhatnagar	4,702,000.00	4,702,000.00
Office lease Deposit	994,000.00	
Total Rs.	22,889,449.00	23,009,449.00



STAFF - COST :		
Administration Charges (PF & EDLIO	4,116.00	3,388.00
Bonus		8,328.00
Co's contribution to E.S.I.	37,708.00	9,878.00
Co's cotribution to P.F.	12,796.00	10,585.00
Co's cotribution to F.P.F.	21,193.00	17,476.00
Co's cotribution to L.W.F.	44.00	
Stipend paid	161,561.00	124,260.00
Salary & Remuneration	1,123,080.00	795,954.00
Total Rs.	1,360,498.00	969,869.00
SELLING & DISTRIBUTION EXPENSES :		
Advertisement Exp.	26,783.00	43,294.00
Total Rs.	26,783.00	43,294.00

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DETAILS OF OTHER LIABILITIES.	AS AT	AS AT
	31.03.2007	31.03.2006
Bonus Payable	141,245.00	149,573.00
E.S.I Payable	2,783.00	8,567.00
Gratuity Payable	75,339.00	75,339.00
Leave salary payable	445,861.00	445,861.00
Professional Tax Payable	480.00	3,940.00
Salary Payable	96,046.00	58,631.00
Service tax Payable	32,248.38	5,756.00
Share Capital Advance (Staff)	13,788.00	13,788.00
Stipend Payable	9,766.00	8,248.00
TDS Contractor	25,447.73	23,898.73
TDS on Consultancy	2,587.00	2,587.00
TDS on Professional Services		4,320.00
Unpaid Salary , Remuneration, Stipend.	15,639.00	
Provident fund Payable	6,815.00	33,508.00
TDS on Rent		16,336.00
TDS on Salary & Stipend	13,640.00	3,237.00
VAT 4% Pyable (Mumbai)	259,248.32	259,248.16
Rent Deposit	612,000.00	
VAT 4% Payable (Baroda)	7,577.00	
Total Rs.	1,760,510.43	1,112,837.89

